



County Administrator's Office

State of Florida

DATE: May 29, 2026

Representative Maney,

As I'm sure you've heard from many of our municipal partners, the impact of the Governor's proposed Homestead Exemption (HE) increase to \$250K would be catastrophic to Okaloosa County for those functions which rely on General Fund (GF) dollars. The Governor's proposal, as written, preserves funding for services such as public safety, infrastructure and natural resource projects, leaving significantly reduced funding for a wide range of services that are funded with ad valorem taxes. Based on current year budgeted revenues and expenses, nearly all of GF Property Tax Revenue would be required for public safety:

GF Property Tax Revenue	\$112M
Less: Sheriff	\$62M
Corrections	\$23M
EMS GF support	\$0.8M
Remaining Balance	\$26.2M
Less: \$250K HE proposed	\$23.6M
Remainder of funding for GF support	\$2.6M

The remaining \$2.6M, in the absence of an alternate source of revenue, is all that remains to support state mandated and non-reducible expenses and other general funds services. This includes the Medical Examiner, Constitutional Officers, Health and Human Services, Justice System Services, Information Technology, Facility and Parks Maintenance, Code Enforcement, Transit, Agriculture Extension, Veteran's Services, County Parks, Library Cooperative, Mosquito Control, Planning, and Administration/Board of County Commissioners.

Stated another way, only \$26.8 million of the total general fund budget is non-mandatory or discretionary; as such, a loss of \$23.6 million in revenue would create an immediate need to identify alternate sources of revenue and drastically reduce non-essential personnel (the largest governmental expense) along with nearly all quality-of-life services that Okaloosa County has provided for many years and our residents have come to expect.

While the true impacts remain to be seen, examples of potential actions to offset reduced revenues include: Elimination of Park upgrades and amenities; Reduction of County facility, grounds, and parks maintenance; Elimination of aid to Veteran Services and Library functions; and substantially reduced development services, code enforcement and planning functions.

The leadership of Okaloosa County has shown over the past decade that we are committed to keeping the tax burden low for our residents. At 3.8308 mills, we enjoy one of the lowest property tax rates in the State and we do not charge impact fees or franchise fees. Of Florida's 67 counties, we are one of the few counties that impose an aggregate millage below 4 mills at 3.9613 mills.

People, undoubtedly, move to Okaloosa County and call our county home due to our low tax burden and our outstanding quality of life. Implementing the proposed Homestead Exemption without creating a corresponding revenue offset will impact the quality of life in Okaloosa County, reduce the ability to perform core local government functions, and have an adverse impact on economic development in the future. It is our hope that you will join us in opposing drastic changes to the current Homestead Exemption absent a plan for identification of replacement revenues.

As always, we thank you greatly for your leadership and service to the residents of Okaloosa County. If I can provide further insight or clarification, please reach out to my office or our administrative team.

Sincerely,



John Hofstad
County Administrator
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