



City of Cape Coral

Office of the Mayor

June 1, 2026

To the Honorable Members of the Lee County Legislative Delegation:

On behalf of the City of Cape Coral, thank you for your service to our community and for your ongoing partnership with issues affecting local government and our residents. We write to express our concern to any proposal to increase the statewide homestead exemption from \$50,000 to \$250,000.

Cape Coral is a largely residential, planned community in which 91.4 percent of all developable parcels are platted for single-family residential use, and only 6.5 percent are commercial. Because of this land-use pattern, changes to the homestead exemption have a disproportionate impact on our tax base and the City's ability to fund essential services.

Today, Cape Coral's taxable value is approximately \$32.472 billion, of which homesteaded properties account for \$12.611 billion, or 38.9 percent of total ad valorem revenues. An additional \$200,000 homestead exemption would reduce the taxable value of homesteaded properties by \$9.060 billion, a 27.90 percent reduction in that category, the largest impact in Lee County, FL, and would result in an estimated \$46.6 million annual loss in ad valorem revenue at the current 5.1471 millage rate.

Property taxes provide 59.7 percent of the City's General Fund revenues and directly support core public safety and quality-of-life services. The following table indicates that the projected \$46.6 million loss would require reductions on the order of eliminating

funding for code enforcement, parks and recreation, administration, and transportation, and would also reduce tax-increment revenues for the Community Redevelopment Agency. After such reductions, only about \$111.35 million dollars would remain to fund the balance of City operations.

Service	Amount	% of property Taxes
Police	\$ 90,436,443	0.57244
Fire	\$ 17,614,546	0.1115
Code Enforcement	\$ 5,439,436	0.03443
Transportation	\$ 12,747,827	0.08069
Parks and Recreation	\$ 14,966,934	0.09474
Administration	\$ 12,470,163	0.07893
Community Redevelopment Agency – TIF	\$ 4,307,831	0.02727
Total	\$ 157,983,180	

If additional \$200,000 exemption approved:

Less Code Enforcement	\$ (5,439,436)
Less Parks and Recreation	\$ (14,966,934)
Less Administration	\$ (12,470,163)
Less Transportation	\$ (12,747,827)
Reduction to CRA TIF	\$ (1,008,366)
Net reduction if \$200,000 exemption approved	\$ (46,632,726)
Net taxes to fund Cape Coral	\$ 111,350,454

In effect, the proposal would shift the cost of critical services provided from a majority of residents onto a shrinking minority of taxpayers, including non-homesteaded residential, commercial, and industrial properties. For a city that is already heavily residential, this shift is neither sustainable nor equitable.

It is also important to underscore that Cape Coral has consistently reduced its millage rate, as noted in the following chart, as property values have grown, demonstrating fiscal restraint and commitment to taxpayers. Since Fiscal Year 2020, the City's operating millage has been lowered from 6.4903 mills to 5.1471 mills, foregoing more than \$141 million dollars in potential annual property tax revenue that could have been collected had the 2020 millage been maintained. These reductions evidence our track record as prudent stewards of public funds, not a jurisdiction relying on unnecessary tax increases.

Fiscal Year	Taxable Assessed Value	Operating Millage Rate	Tax Levy	Property Taxes if No Millage Rate Change ⁽¹⁾	Difference ⁽²⁾
2020	\$ 15,438,898,927	6.4903	\$ 100,203,086		
2021	\$ 16,578,808,989	6.3750	\$ 105,689,907	\$ 107,601,444	\$ 1,911,537
2022	\$ 18,382,969,754	6.2500	\$ 114,893,561	\$ 119,310,989	\$ 4,417,428
2023	\$ 22,712,302,498	5.3940	\$ 122,510,160	\$ 147,409,657	\$ 24,899,497
2024	\$ 26,262,275,412	5.3694	\$ 141,012,662	\$ 170,450,046	\$ 29,437,385
2025	\$ 29,582,413,756	5.2188	\$ 154,384,701	\$ 191,998,740	\$ 37,614,039
2026	\$ 31,972,530,710	5.1471	\$ 164,565,813	\$ 207,511,316	\$ 42,945,503

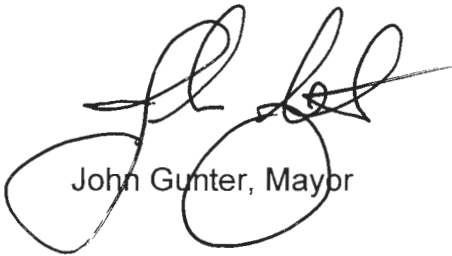
(1) Calculation assumes no change in millage rate from 2020
(2) Property taxes foregone as a result of reducing the millage rate annually.

For these reasons, we respectfully request that you:

- Oppose any legislation that would increase the homestead exemption to 250,000 dollars or otherwise further erode local ad valorem revenue without a dedicated replacement funding source; and
- Support efforts to preserve local fiscal home rule so that rapidly growing communities like Cape Coral can maintain public safety, transportation, parks, and other essential services at levels our residents expect and deserve.

We appreciate your consideration and would welcome the opportunity to provide additional data or testimony as the Legislature continues to evaluate homestead exemption proposals. Thank you for your continued leadership on behalf of the residents of Lee County and the City of Cape Coral.

Respectfully submitted,



John Gunter, Mayor