

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Educational exemption transfer

**Bill Number(s):** [SB 1236 – Proposed Amendment](#)

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Gruters

**Month/Year Impact Begins:** July 1, 2020

**Date of Analysis:** February 12, 2020

### Section 1: Narrative

#### a. Current Law:

**Section 196.198 Educational property exemption.**—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.”

#### b. Proposed Change:

**Section 196.198 Educational property exemption.**—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. Land, buildings, and other improvements to real property used exclusively for educational

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purposes shall be deemed owned by an educational institution if the educational institution that currently uses the land, buildings and other improvements for educational purposes received the exemption under this section in any 10 prior years, and, under a lease, the educational institution is responsible for any taxes owed and for ongoing maintenance and operational expenses for the land, buildings, and other improvements. For such leasehold properties, the educational institution shall receive the full benefit from the exemption. The owner of the property shall disclose to the educational institution the full amount of the benefit derived from the exemption and the method for ensuring the educational institution receives the full benefit. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.”

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

Specific parcel taxable value and tax impact

NonResidential Real Property growth rates from the January 6, 2020 Ad Valorem Assessments Estimating Conference

2019 Statewide Millage Rates

2019 Final Ad valorem Taxrolls

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

Two parcels were identified as impacted by the legislation. Data was obtained on the taxable values of these properties and the school and non-school millage that applied. It was assumed the identified parcels would be exempted by the under the legislation. The low is twice the 2019 Taxable Value Impact, the middle is four times the 2019 Taxable Value Impact and the high is eight times the 2019 Taxable Value Impact. The estimate assumes the same parcel is the same location.

**Section 4: Proposed Fiscal Impact**

**School**

|         | High      |           | Middle    |           | Low       |           |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
|         | Cash      | Recurring | Cash      | Recurring | Cash      | Recurring |
| 2020-21 | 0         | (\$6.3 M) | 0         | (\$3.1 M) | 0         | (\$1.6 M) |
| 2021-22 | (\$6.7 M) | (\$6.7 M) | (\$3.3 M) | (\$3.3 M) | (\$1.7 M) | (\$1.7 M) |
| 2022-23 | (\$7.0 M) | (\$7.0 M) | (\$3.5 M) | (\$3.5 M) | (\$1.8 M) | (\$1.8 M) |
| 2023-24 | (\$7.4 M) | (\$7.4 M) | (\$3.7 M) | (\$3.7 M) | (\$1.9 M) | (\$1.9 M) |
| 2024-25 | (\$7.8 M) | (\$7.8 M) | (\$3.9 M) | (\$3.9 M) | (\$1.9 M) | (\$1.9 M) |

**NonSchool**

|         | High       |            | Middle    |           | Low       |           |
|---------|------------|------------|-----------|-----------|-----------|-----------|
|         | Cash       | Recurring  | Cash      | Recurring | Cash      | Recurring |
| 2020-21 | 0          | (\$10.4 M) | 0         | (\$5.2 M) | 0         | (\$2.6 M) |
| 2021-22 | (\$11.0 M) | (\$11.0 M) | (\$5.5 M) | (\$5.5 M) | (\$2.8 M) | (\$2.8 M) |
| 2022-23 | (\$11.6 M) | (\$11.6 M) | (\$5.8 M) | (\$5.8 M) | (\$2.9 M) | (\$2.9 M) |
| 2023-24 | (\$12.3 M) | (\$12.3 M) | (\$6.1 M) | (\$6.1 M) | (\$3.1 M) | (\$3.1 M) |
| 2024-25 | (\$12.9 M) | (\$12.9 M) | (\$6.5 M) | (\$6.5 M) | (\$3.2 M) | (\$3.2 M) |

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

**REVENUE ESTIMATING CONFERENCE**

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**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted the low estimate.

