**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Disaster Preparedness Holiday (14-Day Including Impact Resistant Windows and Doors)
**Bill Number(s)**: CS/SB 1412

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: Senator Gruters
**Month/Year Impact Begins**: The impact begins June 1, 2019 and will affect FY 2019-20 because of the one-month collection lag.
**Date of Analysis**: April 5, 2019

**Section 1: Narrative**

**a. Current Law**: Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.

**b. Proposed Change**: The bill provides an exemption from sales tax for the items listed below that are purchased during the time period from June 1 through June 14, 2019 (14 days, first day on a Saturday).

| | |
|---|---|
| Portable self-powered light source | $ 20 or less |
| Portable self-powered radio, two-way radio or weather band radio | $ 50 or less |
| Tarpaulin or other flexible waterproof sheeting | $ 50 or less |
| Ground anchor system or tie-down kit | $ 50 or less |
| Gas or diesel fuel tank | $ 25 or less |
| Package of AAA-cell, AA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries | $ 30 or less |
| Non-electric food storage cooler | $ 30 or less |
| Reusable ice | $ 10 or less |
| Portable generator | $ 750 or less |
| Impact-resistant windows sold in units of 20 or fewer | No $ limit specified |
| Impact-resistant doors sold in units of 10 or fewer | No $ limit specified |

The tax exemptions for impact-resistant windows and impact-resistant doors apply only to purchases made by an owner of residential real property where they will be installed.

The tax exemption does not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

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

- Final Report on Hurricane Claims from Florida Office of Insurance Regulation (August 2006) for reported claims and total loss claims from 2004 Hurricanes Charley, Frances, Ivan, and Jeanne and 2005 Hurricanes Dennis, Katrina, Rita, and Wilma and October 20, 2008 Tropical Storm Fay Report at http://www.floir.com/office/hurricaneseason/seasonsinfo.aspx.
- Submitted claims as of February 2019 for 2016 Hurricanes Hermine and Matthew; 2017 Hurricane Irma; and 2018 Hurricane Michael at https://www.floir.com/Sections/PandC/ProductReview/CatastropheReporting.aspx
- Various websites for price comparisons: www.lowes.com; www.walmart.com; www.target.com; www.homedepot.com; www.bestbuy.com.
- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2017.
- U.S. Census Bureau, American Community Survey, 2017.
- Florida Demographic Estimating Conference, February 2019.
- Florida Economic Estimating Conference, February 2019.
- Various news articles on the 2018 hurricane impacts.
- Various articles on impact windows and doors.
- www.windowreplacementcostestimator.com
- Florida Division of Emergency Management, Hurricane Retrofit Guide. Available at https://apps.floridadisaster.org/hrg (accessed April 1, 2019).
- Florida Building Code – Residential, 6th Edition (2017).

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Disaster Preparedness Holiday (14-Day Including Impact Resistant Windows and Doors)
**Bill Number(s)**: CS/SB 1412

**Section 3: Methodology** (See attached.)
Household Purchases: The proposed impact is based on the impact adopted at the March 8, 2019, Revenue Estimating Impact Conference. The REC adopted the following assumptions for household purchases: 6.5% of Florida households participate in the holiday with total expenditures per household of $138. The original impact uses a base 10-day holiday that runs Friday through Sunday and is adjusted to a 7-day impact using the Day-by-Day Matrix (66.5% adjustment). SB 1412 authorizes a 14-day holiday beginning on Saturday and ending on Thursday. In order to calculate the impact, the Day-by-Day Matrix is used to adjust the adopted impact for the base 10-day holiday adopted on March 8 by removing the first Friday (-5.5% adjustment) and adding the following Monday (+1.0% adjustment). Then, the Matrix is used to adjust the new 10-day estimate up to a 14-day estimate (105.4% adjustment).

Portable Generators: The proposed impact is based on the impact adopted at the March 8, 2019, Revenue Estimating Impact Conference. The REC adopted the following assumptions for Portable Generators: 58,917 generators purchased at a price of $750 per generator. The original impact uses a base 10-day holiday that runs Friday through Sunday and is adjusted to a 7-day impact using the Day-by-Day Matrix (66.5% adjustment). SB 1412 authorizes a 14-day holiday beginning on Saturday and ending on Thursday. In order to calculate the impact, the Day-by-Day Matrix is used to adjust the adopted impact for the base 10-day holiday adopted on March 8 by removing the first Friday (-5.5% adjustment) and adding the following Monday (+1.0% adjustment). Then, the Matrix is used to adjust the new 10-day estimate up to a 14-day estimate (105.4% adjustment).

Impact-Resistant Windows: It is assumed a certain number of households will purchase impact-resistant windows during a 10-day holiday period: High = 14,729 (25% of the number of households that are assumed to purchase a generator); Middle = 8,838 (15% of households that are assumed to purchase a generator); and Low = 5,892 (10% of households that are assumed to purchase a generator). A unit is assumed to be the materials necessary to cover one window opening. Assumptions are also made about the price per window and the number of windows purchased per household: High = 20 windows at $750 per window (total cost of $15,000); Middle = 15 windows at $525 per window (total cost of $7,875); and Low = 10 windows at $300 per window (total cost of $3,000). An assumption is also made for construction advantage buying = 25% of private single family housing starts for 2019Q2 = 8,990. For the high-middle-low estimates, the same assumptions are used for price and number of units as above. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 14-day holiday (105.4% adjustment). ***The Conference adopted the following assumptions: 25% of the number of households that are assumed to purchase a generator; 10 windows; $525 per window; construction advantage buying based on 25% of 2019 Q2 private housing starts single family (=5,619).***

Impact-Resistant Doors: It is assumed a certain number of households will purchase impact-resistant doors during a 10-day holiday period: High = 14,729 (25% of the number of households that are assumed to purchase a generator); Middle = 8,838 (15% of households that are assumed to purchase a generator); and Low = 5,892 (10% of households that are assumed to purchase a generator). A unit is assumed to be the materials necessary to cover one door opening. Assumptions are also made about the price per door and the number of doors purchased per household: High = 10 doors at $2,000 per door (total cost of $20,000); Middle = 5 doors at $1,750 per door (total cost of $8,750); and Low = 1 door at $1,500 per door (total cost of $1,500). An assumption is also made for construction advantage buying = 10% of private single family housing starts for 2019Q2 = 8,990. For the high-middle-low estimates, the same assumptions are used for price and number of units as above. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 14-day holiday (105.4% adjustment). ***The Conference adopted the following assumptions: 25% of the number of households that are assumed to purchase a generator; 2 doors; $1,750 per door; construction advantage buying based on 25% of 2019 Q2 private housing starts single family (=5,619).***

Impact-Resistant Garage Doors: It is assumed a certain number of households will purchase impact-resistant garage doors during a 10-day holiday period: High = 14,729 (25% of the number of households that are assumed to purchase a generator); Middle = 8,838 (15% of households that are assumed to purchase a generator); and Low = 5,892 (10% of households that are assumed to purchase a generator). A unit is assumed to be the materials necessary to cover one garage door opening. Assumptions are also made about the price per garage door and the number of garage doors purchased per household: High = 1 door at $2,000 per door; Middle = 1 door at $1,400 per door; and Low = 1 door at $800 per door. An assumption is also made for construction advantage buying = 10% of private single family housing starts for 2019Q2 = 8,990. For the high-middle-low estimates, the same assumptions are used for price and number of units as above. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 14-day holiday (105.4% adjustment). ***The Conference adopted the following assumptions: 25% of the number of households that are assumed to purchase a generator; 1 garage door; $1,500 per door; construction advantage buying based on 25% of 2019 Q2 private housing starts single family (=5,619).***

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Disaster Preparedness Holiday (14-Day Including Impact Resistant Windows and Doors)
**Bill Number(s)**: CS/SB 1412

**Section 4: Proposed Fiscal Impact** The proposed impact is nonrecurring to FY 2019-20 only.

| | **Adjusted** | | High | | Middle | | Low | |
|---|---|---|---|---|---|---|---|---|
| | **Cash** | **Recurring** | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | | | | | | |
| Household Purchases | **($4.8) M** | | ($4.8) M | | ($4.8) M | | ($4.8) M | |
| Generators | **($2.8) M** | | ($2.8) M | | ($2.8) M | | ($2.8) M | |
| Windows and Doors | **($13.2) M** | | ($55.5) M | | ($20.4) M | | ($5.0) M | |
| **TOTAL** | **($20.8) M** | | **($63.1) M** | | **($28.0) M** | | **($12.6) M** | |

**List of affected Trust Funds:** Sales and Use Tax Grouping

**Section 5: Consensus Estimate (Adopted 04/05/2019): The Conference adopted the proposed impact for household purchases and generators. The Conference made an adjustment to the high impact-resistant windows and doors estimate, reducing the number and the average price of windows and doors and adjusted advantage buying to 25% of 2019 Q3 private housing starts.**

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (18.4) | 0.0 | (Insignificant) | 0.0 | (0.6) | 0.0 | (1.8) | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (3.4) | 0.0 | (5.8) | 0.0 | (24.2) | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

**SB 1412**
**2019 Sales Tax Holiday - Disaster Preparedness**

**14 Days**
**Saturday, June 1 - Friday, June 14**

| **1. # HOUSEHOLD PURCHASING ASSUMPTIONS:** | |
|---|---|
| 2004 Indices based on FINAL REPORT (4 hurricanes) | |
| Reported Loss % HHs | 3.2% |
| Total Loss % HHs | 2.3% |
| 2005 Indices based on FINAL REPORT (4 hurricanes) | |
| Reported Loss % HHs | 8.5% |
| Total Loss % HHs | 5.8% |
| 2008 Index based on Oct 20 2008 Report for Fay (1 storm) | |
| Reported Loss % HHs | 2.7% |
| 2016 Index based on Claims Data as of Jan 2018 (2 hurricanes) | |
| Reported Loss % HHs | 2.9% |
| 2017 Index based on Claims Data as of Nov 2018 (1 hurricane) | |
| Reported Loss % HHs | 4.8% |
| **Average Reported Loss %** | **4.4%** |

| **2. AVAILABLE CASH FOR PURCHASES ASSUMPTIONS:** | | | | |
|---|---|---|---|---|
| **Using Florida After-Tax Income per Household** | | **2017** | **2018** | **2019** |
| **(2017 American Community Survey: Florida)** | | **FY 2016-17** | **FY 2017-18** | **FY 2018-19** |
| Median Florida Household After-Tax Income | | $52,248 | $54,860 | $57,274 |
| Using average annual expenditures from the 2017 | | | | |
| Consumer Expenditure Survey, all consumer units: | | Fla $ per HH | Fla $ per HH | Fla $ per HH |
| *Shares of expenditures:* | | | | |
| Food & alcoholic beverage | 14.60% | $7,628 | $8,010 | $8,362 |
| **Housing (includes * below)** | 34.00% | $17,764 | $18,652 | $19,473 |
| Apparel & services | 2.60% | $1,358 | $1,426 | $1,489 |
| Transportation | 17.60% | $9,196 | $9,655 | $10,080 |
| Health care | 8.70% | $4,546 | $4,773 | $4,983 |
| Entertainment | 5.10% | $2,665 | $2,798 | $2,921 |
| All others | 17.40% | $9,091 | $9,546 | $9,966 |
| ***Maintenance, repairs, insurance & other expenses** | **2.60%** | **$1,358** | **$1,426** | **$1,489** |
| ***Miscellaneous household equipment** | **1.60%** | **$836** | **$878** | **$916** |
| Assume 6.5% of households purchase exempt items equivalent to approximately 21 days of spending. | | | | |

Methodology for HH Income

Florida Median HH income is based on the 2017 American Community Survey reported Florida median HH income in the last 12 months ($64,003). This value is grown by the Feb 2019 Florida Economic Estimating Conference growth in Personal Income. The growth rates are:

| | |
|---|---|
| 2018 | 5.0% |
| 2019 | 4.4% |

Ratio of Avg Annual Expends to Income Before Taxes, 2017 CES (81.63%) is used to produce after-tax income.

**3. PORTABLE GENERATOR ASSUMPTIONS:**
Assume 0.7% of Florida households purchase a tax-exempt generator at $750 per generator.

**4. IMPACT-RESISTANT WINDOWS ASSUMPTIONS:**
HIGH = Assume 25% of households purchase windows as purchase generator; 20 windows at $750 per window.
MIDDLE = Assume 15% of households purchase windows as purchase generator; 15 windows at $525 per window.
LOW = Assume 10% of households purchase windows as purchase generator; 10 windows at $300 per window.
Assume construction advantage buying = 10% of private single family housing starts for 2019Q2 = 8,990; same assumptions for price and number of units as above.

**5. IMPACT-RESISTANT DOORS ASSUMPTIONS:**
HIGH = Assume 25% of households purchase doors as purchase generator; 10 doors at $2,000 per door.
MIDDLE = Assume 15% of households purchase doors as purchase generator; 5 doors at $1,750 per door.
LOW = Assume 150 of households purchase doors as purchase generator; 1 door at $1,500 per door.
Assume construction advantage buying = 10% of private single family housing starts for 2019Q2 = 8,990; same assumptions for price and number of units as above.

**6. IMPACT-RESISTANT GARAGE DOORS ASSUMPTIONS:**
HIGH = Assume 25% of households purchase garage doors as purchase generator; 1 garage door at $2,000.
MIDDLE = Assume 15% of households purchase garage doors as purchase generator; 1 garage door at $1,400.
LOW = Assume 150 of households purchase garage doors as purchase generator; 1 garage door at $800.
Assume construction advantage buying = 10% of private single family housing starts for 2019Q2 = 8,990; same assumptions for price and number of units as above.

**SB 1412**
**2019 Sales Tax Holiday - Disaster Preparedness**

**14 Days**
**Saturday, June 1 - Friday, June 14**

**Estimate for 14-Day Holiday**

| | Household Purchases | |
|---|---|---|
| | Adopted | Proposed |
| Amount Purchased/HH | $ 138.00 | $ 138.00 |
| TOTAL Fla Households | 8,416,658 | 8,416,658 |
| # HHs Purchasing | 547,083 | 547,083 |
| TOTAL Expenditures ($M) | $ 75.50 | $ 75.50 |
| **Sales Tax for 10-Day Holiday Fri - Sun** | $ (4.53) | $ (4.53) |
| **Remove 1st Friday Impact (5.5% per Matrix)** | $ 0.25 | $ 0.25 |
| **Add 2nd Monday Impact (1.0% per Matrix)** | $ (0.05) | $ (0.05) |
| **Adjusted 10-Day Holiday Sat - Mon** | $ (4.33) | $ (4.33) |
| **Sales Tax for 14-Day Holiday Sat - Fri (105.4% Adjustment)** | **$ (4.80)** | **$ (4.80)** |

| | Portable Generators | |
|---|---|---|
| | Adopted | Proposed |
| Amount Purchased/Generator | $ 750.00 | $ 750.00 |
| # Generators Purchased | 58,917 | 58,917 |
| TOTAL Expenditures ($M) | $ 44.19 | $ 44.19 |
| **Sales Tax for 10-Day Holiday** | $ (2.65) | $ (2.65) |
| **Remove 1st Friday Impact (5.5% per Matrix)** | $ 0.15 | $ 0.15 |
| **Add 2nd Monday Impact (1.0% per Matrix)** | $ (0.03) | $ (0.03) |
| **Adjusted 10-Day Holiday Sat - Mon** | $ (2.53) | $ (2.53) |
| **Sales Tax for 14-Day Holiday Sat - Fri (105.4% Adjustment)** | **$ (2.80)** | **$ (2.80)** |

| | Impact-Resistant Windows | | | |
|---|---|---|---|---|
| | Adopted | High | Middle | Low |
| Price per Window | $ 525 | $ 750 | $ 525 | $ 300 |
| # Windows Purchased | 10 | 20 | 15 | 10 |
| # Households Purchasing | 14,729 | 14,729 | 8,838 | 5,892 |
| TOTAL Household Expenditures ($M) | $ 77.3 | $ 220.9 | $ 69.6 | $ 17.7 |
| TOTAL Advantage Buying for Construction ($M) | $ 29.5 | $ 134.9 | $ 70.8 | $ 27.0 |
| **Sales Tax for 10-Day Holiday** | **$ (6.41)** | **$ (21.35)** | **$ (8.42)** | **$ (2.68)** |
| **Sales Tax for 14-Day Holiday (105.4% Adjustment)** | **$ (6.80)** | **$ (22.50)** | **$ (8.90)** | **$ (2.80)** |

| | Impact-Resistant Doors | | | |
|---|---|---|---|---|
| | Adopted | High | Middle | Low |
| Price per Door | $ 1,750 | $ 2,000 | $ 1,750 | $ 1,500 |
| # Doors Purchased | 2 | 10 | 5 | 1 |
| # Households Purchasing | 14,729 | 14,729 | 8,838 | 5,892 |
| TOTAL Expenditures ($M) | $ 51.6 | $ 294.6 | $ 77.3 | $ 8.8 |
| TOTAL Advantage Buying for Construction ($M) | $ 19.7 | $ 179.8 | $ 78.7 | $ 13.5 |
| **Sales Tax for 10-Day Holiday** | **$ (4.27)** | **$ (28.46)** | **$ (9.36)** | **$ (1.34)** |
| **Sales Tax for 14-Day Holiday (105.4% Adjustment)** | **$ (4.50)** | **$ (30.00)** | **$ (9.90)** | **$ (1.40)** |

| | Impact-Resistant Garage Doors | | | |
|---|---|---|---|---|
| | Adopted | High | Middle | Low |
| Price per Garage Door | $ 1,500 | $ 2,000 | $ 1,400 | $ 800 |
| # Garage Doors Purchased | 1 | 1 | 1 | 1 |
| # Households Purchasing | 14,729 | 14,729 | 8,838 | 5,892 |
| TOTAL Expenditures ($M) | $ 22.1 | $ 29.5 | $ 12.4 | $ 4.7 |
| TOTAL Advantage Buying for Construction ($M) | $ 8.4 | $ 18.0 | $ 12.6 | $ 7.2 |
| **Sales Tax for 10-Day Holiday** | **$ (1.83)** | **$ (2.85)** | **$ (1.50)** | **$ (0.71)** |
| **Sales Tax for 14-Day Holiday (105.4% Adjustment)** | **$ (1.90)** | **$ (3.00)** | **$ (1.60)** | **$ (0.80)** |
| | | | | |
| **Total Estimated Impact (14-day)** | **$ (20.8)** | **$ (63.1)** | **$ (28.0)** | **$ (12.6)** |

# Daily Factors - Hurricane Preparedness Sales Tax Holiday Analysis

**Assume:**

Depending upon what SET OF DAYS are included, the most impact will come from the weekend.
As long as an ENTIRE WEEKEND is included, the most impact will occur on Friday, Saturday, and Sunday.
Weekdays add less to the impact.

| | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | | | | | Calibrate to |
| **Example:** | TUE | WED | THU | FRI | SAT | SUN | MON | TUE | WED | THU | FRI | SAT | SUN | MON | TUE | WED | THU | FRI | SAT | 10-day holiday |
| 15-Day Holiday | 2.0% | 2.0% | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | X | X | X | X | 108.2% |
| 14-Day Holiday START ON SAT | X | X | X | X | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.0% | X | **105.4%** |
| 14-Day Holiday | X | 2.0% | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | X | X | X | X | 106.2% |
| 13-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | X | X | X | X | 104.1% |
| 12-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | X | X | X | X | X | 103.1% |
| 11-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | X | X | X | X | X | X | 102.1% |
| 10-Day Holiday START ON SAT | X | X | X | X | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | X | X | X | X | X | 95.4% |
| 10-Day Holiday | X | X | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | X | X | X | X | X | X | 100.0% |
| 9-Day Holiday | X | X | X | X | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | X | X | X | X | X | X | 94.3% |
| 8-Day Holiday | X | X | X | X | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | X | X | X | X | X | X | X | 84.0% |
| 7-Day Holiday | X | X | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | X | X | X | X | X | X | X | X | X | 66.5% |
| 6-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | X | X | X | X | X | X | X | X | X | X | X | 66.5% |
| 5-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | X | X | X | X | X | X | X | X | X | X | X | X | 65.5% |
| 4-Day Holiday | X | X | 2.0% | 5.5% | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | X | X | X | 64.4% |
| 3-Day Holiday | X | X | X | 5.5% | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | X | X | X | 62.4% |
| 2-Day Holiday | X | X | X | X | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | X | X | X | 56.7% |
| 1-Day Holiday | X | X | X | X | 35.0% | X | X | X | X | X | X | X | X | X | X | X | X | X | X | 36.1% |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Ad Valorem
**Issue**: Construction or Industrial Equipment: Inventory
**Bill Number(s)**: Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: N/A
**Month/Year Impact Begins**: July 1, 2019
**Date of Analysis**: April 5, 2019

**Section 1: Narrative**

**a. Current Law**: Section 4 of Article VII of the Florida Constitution provides (in part): Taxation; assessments.—By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided:
(c) Pursuant to general law tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation.

