



## **CANADIAN SNOWBIRD ASSOCIATION**

**Position Paper: Property Tax Reform Proposals**

**Prepared For: Florida Property Tax Reform Committee**

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## **Introduction**

The Canadian Snowbird Association (CSA) is a national non-partisan, not-for-profit advocacy organization – registered in Canada as well as in the state of Florida – dedicated to actively defending and improving the rights and privileges of snowbird travellers. It is a grassroots association whose board of directors is comprised of unpaid, elected volunteers, representing hundreds of thousands of travellers from all the provinces and territories of Canada as well as the northern United States. Although our membership is comprised primarily of retirees, many of whom are on fixed or limited incomes, our membership's median age is decreasing each year with many members now in their 50's and even late 40's.

Since its inception in 1992 in Lakeland, Florida, the CSA has grown to become the pre-eminent voice of all "snowbird" travellers in its defence of their rights and privileges.

The CSA has proven itself to be a decisive, results-oriented organization. Its commitment and common sense when dealing with government, industry and the media is reflected in its achievements on behalf of its members.

## **Florida Property Tax Concerns**

Canadian and northern United States snowbirds have expressed overwhelming concern with respect to the impact of disproportionate increases in property taxes.

In essence, many members of our association are indicating that the disproportionate shifting of the property tax burden onto the shoulders of winter Floridians is causing them to seriously consider selling their homes in Florida and relocate their winter residences to other sunbelt states. Many have already done so.

We must respectfully submit that winter Floridians are in fact only utilizing those services that are paid through the property tax rates on a "part-time" basis for a few winter months compared to other residents who are deriving a full year-round benefit at a substantially lesser property tax cost. With such a disproportionate shift of the total costs being shouldered by a smaller seasonal group, Florida is quickly becoming both less desirable as well as less affordable as a winter destination.

States such as Arizona, Texas, California and South Carolina are aware of the deteriorating property tax situation in Florida and are aggressively targeting our members. A \$400,000 home in Hilton Head, S.C. comes with a property tax bill of approx. \$1,400 compared with a bill of approx. \$6,000 in Sarasota for seasonal residents.

The University of Florida estimates that approximately 920,000 temporary winter residents resided in Florida in 2004 (down from 970,000 in 1997). The economic impact this represents to the state of Florida is huge and is measured in the billions of dollars.



As more and more people are retiring before the traditional age of sixty-five, and as part of their increased leisure years consider establishing a winter home outside Canada and the northern United States, Florida may **not** be a first choice under the present conditions.

## **Recommendations**

We are aware that the basic aspects of property taxation in Florida, such as exemptions and differential treatment among different groups of taxpayers, are governed by the Florida Constitution. Although snowbirds do not have a vote at the ballot box they can certainly vote with their wallets. Given the considerable political obstacles present we are **not** suggesting changes to the current Homestead Allowance or the Save-Our-Homes amendment.

We are also of the view that the current mill rate determination should be left as it is, as that is where fiscal responsibility should be, in the hands of elected representatives.

It is our opinion that the culprit is the assessments.

It is apparent that within a typical county some properties have drastically increased in value, attracting higher assessments on which the mill rate is applied, resulting in drastic differences in actual taxes on similar properties which are side by side.

We propose that there be a revision in each county of the assessment values of the properties. Each county would pick a base year from the past (i.e. year 2000), when the taxes were evenly spread out over all the properties. We suggest each county pick their own year, as development has occurred at different stages in different counties of Florida.

Based upon the assessments for each property in the base year, the assessments would be allowed to increase only a limited amount each year, probably in the range of 5%, or on the basis of the increase in the consumer price index plus a small amount to permit development.

The counties would then set the mill rate to raise the necessary funds based upon the value of the real estate as reflected in the total of these assessments. All residential and business properties would be subject to this restriction. Those eligible for Homestead exemptions would still get their benefits, but the tax burden would be more equitably spread over all properties in the community.

New properties would be assigned an initial assessment value comparable to other properties in the area. This value of course would not reflect the actual market value of the property. This would keep the taxes down, and encourage construction by making the properties more attractive from a tax perspective. Upon sale of the property, the



assessed value would be passed on to the new owner. Homestead exempt property values would be adjusted to assessments of similar properties, and taxes would commence for the new owner at the assessed value. There would not be the extreme increases as there are today because the assessed values would be much closer to the values in the rest of the community.

The total sum of taxes collected would still be the responsibility of the elected representatives as it should be. However, the burden of paying those taxes would be spread over all the property owners in an equitable fashion, rather than falling heavily on some owners as at present, while others benefit at the expense of those owners.

We believe this proposal would solve the problems presented by the existing system.

