

The Honorable Jonathan Martin  
Florida Senate  
Tallahassee, Florida

**RE: Opposition to HJR 203 and Related Proposed Tax Reform Legislation**

Dear Senator Martin,

We are writing to express our strong opposition to HJR 203 and related proposed tax reform legislation that would reduce ad valorem tax revenues relied upon by the City of Sanibel to fund essential local services. While we understand that HJR 203 has now passed the Florida House of Representatives, we respectfully urge the Florida Senate to oppose this measure as it moves forward in the legislative process.

As you know, Sanibel is a barrier island community with distinct capital, operational, and public safety needs. The City's ability to meet these needs depends on its ability to fulfill financial obligations to residents and property owners, of which the collection of property taxes from all who receive city services is central.

Ad valorem revenues are a critical and stable funding source for core municipal services. Any legislation that diminishes local authority over these revenues, without the creation of reliable replacement funding that fully accounts for the loss, would significantly impair the City's ability to serve both its full time and seasonal population.

If the City's ability to assess homestead residential property were eliminated, the financial impact would be severe. Using the Fiscal Year 2026 budget as an example, the City of Sanibel would lose approximately 33.5% of its general fund revenue (over \$4.2 million).

The number of homestead properties in Sanibel is currently at an all-time low. As new residents purchase property and move to the island following recent storms, more properties will qualify for the homestead exemption. As a result, the negative fiscal impact of eliminating the City's authority to assess homestead residential property will increase significantly over time.

Compounding our concern is the lack of any information from the State regarding how cities such as Sanibel would be allowed to replace lost ad valorem revenue. The absence of identified replacement funding makes responsible budget preparation and long term financial forecasting extremely difficult and leaves the City unable to plan with certainty for the continued delivery of essential services.

The City of Sanibel has a 50-year history of responsibly managing taxpayer dollars. The Sanibel City Council works diligently to ensure public funds are used wisely and efficiently to serve our residents. The image below illustrates that only 18.6% of the total taxes paid by Sanibel property owners go to the City of Sanibel. Prior to Hurricane Ian, the City's share typically averaged between 14% and 15% of a property owner's total tax bill.



We respectfully urge your support in preserving local fiscal autonomy and in opposing tax reform proposals that would reduce or limit ad valorem taxing authority without providing equivalent, reliable, and sufficient replacement revenue source that may be directly collected by the City of Sanibel to fully offset any resulting loss of funding. The City Council also understands that there is currently no companion bill in the Senate and will continue to closely monitor the legislation as it moves through the process.

Thank you for your continual support of our community and for considering the City of Sanibel's position on this important subject. Please feel free to contact us to provide more direct input on this critical conversation.

Sincerely,

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