



Board of County Commissioners Okeechobee County

304 NW 2nd Street, Room 123, Okeechobee, FL 34972 | Phone: (863) 763-6441 | Fax: (863) 763-0118

June 1, 2026

Re: Policy Impact Analysis and Consideration for Opposition of Proposed Florida Property Tax Reform, SB 2F Joint Resolution/SB 4F

Dear Honorable Senator Grall,

Okeechobee County respectfully asks you to vote against the proposed Property Tax Joint Resolution due to the substantial and disproportionate impact it would have on rural counties such as Okeechobee County and the long-term consequences it would create for local government operations, public safety services, and constitutional responsibilities.

While discussions surrounding property tax reform and affordability are important, the current proposal extends far beyond targeted tax relief. The cumulative effect of the proposed provisions would fundamentally weaken the local funding structure counties rely upon to provide essential services to residents.

For rural counties with limited commercial tax bases and modest taxable values, these impacts are not theoretical - they represent a structural and permanent reduction in the ability to fund core governmental operations.

The proposed Florida property tax reform legislation would create significant and compounding revenue losses for Okeechobee County, threatening the County's primary funding source for essential local services. Unlike larger coastal counties with diversified commercial tax bases and rapid growth, Okeechobee County's rural and agriculture-based economy leaves minimal ability to absorb expanded homestead exemptions, reduced non-homestead value growth, millage rate caps, and restrictions on ad valorem revenues. Additionally, the lack of guaranteed funding sources, eligibility criteria, allocation formulas, and long-term stability creates significant uncertainty for rural counties that depend on reliable local revenues to sustain operations and public safety services.

The corresponding pages and sections of this analysis provide a detailed breakdown of the projected impacts associated with each provision of the proposed Property Tax Joint Resolution, including anticipated reductions in taxable value, constraints on revenue generation, limitations on millage authority, implications for constitutionally required funding obligations, effects on public safety operations, and risks to the County's long-term fiscal sustainability.

We kindly encourage review of this analysis and respectfully recommend that these findings be given full consideration in evaluating the merits of the reform, including the action to vote against the proposed Property Tax Joint Resolution.

Sincerely,

David Hazellief, Chairman
Board of County Commissioners

David Hazellief
District 1

Frank DeCarlo
District 2

Bradley Goodbread
District 3

Terry Burroughs
District 4

Michael Sumner
District 5

Provision-by-Provision Impact Summary

Provision	Primary Impact	Severity
Homestead Exemption (\$150K→\$250K)	Residential tax base collapses, reducing revenues by approximately (\$5,625,154) by FY28-29	Critical
Inflation Indexing of Exemptions	Permanent, compounding base erosion	Critical
Millage Rate Cap (Rolled-Back)	Cannot offset base losses by raising rate	Critical
Non-Homestead Cap (10%→5%)	Agricultural/commercial value growth suppressed, reducing revenues by approximately (\$2,425,587) by FY28-29	High
Ad Valorem Category Restrictions	Constitutional officers lose funding mechanism	High
Sheriff/Public Safety Freeze	Real cuts via inflation; longer response times	High
State Trust Fund Offset	Unresolved; unreliable for rural county	High
5-Year Residency Requirement	Modest short-term buffer; limited benefit	Low

1. Homestead Exemption Expansion (\$50,000 → \$150,000 → \$250,000)

The Provision

Creates a new homestead exemption of \$150,000 in 2027/2028 and \$250,000 in 2028/2029, applicable to all levies including school districts. The Legislature would then create a further phase-in schedule to fully eliminate residential property as a revenue source.

Impact on Okeechobee County

Okeechobee County's total taxable value is modest compared to Florida's coastal counties. The increase from the current \$50,000 homestead exemption to \$150,000 in **FY 2027-28** would immediately remove 5,908 parcels from the taxable tax roll. Based on the current assessments, this represents **more than 35% of all currently taxable homesteaded properties, significantly reducing the County's ad valorem tax base.** The **FY 2028-29** increase to \$250,000 would deepen that loss, removing 7,999 parcels for **an approximate total of 88% of all currently taxable homesteaded properties.** For a rural county where homestead properties make up the bulk of the tax base this is not a marginal adjustment - it is a structural collapse of the primary funding mechanism. The Legislature's future full elimination schedule would ultimately remove residential property as a meaningful revenue source entirely.

