

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax
Issue: Health Insurance Savings Program
Bill Number(s): CS/HB 1113 Enrolled

- Entire Bill**
 Partial Bill: Sections 5 - 7

Sponsor(s): Rep. Renner
Month/Year Impact Begins: March 2021
Date of Analysis: 6/3/2019

Section 1: Narrative

- a. Current Law:** No authorization to treat shared savings plans incentives in a manner that reduces direct written premiums for determining Insurance Premium Tax liability
- b. Proposed Change:** Creates sections 627.6387, 627.6648 and 641.31076, Florida Statutes, to provide statutory criteria for the Shared Savings Incentive Program. Provides the program is voluntary and optional both on the part of the insurer and the insured. Provides that a participating insurer must at least quarterly credit or deposit the shared savings incentive amount to the insured’s account as a return or reduction in premium, or credit the shared savings to the insured’s flexible spending account, health savings account, or health reimbursement account. Requires any shared saving incentive to be at least 25% of the savings amount.
 Sections 627.6387 and 627.6648, Florida Statutes, provide that the shared saving incentive amount provided as a return or reduction of premium reduces the health insurer’s direct written premium by the shared savings incentive dollar amount for purposes of the Insurance Premium Tax.

Section 2: Description of Data and Sources

Office of Insurance Regulation – 2017 Premium Summary Report for the Legislature
 Underlying Accident and Health Insurance related growth rates for Insurance Premium Tax – March 14, 2019 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Assumed base for determining savings is equal to total direct written premium amounts. Assumed combined participation rates of 80% in the high, 50% in the middle and 20% in the low. Assumed savings would be 10% in the high, 7% in the middle and 3% in the low. Assumed the Shared Savings Incentive Payments will be 50% of the savings in the high, 35% in the middle and 25% in the low. Grew the output amounts by underlying Accident and Health Insurance growth rates from the 3/14/2019 General Revenue Estimating Conference. As the effective date is 1/1/2020, the first-year cash is \$0. Assumed the second-year cash (first year of implementation) would be 50% of the recurring amount to allow for program startup.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	\$0	(\$13.9M)	\$0	(\$4.3 M)	\$0	(\$0.5 M)
2020-21	(\$7.3 M)	(\$14.6 M)	(\$2.2 M)	(\$4.5 M)	(\$0.3 M)	(\$0.5 M)
2021-22	(\$15.2 M)	(\$15.2 M)	(\$4.7 M)	(\$4.7 M)	(\$0.6 M)	(\$0.6 M)
2022-23	(\$15.8 M)	(\$15.8 M)	(\$4.8 M)	(\$4.8 M)	(\$0.6 M)	(\$0.6 M)
2023-24	(\$16.5 M)	(\$16.5 M)	(\$5.0 M)	(\$5.0 M)	(\$0.6 M)	(\$0.6 M)

List of affected Trust Funds: Insurance Premium Group

Section 5: Consensus Estimate (Adopted: 06/05/2019): The Conference adopted a modified low estimate that staggered the participation rate from 10% FY 19-20, 15% in FY 20-21, to 20% in the out years.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	(0.4)	0.0	0.0	0.0	0.0	0.0	(0.4)
2020-21	(0.7)	(0.7)	0.0	0.0	0.0	0.0	(0.7)	(0.7)
2021-22	(0.9)	(0.9)	0.0	0.0	0.0	0.0	(0.9)	(0.9)
2022-23	(1.0)	(1.0)	0.0	0.0	0.0	0.0	(1.0)	(1.0)
2023-24	(1.0)	(1.0)	0.0	0.0	0.0	0.0	(1.0)	(1.0)

