

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem Tax

**Issue:** Tangible Personal Property Tax

**Bill Number(s):** HB 443 - Proposed Strikeall Language

**Entire Bill**

**Partial Bill:** HB 443 section 2

**Sponsor(s):** Rep. Rodriguez, Sen. Diaz

**Month/Year Impact Begins:** July 1, 2019

**Date of Analysis:** February 7, 2019

### Section 1: Narrative

#### a. Current Law:

Under section 196.183, Florida Statutes, "each tangible personal property tax return is eligible for an exemption from ad valorem taxation of up to \$25,000 of assessed value." An annual return should be filed pursuant to s. 193.052. That annual requirement may be waived for taxpayers whose TPP's value does not exceed the exemption value, but the taxpayer must file an initial return.

S. 196.183(4) states "Owners of property previously assessed by the property appraiser without a return being filed may, at the option of the property appraiser, qualify for the exemption under this section without filing an initial return."

#### b. Proposed Change:

Section 2 of these bills would amend s. 196.183(4) to read "Owners of property ~~previously~~ assessed by the property appraiser without a return being filed may, at the option of the property appraiser, qualify for the exemption under this section without filing an initial return."

### Section 2: Description of Data and Sources

2017-2018 Final Tangible Personal Property Rolls

2014-2018 Final Recapitulations of the Assessment Rolls (Recaps)

Ad Valorem Revenue Estimating Conference, December 2018

### Section 3: Methodology (Include Assumptions and Attach Details)

The change in law would allow property appraisers to automatically apply the \$25,000 exemption to any TPP account without a tax return in the first (or any) year of assessment. In conversations with property appraiser's staff, owners of accounts newly added to the rolls do not realize they must file a return until they receive a TRIM notice or bill. The taxpayer typically then files a return.

To estimate the impact of section 2, the final 2017 and 2018 TPP rolls were merged based on county number and account ID number. One county changed their account IDs between the two years, so the alternate key field was used for that county's merge. The statewide file containing two years of data was filtered to include only cases added to the rolls in 2018 (i.e., missing from the 2017 roll). As each property appraiser has the option to submit their rolls with either a zero or a missing value in the total exemption field, either of these two options are assumed to indicate that the account owner did not file a return. The statewide file was further filtered to include only those cases which did not file a return and had a non-zero taxable value.

To estimate the possible exemption value for the remaining cases, it was assumed that each account would receive the maximum exemption for which it was eligible. For cases with a taxable value greater-than or equal to \$25,000, this would be \$25,000. For cases with a taxable value less than \$25,000, the maximum possible exemption is the account's current taxable value. These dollar amounts were then aggregated at the county and state levels to arrive at the 2018 roll impact.

The low and high estimates were calculated using two different methodologies. The low estimate is based on 2018's average exemption amount and the number of TPP accounts. The high estimate is based on the 2018 roll impact and the taxable value projections adopted by the most recent Ad Valorem Assessments REC. The middle estimate is the average of the low and high.

For the low estimate, the annual growth rate of all TPP accounts between 2017 and 2018 was calculated, as well as the percentage of TPP accounts in the cohort. Additionally, the average exemption was calculated for 2018 by dividing the potential exemption amount by the number of accounts in the cohort. It is assumed that the growth rate, the total share percentage and the average exemption amount will remain constant.

To estimate the number of TPP accounts in 2019, the 2017-2018 percent change in accounts was multiplied by the prior year's number of accounts. This step was repeated throughout the forecast period. The number of new accounts affected by the law change was estimated by multiplying the number of accounts by the percentage-share of non-filing

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem Tax

**Issue:** Tangible Personal Property Tax

**Bill Number(s):** HB 443 - Proposed Strikeall Language

accounts in 2018. Finally, the taxable value impact was calculated by multiplying the average exemption for the 2018 cohort by each year’s accounts.

The high estimate was calculated first by dividing 2018’s newly exempted value by the total 2018 taxable value to create the percent of taxable value that could be removed from the roll. That percentage of taxable value was applied to the TPP taxable value estimates adopted during the most recent Ad Valorem REC for each year of the forecast period.

The middle estimate is the average of high and low estimates. The 2018 school and non-school statewide millage rates were then applied to each estimate’s roll impact to calculate the fiscal impact.

These estimates all assume that every property appraiser will choose to grant the exemption to every new TPP account. As property appraisers have discretion on whether to allow this exemption without a return, the actual impact of this bill is zero/negative indeterminate.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	\$(3.3 M)	\$(3.3 M)	\$(3.2 M)	\$(3.2 M)	\$(3.2 M)	\$(3.2 M)
2020-21	\$(3.4 M)	\$(3.4 M)	\$(3.3 M)	\$(3.3 M)	\$(3.2 M)	\$(3.2 M)
2021-22	\$(3.5 M)	\$(3.5 M)	\$(3.3 M)	\$(3.3 M)	\$(3.2 M)	\$(3.2 M)
2022-23	\$(3.6 M)	\$(3.6 M)	\$(3.4 M)	\$(3.4 M)	\$(3.1 M)	\$(3.1 M)
2023-24	\$(3.8 M)	\$(3.8 M)	\$(3.4 M)	\$(3.4 M)	\$(3.1 M)	\$(3.1 M)

**List of affected Trust Funds:** Ad Valorem

**Section 5: Consensus Estimate (Adopted: 02/15/2019):** Assuming that every property appraiser would choose to grant the exemption, the Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(1.2)	(1.2)	(2.0)	(2.0)	(3.2)	(3.2)
2020-21	(1.2)	(1.2)	(2.1)	(2.1)	(3.3)	(3.3)
2021-22	(1.3)	(1.3)	(2.1)	(2.1)	(3.4)	(3.4)
2022-23	(1.3)	(1.3)	(2.1)	(2.1)	(3.4)	(3.4)
2023-24	(1.3)	(1.3)	(2.2)	(2.2)	(3.5)	(3.5)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(3.2)	(3.2)	(3.2)	(3.2)
2020-21	0.0	0.0	0.0	0.0	(3.3)	(3.3)	(3.3)	(3.3)
2021-22	0.0	0.0	0.0	0.0	(3.4)	(3.4)	(3.4)	(3.4)
2022-23	0.0	0.0	0.0	0.0	(3.4)	(3.4)	(3.4)	(3.4)
2023-24	0.0	0.0	0.0	0.0	(3.5)	(3.5)	(3.5)	(3.5)

	A	B	C	D	E	F	G
1	<b>Impact Estimate Methodology</b>						
2							
3	<b>Roll Data Steps</b>						
4		- Merge 2017 & 2018 TPP Rolls					
5		- Filter, keeping only accounts added to the rolls in 2018					
6		- Of all new accounts, filter again for accounts without any exemptions and with taxable value greater than zero.					
7		- At the account level, calculate the maximum exemption amount available:					
8		-- Accounts with at least \$25,000 in taxable value would receive the whole \$25,000 exemption					
9		-- Accounts with less than \$25,000 in taxable value would receive an exemption amount equal to their current taxable value.					
10		- Aggregate the account data to the county level and calculate the statewide total.					
11							
12	<b>2018 Roll Impact</b>						
13							
14		<b>New Accounts with No Exemptions</b>					
15		<b>YEAR</b>	<b>Exemption Amount</b>	<b># of Accounts w/ Available TV</b>			
16		2018	184,657,374	17,341			
17		* Totals include new accounts with TV > 0 and no exemptions.					
18		If an account has any exemption, the owner is presumed to have submitted a tax return.					
19							
20	<b>Low Estimate</b>						
21							
22		- Estimate based on 2018 average exemption amount and number of TPP accounts on the rolls.					
23							
24		<b>Roll Year</b>	<b>All TPP Accounts</b>	<b>Percent Change</b>			
25		2014	1,202,124				
26		2015	1,208,521	0.53%			
27		2016	1,210,063	0.13%			
28		2017	1,204,607	-0.45%			
29		2018	1,199,749	-0.40%			
30		<b>Projected TPP Account % Change</b>		<b>-0.40%</b>			
31							
32		<b>2018 Roll</b>	<b>TPP Accounts</b>	<b>Percent in Cohort</b>			
33		Total	1,199,749				
34		Cohort	17,341	<b>1.45%</b>			
35							
36		<b>Average Exemption in 2018</b>		<b>10,649</b>			
37							
38		<b>Year</b>	<b>TPP Accounts</b>	<b>Future Cohort</b>	<b>TV Impact (Avg. * Cohort)</b>		
39		2019	1,194,911	17,271	183,912,678		
40		2020	1,190,092	17,201	183,170,986		
41		2021	1,185,292	17,132	182,432,285		
42		2022	1,180,512	17,063	181,696,563		
43		2023	1,175,751	16,994	180,963,808		
44							

	A	B	C	D	E	F	G
45	<b>High Estimate</b>						
46							
47	- Estimate based on percent of 2018 TPP taxable value exempted under bill and applied to future TV estimates.						
48							
49			TPP Taxable Value	Exempted by Bill			
50		2018 Roll	125,372,716,329	184,657,374			
51		Percent of TV Exempted		0.1473%			
52							
53		Year	TPP TV Estimates*	TV Impact (TV * % Exempted)			
54		2019	130,387,624,982	192,043,669			
55		2020	134,951,191,857	198,765,197			
56		2021	138,999,727,612	204,728,153			
57		2022	143,169,719,441	210,869,998			
58		2023	147,464,811,024	217,196,098			
59	* TPP taxable value estimates from December 2018 Ad Valorem Assessment REC.						
60							
61	<b>Taxable Value Impacts</b>						
62							
63	- Middle estimate is average of high and low.						
64							
65		Year	High	Middle	Low		
66		2019	192,043,669	187,978,174	183,912,678		
67		2020	198,765,197	190,968,092	183,170,986		
68		2021	204,728,153	193,580,219	182,432,285		
69		2022	210,869,998	196,283,280	181,696,563		
70		2023	217,196,098	199,079,953	180,963,808		
71							

