

Florida Snowbirds Challenge Fairness Of Two-Tier Tax No Shield From Rising Bills
For Seasonal Residents;
Who Pays for Growth?

'For Sale' Sign in Longboat Key

By RAFAEL GERENA-MORALES

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In late March, hundreds of Florida homeowners jammed the chambers of county commissioners in Fort Pierce, Fla., to protest rising property taxes. Ed McIntosh, a 75-year-old retiree, showed up with a foot-tall stack of complaints from homeowners, 623 letters in all.

He read a batch of them aloud, one tale after another of seasonal residents juggling rising insurance costs, hurricane-repair bills and escalating property taxes, which have more than doubled in five years in parts of the state.

Such protests have become commonplace in Florida as the state's snowbirds -- winter residents, who are mostly retirees from the Northeast, Midwest and Canada -- fight back against a tax system they believe is unfair and onerous. Mr. McIntosh, a retired Ford Motor Co. finance manager who lives in Beulah, Mich., spends four months a year along the Atlantic coast in Jensen Beach. He complains that seasonal residents are "being discriminated against...We're carrying the state on our backs."

All across the country, homeowners are complaining about runaway property taxes. In many places, sharp increases in home values are to blame. But Florida's snowbirds are angry about something else -- an unusual dual-bracket tax system. Florida allows municipalities to set the taxable value of properties at different levels for permanent and seasonal residents. There have been cases of snowbirds paying property taxes 10 times as high as those of permanent residents living nearby.

Records of the St. Lucie County Property Appraiser show, for example, that one permanent resident of Jensen Beach pays \$271 a year in property taxes on a

408-square-foot mobile home built in 1984. Four houses away, a seasonal resident from Pennsylvania pays \$3,007 for a 420-square-foot mobile home built in 1987, the records show. The two lots are nearly the same size, according to the records.

The disparities can be "extreme," says Ken Emens, a 59-year-old retiree from New Jersey who became a permanent Florida resident in November. "If anything, part-timers should get a discount because they demand less services," he says.

Not surprisingly, many full-time Florida residents, who are shielded by law from big property-tax hikes, don't see it that way. Kenneth Wilkinson, a property appraiser from Fort Myers who pushed for the two-tier system, says anyone who owns a second home in Florida should bear higher property taxes because "they created the problem" of rising real-estate values by bidding up prices and by increasing the need for local services.

At the heart of the debate: Who should pay for the state's rapid growth? Florida gains, on average, about 1,000 new residents a day, according to the state's economic and demographic research office. It is growing at the third-fastest clip in the nation, after Nevada and Arizona.

Senior citizens led prior growth spurts. This one includes many young families with children. Public-school enrollment has risen about 10% since 2000, leaving localities struggling to pay for additional classrooms and more teachers. County spending on public safety rose nearly 40% between the 2000 and 2004 fiscal years, according to the Florida Department of Financial Services. Transportation-infrastructure spending jumped 42% over the same period.

In Florida, one of a handful of states that doesn't tax personal income, such costs are mainly the responsibility of county governments. Increasingly, those counties are passing along the costs to the snowbirds, who don't vote.

Florida's seasonal residents "are getting slammed," says Dominic M. Calabro, president of Florida TaxWatch, a nonpartisan government watchdog group in Tallahassee. There has been "a tax shift" from permanent to seasonal residents, he says. "We're hearing from people from out of state who are getting hit with extraordinarily high taxes. They're mad as heck and not going to take it anymore."

Florida's two-tier system is rooted partly in a "homestead" exemption that dates back many years. The exemption currently provides permanent residents of the state with an automatic \$25,000 reduction in the assessed value of their primary homes. In addition, an amendment to the state constitution that went into effect in 1995, called Save Our Homes, caps the annual increase in assessed property values and taxes at 3% or the rate of inflation, whichever is lower. That too applies only to the primary homes of permanent residents.

Anyone who owns a home in Florida can become a permanent resident, no matter how much time the homeowner spends in state. A homeowner needs only to submit an affidavit stating his Florida home is his permanent residence. But many snowbirds are unwilling, because switching permanent residence would mean giving up tax breaks or other benefits they get from their home state or nation.

For Florida's permanent residents, the property-tax savings have been substantial and are growing. Last year, 28% of the value of Florida's residential real estate, or \$362.2 billion in value, was shielded from property taxes, according to Florida's Department of Revenue. That cut the average property-tax bill on the primary homes of state residents by \$1,600, the state said.

Property owners who don't qualify as permanent residents, as well as Florida residents who own second homes or rental properties, have watched property-tax bills double over the past five years in many areas.

Florida isn't the only state to protect some residents from rising property taxes. Many other states limit increases for the elderly or poor. California's landmark Proposition 13 caps property-tax increases on all homes, regardless of the residency status of owners. As a result, when California homes change hands, taxes on them often jump sharply, which has created a disparity between the tax bills of new and longtime homeowners that has drawn criticism. In Florida, recent home buyers who are permanent residents often voice similar complaints, and are as critical of disparities in the state's tax system as are snowbirds.

Mr. Wilkinson, the elected real-estate appraiser of Florida's Lee County, calls himself the "proud father" of the Save Our Homes amendment. During the 1980s, property values in parts of Florida were rising at double-digit annual rates. Some residents, especially retirees, worried about being taxed out of their homes. After fielding hundreds of complaints about appraisals, Mr. Wilkinson launched a statewide campaign to cap increases.