	A	B	C	D	E	F	G	H
1	Florida Office of Insurance Regulation -- Premium Summary Report for Legislature					Percent Participation		
2	DIRECT WRITTEN PREMIUMS FROM PLHSO COVERAGES		2015	2016	2017	High	Middle	Low
3	NAIC		\$162,747,840	\$160,918,194	\$149,617,450	80%	50%	20%
4	Non-NAIC		\$50,901,149	\$68,229,701	\$225,809,255	80%	50%	20%
5	total		\$213,648,989	\$229,147,895	\$375,426,705			
6	DIRECT WRITTEN PREMIUMS FROM HEALTH COVERAGES		2015	2016	2017			
7	2	Comprehensive (Hospital & Medical) Individual	\$2,838,061,962	\$3,735,122,330	\$4,776,990,553	80%	50%	20%
8	3	Comprehensive (Hospital & Medical) Group	\$2,847,383,529	\$2,622,874,773	\$2,616,565,152	80%	50%	20%
9	5	Vision Only	\$69,146,630	\$81,186,507	\$93,527,424	80%	50%	20%
10	6	Dental Only	\$357,991,686	\$379,584,381	\$417,075,045	80%	50%	20%
11	10	Stop Loss	not applicable	not applicable	not applicable	Stop loss, disability income, & long term care separated only before 2006, and was zero in 2005; excluded is Medicare Supplement, FEHBP, Title XVIII Medicare, Title XIX Medicaid.		
12	11	Disability Income	not applicable	not applicable	not applicable			
13	12	Long-Term Care	not applicable	not applicable	not applicable			
14	13	Other	\$642,595,299	\$676,838,620	\$702,263,384			
15	total		\$6,755,179,106	\$7,495,606,611	\$8,606,421,558			
16	DIRECT WRITTEN PREMIUMS FROM HEALTH COVERAGES - HMO's		2015	2016	2017			
17	2	Comprehensive (Hospital & Medical) Individual	\$3,984,985,775	\$4,606,465,680	\$4,222,322,687	Do not Pay Insurance Premium Tax		
18	3	Comprehensive (Hospital & Medical) Group	\$7,064,223,681	\$6,827,610,920	\$7,107,419,112	Do not Pay Insurance Premium Tax		
19	13	Other	\$383,460,619	\$390,916,469	\$385,113,918	Do not Pay Insurance Premium Tax		
20	total		\$11,432,670,075	\$11,824,993,069	\$11,714,855,717			
21	DIRECT WRITTEN PREMIUMS FROM ACCIDENT AND HEALTH COVERAGES - Life and Health Insurers		2015	2016	2017			
22	24	Group policies	\$6,858,749,437	\$7,167,657,896	\$7,759,884,319	80%	50%	20%
23	24.1	Federal employees health benefits program premium	\$25,059,554	\$29,884,378	\$31,644,900	80%	50%	20%
24	24.2	Credit (group and individual)	\$33,321,575	\$35,658,981	\$32,850,550	80%	50%	20%
25	24.3	Collectively renewable policies	\$417,560	\$395,076	\$353,192	80%	50%	20%
26	25.1	Non-cancelable (other individual policies)	\$302,071,028	\$311,786,557	\$314,138,754	80%	50%	20%
27	25.2	Guaranteed renewable (other individual policies)	\$2,093,531,776	\$1,921,691,122	\$1,767,729,831	80%	50%	20%
28	25.3	Non-renewable for stated reasons only (other individual policies)	\$258,071,843	\$63,916,047	\$33,555,858	80%	50%	20%
29	25.4	Other accident only (other individual policies)	\$5,774,953	\$6,201,536	\$6,017,126	80%	50%	20%
30	25.5	All other (other individual policies)	\$39,539,078	\$33,223,791	\$79,948,606	80%	50%	20%
31	total		\$9,616,536,804	\$9,570,415,384	\$10,026,123,136			
32	DIRECT WRITTEN PREMIUMS FROM ACCIDENT AND HEALTH COVERAGES Property and Casualty Insurers		2015	2016	2017			
33	13	Group accident and health	\$119,790,724	\$110,967,794	\$157,865,307	80%	50%	20%
34	14	Credit A&H (group and individual)	\$2,264,141	\$2,089,806	\$1,823,554	80%	50%	20%
35	15.1	Collectively renewable A&H	\$3,302	\$2,533	\$2,113	80%	50%	20%
36	15.2	Non-cancelable A&H	\$0	\$246	\$238	80%	50%	20%
37	15.3	Guaranteed renewable A&H	\$63,264,404	\$63,914,036	\$64,548,335	80%	50%	20%
38	15.4	Non-renewable for stated reasons only	\$2,083,939	\$1,262,600	\$1,016,956	80%	50%	20%
39	15.5	Other accident only	\$111,028	\$149,545	\$476,491	80%	50%	20%
40	15.7	All other A&H	\$10,713,423	\$21,878,593	\$24,139,256	80%	50%	20%
41	15.8	Federal employees health benefits program premium	\$0	\$0	\$0	80%	50%	20%
42	total		\$198,230,961	\$200,265,153	\$249,872,250			
43								
44	Total - Unadjusted Premium Amounts -2017		High	Middle	Low	Adopted Methodology 3-15		
45			\$15,406,274,919	\$9,628,921,825	\$3,851,568,730	\$3,851,568,730	Insurance Premium Tax Rate	
46	Amount of participation - combined provider and insured		80%	50%	20%	20%	1.75%	
47	Amount of savings		10%	7%	3%	5%		
48	Shared Savings incentive percent		50%	35%	25%	25%		
49	Tax Reduction - IPT		\$13,480,491	\$4,128,400	\$505,518	\$842,530.66		
50								
51	Accident and Health Forecasted Growth Rates		2018	2019	2020	2021	2022	2023
52	3/14/2019 General Revenue Conference		3.50%	4.40%	4.30%	4.20%	4.10%	4.00%
53								
54	Estimates		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	
55	High		-\$13,952,308	-\$14,566,209	-\$15,192,556	-\$15,830,644	-\$16,479,700	
56	Middle		-\$4,272,894	-\$4,460,902	-\$4,652,720	-\$4,848,135	-\$5,046,908	
57	Low		-\$523,212	-\$546,233	-\$569,721	-\$593,649	-\$617,989	
58	Adopted Participation Rate		10%	15%	20%	20%	20%	
59	Adopted Recurring Forecast		\$ 436,010	\$ 682,791	\$ 949,535	\$ 989,415	\$ 1,029,981	

