



What If ?

What could happen to your tax bill "If" the recently enacted Customary Use Policy results in decreased values of beachfront property ? This study was conducted and distributed to all 5 of our County Administrators.

\$202 million to as much as **\$608 million** in lost ad valorem revenues.



RE: Impact of Proposed Walton County Ordinance Affecting Beach Access

**Table 1. Estimated Annual Impact of Proposed Change to
Beach Access in Walton County, Florida**

<i>Category</i>	<i>10% Impact</i>	<i>20% Impact</i>	<i>30% Impact</i>
# Affected Parcels	7,392	7,392	7,392
Market Value	\$7,034,886,403	\$7,034,886,403	\$7,034,886,403
Impacts	\$703,488,640	\$1,406,977,281	\$2,110,465,921
Damages due to reduced property values			
County Revenue	\$2,553,700	\$5,107,400	\$7,661,100
School Board	\$3,651,800	\$7,303,600	\$10,955,400
	=====	=====	=====
Total Annual Tax Impact	\$6,205,500	\$12,411,000	\$18,616,500
Present Value of Total Tax Impact	\$202,794,118	\$405,588,235	\$608,382,353

It should be noted that the report analyzes the Property Appraisers' "market" values, which are not necessarily "fair market values" that are typically higher. It should be further noted that this report does not include corresponding impacts on other revenue streams (e.g. bed tax or rentals, documentary stamp taxes, etc.)

Sincerely,

**Henry H.
Fishkind, Ph.D.**

Hank Fishkind, Ph.D.
President

Digitally signed by Henry H.
Fishkind, Ph.D.
Date: 2017.03.09 15:05:30 -05'00'

This letter reports on Fishkind & Associates' ("FA") preliminary analysis of a proposed Walton County Ordinance No. 2016-23 affecting beach use. You have informed me that the proposed ordinance purports to transform private beaches into public beaches by declaring that the white sandy beach portion of approximately 26 miles of Walton County Gulf of Mexico beach is subject to "customary use" by the general public. You have asked FA to calculate the potential impacts of this ordinance on the assessed value of affected properties, and the ad valorem tax revenues of the County and the Walton County School Board assuming that the ordinance would cause the market value of the affected real estate to decline by: (a) 10%, (b) 20%, or (c) 30%.

To analyze these effects preliminary, FA gathered data on private property that fronts on Walton County's beaches and private property that has deeded beach access using data from the Walton County Property Appraiser's office ("PA"). This preliminary property inventory may not be exhaustive of all such properties. Additionally, it may include isolated properties not enjoying deeded beach access. Table 1 summarizes our findings. It is estimated that 7,392 parcels would be impacted. Most are developed into single-family homes and condominiums, and many others are classified as vacant residential property. The affected properties have a total assessed value of more than \$7 billion according to the PA.

If the impact to assessed values is as small as 10%, the parcels would be damaged by a reduction in value of over \$700 million, the County would lose \$2.6 million in ad

valorem tax revenue per year and the school board would lose \$3.7 million in ad valorem tax revenues per year. At a 30% impact, the property damages are \$2.1 billion, and the tax revenue losses jump to \$7.7 million for the County and nearly \$11 million for the school board annually. Since these impacts are permanent, the total loss in ad valorem tax revenues is best expressed as their present values. Discounting at the risk-free rate measured by U.S. government 30-year bonds at 3.06% at the date of this report, results in total ad valorem revenue losses ranging from a minimum of **\$202 million** to as much as **\$608 million** in lost ad valorem revenues.



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