Section 192.001(11)(c), Florida Statutes, defines "Inventory" to mean only those chattels consisting of items commonly referred to as goods, wares, and merchandise (as well as inventory) which are held for sale or lease to customers in the ordinary course of business. Supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business. Partially finished products which when completed will be held for sale or lease to customers in the ordinary course of business shall be deemed items of inventory. All livestock shall be considered inventory. Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items. For the purposes of this section, fuels used in the production of electricity shall be considered inventory.

"Inventory" also means construction and agricultural equipment weighing 1,000 pounds or more that is returned to a dealership under a rent-to-purchase option and held for sale to customers in the ordinary course of business. This subparagraph may not be considered in determining whether property that is not construction and agricultural equipment weighing 1,000 pounds or more that is returned under a rent-to-purchase option is inventory under subparagraph 1.

Section 196.185 provides: Exemption of inventory.—All items of inventory are exempt from ad valorem taxation.

**b. Proposed Change**: Amends the definition of inventory to include the following language:

"Inventory" also means construction or industrial equipment that is held at a heavy equipment rental dealer location available for sale or rental in the normal course of business on the date of assessment. For the purpose of this chapter and chapter 196, the term "dealer of heavy equipment rental property" means a person or entity principally engaged in the business of short term rental and sale of equipment that is customarily designed and used for construction or industrial applications and includes attachments for the equipment or other ancillary equipment. As used in this subparagraph, the term "short-term rental" means the rental of a dealer's heavy equipment rental property for a period of less than 1 year, for an undefined period, or under a contract with unlimited terms. Items rented to customers and not held at a heavy equipment rental dealer location on the date of assessment shall not be deemed inventory.

**Section 2: Description of Data and Sources**
2018 Tangible Personal Property tax rolls
March 2019 Ad Valorem Assessment Estimating Conference – Tangible Personal Property Estimates
NAICS codes information
Communications with equipment rental companies and contractors

**Section 3: Methodology (Include Assumptions and Attach Details)**
Using the 2018 statewide final Tangible Personal Property (TPP) rolls, all owner names were edited to remove any irregularities so that a name match was possible (commas, periods, and apostrophes were removed, abbreviations standardized, etc.). Four NAICS Codes were identified as being most relevant to the proposed change. These codes were 238910 (site preparation contractors including establishments primarily engaged in construction equipment rental with operators), 238990 (other specialty contractors including crane rental), 532412 (construction, mining, and forestry machinery and equipment rental and leasing), and 532490 (other

commercial and industrial machinery and equipment rental and leasing). Any account whose owner also owned at least one account in one of these four NAICS codes were flagged as "relevant" and extracted.
The 2018 roll values were grown at the account level and exemptions maxed out to estimate the 2019 taxable value.
The TPP in the filtered dataset is assumed to (at least partially) meet the amended definition of "inventory." A reduction factor of 50% was incorporated to account for NAICS codes in which the primary function was not directly related to leasing construction or industrial equipment. The adjusted TPP taxable value from each NAICS code was then aggregated to generate the total TPP taxable value for 2019. The TPP estimates from the March 2019 Ad Valorem Estimating Conference were used to forecast TPP growth until 2024.
From conversations with rental equipment companies and contractors, a consistent range of 68% to 75% of rental property is rented at any given time with no seasonal changes. On January 1, 32% to 25% of the TPP would be on site at the heavy equipment dealer's location and available for rent. The rental contracts were either for very short specified time periods or open-ended.
The low estimate assumed that businesses classified under relevant NAICS codes would retain 25% of their inventory, so the forecasted TPP taxable values were multiplied by 25%. The high estimate used 32%. The middle estimate is an average of the low and high estimates. The 2018 statewide effective millage rates for school and non-school purposes were applied to the taxable value estimates to calculate the fiscal impact.

Estimates of inventory retention were based on conversations with leasing companies located throughout the state.

**Section 4: Proposed Fiscal Impact**

School

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($24.7 M) | ($24.7 M) | ($20.9 M) | ($20.9 M) | ($17.1 M) | ($17.1 M) |
| 2020-21 | ($25.5 M) | ($25.5 M) | ($21.6 M) | ($21.6 M) | ($17.7 M) | ($17.7 M) |
| 2021-22 | ($26.3 M) | ($26.3 M) | ($22.3 M) | ($22.3 M) | ($18.3 M) | ($18.3 M) |
| 2022-23 | ($27.1 M) | ($27.1 M) | ($23.0 M) | ($23.0 M) | ($18.8 M) | ($18.8 M) |
| 2023-24 | ($27.9 M) | ($27.9 M) | ($23.6 M) | ($23.6 M) | ($19.4 M) | ($19.4 M) |

Non-School

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($41.3 M) | ($41.3 M) | ($35.0 M) | ($35.0 M) | ($28.7 M) | ($28.7 M) |
| 2020-21 | ($42.8 M) | ($42.8 M) | ($36.2 M) | ($36.2 M) | ($29.7 M) | ($29.7 M) |
| 2021-22 | ($44.0 M) | ($44.0 M) | ($37.3 M) | ($37.3 M) | ($30.6 M) | ($30.6 M) |
| 2022-23 | ($45.4 M) | ($45.4 M) | ($38.4 M) | ($38.4 M) | ($31.5 M) | ($31.5 M) |
| 2023-24 | ($46.7 M) | ($46.7 M) | ($39.6 M) | ($39.6 M) | ($32.4 M) | ($32.4 M) |

Total

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($66.0 M) | ($66.0 M) | ($55.9 M) | ($55.9 M) | ($45.8 M) | ($45.8 M) |
| 2020-21 | ($68.6 M) | ($68.6 M) | ($58.1 M) | ($58.1 M) | ($47.6 M) | ($47.6 M) |
| 2021-22 | ($71.0 M) | ($71.0 M) | ($60.2 M) | ($60.2 M) | ($49.3 M) | ($49.3 M) |
| 2022-23 | ($73.1 M) | ($73.1 M) | ($62.0 M) | ($62.0 M) | ($50.8 M) | ($50.8 M) |
| 2023-24 | ($75.3 M) | ($75.3 M) | ($63.8 M) | ($63.8 M) | ($52.3 M) | ($52.3 M) |

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

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Ad Valorem
**Issue**: Construction or Industrial Equipment: Inventory
**Bill Number(s)**: Proposed Language

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted an adjusted middle impact with zero for the first year's cash impact. The Conference limited the impact to the top 4 NAICS codes and made a 2% adjustment to 532490 and 532412 and a 50% adjustment to 238990 and 238910.**

| | School | | Non-School | | Total Local/Other | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | 0.0 | (10.3) | 0.0 | (17.2) | 0.0 | (27.5) |
| 2020-21 | (10.6) | (10.6) | (17.8) | (17.8) | (28.5) | (28.5) |
| 2021-22 | (11.0) | (11.0) | (18.3) | (18.3) | (29.3) | (29.3) |
| 2022-23 | (11.3) | (11.3) | (18.9) | (18.9) | (30.2) | (30.2) |
| 2023-24 | (11.6) | (11.6) | (19.5) | (19.5) | (31.1) | (31.1) |

| | 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 | (27.5) | 0.0 | (27.5) |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | (28.5) | (28.5) | (28.5) | (28.5) |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (29.3) | (29.3) | (29.3) | (29.3) |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | (30.2) | (30.2) | (30.2) | (30.2) |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | (31.1) | (31.1) | (31.1) | (31.1) |

**PROPOSED IMPACT**

- TPP Accounts with NAICS Codes 238910, 238990, 532412, or 532490 were extracted.
- A copy of the owner's name fields was made. Irregularities were smoothed out (commas, periods, apostrophes removed, abbreviations standardized, etc)
- The new owner names from the relevant NAICS fields were merged back into the full dataset. Owners with at least one account in any of the relevant NAICS codes were flagged as "relevant."
- The 2019 taxable value was estimated by growing the 2018 TV by 4% and maxing out the available exemption values.
- The roll values were aggregated, separating the totals by unique NAICS codes and the presence of a relevant owner flag.
- Even without the NAICS with no relevant owners, there are too many unique NAICS codes to list. The first 90% of the TV belonging to relevant owners is listed by NAICS, the last 10% is totaled.

| | |
|---|---|
| (light blue) | NAICS Codes with this shading includes all property in NAICS code |
| (yellow) | NAICS codes with this shading includes 100% of property for select entities but not all property in NAICS codes on the TPP rolls |
| (no shading) | NAICS codes with this shading includes 50% of property for select entities but not all property in NAICS codes on the TPP rolls |

| | NAICS_CD | TAX_VAL_2019_FULL | TPP_ACCOUNTS | % of TOTAL | % of TOTAL | REDUCTION FACTOR 50% | REDUCED TAXABLE VALUE | NAICS_DEFINITION |
|---|---|---|---|---|---|---|---|---|
| 16 | 532490 | 3,459,326,314 | 2,846 | 22.60% | | 100% | $ 3,459,326,314.48 | Other Commercial and Industrial Machinery and Equipment Rental and Leasing |
| 17 | 532420 | 1,970,246,841 | 948 | 12.87% | | 50% | $ 985,123,420.28 | Office Machinery and Equipment Rental and Leasing |
| 18 | 532412 | 1,579,785,424 | 417 | 10.32% | | 100% | $ 1,579,785,424.00 | Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing |
| 19 | 517312 | 1,229,436,158 | 61 | 8.03% | | 50% | $ 614,718,078.96 | Wireless Telecommunications Carriers (except Satellite) |
| 20 | 515210 | 934,135,018 | 29 | 6.10% | | 50% | $ 467,067,508.80 | Cable and Other Subscription Programming |
| 21 | 517311 | 468,032,897 | 51 | 3.06% | | 50% | $ 234,016,448.40 | Wired Telecommunications Carriers |
| 22 | 327310 | 351,720,524 | 3 | 2.30% | | 50% | $ 175,860,261.88 | Cement Manufacturing |
| 23 | 532289 | 343,128,953 | 634 | 2.24% | | 50% | $ 171,564,476.68 | All Other Consumer Goods Rental |
| 24 | 522110 | 336,553,605 | 43 | 2.20% | | 50% | $ 168,276,802.60 | Commercial Banking |
| 25 | 312111 | 312,594,754 | 9 | 2.04% | | 50% | $ 156,297,377.00 | Soft Drink Manufacturing |
| 26 | 238990 | 300,949,104 | 12,256 | 1.97% | | 100% | $ 300,949,103.60 | All Other Specialty Trade Contractors |
| 27 | 238910 | 258,555,697 | 1,404 | 1.69% | | 100% | $ 258,555,696.88 | Site Preparation Contractors |
| 28 | 237990 | 226,982,295 | 58 | 1.48% | | 100% | $ 226,982,295.28 | Other Heavy and Civil Engineering Construction |
| 29 | 532310 | 215,198,261 | 121 | 1.41% | | 50% | $ 107,599,130.48 | General Rental Centers |
| 30 | 517919 | 195,903,575 | 68 | 1.28% | | 50% | $ 97,951,787.72 | All Other Telecommunications |
| 31 | 322121 | 181,878,328 | 2 | 1.19% | | 50% | $ 90,939,164.24 | Paper (except Newsprint) Mills |
| 32 | 454210 | 122,899,139 | 198 | 0.80% | | 50% | $ 61,449,569.32 | Vending Machine Operators |
| 33 | 622110 | 102,905,439 | 15 | 0.67% | | 50% | $ 51,452,719.68 | General Medical and Surgical Hospitals |
| 34 | 522220 | 83,716,083 | 144 | 0.55% | | 50% | $ 41,858,041.64 | Sales Financing |
| 35 | 424490 | 81,459,425 | 38 | 0.53% | | 50% | $ 40,729,712.52 | Other Grocery and Related Products Merchant Wholesalers |
| 36 | 561621 | 69,981,442 | 23 | 0.46% | | 50% | $ 34,990,720.96 | Security Systems Services (except Locksmiths) |
| 37 | 562111 | 61,590,858 | 15 | 0.40% | | 50% | $ 30,795,429.16 | Solid Waste Collection |
| 38 | 532283 | 61,342,658 | 95 | 0.40% | | 50% | $ 30,671,329.20 | Home Health Equipment Rental |
| 39 | 237310 | 58,138,381 | 22 | 0.38% | | 100% | $ 58,138,381.12 | Highway, Street, and Bridge Construction |
| 40 | 335999 | 57,280,714 | 12 | 0.37% | | 50% | $ 28,640,357.16 | All Other Miscellaneous Electrical Equipment and Component Manufacturing |
| 41 | 517410 | 56,356,653 | 18 | 0.37% | | 50% | $ 28,178,326.72 | Satellite Telecommunications |
| 42 | 517911 | 51,080,986 | 26 | 0.33% | | 50% | $ 25,540,493.12 | Telecommunications Resellers |
| 43 | 541850 | 49,433,762 | 31 | 0.32% | | 50% | $ 24,716,881.24 | Outdoor Advertising |
| 44 | 541330 | 47,489,200 | 23 | 0.31% | | 50% | $ 23,744,600.24 | Engineering Services |
| 45 | 453998 | 46,641,452 | 80 | 0.30% | | 50% | $ 23,320,726.16 | All Other Miscellaneous Store Retailers (except Tobacco Stores) |
| 46 | 532210 | 46,477,811 | 220 | 0.30% | | 50% | $ 23,238,905.28 | Consumer Electronics and Appliances Rental |
| 47 | 424690 | 44,657,596 | 18 | 0.29% | | 50% | $ 22,328,797.84 | Other Chemical and Allied Products Merchant Wholesalers |
| 48 | 322211 | 43,648,219 | 1 | 0.29% | | 50% | $ 21,824,109.64 | Corrugated and Solid Fiber Box Manufacturing |
| 49 | 334418 | 43,645,654 | 1 | 0.29% | | 50% | $ 21,822,826.76 | Printed Circuit Assembly (Electronic Assembly) Manufacturing |
| 50 | 311812 | 43,044,595 | 3 | 0.28% | | 50% | $ 21,522,297.52 | Commercial Bakeries |
| 51 | 518210 | 39,101,872 | 30 | 0.26% | | 50% | $ 19,550,935.96 | Data Processing, Hosting, and Related Services |
| 52 | 524210 | 36,484,400 | 13 | 0.24% | | 50% | $ 18,242,199.80 | Insurance Agencies and Brokerages |
| 53 | 532120 | 34,026,871 | 46 | 0.22% | | 50% | $ 17,013,435.36 | Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing |
| 54 | 541990 | 31,720,250 | 44 | 0.21% | | 50% | $ 15,860,125.20 | All Other Professional, Scientific, and Technical Services |
| 55 | 237130 | 30,855,843 | 26 | 0.20% | | 100% | $ 30,855,843.04 | Power and Communication Line and Related Structures Construction |
| 56 | 424410 | 30,317,310 | 20 | 0.20% | | 50% | $ 15,158,655.04 | General Line Grocery Merchant Wholesalers |

| | A | B | C | D | E | F | G | H | I |
|---|---|---|---|---|---|---|---|---|---|
| 57 | | 541910 | 29,671,787 | 8 | 0.19% | | 50% | $ 14,835,893.40 | Marketing Research and Public Opinion Polling |
| 58 | | 212319 | 29,214,068 | 3 | 0.19% | | 50% | $ 14,607,033.84 | Other Crushed and Broken Stone Mining and Quarrying |
| 59 | | 561499 | 29,120,312 | 102 | 0.19% | 90% | 50% | $ 14,560,156.12 | All Other Business Support Services |
| 60 | | OTHER NAICS | 1,481,039,573 | 3,432 | 9.68% | 100% | 50% | $ 740,519,786.44 | |
| 61 | | | | | | | | | |
| 62 | | TOTAL RELEVANT OWNERS | 15,307,770,103 | 23,657 | | | | $ 10,611,181,580.76 | |

| | A | B | C | D | E | F | G | H | I |
|---|---|---|---|---|---|---|---|---|---|
| 1 | | **ADOPTED IMPACT** | | | | | | | |
| 2 | | - TPP Accounts with NAICS Codes 238910, 238990, 532412, or 532490 were extracted. | | | | | | | |
| 3 | | - A copy of the owner's name fields was made. Irregularities were smoothed out (commas, periods, apostrophes removed, abbreviations standardized, etc) | | | | | | | |
| 4 | | - The new owner names from the relevant NAICS fields were merged back into the full dataset. Owners with at least one account in any of the relevant NAICS codes were flagged as "relevant." | | | | | | | |
| 5 | | - The 2019 taxable value was estimated by growing the 2018 TV by 4% and maxing out the available exemption values. | | | | | | | |
| 6 | | - The roll values were aggregated, separating the totals by unique NAICS codes and the presence of a relevant owner flag. | | | | | | | |
| 7 | | - Even without the NAICS with no relevant owners, there are too many unique NAICS codes to list. The first 90% of the TV belonging to relevant owners is listed by NAICS, the last 10% is totaled. | | | | | | | |
| 8 | | | | | | | | | |
| 9 | | | NAICS Codes with this shading includes all property in NAICS code | | | | | | |
| 10 | | | NAICS codes with this shading includes 100% of property for select entities but not all property in NAICS codes on the TPP rolls | | | | | | |
| 11 | | | NAICS codes with this shading includes 50% of property for select entities but not all property in NAICS codes on the TPP rolls | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | | NAICS_CD | TAX_VAL_2019_FULL | TPP_ACCOUNTS | % of TOTAL | % of TOTAL | REDUCTION FACTOR | REDUCED TAXABLE VALUE | NAICS_DEFINITION |
| 16 | | 532490 | 3,459,326,314 | 2,846 | 22.60% | | 98% | $ 3,390,139,788.19 | Other Commercial and Industrial Machinery and Equipment Rental and Leasing |
| 18 | | 532412 | 1,579,785,424 | 417 | 10.32% | | 98% | $ 1,548,189,715.52 | Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing |
| 26 | | 238990 | 300,949,104 | 12,256 | 1.97% | | 50% | $ 150,474,551.80 | All Other Specialty Trade Contractors |
| 27 | | 238910 | 258,555,697 | 1,404 | 1.69% | | 50% | $ 129,277,848.44 | Site Preparation Contractors |
| 61 | | | | | | | | | |
| 62 | | TOTAL RELEVANT OWNERS | 15,307,770,103 | 23,657 | | | | $ 5,218,081,903.95 | |

| Proposed | ADOPTED |
|---|---|
| TOTAL TPP of EQUIPMENT RENTAL ENTITIES | TOTAL TPP of EQUIPMENT RENTAL ENTITIES |
| $ 10,611,181,581 | $ 5,218,081,904 |

| | Statewide Effective Millage Rates | PROPOSED REVENUE | **ADOPTED REVENUE** |
|---|---|---|---|
| School | 6.4596 | $ 68,543,989 | **$ 33,706,722** |
| Non-School | 10.8122 | $ 114,730,217 | **$ 56,418,945** |
| Total | 17.2718 | $ 183,274,206 | **$ 90,125,667** |

| YEAR | TPP FORECAST | GROWTH |
|---|---|---|
| 2018 | 125.34 | |
| 2019 | 130.35 | 4.0% |
| 2020 | 134.92 | 3.5% |
| 2021 | 138.96 | 3.0% |
| 2022 | 143.13 | 3.0% |
| 2023 | 147.43 | 3.0% |
| 2024 | 151.85 | 3.0% |

