

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Valuation of Time Share Units

Bill Number(s): HB 471/SB 886

Entire Bill

Partial Bill:

Sponsor(s): Representative Fine

Month/Year Impact Begins: July 2024

Date(s) Conference Reviewed: December 1, 2023

Section 1: Narrative

a. Current Law: Section 192.037, F.S., currently states in part:

(10) In making his or her assessment of timeshare real property, the property appraiser shall look first to the resale market.

(11) If there is an inadequate number of resales to provide a basis for arriving at value conclusions, then the property appraiser shall deduct from the original purchase price "usual and reasonable fees and costs of the sale." For purposes of this subsection, "usual and reasonable fees and costs of the sale" for timeshare real property shall include all marketing costs, atypical financing costs, and those costs attributable to the right of a timeshare unit owner or user to participate in an exchange network of resorts. For timeshare real property, such "usual and reasonable fees and costs of the sale" shall be presumed to be 50 percent of the original purchase price; provided, however, such presumption shall be rebuttable.

(12) Subsections (10) and (11) apply to fee and non-fee timeshare real property.

b. Proposed Change: The existing subsection 192.037(12) becomes 192.037(13) and a new 192.037(12) is inserted stating: "In all tax appeals regarding timeshare units that are part of a timeshare development with more than 300 timeshare units, if the taxpayer asserts that there are an adequate number of resales to provide a basis for arriving at value conclusions, the number of resales shall be considered adequate when a reasonable number of resales of timeshare units within the same timeshare development are provided by the taxpayer and supported by the most recent standards adopted by the Uniform Standards of Professional Appraisal Practice. This methodology meets the requirement of just valuation of all real estate located in this state, including timeshare units, as recognized by and provided in s. 4, Art. VII of the State Constitution. The taxpayer may submit the known and controlling resales of the properties sold to assist in arriving at value conclusions."

Section 2: Description of Data and Sources

Aggregate Millage based on Proposed Millages from Each Taxing Authority Provided in August 2023
2023 Final Real Property Assessment Rolls, NAL data
Results of the Ad Valorem Estimating Conference, August 1, 2023
Consolidated Case Nos: 2012-CA-1293-OC
Consolidated Case Nos: 2016-CA-1006-OC
DBPR List of Registered Time Shares

Section 3: Methodology (Include Assumptions and Attach Details)

The cases listed in Section 2 of this document highlight that the resale market does not appear robust enough to use as the basis of an appraisal. The property appraiser's office involved in both cases argued that the more appropriate method of valuation is to look to developer sales as the original purchase price. There is a significant difference between the resale value and the purchase price valuation. Based on the above court cases, the resale price valuation method results in values that are between 75% or 40% lower than the purchase price method.

The proposed change directs the property appraiser to defer to the taxpayer for determination of whether the number of resales is adequate. The proposed change does not provide a lower bound on what constitutes an adequate number. One resale might be an adequate number under the proposed change. It appears that the taxpayer could select whichever resale(s) generates the most advantageous valuation.

Timeshare properties are not assigned a unique use code in the NAL (real property) tax roll. Property appraisers were contacted around the state and their reported time share data has been aggregated. Using the parcel numbers provided for each county, time shares were identified on the 2023 final NAL tax roll and the school and non-school assessed values were extracted.

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Total 2023 final school assessed value for the properties with more than 300 timeshare units is \$13,867,686,247 and non-school assessed value is \$12,923,053,729. Future year estimates were derived using the August 2023 Ad Valorem Assessment Estimating Conference Non-Residential Assessed Values.

The high, medium, and low forecasts were derived using recent court decisions to determine the most common reduction claimed when a small numbers of resale transactions is used to protest the current property appraiser’s assessments. These changes ranged from a forty percent reduction (low) to nearly seventy-five percent (high). The middle is presented as a 60% reduction.

Because the bill represents a significant first year reduction in assessed value, it is very unlikely that any differential would remain. While there is potential for differential to accrue in future years, the adopted forecast does not exceed 10 percent in any year so differential is not considered. To account for any exemptions, assessed values are adjusted down by the statewide share of taxable value over assessed value for school and non-school values for the known timeshare properties. The 2023 effective statewide millage rates are applied to the difference between the current law estimated taxable value and the high/middle/low estimated taxable value to determine the tax impact of the bill. The effective date is July 1, 2024 and assessment appeals can be filed until 25 days after TRIM notices are mailed (generally) in mid-August. It is expected that owners will have just over two months to appeal and we assume all of the current timeshare owners will appeal in the first year.