	A	B	C	D	E	F	G
72	<b>Calculate Impact using the 2018 Statewide Effective Millage Rate</b>						
73							
74			School Millage	6.4596			
75		<b>School Impact</b>					
76		Year	High	Middle	Low		
77		2019	-1,240,531	-1,214,270	-1,188,008		
78		2020	-1,283,950	-1,233,584	-1,183,217		
79		2021	-1,322,469	-1,250,457	-1,178,445		
80		2022	-1,362,143	-1,267,918	-1,173,693		
81		2023	-1,403,007	-1,285,983	-1,168,960		
82							
83			Non-School Millage	10.8122			
84		<b>Non-School Impact</b>					
85		Year	High	Middle	Low		
86		2019	-2,076,411	-2,032,455	-1,988,498		
87		2020	-2,149,086	-2,064,782	-1,980,478		
88		2021	-2,213,558	-2,093,025	-1,972,491		
89		2022	-2,279,965	-2,122,251	-1,964,537		
90		2023	-2,348,364	-2,152,489	-1,956,614		
91							
92			Total Millage	17.2718			
93		<b>Total Impact</b>					
94		Year	High	Middle	Low		
95		2019	-3,316,943	-3,246,724	-3,176,506		
96		2020	-3,433,036	-3,298,366	-3,163,696		
97		2021	-3,536,027	-3,343,482	-3,150,937		
98		2022	-3,642,108	-3,390,169	-3,138,230		
99		2023	-3,751,371	-3,438,472	-3,125,574		
100							

	A	B	C	D	E	F	G
1	<b>Impact Estimates</b>						
2							
3	<b>School Impact</b>						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2019-20	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)
7	2020-21	\$ (1.3 M)	\$ (1.3 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (1.2 M)
8	2021-22	\$ (1.3 M)	\$ (1.3 M)	\$ (1.3 M)	\$ (1.3 M)	\$ (1.2 M)	\$ (1.2 M)
9	2022-23	\$ (1.4 M)	\$ (1.4 M)	\$ (1.3 M)	\$ (1.3 M)	\$ (1.2 M)	\$ (1.2 M)
10	2023-24	\$ (1.4 M)	\$ (1.4 M)	\$ (1.3 M)	\$ (1.3 M)	\$ (1.2 M)	\$ (1.2 M)
11							
12	<b>Non-School Impact</b>						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2019-20	\$ (2.1 M)	\$ (2.1 M)	\$ (2.0 M)	\$ (2.0 M)	\$ (2.0 M)	\$ (2.0 M)
16	2020-21	\$ (2.1 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (2.0 M)	\$ (2.0 M)
17	2021-22	\$ (2.2 M)	\$ (2.2 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (2.0 M)	\$ (2.0 M)
18	2022-23	\$ (2.3 M)	\$ (2.3 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (2.0 M)	\$ (2.0 M)
19	2023-24	\$ (2.3 M)	\$ (2.3 M)	\$ (2.2 M)	\$ (2.2 M)	\$ (2.0 M)	\$ (2.0 M)
20							
21	<b>Total Impact</b>						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2019-20	\$ (3.3 M)	\$ (3.3 M)	\$ (3.2 M)	\$ (3.2 M)	\$ (3.2 M)	\$ (3.2 M)
25	2020-21	\$ (3.4 M)	\$ (3.4 M)	\$ (3.3 M)	\$ (3.3 M)	\$ (3.2 M)	\$ (3.2 M)
26	2021-22	\$ (3.5 M)	\$ (3.5 M)	\$ (3.3 M)	\$ (3.3 M)	\$ (3.2 M)	\$ (3.2 M)
27	2022-23	\$ (3.6 M)	\$ (3.6 M)	\$ (3.4 M)	\$ (3.4 M)	\$ (3.1 M)	\$ (3.1 M)
28	2023-24	\$ (3.8 M)	\$ (3.8 M)	\$ (3.4 M)	\$ (3.4 M)	\$ (3.1 M)	\$ (3.1 M)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Homestead Taxation, Penalties and Interest

**Bill Number(s):** SB 444

**Entire Bill**

**Partial Bill:** SB 444, Sections 2 and 3, part of section 1

**Sponsor(s):** Senator Bean

**Month/Year Impact Begins:** July 1, 2019

**Date of Analysis:** February 15, 2019

### Section 1: Narrative

#### a. Current Law:

Section 193.155(10), Florida Statutes, reads “If the property appraiser determines that for any year or years within the prior 10 years a person who was not entitled to the homestead property assessment limitation granted under this section was granted the homestead property assessment limitation, the property appraiser making such determination shall serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person in the county, and such property must be identified in the notice of tax lien. Such property that is situated in this state is subject to the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per annum.”

The same penalty and interest rates are included in s. 196.075, F.S., for improperly granted homestead exemptions for persons 65 and older and s. 196.161, F.S., for improperly granted homestead exemptions.

Section 213.235, F.S., sets interest rates. Subsection (4) states “As used in this section, the term “adjusted prime rate charged by banks” means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.”

#### b. Proposed Change:

The end of section 1 and all of sections 2 and 3 of this bill would amend their respective statutes to change the penalty and interest rates. They all change the language to allow the lien to include back taxes, “plus a penalty of 25 percent of the unpaid taxes for each year and interest at the adjusted prime rate charged by banks, as defined under s. 213.235(4), plus 4 percentage points.”

### Section 2: Description of Data and Sources

Ad Valorem Data Book, Millage and Taxes Levied Report (2015-2018)

Ad Valorem Revenue Estimating Conference, December 2018, Homestead Taxable Value (history and forecast)

National Economic Estimating Conference, February 2019 (adjusted prime rate)

Communications with Property Appraiser’s Offices (Homestead Lien Collection Amounts)

### Section 3: Methodology (Include Assumptions and Attach Details)

This analysis extrapolates historical collections for back taxes, penalties, and interest for improperly granted homestead classifications. Multiple property appraiser’s offices were contacted to request the last four years of collections data. Though the property appraiser’s office notifies the property owner and files liens, many offices do not have the totals compiled for each separate collection type—taxes, penalty, interest—by collection year. Broward County and Lee County were able to provide data, though additional counties offered combined totals. Using the county-level total millage rate from the Ad Valorem Data Book’s Millage and Taxes Levied Report, each county’s collected back taxes was converted to taxable value that should have been recorded on the assessment roll. The proportion of homestead taxable value was calculated by dividing the value missing from the assessment roll (due to improper classification) by the homestead taxable value on the roll. This proportion is expressed as a percentage.

An average proportion of taxable value missing from the roll was calculated for each county, along with a weighted average. Throughout this analysis, the low estimate is based on the county with the lower average (Lee, 0.007% of Homestead TV missing from the roll). The high estimate is based on the county with the higher average (Broward, 0.142%), and the middle estimate uses the weighted average (0.103%).

Each forecast year’s estimated taxable value missing from the roll was calculated by multiplying the relevant missing percent by the statewide homestead taxable value estimates adopted during the December 2018 Ad Valorem REC. From these estimates of missing roll value, future collections of back taxes were projected using the 2018 total statewide effective millage rate (17.2718 mills). The penalty on the back taxes under current law (50%) and this proposed change (25%) were calculated for the high, middle, and low. The impact of this change is the difference between the 25% penalty and the current 50% penalty.

The impact for the interest rate estimate includes a change from 15% to the adjusted prime rate plus 4% and the removal of “per annum” from the law. Under current law, there is a 15% interest on the back taxes for every year they are overdue. A lien

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** Homestead Taxation, Penalties and Interest

**Bill Number(s):** SB 444

filed in the year following the improper classification will have 15% interest on the back taxes. Interest on back taxes from 3 years ago will have 45% interest. The proposed interest rate removes the additional interest for each additional year.

Because the county data included totals by collection year, the only way to project collected interest was to calculate the average interest collected as a percent of back taxes. This overall average was 35.8% in the data we received. This percentage was multiplied by the high, middle, and low estimates for back taxes collected on liens to estimate future interest collections under current law. The adjusted prime rate estimates adopted during the February 2019 National Economic Estimating Conference were used and 4% interest were added. Collections on interest were estimated by multiplying the new rate by the projected back taxes. The impact of the proposed change equals the difference between the collections under the new rates and the average historical rate.