Rental equipment companies were contacted and asked how much of their inventory was rented out at any given time-68% was the lowest portion, while 75% was the highest. The middle is an average of the two.

| | Unadjusted Rental Rate | Jan 1 Holiday Premium | Adjusted Rental Rate |
|---|---|---|---|
| HIGH | 68.0% | 4.0% | 64% |
| MIDDLE | 71.5% | 2.0% | 70% |
| LOW | 75.0% | 0.0% | 75% |

SCHOOL

| | TOTAL ENTITY TPP | GROWTH | HIGH 36.0% | MIDDLE 30.5% | LOW 25.0% | **ADOPTED 30.5%** |
|---|---|---|---|---|---|---|
| 2019-20 | $ 68,543,989 | 4.0% | $ 24,675,836 | $ 20,905,917 | $ 17,135,997 | **$ 10,280,550** |
| 2020-21 | $ 70,947,103 | 3.5% | $ 25,540,957 | $ 21,638,867 | $ 17,736,776 | **$ 10,640,981** |
| 2021-22 | $ 73,071,520 | 3.0% | $ 26,305,747 | $ 22,286,814 | $ 18,267,880 | **$ 10,959,611** |
| 2022-23 | $ 75,264,297 | 3.0% | $ 27,095,147 | $ 22,955,611 | $ 18,816,074 | **$ 11,288,494** |
| 2023-24 | $ 77,525,433 | 3.0% | $ 27,909,156 | $ 23,645,257 | $ 19,381,358 | **$ 11,627,630** |

NON-SCHOOL

| | TOTAL ENTITY TPP | GROWTH | HIGH 36.0% | MIDDLE 30.5% | LOW 25.0% | ADOPTED 30.5% |
|---|---|---|---|---|---|---|
| 2019-20 | $ 114,730,217 | 4.0% | $ 41,302,878 | $ 34,992,716 | $ 28,682,554 | **$ 17,207,778** |
| 2020-21 | $ 118,752,596 | 3.5% | $ 42,750,935 | $ 36,219,542 | $ 29,688,149 | **$ 17,811,074** |
| 2021-22 | $ 122,308,485 | 3.0% | $ 44,031,055 | $ 37,304,088 | $ 30,577,121 | **$ 18,344,403** |
| 2022-23 | $ 125,978,796 | 3.0% | $ 45,352,366 | $ 38,423,533 | $ 31,494,699 | **$ 18,894,893** |
| 2023-24 | $ 129,763,529 | 3.0% | $ 46,714,870 | $ 39,577,876 | $ 32,440,882 | **$ 19,462,545** |

TOTAL

| | TOTAL ENTITY TPP | GROWTH | HIGH 36.0% | MIDDLE 30.5% | LOW 25.0% | ADOPTED 30.5% |
|---|---|---|---|---|---|---|
| 2019-20 | $ 183,274,206 | $ 0 | $ 65,978,714 | $ 55,898,633 | $ 45,818,552 | $ 27,488,328 |
| 2020-21 | $ 190,599,910 | $ 0 | $ 68,615,968 | $ 58,132,973 | $ 47,649,978 | $ 28,452,054 |
| 2021-22 | $ 197,282,239 | $ 0 | $ 71,021,606 | $ 60,171,083 | $ 49,320,560 | $ 29,304,013 |
| 2022-23 | $ 203,189,594 | $ 0 | $ 73,148,254 | $ 61,972,826 | $ 50,797,398 | $ 30,183,387 |
| 2023-24 | $ 209,287,036 | $ 0 | $ 75,343,333 | $ 63,832,546 | $ 52,321,759 | $ 31,090,175 |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Article V
**Issue**: Filing Fee Redirect
**Bill Number(s)**: Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Section 1
**Sponsor(s)**: Proposed Language
**Month/Year Impact Begins**: 01/01/2020
**Date of Analysis**: 04/05/2019

**Section 1: Narrative**

**a. Current Law**: Section 28.241(6), F.S. provides that from each attorney appearing pro hac vice, the clerk of the circuit court shall collect a fee of $100 to be deposited $50 into the General Revenue Fund and $50 into the State Courts Revenue Trust Fund.

**b. Proposed Change**: The distribution of the $100 fee per s. 28.241(6), F.S. would be changed from being split between the General Revenue Fund and the State Courts Revenue Trust Fund to being entirely deposited into the State Courts Revenue Trust Fund.

**Section 2: Description of Data and Sources**
02/13/2019 Article V REC results

**Section 3: Methodology (Include Assumptions and Attach Details)**
The $100 fee per s. 28.241(6), F.S. is included in the "Miscellaneous" category. The annual forecast is about $0.2M. The distribution split in the bill would shift $0.1M of that from the General Revenue Fund to the State Court Revenue Trust Fund. The first year cash impact was adjusted for the January effective date and distribution lag.

**Section 4: Proposed Fiscal Impact**

| Trust | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | * | 0.1 | | |
| 2020-21 | | | 0.1 | 0.1 | | |
| 2021-22 | | | 0.1 | 0.1 | | |
| 2022-23 | | | 0.1 | 0.1 | | |
| 2023-24 | | | 0.1 | 0.1 | | |

| GR | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | * | (0.1) | | |
| 2020-21 | | | (0.1) | (0.1) | | |
| 2021-22 | | | (0.1) | (0.1) | | |
| 2022-23 | | | (0.1) | (0.1) | | |
| 2023-24 | | | (0.1) | (0.1) | | |

**List of affected Trust Funds:** State Court Revenue Trust Fund; General Revenue Fund; GR Service Charge

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted the proposed estimate.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (*) | (0.1) | * | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2020-21 | (0.1) | (0.1) | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | (0.1) | (0.1) | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | (0.1) | (0.1) | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | (0.1) | (0.1) | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |

**02/13/2019 Article V REC Revenue Forecast for s. 28.241(6) ($-million)**

| Statutory Citation | REC Category | Revenue Description | FY 1920 | FY 2021 | FY 2122 | FY 2223 | FY 2324 |
|---|---|---|---|---|---|---|---|
| 28.241(6) | Miscellaneous | $50 of $100 fee for attorneys appearing pro hac vice in circuit court | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |
| 28.241(6) | Miscellaneous | $50 of $100 fee for attorneys appearing pro hac vice in circuit court | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |

**Current Law**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |
| General Revenue Fund | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |

**New Recurring**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $0.2 | $0.2 | $0.2 | $0.2 | $0.2 |
| General Revenue Fund | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |

**Impact Recurring (Section 4)**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |
| General Revenue Fund | ($0.1) | ($0.1) | ($0.1) | ($0.1) | ($0.1) |

**Impact FY 2019-20 Cash (Section 4)**

| | |
|---|---|
| State Courts Revenue Trust Fund | $0.04 |
| General Revenue Fund | ($0.04) |

**Impact (Section 5, Includes GR Service Charge)**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $0.1 | $0.1 | $0.1 | $0.1 | $0.1 |
| General Revenue Fund | ($0.1) | ($0.1) | ($0.1) | ($0.1) | ($0.1) |

**Impact FY 2019-20 Cash (Section 5)**

| | |
|---|---|
| State Courts Revenue Trust Fund | $0.04 |
| General Revenue Fund | ($0.04) |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Article V
**Issue**: Traffic School
**Bill Number(s)**: Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Sections 2 and 3
**Sponsor(s)**: Proposed Language
**Month/Year Impact Begins**: 01/01/2020
**Date of Analysis**: 04/05/2019

**Section 1: Narrative**

**a. Current Law**: Section 318.14(9), F.S., provides any person who does not hold a commercial driver license or commercial learner's permit and who is cited while driving a noncommercial motor vehicle for an infraction under this section other than a violation of s. 316.183(2), s. 316.187, or s. 316.189 when the driver exceeds the posted limit by 30 miles per hour or more, s. 320.0605, s. 320.07(3)(a) or (b), s. 322.065, s. 322.15(1), s. 322.61, or s. 322.62 may, in lieu of a court appearance, elect to attend a basic driver improvement course approved by the Department of Highway Safety and Motor Vehicles. In such a case, adjudication must be withheld and points may not be assessed. However, a person may not make an election under this subsection if the person has made an election under this subsection in the preceding 12 months. A person may not make more than five elections within his or her lifetime under this subsection. If a person makes an election to attend a basic driver improvement course under this subsection, any civil penalty imposed per s. 318.18(3) must be reduced by 9 percent. In addition, 9 percent of the civil penalty imposed under s. 318.18(3) shall be deposited in the State Courts Revenue Trust Fund.

**b. Proposed Change**: The bill would eliminate the 9% distributed into the State Court Revenue Trust Fund. The reduction to the civil penalty imposed when traffic school is attended would be increased from 9% to 18%.

**Section 2: Description of Data and Sources**
02/13/2019 Article V REC results

**Section 3: Methodology (Include Assumptions and Attach Details)**
Revenues collected under s. 318.14(9), F.S., are forecasted as part of the Article V REC under the "Other Traffic Court" category. In February of 2019, the conference adopted a forecast of $1.8 million in collections for FY 2019-20, which was increased to $1.9 million for FY 2020-21, then reduced back to $1.8 million for FY 2021-22 through FY 2023-24. This amount, which is currently deposited into the State Courts Revenue Trust Fund, would be eliminated as a traffic fine reduction for those who elect to attend traffic school. The first year's cash impact was adjusted for the January effective date and distribution lag.

**Section 4: Proposed Fiscal Impact**

| Trust | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | (0.8) | (1.8) | | |
| 2020-21 | | | (1.9) | (1.9) | | |
| 2021-22 | | | (1.8) | (1.8) | | |
| 2022-23 | | | (1.8) | (1.8) | | |
| 2023-24 | | | (1.8) | (1.8) | | |

**List of affected Trust Funds:**
State Court Revenue Trust Fund

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted the proposed estimate.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | 0.0 | (0.1) | (0.7) | (1.7) | 0.0 | 0.0 | (0.7) | (1.8) |
| 2020-21 | (0.2) | (0.2) | (1.7) | (1.7) | 0.0 | 0.0 | (1.9) | (1.9) |
| 2021-22 | (0.1) | (0.1) | (1.7) | (1.7) | 0.0 | 0.0 | (1.8) | (1.8) |
| 2022-23 | (0.1) | (0.1) | (1.7) | (1.7) | 0.0 | 0.0 | (1.8) | (1.8) |
| 2023-24 | (0.1) | (0.1) | (1.7) | (1.7) | 0.0 | 0.0 | (1.8) | (1.8) |

**02/13/2019 Article V REC Revenue Forecast for s. 318.14(9) ($-million)**

| Statutory Citation | REC Category | Revenue Description | FY 1920 | FY 2021 | FY 2122 | FY 2223 | FY 2324 |
|---|---|---|---|---|---|---|---|
| 318.14(9) | Other Traffic | 9% of the civil penalty imposed under s. 318.18(3) if basic driver improvement school elected. | $1.8 | $1.9 | $1.8 | $1.8 | $1.8 |

**Current Law**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $1.8 | $1.9 | $1.8 | $1.8 | $1.8 |

**New**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |

**Impact (Section 4)**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | ($1.8) | ($1.9) | ($1.8) | ($1.8) | ($1.8) |

**Impact (Section 5, Includes GR Service Charge)***

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | ($1.7) | ($1.7) | ($1.7) | ($1.7) | ($1.7) |
| General Revenue Fund | ($0.1) | ($0.2) | ($0.1) | ($0.1) | ($0.1) |

**Impact FY 1819 Cash (Section 5)**

| | |
|---|---|
| State Courts Revenue Trust Fund | ($0.7) |
| General Revenue Fund | $0.0 |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Article V
**Issue**: Marriage License
**Bill Number(s)**: Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Section 4
**Sponsor(s)**: Proposed Language
**Month/Year Impact Begins**: 01/01/2020
**Date of Analysis**: 04/05/2019

**Section 1: Narrative**

a. **Current Law**: Section 741.01(3), F.S. provides that an additional $25 fee shall be paid upon receipt of the application for issuance of a marriage license, to be deposited $12.50 into the General Revenue Fund and $12.50 into the State Courts Revenue Trust Fund.

b. **Proposed Change**: The distribution of the $25 fee per s. 741.01(3), F.S. would be changed from being split between the General Revenue Fund and the State Courts Revenue Trust Fund to being entirely deposited into the State Courts Revenue Trust Fund.

**Section 2: Description of Data and Sources**
02/13/2019 Article V REC results

**Section 3: Methodology (Include Assumptions and Attach Details)**
The $25 fee per s. 741.01(3), F.S. is included in the "Miscellaneous" category. The annual forecast is about $3.8M. The distribution split in the bill would shift $1.9M of that from the General Revenue Fund to the State Court Revenue Trust Fund. The first year cash impact was adjusted for the January effective date and distribution lag.

**Section 4: Proposed Fiscal Impact**

| Trust | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | 0.8 | 1.9 | | |
| 2020-21 | | | 1.9 | 1.9 | | |
| 2021-22 | | | 1.9 | 1.9 | | |
| 2022-23 | | | 1.9 | 1.9 | | |
| 2023-24 | | | 1.9 | 1.9 | | |

| GR | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | (0.8) | (1.9) | | |
| 2020-21 | | | (1.9) | (1.9) | | |
| 2021-22 | | | (1.9) | (1.9) | | |
| 2022-23 | | | (1.9) | (1.9) | | |
| 2023-24 | | | (1.9) | (1.9) | | |

**List of affected Trust Funds:**
State Court Revenue Trust Fund
General Revenue Fund

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted the proposed estimate.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (0.7) | (1.7) | 0.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2020-21 | (1.7) | (1.7) | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | (1.7) | (1.7) | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | (1.7) | (1.7) | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | (1.7) | (1.7) | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 |

**02/13/2019 Article V REC Revenue Forecast for s. 741.01(3) ($-million)**

| Statutory Citation | REC Category | Revenue Description | FY 1920 | FY 2021 | FY 2122 | FY 2223 | FY 2324 |
|---|---|---|---|---|---|---|---|
| 741.01(3) | Miscellaneous | $12.50 of $25 additional fee upon receipt of application for marriage license | $1.9 | $1.9 | $1.9 | $1.9 | $1.9 |
| 741.01(3) | Miscellaneous | $12.50 of $25 additional fee upon receipt of application for marriage license | $1.9 | $1.9 | $1.9 | $1.9 | $1.9 |

**Current Law**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $1.9 | $1.9 | $1.9 | $1.9 | $1.9 |
| General Revenue Fund | $1.9 | $1.9 | $1.9 | $1.9 | $1.9 |

**New Recurring**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $3.8 | $3.8 | $3.8 | $3.8 | $3.8 |
| General Revenue Fund | $0.0 | $0.0 | $0.0 | $0.0 | $0.0 |

**Impact Recurring (Section 4)**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $1.9 | $1.9 | $1.9 | $1.9 | $1.9 |
| General Revenue Fund | ($1.9) | ($1.9) | ($1.9) | ($1.9) | ($1.9) |

**Impact FY 1819 Cash (Section 4)**

| | |
|---|---|
| State Courts Revenue Trust Fund | $0.8 |
| General Revenue Fund | ($0.8) |

**Impact (Section 5, Includes GR Service Charge)**

| | | | | | |
|---|---|---|---|---|---|
| State Courts Revenue Trust Fund | $1.7 | $1.7 | $1.7 | $1.7 | $1.7 |
| General Revenue Fund | ($1.7) | ($1.7) | ($1.7) | ($1.7) | ($1.7) |

**Impact FY 1819 Cash (Section 5)**

| | |
|---|---|
| State Courts Revenue Trust Fund | $0.7 |
| General Revenue Fund | ($0.7) |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Rental and Lease of Vehicles
**Bill Number(s)**: Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: N/A
**Month/Year Impact Begins**: Upon becoming Law
**Date of Analysis**: 3/28/2019

**Section 1: Narrative**

**a. Current Law**: Section 220.13, Florida Statutes, requires that there shall be added to taxable income an amount equal to 100% of any amount deducted for federal income tax purposes as bonus depreciation for the taxable year pursuant to 167 and 168 (K) of the Internal Revenue Code of 1986, as amended by s. 13201 of PUB.L. No. 115-97. For the taxable year and for each of the 6 subsequent taxable years, there shall be subtracted from such taxable income an amount equal to one-seventh of the amount by which taxable income was increased pursuant to this subparagraph, notwithstanding any sale or other disposition of the property that is the subject of the adjustments and regardless of whether such property remains in service in the hands of the taxpayer.

Section 13201 of Public Law No. 115-97 provided for an increase in bonus depreciation for assets acquired and placed in service after September 27, 2017 and before 2018 from 50% to 100%.for property placed in service during 2018 it increased the bonus depreciation from 40% to 100%, for property placed in service during 2019, it increased the amount of bonus depreciation from 30% to 100%. It provided bonus depreciation of 100% for assets put in place 2020 through 2022. It also allowed bonus depreciation of 80% for property placed in service in 2023, 60% for property placed in service in 2024, 40% for property put in service in 2025 ad 20% for property put in service in 2026.

**b. Proposed Change**:

Creates an exception to the requirement to add back bonus depreciation amounts. States that for taxpayers in NAICS national industry groups 532111 (Passenger Car Rentals), 532112 (Passenger Car Leasing) and 522220 (Sales Financing) are not required to add to taxable income any amounts deducted for federal income tax purposes as bonus depreciation related to passenger cars offered for rent or lease for the taxable year pursuant to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as amended by section 13201 of Public Law No. 115-97.

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

Schedule of addback and subtractions under current law
Schedule of Bonus depreciation allowed under the tax Cuts and Jobs Act
Review of CIT returns for certain entities within NAICS code 53211
IBISWorld Data:
Industry Report 53211
Revenue growth 2018-2023 1.7%
2018 Revenue - $42.0 B
4/2016 to 3/2017 fixed assets as a percent of total assets – 70.6%
4/2016 to 3/2017 Total assets - $2.322 B
Verbiage that Depreciation is top expense at 31.4% of revenues, exceeding purchase costs
9.8% of locations nationwide are in Florida

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

Using the IBISWorld data noted above, it was assumed that purchases of vehicles were 30% of revenue for the high, 25% of revenue for the middle and 20% of revenue for the low. The Florida share from apportionment was assumed to be 15% in the high, 12% in the low and 10% in the middle. Modeled current law addback and subtractions. Compared to allowing full depreciation in the first year for each of the high, middle and low scenarios. The impact was computed as the full deprecation amount minus the current law amount. The 5.5% CIT tax rate was applied to get revenue impacts. These impacts were then grossed up 25% in the high, 20% in the middle and 15% in the low to simulate impact from allowing this treatment for leased vehicles as well as rental car vehicles.

