

SUMMER STUDIES 2017

Charging the Fire Assessment to Include Certain Non- Governmental Exempt Properties

Summer Study 17-007

Fire Rescue

August 7, 2017

Summer Studies

Fire Rescue – Charging the Fire Assessment to Include Certain Non-Governmental Exempt Properties

Executive Summary

By ordinance 2000-16, the City of Hallandale Beach levies a fire assessment and exempts tax exempt properties. While this exemption is not mandated by Florida Statute, it is uncommon to levy the assessment on exempt properties and the City has never levied it. The value of this exemption for the city's FY 17/18 would be \$473,760, of which \$110,184 would be from non-governmental properties. The remaining \$363,576 is granted to government properties such as the City itself, Broward County, and the school board. This is according to records from the Broward County Property Appraiser (BCPA) and calculations done for these properties by the Fire Rescue Department staff.

Present Apportionment

Since the year 2000, the City has levied a fire special assessment in accordance with Florida Statutes Chapter 197 to cover some of the operational costs of fire services. The City utilizes the Broward County Property Appraiser (BCPA) to collect the revenue generated. For the current fiscal year, this revenue is estimated to be \$7,064,640 and \$7,091,352 for FY 17/18.

City Ordinance 2000-16 authorizes the fire assessment in the City. Section 15 of the ordinance authorizes the annual modification of the total amount of the assessment as well as the amount assessed against each type of property.

“The value of this exemption for the City's FY 17/18 would be \$110,184.”

The assessment is apportioned by what percentage of total non-medical call volume has gone to each property type as listed by BCPA: residential, commercial, race track, institutional, and warehouse (with other types such as office, amusement, etc. folded into other categories). For example, if 70% of the call volume went to residential properties, 70% of the revenue is raised by the fee on residential properties. Re-apportionment is typically done every 3-5 years, not annually, to help smooth out any temporary changes in call volume and to avoid causing unnecessary disruption to taxpayers. The last re-

apportionment was done in preparation for FY 15/16 and the percentage of fire incidents for each category is shown in Attachment 1.

The institutional property category includes many exempt properties, including churches, schools, nursing homes, mortuaries, and government properties, which currently account for 5.88% of non-medical call volume. Since the majority of these properties are exempted from taxation, the City has also opted to exempt them from the fire assessment and has not expected to realize any revenue from these properties. The Fire Rescue Department investigated the feasibility of charging the assessment to non-government exempt properties only.

Feasibility

According to the City Attorney's Office, there is not a legal barrier in the statute to charging exempt properties the fire assessment. There is extensive case law on the subject of special assessments with a variety of outcomes. For fire assessments specifically, the path appears clear. However, staff has not estimated the potential cost of legal defense.

It is not common for municipalities to charge exempt properties the fire assessment. According to BCPA, the only municipality in Broward County that currently does is Fort Lauderdale, and they do not charge all non-government exempt properties. They charge the full fee only to any property that was not 100% institutionally exempt. This means that any parcel, as designated by BCPA, that is being partially used for commercial or other purposes, such as having a retail gift shop or leased commercial space, will have the full assessment charged to the entire property. There are no partial or percentage based exemptions. The City of Margate considered charging the fire assessment to exempt properties in 2016, but the measure was voted down by the Commission after substantial constituent opposition and the suggestion of legal action from a constituent coalition.

In order to initiate charging these properties for FY 17/18, the fire class would have to be changed in the BCPA records. This would have to be done before the TRIM notice deadline of August 1. The deadline for the City to submit proposed fire rates to BCPA is August 4. There is simply not time to meet these deadlines this year and implement a discussion with City impacted properties that would allow these institutions to adjust to these costs.

Economics and Relationship to Millage Set on June 21, 2017

This will not impact the millage set on June 21, 2017. Of the 525 parcels that are exempt, 38 are classified as non-governmental exempt by BCPA. 31 of these are religiously affiliated, six are private, for-profit schools, and one is the local Moose Lodge. The remaining 487 parcels are owned by government entities such as the City of Hallandale Beach, Broward County, or the Broward County School Board.

Other Potential Fiscal Impacts

While the change would not affect the millage rate, it will have a fiscal impact on the properties in question as the City will impose the expense on the currently exempted properties. Using the current institutional rate category for all non-government exempt properties as provided by the property appraiser, the total value of this exemption for non-governmental properties only is \$110,184, a 2% increase in overall assessment revenue as reflected in Attachment 1.

A phased-in approach was suggested as an option to lessen the immediate impact on affected properties. A legal opinion on the matter is pending with the City Attorney's Office, but a preliminary assessment indicates this would be vulnerable to a legal challenge, since the fair apportionment would no longer be demonstrated as it was in the apportionment methodology. The statute mandates that the cost be shared fair and equitably, and this can be done with the current apportionment. The call volume to these properties has always been included in the allocation. It was included in the institutional category, but the revenue was never included in the budget estimates because of the exemption.

Additionally, a phase in would require a separate property category to be created by the Broward County Property Appraiser's Office. The deadline for any change in apportionment for FY 17/18 was May 1, 2017, which was before the summer study was requested.

Action Item(s)

Based on the need to implement the program in cooperation with the disputed exempt properties, the following actions are recommended:

- Develop a new study in early FY 17/18 to include a scenario of the potential revenue from currently exempt properties as well as a scenario of leaving the exempt properties in their current status.
- Determine by January 31, 2018 if the City Commission is willing to eliminate the exemptions and assess the fee.
- If that is the case, begin an educational campaign and have a public workshop during March 2018.
- If the decision is to go forward with the change, include the revenue in FY 18/19 budget.

Attachments:

FY17/18 Rate Calculation Worksheet

Attachment 1 - FY17/18 Rate Calculation Worksheet

Hallandale Beach Fire Rescue							
FY17/18 - Revenue With and Without Exemption							
	% of Fire Incidents	Billable Units W/	Billable Units W/O	Rate 2018	Revenue W/ Exemption	Revenue W/O Exemption	% Revenue Change
Property Type:							
Residential (a)	72.89%	27,177.00	27,177.00	\$ 198.00	\$ 5,381,046.00	\$ 5,381,046.00	0%
Commercial (b)*	15.59%	46,022.77	46,022.77	\$ 28.91	\$ 1,330,518.28	\$ 1,330,518.28	0%
Race Track	3.53%	8,667.42	8,667.42	\$ 22.61	\$ 195,970.37	\$ 195,970.37	0%
Institutional	5.88%	916.21	4,128.56	\$ 34.30	\$ 31,426.00	\$ 141,609.61	351%
Warehouse (b)	2.11%	12,437.15	12,437.15	\$ 12.22	\$ 151,981.97	\$ 151,981.97	0%
Sepcial/Combined					\$ 145,131.02	\$ 145,131.02	
				Sum (Gross)	\$ 7,236,073.64	\$ 7,346,257.25	
				Net**	\$ 7,091,352.17	\$ 7,199,332.10	
(a) Unit = Individual residential dwelling							
(b) Unit = 100 square foot							
Projected Budgeted Change							
	<u>Gross</u>	<u>Net</u>					
W/Exemption	\$ 7,236,074	\$ 7,091,352					
W/O Exemption	\$ 7,346,257	\$ 7,199,332					
Change	\$ 110,184	\$ 107,980					
% Change in revenue	2%	2%					
*Office and Amusement incuded within Commercial							
** 98% Net based on historic collection rate							