2. Inflation Indexing of Exemptions

The Provision

Both exemptions grow automatically with inflation each year. The tax base erodes permanently; counties never recover the ground given up by each year's adjustment, and the gap compounds.

Impact on Okeechobee County

Because both exemptions grow automatically each year with inflation, the tax base does not stabilize after 2028 — it continues to erode indefinitely. Each year's inflation adjustment permanently removes additional value from the tax rolls. Unlike a one-time exemption increase, the compounding effect means the gap between taxable value and actual property values widens every year without limit.

For Okeechobee County, which cannot rely on large-scale new commercial development, high-density residential construction, or robust population growth to offset this, the trajectory is one of continuous, accelerating revenue decline. There is no recovery scenario built into this structure.

3. Millage Rate Cap Tied to Rolled-Back Rate

The Provision

Simultaneously narrows the default maximum millage rate, tying it to the rolled-back rate rather than the current formula. The tax base shrinks, and counties cannot raise millage rates to recover the difference.

Impact on Okeechobee County

This is arguably the most operationally damaging provision for Okeechobee County. The rolled-back rate is the millage rate that would generate the same revenue as the prior year on the new, lower tax base. Tying the maximum allowable millage to the rolled-back rate means the county cannot raise its rate to compensate for the base shrinkage caused by the expanded exemptions.

In practice, this creates a double bind:

- The tax base shrinks due to the expanding homestead exemptions.
- The county is prohibited from offsetting that loss by raising the millage rate.
- Revenue declines in both directions simultaneously, and the mechanism that local governments have historically used to maintain service levels is constitutionally foreclosed.

For a county already operating on thin margins, the inability to adjust its millage rate transforms what might otherwise be a manageable revenue reduction into a structural, permanent, and compounding shortfall.

4. Non-Homestead Assessment Cap Reduction (10% → 5%)

The Provision

Reduces the annual assessment cap on non-homestead properties — including second homes and commercial real estate — from 10% to 5%.

Impact on Okeechobee County

The provision to reduce the annual assessment cap on non-homestead properties, including commercial, industrial, agricultural, rental, and second-home properties, from 10% to 5% would further constrain future growth in the County's taxable value. Based on current projections, **the reduced cap is expected to suppress taxable value growth by approximately \$2,425,587 in FY 2028-29.**

In a county with significant agricultural acreage and rural commercial property, this compounds the homestead exemption losses rather than being offset by gains elsewhere. The two provisions work in tandem to simultaneously shrink the residential tax base and suppress the growth rate of the non-residential base.

5. Ad Valorem Six Category Restrictions

The Provision

Constitutionally restricts county and municipal ad valorem revenue to a closed list of six (6) categories, leaving out supervisors of elections, clerks of courts, Medicaid cost-shift obligations, veteran services, tax collectors, property appraisers, and other constitutional officers.

Impact on Okeechobee County

This provision creates an immediate structural impossibility. The excluded functions are not optional local programs — they are state-mandated constitutional offices and obligations. Okeechobee County would be simultaneously:

- Constitutionally required to fund these offices and obligations, and
- Constitutionally prohibited from using the primary available local funding tool to do so.

The Medicaid cost-shift obligation is particularly significant for rural counties. Okeechobee County's per-capita Medicaid burden is disproportionately high relative to its tax base, and that burden has grown significantly in recent years. Removing ad valorem as a funding mechanism for this obligation, without a guaranteed and commensurate state replacement, places the county in an untenable fiscal position.

The note that voters have approved nearly 90% of local tax and bond measures in recent years is relevant context: this provision removes from county voters the ability to make funding decisions for their own constitutional officers — decisions that Florida communities have historically made locally and with strong democratic approval rates.

6. Sheriff and Public Safety Funding Freeze

The Provision

Even sheriffs, within the protected public safety category, are likely frozen at 2026 funding levels. By 2030, they would still be operating on a four-year-old budget while Florida's population, calls for service, and law enforcement demands continue to rise.