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Rental and Lease of Vehicles
**Bill Number(s)**: Proposed Language

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($226.9 M) | ($226.9 M) | ($145.2 M) | ($145.2 M) | ($92.8 M) | ($92.8 M) |
| 2020-21 | ($212.2 M) | ($212.2 M) | ($135.8 M) | ($135.8 M) | ($86.7 M) | ($86.7 M) |
| 2021-22 | ($197.2 M) | ($197.2 M) | ($126.2 M) | ($126.2 M) | ($80.6 M) | ($80.6 M) |
| 2022-23 | ($182.0 M) | ($182.0 M) | ($116.5 M) | ($116.5 M) | ($74.4 M) | ($74.4 M) |
| 2023-24 | ($114.0 M) | ($114.0 M) | ($73.0 M) | ($73.0 M) | ($46.6 M) | ($46.6 M) |

Note – the retroactive application results in 2018-19 impacts of ($241.3 M) in the high, ($154.4 M) in the middle, and (98.7 M in the low. The conference may want to consider these as realized through refunds in 2019-20.
**List of affected Trust Funds:** CIT Group

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted an adjusted middle impact. The adjustment reduced the "other leased vehicles" assumption from 20% to 15%. The retroactive impact has been included in Fiscal Year 2019-20.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (287.1) | (139.1) | 0.0 | 0.0 | 0.0 | 0.0 | (287.1) | (139.1) |
| 2020-21 | (130.1) | (130.1) | 0.0 | 0.0 | 0.0 | 0.0 | (130.1) | (130.1) |
| 2021-22 | (120.9) | (120.9) | 0.0 | 0.0 | 0.0 | 0.0 | (120.9) | (120.9) |
| 2022-23 | (111.6) | (111.6) | 0.0 | 0.0 | 0.0 | 0.0 | (111.6) | (111.6) |
| 2023-24 | (69.9) | (69.9) | 0.0 | 0.0 | 0.0 | 0.0 | (69.9) | (69.9) |

| | A | B | C | D | E |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | IBISWorld data: | | | | |
| 3 | Industry Revenue Growth 2018-2023 | | | 1.70% | |
| 4 | 2018 Revenue | | | $42,000,000,000 | |
| 5 | Depreciation as a share of revenue | | | 31.4% | Note - exceeds cost of purchases |
| 6 | | | | | |
| 7 | Model | Revenue | | | |
| 8 | 2018 | $42,000,000,000 | | | |
| 9 | 2019 | $42,714,000,000 | | | |
| 10 | 2020 | $43,440,138,000 | | | |
| 11 | 2021 | $44,178,620,346 | | | |
| 12 | 2022 | $44,929,656,892 | | | |
| 13 | 2023 | $45,693,461,059 | | | |
| 14 | 2024 | $46,470,249,897 | | | |
| 15 | | | | | |
| 16 | | Rental Vehicle purchases as a % of Revenues | | | |
| 17 | | 30% | 25% | 20% | |
| 18 | | High | Middle | Low | |
| 19 | 2018 | $12,600,000,000 | $10,500,000,000 | $8,400,000,000 | |
| 20 | 2019 | $12,814,200,000 | $10,678,500,000 | $8,542,800,000 | |
| 21 | 2020 | $13,032,041,400 | $10,860,034,500 | $8,688,027,600 | |
| 22 | 2021 | $13,253,586,104 | $11,044,655,087 | $8,835,724,069 | |
| 23 | 2022 | $13,478,897,068 | $11,232,414,223 | $8,985,931,378 | |
| 24 | 2023 | $13,708,038,318 | $11,423,365,265 | $9,138,692,212 | |
| 25 | 2024 | $13,941,074,969 | $11,617,562,474 | $9,294,049,979 | |
| 26 | | | | | |
| 27 | | Florida Share - Apportionment | | | |
| 28 | | 15% | 12% | 10% | |
| 29 | | High | Middle | Low | |
| 30 | 2018 | $1,890,000,000 | $1,260,000,000 | $840,000,000 | |
| 31 | 2019 | $1,922,130,000 | $1,281,420,000 | $854,280,000 | |
| 32 | 2020 | $1,954,806,210 | $1,303,204,140 | $868,802,760 | |
| 33 | 2021 | $1,988,037,916 | $1,325,358,610 | $883,572,407 | |
| 34 | 2022 | $2,021,834,560 | $1,347,889,707 | $898,593,138 | |
| 35 | 2023 | $2,056,205,748 | $1,370,803,832 | $913,869,221 | |
| 36 | 2024 | $2,091,161,245 | $1,394,107,497 | $929,404,998 | |
| 37 | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 38 | High | | | | | | | | | | |
| 39 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 40 | | | | | | | | | | | |
| 41 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 42 | 2018 | $1,890,000,000 | $1,620,000,000 | -$270,000,000 | -$270,000,000 | -$270,000,000 | -$270,000,000 | -$270,000,000 | -$270,000,000 | | |
| 43 | 2019 | $1,922,130,000 | | $1,647,540,000 | -$274,590,000 | -$274,590,000 | -$274,590,000 | -$274,590,000 | -$274,590,000 | -$274,590,000 | |
| 44 | 2020 | $1,954,806,210 | | | $1,675,548,180 | -$279,258,030 | -$279,258,030 | -$279,258,030 | -$279,258,030 | -$279,258,030 | -$279,258,030 |
| 45 | 2021 | $1,988,037,916 | | | | $1,704,032,499 | -$284,005,417 | -$284,005,417 | -$284,005,417 | -$284,005,417 | -$284,005,417 |
| 46 | 2022 | $2,021,834,560 | | | | | $1,733,001,052 | -$288,833,509 | -$288,833,509 | -$288,833,509 | -$288,833,509 |
| 47 | 2023 | $2,056,205,748 | | | | | | $1,409,969,656 | -$234,994,943 | -$234,994,943 | -$234,994,943 |
| 48 | 2024 | $2,091,161,245 | | | | | | | $1,075,454,355 | -$179,242,392 | -$179,242,392 |
| 49 | Total | | $1,620,000,000 | $1,377,540,000 | $1,130,958,180 | $880,184,469 | $625,147,605 | $13,282,700 | -$556,227,543 | -$1,540,924,290 | -$1,266,334,290 |
| 50 | | | | | | | | | | | |
| 51 | Proposed Law | | | | | | | | | | |
| 52 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 53 | | | | | | | | | | | |
| 54 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 55 | 2018 | $1,890,000,000 | -$1,890,000,000 | $0 | | | | | | | |
| 56 | 2019 | $1,922,130,000 | | -$1,922,130,000 | | | | | | | |
| 57 | 2020 | $1,954,806,210 | | | -$1,954,806,210 | | | | | | |
| 58 | 2021 | $1,988,037,916 | | | | -$1,988,037,916 | | | | | |
| 59 | 2022 | $2,021,834,560 | | | | | -$2,021,834,560 | | | | |
| 60 | 2023 | $2,056,205,748 | | | | | | -$1,644,964,598 | | | |
| 61 | 2024 | $2,091,161,245 | | | | | | | -$1,254,696,747 | | |
| 63 | High Impact | | -$3,510,000,000 | -$3,299,670,000 | -$3,085,764,390 | -$2,868,222,385 | -$2,646,982,165 | -$1,658,247,299 | -$698,469,204 | | |
| 64 | At 5.5% | | -$193,050,000 | -$181,481,850 | -$169,717,041 | -$157,752,231 | -$145,584,019 | -$91,203,601 | -$38,415,806 | | |
| 65 | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 66 | | | | | | | | | | | |
| 67 | Middle | | | | | | | | | | |
| 68 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 69 | | | | | | | | | | | |
| 70 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 71 | 2018 | $1,260,000,000 | $1,080,000,000 | -$180,000,000 | -$180,000,000 | -$180,000,000 | -$180,000,000 | -$180,000,000 | -$180,000,000 | | |
| 72 | 2019 | $1,281,420,000 | | $1,098,360,000 | -$183,060,000 | -$183,060,000 | -$183,060,000 | -$183,060,000 | -$183,060,000 | -$183,060,000 | |
| 73 | 2020 | $1,303,204,140 | | | $1,117,032,120 | -$186,172,020 | -$186,172,020 | -$186,172,020 | -$186,172,020 | -$186,172,020 | -$186,172,020 |
| 74 | 2021 | $1,325,358,610 | | | | $1,136,021,666 | -$189,336,944 | -$189,336,944 | -$189,336,944 | -$189,336,944 | -$189,336,944 |
| 75 | 2022 | $1,347,889,707 | | | | | $1,155,334,034 | -$192,555,672 | -$192,555,672 | -$192,555,672 | -$192,555,672 |
| 76 | 2023 | $1,370,803,832 | | | | | | $939,979,770 | -$156,663,295 | -$156,663,295 | -$156,663,295 |
| 77 | 2024 | $1,394,107,497 | | | | | | | $716,969,570 | -$119,494,928 | -$119,494,928 |
| 78 | Total | | $1,080,000,000 | $918,360,000 | $753,972,120 | $586,789,646 | $416,765,070 | $8,855,134 | -$370,818,362 | -$1,027,282,860 | |
| 79 | | | | | | | | | | | |
| 80 | Proposed Law | | | | | | | | | | |
| 81 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 82 | | | | | | | | | | | |
| 83 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 84 | 2018 | $1,260,000,000 | -$1,260,000,000 | | | | | | | | |
| 85 | 2019 | $1,281,420,000 | | -$1,281,420,000 | | | | | | | |
| 86 | 2020 | $1,303,204,140 | | | -$1,303,204,140 | | | | | | |
| 87 | 2021 | $1,325,358,610 | | | | -$1,325,358,610 | | | | | |
| 88 | 2022 | $1,347,889,707 | | | | | -$1,347,889,707 | | | | |
| 89 | 2023 | $1,370,803,832 | | | | | | -$1,096,643,065 | | | |
| 90 | 2024 | $1,394,107,497 | | | | | | | -$836,464,498 | | |
| 91 | | | | | | | | | | | |
| 92 | Middle Impact | | -$2,340,000,000 | -$2,199,780,000 | -$2,057,176,260 | -$1,912,148,256 | -$1,764,654,777 | -$1,105,498,199 | -$465,646,136 | | |
| 93 | At 5.5% | | -$128,700,000 | -$120,987,900 | -$113,144,694 | -$105,168,154 | -$97,056,013 | -$60,802,401 | -$25,610,537 | | |
| 94 | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 95 | Low | | | | | | | | | | |
| 96 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 97 | | | | | | | | | | | |
| 98 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 99 | 2018 | $840,000,000 | $720,000,000 | -$120,000,000 | -$120,000,000 | -$120,000,000 | -$120,000,000 | -$120,000,000 | -$120,000,000 | | |
| 100 | 2019 | $854,280,000 | | $732,240,000 | -$122,040,000 | -$122,040,000 | -$122,040,000 | -$122,040,000 | -$122,040,000 | -$122,040,000 | |
| 101 | 2020 | $868,802,760 | | | $744,688,080 | -$124,114,680 | -$124,114,680 | -$124,114,680 | -$124,114,680 | -$124,114,680 | -$124,114,680 |
| 102 | 2021 | $883,572,407 | | | | $757,347,777 | -$126,224,630 | -$126,224,630 | -$126,224,630 | -$126,224,630 | -$126,224,630 |
| 103 | 2022 | $898,593,138 | | | | | $770,222,690 | -$128,370,448 | -$128,370,448 | -$128,370,448 | -$128,370,448 |
| 104 | 2023 | $913,869,221 | | | | | | $626,653,180 | -$104,442,197 | -$104,442,197 | -$104,442,197 |
| 105 | 2024 | $929,404,998 | | | | | | | $477,979,713 | -$79,663,286 | -$79,663,286 |
| 106 | Total | | $720,000,000 | $612,240,000 | $502,648,080 | $391,193,097 | $277,843,380 | $5,903,422 | -$247,212,241 | -$684,855,240 | |
| 107 | | | | | | | | | | | |
| 108 | Proposed Law | | | | | | | | | | |
| 109 | | | 100% | 100% | 100% | 100% | 100% | 80% | 60% | 40% | 20% |
| 110 | | | | | | | | | | | |
| 111 | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
| 112 | 2018 | $840,000,000 | -$840,000,000 | | | | | | | | |
| 113 | 2019 | $854,280,000 | | -$854,280,000 | | | | | | | |
| 114 | 2020 | $868,802,760 | | | -$868,802,760 | | | | | | |
| 115 | 2021 | $883,572,407 | | | | -$883,572,407 | | | | | |
| 116 | 2022 | $898,593,138 | | | | | -$898,593,138 | | | | |
| 117 | 2023 | $913,869,221 | | | | | | -$731,095,377 | | | |
| 118 | 2024 | $929,404,998 | | | | | | | -$557,642,999 | | |
| 119 | | | | | | | | | | | |
| 120 | Low Impact | | -$1,560,000,000 | -$1,466,520,000 | -$1,371,450,840 | -$1,274,765,504 | -$1,176,436,518 | -$736,998,799 | -$310,430,757 | | |
| 121 | At 5.5% | | -$85,800,000 | -$80,658,600 | -$75,429,796 | -$70,112,103 | -$64,704,008 | -$40,534,934 | -$17,073,692 | | |
| 122 | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 123 | | | | | | | | | | | |
| 124 | Impact - Rental Car | | High | Middle | Low | | | | | | |
| 125 | | 2018-19 | -$193,050,000 | -$128,700,000 | -$85,800,000 | | | | | | |
| 126 | | 2019-20 | -$181,481,850 | -$120,987,900 | -$80,658,600 | | | | | | |
| 127 | | 2020-21 | -$169,717,041 | -$113,144,694 | -$75,429,796 | | | | | | |
| 128 | | 2021-22 | -$157,752,231 | -$105,168,154 | -$70,112,103 | | | | | | |
| 129 | | 2022-23 | -$145,584,019 | -$97,056,013 | -$64,704,008 | | | | | | |
| 130 | | 2023-24 | -$91,203,601 | -$60,802,401 | -$40,534,934 | | | | | | |
| 131 | | | | | | | | | | | |
| 132 | Assumption - | | | | | | | | | | |
| 133 | Impact of other leased vehicles as a percent of Rental Car Impact | | | | | | | | | | |
| 134 | | | High | Middle | Low | **Adopted - Adj. Middle** | | | | | |
| 135 | | | 25% | 20% | 15% | **15%** | **Adopted** | | | | |
| 136 | Total Impact | | | | | | Cash | Recurring | | | |
| 137 | | 2018-19 | -$241,312,500 | -$154,440,000 | -$98,670,000 | **-$148,005,000** | | | | | |
| 138 | | 2019-20 | -$226,852,313 | -$145,185,480 | -$92,757,390 | **-$139,136,085** | -$287.1 | -$139.1 | 2019-20 | | |
| 139 | | 2020-21 | -$212,146,302 | -$135,773,633 | -$86,744,266 | **-$130,116,398** | -$130.1 | -$130.1 | 2020-21 | | |
| 140 | | 2021-22 | -$197,190,289 | -$126,201,785 | -$80,628,918 | **-$120,943,377** | -$120.9 | -$120.9 | 2021-22 | | |
| 141 | | 2022-23 | -$181,980,024 | -$116,467,215 | -$74,409,610 | **-$111,614,415** | -$111.6 | -$111.6 | 2022-23 | | |
| 142 | | 2023-24 | -$114,004,502 | -$72,962,881 | -$46,615,174 | **-$69,922,761** | -$69.9 | -$69.9 | 2023-24 | | |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Documentary Stamp Tax
**Issue**: Interspousal Transfers
**Bill Number(s)**: Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**:
**Month/Year Impact Begins**: July, 2019
**Date of Analysis**: April 5, 2019

**Section 1: Narrative**

**a. Current Law**:

Section 201.02(7), Florida Statutes, states (in part) "(7) Taxes imposed by this section do not apply to:
"(b) A deed or other instrument that transfers or conveys homestead property or any interest in homestead property between spouses, if the only consideration for the transfer or conveyance is the amount of a mortgage or other lien encumbering the homestead property at the time of the transfer or conveyance and if the deed or other instrument is recorded within 1 year after the date of the marriage. This paragraph applies to transfers or conveyances from one spouse to another, from one spouse to both spouses, or from both spouses to one spouse. For the purpose of this paragraph, the term 'homestead property' has the same meaning as the term 'homestead' as defined in s. 192.001."

**b. Proposed Change**:

This language would remove the requirement for the transfer to take place within one year of marriage. It would go into effect July 1, 2019.

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

2016-2017 Ad Valorem Tax Rolls (sales data files and real property rolls)
General Revenue Consensus Estimating Conference Documentary Stamp Tax Forecast, March 2019
Conversations with DOR Auditors

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

Using the 2016 sales data files and real property assessment rolls, records where a sale occurred between related parties (sale qualification code 30) and that were classified as homestead in 2016 were extracted. Sale qualification code 30 is defined as a "transfer involving affiliated parties (examples: family, corporate, business, landlord-tenant)." The remaining parcels were further filtered to winnow multi-parcel sales down to one record (to avoid over-counting doc stamps paid) and to remove records with:

1. a sale price of $100 or less. The documentary stamp amount is based on the consideration, which includes "the amount of any mortgage, purchase money mortgage lien, or other encumbrance," (s. 201.02(1)(a), F.S.). Properties with consideration of $100 or less were excluded due to the lack of a mortgage or other debt.
2. a governmental land use code or an exemption for constitutional charitable predominant use (under section 196.196), as these transactions could not take place between spouses.
3. parcels with owner name fields indicating business ownership (e.g., ", Inc." or ", LLC").

The sale price as a percentage of the 2017 just value was calculated. The records were then divided into three groups: those with a sale price greater than just value, those with a sale price more than 60% and up to 100% of just value, and those with a sale price up to 60% of just value. Only the last group is included in the impact calculation under the assumption that most transfers of homestead property between spouses would be for partial, not whole, interest and that sale prices over 60% include consideration in addition to a mortgage or lien.

The sale price recorded on the rolls are calculated by the property appraisers from the documentary stamp tax collected. For this analysis, the documentary stamp amounts were calculated from the sale price. The 2016 documentary stamp tax collected from the filtered sales was grown by calendar year using growth rates calculated from the most recent General Revenue estimates. Due to the broad definition of the sales qualification code, this analysis assumes that some percentage of the sales took place among parties whose relationship was not spousal. Of the remaining collections, most of the transfers between spouses are assumed to take place in the first year of marriage. For 2018 SB 312, the conference adopted an 85% rate for spousal transfers happening within the first year of marriage. Upon further research, spousal transfers after the first year of marriage seems to be more common than previously assumed.

For this change in law, the high estimate assumes 20% of the included transfers are estimated to be between spouses after the first year of marriage. The low estimate assumes 10%, and the middle is the average between the two.

Additionally, the possibility of pent-up demand is included in the high and middle estimates. These calculations assume some percentage of people plan to add their spouse to the homestead's title but have not gotten around to it for some reason other than avoiding paying documentary stamp taxes. Owners whose sole reason for not transferring is to avoid documentary stamp taxes would not transfer the title until their mortgage is paid off under current law and their change of behavior should have no fiscal impact.

The recurring impact only contains the base fiscal year impact. The cash impact also includes any additional impact resulting from pent-up demand.

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | $ (0.7 M) | $ (0.4 M) | $ (0.4 M) | $ (0.3 M) | $ (0.2 M) | $ (0.2 M) |
| 2020-21 | $ (0.6 M) | $ (0.4 M) | $ (0.4 M) | $ (0.3 M) | $ (0.2 M) | $ (0.2 M) |
| 2021-22 | $ (0.5 M) | $ (0.4 M) | $ (0.3 M) | $ (0.3 M) | $ (0.2 M) | $ (0.2 M) |
| 2022-23 | $ (0.4 M) | $ (0.4 M) | $ (0.3 M) | $ (0.3 M) | $ (0.2 M) | $ (0.2 M) |
| 2023-24 | $ (0.4 M) | $ (0.4 M) | $ (0.3 M) | $ (0.3 M) | $ (0.2 M) | $ (0.2 M) |

**List of affected Trust Funds:** Documentary Stamp

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted the high estimate but removed any impact from a pent-up demand.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (0.1) | (0.1) | (0.2) | (0.2) | 0.0 | 0.0 | (0.3) | (0.3) |
| 2020-21 | (0.1) | (0.1) | (0.2) | (0.2) | 0.0 | 0.0 | (0.3) | (0.3) |
| 2021-22 | (0.2) | (0.2) | (0.2) | (0.2) | 0.0 | 0.0 | (0.4) | (0.4) |
| 2022-23 | (0.2) | (0.2) | (0.2) | (0.2) | 0.0 | 0.0 | (0.4) | (0.4) |
| 2023-24 | (0.2) | (0.2) | (0.3) | (0.3) | 0.0 | 0.0 | (0.5) | (0.5) |

# Impact Calculations

**Previous Analysis - 2018 SB 312**

All Homestead Sales Between Related Parties (Sale Qualification Code = 30) above De Minimus Transfer Value
Homestead as of January 1, 2016. Sales data and Doc Stamps Paid from 2016 sales.

| | |
|---|---|
| Total Homestead Doc Stamp | $ 4,347,705 |
| Homestead Doc only Natural Person | **$ 4,132,099** |
| Homestead Doc Natural Person no Trusts | $ 3,899,588 |

Sales Price Groups (Sale Price Relative to 2017 Just Value)

| | Trusts | | Natural Persons (ex. Trusts) | |
|---|---|---|---|---|
| Group | Documentary Stamps | Sale Count | Documentary Stamps | Sale Count |
| Over 100% | $ 126,207 | 52 | $ 1,411,518 | 748 |
| over 60%, up to 100% | $ 67,131 | 49 | $ 910,475 | 865 |
| 60% or less | $ 39,173 | 54 | $ 1,577,596 | 2,875 |
| Total 60% or Less (including Trusts) | | $ 1,616,769 | 2,929 | |

**Documentary Stamp Collection Growth Rates**

| Calendar Year Collections* | Collection Estimates | Growth Rate | Homestead Doc Stamps |
|---|---|---|---|
| 2016 | 2,347.4 | | $ 1,616,769 |
| 2017 | 2,463.9 | 4.97% | $ 1,697,045 |
| 2018 | 2,571.5 | 4.37% | $ 1,771,156 |
| 2019 | 2,687.8 | 4.52% | $ 1,851,259 |
| 2020 | 2,796.3 | 4.04% | $ 1,925,990 |
| 2021 | 2,901.2 | 3.75% | $ 1,998,207 |
| 2022 | 3,004.4 | 3.56% | $ 2,069,321 |
| 2023 | 3,109.0 | 3.48% | $ 2,141,366 |
| 2024 | 3,214.1 | 3.38% | $ 2,213,721 |

* Calendar Year Collections calculated from March 14, 2019 General Revenue Estimates.