He spent his weekends collecting signatures at music festivals and other events across the state. It took him four years to amass the more than 600,000 signatures necessary to put the issue on the state's ballot. Florida voters approved the amendment in 1992, and it took effect in 1995.

Few full-time Florida residents sympathize with the tax plight of seasonal residents, who are widely perceived to be rich Northerners who can afford to subsidize Florida's growing needs. "These are second homes for them," says Daryl Wilmoth, 57, a Boca Raton resident and retired boat captain in the marine-dredging industry. "If they're prosperous enough to afford two houses, then I think they're prosperous enough to pay the current property-tax rate on their homes." Florida residents who have lived in their homes for a long time deserve the lower tax bills, he says.

Florida's average part-time resident isn't as rich as many Floridians imagine. The average annual income of seasonal residents is about \$63,000, compared with

roughly \$53,000 for permanent residents, according to the University of Florida's Bureau of Economic and Business Research. One in five seasonal residents lives in a mobile home, double the rate for full-time residents, bureau data shows.

"Most of the snowbirds are middle-class," says Lance deHaven-Smith, a Florida State University political-science professor. "They're factory workers, truck drivers, people who sold cars, people who worked all their lives. For them, Florida was a dream...The vast majority are cost sensitive."

Florida has been trying to attract seasonal residents since the early 1900s, when railroad tracks were laid from Jacksonville to Key West, providing easy access for out-of-staters. Various industrial titans became part-time residents, including Thomas Edison, who had a home built in Sarasota. After World War II, people of more modest means began buying winter bungalows. In 1965, Social Security benefits were benchmarked to inflation and Medicare health benefits were added, boosting the income and financial security of many retirees. Florida became the retirement choice of the masses.

Florida now attracts an estimated 1.2 million part-time winter residents, according to the University of Florida's economic-research bureau. The influx represents about 6.3% of the state's peak winter population.

Mr. McIntosh, the retired Ford manager, expects to pay about \$7,000 in property taxes on his two-bedroom, 850-square-foot home along the Atlantic coast north of Palm Beach. He bought it in November to replace one bought in 1995 and destroyed by a hurricane in 2004.

In January, angry about tax increases, Mr. McIntosh formed a group of seasonal residents to lobby for lower tax rates and for the extension of property-tax caps to seasonal residents. He has fired off hundreds of letters, spoken at meetings of property owners and condominium associations, and appeared on public-access cable television. He has written to a half-dozen Florida legislators and to Gov.

Jeb Bush seeking support. Mr. McIntosh's appearance in March before commissioners of St. Lucie County -- with 300 supporters in tow -- was part of that campaign. A spokeswoman for the county commission says that commissioners have discussed reducing tax rates.

Gov. Bush has said the state's property tax caps have created "inequities" by placing a heavier tax burden on new home buyers, seasonal residents and business owners, and that possible solutions should be studied, his spokesman says.

Any change to the Save Our Homes amendment would require the approval of Florida voters, which many experts say is unlikely. During the legislative session that ended this month, Florida lawmakers proposed a half-dozen different property-tax relief bills, including one to extend tax caps to everyone. None were approved. The state legislature is expected to conduct a study of the state's property tax system next year.

Mr. McIntosh says he will press on. Other seasonal residents are considering leaving. In February, the Morrisey family put their two-bedroom cottage up for sale, in large part because of the rise in property taxes -- to \$4,600 in 2005 from \$1,800 in 2000. Tom Morrisey, a 55-year-old farmer and beekeeper, says that on his 20-acre farm in Orillia, Ontario, property taxes come to \$800 a year. "It's sad," he says, to sell a home due to rising property taxes. The Morriseys have owned the 830-square foot property in Longboat Key, north of Sarasota on the Gulf Coast, for more than 35 years.

Another seasonal resident of Longboat Key, Norman Sommers, says he and his wife intend to visit Scottsdale, Ariz., in October to investigate relocating there. Mr. Sommers, 86, a Michigan resident, complains he's paying more than \$10,000 a year in taxes on his two-bedroom condo. That's nearly double what permanent Florida residents are paying for similar units in his building, he says.

"I believe in supporting schools, but I don't feel I should pay more than people who live here all year round," he says. "There's only so much I'm willing to take."

Florida's courts haven't ruled on the legality of the Save Our Homes amendment, although the Florida Supreme Court has upheld the validity of the state's homestead exemption.

Pat Thacke, 61, a New Jersey resident with a two-bedroom condominium in Port St. Lucie, says she has called 25 Florida law firms looking for someone to handle a lawsuit challenging the constitutionality of Florida's property-tax system. For 35 years, she and her husband have spent part of each year in Florida. This year they expect to pay more than \$4,000 in property taxes, while a permanent Florida resident with an identical unit across the hall will likely pay about \$750, she calculates.

So far, she has been unable to find a lawyer willing to handle a suit. "I feel like I'm being discriminated against," says Ms. Thacke, a retired hospital switchboard operator. "This is taxation without representation...The Florida snowbirds need another Boston Tea Party."

Write to Rafael Gerena-Morales at rafael.gerena@wsj.com