|         | School |           | Non-School |           | Total Local/Other |           |
|---------|--------|-----------|------------|-----------|-------------------|-----------|
|         | Cash   | Recurring | Cash       | Recurring | Cash              | Recurring |
| 2020-21 | 0.0    | (1.6)     | 0.0        | (2.6)     | 0.0               | (4.2)     |
| 2021-22 | (1.7)  | (1.7)     | (2.8)      | (2.8)     | (4.4)             | (4.4)     |
| 2022-23 | (1.8)  | (1.8)     | (2.9)      | (2.9)     | (4.7)             | (4.7)     |
| 2023-24 | (1.9)  | (1.9)     | (3.1)      | (3.1)     | (4.9)             | (4.9)     |
| 2024-25 | (1.9)  | (1.9)     | (3.2)      | (3.2)     | (5.2)             | (5.2)     |

|         | GR   |           | Trust |           | Local/Other |           | Total |           |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | 0.0  | 0.0       | 0.0   | 0.0       | 0.0         | (4.2)     | 0.0   | (4.2)     |
| 2021-22 | 0.0  | 0.0       | 0.0   | 0.0       | (4.4)       | (4.4)     | (4.4) | (4.4)     |
| 2022-23 | 0.0  | 0.0       | 0.0   | 0.0       | (4.7)       | (4.7)     | (4.7) | (4.7)     |
| 2023-24 | 0.0  | 0.0       | 0.0   | 0.0       | (4.9)       | (4.9)     | (4.9) | (4.9)     |
| 2024-25 | 0.0  | 0.0       | 0.0   | 0.0       | (5.2)       | (5.2)     | (5.2) | (5.2)     |