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Local Surtax Election Timing and Approval

Bill Number(s): CS/CS/HB 5 – Section 1

Entire Bill

Partial Bill:

Sponsor(s): Local, Federal and Veteran Affairs Subcommittee, DiCeglie

Month/Year Impact Begins: January 1, 2020

Date of Analysis: 05/31/2019

Section 1: Narrative

- a. Current Law:** Under current law, elections for proposed discretionary sales surtaxes authorized under s. 212.055, F.S., that require voter approval are not restricted to a specific voting day or election. Such proposals require approval of a majority of the qualified electors voting on the ballot question for passage.

Section 212.055(1c), F.S., states that the proposal to adopt a discretionary sales surtax as provided in this subsection and to create a trust fund within the county accounts shall be placed on the ballot in accordance with law at a time to be set at the discretion of the governing body.

Section 212.055(10), F.S., requires an independent certified public accountant (CPA) to conduct a performance audit of the program associated with the proposed surtax. The Office of Program Policy Analysis and Government Accountability (OPPAGA) shall procure a CPA. A completed audit must be available on the official website of the county or school district at least 60 days before a referendum is held.

b. Proposed Change:

The processes for Charter County and Regional Transportation Surtax are amended to require the petition sponsor to do the following 180 days prior to the referendum if the proposal to adopt the surtax is by initiative:

1. Provide a copy of the ordinance to OPPAGA, who will then procure a CPA to conduct a performance audit within 60 days of received the ordinance in accordance with subsection (11) for the performance audit.
2. File the initiative and its valid signatures with the supervisor of elections, who must verify and retain signatures as required under s. 100.371(3), F.S.

The bill establishes that the referendum is void if the initiative is not filed with valid signatures and verified by the supervisor of elections or the provisions under Section 212.055(11), F.S. are not followed.

The bill creates subsection (10), which requires that a referendum to adopt or amend a local government discretionary sales surtax be held at a general election as defined in s.97021.

The performance audit provisions are amended to:

1. Require a county or school district to provide a copy of the final resolution or ordinance to OPPAGA of the proposed surtax and do so at least 180 days before the referendum is held.
2. Specify that OPPAGA procure a CPA within 60 days of receiving the final resolution or ordinance from a county or school district.

The bill establishes that a referendum is void if the county or school district fails to provide a copy of the final ordinance or resolution to OPPAGA of the proposed surtax at least 180 days before the referendum is held or if the performance audit is not completed and available on the official website of the county or school district at least 60 days before the referendum is held.