**Revised Impact for 1st Year of Marriage, Estimate for Later Years**

- In 2018, the REC adopted the low estimate's reduction percentage of 85%.
- Upon further discussion and research, this seems to be too high. Spouses transferring a homestead from one person's name to both after the first year of marriage is more common than we assumed.
- The post-first year spousal transfer rates in the estimate include at least some of the prior adopted impact value.

| | | HIGH | MIDDLE | LOW |
|---|---|---|---|---|
| | | 20% | 15.0% | 10% |
| | | Transfers after 1st Year | | |
| Calendar Year Collections* | Filtered Doc Stamps | HIGH | MIDDLE | LOW |
| 2018 | $ 1,771,156 | $ 354,231 | $ 265,673 | $ 177,116 |
| 2019 | $ 1,851,259 | $ 370,252 | $ 277,689 | $ 185,126 |
| 2020 | $ 1,925,990 | $ 385,198 | $ 288,898 | $ 192,599 |
| 2021 | $ 1,998,207 | $ 399,641 | $ 299,731 | $ 199,821 |
| 2022 | $ 2,069,321 | $ 413,864 | $ 310,398 | $ 206,932 |
| 2023 | $ 2,141,366 | $ 428,273 | $ 321,205 | $ 214,137 |
| 2024 | $ 2,213,721 | $ 442,744 | $ 332,058 | $ 221,372 |

**Convert Calendar Year to Fiscal Year**

| Fiscal Year | HIGH | MIDDLE | LOW |
|---|---|---|---|
| 2018-19 | $ 362,241 | $ 271,681 | $ 181,121 |
| 2019-20 | $ 377,725 | $ 283,294 | $ 188,862 |
| 2020-21 | $ 392,420 | $ 294,315 | $ 196,210 |
| 2021-22 | $ 406,753 | $ 305,065 | $ 203,376 |
| 2022-23 | $ 421,069 | $ 315,802 | $ 210,534 |
| 2023-24 | $ 435,509 | $ 326,632 | $ 217,754 |

**Additional Impact for Pent-Up Demand**

- Pent-up demand may have no impact, if those who haven't transferred ownership will not due to taxes under current law.

| | Increased Transfer Activity Factor | | |
|---|---|---|---|
| Fiscal Year | HIGH | MIDDLE | LOW |
| 2019-20 | 100% | 50% | 0% |
| 2020-21 | 50% | 25% | 0% |
| 2021-22 | 25% | 0% | 0% |

| Fiscal Year | HIGH | MIDDLE | LOW | ADOPTED |
|---|---|---|---|---|
| 2019-20 | $ 362,241 | $ 135,841 | $ - | $ - |
| 2020-21 | $ 188,862 | $ 70,823 | $ - | $ - |
| 2021-22 | $ 98,105 | $ - | $ - | $ - |
| 2022-23 | $ - | $ - | $ - | $ - |
| 2023-24 | $ - | $ - | $ - | $ - |

**Total Impact**

| | High | | Middle | | Low | | ADOPTED | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | **Cash** | **Recurring** | **Cash** | **Recurring** | **Cash** | **Recurring** | **Cash** | **Recurring** |
| 2019-20 | $ 724,483 | $ 362,241 | $ 407,522 | $ 271,681 | $ 181,121 | $ 181,121 | $ 362,241 | $ 362,241 |
| 2020-21 | $ 566,587 | $ 377,725 | $ 354,117 | $ 283,294 | $ 188,862 | $ 188,862 | $ 377,725 | $ 377,725 |
| 2021-22 | $ 490,525 | $ 392,420 | $ 294,315 | $ 294,315 | $ 196,210 | $ 196,210 | $ 392,420 | $ 392,420 |
| 2022-23 | $ 406,753 | $ 406,753 | $ 305,065 | $ 305,065 | $ 203,376 | $ 203,376 | $ 406,753 | $ 406,753 |
| 2023-24 | $ 421,069 | $ 421,069 | $ 315,802 | $ 315,802 | $ 210,534 | $ 210,534 | $ 421,069 | $ 421,069 |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Other Taxes and Fees
**Issue**: Medical Marijuana ID Cards/Veteran's Exemption
**Bill number(s)**: Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**:
**Month/Year Impact Begins**: July 1, 2019
**Date of Analysis**: April 5, 2019

**Section 1: Narrative**

**a. Current Law**: As per s. 381.986(7), F.S. medical marijuana use registry identification cards are issued to qualified patients which are renewed annually. Currently there is no exemption for the issuance or renewal of identification cards for veterans. The cost for the initial and renewal identification card is $75.

**b. Proposed Change**: The proposed language provides that a qualified patient who is a veteran is not required to pay the fee for the issuance or renewal of the medical marijuana use registry identification card. In order to be eligible for the exemption, the veteran must provide a copy of one of three possible verification documents.

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

The analysis relied on the following data sources:

- Florida July 1 population -- Florida Demographic Estimating Conference, February 2019
- Number of veterans in Florida – US Census Bureau, American Community Survey, 2017 1-year data
- State Population – US Census Bureau, July 1, 2018 Population Estimates
- Number of medical marijuana patients – ProCon.org (https://medicalmarijuana.procon.org/view.resource.php?resourceID=005889)
- State by state medical marijuana qualifying conditions – Leafly.com (https://www.leafly.com/news/health/qualifying-conditions-for-medical-marijuana-by-state)
- Total number of medical marijuana patients and those with PTSD by state – individual state websites
- Number of qualified patients (active ID cards) -- Florida Department of Health, Office of Medical Marijuana Use – Weekly Updates (https://knowthefactsmmj.com/about/weekly-updates/)
- Data records of Florida medical marijuana qualified patients with a qualifying condition of PTSD -- Florida Department of Health, Office of Medical Marijuana Use (OMMU) – Qualifying Condition Data

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

**a. Current Program Status**

As of March 15, 2019 the Department reported that there were 194,997 qualified patients (active ID cards). The department reports the number of ID cards on a weekly basis in its OMMU Weekly Updates. According to these reports, the number of ID cards has almost doubled since July 13, 2018, when there were 101,590 qualified patients.

In Florida data are not currently collected that identify whether a medical marijuana patient is a veteran. Thus, the number of medical marijuana patients that have Post-Traumatic Stress Disorder (PTSD) as a qualifying condition was used as a proxy for the number of veterans.

**b. User Estimates**

Step 1 –
Estimate the number of active ID cards as of July 1 each year. The total number of ID cards includes both new issuances and renewals. The process involved estimating the potential growth in the program combined with a participation rate. The growth was based on the historical issuance of Florida medical marijuana cards. The participation rate was based on activity in other states that have medical marijuana laws, excluding states that are fully legal. The maximum participation rate was used, which was for New Mexico (2.49%). The table below shows the estimated number of ID cards as of July 1 each year.

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Other Taxes and Fees
**Issue**: Medical Marijuana ID Cards/Veteran's Exemption
**Bill number(s)**: Proposed Language

| | Forecast of ID Cards |
|---|---|
| 7/1/2019 | 237,579 |
| 7/1/2020 | 378,566 |
| 7/1/2021 | 519,168 |
| 7/1/2022 | 554,586 |
| 7/1/2023 | 562,204 |
| 7/1/2024 | 569,551 |

Step 2 – (Low Analysis Below)
Estimate the percent of the population that are veterans. The US Census Bureau collects data from the American Community Survey. This survey estimated that there were 1,438,337 veterans in Florida in 2017 out of a total population of 20,984,400, (6.85%).

Step 3 – (Middle Analysis Below)
Estimate the percentage of medical marijuana patients with PTSD in other states. Data were collected from individual state websites that were identified as having PTSD as a qualifying condition as per Leafly.com. An average rate was estimated (11.28%) based on nine states after omitting a high and low outlier.

Step 4 – (High Analysis Below)
Estimate the percentage of Florida medical marijuana patients with a certificate date in 2018 that listed PTSD as a condition. Count the number of unique patient records and those with a condition of PTSD from data pulled by the OMMU with a certification date in 2018. The records indicated that there were 48,816 patients with PTSD out of a total of 178,437 (27.36%).

Step 5 –
Estimate the veteran medical marijuana population based on the results in steps 2, 3, and 4 above applied to the forecast of ID cards in step 1.

| Estimated Veteran Medical Marijuana Population | | | |
|---|---|---|---|
| | **High** | **Middle** | **Low** |
| 2019-20 | 103,566 | 42,705 | 25,948 |
| 2020-21 | 142,032 | 58,566 | 35,585 |
| 2021-22 | 151,721 | 62,561 | 38,013 |
| 2022-23 | 153,805 | 63,421 | 38,535 |
| 2023-24 | 155,815 | 64,250 | 39,039 |

| | | |
|---|---|---|
| Low (Step 2): | 6.85% | Veterans as a percent of total population |
| Middle (Step 3): | 11.28% | Percent of medical marijuana patients with PTSD from a sample of other states |
| High (Step 4): | 27.36% | Percent of Florida medical marijuana patients with PTSD condition |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Other Taxes and Fees
**Issue**: Medical Marijuana ID Cards/Veteran's Exemption
**Bill number(s)**: Proposed Language

Step 6 –
Estimate the cost for ID cards that would not be paid if 100% of the estimated veteran population above did not pay the $75 initial and renewal fee each year.

| ID Card Costs for the Estimated Veteran Medical Marijuana Population | | | |
|---|---|---|---|
| | **High** | **Middle** | **Low** |
| 2019-20 | $ 7,767,450 | $ 3,202,875 | $ 1,946,100 |
| 2020-21 | $ 10,652,400 | $ 4,392,450 | $ 2,668,875 |
| 2021-22 | $ 11,379,075 | $ 4,692,075 | $ 2,850,975 |
| 2022-23 | $ 11,535,375 | $ 4,756,575 | $ 2,890,125 |
| 2023-24 | $ 11,686,125 | $ 4,818,750 | $ 2,927,925 |

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($7.8 M) | ($7.8 M) | ($3.2 M) | ($3.2 M) | ($1.9 M) | ($1.9 M) |
| 2020-21 | ($10.7 M) | ($10.7 M) | ($4.4 M) | ($4.4 M) | ($2.7 M) | ($2.7 M) |
| 2021-22 | ($11.4 M) | ($11.4 M) | ($4.7 M) | ($4.7 M) | ($2.9 M) | ($2.9 M) |
| 2022-23 | ($11.5 M) | ($11.5 M) | ($4.8 M) | ($4.8 M) | ($2.9 M) | ($2.9 M) |
| 2023-24 | ($11.7 M) | ($11.7 M) | ($4.8 M) | ($4.8 M) | ($2.9 M) | ($2.9 M) |

**List of affected Trust Funds:**
Grants and Donations Trust Fund (Fund #2339) at the Department of Health, pursuant to section 381.986(16), F.S.

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted an average of the low and middle impacts.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (0.2) | (0.2) | (2.4) | (2.4) | 0.0 | 0.0 | (2.6) | (2.6) |
| 2020-21 | (0.3) | (0.3) | (3.2) | (3.2) | 0.0 | 0.0 | (3.5) | (3.5) |
| 2021-22 | (0.3) | (0.3) | (3.5) | (3.5) | 0.0 | 0.0 | (3.8) | (3.8) |
| 2022-23 | (0.3) | (0.3) | (3.5) | (3.5) | 0.0 | 0.0 | (3.8) | (3.8) |
| 2023-24 | (0.3) | (0.3) | (3.6) | (3.6) | 0.0 | 0.0 | (3.9) | (3.9) |

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | Tax: Other Taxes and Fees | | | | | |
| 2 | Issue: Medical Marijuana ID Cards/Veteran's Exemption | | | | | |
| 3 | Bill Number: Proposed Language | | | | | |
| 4 | | | | | | |
| 5 | **Step 1** | | | | | |
| 6 | FDEC July 1 Population Estimates | | | | | |
| 7 | (February 2019 - in thousands) | | | | | |
| 8 | 2019 | 21,268.553 | | | | |
| 9 | 2020 | 21,599.535 | | | | |
| 10 | 2021 | 21,922.055 | | | | |
| 11 | 2022 | 22,236.793 | | | | |
| 12 | 2023 | 22,542.256 | | | | |
| 13 | 2024 | 22,836.821 | | | | |
| 14 | | | | | | |
| 15 | Participation Rate | | | | | |
| 16 | Maximum Based | 2.49% | | | | |
| 17 | on 16 States | | | | | |
| 18 | | | | | | |
| 19 | Maximum Medical Marijuana Population | | | | | |
| 20 | 2019 | 530,438 | | | | |
| 21 | 2020 | 538,693 | | | | |
| 22 | 2021 | 546,736 | | | | |
| 23 | 2022 | 554,586 | | | | |
| 24 | 2023 | 562,204 | | | | |
| 25 | 2024 | 569,551 | | | | |
| 26 | | | | | | |
| 27 | Active ID Cards (Qualified Patients) | | | | | |
| 28 | 7/13/2018 | 101,590 | | | | |
| 29 | 3/15/2019 | 194,997 | | | | |
| 31 | 7/1/2019 | 237,579 | | | | |
| 32 | 7/1/2020 | 378,566 | | | | |
| 33 | 7/1/2021 | 519,168 | | | | |
| 34 | 7/1/2022 | 554,586 | | | | |
| 35 | 7/1/2023 | 562,204 | | | | |
| 36 | 7/1/2024 | 569,551 | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | **Step 2** | | | | | |
| 40 | Veteran Population | | | | | |
| 41 | | **Florida** | | | | |
| 42 | **B21001 Extract** | **Estimate** | | | | |
| 43 | **Total:** | 16,731,122 | | | | |
| 44 | **Veteran** | 1,438,337 | | | | |
| 45 | **Nonveteran** | 15,292,785 | | | | |
| 46 | Universe: Civilian population 18 years and over | | | | | |
| 47 | Source: 2017 American Community Survey 1-Year Estimates | | | | | |
| 48 | | | | | | |
| 49 | Total Population | | | | | |
| 50 | | **Florida** | | | | |
| 51 | **S0101 Extract** | **Estimate** | | | | |
| 52 | **Total Population:** | 20,984,400 | | | | |
| 53 | Source: 2017 American Community Survey 1-Year Estimates | | | | | |
| 54 | | | | | | |
| 55 | Veterans as a percent of Florida's | | | | | |
| 56 | total population | 6.85% | | | | |
| 57 | | | | | | |

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 58 | | | | | | |
| 59 | **Step 3** | | | | | |
| 60 | State | Total Patients | Patients with PTSD | Rate | Year / Period | |
| 61 | Arkansas | 5,459 | 573 | 10.5% | 2018 | |
| 62 | Colorado | 86,641 | 7,454 | 8.6% | 2018 | December |
| 63 | Hawaii | 23,746 | 2,904 | 12.2% | 2018 | December |
| 64 | Minnesota | 14,481 | 2,323 | 16.0% | 2019 | January |
| 65 | Montana | 31,186 | 5,114 | 16.4% | 2019 | January |
| 66 | Nevada | 17,211 | 1,529 | 8.9% | 2018 | December |
| 67 | New Jersey | | 2,760 | 9.2% | 2017 | Aug. 2012-Dec. 2017 |
| 68 | New Mexico | 77,699 | 35,203 | 45.3% | 2019 | February |
| 69 | New York | 98,101 | 2,738 | 2.8% | December 23, 2015 through June 30, 2018 | |
| 70 | Oregon | | 3,552 | 11.4% | 2019 | January |
| 71 | Rhode Island | | 613 | 8.29% | July 1, 2016, to June 30, 2017 | |
| 72 | | | | | | |
| 73 | Average Excluding New York and New Mexico | | | 11.28% | | |
| 74 | Data from individual state websites | | | | | |
| 75 | | | | | | |
| 76 | | | | | | |
| 77 | **Step 4** | | | | | |
| 78 | Number of unique Florida patient records in 2018 | | 178,437 | | | |
| 79 | Number of unique Florida patient records in 2018 with PTSD | | 48,816 | | | |
| 80 | Percentage | | 27.36% | | | |
| 81 | Data from Florida Department of Health, Office of Medical Marijuana Use | | | | | |
| 82 | | | | | | |
| 83 | | | | | | |
| 84 | **Step 5** | | | | | |
| 85 | | Step 4 | Step 3 | Step 2 | | |
| 86 | Percentage of Total | 27.36% | 11.28% | 6.85% | 9.07% | |
| 87 | | | | | | |
| 88 | | Estimated Veteran Medical Marijuana Population | | | | |
| 89 | Fiscal Year | High | Middle | Low | | |
| 90 | 2019-20 | 103,566 | 42,705 | 25,948 | 34,327 | 70.32% |
| 91 | 2020-21 | 142,032 | 58,566 | 35,585 | 47,076 | |
| 92 | 2021-22 | 151,721 | 62,561 | 38,013 | 50,287 | |
| 93 | 2022-23 | 153,805 | 63,421 | 38,535 | 50,978 | |
| 94 | 2023-24 | 155,815 | 64,250 | 39,039 | 51,644 | |
| 95 | | | | | | |
| 96 | | | | | | |
| 97 | **Step 6** | | | | | |
| 98 | Percent that do not pay for the issuance or renewal of ID cards | | | 100% | | |
| 99 | Cost per ID card | | | $75 | | |
| 100 | | | | | | |
| 101 | | ID Card Costs | | | | |
| 102 | Fiscal Year | High | Middle | Low | **ADOPTED** | |
| 103 | 2019-20 | $ 7,767,450 | $ 3,202,875 | $ 1,946,100 | **$ 2,574,488** | |
| 104 | 2020-21 | $ 10,652,400 | $ 4,392,450 | $ 2,668,875 | **$ 3,530,663** | |
| 105 | 2021-22 | $ 11,379,075 | $ 4,692,075 | $ 2,850,975 | **$ 3,771,525** | |
| 106 | 2022-23 | $ 11,535,375 | $ 4,756,575 | $ 2,890,125 | **$ 3,823,350** | |
| 107 | 2023-24 | $ 11,686,125 | $ 4,818,750 | $ 2,927,925 | **$ 3,873,338** | |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Tax Absorption
**Bill Number(s)**: Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: Sen. Baxley
**Month/Year Impact Begins**: 7/1/2019
**Date of Analysis**: 4/5/2019

**Section 1: Narrative**

**a. Current Law**: Section 212.07 (4) provides: (4) A dealer engaged in any business taxable under this chapter may not advertise or hold out to the public, in any manner, directly or indirectly, that he or she will absorb all or any part of the tax, or that he or she will relieve the purchaser of the payment of all or any part of the tax, or that the tax will not be added to the selling price of the property or services sold or released or, when added, that it or any part thereof will be refunded either directly or indirectly by any method whatsoever. A person who violates this provision with respect to advertising or refund is guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. A second or subsequent offense constitutes a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

Section 212.07 (8) reads: Any person who has purchased at retail, used, consumed, distributed, or stored for use or consumption in this state tangible personal property, admissions, communication or other services taxable under this chapter, or leased tangible personal property, or who has leased, occupied, or used or was entitled to use any real property, space or spaces in parking lots or garages for motor vehicles, docking or storage space or spaces for boats in boat docks or marinas, and cannot prove that the tax levied by this chapter has been paid to his or her vendor, lessor, or other person is directly liable to the state for any tax, interest, or penalty due on any such taxable transactions.