|    | A   | B               | C            | D | E   | F                   | G                     |             |
|----|---|-----------------|--------------|---|---|---------------------|-----------------------|-------------|
| 1  | Known affected parcels  |                 |              |   |   |                     |                       |             |
| 2  | Broward County  |                 |              |   | Orange County   |                     |                       |             |
| 3  | Parcel #  | 4742-32-11-0010 |              |   | Parcel #  | 24-23-27-000-00-004 |                       |             |
| 4  | 2019 Taxable Value  |                 |              |   | 2019 Taxable Value  |                     |                       |             |
| 5  | Land  | \$13,078,170    |              |   | Land  | \$9,253,830         |                       |             |
| 6  | Improvements  | \$60,339,660    |              |   | Improvements  | \$29,129,985        |                       |             |
| 7  | Total Taxable Value   |                 | \$73,417,830 |   | Total Taxable Value   |                     | \$39,729,545          |             |
| 8  |   |                 |              |   |   |                     |                       |             |
| 9  |   |                 |              |   |   |                     |                       |             |
| 10 | Broward School Millage  | 6.7393          |              |   | Orange School Millage   | 7.1090              |                       |             |
| 11 | Broward NonSchool Millage   | 14.1835         |              |   | Orange NonSchool Millage  | 9.3898              |                       |             |
| 12 |   |                 |              |   |   |                     |                       |             |
| 13 | Tax Impact  |                 |              |   | Tax Impact  |                     |                       |             |
| 14 | School  | \$494,785       |              |   | School  | \$282,437           |                       |             |
| 15 | NonSchool   | \$1,041,322     |              |   | NonSchool   | \$373,052           |                       |             |
| 16 | Total Tax Impact  |                 | \$1,536,107  |   | Total Tax Impact  |                     | \$655,490             |             |
| 17 |   |                 |              |   |   |                     |                       |             |
| 18 | 2019 Statewide School Millage                                       | 6.5223          |              |   |   |                     |                       |             |
| 19 | 2019 Statewide NonSchool Millage                                    | 10.8014         |              |   |   |                     |                       |             |
| 20 |   |                 |              |   |   |                     |                       |             |
| 21 | 2019 total taxable value for properties receiving 196.198 exemption |                 | Parcels      |   | 2019 total taxable value for properties with use code 72 - private schools and colleges - not receiving |                     | Parcels               |             |
| 22 | School  | \$48,812,985.00 | 62           |   | School  | \$1,576,177,336     | 2669                  |             |
| 23 | NonSchool   | \$46,254,402.00 |              |   | NonSchool   | \$1,508,130,944     |                       |             |
| 24 |   |                 |              |   |   |                     |                       |             |
| 25 |   |                 |              |   |   |                     |                       |             |
| 26 | Taxable Value Impact - 2019   |                 |              |   | Tax Impact  |                     |                       |             |
| 27 | Low - 2 times   | \$226,294,750   |              |   | School  | \$1,475,962         | NonSchool \$2,444,300 |             |
| 28 | Middle - 4 times  | \$452,589,500   |              |   | \$2,951,924   | \$4,888,600         |                       |             |
| 29 | High - 8 times  | \$905,179,000   |              |   | \$5,903,849   | \$9,777,200         |                       |             |
| 30 |   |                 |              |   |   |                     |                       |             |
| 31 |   |                 |              |   |   |                     |                       |             |
| 32 | Non Residential Real Property Growth Rates                          |                 |              |   |   | School Impact       |                       |             |
| 33 | 2020  | 6.35%           |              |   | High  | Middle              | Low                   |             |
| 34 | 2021  | 5.95%           |              |   | 2020-21   | \$6,278,743         | \$3,139,372           | \$1,569,686 |
| 35 | 2022  | 5.70%           |              |   | 2021-22   | \$6,652,329         | \$3,326,164           | \$1,663,082 |
| 36 | 2023  | 5.41%           |              |   | 2022-23   | \$7,031,511         | \$3,515,756           | \$1,757,878 |
| 37 | 2024  | 5.22%           |              |   | 2023-24   | \$7,411,916         | \$3,705,958           | \$1,852,979 |
| 38 |   |                 |              |   |   |                     |                       |             |
| 39 |   |                 |              |   |   |                     |                       |             |
| 40 |   |                 |              |   |   |                     |                       |             |
| 41 |   |                 |              |   |   |                     |                       |             |
| 42 |   |                 |              |   |   |                     |                       |             |
| 43 |   |                 |              |   |   |                     |                       |             |
| 44 |   |                 |              |   |   |                     |                       |             |
| 45 |   |                 |              |   |   |                     |                       |             |
|    |   |                 |              |   |   | NonSchool Impact    |                       |             |
|    |   |                 |              |   | High  | Middle              | Low                   |             |
|    |   |                 |              |   | 2020-21   | \$10,398,053        | \$5,199,026           | \$2,599,513 |
|    |   |                 |              |   | 2021-22   | \$11,016,737        | \$5,508,368           | \$2,754,184 |
|    |   |                 |              |   | 2022-23   | \$11,644,691        | \$5,822,345           | \$2,911,173 |
|    |   |                 |              |   | 2023-24   | \$12,274,669        | \$6,137,334           | \$3,068,667 |
|    |   |                 |              |   | 2024-25   | \$12,915,406        | \$6,457,703           | \$3,228,852 |

## REVENUE ESTIMATING CONFERENCE

**Tax:** Reemployment Assistance

**Issue:** Initial Tax Rate Reduction

**Bill Number(s):** CS/SB1356 and HB 1253

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Bean and Representative McClure

**Month/Year Impact Begins:** January 1, 2021

**Date of Analysis:** February 14, 2020

### Section 1: Narrative

#### a. Current Law:

Florida's Reemployment Assistance Program imposes a tax on wages paid by Florida employers to pay for unemployment benefits received by unemployed individuals. The tax is imposed on the first \$7,000 of compensation paid to each employee. The tax rate varies from 0.1 percent to 5.4 percent depending upon the benefit experience of the employer. The initial tax rate for employers with fewer than eight chargeable quarters is 2.7%.

- b. Proposed Change:** For tax rates effective on or after January 1, 2021, the proposed bill reduces the initial rate from 2.7% to 1% for each employer whose employment record is chargeable with benefits for less than 8 calendar quarters. However, the tax collection service provider may not adjust the initial rate for any year in which the balance in the Unemployment Compensation Trust Fund requires the computation of a positive adjustment factor. The rate reduction applies to all types of employers, including the Professional Employer Organizations.

### Section 2: Description of Data and Sources

- Department of Revenue, special requests dated January-February 2020.
- Long-Term Reemployment Assistance Forecast, December 2019.
- U.S. Department of Labor, Employment and Training Administration, Unemployment Insurance data, <https://oui.doleta.gov/unemploy/DataDownloads.asp>.