The final total impact is the sum of the penalty and interest rate change impacts. Because these were calculated using the total statewide millage rate, school and non-school impacts were separated using the percent of the total millage belonging to each category.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	\$ (8.2 M)	\$ (8.2 M)	\$ (6.0 M)	\$ (6.0 M)	\$ (0.4 M)	\$ (0.4 M)
2020-21	\$ (9.0 M)	\$ (9.0 M)	\$ (6.5 M)	\$ (6.5 M)	\$ (0.4 M)	\$ (0.4 M)
2021-22	\$ (9.7 M)	\$ (9.7 M)	\$ (7.0 M)	\$ (7.0 M)	\$ (0.5 M)	\$ (0.5 M)
2022-23	\$ (10.5 M)	\$ (10.5 M)	\$ (7.6 M)	\$ (7.6 M)	\$ (0.5 M)	\$ (0.5 M)
2023-24	\$ (11.5 M)	\$ (11.5 M)	\$ (8.3 M)	\$ (8.3 M)	\$ (0.5 M)	\$ (0.5 M)

**List of affected Trust Funds:** Ad Valorem

**Section 5: Consensus Estimate (Adopted: 02/15/2019):** The Conference adopted an impact that assumes the average of the interest rate and penalties of Broward and Lee.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(1.3)	(1.3)	(2.2)	(2.2)	(3.4)	(3.4)
2020-21	(1.4)	(1.4)	(2.3)	(2.3)	(3.7)	(3.7)
2021-22	(1.5)	(1.5)	(2.5)	(2.5)	(4.0)	(4.0)
2022-23	(1.6)	(1.6)	(2.8)	(2.8)	(4.4)	(4.4)
2023-24	(1.8)	(1.8)	(3.0)	(3.0)	(4.8)	(4.8)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(3.4)	(3.4)	(3.4)	(3.4)
2020-21	0.0	0.0	0.0	0.0	(3.7)	(3.7)	(3.7)	(3.7)
2021-22	0.0	0.0	0.0	0.0	(4.0)	(4.0)	(4.0)	(4.0)
2022-23	0.0	0.0	0.0	0.0	(4.4)	(4.4)	(4.4)	(4.4)
2023-24	0.0	0.0	0.0	0.0	(4.8)	(4.8)	(4.8)	(4.8)

	A	B	C	D	E	F	G	H	I	J	K
1	<b>County-Level Data</b>										
2	<b>Amounts collected by collection year for improperly granted homesteads (with penalties and interest)</b>										
3											
4	<b>Broward County</b>										
5		Collection Year	Back Taxes	Penalties	Interest	Total	County-level Millage Rate	Homestead TV	Missing Homestead TV	Proportion of TV Missing from Roll	Interest as a Percent of Back Taxes
6		2018	\$ 1,393,086.69	\$ 611,742.87	\$ 394,117.40	\$ 2,398,946.96	19.6433	\$ 62,267,487,770	70,919,178	0.114%	28.3%
7		2017	\$ 1,664,788.70	\$ 1,010,305.40	\$ 610,693.55	\$ 3,285,787.65	19.7157	\$ 57,733,370,800	84,439,746	0.146%	36.7%
8		2016	\$ 1,455,518.86	\$ 876,572.87	\$ 553,987.80	\$ 2,886,079.53	20.0781	\$ 53,633,172,180	72,492,858	0.135%	38.1%
9		2015	\$ 1,780,799.73	\$ 1,136,059.61	\$ 715,915.13	\$ 3,632,774.47	20.6259	\$ 50,526,602,830	86,338,038	0.171%	40.2%
10		AVERAGE								0.142%	35.8%
11											
12	<b>Lee County</b>										
13		Collection Year	Taxes Due	Penalty	Interest	Total	County-level Millage Rate	Homestead TV	Missing Homestead TV	Proportion of TV Missing from Roll	Interest as a Percent of Back Taxes
14		2018	\$ 11,541.02	\$ 5,770.53	\$ 518.78	\$ 17,830.33	16.1035	\$ 25,017,648,251	716,678	0.003%	4.5%
15		2017	\$ 30,247.96	\$ 15,124.07	\$ 3,414.39	\$ 48,786.42	16.5083	\$ 22,925,641,254	1,832,288	0.008%	11.3%
16		2016	\$ 25,550.90	\$ 12,775.55	\$ 5,408.16	\$ 43,734.61	16.7696	\$ 20,728,036,367	1,523,644	0.007%	21.2%
17		2015	\$ 28,893.67	\$ 14,446.91	\$ 6,895.33	\$ 50,235.91	17.1852	\$ 18,925,969,027	1,681,311	0.009%	23.9%
18		AVERAGE								0.007%	15.2%
19											
20	<b>Weighted Averages</b>										
21		All Years & Counties	Taxes Due	Penalty	Interest	Total	County-level Millage Rate	Homestead TV	Missing Homestead TV	Proportion of TV Missing from Roll	Interest as a Percent of Back Taxes
22		Sums	6,390,428	3,682,798	2,290,951	12,364,176	n/a	311,757,928,479	319,943,741	0.074%	25.5%

	A	B	C	D	E	F	G	H	I	J	K
1	Impact Estimates										
2											
3	<b>Background: Percent of Homestead TV not Recorded on Roll</b>										
4											
5		- High estimate based on county with higher 4-year average.									
6		- Low estimate based on county with lower 4-year average.									
7		- Middle estimate based on weighted average of two counties.									
8			TV Not Recorded due to Improper Classification								
9			0.142%	0.074%	0.007%						
10		Roll Year	Homestead TV Estimate*	HIGH	MIDDLE	LOW					
11		2019	653,884,582,693	925,562,404	484,924,399	44,286,394					
12		2020	717,055,744,836	1,014,980,099	531,772,480	48,564,860					
13		2021	777,911,433,558	1,101,120,282	576,903,393	52,686,504					
14		2022	848,464,832,198	1,200,987,407	629,226,181	57,464,955					
15		2023	921,835,748,913	1,304,842,680	683,638,456	62,434,232					
16		* Estimates of homestead taxable value were adopted at the December 2018 Ad Valorem REC.									
17											
18	<b>Impact of Penalty Rate Change</b>										
19											
20		<b>2018 Statewide Effective Millage Rate</b>									
21		School	6.4596								
22		Non-School	10.8122								
23		Total	17.2718								
24											
25		<b>Estimated Collections on Back Taxes</b>									
26		Back Taxes Collected on Liens (using total millage)									
27		Roll Year	HIGH	MIDDLE	LOW						
28		2019	15,986,129	8,375,517	764,906						
29		2020	17,530,533	9,184,668	838,803						
30		2021	19,018,329	9,964,160	909,991						
31		2022	20,743,214	10,867,869	992,523						
32		2023	22,536,982	11,807,667	1,078,352						
33											
34		<b>Estimated Penalty Collections - current rate, proposed rate, and the impact of the change</b>									
35			50%			25%					
36		CURRENT PENALTY RATE			PROPOSED PENALTY RATE			IMPACT OF CHANGE			
37		Roll Year	HIGH	MIDDLE	LOW	HIGH	MIDDLE	LOW	HIGH	MIDDLE	LOW
38		2019	7,993,064	4,187,759	382,453	3,996,532	2,093,879	191,226	-3,996,532	-2,093,879	-191,226
39		2020	8,765,267	4,592,334	419,401	4,382,633	2,296,167	209,701	-4,382,633	-2,296,167	-209,701
40		2021	9,509,165	4,982,080	454,995	4,754,582	2,491,040	227,498	-4,754,582	-2,491,040	-227,498
41		2022	10,371,607	5,433,934	496,262	5,185,804	2,716,967	248,131	-5,185,804	-2,716,967	-248,131
42		2023	11,268,491	5,903,833	539,176	5,634,245	2,951,917	269,588	-5,634,245	-2,951,917	-269,588
43											

	A	B	C	D	E	F	G	H	I	J	K
44	<b>Impact of Interest Rate Change</b>										
45											
46		<b>Current Interest</b>		High	Average						
47		Average Interest Collected as Percent of Back Taxes		35.8%	25.5%						
48											
49	<b>Interest Rate Calculation and Comparison</b>										
50			<b>New Interest Rates</b>								
51		Roll Year	Current Interest Rate (Average)	Adjusted Prime Rate	Adjusted Prime Plus 4%	Difference					
52		2019	35.8%	5.50%	9.50%	-26.3%					
53		2020*	35.8%	5.73%	9.73%	-26.1%					
54		2021	35.8%	6.00%	10.00%	-25.8%					
55		2022	35.8%	6.00%	10.00%	-25.8%					
56		2023	35.8%	5.99%	9.99%	-25.8%					
57											
58	<b>Estimated Collections on Back Taxes</b>										
59		<b>Back Taxes Collected on Liens (using total millage)</b>									
60		Roll Year	HIGH	MIDDLE	LOW						
61		2019	15,986,129	8,375,517	764,906						
62		2020	17,530,533	9,184,668	838,803						
63		2021	19,018,329	9,964,160	909,991						
64		2022	20,743,214	10,867,869	992,523						
65		2023	22,536,982	11,807,667	1,078,352						
66											
67	<b>Estimated Collections on Interest - current average, new rates, and impact of the change</b>										
68			<b>Interest under Current Law - 15% per annum</b>			<b>Interest with Updated Rates</b>			<b>IMPACT OF CHANGE</b>		
69		Roll Year	HIGH	MIDDLE	LOW	HIGH	MIDDLE	LOW	HIGH	MIDDLE	LOW
70		2019	5,724,512	2,136,289	273,907	1,518,682	795,674	72,666	-4,205,829	-1,340,615	-201,241
71		2020	6,277,551	2,342,673	300,369	1,705,721	893,668	81,615	-4,571,830	-1,449,005	-218,753
72		2021	6,810,320	2,541,493	325,861	1,901,833	996,416	90,999	-4,908,487	-1,545,077	-234,862
73		2022	7,427,988	2,771,997	355,415	2,074,321	1,086,787	99,252	-5,353,667	-1,685,210	-256,163
74		2023	8,070,323	3,011,705	386,150	2,251,444	1,179,586	107,727	-5,818,878	-1,832,119	-278,422
75											

	A	B	C	D	E	F	G	H	I	J	K
76	<b>Total Impact - impact of penalty and interest rate changes, conversion to fiscal year, in millions</b>										
77											
78		Total Impact (Penalty & Interest Rate Changes)									
79		Year	HIGH	MIDDLE	LOW						
80		2019-20	\$ (8.2 M)	\$ (3.4 M)	\$ (0.4 M)						
81		2020-21	\$ (9.0 M)	\$ (3.7 M)	\$ (0.4 M)						
82		2021-22	\$ (9.7 M)	\$ (4.0 M)	\$ (0.5 M)						
83		2022-23	\$ (10.5 M)	\$ (4.4 M)	\$ (0.5 M)						
84		2023-24	\$ (11.5 M)	\$ (4.8 M)	\$ (0.5 M)						

