

## Op/ed: A market value increase doesn't automatically mean an increase in taxes

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In a column that appeared on *Orlando Business Journal's* website on June 12, local attorney Brendan Lynch paints a fearful picture of the possibility of increased property taxes. Based upon good news released earlier this summer by Orange County Property Appraiser Rick Singh that the county's market value in 2019 has topped \$208.2 billion, Lynch draws a straight line from increased value to higher taxes. It is not that simple.



An increase in market value does not automatically translate to an increase in everyone's taxes.

An increase in market value does not automatically translate to an increase in everyone's taxes. The value of property is based on certain factors, depending on property type: sale prices in the market, cost to construct or income to commercial properties. The value is not based on anything the property appraiser can control. While it's called an "opinion of value," the property appraiser cannot subjectively place a value on a property based on opinions that fall outside the parameters of the sales, cost or income, as indicated by the market.

Each year, the property appraiser's office sends preliminary property values to the municipalities and taxing authorities throughout the county, which then set their budgets and determine the "millage rate," or tax rate, needed to obtain all the funding needed for their budget. The millage rate is applied across each property in that municipality or under that taxing authority.

Knowing the values of the properties in each jurisdiction helps determine if each municipality needs to raise or lower the millage rate to meet their budgetary requirements. If the values increase and a municipality's budgetary needs have not changed, that municipality can choose to lower their millage rate and keep property taxes the same. Lowering the millage rate can also result in lower property taxes if the budgetary needs are reduced or if their needs are the same but there has been more development and construction resulting in more taxpayers paying a share of the tax burden.

Conversely, if property values decrease and a municipality's budgetary needs remain the same, that municipality can choose to raise the millage rate to ensure that budgetary needs are met. If budgetary needs increase, but the property values are low, municipalities can increase the millage rate further and raise taxes to meet their needs.

Raising or lowering the millage rate increases or decreases the taxes each property owner pays. The value as determined by the property appraiser is only a tool used by the municipalities and taxing authorities to help determine the tax rate. The power lies with the municipalities to determine what millage rate is appropriate and, therefore, establish the amount of taxes owed by each property owner.

For many reasons, primarily for simplicity's sake, the Legislature decided that challenging the property appraiser's value is the easiest and most efficient way of challenging property taxes. That does not mean that the work the property appraiser's office does is the reason that taxes increase or decrease from year to year. It simply means that the Legislature has determined that best way to handle disagreements over how much an owner should pay on a property-by-property basis is by challenging the value instead of challenging the municipalities or taxing authorities who set the millage rates.

Mr. Lynch is correct in his description of the process for appealing the valuation of real or tangible personal property. OCPA welcomes the opportunity to defend its values to the Value Adjustment Board and enjoys a 99.9% success rate in these hearings. OCPA is staffed by highly skilled field appraisers and analysts who determine values utilizing sound industry practices, advanced training and state-of-the-art technology.

TRIM (Truth in Millage) notices are mailed to property owners in August every year and contain meeting times and locations for municipality and local taxing authorities. Those are the meetings where millage rates will be determined. The public is encouraged to attend those meetings and speak up for or against the proposed municipal budgets to keep taxes low or to hear the justification for those budgets. Such efforts may keep taxes low across entire municipalities, no matter what value the property appraiser has placed on any property.

As always, should Orange County property owners have any questions or concerns related to their property's value, OCPA's customer service team is readily available to assist by phone, in person at our downtown office or at special neighborhood satellite office, which are open during times of peak demand, including the receipt of TRIM notices. More information is available at [www.ocpafl.org](http://www.ocpafl.org).

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