Impact on Okeechobee County

Okeechobee County covers a large geographic area with a relatively small population - a situation that already requires deputies to cover significant ground per shift. A budget frozen at 2026 levels in an inflationary environment means real, compounding annual cuts to:

- Personnel: Inability to fill vacancies, provide competitive compensation, or add staffing as demand grows.
- Equipment: Deferred vehicle replacement, radio upgrades, and technology investment.
- Response capacity: Fewer deputies covering more ground, resulting in longer response times to an area where mutual aid resources are limited.

By 2030, the Okeechobee County Sheriff's Office would be operating with the purchasing power of a 2026 budget in a substantially higher-cost environment, without the ability to seek additional local funding through the ad valorem system.

7. State Trust Fund Offset

The Provision

Creates a state trust fund to offset revenue losses, which is itself an acknowledgment that local revenue alone cannot cover what would be taken away. The funding source, eligibility, amount, and duration are all left to future legislative action.

Impact on Okeechobee County

The creation of a state trust fund is an explicit legislative acknowledgment that the proposed changes eliminate more local revenue than local governments can absorb. However, for Okeechobee County, relying on this mechanism carries substantial risk:

- Funding source unknown: The trust fund has no defined revenue source. Future legislatures may prioritize other uses or reduce appropriations.
- Eligibility unresolved: The criteria for county access have not been established. Distribution formulas have historically disadvantaged smaller, rural counties.

- Amount undefined: There is no guarantee the offset will be proportional to actual revenue losses, which in Okeechobee County's case are disproportionately large relative to county size.
- Duration uncertain: The trust fund could be reduced, modified, or eliminated in any future legislative session.

An unspecified future appropriation is not a substitute for a stable, locally controlled tax base. For Okeechobee County, which lacks the lobbying resources and legislative representation of Florida's major urban counties, dependence on discretionary state appropriations to fund core county functions represents a significant and unacceptable governance risk.

8. Five-Year Florida Residency Requirement

The Provision

Requires a five-year Florida residency period before new residents qualify for the expanded homestead exemption.

Impact on Okeechobee County

This provision has a modest counterbalancing effect in the short term — new residents will not qualify for the expanded exemption immediately. However, the practical benefit for Okeechobee County is limited:

- The county has relatively low in-migration compared to coastal metros, so the pool of excluded new residents is small.
- The permanent, long-term residents who form the stable tax base are precisely those whose exemptions grow immediately.
- The five-year window does not prevent the full revenue loss; it only delays the marginal impact of new arrivals while doing nothing to offset losses from existing homesteaders.

Conclusion

The cumulative effect of these provisions on Okeechobee County is severe and disproportionate relative to more economically diverse Florida counties. The county faces:

- Simultaneous erosion of its residential tax base through expanding homestead exemptions, reducing an approximate total of 88% of all currently taxable homesteaded properties by FY 2028-29, significantly reducing the County's ad valorem tax base;
- Suppression of non-homestead value growth through a reduced assessment cap by approximately \$2,425,587 in FY 2028-29;
- A hard cap preventing millage rate adjustments to compensate for base losses;
- A constitutional prohibition on funding several state-mandated offices through ad valorem;
- A de facto budget freeze on public safety that will translate into real service reductions by 2028–2030;
- Permanent, compounding annual erosion through inflation indexing with no recovery mechanism; and
- Dependence on a state offset fund that does not yet exist and whose terms are entirely unresolved.

Without state replacement revenue that is guaranteed in amount, formula, eligibility, and duration - and specifically designed to protect rural counties with low per-capita tax bases - these provisions would likely force reductions in basic county services, constitutional officer operations, and law enforcement capacity within the first budget cycle they take full effect. The structural damage would be permanent: unlike a recession, from which a tax base can recover, the exemption expansions and rate caps proposed here foreclose recovery by design.

This analysis is based on the legislative provisions as described and applies them to Okeechobee County's known fiscal and demographic characteristics. Specific dollar estimates and percentages were provided with current certified taxable value data from the Okeechobee County Property Appraiser and dollar estimates provided from Florida Association of Counties (FAC).