	A	B	C	D	E	F	G
1	<b>Impact Summary</b>						
2							
3	<b>School Impact</b>						37.40%
4	Year	High		Middle		Low	
5		Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2019-20	\$ (3.1 M)	\$ (3.1 M)	\$ (1.3 M)	\$ (1.3 M)	\$ (0.1 M)	\$ (0.1 M)
7	2020-21	\$ (3.3 M)	\$ (3.3 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (0.2 M)	\$ (0.2 M)
8	2021-22	\$ (3.6 M)	\$ (3.6 M)	\$ (1.5 M)	\$ (1.5 M)	\$ (0.2 M)	\$ (0.2 M)
9	2022-23	\$ (3.9 M)	\$ (3.9 M)	\$ (1.6 M)	\$ (1.6 M)	\$ (0.2 M)	\$ (0.2 M)
10	2023-24	\$ (4.3 M)	\$ (4.3 M)	\$ (1.8 M)	\$ (1.8 M)	\$ (0.2 M)	\$ (0.2 M)
11							
12	<b>Non-School Impact</b>						62.60%
13	Year	High		Middle		Low	
14		Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2019-20	\$ (5.1 M)	\$ (5.1 M)	\$ (2.2 M)	\$ (2.2 M)	\$ (0.2 M)	\$ (0.2 M)
16	2020-21	\$ (5.6 M)	\$ (5.6 M)	\$ (2.3 M)	\$ (2.3 M)	\$ (0.3 M)	\$ (0.3 M)
17	2021-22	\$ (6.0 M)	\$ (6.0 M)	\$ (2.5 M)	\$ (2.5 M)	\$ (0.3 M)	\$ (0.3 M)
18	2022-23	\$ (6.6 M)	\$ (6.6 M)	\$ (2.8 M)	\$ (2.8 M)	\$ (0.3 M)	\$ (0.3 M)
19	2023-24	\$ (7.2 M)	\$ (7.2 M)	\$ (3.0 M)	\$ (3.0 M)	\$ (0.3 M)	\$ (0.3 M)
20							
21	<b>Total Impact</b>						
22	Year	High		Middle		Low	
23		Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2019-20	\$ (8.2 M)	\$ (8.2 M)	\$ (3.4 M)	\$ (3.4 M)	\$ (0.4 M)	\$ (0.4 M)
25	2020-21	\$ (9.0 M)	\$ (9.0 M)	\$ (3.7 M)	\$ (3.7 M)	\$ (0.4 M)	\$ (0.4 M)
26	2021-22	\$ (9.7 M)	\$ (9.7 M)	\$ (4.0 M)	\$ (4.0 M)	\$ (0.5 M)	\$ (0.5 M)
27	2022-23	\$ (10.5 M)	\$ (10.5 M)	\$ (4.4 M)	\$ (4.4 M)	\$ (0.5 M)	\$ (0.5 M)
28	2023-24	\$ (11.5 M)	\$ (11.5 M)	\$ (4.8 M)	\$ (4.8 M)	\$ (0.5 M)	\$ (0.5 M)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Article V

**Issue:** Court Filing Fee

**Bill Number(s):** CS SB 328

**Entire Bill**

**Partial Bill:** Sections 2, 5, 6, 7, and 8

**Sponsor(s):** Brandes

**Month/Year Impact Begins:** 01/01/2020

**Date of Analysis:** 02/15/2019

### Section 1: Narrative

- a. Current Law:** Section 26.012 states that circuit courts shall have jurisdiction of appeals from county courts except appeals of county court orders or judgments declaring invalid a state statute or a provision of the State Constitution and except orders or judgments of a county court which are certified by to be of great public importance and which are accepted by the district court of appeal for review. Section 34.01, F.S. states that county courts shall have original jurisdiction in all misdemeanor cases not within the jurisdiction of circuit courts, all violations of municipal and county ordinances, all actions of law in which the matter of controversy does not exceed \$15,000, and disputes involving homeowner's associations. The county court filing fees for civil cases greater than \$2,500 and up to \$15,000 are as follows: \$280 to the Clerk's Fine and Forfeiture Funds (F&FF), \$16 to the State Courts Revenue Trust Fund (SCRTF), \$3.50 to the Courts Education Trust fund (CETF) and \$0.50 to the Department of Financial Services Administrative Trust Fund (DFS ATF). The circuit courts have jurisdiction for civil cases whose matter of controversy is above \$15,000. The filing fees for those cases are \$196 to the Clerk's F&FF, \$196 to the SCRTF, \$3.50 to the CETF and \$5.50 to the DFS ATF. Section 28.241, F.S. specifies the filing fee for appeals from any lower court to the circuit court of any county. Section 34.041, F.S. specifies filing fees due at the time a party files a pleading to initiate a proceeding or files a pleading for relief. Section 44.108, F.S. charges a filing fee of \$1 to be levied on all proceedings in the circuit or county courts to fund mediation and arbitration services.
- b. Proposed Change:** Section 34.01, F.S. is revised so that effective January 1, 2020 the county court jurisdictional threshold is increased from \$15,000 to \$30,000, except for actions within the exclusive jurisdiction of the circuit court and actions related to damages or losses covered by an insurance policy, in which case the jurisdictional threshold is \$25,000. Effective January 1, 2022 the county court jurisdictional threshold is increased from \$30,000 to \$50,000, except for actions within the exclusive jurisdiction of the circuit court and actions related to damages or losses covered by an insurance policy, in which case the jurisdictional threshold will remain \$25,000. The threshold rates effective January 1, 2022 shall be adjusted every ten years to reflect the rate of inflation or deflation as indicated in the Consumer Price Index. This adjustment shall be rounded to the nearest \$5,000. Sections 26.012, 28.241, 34.041, and 44.108, F.S. are revised so that the initial filing fees and subsequent appellate fees for cases in which the matter of controversy is over \$15,000 are assessed and distributed in the same manner as current law regardless whether they are filed with the county court, circuit court, or district court.

### Section 2: Description of Data and Sources

Article V Revenue Estimating Conference held November 16, 2018 and Conference History

Phone and email contact with staff from the Office of State Courts Administrator (OSCA)

Eligible Circuit Civil Filings Case Type (3 year average counts and descriptions)

### Section 3: Methodology (Include Assumptions and Attach Details)

Changing the jurisdictional limit for county courts would typically impact the Clerk's Fine and Forfeiture Funds (F&FF) and numerous state trust funds because the filing fees are different between county court and circuit court; however, the bill revises those fees so that they remain at the same level and distribution regardless of jurisdiction. Likewise, the subsequent appellate filing impact is also negated because sections 28.241 and 44.108 are revised so that the appellate fees remain the same as current law regardless of jurisdiction. (Note that the attached checklist shows where each fee is made revenue neutral in the bill.) There will be an impact to the General Revenue Fund and Clerk's F&FF resulting from shifted counterclaims. Currently, the circuit court counterclaim fee is \$395 to be distributed to the Clerks F&FF while the county court counterclaim fee is \$295 to be distributed to the General Revenue Fund. To calculate this impact, the forecast from the most recent Article V REC for the \$195 circuit court filing fee and \$195 foreclosure under \$50,000 filing fee was used to derive filing counts. For the \$195 circuit court filing fee, the derived counts need to be reduced to eliminate cases which are the exclusive jurisdiction of the circuit court, such as Habeas Corpus and constitutional challenges (assumed 26%). These cases must further be categorized into insurance and noninsurance cases because the proposed filing limit is different depending upon if the matter of controversy involves an insurance dispute. OSCA staff provided a three year average filing count for the various categories of cases being shifted: professional malpractice, product liability, auto negligence, other negligence, condominium, contracts and indebtedness, and other circuit civil. Each case type was assumed to have a

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Article V

**Issue:** Court Filing Fee

**Bill Number(s):** CS SB 328

proportion that involves insurance (attached) which was used to calculate a total percentage involving/not involving insurance. According to research conducted by OSCA staff, it is assumed that for each \$10,000 interval increase to the jurisdictional limit, approximately 7.4% of applicable filings would shift from circuit court to county court. Applying that rule to the new jurisdictional limit for insurance and noninsurance cases each year yielded total filings shifting from circuit court to county court. The Article V REC History was used to calculate a counterclaim percentage of 8.87%, which was applied to the calculated shifted filings to derive counterclaims fees shifting from the \$395 Clerk’s F&FF fee to the \$295 GR fee.