2023 HB451/SB1450 contains very similar language and [an impact](#) was presented to the conference on February 17, 2023. The differences are that the new proposed language only applies to timeshares in a development with more than 300 timeshare units (old language had no unit requirement) and the reasonable number of resales must be within the same timeshare development (old language had no such requirement). Only properties with more than 300 units were considered for this analysis. Besides that difference, the methodology is identical, just updated to the latest roll, millage, and forecast data. At that time the conference adopted the high estimate.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(171.5 M)	\$(171.5 M)	\$(137.2 M)	\$(137.2 M)	\$(91.5 M)	\$(91.5 M)
2025-26	\$(181.7 M)	\$(181.7 M)	\$(145.4 M)	\$(145.4 M)	\$(96.9 M)	\$(96.9 M)
2026-27	\$(191.0 M)	\$(191.0 M)	\$(152.8 M)	\$(152.8 M)	\$(101.9 M)	\$(101.9 M)
2027-28	\$(200.7 M)	\$(200.7 M)	\$(160.6 M)	\$(160.6 M)	\$(107.0 M)	\$(107.0 M)
2028-29	\$(210.8 M)	\$(210.8 M)	\$(168.6 M)	\$(168.6 M)	\$(112.4 M)	\$(112.4 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 12/01/23) The Conference adopted the high estimate because the Uniform Standard of Professional Appraisal Practice provides minimal guidance regarding the adequate number of resales.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(65.6)	(65.6)	(105.9)	(105.9)	(171.5)	(171.5)
2025-26	(69.5)	(69.5)	(112.2)	(112.2)	(181.7)	(181.7)
2026-27	(73.1)	(73.1)	(117.9)	(117.9)	(191.0)	(191.0)
2027-28	(76.8)	(76.8)	(123.9)	(123.9)	(200.7)	(200.7)
2028-29	(80.6)	(80.6)	(130.1)	(130.1)	(210.7)	(210.7)

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	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(171.5)	(171.5)	(171.5)	(171.5)
2025-26	0.0	0.0	0.0	0.0	(181.7)	(181.7)	(181.7)	(181.7)
2026-27	0.0	0.0	0.0	0.0	(191.0)	(191.0)	(191.0)	(191.0)
2027-28	0.0	0.0	0.0	0.0	(200.7)	(200.7)	(200.7)	(200.7)
2028-29	0.0	0.0	0.0	0.0	(210.8)	(210.8)	(210.8)	(210.8)

	A	B	C	D	E	F	G
1	2023 Aggregate Millage Rates						
2	School	5.9923					
3	Non-School	10.3792					
4							
5	Non-residential Assessed Values - Conference Results						
6	Roll Year	Total	Growth Rates				
7	2023	\$ 1,003,227,078,914					
8	2024	\$ 1,056,090,859,113	5.27%				
9	2025	\$ 1,118,783,826,258	5.94%				
10	2026	\$ 1,175,971,052,009	5.11%				
11	2027	\$ 1,235,953,093,240	5.10%				
12	2028	\$ 1,297,899,454,823	5.01%				
13	2029	\$ 1,359,151,876,500	4.72%				
14							
15	Timeshare Assessed Value in Select Areas						
16	County	School	Non-School				
17	Statewide	\$ 13,867,686,247	\$ 12,923,053,729				
18							
19	Assumption	High	Middle	Low			
20	Reduction Factor - Resale Price Share of Purchase Price	75%	60%	40%			
21							
22	Forecast of School Assessed Values of Timeshares						
23	Roll Year	Current Law	Proposed Language				
24			High	Middle	Low		
25	2024	\$ 14,598,426,408	\$ 3,649,606,602	\$ 5,839,370,563	\$ 8,759,055,845		
26	2025	\$ 15,465,036,189	\$ 3,866,259,047	\$ 6,186,014,475	\$ 9,279,021,713		
27	2026	\$ 16,255,539,675	\$ 4,063,884,919	\$ 6,502,215,870	\$ 9,753,323,805		
28	2027	\$ 17,084,676,115	\$ 4,271,169,029	\$ 6,833,870,446	\$ 10,250,805,669		
29	2028	\$ 17,940,965,508	\$ 4,485,241,377	\$ 7,176,386,203	\$ 10,764,579,305		
30	2029	\$ 18,787,662,516	\$ 4,696,915,629	\$ 7,515,065,006	\$ 11,272,597,509		
31							
32	Forecast of Non-School Assessed Values of Timeshares						
33	Roll Year	Current Law	Proposed Language				
34			High	Middle	Low		
35	2024	\$ 13,604,017,676	\$ 3,401,004,419	\$ 5,441,607,071	\$ 8,162,410,606		
36	2025	\$ 14,411,596,140	\$ 3,602,899,035	\$ 5,764,638,456	\$ 8,646,957,684		
37	2026	\$ 15,148,252,483	\$ 3,787,063,121	\$ 6,059,300,993	\$ 9,088,951,490		
38	2027	\$ 15,920,910,197	\$ 3,980,227,549	\$ 6,368,364,079	\$ 9,552,546,118		
39	2028	\$ 16,718,871,273	\$ 4,179,717,818	\$ 6,687,548,509	\$ 10,031,322,764		
40	2029	\$ 17,507,893,372	\$ 4,376,973,343	\$ 7,003,157,349	\$ 10,504,736,023		
41							
42	Statewide Taxable Value Share of						
43	School	100.00%					
44	Non-School	100.00%					
45							

