Tampa Bay property values bring record revenues, but not necessarily lower taxes

Local governments will have hundreds of millions of added dollars to spend.

Hammers and nails helped build a looming $43 million property tax windfall for the city of Tampa. The sizzling housing market produced it, said Tampa City Council member Orlando Gudes, and that money needs to be put back into housing. I hope everyone is listening because that money can really help the housing crisis, Gudes told the rest of the council in a June 2 workshop. It s a conversation being repeated at city halls and county government centers across the region. Eye-popping property value increases will generate hundreds of millions of dollars in new real estate tax revenues for local governments to spend in the next fiscal year beginning Oct. 1.

Assessed values, prepared by each county s property appraiser and sent to the state Department of Revenue on July 1, showed double-digit percentage increases throughout Hillsborough, Pasco and Pinellas counties. And some of the largest local governments are planning to funnel their swelling tax revenues into roads, police and other public services rather than lowering rates so that taxpayers can see relief on their bills.

Governments will begin 2023 budget presentations this month and will set final tax rates in the fall, but preliminary discussions have indicated even some of the more conservative officials want civic investment over tax decreases.

 For me, a tax rate reduction is not part of the conversation, said Hillsborough County Commissioner Stacy White, a fiscal conservative who represents some of the reddest parts of the region. Governments when we re trying to build roads and sidewalks, and take care of other infrastructure needs we re suffering from inflationary pressures just like everybody else.

The unprecedented revenues are a result of escalating prices in the real estate market and new residential and commercial construction completed in 2021, and it is showing up on the tax rolls for the first time.

New construction is up 33% in Pinellas County, breaking the $1 billion mark for the first time since 2008, said Pinellas County Property Appraiser Mike Twitty. It s a boom that s led to a 13.1% increase in Pinellas County s taxable values, double the increase seen last year.

Hillsborough County government has two distinct tax areas one countywide and the other for the unincorporated areas outside the cities of Tampa, Temple Terrace and Plant City. Countywide, property values are up nearly 15.4% over a year ago and the unincorporated area saw a jump of more than 14%. Increases were even higher in the three cities. The revised values are projected to bring $153 million to Hillsborough County in additional property tax revenues. Temple Terrace could get $3.7 million more and Plant City would receive $3.4 million all without changing their tax rates. Both of those small cities benefited from significant industrial development in 2021. Ace Hardware added a distribution center in Plant City and a $210 million Amazon fulfillment center is now the largest tax revenue source in Temple Terrace.

In Pasco County, the taxable values are up 16.73%, and are expected to generate $87.6 million in new money with no change in the tax rate. Just two years removed from the penny-pinching during the height of the COVID-19 pandemic, government budget writers are looking at ledgers flush with cash and ideas on how to spend it.

In the city of Tampa, Council member Charlie Miranda put an initial focus on road and intersection work. The community needs a lot of things that haven t been touched, Miranda said. I hope we can do something to fix the problems we have . Extra revenue should be extra things done for the neighborhoods, for each taxpayer. Public safety investments are a recurring theme. In Hillsborough County, new revenue could help build a fire station in Sun City Center, make renovations at the Falkenburg Road jail and create warehouse space for emergency management and fire-rescue departments, White said. There s a lot of things on Hillsborough County s agenda that still need attention, said Commission chairperson Kimberly Overman, citing affordable housing, infrastructure, job training and children s and park programs for lower-income residents.

Pinellas County Administrator Barry Burton will present his 2023 budget July 19 and said he will propose a partial rollback in the tax rate. It means the tax rate will go down but residents still could pay more because of increased values.

Homeowners in Florida are protected from drastic year-over-year property tax increases by the Save Our Homes cap,

which limits annual property value increases to a maximum of 3%. Once a property changes hands, the assessment is reset to the full market value.

Burton said keeping taxes low is one of four priorities in the 2023 budget. But with record turnover in most county departments, there is a need to invest in employee wages to keep personnel and maintain services. Other initiatives will focus on addressing the backlog of road and other infrastructure repairs and investing in mental health services. “We’re going to take a very cautious approach with very targeted changes,” Burton said. “My goal each and every year is to keep property taxes low.”

Governments across Tampa Bay, from Hillsborough County to the city of Gulfport in Pinellas also plan to use added revenues to boost wages for employees who have gone without salary increases during the pandemic.

“There is a common theme that right now it is very, very difficult to retain employees. It’s a major issue really across all the governments,” said Hillsborough Commissioner Harry Cohen.

Tampa Mayor Jane Castor said the city’s affordable housing stock, transportation network and deferred maintenance needs were too great to consider a tax cut.

“I would love to be able to roll back the millage, especially during these difficult times. Frankly, it would be irresponsible given our community’s enormous needs,” Castor said.

Pasco commission chairperson Kathryn Starkey has said the new money will “mostly be going to public safety.” During recent meetings, public speakers clamored for more deputies, firefighters, ambulances and fire stations. Also looming is the potential extra cost for the county taking over jail operations from Sheriff Chris Nocco on Oct. 1.

In May, Pasco commissioners received dozens of possible spending alternatives, including a list of 50 new employees, more than $3 million for park maintenance and other expenses ranging from wrestling mats at the Wesley Chapel recreation center park to bus stop renovations to serve the disabled.

St. Petersburg saw a 15.3% rise in property values, among the highest in the county. In a memo to City Council members in June, Mayor Ken Welch said he is evaluating budget scenarios that will include reducing the tax rate. But it is not yet clear how much the adjustment will affect tax bills.

The additional revenues will be used to close a projected $2.2 million budget deficit while adding possible investments in housing and support for city employees and infrastructure, Welch said.

In June, Clearwater City Manager Jon Jennings laid out a plan to add about 62 positions to improve public services, such as hiring neighborhood coordinators to act as liaisons for resident needs and more custodial workers to reopen certain public restrooms and better tend to parks. But the expansion is also a response to growing demands. The plan includes hiring 10 new police officers specifically to patrol Clearwater Beach.

Jennings also hopes to add 14 employees to help operate the new Coachman Park and downtown waterfront, expected to be completed next year after an $84 million renovation.

The personnel boost comes at a cost of about $5.4 million. But it will be built into the budget while keeping the tax rate the same as last year, Jennings said. The city is expected to bring in more than $9.3 million in revenue as taxable value jumped double digits. But even with the status-quo tax rate, most property owners will pay more due to the higher values.

“In order for us to be more responsive, we simply cannot continue to ask staff to do more with less,” Jennings said. “It’s always challenging in the public space as it relates to increasing property values versus adding more and more public amenities to satisfy the public’s expectations.”

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