Section 2: Description of Data and Sources

N/A

Section 3: Methodology (Include Assumptions and Attach Details)

The recommended revenue impact of the bill is zero. The bill creates new requirements for a county to adopt or amend discretionary sales surtaxes. These requirements do not directly impact current baseline revenue forecasts because they are based on current law and current administration and do not contain assumptions regarding future surtax enactments. Future revenue

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Local Surtax Election Timing and Approval

Bill Number(s): CS/CS/HB 5 – Section 1

impacts from proposed adoptions of other amendments to discretionary sales surtaxes that could pass under current statutory authority may not occur because of the existence of the changes proposed by the bill.

Section 4: Proposed Fiscal Impact

	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		

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 06/05/2019): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	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

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Medicaid Nursing Home Overpayment Account

Bill Number(s): SB 2502

Entire Bill

Partial Bill: Section 28

Sponsor(s):

Month/Year Impact Begins: July 1, 2020

Date of Analysis: May 22, 2019

Section 1: Narrative

a. Current Law:

400.179(2)(d), F.S. provides the following:

As a condition of being issued a license by the Agency for Healthcare Administration (AHCA), a nursing home leasehold license applicant has two alternatives:

Alternative (1) - Acquire, maintain, and provide proof to the agency of a bond with a term of 30 months, renewable annually, in an amount not less than the total of 3 months' Medicaid payments to the facility computed on the basis of the preceding 12-month average Medicaid payments to the facility.

Alternative (2) - Payment of a nonrefundable fee, paid at initial licensure, paid at the time of any subsequent change of ownership, and paid annually thereafter, in the amount of 1 percent of the total of 3 months' Medicaid payments to the facility computed on the basis of the preceding 12-month average Medicaid payments to the facility.

The nonrefundable lease bond alternative fee shall be deposited into the Grants and Donations Trust Fund and shall be accounted for separately in a Medicaid Nursing Home Overpayment Account.

These fees shall be used at the sole discretion of the agency to repay nursing home Medicaid overpayments or for enhanced payments to nursing facilities as specified in the General Appropriations Act or other law.

By March 31 of each year, the financial viability of the Medicaid Nursing Home Overpayment Account shall be determined by the agency assessing the cumulative fees collected, minus unpaid Medicaid overpayments and Service Charges owed to General Revenue. If the net cumulative collections, minus amounts utilized to repay nursing home Medicaid overpayments, exceed \$25 million, the provisions of Alternative (2) shall not apply for the subsequent fiscal year. Basically, bonding would be required for licensure in the fiscal year following the calculated year.

b. Proposed Change:

For Fiscal Year 2019-20 only, if the March 31, 2020 Medicaid Nursing Home Overpayment Account net cumulative collections, minus amounts utilized to repay nursing home Medicaid overpayments, exceed \$10 million, the provisions of Alternative (2) shall not apply for the subsequent fiscal year.

Section 2: Description of Data and Sources

AHCA provided all collection and disbursement data for FY 2018-19 to determine the March 31, 2019 balance of \$16.5 million. In addition, proviso in the General Appropriations Act (SB 2500) specifies the following: "From the from the funds in Specific Appropriations 221 and 222, \$6,000,000 in nonrecurring funds from the Grants and Donations Trust Fund...are provided to fund nursing home rate enhancements by increased quality incentive payments pursuant to Senate Bill 2502." According to an email from AHCA, "The account balance was accessed for the upcoming fiscal year on March 31, 2019 using the \$25M amount currently in statute. Collection of funds from the nursing facilities will continue for FY 2019-20. On March 31, 2020, the Agency will assess the Lease Bond Trust Fund with the \$10 million cap for the subsequent fiscal year and determine suspension or re-implementation of the Lease Bond collection at that time."

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Medicaid Nursing Home Overpayment Account

Bill Number(s): SB 2502

Section 3: Methodology (Include Assumptions and Attach Details)

- The March 31st determination affects the fees for the immediately following fiscal year, beginning July 1st.
- Forecasts \$6.3 million in fees for FY 2019-20, as provided by AHCA.
- Assumes a continued level of \$5.1 million in overpayments for FY 2019-20 and FY 2020-21.
- Although it is not clear in statute, AHCA has been assuming that any appropriations specified in proviso from this account are an allowable deduction to the calculated balances. According to an email from AHCA, "The \$6,000,000 in Line 221 of proviso will be collected from the Lease Bond trust fund and is therefore an allowable deduction from the calculated balance that will be assessed on March 31, 2020." This analysis uses that assumption.