	A	B	C	D	E	F	G
46	Impact on School Tax Collections						
47	Roll Year	Proposed Language					
48		High	Middle	Low			
49		2024	\$ (65,608,613)	\$ (52,486,890)	\$ (34,991,260)		
50	2025	\$ (69,503,352)	\$ (55,602,682)	\$ (37,068,455)			
51	2026	\$ (73,056,053)	\$ (58,444,842)	\$ (38,963,228)			
52	2027	\$ (76,782,379)	\$ (61,425,903)	\$ (40,950,602)			
53	2028	\$ (80,630,736)	\$ (64,504,589)	\$ (43,003,059)			
54	2029	\$ (84,435,983)	\$ (67,548,786)	\$ (45,032,524)			
55							
56	Impact on Non-School Tax Collections						
57	Roll Year	Proposed Language					
58		High	Middle	Low			
59		2024	\$ (105,899,115)	\$ (84,719,292)	\$ (56,479,528)		
60	2025	\$ (112,185,629)	\$ (89,748,503)	\$ (59,832,335)			
61	2026	\$ (117,920,057)	\$ (94,336,045)	\$ (62,890,697)			
62	2027	\$ (123,934,733)	\$ (99,147,787)	\$ (66,098,524)			
63	2028	\$ (130,146,382)	\$ (104,117,105)	\$ (69,411,403)			
64	2029	\$ (136,288,445)	\$ (109,030,756)	\$ (72,687,171)			
65							
66	Assumption for First Year Cash -Effective Date July 1, 2024						
67	Share that Appeal Year 1		100%				
68							
69	Impact on School						
70		High		Middle		Low	
71		Cash	Recurring	Cash	Recurring	Cash	Recurring
72	2024-25	\$(65.6 M)	\$(65.6 M)	\$(52.5 M)	\$(52.5 M)	\$(35.0 M)	\$(35.0 M)
73	2025-26	\$(69.5 M)	\$(69.5 M)	\$(55.6 M)	\$(55.6 M)	\$(37.1 M)	\$(37.1 M)
74	2026-27	\$(73.1 M)	\$(73.1 M)	\$(58.4 M)	\$(58.4 M)	\$(39.0 M)	\$(39.0 M)
75	2027-28	\$(76.8 M)	\$(76.8 M)	\$(61.4 M)	\$(61.4 M)	\$(41.0 M)	\$(41.0 M)
76	2028-29	\$(80.6 M)	\$(80.6 M)	\$(64.5 M)	\$(64.5 M)	\$(43.0 M)	\$(43.0 M)
77							
78	Impact on Non-School						
79		High		Middle		Low	
80		Cash	Recurring	Cash	Recurring	Cash	Recurring
81	2024-25	\$(105.9 M)	\$(105.9 M)	\$(84.7 M)	\$(84.7 M)	\$(56.5 M)	\$(56.5 M)
82	2025-26	\$(112.2 M)	\$(112.2 M)	\$(89.7 M)	\$(89.7 M)	\$(59.8 M)	\$(59.8 M)
83	2026-27	\$(117.9 M)	\$(117.9 M)	\$(94.3 M)	\$(94.3 M)	\$(62.9 M)	\$(62.9 M)
84	2027-28	\$(123.9 M)	\$(123.9 M)	\$(99.1 M)	\$(99.1 M)	\$(66.1 M)	\$(66.1 M)
85	2028-29	\$(130.1 M)	\$(130.1 M)	\$(104.1 M)	\$(104.1 M)	\$(69.4 M)	\$(69.4 M)
86							
87	Total Impact						
88		High		Middle		Low	
89		Cash	Recurring	Cash	Recurring	Cash	Recurring
90	2024-25	\$(171.5 M)	\$(171.5 M)	\$(137.2 M)	\$(137.2 M)	\$(91.5 M)	\$(91.5 M)
91	2025-26	\$(181.7 M)	\$(181.7 M)	\$(145.4 M)	\$(145.4 M)	\$(96.9 M)	\$(96.9 M)
92	2026-27	\$(191.0 M)	\$(191.0 M)	\$(152.8 M)	\$(152.8 M)	\$(101.9 M)	\$(101.9 M)
93	2027-28	\$(200.7 M)	\$(200.7 M)	\$(160.6 M)	\$(160.6 M)	\$(107.0 M)	\$(107.0 M)
94	2028-29	\$(210.8 M)	\$(210.8 M)	\$(168.6 M)	\$(168.6 M)	\$(112.4 M)	\$(112.4 M)