Section 212.15, Florida Statutes, reads in part: (1) The taxes imposed by this chapter shall, except as provided in s. 212.06(5)(a)2.e., become state funds at the moment of collection and shall for each month be due to the department on the first day of the succeeding month and be delinquent on the 21st day of such month. All returns postmarked after the 20th day of such month are delinquent.
(2) Any person who, with intent to unlawfully deprive or defraud the state of its moneys or the use or benefit thereof, fails to remit taxes collected under this chapter is guilty of theft of state funds, punishable as follows:
(a) If the total amount of stolen revenue is less than $300, the offense is a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. Upon a second conviction, the offender is guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083. Upon a third or subsequent conviction, the offender is guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(b) If the total amount of stolen revenue is $300 or more, but less than $20,000, the offense is a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(c) If the total amount of stolen revenue is $20,000 or more, but less than $100,000, the offense is a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(d) If the total amount of stolen revenue is $100,000 or more, the offense is a felony of the first degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

**b. Proposed Change**:

Revises 212.07 to allow for tax absorption by the dealer. Allows the dealer to advertise of hold out to the public, that he or she will absorb all or any part of the sales tax or that any part of it will be refunded to the purchaser subject to both of the following conditions:

1. In so advertising or holding out to the public, the dealer shall expressly state on any charge ticket, sales slip, invoice, or other tangible evidence of sale given to the purchaser that such dealer will pay the tax imposed by this chapter to the state. The dealer may not indicate or imply that the transaction is exempt or excluded from the tax imposed by this chapter.
2. A charge ticket, sales slip, invoice, or other tangible evidence of sale given to the purchaser must separately state the amount of such.

Amends section 212.15, Florida statutes to provide that any person who, with intent to unlawfully deprive or defraud the state of its moneys or the use or benefit thereof, fails to remit taxes collected or absorbed under this chapter is guilty of theft of state funds.

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Tax Absorption
**Bill Number(s)**: Proposed Language

**Section 2: Description of Data and Sources**
March 14, 2019 General Revenue Estimating Conference – Sales Tax forecast

**Section 3: Methodology (Include Assumptions and Attach Details)**
For the high, assumed 10 Percent of the sales tax currently collected would be absorbed and that ten percent of that amount would only be recoverable from the dealer subject to a finding under an audit. For the middle it was assumed the seven percent of the tax would be absorbed and five percent would be recoverable under audit. For the low it was assumed that 3 percent of the tax would be absorbed and 2 percent of that would be recoverable under audit.

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | ($262.3 M) | ($286.1 M) | ($100.2 M) | ($100.2 M) | ($15.7 M) | ($17.2 M) |
| 2020-21 | ($297.6 M) | ($297.6 M) | ($104.2 M) | ($104.2 M) | ($17.9 M) | ($17.9 M) |
| 2021-22 | ($308.5 M) | ($308.5 M) | ($108.0 M) | ($108.0 M) | ($18.5 M) | ($18.5 M) |
| 2022-23 | ($319.2 M) | ($319.2 M) | ($111.7 M) | ($111.7 M) | ($19.2 M) | ($19.2 M) |
| 2023-24 | ($330.0 M) | ($330.0 M) | ($115.5 M) | ($115.5 M) | ($19.8 M) | ($19.8 M) |

**List of affected Trust Funds:**
Sales and Use Tax Funds

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted a zero impact.**

| | 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 | 0.0 | 0.0 | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 1 | 3 Methods of Tax Abosorption | | | | Taxable Sales | Absorbed tax | Use Tax Due | Total tax Paid |
| 2 | 1. Taxable goods are sold at exactly the same price | | | | $ 100.00 | $ 6.00 | $ - | $ 6.00 |
| 3 | 2. Taxable goods are sold at a reduced price | | | | $ 94.34 | $ 5.66 | $ - | $ 5.66 |
| 4 | 3. Taxable Goods are sold at a higher price | | | | $ 106.00 | $ 6.00 | $ - | $ 6.00 |
| 5 | **($Millions)** | | | | | | | |
| 6 | | Sales Tax Collections | Implied Base (b4/.06) | Tax Base under method 2 | Sales Tax collections under Method 2 | Difference from Current | | |
| 7 | 2019-20 | $ 28,614.8 | $ 476,913.3 | $ 449,918.2 | $ 26,995.1 | $ (1,619.7) | | |
| 8 | 2020-21 | $ 29,760.7 | $ 496,011.7 | $ 467,935.5 | $ 28,076.1 | $ (1,684.6) | | |
| 9 | 2021-22 | $ 30,850.9 | $ 514,181.7 | $ 485,077.0 | $ 29,104.6 | $ (1,746.3) | | |
| 10 | 2022-23 | $ 31,921.3 | $ 532,021.7 | $ 501,907.2 | $ 30,114.4 | $ (1,806.9) | | |
| 11 | 2023-24 | $ 32,999.7 | $ 549,995.0 | $ 518,863.2 | $ 31,131.8 | $ (1,867.9) | | |
| 12 | | | | | | | | |
| 13 | Assumed Amount absorbed | | | | | | | |
| 14 | | | High | Middle | Low | | | |
| 15 | | | 10% | 7% | 3% | | | |
| 16 | | | | | | | | |
| 17 | Incidence of absorption by method 2 | | | | | | | |
| 18 | | | 10% | 5% | 2% | | | |
| 19 | Combined rates | | 1.00% | 0.35% | 0.06% | | | |
| 20 | | | | | | | | |
| 21 | | Difference from Current | High | Middle | Low | | | |
| 22 | 2019-20 | $ (1,619.7) | $ (16.2) | $ (5.7) | $ (1.0) | | | |
| 23 | 2020-21 | $ (1,684.6) | $ (16.8) | $ (5.9) | $ (1.0) | | | |
| 24 | 2021-22 | $ (1,746.3) | $ (17.5) | $ (6.1) | $ (1.0) | | | |
| 25 | 2022-23 | $ (1,806.9) | $ (18.1) | $ (6.3) | $ (1.1) | | | |
| 26 | 2023-24 | $ (1,867.9) | $ (18.7) | $ (6.5) | $ (1.1) | | | |
| 27 | | | | | | | | |
| 28 | First year cash | | 11/12th | | | | | |
| 29 | | | | | | | | |
| 30 | 2019-20 | | High | Middle | Low | | | |
| 31 | | | -$14.8 | -$5.2 | -$0.9 | | | |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales and Use Tax
**Issue**: Generators – 15K Exemption Cap
**Bill Number(s)**: Proposed Language

☑ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: N/A
**Month/Year Impact Begins**: Upon Becoming Law, Retroactive to January 1, 2019
**Date of Analysis**: 4/5/2019

**Section 1: Narrative**

**a. Current Law**: Florida law provides that any equipment used to generate emergency electric energy for use at a nursing home facility or an assisted living facility purchased during the period July 1, 2017, through December 31, 2018, is exempt from sales and use tax and discretionary sales surtax. The exemption is limited to a maximum of $15,000 in sales tax and surtax paid on equipment purchased for any single facility.

**b. Proposed Change**:
Section 1. Equipment used to generate emergency electric energy. —
(1) The purchase of any equipment to generate emergency electric energy at a nursing home facility as defined in s. 400.021(12), Florida Statutes, or an assisted living facility as defined in s. 429.02(5), Florida Statutes, is exempt from the tax imposed under chapter 212, Florida Statutes, during the period from January 1, 2019, through December 31, 2019. The electric energy that is generated must be used at the home or facility and meet the energy needs for emergency generation for that size and class of facility.
(2) The purchaser of the equipment must provide the dealer with an affidavit certifying that the equipment will only be used as provided in subsection (1).
(3) The exemption provided in subsection (1) is limited to a maximum of $15,000 in tax for the purchase of equipment for any single facility.
(4)(a) The exemption under this section may be applied at the time of purchase or is available through a refund from the Department of Revenue of previously paid taxes. For purchases made before the effective date of this section, an application for refund must be submitted to the department within 6 months after the effective date of this section. For purchases made on or after the effective date of this section, if the exemption was not applied to the purchase, an application for refund must be submitted to the department within 6 months after the date of purchase.
(b) The purchaser of the emergency electric equipment applying for a refund under this subsection must provide the department with an affidavit certifying that the equipment will only be used as provided in subsection (1).
(5) A person furnishing a false affidavit to the dealer pursuant to subsection (2) or the Department of Revenue pursuant to subsection (4) is subject to the penalty set forth in s. 212.085, Florida Statutes, and as otherwise authorized by law.
(6) The Department of Revenue may, and all conditions are deemed met to, adopt emergency rules pursuant to s. 120.54(4), Florida Statutes, to administer this section.
(7) Notwithstanding any other law, emergency rules adopted pursuant to subsection (6) are effective for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.
(8) This section is considered a revenue law for the purposes of ss. 213.05 and 213.06, Florida Statutes, and s. 72.011, Florida Statutes, applies to this section.
(9) This section shall take effect upon becoming a law and operates retroactively to January 1, 2019.

**Section 2: Description of Data and Sources**
Department of Revenue Form DR-26SIGEN "Application for Refund - Sales Tax Paid on Generators for Nursing Homes or Assisted Living Facilities"
Current Emergency Plan Status for Assisted Living Facilities and Nursing Homes from the Agency for Health Care Administration

**Section 3: Methodology (Include Assumptions and Attach Details)**
The most recent data available from DOR Form DR-26SIGEN was used to generate summary statistics. These values were used to estimate the size of the refunds that would be granted for an additional twelve months of activity. The average number of refunds approved by month was calculated and used for the middle estimate. The high estimate uses the average of the five highest months and the low estimate uses the average of the 5 lowest months. The size of the average refund was calculated and used as the middle estimate. The average of the 10 highest refunds was used for the high estimate, and the average of the 10 lowest refunds was used for the low estimate. This estimate is applying these average refunds amounts and volumes to a 12-month period as specified under

**Tax**: Sales and Use Tax
**Issue**: Generators – 15K Exemption Cap
**Bill Number(s)**: Proposed Language

the proposed language. One additional month of activity is added to reflect the possibility that some facilities may be able to accelerate their purchases by one month. As under the prior exemption, the proposed exemption is available at the time of purchase or as a refund of previously paid taxes. The available data only represents the refund activity, so an additional adjustment is made to reflect the potential tax-exempt purchases at the point of sale. The high estimate uses an additional 50%, the low estimate uses an additional 5%, and the middle estimate uses the average of the high and the low (28%). On average, 59 days were needed to complete the refunds for the current exemption. For this reason, the estimate assumes that there would be a negligible chance of a refund occurring under the proposed language in the 2018-19 fiscal year, and there would be no cash impact for the 2020-21 fiscal year.

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | $(2.5 M) | | $(0.41 M) | | $(0.01 M) | |
| 2020-21 | | | | | | |
| 2021-22 | | | | | | |
| 2022-23 | | | | | | |
| 2023-24 | | | | | | |

**List of affected Trust Funds:**
Sales and Use Tax Group

**Section 5: Consensus Estimate (Adopted: 04/04/2019): The Conference adopted an average of the high and the middle.**

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (1.2) | 0.0 | (Insignificant) | 0.0 | (Insignificant) | 0.0 | (0.1) | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | (0.2) | 0.0 | (0.3) | 0.0 | (1.5) | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| 1 | **Current Emergency Plan status** | | | | | | |
| 2 | | | Fully Implemented | Not Fully Implemented | Total | | |
| 3 | Nursing homes | | 232 | 450 | 682 | | |
| 4 | Assisted Living Facilities | | 2237 | 839 | 3076 | | |
| 5 | | | | | | | |
| 6 | **Facility size data from 2018 Analyses** | | | | | | |
| 7 | **NURSING HOMES** | Bracket | Facilities | Beds | % Facilities Per Group | Est. Not fully implemented | |
| 8 | Grp 1 | 1 - 50 | 30 | 1,098 | 4.39% | 20 | |
| 9 | Grp 2 | 51 - 125 | 481 | 50,965 | 70.32% | 316 | |
| 10 | Grp 3 | 126 - 175 | 71 | 10,627 | 10.38% | 47 | |
| 11 | Grp 4 | 176 - 438 | 102 | 21,078 | 14.91% | 67 | |
| 12 | Totals | | 684 | 83,768 | | | |
| 13 | | | | | | | |
| 14 | **ASSISTED LIVING FACILITY** | Bracket | Facilities | Beds | % Facilities Per Group | Est. Not fully implemented | |
| 15 | Grp 1 | 1-10 | 1,795 | 11,050 | 57.72% | 484 | |
| 16 | Grp 2 | 11-50 | 613 | 15,505 | 19.7% | 165 | |
| 17 | Grp 3 | 51-125 | 537 | 45,847 | 17.3% | 145 | |
| 18 | Grp 4 | 126-175 | 121 | 17,696 | 3.9% | 33 | |
| 19 | Grp 5 | 176-350 | 44 | 9,720 | 1.41% | 12 | |
| 20 | Totals | | 3,110 | 99,818 | | | |
| 21 | | | | | | | |
| 22 | **Summary Statistics for DR-26SIGEN** | | | | | | |
| 23 | **Days to Complete Refund** | | | | | | |
| 24 | Average | | 59 | | | | |
| 25 | | | | | | | |

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| 26 | **Monthly Refunds Approved** | | | | | | |
| 27 | High (average of 5 highest) | Middle (average) | Low (average of 5 lowest) | | | | |
| 28 | 16.2 | 11.4 | 6.6 | | | | |
| 29 | | | | | | | |
| 30 | **Refund Size** | | | | | | |
| 31 | High (average of 10 Highest) | Middle (average) | Low (average of 10 Lowest) | | | | |
| 32 | $ 8,069.34 | $ 2,151.11 | $ 56.56 | | | | |
| 33 | | | | | | | |
| 34 | **Number of Months Affected by Proposed Language** | | | | | | |
| 35 | As Specified | | 12 | | | | |
| 36 | Accelerated Purchases | | 1 | | | | |
| 37 | Total | | 13 | | | | |
| 38 | | | | | | | |
| 39 | **Additional % of Purchases Tax Exempt at Point of Sale** | | | | | | |
| 40 | High | Middle (average) | Low | | | | |
| 41 | 50% | 28% | 5% | | | | |
| 42 | | | | | | | |
| 43 | **Implied number of refunds based on refund sizes from Row 32** | | | | | | |
| 44 | High | Middle | Low | | | | |
| 45 | 316 | 189 | 90 | | | | |
| 46 | | | | | | | |
| 47 | | **High** | | **Middle** | | **Low** | |
| 48 | | **Cash** | **Recurring** | **Cash** | **Recurring** | **Cash** | **Recurring** |
| 49 | 2019-20 | $ (2.5 M) | | $ (0.4 M) | | $ (0.01 M) | |
| 50 | 2020-21 | | | | | | |
| 51 | 2021-22 | | | | | | |
| 52 | 2022-23 | | | | | | |
| 53 | 2023-24 | | | | | | |

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales Tax
**Issue**: Sales Using Marketplace Providers
**Bill Number(s)**: Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Sections 1,3,4,5,9-11
**Sponsor(s)**: N/A
**Month/Year Impact Begins**: 10/1/2019
**Date of Analysis**: 4/4/2019

**Section 1: Narrative**
**a. Current Law**: See attached section by section spreadsheet

**b. Proposed Change**: See attached section by section spreadsheet

**Section 2: Description of Data and Sources**
2017 Calendar Year Sales Tax File
EDR Research on Top 1000 Internet retailers and existing Marketplace Activity
REC Monthly Estimates

**Section 3: Methodology (Include Assumptions and Attach Details)**
Used EDR research on Florida's likely share of the 2017 sales activity of entities that would likely meet the definition of Marketplace Provider of $388.13 M. Assumed annual growth of 15% for the high, 12% for the middle and 10% for the low to grow amounts into and throughout the forecast period. Converted from calendar year to fiscal year.

Built in three additional levers for the analysis. First lever is percent of revenues that are not business to business transactions. The second lever is percent of revenues that are taxable for sales tax purposes. Both of these levers are set to 100% for high, middle and low. The third lever is percent of revenues not cannibalized from other revenues. For this lever, the high was set at 100% for all years, the middle was set at 80% in the first year and increased by 5% each year in the forecast period so that the out year was 100% not cannibalized. For the low, the lever was set at 75% for all years

Assumed rate of voluntary compliance with the proposed language for the high of 80% in the first year and growing by 5% in each year of the forecast period, for the middle of 75% in the high and growing 5% each year, and for the low of 70% also growing 5% each year in the forecast period. The compliance rate was applied to the remote sales activity forecast to estimate revenues from voluntary compliance with the proposed legislation.

Audit recoveries were estimated as follows:
Annual noncompliance amounts were identified by taking the difference between Activity and voluntary compliance. For the high it was assumed there was a one year lag to audit recoveries and in the first year following noncompliance, 30% of the noncompliant amount was recovered, in the second year following noncompliance, 30% of the remaining amount was recovered, and in the third year, 30% of the remaining noncompliant amount was recovered. For the middle it was assumed there was a two year lag to audit recoveries and in the first year following the lag, 30% of the noncompliant amount was recovered, in the second year following the lag, 20% of the remaining amount was recovered, and in the third year, 10% of the remaining noncompliant amount was recovered. For the low it was assumed there was a three year lag to audit recoveries, with recoveries of 20% in the first year following the lag and 20% in the second year.

For the recurring amounts for each year, the fifth year compliance rate and fifth year non-cannibalization rate were used and audit recoveries were ignored.

