

Richest of the rich still view Florida as haven

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Have you popped the bubbly to welcome some of the newest Floridians to our shores?

Folks like Tom Golisano, the billionaire owner of the Buffalo Sabres. And ex-Californian Jeff Greene, who became a billionaire by shorting the subprime housing market.

Florida, hammered by the recession, also saw its overall population shrink for the first time since World War II. But there's at least one subset still eyeing a move to Florida, arguably more so than in years past: the megarich.

The uberwealthy have long been drawn to income-tax-free havens like Florida. As some states, New York in particular, sock it to the rich with higher income taxes to help with revenue shortfalls, more of the wealthy are making Florida their primary home. Or are at least considering it. New York tycoon Donald Trump, who owns a home in Palm Beach, told Fox News earlier this year that several of his millionaire friends were talking about leaving New York over the tax hikes.

University of Florida economist David Denslow says any influx won't save Florida from its \$2.5 billion budget deficit, "but it has a noticeable, positive impact" on bolstering property tax and sales tax receipts. "We're delighted to have them," he says.

Just how many of "them" there are is up for debate. One measure, albeit limited, comes via *Forbes* magazine, which counted 27 Floridians on its recently released list of 400 richest Americans. That's far shy of wealth centers like New York or California, but it's triple the number of Floridians who made the elite cut back in 2001.

Peter Francese, demographic trends analyst for New York-based Ogilvy & Mather, said there is no good data tracking migratory patterns of the superrich. "There are very, very few of them," he said. "The best you're going to get is anecdotes." But he doesn't doubt that, anecdotally speaking, Florida is a beneficiary of higher income taxes imposed up North. "You can't underestimate the attraction of the lack of an income tax," said Francese, who founded *American Demographics* magazine. "It may be a marginal item, but it's a key competitive advantage to states like Florida, Texas and New Hampshire."

It was more than a marginal factor to Golisano, the Sabres' owner and board chairman of Paychex Inc., who publicly trumpeted his flight from New York in May as a tax-driven decision. In a column in the *New York Post* at the time, Golisano said he figures he will save \$5 million a year in New York taxes by moving, money he said he could spend "on worthy causes like better hospitals, improving education or the Clinton Global Initiative." "Bottom line? By domiciling in Florida, which has no personal-income tax, I will save \$13,800 every day," he said. "That's a pretty strong incentive."

Some critics accused Golisano, a three-time gubernatorial candidate in New York, of making the move as a publicity stunt. After all, he already had a \$13 million second home in Naples; it was just a matter of changing his driver's license, registering to vote in Florida and signing a homestead certificate in Florida indicating it would be his primary residence.

Talk show host Rush Limbaugh, who owns a \$25 million oceanfront estate in West Palm Beach, has long had similar concerns as Golisano. Earlier this year, he said he was relinquishing his home in

Manhattan. Limbaugh, who often broadcasts out of his Florida studio, said at the time he was considering moving to another zero income tax state like Texas. On his talk show three weeks ago, Limbaugh cited the latest story about New York's so-called millionaire's tax, saying, "That is why I have not been to New York one working day this year, and I will not go."

It's not just the upper-tier wealthy who are fed up enough with higher taxes to hit the road. Nancy Bell doesn't consider herself rich. But as part-owner of Science First, a maker of science products for schools, Bell is in the \$200,000-plus a year category and was facing higher income taxes in New York. "In a way they are almost vilifying company owners saying we should pay more," Bell said. Facing both higher income taxes and lost incentives for investing in a "gritty" part of Buffalo, Bell decided to move the family-owned, 40-year-old company out of New York. Last month, Science First opened its new headquarters in Yulee, north of Jacksonville. Two of Bell's sons are running the operation.

Bell, 60, said she was saddened leaving her longtime home but uplifted by the community response in Florida. "Nassau County was very, very receptive to us. We can't say enough," she said.

Not all of the wealthy migrants are drawn by the state's tax-free status. Indeed, it was far down the list of incentives for Jeff Greene, a billionaire real estate investor who made the move from Malibu to Miami Beach a couple of years ago. Greene wanted to be on the East Coast because his interests had shifted to investment banks on Wall Street, spokesman Glenn Bunting said. Plus he wanted to be close to his elderly mother who lives in West Palm Beach.

Regardless of the reasons for relocation, any movement of the megawealthy toward Florida is bound to have a favorable impact, according to Denslow, the UF economist. He ticked off a couple of reasons to throw out the welcome mat:

- They tend to bring an entourage with them or hire more help when they arrive.
- They tend to contribute more to state coffers than they take, primarily in property taxes and sales taxes. Many don't have kids, or if they do, they're likely in private schools, not taking up spots in state-financed public schools.

But demographer Francese said it's a bit soon for Florida to celebrate an influx of wealthy residents boosting tax coffers. For one, he said, many of the multi-multimillionaires are still reluctant to move far away from family or give up the cultural lifestyle of a New York, Chicago or Los Angeles. Moreover, there are few signs the rest of the general population lower down the financial food chain will follow suit any time soon. In fact, Francese forecasts that net migration state-to-state will be close to zero this year as housing sales remain sluggish. Once home prices do pick up, he said, don't count on Florida returning to its old ways of drawing up to 10 percent of retirees to its borders.

"Florida is going to have to get used to the fact that fewer and fewer people from the rest of the country will move to Florida when they retire," Francese said. "Going there to retire is a trend that in my view has reversed and is not likely to come back any time soon."