Actual		Projected		Projected	
FY 18-19		FY 19-20		FY 20-21	
20.0	March 31, 2018 Beginning Balance	16.5	March 31, 2019 Beginning Balance	11.7	March 31, 2020 Beginning Balance
5.4	FY 2018-19 Fees Collected	6.3	FY 2019-20 Fees Collected		FY 2020-21 Fees Collected
-5.1	FY 2018-19 Medicaid Overpayments	-5.1	FY 2019-20 Medicaid Overpayments	-5.1	FY 2020-21 Medicaid Overpayments
-3.8	FY 2018-19 Proviso	-6.0	FY 2019-20 Proviso		FY 2020-21 Proviso
16.5	March 31, 2019 Ending Balance	11.7	March 31, 2020 Ending Balance	6.6	March 31, 2021 Ending Balance
25.0	Maximum Balance Allowed	10.0	Maximum Balance Allowed	25.0	Maximum Balance Allowed

Based on assumptions made, it appears that in FY 2019-20 the Medicaid Nursing Home Overpayment Account will exceed the \$10 million threshold; therefore, the Lease Bond Alternative will be discontinued creating a nonrecurring negative impact of \$6.3 million.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20						
2020-21			(\$6.3)			
2021-22						
2022-23						
2023-24						

List of affected Trust Funds: General Revenue Service Charge; Grants and Donations Trust Fund

Section 5: Consensus Estimate (Adopted: 06/05/2019): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	(0.5)	0.0	(5.8)	0.0	0.0	0.0	(6.3)	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

REVENUE ESTIMATING CONFERENCE

Tax: Contractor Licensing Fees – DBPR

Issue: Grandfathering of Registered Contractors

Bill Number(s): HB 763

Entire Bill

Partial Bill:

Sponsor(s): Rep. Watson

Month/Year Impact Begins: July 2019

Date of Analysis: 6/5/2019

Section 1: Narrative

- a. **Current Law:** In order provide contractor services statewide, an applicant must be certified by the Department of Business and Professional Regulation. *See generally ch. 489, F.S.* However, a contractor can provide services within a specific county or municipality if the county or municipality provides a local license. These “locally licensed” contractors are not certified and are not required to pass a statewide certification exam. They must register with the Department of Business and Professional Regulation (DBPR) and are referred to as “registered contractors.” Registered contractors are only authorized to provide contracting services in the localities for which they are registered.

Section 489.514, F.S., provides a method for certain registered contractors to become certified statewide contractors without having to sit for the statewide certification exam. This process is known as “grandfathering.” It is available to a registered electrical contractor, registered alarm system contractor, or registered specialty electrical contractor who:

- Currently holds a valid registered local license;
- Has passed a written, proctored examination that is substantially similar to the examination required for certified contractors;
- Has 5 years of experience;
- Has never had a contractor license revoked, and has not had a contractor license suspended or been assessed a fine in excess of \$500 within the past 5 years; and
- Is in compliance with relevant insurance and financial responsibility requirements of certified contractors.

Qualifying registered contractors must apply and pay the certification fee. The certification fee is set by rule at \$200. Rule 61G6-8.001, Florida Administrative Code.

Both registered contractors and certified contractors pay annual license fees to DBPR. Registered contractors’ annual fees are \$125. Certified contractors’ annual fees are \$300.

Under current law, grandfathering expired on November 1, 2015. Note that grandfathering has expired in the past and was renewed. The last time it expired was November 1, 2004; however, it was renewed in 2013 and given the current expiration of November 1, 2015.

b. Proposed Change:

The bill authorizes grandfathering from July 1, 2019, through November 1, 2021.

Section 2: Description of Data and Sources

The Department of Business and Professional Regulation database of registered contractors.

Section 3: Methodology (Include Assumptions and Attach Details)

DBPR data on the number of registered contractors in 2013 and the number who took advantage of the 2013-2015 grandfathering window was applied to the number of current registered contractors to estimate how many registered contractors will take advantage of the new grandfathering window. The proposed impact assumes that the proportion of current registered contractors that will take advantage of the grandfathering will be the same as registered contractors that took advantage of grandfathering when it was extended in 2013.