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Sales Tax
**Issue**: Sales Using Marketplace Providers
**Bill Number(s)**: Proposed Language

**Section 4: Proposed Fiscal Impact**
State Sales Tax – Marketplace Sellers

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | $441.44 | $551.80 | $309.65 | $490.28 | $258.89 | $332.86 |
| 2020-21 | $572.49 | $634.57 | $393.05 | $549.11 | $305.12 | $366.14 |
| 2021-22 | $708.51 | $729.75 | $557.17 | $615.01 | $358.00 | $402.76 |
| 2022-23 | $852.38 | $839.22 | $704.32 | $688.81 | $465.26 | $443.03 |
| 2023-24 | $982.67 | $965.10 | $853.32 | $771.46 | $572.27 | $487.33 |

**List of affected Trust Funds:**
Sales Tax Group

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Conference adopted a revised low that reflects the net impact of a loss to the adopted baseline sales tax forecast coupled with a gain from marketplace sales. The Conference adopted an 8/12 cash impact for the first year.**

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | 222.6 | 429.3 | 0.0 | 0.0 | 7.5 | 14.5 | 0.0 | 0.0 |
| 2020-21 | 373.9 | 448.7 | 0.0 | 0.0 | 12.6 | 15.1 | 0.0 | 0.0 |
| 2021-22 | 415.6 | 467.5 | 0.0 | 0.0 | 14.0 | 15.8 | 0.0 | 0.0 |
| 2022-23 | 487.4 | 485.7 | 0.0 | 0.0 | 16.4 | 16.4 | 0.0 | 0.0 |
| 2023-24 | 555.9 | 502.8 | 0.0 | 0.0 | 18.8 | 17.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | 37.3 | 71.9 | 44.8 | 86.4 | 267.4 | 515.7 |
| 2020-21 | 62.6 | 75.2 | 75.2 | 90.3 | 449.1 | 539.0 |
| 2021-22 | 69.6 | 78.3 | 83.6 | 94.1 | 499.2 | 561.6 |
| 2022-23 | 81.6 | 81.4 | 98.0 | 97.8 | 585.4 | 583.5 |
| 2023-24 | 93.1 | 84.2 | 111.9 | 101.2 | 667.8 | 604.0 |

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | Section | Statute Amended | Current Law | Change | Effective date | Remote Seller/Marketplace Provider |
| 2 | 1 | 212.02(14) | Provides definition of retail sale | Amends definition of retail sale to change "mail order sale" to "remote sale" and to include sales facilitated through a marketplace | 7/1/2019 | Both |
| 3 | 2 | 212.05 | Imposes sales tax on all sales of tangible personal property, including those made by mail order sale | Changes "mail order sale" to "remote sale" | 7/1/2019 | Remote Sales |
| 4 | 3 | 212.0596 | Defines "mail order sale"; sets out situations in which nexus over mail order sales will be found; provides exception for mail order dealers to not be required to collect local option surtaxes | Changes "mail order sale" to "remote sale"; adds provision setting out nexus based on substantial number of sales, defined as $100,000 or 200 retail sales of TPP in the previous calendar year; strikes provision providing that local option surtaxes are not required to be collected | 7/1/2019 | Both |
| 5 | 4 | 212.05965 | N/A | Provides for collection and remittance of tax by marketplace providers who make a substantial number of remote sales; excludes sellers of travel agency services from definition of "marketplace provider"; provides prohibition from assessing marketplace sellers under specified conditions; requires marketplace sellers to collect and remit tax on sales made outside the marketplace; relieves marketplace providers from liability under specified conditions; provides that a marketplace is a separate place of business for purposes of registration; authorizes the Department to compromise tax, interest, or penalty assessed on sales through a marketplace; provides that the tax violation reward program and burden of proof provisions related to obtaining a refund apply to marketplace sales. | 7/1/2019 | Market Place Providers |
| 6 | 5 | 212.06 | Defines "dealer" to include retailers who make mail order sales | Amends dealer to replace "mail order sale" with "remote sale" and to add "marketplace provider" | 7/1/2019 | Both |
| 7 | 6 | 212.12 | Excludes mail order dealers from normal collection allowance provision (2.5% of the tax remitted); allows the Department to negotiate a collection allowance with mail order dealers based on the dealer's estimated costs of collecting the tax, the volume and value of the dealer's mail order sales to Florida customers, and the administrative and legal costs; the negotiated collection allowance may not exceed 10% of the tax remitted | Strikes the exclusion for mail order dealers from the normal collection allowance provision; strikes the negotiated collection allowance provision | 7/1/2019 | |
| 8 | 7 | 212.18 | Provides that an exhibitor who makes a mail order sale must register as a dealer | Changes "mail order sale" to "remote sale" | 7/1/2019 | Remote Sales |
| 9 | 8 | 212.2 | Requires the Department to determine and refund amounts determined by a court to be unconstitutional | Reenacts this provision for purposes of incorporating changes made to the mail order statute | 7/1/2019 | Remote Sales |
| 10 | 9 | N/A | N/A | Provides emergency rulemaking authority | 7/1/2019 | Both |
| 11 | 10 | N/A | N/A | Provides severability if any portion of the law is found to be invalid | 7/1/2019 | Both |
| 12 | 11 | N/A | N/A | Provides an effective date of July 1, 2019 | 7/1/2019 | Both |

| | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| 1 | EDR Estimate of Potential Sales Tax Revenue | | | | | |
| 2 | | High | Middle | Low | **ADOPTED** | |
| 3 | Growth Rate | 15% | 12% | 10% | **10%** | |
| 4 | | | | | | |
| 5 | Forecast of Market Place Activity not currently remitting -Millions | | | | | |
| 6 | Calendar Year | High | Middle | Low | **ADOPTED** | |
| 7 | 2017 | $388.1 | $388.1 | $388.1 | **$388.1** | |
| 8 | 2018 | $446.3 | $434.7 | $426.9 | **$426.9** | |
| 9 | 2019 | $513.3 | $486.9 | $469.6 | **$469.6** | |
| 10 | 2020 | $590.3 | $545.3 | $516.6 | **$516.6** | |
| 11 | 2021 | $678.8 | $610.7 | $568.3 | **$568.3** | |
| 12 | 2022 | $780.7 | $684.0 | $625.1 | **$625.1** | |
| 13 | 2023 | $897.8 | $766.1 | $687.6 | **$687.6** | |
| 14 | 2024 | $1,032.4 | $858.0 | $756.4 | **$756.4** | |
| 15 | | | | | | |
| 16 | Fiscal Year Conversion - Forecast Period | | | | | |
| 17 | | High | Middle | Low | **ADOPTED** | |
| 18 | 2019-20 | $551.8 | $516.1 | $493.1 | **$493.1** | |
| 19 | 2020-21 | $634.6 | $578.0 | $542.4 | **$542.4** | |
| 20 | 2021-22 | $729.8 | $647.4 | $596.7 | **$596.7** | |
| 21 | 2022-23 | $839.2 | $725.1 | $656.3 | **$656.3** | |
| 22 | 2023-24 | $965.1 | $812.1 | $722.0 | **$722.0** | |
| 23 | | | | | | |
| 24 | Percent of Revenues that are non-business to business | | | | | |
| 25 | | High | Middle | Low | **ADOPTED** | |
| 26 | 2019-20 | 100% | 100% | 100% | **100%** | |
| 27 | 2020-21 | 100% | 100% | 100% | **100%** | |
| 28 | 2021-22 | 100% | 100% | 100% | **100%** | |
| 29 | 2022-23 | 100% | 100% | 100% | **100%** | |
| 30 | 2023-24 | 100% | 100% | 100% | **100%** | |
| 31 | | | | | | |
| 32 | Percent of Revenues that are Taxable For Sales Tax Purposes | | | | | |
| 33 | | High | Middle | Low | **ADOPTED** | |
| 34 | 2019-20 | 100% | 100% | 100% | **100%** | |
| 35 | 2020-21 | 100% | 100% | 100% | **100%** | |
| 36 | 2021-22 | 100% | 100% | 100% | **100%** | |
| 37 | 2022-23 | 100% | 100% | 100% | **100%** | |
| 38 | 2023-24 | 100% | 100% | 100% | **100%** | |
| 39 | | | | | | |
| 40 | Percent of Revenues that are not Cannibalized from other revenues | | | | | |
| 41 | | High | Middle | Low | **ADOPTED** | |
| 42 | 2019-20 | 100% | 80% | 75% | **100%** | |
| 43 | 2020-21 | 100% | 85% | 75% | **95%** | |
| 44 | 2021-22 | 100% | 90% | 75% | **90%** | |
| 45 | 2022-23 | 100% | 95% | 75% | **85%** | |
| 46 | 2023-24 | 100% | 100% | 75% | **80%** | |
| 47 | | | | | | |

| | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| 48 | Assumed Voluntary Compliance Rate | | | | | |
| 49 | | High | Middle | Low | **ADOPTED** | |
| 50 | 2019-20 | 80% | 75% | 70% | **70%** | |
| 51 | 2020-21 | 85% | 80% | 75% | **75%** | |
| 52 | 2021-22 | 90% | 85% | 80% | **80%** | |
| 53 | 2022-23 | 95% | 90% | 85% | **85%** | |
| 54 | 2023-24 | 100% | 95% | 90% | **90%** | |
| 55 | | | | | | |
| 56 | Assumed Voluntary Remittances | | | | | |
| 57 | | High | Middle | Low | **ADOPTED** | |
| 58 | 2019-20 | $441.4 | $309.6 | $258.9 | **$345.2** | |
| 59 | 2020-21 | $539.4 | $393.0 | $305.1 | **$386.5** | |
| 60 | 2021-22 | $656.8 | $495.2 | $358.0 | **$429.6** | |
| 61 | 2022-23 | $797.3 | $619.9 | $418.4 | **$474.2** | |
| 62 | 2023-24 | $965.1 | $771.5 | $487.3 | **$519.8** | |
| 63 | | | | | | |
| 64 | Noncompliance Amounts | | | | | |
| 65 | | High | Middle | Low | **ADOPTED** | |
| 66 | 2019-20 | $110.4 | $206.4 | $234.2 | **$147.9** | |
| 67 | 2020-21 | $95.2 | $185.0 | $237.3 | **$155.9** | |
| 68 | 2021-22 | $73.0 | $152.1 | $238.7 | **$167.1** | |
| 69 | 2022-23 | $42.0 | $105.1 | $237.9 | **$182.1** | |
| 70 | 2023-24 | $0.0 | $40.6 | $234.6 | **$202.2** | |
| 71 | | | | | | |
| 72 | | High | Middle | Low | **ADOPTED** | |
| 73 | Audit Lag | 1 year | 2 years | 3 years | **3 years** | |
| 74 | | | | | | |
| 75 | Assumed Audit Recovery Time - for amounts not remitted voluntarily | | | | | |
| 76 | Recovery year | High | Middle | Low | **ADOPTED** | |
| 77 | First year | 30% | 30% | 20% | **20%** | |
| 78 | Second Year | 30% | 20% | 20% | **20%** | |
| 79 | Third Year | 30% | 10% | 10% | **10%** | |
| 80 | Fourth year | | 10% | 10% | **10%** | |
| 81 | Fifth Year | | 10% | 10% | **10%** | |
| 82 | | | | | | |
| 83 | Audit recoveries | High | Middle | Low | **ADOPTED** | |
| 84 | 2019-20 | $0 | $0 | $0 | **$0** | |
| 85 | 2020-21 | $33.11 | $0 | $0 | **$0** | |
| 86 | 2021-22 | $51.73 | $61.93 | $0 | **$0** | |
| 87 | 2022-23 | $55.12 | $84.39 | $46.85 | **$29.59** | |
| 88 | 2023-24 | $17.57 | $81.86 | $84.94 | **$54.86** | |
| 89 | | | | | | |
| 90 | Cash | | | | | |
| 91 | Total Revenues | High | Middle | Low | **ADOPTED** | |
| 92 | 2019-20 | $441.44 | $309.65 | $258.89 | **$230.1** | (8/12) |
| 93 | 2020-21 | $572.49 | $393.05 | $305.12 | **$386.5** | |
| 94 | 2021-22 | $708.51 | $557.17 | $358.00 | **$429.6** | |
| 95 | 2022-23 | $852.38 | $704.32 | $465.26 | **$503.8** | |
| 96 | 2023-24 | $982.67 | $853.32 | $572.27 | **$574.7** | |
| 97 | | | | | | |
| 98 | Recurring | | | | | |
| 99 | Total Revenues | High | Middle | Low | **ADOPTED** | |
| 100 | 2019-20 | $551.80 | $490.28 | $332.9 | **$443.8** | |
| 101 | 2020-21 | $634.57 | $549.11 | $366.1 | **$463.8** | |
| 102 | 2021-22 | $729.75 | $615.01 | $402.8 | **$483.3** | |
| 103 | 2022-23 | $839.22 | $688.81 | $443.0 | **$502.1** | |
| 104 | 2023-24 | $965.10 | $771.46 | $487.3 | **$519.8** | |

## Online Marketplace Sales

According to research by Internet Retailer, global transactions through marketplaces were nearly equal to traditional sales from e-retail sites in 2017.[1] In that year, the Top 75 online marketplaces had more than $1.55 trillion in global sales, up by 34% from the prior year. Gross merchandise sales accounted for more than 90% of these sales. Within the Top 75, 42 marketplaces were based in the United States. Collectively, they sold—globally—$473 billion in goods in 2017, up by 24% from the prior year. Most of these sales (over two-thirds) originated through Amazon's marketplace, which some analysts estimate now has over 2 million sellers and is consistently the first site U.S. consumers go to when shopping online.

Analyses by various groups that track marketplace sales place Amazon's share of the U.S. market at nearly 50% of the total, with the top 10 e-commerce businesses accounting for a combined share of about 70%.[2] Detailed information for this group of dominant players is readily available, so a concentrated focus on them presents a reasonable picture of the overall market.

EDR performed an independent analysis of the major e-commerce marketplaces to assess the likely impact on state revenue if these companies (sometimes referred to as facilitators) were required to collect sales taxes on behalf of the participants using their e-marketplace platforms. These retailers generally fall into two categories: (1) those who sell their own products as well as provide platforms for third-party-sellers (e.g., Amazon, Walmart); and (2) those who solely provide platforms for third-party sellers (e.g., Etsy, eBay).

The starting point for the analysis was to develop estimates of gross merchandise sales (GMS) for the largest marketplaces. An internet search of various sites that collect, project, and report on e-commerce was undertaken. In some instances, GMS was only reported on a worldwide basis, and additional information had to be found in order to estimate each marketplace's U.S. activity.

The next step was to identify which sales are taxable. A sale can be exempt from taxation for a number of reasons: (1) the item itself is exempt and not taxable under the state's statutes; (2) the sale is to a tax-exempt organization; or (3) the sale involves an item for resale or incorporation into another good.[3] To perform this analysis, research was undertaken to determine the kinds of purchases that are made through the various marketplaces. Some data was specific to the marketplace, while other data related the e-commerce industry as a whole. Where business-specific data was lacking or incomplete, EDR relied on information from U.S. Census Bureau analyses of retail sales by industry/commodity. As a result of this combined research, discrete adjustments were made. For example, the higher percentage

[1] These figures are inclusive of products offered by the owner of the site, as well as those placed for sale by third-parties.

[2] A recent eMarketer industry report indicates that Amazon marketplace sellers account for about 68% of total Amazon sales (direct sales about 32%). According to Internet Retailer, the other top ten U.S. marketplaces include eBay, Walmart, Houzz, Wish.com, Sears, Etsy, Newegg, 5miles and Jet.

[3] Many Business-to-Business (B2B) sales fall into this last category. While sales for resale or incorporation into another good can occur via e-commerce, they are typically treated separately and excluded from the retail sales figures reported for the various marketplaces. To the extent that any of these sales are part of the reported sales figures used in this analysis, they are assumed to be addressed through the adjustment for exempt sales.

of nontaxable items for Walmart reflects the growing importance of its online grocery business. This is also an area of growth for Amazon. For most other marketplaces, the items sold are assumed to be taxable; however, effectively, a 10% adjustment was made to total U.S. sales for all marketplaces.

Two additional adjustments are needed to U.S. taxable sales. First, it has already been mentioned that some marketplaces (such as Amazon) feature products offered by the owner of the site, as well as those placed for sale by third-parties. To tease out the discrete effect of the marketplace and avoid double-counting remote sales that have been separately treated, a factor was developed to indicate the share of sales occurring through third-party sellers.

The second adjustment reflects the fact that Florida is the third most-populated state and naturally attracts a large number of retail businesses that are population dependent. This indicates that there are a significant number of sellers that already have nexus to Florida. Because some taxes are currently collected from the individual marketplace sellers and some marketplaces sell their own products and remit taxes on those sales, a factor was needed to reflect the assumed level of remittance that is already occurring. The discrete assumptions underpinning this factor were based on a search of registrants in the DOR database, as well as an in-depth review of the tax collection procedures on individual websites.

With respect to the latter review, EDR had previously conducted an internet search of the Top 1000 remote sellers and their affiliates to determine if they had a physical presence in Florida. Various trade analyses show that the more dominant marketplaces attract well-established brands and retailers that are more likely to have an independent Florida presence. For these marketplaces, EDR attributed a share of its U.S. taxable sales to DOR-registered Florida sellers that are also availing themselves of the marketplace. EDR's selected method produced an estimated share of 44.5% of the portion of U.S. taxable sales associated with marketplace sellers.[4] For the smaller marketplaces, 18% was used based on EDR's previous work on "Remote Sales." The industry data confirms that most sellers on platforms like eBay and Etsy are small businesses with limited market penetration. As such, they are less likely to be registered with a state for tax collection purposes.

Once these steps have been completed, all of the parameters necessary to estimate potential collections have been determined:

1. U.S. share of Gross Merchandise Sales (GMS)
2. Percent of exempt sales[5]
3. Third-party marketplace sellers' share of the total taxable sales

[4] To check the reliability of the 44.5% share, an alternative method was employed. The sales of the top 10 marketplaces, as reported by www.statista.com, were subtracted from the estimate of the total GMS of the Top 1000. A geometric weight was then estimated that produced a declining level of sales for the smaller 990 firms that summed to the total GMS attributable to this group. The sales of those with a Florida presence were summed and taken as a percent of those not in the group of five. This estimate produced a slightly higher estimate of just over 48%. This result seems to support the original estimate.

[5] There was some concern that streaming or digital sales may be included in the GMS estimates. Since these sales are not subject to sales taxes, it was felt the estimated percent non-taxable might be understated. EDR contacted the firm that publishes the Top 1000 listing (as well as other industry analyses) to ascertain the level of streaming and digital sales included in the GMS estimates provided by Internet Retailer. According to the Research Director, they define e-retail to focus on the sale of physical products and attempt to exclude purchases associated with streaming and downloads of software, music, books, and games.

4. The share of taxable sales attributed to marketplace sellers provided by registered sellers
5. Florida's share of U.S. sales—assumed to be equal to the state's share of U.S. resident population

For convenience, all numbers on the accompanying table have been transformed into estimated Florida sales taxes. After completing the analysis for the 2017 calendar year, EDR's estimated universe of potential state sales taxes from marketplace sales is $388.13 million.

**COMBINED REMOTE AND MARKETPLACE SALES:**

By way of comparison, the United States Government Accountability Office (GAO) published a report in November 2017 that estimated the combined local and state revenue that could be gained from collecting sales tax on remote and marketplace sales. For Florida, the GAO identifies a potential gain that ranges between $486.0 million in its low scenario to $758.0 million in its high scenario. After removing projected local taxes, the suggested state share ranges between $436.8 million to $681.3 million, producing a simple average of $559.1 million. EDR's 2017 combined total for remote and marketplace sales is close to this average—the combined total for both universes is $533.5 million.

# EDR Projected Marketplace Provider Sales
# State Sales Tax Collections ($ millions)

| | Amazon | Walmart.com | Ebay | Etsy | Newegg | Smaller Platforms [6] |
|---|---|---|---|---|---|---|
| Total Sales [1] | $156,197 | $12,100 | $3,400 | $3,900 | $2,500 | $56,409 |
| U.S. Share (%) [2] | 100.0% | 100.0% | 100.0% | 65.3% | 100.0% | 100.0% |
| U.S. Share of Sales ($) | $156,197 | $12,100 | $3,400 | $2,547 | $2,500 | $56,409 |
| Percent of Exempt Sales [3] | 10.00% | 17.40% | 0.00% | 0.00% | 0.00% | 10.00% |
| U.S. Taxable Sales ($) | $140,577 | $9,995 | $3,400 | $2,547 | $2,500 | $50,768 |
| Marketplace Sellers [4] | 68.00% | 8.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Registered Markplace Sellers | 44.50% | 44.50% | 18.00% | 18.00% | 44.50% | 18.00% |
| U.S. Sales Escaping Taxation ($) | $53,054 | $444 | $2,788 | $2,088 | $1,388 | $41,630 |
| Florida's Share (%) [5] | 6.38% | 6.38% | 6.38% | 6.38% | 6.38% | 6.38% |
| Escaped Sales to Florida ($) | $3,385 | $28 | $178 | $133 | $89 | $2,656 |
| Florida Tax Rate (%) | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| **Potential Gain in SUT ($)** | **$203.09** | **$1.70** | **$10.67** | **$7.99** | **$5.31** | **$159.36** |

| | |
|---|---|
| **Potential Gain to State** | **$388.13** |

[1] Total Sales is defined as **Gross Merchandise Sales (GMS)**. GMS is typically defined as the dollar value of items sold, excluding shipping fees and net of refunds associated with canceled transactions.

[2] In some instances, sales are only reported as "global" and an estimate may be provided of the portion that is in the U.S.

[3] Exempt sales include medicines and food and drink.

[4] An estimate of the share of sales that are by third-party.

[5] It is assumed that Florida's share of sales matches its share of population.

[6] Smaller Platforms include First Dibs, Google Shopping, Facebook, Wish.com

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Piggyback Bill/Shift Tax Cut Calculation/Decouple: GILTI (Retro), Net Interest Limit, R&E Amortization (Prospective)
**Bill Number(s)**: Proposed Language
☒ **Entire Bill**
☐ **Partial Bill**:
**Sponsor(s)**: N/A
**Month/Year Impact Begins**: Upon becoming law
**Date of Analysis**: 4/4/2019

**Section 1: Narrative**

**a. Current Law**: With respect to the Global Low-Taxed Income (GILTI), Net Interest Deductions Limitations, and Amortization of Research and Experimental Expenditures, the Florida Corporate Income Tax fully conforms to the Federal Income Tax provisions for tax years beginning on or after 12/31/2017.