**Section 4: Proposed Fiscal Impact**

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			0.2	0.7		
2020-21			0.4	0.7		
2021-22			0.5	0.7		
2022-23			0.7	0.7		
2023-24			0.7	0.7		

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			(0.2)	(0.9)		
2020-21			(0.5)	(0.9)		
2021-22			(0.7)	(0.9)		
2022-23			(0.9)	(0.9)		
2023-24			(0.9)	(0.9)		

**List of affected Trust Funds:**

- General Revenue Fund
- Clerk’s Fine and Forfeiture Funds

**Section 5: Consensus Estimate (Adopted: 02/15/2019):** The Conference adopted the middle impact; however, the impact from any additional appeals to the District Courts of Appeal from cases originating in county courts is not included.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.2	0.7	0.0	0.0	(0.2)	(0.9)	0.0	(0.2)
2020-21	0.4	0.7	0.0	0.0	(0.5)	(0.9)	(0.1)	(0.2)
2021-22	0.5	0.7	0.0	0.0	(0.7)	(0.9)	(0.2)	(0.2)
2022-23	0.7	0.7	0.0	0.0	(0.9)	(0.9)	(0.2)	(0.2)
2023-24	0.7	0.7	0.0	0.0	(0.9)	(0.9)	(0.2)	(0.2)

## Filing Fee Checklist

	Fee Amount	Fund Distribution	Different?	Line #'s Where CSSB 328 is Revenue Neutral
<b>Circuit Court Filing Fee</b>				
	\$ 195.00	SCRTF	Yes	461, 516-531
	\$ 1.00	SCRTF	No	NA
	\$ 5.00	DFS ATF	Yes	461, 516-531
	\$ 0.50	DFS ATF	No	NA
	\$ 3.50	CETF	No	NA
	\$ 195.00	Clerks	Yes	461, 516-531
<b>County Court Filing Fee</b>				
	\$ 280.00	Clerks	Yes	459-460
	\$ 15.00	SCRTF	Yes	459-460
	\$ 1.00	SCRTF	No	NA
	\$ 3.50	CETF	No	NA
	\$ 0.50	DFS ATF	No	NA
<b>Circuit Appeal to DCA Filing Fee</b>				
	\$ 100.00	Clerks	Yes	426-435
	\$ 250.00	GR	Yes	426-435
	\$ 50.00	SCRTF	Yes	426-435
<b>County Court Appeal to Circuit Court Filing Fee</b>				
	\$ 280.00	Clerks	Yes	423-425
	\$ 1.00	SCTRF	Yes	540-542

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>Current Filings</b>											
2		\$195 Circuit Court Filing Fee	Derived Filings	Adjusted for Applicability	Derived Filings (Insurance)	Derived Filings (NonInsurance)		Foreclosure \$195, <\$50k	Foreclosure #, <\$50k			
3	FY 1920	\$ 33.3	170,606	126,249	96,623	29,626		\$ 2.0	10,318			
4	FY 2021	\$ 34.1	174,676	129,261	98,928	30,333		\$ 2.0	10,178			
5	FY 2122	\$ 34.8	178,559	132,134	101,127	31,007		\$ 1.9	9,899			
6	FY 2223	\$ 35.3	180,994	133,935	102,506	31,430		\$ 1.9	9,760			
7	FY 2324	\$ 35.8	183,368	135,693	103,850	31,842		\$ 1.9	9,760			
8												
9	<b>Calculation of NonForeclosure Filings Involving Insurance</b>											
10			3 year avg	% Insurance	% NonInsurance	# Insurance	# NonInsurance					
11	Professional Malpractice		1,574	98%	2%	1,543	31					
12	Product Liability		820	98%	2%	804	16					
13	Auto Negligence		27,877	98%	2%	27,319	558					
14	Other Negligence		13,918	98%	2%	13,640	278					
15	Condominium		716	0%	100%	-	716					
16	Contracts and Indebtedness		45,852	50%	50%	22,926	22,926					
17	Other Circuit Civil		15,039	98%	2%	14,738	301					
18	<b>Total</b>		<b>105,796</b>			<b>80,969</b>	<b>24,827</b>					
19			<b>total % involving/not involving insurance</b>			<b>77%</b>	<b>23%</b>					
20												
21	<b>NonForeclosure Threshold/Filings Calculations (Cash)</b>											
22		Current Threshold	New Threshold (Insurance)	Change (Insurance)	New Threshold (NonInsurance)	Change (NonInsurance)	% per \$10,000	% Shifted Insurance	% Shifted NonInsurance	Shifted Filings (Insurance)	Shifted Filings* (NonInsurance)	Shifted Filings (total)
23	FY 1920	\$ 15,000	\$ 25,000	\$ 10,000	\$ 30,000	\$ 15,000	7.4%	7.4%	11.1%	2,979	1,370	4,349
24	FY 2021	\$ 15,000	\$ 25,000	\$ 10,000	\$ 30,000	\$ 15,000	7.4%	7.4%	11.1%	7,321	3,367	10,688
25	FY 2122	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,483	5,354	12,837
26	FY 2223	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,585	8,140	15,726
27	FY 2324	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,685	8,247	15,932
28	FY 1920 and FY 2122 Shifted Filings adjusted for partial years											
29												
30	<b>NonForeclosure Threshold/Filings Calculations (Recurring)</b>											
31		Current Threshold	New Threshold (Insurance)	Change (Insurance)	New Threshold (NonInsurance)	Change (NonInsurance)	% per \$10,000	% Shifted Insurance	% Shifted NonInsurance	Shifted Filings (insurance)	Shifted Filings (noninsurance)	Shifted Filings (total)
32	FY 1920	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,150	7,673	14,823
33	FY 2021	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,321	7,856	15,177
34	FY 2122	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,483	8,031	15,514
35	FY 2223	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,585	8,140	15,726
36	FY 2324	\$ 15,000	\$ 25,000	\$ 10,000	\$ 50,000	\$ 35,000	7.4%	7.4%	25.9%	7,685	8,247	15,932
37												
38	<b>Foreclosure Threshold/Filings Calculations (Cash and Recurring)</b>											
39		Current Threshold	New Threshold (Cash)	New Threshold (Recurring)	Shifted Filings (Cash)	Shifted Filings (Recurring)		Shifted Filings (Cash)	Shifted Filings (Recurring)			
40	FY 1920	\$ 15,000	\$ 30,000	\$ 50,000	1,806	10,318		6,155	25,141			
41	FY 2021	\$ 15,000	\$ 30,000	\$ 50,000	4,275	10,178		14,962	25,355			
42	FY 2122	\$ 15,000	\$ 50,000	\$ 50,000	6,550	9,899		19,387	25,414			
43	FY 2223	\$ 15,000	\$ 50,000	\$ 50,000	9,760	9,760		25,486	25,486			
44	FY 2324	\$ 15,000	\$ 50,000	\$ 50,000	9,760	9,760		25,692	25,692			
45												
46	<b>Counterclaim Percentage Calculation</b>											
47		\$195 Circuit Court Filing Fee	Foreclosure \$195, <\$50k	Derived Filings	\$395 Counterclaim (Circuit)	Derived Counterclaims	Counterclaims Rate					
48	FY 1516	\$ 23.6	\$ 2.7	134,798	\$ 5.0	12,536	9.30%					
49	FY 1617	\$ 25.1	\$ 2.5	141,115	\$ 5.1	12,841	9.10%					
50	FY 1718	\$ 28.5	\$ 2.3	158,105	\$ 5.1	12,971	8.20%					
51						AVG	8.87%					
52												
53	<b>Counterclaim Revenue Impact Calculation</b>											
54		Shifted Filings (Cash)	Shifted Filings (Recurring)	Counterclaims Rate	Shifted Counterclaims (Cash)	Shifted Counterclaims (Recurring)	Loss: \$395 to Clerks (Cash)	Loss: \$395 to Clerks (Recurring)	Gain: \$295 to GR (Cash)	Gain: \$295 to GR (Recurring)		
55	FY 1920	6,155	25,141	8.87%	546	2,229	\$ (0.2)	\$ (0.9)	\$ 0.2	\$ 0.7		
56	FY 2021	14,962	25,355	8.87%	1,327	2,248	\$ (0.5)	\$ (0.9)	\$ 0.4	\$ 0.7		
57	FY 2122	19,387	25,414	8.87%	1,719	2,254	\$ (0.7)	\$ (0.9)	\$ 0.5	\$ 0.7		
58	FY 2223	25,486	25,486	8.87%	2,260	2,260	\$ (0.9)	\$ (0.9)	\$ 0.7	\$ 0.7		
59	FY 2324	25,692	25,692	8.87%	2,278	2,278	\$ (0.9)	\$ (0.9)	\$ 0.7	\$ 0.7		

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Communication Services Tax

**Issue:** Tax Rate Reduction

**Bill Number(s):** HB 693

**Entire Bill**

**Partial Bill:** Sections 1,3,4

**Sponsor(s):** Representative Fischer

**Month/Year Impact Begins:** October 1<sup>st</sup>, 2020 (1-month lag to collections)

**Date of Analysis:** February 15<sup>th</sup>, 2019

**Section 1: Narrative**

**a. Current Law:**

Section 202.12, F.S. states that the Total Direct-to-Home (DTH) Satellite Communication Services Tax is set to 9.07%. The non-satellite CST is set to 4.92%.

**b. Proposed Change:**

Proposed language decreases the rate of Direct-to-Home (DTH) Satellite Communication Services Tax to 8.07%, and non-satellite CST to 3.92%.

**Section 2: Description of Data and Sources**

Revenue Estimating Conference Gross Receipts Tax and Communications Services Tax (November 2018)  
General Revenue Estimating Conference (December of 2018)

**Section 3: Methodology (Include Assumptions and Attach Details)**

The impact of the rate change for the non-satellite CST providers is presented as an impact to State Sales Tax Transfer from CST.

The impact to direct-to-home satellite is presented in two parts because of the way the direct-to-home satellite remittances are divided. First, the total change from the current DTH rate to the proposed rate is shown. Second, the impact is shown in its component parts comparing the current provisions of section 202.18, F.S. to the changes made by this bill.

Next, the impact on the distributions under 212.20(6)(d) is estimated using the estimated Sales Tax Collections from REC November 2018. First the estimated collections from transfers from CST were subtracted from the total sales tax collections to present the impact from the CST rate reduction and distributional impact of the lower rate on total sales tax distributions.

