

Memorandum

TO: Jill Remick, PVR Director, Department of Taxes
FROM: Kirby Keeton, Policy Analyst, Department of Taxes
DATE: February 8, 2022
RE: Valuation of Time-Share Estates Across States

You asked for information regarding how other states value time-share estates for purposes of property taxation.

Background

A Vermont bill was proposed that would require a time-share project to be valued “in the same manner as the town determines the value of comparable real property that does not contain time-share estates.” This would potentially prevent a municipality from considering special factors relating to time-share estates that cause their market value to differ from other similar properties. This methodology would not result in what is normally considered the true fair market value of these properties.

Other States

Many other states and municipalities recognize that time-share estates should be valued differently than other types of properties because they involve unique marketing and property rights. For example, the Board of Equalization of California requires assessing officials to consider “the fact that the timeshare estate or use is marketed in increments of time . . . [and] [t]he season of the year during which the owner is entitled to the right to use or possession of the property” when determining value. [State of California Board of Equalization Property Tax Rule 472\(b\)](#). Some of the valuation approaches used by California closely resemble Vermont’s current approach. *See*, Property Tax Rule 472(h) (determine the full value using various valuation methodologies and adjust for how the property is marketed by increments of time).

Some states, like Arizona, require assessing officials to conduct a sales transaction study of timeshare interests. [Arizona Department of Revenue Property Tax Division, Guideline for Timeshare Interest Valuation](#), at 25. The market study approach only considers time-share interests and does not attempt to compare their values to non-time-share properties (unlike the current Vermont proposal). Arizona is one of many states that use time-share resale data to determine the value of time-share estates. Florida also requires assessors to first use the resale approach. Fla. Stat. 192.037(10).

Some other states simply allow local assessors to consider any relevant factors in valuing time-share estates. For example, Maine allows assessors to consider “other factors relevant to the valuation of a time-share estate.” 33 M.R.S. 593-2. South Carolina is similar to Maine.

Utah is the only state I found that uses an approach that resembles the one currently proposed in Vermont. Utah Code Ann., title 57, ch.8, § 27. Utah requires the value of timeshare interests and timeshare estates to “be determined by valuing the real property interest associated with the

timeshare interest or timeshare estate, exclusive of the value of any intangible property and rights associated with the acquisition, operation, ownership, and use of the timeshare interest or timeshare estate, including the fees and costs associated with the sale of timeshare interests and timeshare estates that exceed those fees and costs normally incurred in the sale of other similar properties, the fees and costs associated with the operation, ownership, and use of timeshare interests and timeshare estates, vacation exchange rights, vacation conveniences and services, club memberships, and any other intangible rights and benefits available to a timeshare unit owner.” *Id.* at 27(5). However, Utah law also states that the provision should not be construed as requiring an assessment as something other than fair market value. *Id.* Further, even under the Utah statute, assessors there conduct sales studies of timeshare units to determine the fair market value. They sometimes also look at the sales of condominiums when conducting a study, but this is not considered the best practice. See, Pamela B. Hunsaker, American Property Tax Council, Why Timeshares Should Not be Taxed Like Condominiums, available at: <https://www.aptcnet.com/property-tax-resources/published-property-tax-articles/why-timeshares-shouldnt-be-taxed-like-condominiums> (explaining the issues generally and specific to Utah).

Conclusion

I was unable to conduct a review of related laws in every jurisdiction given the amount of time provided. Out of the jurisdictions I reviewed, none take the approach being proposed in Vermont. The most similar is Utah, but even there, valuation is typically done through a comparison of time-share properties. I think the current Vermont proposal would preclude municipalities from following Utah’s approach.

I am unaware of any jurisdiction that values time-shares by completely ignoring that they are unique properties.