



Town of _____
Micanopy
_____ Florida

Town of Micanopy Planning for Potential Property Tax Reform

Fiscal Responsibility and Long-Term Financial Planning

The Town of Micanopy recognizes the potential impact that expanded homestead exemptions may have on municipal revenues. Based on estimates provided by the Alachua County Property Appraiser, a \$150,000 homestead exemption could result in an annual reduction of approximately \$60,000 in Town property tax revenues and \$80,000 for \$250,000 exemption.

Rather than relying on tax increases or reductions in essential services, the Town has already implemented several measures to strengthen its financial position and offset potential revenue losses.

1. Modernized Investment Practices

In 2026, the Town adopted a comprehensive Investment Policy designed to improve returns on public funds while maintaining strict safeguards and compliance with Florida law.

Previously, a significant portion of Town reserves was invested in certificates of deposit earning approximately 3% interest. Through the adoption of the new policy, the Town now has access to additional investment options, including the Florida FIT and other approved public fund investment vehicles.

Estimated Annual Benefit: Approximately \$20,000 in additional interest earnings.

2. Fire Services Agreement Reaches Cost Neutrality

The Town entered into an interlocal agreement with Alachua County for fire suppression services that required annual payments of approximately \$135,000 for a seven-year period.

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The Town has approximately four years remaining on this agreement. Once the agreement term concludes, this recurring expense will be eliminated, creating additional budget capacity to absorb future revenue reductions.

Long-Term Impact: Significant recurring expenditure reduction beginning at the conclusion of the agreement term.

3. Updated Planning and Development Fees

The Town recently adopted updated planning and zoning fees to better reflect the actual cost of providing development review services.

The revised fee structure:

- Recovers staff time spent reviewing development proposals.
- Passes professional planning costs directly to applicants.
- Ensures that existing residents are not subsidizing private development activities.
- Includes a formal pre-application process that allows applicants to evaluate project feasibility while covering associated review costs.

Impact: Increased cost recovery and reduced reliance on general tax revenues.

4. Review of Agreements with Outside Organizations

The Town is conducting a review of agreements and partnerships with outside organizations to ensure that public resources are being used efficiently and sustainably.

This review includes:

- Willie Mae Stokes Community Resource Center
- Micanopy Athletic Association
- Other Town-supported facilities and programs

The goal is to ensure that users contribute an appropriate share toward operating and maintenance costs while preserving valuable community services.

Impact: Reduced General Fund obligations and improved long-term sustainability.

5. Continued Use of the Existing 5.0000 Millage Rate

The Town intends to continue utilizing its current 5.0000 millage rate, which remains below the maximum municipal rate authorized by Florida law.

The Town will continue monitoring changes in taxable value and population growth while maintaining a balanced approach that protects municipal services and minimizes impacts on residents.

Impact: Continued revenue growth from non-homesteaded property values and new development helps mitigate the effects of expanded homestead exemptions.

Estimated Revenue Offset Strategies

Initiative	Estimated Annual Impact
Enhanced Investment Earnings	~\$20,000
Development Fee Cost Recovery	Ongoing Revenue Protection
Review of Outside Agreements	Ongoing Expense Reduction
Continued Growth in Non-Homesteaded Tax Base	Ongoing Revenue Growth
Completion of Fire Services Agreement	Significant Long-Term Savings

Estimated Ad Valorem Revenue Reduction (150K Exemption): ~\$60,000 annually

Micanopy's Approach

Rather than relying on a single solution, the Town is pursuing a combination of investment earnings, cost recovery, expenditure management, and growth in non-homesteaded taxable value to address potential revenue losses. Through proactive planning and responsible financial management, the Town believes it can absorb much of the projected impact while continuing to provide essential services to residents.

Moving Forward

The Town of Micanopy supports responsible fiscal management and believes local governments must continually evaluate operations, fees, agreements, and investments to maximize efficiency.

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While the estimated revenue reduction associated with expanded homestead exemptions presents challenges, the Town has already taken meaningful steps to improve financial resilience and position itself to absorb a significant portion of the projected impact without reducing essential services.

The Town remains committed to identifying efficiencies, controlling costs, and protecting the quality of services provided to residents.

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