To estimate the distributions from CST, the collections that were estimated from non-satellite CST at 3.92% tax rate and 55.9% of the collections estimated for DTH satellite at 8.07% were totaled to find the estimated collections from CST that would be distributed under 212.20(6)(d). The estimates were then summed to find the estimated total distributions under the new rates on CST and the difference was taken from the estimated current distributions to find the impact.

The effective date is July 1, 2019, and will apply to taxable transactions included on bills for services dated on or after October 1, 2020. The cash values for 2020-2021 are equal to 8 months of the recurring.

**Section 4: Proposed Fiscal Impact**

**State Sales Tax Transfer from CST**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20				\$(112.6 M)		
2020-21			\$(75.1 M)	\$(112.6 M)		
2021-22			\$(112.8 M)	\$(112.8 M)		
2022-23			\$(113.3 M)	\$(113.3 M)		
2023-24			\$(113.7 M)	\$(113.7 M)		

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Communication Services Tax

**Issue:** Tax Rate Reduction

**Bill Number(s):** HB 693

**Direct-to-Home Satellite at 8.07%**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20				\$(15.7 M)		
2020-21			\$(10.7 M)	\$(16.0 M)		
2021-22			\$(16.4 M)	\$(16.4 M)		
2022-23			\$(16.8 M)	\$(16.8 M)		
2023-24			\$(17.1 M)	\$(17.1 M)		

**List of affected Trust Funds:**

Sales and Use Tax Group

CST Group

**Section 5: Consensus Estimate (Adopted: 02/15/2019): The Conference adopted the proposed estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	(107.5)	0.0	(Insignificant)	0.0	(3.6)	0.0	(17.2)
2020-21	(71.8)	(107.6)	(Insignificant)	(Insignificant)	(2.4)	(3.6)	(11.6)	(17.4)
2021-22	(108.0)	(108.0)	(Insignificant)	(Insignificant)	(3.6)	(3.6)	(17.6)	(17.6)
2022-23	(108.6)	(108.6)	(Insignificant)	(Insignificant)	(3.6)	(3.6)	(17.8)	(17.8)
2023-24	(109.1)	(109.1)	(Insignificant)	(Insignificant)	(3.7)	(3.7)	(18.0)	(18.0)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	(20.8)	0.0	(128.3)
2020-21	0.0	0.0	(14.0)	(21.0)	(85.8)	(128.6)
2021-22	0.0	0.0	(21.2)	(21.2)	(129.2)	(129.2)
2022-23	0.0	0.0	(21.4)	(21.4)	(130.0)	(130.0)
2023-24	0.0	0.0	(21.7)	(21.7)	(130.8)	(130.8)

	A	B	C	D	E
1	Component breakdown		11/2018 Gross Receipts		
3	<b>Current Rates</b>				
5	Direct-to-Home (DTH) Satellite		4.00%	5.07%	9.07%
7	year	Additional State Tax on DTH Satellite	Implied Base for Additional State Tax on DTH Satellite (B9/4%)	DTH component of State Sales Tax Transfer from CST (C9*5.07%)	Total DTH Satellite Equal to tax at 9.07% rate
9	2019-20	\$ 62.71	\$ 1,567.8	\$ 79.5	\$ 142.2
10	2020-21	\$ 64.14	\$ 1,603.5	\$ 81.3	\$ 145.4
11	2021-22	\$ 65.59	\$ 1,639.8	\$ 83.1	\$ 148.7
12	2022-23	\$ 67.02	\$ 1,675.5	\$ 84.9	\$ 152.0
13	2023-24	\$ 68.46	\$ 1,711.5	\$ 86.8	\$ 155.2
14					
15	State Sales Tax Transfer from CST		4.92%		
17	year	State Sales Tax Transfer from CST Total (\$M) Less DTH component	Non-satellite Component of State Sales Tax Transfer from CST - (Tax Base) (B19/4.92%)		
19	2019-20	\$ 553.94	\$ 11,258.9		
20	2020-21	\$ 554.19	\$ 11,264.0		
21	2021-22	\$ 554.75	\$ 11,275.4		
22	2022-23	\$ 557.45	\$ 11,330.3		
23	2023-24	\$ 559.45	\$ 11,370.9		
24					
26	<b>New rates</b>				
28	DTH Satellite		8.07%		
30	year	Implied Base for Additional State Tax on DTH Satellite (B9/4%)	Tax at new rate (B32*C28)	Change from Current Tax (C32-E9)	
32	2019-20	\$ 1,567.8	\$ 126.5	\$ (15.7)	
33	2020-21	\$ 1,603.5	\$ 129.4	\$ (16.0)	
34	2021-22	\$ 1,639.8	\$ 132.3	\$ (16.4)	
35	2022-23	\$ 1,675.5	\$ 135.2	\$ (16.8)	
36	2023-24	\$ 1,711.5	\$ 138.1	\$ (17.1)	
37					
38	State Sales Tax Transfer from CST		3.92%		
40	year	Non-satellite Component of State Sales Tax Transfer from CST Base (B19/4.92%)	Tax at new rate (B42*C38)	Change from Current Tax (C42-B19)	Total Change (D42+D32)
42	2019-20	\$ 11,258.9	\$ 441.4	\$ (112.6)	\$ (128.3)
43	2020-21	\$ 11,264.0	\$ 441.5	\$ (112.6)	\$ (128.7)
44	2021-22	\$ 11,275.4	\$ 442.0	\$ (112.8)	\$ (129.2)
45	2022-23	\$ 11,330.3	\$ 444.1	\$ (113.3)	\$ (130.1)
46	2023-24	\$ 11,370.9	\$ 445.7	\$ (113.7)	\$ (130.8)

	A	B	C	D	E	F	G
2	Gross receipts conference data 11/2018						
3							
4	<b>Impacts to Distributions due to reduction of DTH Tax Rate</b>						
5	Current distribution - Direct to Home Satellite						
6			55.9%	0.7	0.3		
7	year	Total Collections at 9.07%	202.18(2) via 212.20(6) (55.9%)	202.18(2)(c) (30.9%)	202.18(2)(c) (13.2% Fiscally Constrained)		
9	2019-20	\$ 142.19	\$ 79.49	\$ 43.90	\$ 18.81		
10	2020-21	\$ 145.44	\$ 81.30	\$ 44.90	\$ 19.24		
11	2021-22	\$ 148.73	\$ 83.14	\$ 45.91	\$ 19.68		
12	2022-23	\$ 151.97	\$ 84.95	\$ 46.91	\$ 20.11		
13	2023-24	\$ 155.23	\$ 86.78	\$ 47.92	\$ 20.54		
14							
15	New Rate Distribution - Direct to Home Satellite						
16			55.9%	0.7	0.3		
17	year	Total Collections at 8.07%	202.18(2) via 212.20(6) <small>[(B19*C16)]</small>	202.18(2)(c) (39.62%) <small>[(B19-C19)*0.7]</small>	202.18(2)(c) (16.98% Fiscally Constrained) <small>[(B19-C19)*0.3]</small>		
19	2019-20	\$ 126.52	\$ 70.72	\$ 39.06	\$ 16.74		
20	2020-21	\$ 129.40	\$ 72.34	\$ 39.95	\$ 17.12		
21	2021-22	\$ 132.33	\$ 73.97	\$ 40.85	\$ 17.51		
22	2022-23	\$ 135.21	\$ 75.58	\$ 41.74	\$ 17.89		
23	2023-24	\$ 138.12	\$ 77.21	\$ 42.64	\$ 18.27		
24							
25	Net Change in Distributions - Direct to Home Satellite						
26	year	Total collections	202.18(2) via 212.20(6)	202.18(2)(c)	202.18(2)(c) (Fiscally Constrained)		
29	2019-20	\$ (15.7)	\$ (8.76)	\$ (4.84)	\$ (2.07)		
30	2020-21	\$ (16.0)	\$ (8.96)	\$ (4.95)	\$ (2.12)		
31	2020-21 Cash	\$ (10.7)	\$ (4.86)	\$ (2.68)	\$ (1.15)		
32	2021-22	\$ (16.4)	\$ (9.17)	\$ (5.06)	\$ (2.17)		
33	2022-23	\$ (16.8)	\$ (9.37)	\$ (5.17)	\$ (2.22)		
34	2023-24	\$ (17.1)	\$ (9.57)	\$ (5.28)	\$ (2.26)		

	A	B	C	D	E	F	G
35							
36	<b>Impacts to Sales Tax Distributions due to reduction of CST Tax Rate</b>						
45							
46	Current: Transfers from CST at 4.92% rate						
47				8.9744%	0.0966%	2.0810%	1.3653%
48	year	CST State 4.92% and 55.9% of DTH Satellite	After 5.2% distributed to General Revenue 212.20(6)(d)1.	Local Gov. half cent 212.20(6)(d)2.	Local Gov. half cent emergency distribution 212.20(6)(d)3.	County Revenue Sharing 212.20(6)(d)3.	Municipal Revenue Sharing 212.20(6)(d)4.
49	2019-20	\$ 633.42	\$ 600.48	\$ 53.8	\$ 0.6	\$ 11.4	\$ 7.5
50	2020-21	\$ 635.48	\$ 602.44	\$ 54.0	\$ 0.6	\$ 11.4	\$ 7.5
51	2021-22	\$ 637.89	\$ 604.72	\$ 54.2	\$ 0.6	\$ 11.4	\$ 7.5
52	2022-23	\$ 642.40	\$ 609.00	\$ 54.6	\$ 0.6	\$ 11.5	\$ 7.6
53	2023-24	\$ 646.22	\$ 612.62	\$ 54.9	\$ 0.6	\$ 11.6	\$ 7.6
54							
55	Current: Sales Tax distributions pursuant to S. 212.20						
56				8.9744%	0.0966%	2.0810%	1.3653%
57	year	Total Tax Collections - Transfers from CST	After 5.2% distributed to General Revenue 212.20(6)(d)1.	Local Gov. half cent 212.20(6)(d)2.	Local Gov. half cent emergency distribution 212.20(6)(d)3.	County Revenue Sharing 212.20(6)(d)3.	Municipal Revenue Sharing 212.20(6)(d)4.
58	2019-20	\$ 28,101.08	\$ 26,639.82	\$ 2,131.1	\$ 23.7	\$ 509.5	\$ 334.3
59	2020-21	\$ 29,229.22	\$ 27,709.30	\$ 2,216.7	\$ 24.7	\$ 530.0	\$ 347.7
60	2021-22	\$ 30,339.51	\$ 28,761.86	\$ 2,300.9	\$ 25.6	\$ 550.1	\$ 360.9
61	2022-23	\$ 31,427.70	\$ 29,793.46	\$ 2,383.4	\$ 26.5	\$ 569.9	\$ 373.9
62	2023-24	\$ 32,510.98	\$ 30,820.41	\$ 2,465.6	\$ 27.5	\$ 589.5	\$ 386.8