A state revenue impact was developed by determining the number of registered contractors that will apply for grandfathering in each of the fiscal years that the bill applies to (FYs 19-20, 20-21, and 21-22). The number of applicants is then applied to each of the 3 affected fees (\$200 grandfathering certification fee; \$125 registered contractor license fee; and \$300 certified contractor license fee).

REVENUE ESTIMATING CONFERENCE

Tax: Contractor Licensing Fees – DBPR

Issue: Grandfathering of Registered Contractors

Bill Number(s): HB 763

The magnitude of local impact was estimated by sampling county contractor license information, averaging those fees and applying that average to the number of estimated registered contractors that will apply for grandfathering.

Section 4: Proposed Fiscal Impact

State licensing Revenue

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			\$0.1 M	\$0.2 M		
2020-21			\$0.1 M	\$0.2 M		
2021-22			\$0.2 M	\$0.2 M		
2022-23			\$0.2 M	\$0.2 M		
2023-24			\$0.2 M	\$0.2 M		

Local Licensing Revenue

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

List of affected Trust Funds:

Professional Regulation Trust Fund - DBPR

Section 5: Consensus Estimate (Adopted: 06/05/2019): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	Insignificant	Insignificant	0.1	0.2	(**)	(**)	0.1	0.2
2020-21	Insignificant	Insignificant	0.1	0.2	(**)	(**)	0.1	0.2
2021-22	Insignificant	Insignificant	0.2	0.2	(**)	(**)	0.2	0.2
2022-23	Insignificant	Insignificant	0.2	0.2	(**)	(**)	0.2	0.2
2023-24	Insignificant	Insignificant	0.2	0.2	(**)	(**)	0.2	0.2

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
1																	
2		HB 763 - Contractor Grandfathering															
3		STATE REVENUE IMPACT															
5		2013 Extension - July 1, 2013 - Nov 1, 2015 (28 Months)									Effect on Relevant Fees						
6		Pool of Registered Contractors	3590	As of Jul 1, 2013							\$200	\$125	\$300	Total			
7		Applicants	1452	During 28 Months						FY 19-20	\$95,352			\$95,352			
8		Percent	40.45%							FY 20-21	\$41,512	(\$59,595)	\$143,028	\$124,945			
9		FY 13-14	758	52.20%						FY 21-22	\$45,789	(\$85,540)	\$205,295.60	\$165,545			
10		FY 14-15	330	22.73%						FY 22-23		(\$114,158)	\$273,979.05	\$159,821			
11		FY 15-16	364	25.07%						FY 23-24		(\$114,158)	\$273,979.05	\$159,821			
12																	
13		2019 Extension - July 1, 2019 - Nov 1, 2021 (28 Months)									Fiscal Impact on Professional Regulation Trust Fund						
14		Pool of Registered Contractors	2258	As of Jul 1, 2019							High		Middle		Low		
15		Applicants	913	During 28 Months							Cash	Recurring	Cash	Recurring	Cash	Recurring	
16		Percent	40.45%							2019-20			\$95,352	\$159,821			
17		FY 19-20	477	52.20%						2020-21			\$124,945	\$159,821			
18		FY 20-21	208	22.73%						2021-22			\$165,545	\$159,821			
19		FY 21-22	229	25.07%						2022-23			\$159,821	\$159,821			
20										2023-24			\$159,821	\$159,821			
21		Relevant Fees															
22		Grandfathering Certification Fee	\$200														
23		Registered Contractor Annual Fee	\$125														
24		Certified Contractor Annual Fee	\$300														
25																	
26																	
27		LOCAL REVENUE IMPACT															
28		County Registered Contractor Fees									Fiscal Impact on Local Contractor Licensing Revenues						
29			Application	Annual License Fees							High		Middle		Low		
30		Escambia	\$150	\$125							Cash	Recurring	Cash	Recurring	Cash	Recurring	
31		Duval	\$75	\$50						2019-20			(**)	(**)			
32		Hillsborough	\$280	\$70						2020-21			(**)	(**)			
33		Orange	\$69	\$38						2021-22			(**)	(**)			
34		Pinellas	\$250	\$150						2022-23			(**)	(**)			
35		Gadsden	\$143	\$72						2023-24			(**)	(**)			
36		Monroe	\$155	\$150													
38		Average	\$160	\$94													
39																	
40		Magnitude of Impact on Local Licensing Revenues															
41		2019-20	\$76,418	\$44,611													
42		2020-21	\$33,269	\$64,033													
43		2021-22	\$36,697	\$85,455													
44		2022-23	0	\$85,455													
45		2023-24	0	\$85,455													
46																	

