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Kimberly Blair
kblair@pnj.com

About 2,000 Pensacola Beach residential property owners now must pay a total of \$20 million in back taxes after losing a lawsuit against Escambia County.

The lawsuit, known as "1108 Ariola LLC v. Escambia County Property Appraiser Chris Jones & Tax Collector Janet Holley," was filed by the owners of 1,903 beach properties who said it was unlawful for the county to charge them property taxes on their beach leaseholds.

Escambia Circuit Court Judge Michael Jones disagreed, ruling late Friday in favor of the county, saying these Pensacola Beach leaseholds "are equitable owners of the leasehold improvements on their Santa Rosa Island properties and as such are subject to taxation at the ad valorem rate."

The lawsuit is the biggest Pensacola Beach property tax lawsuit against the county, since Chris Jones' office decided to levy taxes in 2004 against improvements on homes and buildings on beach leases. Beach land is not taxable.

"This ruling validates the four previous cases that have gone before this one and the appellate court has upheld," said Chris Jones.

Two of those cases were for commercial leaseholders and condominium owners, he said.

Lila Cox, a beach resident and a liaison in the residents' lawsuit, learned about the ruling early Monday.

"I'm rather disheartened," she said. "I'm concerned about the beach and people on the beach and the lack of understanding people have about taxes on the beach."

Cox did not know on Monday whether she and the other plaintiffs would appeal. They have 30 days to do so.

Holley said on Monday that she and her staff, under the guidance of an attorney, were evaluating the details of the case, which dates back to 2004.

"This is the big one we've been waiting on, the one with the most number of cases in it," she said.

Other than that she did not have reaction to the judge's ruling, except to say her office immediately is accepting payment of back taxes owed at 12 percent interest rate.

That's a 6 percent break to beach leaseholders who have not paid their taxes while awaiting the outcome of the lawsuit.

Back payments — some dating back to 2004 — prior to the ruling were subject to 18 percent interest, Holley said.

For 2008 alone, unpaid taxes amount to \$3.7 million, at the 18 percent interest rate.

Amounts recalculated at 12 percent interest were not available today.

Holley said her office has collected \$2.3 million in taxes for 2008 from leaseholders who did pay during the lawsuit.

Michael Jones also ruled to exempt seven parties from taxation under this lawsuit because the First District Court of Appeal in 1987 ruled to exclude them from paying property taxes.

Cox believes the Jones' ruling on that case, Bell v. Bryan, is questionable.

"The judge orders (those) individuals don't have to pay taxes because they were successful in their original case, but everyone else has to pay?" she said. "There's some sort of disconnect."