	A	B	C	D	E	F	G
63							
64	212.20 distributions of CST transfer at 3.92% CST State rate and 8.07% DTH rate						
65				8.9744%	0.0966%	2.0810%	1.3653%
66	year	CST State 3.92% and 55.9% of DTH Satellite at 8.07%	After 5.2% distributed to General Revenue 212.20(6)(d)1.	Local Gov. half cent 212.20(6)(d)2.	Local Gov. half cent emergency distributionn 212.20(6)(d)3.	County Revenue Sharing 212.20(6)(d)3.	Municipal Revenue Sharing 212.20(6)(d)4.
67	2019-20	\$ 512.07	\$ 485.45	\$ 43.5	\$ 0.5	\$ 9.2	\$ 6.0
68	2020-21	\$ 513.89	\$ 487.16	\$ 43.7	\$ 0.5	\$ 9.2	\$ 6.0
69	2021-22	\$ 515.97	\$ 489.14	\$ 43.9	\$ 0.5	\$ 9.3	\$ 6.1
70	2022-23	\$ 519.73	\$ 492.71	\$ 44.2	\$ 0.5	\$ 9.3	\$ 6.1
71	2023-24	\$ 522.95	\$ 495.76	\$ 44.4	\$ 0.5	\$ 9.4	\$ 6.2
72							
81							
82	<b>Net Change in Distributions</b>						
83	Year	Total State Sales Tax Collections		Local Gov. half cent 212.20(6)(d)2.	Local Gov. half cent emergency distribution 212.20(6)(d)3.	County Revenue Sharing 212.20(6)(d)3.	Municipal Revenue Sharing 212.20(6)(d)4.
84	2019-20	\$ (121.35)		\$ (10.31)	\$ (0.04)	\$ (2.18)	\$ (1.43)
85	2020-21	\$ (121.59)		\$ (10.33)	\$ (0.04)	\$ (2.18)	\$ (1.43)
86	2021-22	\$ (121.92)		\$ (10.36)	\$ (0.04)	\$ (2.19)	\$ (1.44)
87	2022-23	\$ (122.67)		\$ (10.43)	\$ (0.04)	\$ (2.20)	\$ (1.44)
88	2023-24	\$ (123.27)		\$ (10.48)	\$ (0.04)	\$ (2.21)	\$ (1.45)

	A	B	C	D	E	F	G
89							
90							
91	<b>Total Impact</b>						
92		High		Middle		Low	
93		Cash	Recurring	Cash	Recurring	Cash	Recurring
95	2019-20			\$ -	\$ (128.3 M)		
96	2020-21			\$ (85.8 M)	\$ (128.7 M)		
97	2021-22			\$ (129.2 M)	\$ (129.2 M)		
98	2022-23			\$ (130.1 M)	\$ (130.1 M)		
99	2023-24			\$ (130.8 M)	\$ (130.8 M)		
100							
101	<b>State Sales Tax Transfer from CST</b>						
102		High		Middle		Low	
103		Cash	Recurring	Cash	Recurring	Cash	Recurring
105	2019-20				\$ (112.6 M)		
106	2020-21			\$ (75.1 M)	\$ (112.6 M)		
107	2021-22			\$ (112.8 M)	\$ (112.8 M)		
108	2022-23			\$ (113.3 M)	\$ (113.3 M)		
109	2023-24			\$ (113.7 M)	\$ (113.7 M)		
110							
111	<b>Direct-to-Home Satellite at 8.07%</b>						
112		High		Middle		Low	
113		Cash	Recurring	Cash	Recurring	Cash	Recurring
115	2019-20				\$ (15.7 M)		
116	2020-21			\$ (10.7 M)	\$ (16.0 M)		
117	2021-22			\$ (16.4 M)	\$ (16.4 M)		
118	2022-23			\$ (16.8 M)	\$ (16.8 M)		
119	2023-24			\$ (17.1 M)	\$ (17.1 M)		
120							

## REVENUE ESTIMATING CONFERENCE

**Tax:** Insurance Premium / Corporate Income tax

**Issue:** Long term Care Assessments

**Bill Number(s):** SB 626

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Sen. Brandes

**Month/Year Impact Begins:** March 2020

**Date of Analysis:** February 15, 2019

### Section 1: Narrative

- a. Current Law:** Section 631.713, Florida Statutes, provides that Chapter 631, Part III - Life and Health Insurance Guaranty of Payments – does not apply to Health Maintenance Insurance.

Pursuant to section 631.718, assessments for insolvent long-term care insurers are allocated to Health insurers, but not Health Maintenance Organizations, capped at 1% of the average three-year health premiums.

Section 631.72 provides that insurers are able to offset the amount of an assessment against either the insurance Premium Tax or the Corporate Income Tax. Credits may be taken in an amount of 5% of the assessment for each of the 20 years following the year in which the assessment was paid.

Section 631.828 provides that a member HMO may offset against its corporate income tax liability or other liabilities, on an individual or consolidated basis, as applicable, any assessment described in s. 631.819 to the extent of 20 percent of the amount of such assessment for each of the 5 calendar years following the year in which such assessment was paid.

- b. Proposed Change:** Amends section 631.713 to provide that Health Maintenance Organizations are subject to assessments levied pursuant to ss. 631.715(2)(a)1., 631.718(3)(b) and (631.819 (2)(c).

Amends section 631.718 to provide that for long-term care insurer impairment and insolvencies, the total assessments upon a member insurer or member health maintenance organization may not exceed in one calendar year 0.5% of the premiums received in the prior year.

Amends section 631.819 to include sections 631.715(2)(a)1. and 631.718(3)(b) as those assessments described in section 631.819 and as such makes those assessments eligible for the credit against Corporate Income Tax under section 631.828.

### Section 2: Description of Data and Sources

Premium amounts for Health Insurers, Health Maintenance Organizations, and Life and Annuity insurers.

Long Term Care Insolvency Assessments 2011 to 2018 – Florida Life and Health Insurance Guaranty Association

### Section 3: Methodology (Include Assumptions and Attach Details)

Based upon information obtained

The impact in the bill comes from:

1. The credit for HMO's being allowed to be taken over 5 years while under current law it would be taken over 20 years. However, some portion of the HMO providers are not for profits and would not have any CIT against which to take a credit.
2. The expanded assessment base will be larger under the proposed law than the current law base. Should an insolvency occur that was larger than what the base could provide in a single year, the larger base would allow more of the required assessment to be issued in the initial year, resulting in a larger credit in the first year of the recoupment period causing a non-recurring impact.

As any impact is dependent upon future insolvencies and the size and timing of future assessments, the impact is indeterminate negative for all sources. It is indeterminate negative for CIT and indeterminate positive for Insurance Premium Tax on a recurring basis while plus/minus indeterminate for the cash basis. The attached spreadsheet provides information on historic assessments.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Insurance Premium / Corporate Income tax

**Issue:** Long term Care Assessments

**Bill Number(s):** SB 626

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20						
2020-21	(**)	(**)	(**)	(**)	(**)	(**)
2021-22	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)

**List of affected Trust Funds:**

Insurance Premium

Corporate Income tax

**Section 5: Consensus Estimate (Adopted: 02/15/2019):** The Conference adopted a zero cash impact for Fiscal Years 2019-20 and 2020-21 and positive/negative indeterminate for the remaining years. The recurring impact is positive/negative indeterminate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	+/-	0.0	+/-	0.0	0.0	0.0	+/-
2020-21	0.0	+/-	0.0	+/-	0.0	0.0	0.0	+/-
2021-22	+/-	+/-	+/-	+/-	0.0	0.0	+/-	+/-
2022-23	+/-	+/-	+/-	+/-	0.0	0.0	+/-	+/-
2023-24	+/-	+/-	+/-	+/-	0.0	0.0	+/-	+/-