REVENUE ESTIMATING CONFERENCE

Tax: Tuition and Fees

Issue: Excess Credit Hours Surcharge

Bill Number(s): CS/SB 190

Entire Bill

Partial Bill: Section 10

Sponsor(s): Senator Stargel

Month/Year Impact Begins: The bill takes effect July 1, 2019; however, the bill also provides that the new excess credit hours threshold takes effect beginning with summer term 2019, which would affect the current fiscal year.

Date of Analysis: June 5, 2019

Section 1: Narrative

a. Current Law: Pursuant to section 1009.286, F.S., a student enrolled in a state university must pay a surcharge for taking credit hours in excess of those required to complete his or her baccalaureate degree program. For students who entered a state university for the first time beginning with the 2012-13 academic year, the excess credit hour surcharge is equal to 100 percent of the tuition rate for each credit hour in excess of 110 percent of degree requirements. First-time-in-college students are eligible for a refund of the excess credit hour surcharge for up to 12 hours if the student completes his or her baccalaureate degree within four years.

Pursuant to section 1007.25(9), F.S., baccalaureate programs must require no more than 120 semester hours of college credit unless prior approval has been granted by the Board of Governors. Based on the most recent Academic Program Inventory, there are 269 different baccalaureate degree programs offered by the State University System. There are 51 programs (19% of the total) for which at least one university requires more than 120 credit hours to complete the degree. Of these 51 programs, approximately half of them have requirements in excess of 120 credit hours at two or more universities. These are mostly programs in architecture, education, and engineering. Based on the 120 credit hours standard, students can take up to 132 credit hours (equivalent to four additional courses) before the surcharge is assessed. The FY 2018-19 tuition rate is \$105.07 per credit hour.

b. Proposed Change: The bill requires state universities to calculate an excess hour threshold for each student based on the number of hours required for the student's degree program. The bill requires this threshold to be recalculated if the student changes degree programs to one that requires a higher number of credit hours. The bill increases the excess credit hours threshold from 110 percent to 120 percent of the number of credit hours required to complete the baccalaureate program in which the student is enrolled. For a 120 credit hour degree program, this allows the student to take up to 144 credit hours (approximately 8 additional courses) before paying an excess hour surcharge.

Section 2: Description of Data and Sources

- Enrollment and Excess Credit Hours Data provided by Florida Board of Governors Staff.
- Excess Credit Hours Revenue for FY 2016-17 and FY 2017-18, State University System Operating Budgets.
- State University System Tuition and Required Fees for 2018-19, available at <https://www.flbog.edu/board/office/budget/doc/tuition/2018-19-SUS-Tuition-and-Fee-for-New-Students-by-level.pdf>.
- 2018 University Work Plan Reports, available at http://www.flbog.edu/board/workplan/2018_workplan.php.
- State University System Academic Program Inventory, Baccalaureate Program Length. Available at <https://prod.flbog.net:4445/pls/apex/f?p=136:48:14246605019039::NO::>.

Section 3: Methodology (see attached)

The Board of Governors staff provided excess credit hours data for FY 2017-18. For that year, approximately 12,575 graduating students took excess credit hours above the current 110% threshold and paid surcharges totaling approximately \$10.8 million. These students made up approximately 19% of the total graduating students and took an average of 8 excess credit hours. Of that group, there were 5,343 students who took excess credit hours above the 120% threshold. This represents approximately 8% of total graduates.

To construct the estimate, the number of graduating students for each year is projected using the 2018 university accountability plans. The FY 2017-18 data provided by the BOG is used to project the number of future graduates who would have excess hours. To calculate the fiscal impact, the assumed number of graduates with excess hours is multiplied by the surcharge amount per credit hour (= \$105.07) and the average number of excess hours (= 8.2 credit hours). The excess hours surcharge amount is assumed to remain at the same level for each year of the forecast (i.e., no tuition increases are assumed).