Section 220.1105 provides for a one-time rate reduction applicable to liabilities for tax years beginning on or after January 1, 2019 and requires mandatory refunds if collections for 2018-19 exceed 1.07 times the net CIT collections as forecast by the Revenue Estimating Conference on February 23, 2018.

**b. Proposed Change**: Provides that for tax years beginning after 12/31/2018, there shall be subtracted from such taxable income the amount of business interest expense not allowed for federal income tax purposes pursuant to s. 163(j)(1) of the internal Revenue Code. Specifies that this subtraction must occur in the taxable year in which the business interest expense is incurred and may not include any carryforward of disallowed business interest expense pursuant to s. 163(j)(2) of the Internal Revenue Code.

Further provides for an addition for the amount of business interest expense disallowed under s. 163(j)(1) of the Internal Revenue Code carried forward from a prior taxable year pursuant to s. 163 (j)(2) of the Internal Revenue Code and deducted for federal purposes in the current taxable year.

Provides for, to the extent included in federal taxable income, a subtraction for all amounts included in taxable income under s. 951A of the Internal Revenue Code. (This section provides for the taxation of GILTI.) further provides there shall be a corresponding addition against any deduction of GILTI pursuant to s. 250 (a)(1)(b) of the Internal Revenue Code. Provides this provision operates retroactively to 1/1/2018.

Provides for an election by which entities can elect to amortize and deduct their research or experimental expenditures as provided in s.174 of the Internal Revenue Code.

Revises section 220.1105 providing for rate reduction and automatic refunds. Eliminates rate reduction for tax years beginning on or after 2019. Provides for a rate reduction for 2020 liability if the net CIT collections for 2019-20 exceed the forecast collection from the February 23, 2018 General Revenue Estimating Conference by more than 1.07 times. Provides for refunds should the 2019-20 net CIT receipts exceed 1.07 times the forecasted net CIT collections for 2019-20 as forecast by the Revenue Estimating Conference on February 23, 2018. Provides that any reduced rate will remain in place for all future years.

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

Publication JCX-67-17 Estimated Budget Effects of the Conference Agreement for H.R. 1, The "Tax Cuts and Jobs Act" by United States Congress Joint Committee of Taxation (JCT) - December 18, 2017
March 14, 2019 General Revenue Estimating Conference Workpapers
Conversations with staff of the Joint Committee on Taxation

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

<u>Revised Rate Reduction and Refunds mechanism</u>
Note the impact for this provision was analyzed without any feedback from the other provisions of the bill.
In order to estimate the impact of the revised rate reduction, collection amounts had to be converted into their various underlying liability years. The conversion was based upon the liability for tax years beginning on or after January 1, 2015. Payment data with applied period ending 12/2015 to 11/2016 were examined to determine the fiscal years those receipts were received. Payments for tax years beginning on or after January 1, 2015 were spread across the years in the following pattern:

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Piggyback Bill/Shift Tax Cut Calculation/Decouple: GILTI (Retro), Net Interest Limit, R&E Amortization (Prospective)
**Bill Number(s)**: Proposed Language

| | |
|---|---|
| 2014-15 | 26.9% |
| 2015-16 | 61% |
| 2016-17 | 10% |
| 2017-18 | 1% |
| 2018-19 | 0.3% |

It was also observed that the 26.9% share of the 2015 liability was 29.5% of the total collections in 2014-15. As such, the observed relationship between payments received in 2014-15 and 2015 liability was (payments received in 2014-15 x 29.5%)/26.9% = 2015 liability. This relationship was assumed to hold for all future years and was used to simulate liability for years 2016 to 2023. The above distribution of collections associated with 2015 liability was also assumed to hold with respect to each liability year from 2016 to 2023. This assumption was used to convert assumed liability to implied collections for years 2020-21 to 2023-24 of the forecast period. These calculated implied collections were compared to the forecast collections in order to later scale results of simulated rate changes back to the forecast amounts.

The current forecast revenues from the 3/14/2019 General Revenue Estimating Conference was adjusted to eliminate the 2018-19 rate reduction impact under current law from the forecast. The revised forecast collections for 2019-20 was compared to the trigger amount to determine that a rate reduction would be triggered for 2020 liability absent the impact of any of the decoupling impacts. The new rate was computed to be 5.401% and revenues in the forecast period were modeled using this rate for periods liability years 2020 forward. Refund amounts for excess 2019-20 collections were also computed. To determine a total impact for the revised rate reduction and refunds provisions, the current forecast including the rate reduction was compared to the results of the revised rate reduction. Again, this provision was looked at absent any feedback from the other provisions in the bill. <u>If the other provision of the bill were included, the 2019-20 rate reduction would not be triggered.</u>

<u>Provisions decoupling from GILTI, Net Interest Limitation, and Amortization of Research and Experimental Expenditures</u>
The JCT analysis of the impacts of HR 1 – the Tax Cuts and Jobs Act was the starting point for the analysis. Impacts at the federal level were converted to base impacts using the new federal CIT rate of 21% for most items. There were certain business tax changes items that JCT indicated were a mixture of impacts to CIT and Personal Income Tax. The Rate used for PIT impacts was 19% for those changes that JCT indicated were split between CIT and PIT, the splits were obtained and then converted to reflect the various effective rates. These base amounts were then shared to Florida using an assumed share of 4.4% of federal taxable profits. The 5.5% state rate was then applied.

Amounts were then converted to Florida's July 1 to June 30 fiscal year from the federal October 1 to September 30th fiscal year. The average annual percent of total collections for the months of July, August, and September was 21.04% over the period from July 2009 to June 2018). This share was used to convert federal fiscal years to state fiscal years under the assumption that federal receipts would have the same percentage share of total collections as Florida does for this three-month period.

Impacts indicated to occur in 2017-18 for GILTI by this analysis were rolled into 2019-20 as they would have to be realized by refund.

For the net interest limitation, it was assumed that the 2017-18 impact from the JCT analysis arose only from 2018 liability and represented 26.9% of the total 2018 liability. Using the percentages developed previously to spread liability into receipt years, the total liability for 2018 of $273.2 M was derived and then spread into the receipt years. As these receipts would continue to be received by the state they reduced the impact of decoupling for the period 2017-8 to 2021-22.

The impact of decoupling from the Amortization of Research and Experimental expenditures was developed using the JCT methodology. However, as firms could elect to use the current law method, the impact is indeterminate.

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Piggyback Bill/Shift Tax Cut Calculation/Decouple: GILTI (Retro), Net Interest Limit, R&E Amortization (Prospective)
**Bill Number(s)**: Proposed Language

**Section 4: Proposed Fiscal Impact**

Decouple from GILTI

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | ($320.1 M) | ($105.5 M) | | |
| 2020-21 | | | ($109.7 M) | ($105.5 M) | | |
| 2021-22 | | | ($107.7 M) | ($105.5 M) | | |
| 2022-23 | | | ($104.4 M) | ($105.5 M) | | |
| 2023-24 | | | ($105.5 M) | ($105.5 M) | | |

Decouple from Net Interest Limitation

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | ($259.2 M) | ($328.9 M) | | |
| 2020-21 | | | ($213.5 M) | ($328.9 M) | | |
| 2021-22 | | | ($262.3 M) | ($328.9 M) | | |
| 2022-23 | | | ($321.8 M) | ($328.9 M) | | |
| 2023-24 | | | ($328.9 M) | ($328.9 M) | | |

Decouple from Amortization of Research and Experimental Expenditures with election

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | $0 | (**)/0/** | | |
| 2020-21 | | | $0 | (**)/0/** | | |
| 2021-22 | | | (**)/0/** | (**)/0/** | | |
| 2022-23 | | | (**)/0/** | (**)/0/** | | |
| 2023-24 | | | (**)/0/** | (**)/0/** | | |

Modified Rate Reduction and Refunds

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2019-20 | | | $121.5 M | ($50.2 M) | | |
| 2020-21 | | | ($19.0 M) | ($50.2 M) | | |
| 2021-22 | | | ($51.3 M) | ($50.2 M) | | |
| 2022-23 | | | ($48.9 M) | ($50.2 M) | | |
| 2023-24 | | | ($50.2 M) | ($50.2 M) | | |

**List of affected Trust Funds:** Corporate Income Tax Group

**Section 5: Consensus Estimate (Adopted: 04/05/2019): The Revenue Estimating Conference has identified that as much as $340 million of Corporate Income Tax receipts on a recurring basis is attributable to the Federal Tax Cuts and Jobs Act. Provisions relating to GILTI and the Net Interest Limitation represent a substantial share of that amount; an adjustment for Research and Experimental Amortization Rules was not discretely added to the current baseline forecast. The exclusion of GILTI and Net Interest Limitation as a result of this bill will likely cause downward revisions to the future CIT forecasts that support the General Revenue Fund. In addition, the ability for the GILTI decoupling to apply retroactively produces a multi-year impact in FY 2019-20 from those prior year reversals. Finally, the tax rate cut mechanism introduces additional uncertainty regarding the net effect of the bill. The Conference adopted a negative indeterminate impact.**

**REVENUE ESTIMATING CONFERENCE**

**Tax**: Corporate Income Tax
**Issue**: Piggyback Bill/Shift Tax Cut Calculation/Decouple: GILTI (Retro), Net Interest Limit, R&E Amortization (Prospective)
**Bill Number(s)**: Proposed Language

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

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | |
| 2 | GILTI - JCT Methodology | | | | | | | |
| 3 | | Table 1 - (Millions) | | | | | | |
| 4 | **Line** | Federal Fiscal Years | **2018** | **2019** | **2020** | **2021** | **2022** | **2018 - 2022** |
| 5 | **1** | Global Intangible Low Taxed Income | $7,700 | $12,500 | $9,600 | $9,500 | $9,300 | **$48,600** |
| 6 | **2** | 100% Federal CIT Impact | $7,700 | $12,500 | $9,600 | $9,500 | $9,300 | **$48,600** |
| 7 | **3** | Conversion to base impact | $36,667 | $59,524 | $45,714 | $45,238 | $44,286 | **$231,429** |
| 8 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $1,613 | $2,619 | $2,011 | $1,990 | $1,949 | **$10,183** |
| 9 | **5** | Florida Tax Impact prior to state fiscal year conversion | $89 | $144 | $111 | $109 | $107 | **$560** |
| 10 | **6** | Conversion to Florida Fiscal Year | $70 | $132 | $118 | $110 | $108 | **$538** |
| 11 | | | | | | | | |
| 12 | | Table 2 - (Millions) | | | | | | |
| 13 | **Line** | Federal Fiscal Years | **2023** | **2024** | **2025** | **2026** | **2027** | **2018 - 2027** |
| 14 | **1** | Global Intangible Low Taxed Income | $9,000 | $9,200 | $9,300 | $15,100 | $21,200 | **$112,400** |
| 15 | **2** | 100% Federal CIT Impact | $9,000 | $9,200 | $9,300 | $15,100 | $21,200 | **$112,400** |
| 16 | **3** | Conversion to base impact | $42,857 | $43,810 | $44,286 | $71,905 | $100,952 | **$535,238** |
| 17 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $1,886 | $1,928 | $1,949 | $3,164 | $4,442 | **$23,550** |
| 18 | **5** | Florida Tax Impact prior to state fiscal year conversion | $104 | $106 | $107 | $174 | $244 | **$1,295** |
| 19 | **6** | Conversion to Florida Fiscal Year | $104 | $106 | $107 | $160 | $230 | **$1,244** |
| 20 | | | | | | | | |

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 21 | Net Interest Limitation - JCT Methodology | | | | | | | |
| 22 | | Table 1 - (Millions) | | | | | | |
| 23 | **Line** | Federal Fiscal Years | **2018** | **2019** | **2020** | **2021** | **2022** | **2018 - 2022** |
| 24 | **1** | Limit Net Interest Deduction to 30% of Adjusted Taxable Income, Carryforward of Denied Deduction | $8,400 | $17,700 | $19,700 | $19,600 | $24,900 | **$90,200** |
| 25 | **2** | 96% Federal CIT Impact | $8,064 | $16,992 | $18,912 | $18,816 | $23,904 | **$86,688** |
| 26 | **3** | Conversion to base impact | $38,400 | $80,914 | $90,057 | $89,600 | $113,829 | **$412,800** |
| 27 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $1,690 | $3,560 | $3,963 | $3,942 | $5,008 | **$18,163** |
| 28 | **5** | Florida Tax Impact prior to state fiscal year conversion | $93 | $196 | $218 | $217 | $275 | **$999** |
| 29 | **6** | Conversion to Florida Fiscal Year | $73 | $174 | $213 | $217 | $263 | **$941** |
| 30 | | | | | | | | |
| 31 | | | | | | | | |
| 32 | | Table 2 - (Millions) | | | | | | |
| 33 | **Line** | Federal Fiscal Years | **2023** | **2024** | **2025** | **2026** | **2027** | **2018 - 2027** |
| 34 | **1** | Limit Net Interest Deduction to 30% of Adjusted Taxable Income, Carryforward of Denied Deduction | $30,200 | $29,600 | $31,800 | $34,700 | $36,900 | **$253,400** |
| 35 | **2** | 96% Federal CIT Impact | $28,992 | $28,416 | $30,528 | $33,312 | $35,424 | **$243,360** |
| 36 | **3** | Conversion to base impact | $138,057 | $135,314 | $145,371 | $158,629 | $168,686 | **$1,158,857** |
| 37 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $6,075 | $5,954 | $6,396 | $6,980 | $7,422 | **$50,990** |
| 38 | **5** | Florida Tax Impact prior to state fiscal year conversion | $334 | $327 | $352 | $384 | $408 | **$2,804** |
| 39 | **6** | Conversion to Florida Fiscal Year | $322 | $329 | $347 | $377 | $403 | **$2,719** |
| 40 | | | | | | | | |

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 41 | **Amortization of Research and Experimental Expenditures** | | | | | | | |
| 42 | | Table 1 - (Millions) | | | | | | |
| 43 | **Line** | Federal Fiscal Years | **2018** | **2019** | **2020** | **2021** | **2022** | **2018 - 2022** |
| 44 | **1** | Amortization of Research and Experimental Expenditures | $0 | $0 | $0 | $0 | $24,200 | **$24,200** |
| 45 | **2** | 77% Federal CIT Impact | $0 | $0 | $0 | $0 | $18,634 | **$18,634** |
| 46 | **3** | Conversion to base impact | $0 | $0 | $0 | $0 | $88,733 | **$88,733** |
| 47 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $0 | $0 | $0 | $0 | $3,904 | **$3,904** |
| 48 | **5** | Florida Tax Impact prior to state fiscal year conversion | $0 | $0 | $0 | $0 | $215 | **$215** |
| 49 | **6** | Conversion to Florida Fiscal Year | $0 | $0 | $0 | $0 | $170 | **$170** |
| 50 | | | | | | | | |
| 51 | | | | | | | | |
| 52 | | Table 2 - (Millions) | | | | | | |
| 53 | **Line** | Federal Fiscal Years | **2023** | **2024** | **2025** | **2026** | **2027** | **2018 - 2027** |
| 54 | **1** | Amortization of Research and Experimental Expenditures | $32,900 | $26,000 | $18,900 | $11,400 | $6,300 | **$119,700** |
| 55 | **2** | 77% Federal CIT Impact | $25,333 | $20,020 | $14,553 | $8,778 | $4,851 | **$92,169** |
| 56 | **3** | Conversion to base impact | $120,633 | $95,333 | $69,300 | $41,800 | $23,100 | **$438,900** |
| 57 | **4** | Florida taxable Income Share of Federal Base (4.4%) | $5,308 | $4,195 | $3,049 | $1,839 | $1,016 | **$19,312** |
| 58 | **5** | Florida Tax Impact prior to state fiscal year conversion | $292 | $231 | $168 | $101 | $56 | **$1,062** |
| 59 | **6** | Conversion to Florida Fiscal Year | $276 | $244 | $181 | $115 | $65 | **$1,050** |

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 60 | | | | | | | | |
| 61 | | Net Interest Limitation Impact Adjustment for 2018 remaining unchanged | | | | | | |
| 62 | | Assumption - 2017-18 Impact equals 29.45% of total 2018 liability | | | | | | |
| 63 | | For 2018 Liability Impact | | | | | Estimated total 2018 Liability | |
| 64 | | Collection year | Share of collections | total 2017-18 forecast | 2018 Liability | Share of total 2018 liability | $273.2 | |
| 65 | | 2017-18 | 29.45% | | $73.4 | 26.9% | | |
| 66 | | 2018-19 | | | $167.68 | 61.4% | | |
| 67 | | 2019-20 | | | $27.56 | 10.1% | | |
| 68 | | 2020-21 | | | $3.61 | 1.3% | | |
| 69 | | 2021-22 | | | $0.82 | 0.3% | | |
| 70 | | | | | | | | |
| 71 | | Florida Impacts of Coupling to GILTI | Impacts of Decoupling from GILTI | Florida Impacts of Coupling to Net Interest Limitation - if applicable to all years | Impact of decoupling from Net Interest Limitation for tax years beginning after 12/31/2018 | | Impacts of decoupling from GILTI and Net Interest Limitation | Amortization impact if no entitles elect to amortize |
| 72 | 2017-18 | $70.1 | | $73.4 | $0.0 | | | $0 |
| 73 | 2018-19 | $132.4 | -$132.4 | $174.2 | -$73.5 | | -$276.0 | $0.0 |
| 74 | 2019-20 | $117.7 | -$187.7 | $213.3 | -$185.7 | | -$303.4 | $0.0 |
| 75 | 2020-21 | $109.7 | -$109.7 | $217.1 | -$213.5 | | -$323.2 | $0.0 |
| 76 | 2021-22 | $107.7 | -$107.7 | $263.1 | -$262.3 | | -$370.0 | -$169.6 |
| 77 | 2022-23 | $104.4 | -$104.4 | $321.8 | -$321.8 | | -$426.2 | -$275.7 |
| 78 | 2023-24 | $105.5 | -$105.5 | $328.9 | -$328.9 | | -$434.4 | -$243.6 |

Proposed Language - Piggyback Decouple from GILTI, Net Interest Limitation, Research and Experimental Expenditures Amortization with election / Revise Rate Reduction and Refund Provisions

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| 79 | | | | | | | | |
| 80 | | | | | | | | |
| 81 | | Florida Impacts of Coupling to GILTI | Impacts of Decoupling from GILTI | Florida Impacts of Coupling to Net Interest Limitation - if applicable to all years | Impact of decoupling from Net Interest Limitation for tax years beginning after 12/31/2018 | Cash impacts of Net Interest with 2018-19 impact rolled into 2019-20 | Impacts of decoupling from GILTI and Net Interest Limitation - Cash | Amortization impact if no entities elect to amortize |
| 82 | 2017-18 | $70.1 | | $73.4 | $0.0 | $0.0 | $0.0 | $0.0 |
| 83 | 2018-19 | $132.4 | | $174.2 | -$73.5 | $0.0 | $0.0 | $0.0 |
| 84 | 2019-20 | $117.7 | -$320.1 | $213.3 | -$185.7 | -$259.2 | -$579.4 | $0.0 |
| 85 | 2020-21 | $109.7 | -$109.7 | $217.1 | -$213.5 | -$213.5 | -$323.2 | $0.0 |
| 86 | 2021-22 | $107.7 | -$107.7 | $263.1 | -$262.3 | -$262.3 | -$370.0 | -$169.6 |
| 87 | 2022-23 | $104.4 | -$104.4 | $321.8 | -$321.8 | -$321.8 | -$426.2 | -$275.7 |
| 88 | 2023-24 | $105.5 | -$105.5 | $328.9 | -$328.9 | -$328.9 | -$434.4 | -$243.6 |
| 89 | | | | | | | | -$181.0 |
| 90 | | | | | | | | -$115.2 |
| 91 | | | | | | | | |