	A	B	C	D	E	F	G
1	<b>FLAHIGA HISTORY OF CLASS "B" ASSESSMENTS BY FUND</b>						
2							
3	<b>YEAR</b>	<b>INSOLVENCY</b>	<b>LIFE</b>	<b>ANNUITY</b>	<b>ACCIDENT &amp; HEALTH</b>		<b>Corresponding 20 year credit amount</b>
4	2009	No Assessment	-	-	-		
5	2010	No Assessment	-	-	-		
6							
7	2011	MEDICAL SAVINGS INSURANCE COMPANY			11,168,102		
8	2011	NATIONAL STATES INSURANCE COMPANY			8,740,254		
9	2011	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			874,025		
10	2011	AMERICAN FINANCIAL LIFE INSURANCE COMPANY			582,683		
11		<b>2011 Total</b>	-	-	<b>21,365,064</b>		\$1,068,253
12							
13	2012	No Assessment	-	-	-		
14							
15	2013	AVAHEALTH			2,500,000		
16	2013	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			500,000		
17	2013	LUMBERMAN'S MUTUAL			1,100,000		
18	2013	NATIONAL STATES INSURANCE COMPANY			2,200,000		
19		<b>2013 Total</b>	-	-	<b>6,300,000</b>		\$315,000
20							
21	2014	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			400,000		
22	2014	NATIONAL STATES INSURANCE COMPANY			3,600,000		
23		<b>2014 Total</b>	-	-	<b>4,000,000</b>		\$200,000
24							
25	2015	NATIONAL STATES INSURANCE COMPANY			4,500,000		
26	2015	PENN TREATY NETWORK AMERICA INSURANCE COMPANY			3,500,000		
27	2015	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			300,000		
28	2015	AMERICAN FINANCIAL LIFE INSURANCE COMPANY			100,000		
29	2015	MEDICAL SAVINGS INSURANCE COMPANY			100,000		
30		<b>2015 Total</b>	-	-	<b>8,500,000</b>		\$425,000
31							
32	2016	NATIONAL STATES INSURANCE COMPANY			1,065,000		
33	2016	PENN TREATY NETWORK AMERICA INSURANCE COMPANY			284,000		
34	2016	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			108,000		
35	2016	MEDICAL SAVINGS INSURANCE COMPANY			33,000		
36	2016	RELIANCE INSURANCE COMPANY			10,000		
37		<b>2016 Total</b>	-	-	<b>1,500,000</b>		\$75,000
38							
39	2017	PENN TREATY NETWORK AMERICA INSURANCE COMPANY			149,500,680		
40	2017	AMERICAN NETWORK INSURANCE COMPANY			7,495,429		
41		<b>2017 Total</b>	-	-	<b>156,996,109</b>		\$7,849,805
42							
43	2018	PENN TREATY NETWORK AMERICA INSURANCE COMPANY			145,645,000		
44	2018	AMERICAN NETWORK INSURANCE COMPANY			7,302,128		
45	2018	LIFE & HEALTH INSURANCE COMPANY OF AMERICA			660,000		
46	2018	NATIONAL STATES INSURANCE COMPANY			5,400,000		
47		<b>2018 Total</b>	-	-	<b>159,007,128</b>		\$7,950,356
48							
49		<b>Total</b>	-	-	<b>357,668,301</b>		
50							
51		AMERICAN FINANCIAL LIFE INSURANCE COMPANY	-	-	682,683		
52		AMERICAN NETWORK INSURANCE COMPANY	-	-	14,797,557		
53		AVAHEALTH	-	-	2,500,000		
54		LIFE & HEALTH INSURANCE COMPANY OF AMERICA	-	-	2,842,025		
55		LUMBERMAN'S MUTUAL	-	-	1,100,000		
56		MEDICAL SAVINGS INSURANCE COMPANY	-	-	11,301,102		
57		NATIONAL STATES INSURANCE COMPANY	-	-	25,505,254		
58		PENN TREATY NETWORK AMERICA INSURANCE COMPANY	-	-	298,929,680		
59		RELIANCE INSURANCE COMPANY	-	-	10,000		
60		<b>Total</b>	-	-	<b>357,668,301</b>		
61							
62		Assessment Base - current Law	Assessment Base	Assessment %	Maximum Assessment		
63		Three year Average Premiums - Health Insurance	\$16,949,353,566	1.00%	\$169,493,536		
64							
65		Assessment Base - Proposed					
66		Priro Year Health Premiums	\$18,226,795,273				
67		Prior Year HMO Premiums	\$14,351,666,510				
68		Prior Year Life and Annuity Premiums	\$9,423,243,904				
69		Total Assessment Base	\$42,001,705,687	0.50%	\$210,008,528		
70		Source - FLAHIGA					

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Other Taxes and Fees

**Issue:** Unopposed County and Circuit Court Judges

**Bill Number(s):** CS/SB328

**Entire Bill**

**Partial Bill:** Lines 572-577

**Sponsor(s):** Senator Brandes

**Month/Year Impact Begins:** October 1, 2019

**Date of Analysis:** 02/13/2019

**Section 1: Narrative**

- a. **Current Law:** Currently, all qualifying fees for judges who had no opposition are retained and transferred to Legal Affairs (AG) for deposit into the Elections Commission Trust Fund.
- b. **Proposed Change:** Amends s. 105.031(3)(b), F.S., to provide that a county or circuit judge shall have their qualifying fee refunded to them no later than 20 days after the close of qualifying if they were unopposed at the time that qualifying ended. This does not apply to candidates qualifying for retention to judicial office.

**Section 2: Description of Data and Sources**

Florida Division of Elections, Bureau of Election Records

**Section 3: Methodology (Include Assumptions and Attach Details)**

The number of judges per county varies by population and caseload. County judges serve for six years. Midterm vacancies are filled by gubernatorial appointment. Circuit court judges also serve six year terms. There are twenty circuit courts. Forecast uses an average as it is hard to predict who will run unopposed or if vacancies or retirements will occur.

See Attached.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(1.6)	(1.6)	(1.4)	(1.4)	(1.3)	(1.3)
2020-21	0.0	(1.6)	0.0	(1.4)	0.0	(1.3)
2021-22	(1.6)	(1.6)	(1.4)	(1.4)	(1.3)	(1.3)
2022-23	0.0	(1.6)	0.0	(1.4)	0.0	(1.3)
2023-24	(1.6)	(1.6)	(1.4)	(1.4)	(1.3)	(1.3)

**List of affected Trust Funds:** Elections Commission Trust Fund

**Section 5: Consensus Estimate (Adopted: 02/15/2019):** The Conference adopted the middle cash estimate for Fiscal Year 2019-20 and the high for the rest of the cash forecast. They adopted the recurring to equal the cash estimate. While every other year is shown as zero recurring, this reflects the election cycle.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(0.1)	(0.1)	(1.3)	(1.3)	0.0	0.0	(1.4)	(1.4)
2020-21	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	(0.1)	(0.1)	(1.5)	(1.5)	0.0	0.0	(1.6)	(1.6)
2022-23	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2023-24	(0.1)	(0.1)	(1.5)	(1.5)	0.0	0.0	(1.6)	(1.6)

## Florida Division of Elections

### Bureau of Election Records

#### Filing Fees for Circuit/Court Judges 2012-2018

	Number of Seats	Candidates Unopposed	Unopposed Candidates that Paid Fee	Filing Fee	Total Funds	Total Collected for Election
<b>2018</b>						
County Court Judge	151	110	89	\$5,520.80	\$491,351.20	
Circuit Court Judge	215	176	170	\$5,843.20	\$993,344.00	
						<b>\$1,484,695.20</b>
<b>2016</b>						
County Court Judge	101	65	43	\$5,520.80	\$237,394.40	
Circuit Court Judge	155	126	121	\$5,843.20	\$707,027.20	
						<b>\$944,421.60</b>
<b>2014</b>						
County Court Judge	74	19	18	\$5,520.80	\$99,374.40	
Circuit Court Judge	265	210	204	\$5,803.20	\$1,183,852.80	
						<b>\$1,283,227.20</b>
<b>2012</b>						
County Court Judge	156	109	84	\$5,371.20	\$451,180.80	
Circuit Court Judge	202	169	163	\$5,687.12	\$927,000.56	
						<b>\$1,378,181.36</b>

Per Section 105.031(3), F.S., funds are transferred for deposit in the Elections Commission Trust Fund. The fund supports the Florida Elections Commission. Filing fees for circuit court judge are submitted to the Division of Elections and filing fees for county court judge are submitted to the local qualifying officer - Supervisor of Elections.

<b>LOW</b>			
<b>Four Year Average</b>	<b>Unopposed Candidates that Paid Fee</b>	<b>Current Filing Fee</b>	<b>Total Funds</b>
County Court	59	\$5,520.80	\$322,966.80
Circuit Court	165	\$5,843.20	\$961,206.40
\$1,284,173.20			

<b>MIDDLE</b>			
<b>Highest 3 Years Average</b>	<b>Unopposed Candidates that Paid Fee</b>	<b>Current Filing Fee</b>	<b>Total Funds</b>
County Court	72	\$5,520.80	\$397,497.60
Circuit Court	179	\$5,843.20	\$1,045,932.80
\$1,443,430.40			

<b>HIGH</b>			
<b>Highest 2 Years Average</b>	<b>Unopposed Candidates that Paid Fee</b>	<b>Current Filing Fee</b>	<b>Total Funds</b>
County Court	87	\$5,520.80	\$477,549.20
Circuit Court	187	\$5,843.20	\$1,092,678.40
\$1,570,227.60			

Qualifying Period	Apr 27-May 1	Apr 27-May 1	Apr 27-May 1
FY Impact	FY 2019-20	FY 2021-22	FY 2023-24

<b>IMPACT (millions)</b>						
<b>Trust Fund</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>All Years</b>
	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Cash</i>	<i>Recurring</i>
High	-\$1.6	\$0.0	-\$1.6	\$0.0	-\$1.6	-\$1.6
Middle	-\$1.4	\$0.0	-\$1.4	\$0.0	-\$1.4	-\$1.4
Low	-\$1.3	\$0.0	-\$1.3	\$0.0	-\$1.3	-\$1.3