REVENUE ESTIMATING CONFERENCE

Tax: Tuition and Fees

Issue: Excess Credit Hours Surcharge

Bill Number(s): CS/SB 190

Section 4: Proposed Fiscal Impact

The cash impact for FY 2018-19 assumes that provisions of the bill will affect all summer 2019 terms, which run mid-May through mid-August. Using summer enrollment data from the Board of Governors, it is assumed that half of the FY 2018-19 students with excess credit hours would enroll during the summer and pay an excess credit hours surcharge for 2 credit hours.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19			(0.8)	(6.4)		
2019-20			(6.5)	(6.5)		
2020-21			(6.6)	(6.6)		
2021-22			(6.7)	(6.7)		
2022-23			(6.8)	(6.8)		
2023-24			(6.9)	(6.9)		

List of affected Trust Funds:

None. Tuition and fee revenue is maintained locally by each state university and is not included in a state trust fund.

Section 5: Consensus Estimate (Adopted: 06/05/2019): The Conference adopted the proposed estimate for Fiscal Years 2019-20 through 2023-24.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(6.5)	(6.5)	(6.5)	(6.5)
2020-21	0.0	0.0	0.0	0.0	(6.6)	(6.6)	(6.6)	(6.6)
2021-22	0.0	0.0	0.0	0.0	(6.7)	(6.7)	(6.7)	(6.7)
2022-23	0.0	0.0	0.0	0.0	(6.8)	(6.8)	(6.8)	(6.8)
2023-24	0.0	0.0	0.0	0.0	(6.9)	(6.9)	(6.9)	(6.9)

CS/SB 190 -- Excess Credit Hours Surcharge

1 **Projected Revenue from CURRENT Excess Hours Surcharge = 110% Threshold**

	Total Bachelor's Degrees Awarded	Growth Rate	# With Excess Credit Hours Above 110%	% of Total Bachelor's Degrees	Average # Excess Hours	Surcharge per Hour	Total Revenue	
2								
3	FY 2017-18	65,370	1.3%	12,575	19.2%	8.2	105.07	10,821,570
4	FY 2018-19	66,886	2.3%	12,867	19.2%	8.2	105.07	11,072,854
5	FY 2019-20	68,052	1.7%	13,091	19.2%	8.2	105.07	11,265,620
6	FY 2020-21	69,127	1.6%	13,298	19.2%	8.2	105.07	11,443,756
7	FY 2021-22	70,276	1.7%	13,519	19.2%	8.2	105.07	11,633,941
8	FY 2022-23	71,415	1.6%	13,738	19.2%	8.2	105.07	11,822,404
9	FY 2023-24	72,587	1.6%	13,963	19.2%	8.2	105.07	12,016,030

12 **Projected Revenue from NEW Excess Hours Surcharge = 120% Threshold**

	Total Bachelor's Degrees Awarded	Growth Rate	# With Excess Credit Hours Above 120%	% of Total Bachelor's Degrees	Average # Excess Hours	Surcharge per Hour	Total Revenue	
13								
14	FY 2017-18	65,370	1.3%	5,343	8.2%	8.2	105.07	4,597,984
15	FY 2018-19	66,886	2.3%	5,467	8.2%	8.2	105.07	4,704,694
16	FY 2019-20	68,052	1.7%	5,562	8.2%	8.2	105.07	4,786,447
17	FY 2020-21	69,127	1.6%	5,650	8.2%	8.2	105.07	4,862,177
18	FY 2021-22	70,276	1.7%	5,744	8.2%	8.2	105.07	4,943,069
19	FY 2022-23	71,415	1.6%	5,837	8.2%	8.2	105.07	5,023,102
20	FY 2023-24	72,587	1.6%	5,933	8.2%	8.2	105.07	5,105,716

21							
22	FY 2018-19 EST. SUMMER - OLD THRESHOLD		6,434		2.0	105.07	1,384,214
23	FY 2018-19 EST. SUMMER - NEW THRESHOLD		2,734		2.0	105.07	588,194

24

	High Cash	High Recur	Middle Cash	Middle Recur	Low Cash	Low Recur
25						
26	IMPACT					
27	FY 2018-19			(0.8)	(6.4)	
28	FY 2019-20			(6.5)	(6.5)	
29	FY 2020-21			(6.6)	(6.6)	
30	FY 2021-22			(6.7)	(6.7)	
31	FY 2022-23			(6.8)	(6.8)	
	FY 2023-24			(6.9)	(6.9)	