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

Florida employers paid \$498.2 million of Reemployment Assistance into the RA trust fund in FY 2018-19, of which \$36.4 million were returned as refunds. Currently, due to the size of the trust fund, there are negative adjustment factors calculated to the rates employers pay. The Department of Revenue provided historical data for RA taxes paid by employers subject to the current 2.7% initial rate (with fewer than eight chargeable quarters). Based on the data, new employers (with fewer than eight chargeable quarters), subject to the 2.7% initial rate, paid \$179 million in RA taxes in FY 2018-19. There were approximately 94,000 employers that paid the 2.7% rate in FY 2018-19.

If the initial rate employers are charged the proposed 1% initial rate, they would have paid \$66.3 million in FY2018-19, an annual savings of \$112.7 million to those employers. As a result, RA taxes and the trust fund balance would have decreased by that amount. Rates to all other employers (earned rate employers) would have remained the same in the first year because the tax rate calculation for calendar 2021 looks at taxable wages in FY2016-17 through FY2018-19 and the trust fund balance as of September 30, 2020, none of which would be affected by the decreased initial rate at that point. As a result of the initial rate reduction, RA taxes associated with new employees will be lower by approximately this amount in each of the following years until a trust fund size test requires the calculation and application of a positive fund size adjustment factor. For example, a positive fund size adjustment factor is calculated (and would be applied towards the tax rates for 2021) if the trust fund balance of September 30, 2020 is less than 4% of the taxable payroll in the year ending June 30, 2020.

This analysis uses a new EDR reemployment assistance model for estimating RA taxes and the trust fund parameters. It uses historical data from USDOL and DOR and forecasts from the NEEC and FEEC to forecast taxable wages, RA taxes, benefits, interest and then calculates trust fund balances based on these inputs. First, a baseline forecast was produced using the inputs for tax year 2020 (Baseline). Second, a static effect from the reduction in taxes on the fund size balance was produced (Scenario I). This analysis grows the initial tax reduction of 112.7 million in FY 2018-19 by the growth rate in nonfarm employment to approximate the tax savings in future years. Third, dynamic iterations of the model were run to incorporate the effects of lower taxes in each consecutive year on the trust fund balance and thus on the trust fund size factor. The latter, by statute, affects the future tax rates of earned rate employers (Section 443.131.(3)(e) III (A), F.S. 2019). Two iterations are shown: Scenario II shows the initial feedback effect from a reduced trust fund balance on the tax rate for rated employers; and Scenario III shows

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subsequent effects of the interaction among reduced tax collections, a reduced trust fund balance and a slightly higher tax rate on rated employers.

For FY2020-21, the impact will be a reduction in tax collections and its effect on the trust fund balance. Only the last quarter of the fiscal year will be affected because taxes for q1 of 2021 are counted as collections in q2 of 2021. The tax rate of rated employers will not be affected since their rate would have been determined on data prior to the effect of the proposed law change. For FY2021-22, tax collections will be reduced in all four quarters. However, tax rates for rated employers will not be affected for the first three quarters. The interest forecast was held constant.

**Section 4: Proposed Fiscal Impact**

|         | High |           | Middle    |           | Low  |           |
|---------|------|-----------|-----------|-----------|------|-----------|
|         | Cash | Recurring | Cash      | Recurring | Cash | Recurring |
| 2020-21 |      |           | (\$66.2m) | (\$66.2m) |      |           |
| 2021-22 |      |           | (\$92.3m) | (\$92.3m) |      |           |
| 2022-23 |      |           | (\$62.4m) | (\$62.4m) |      |           |
| 2023-24 |      |           | \$47.4m   | \$47.4m   |      |           |
| 2024-25 |      |           | \$74.2m   | \$74.2m   |      |           |

**List of affected Trust Funds:**

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted the proposed estimate. The Conference notes that this is a net impact, however, this results from a discrete savings that would ultimately be offset by a lower negative adjustment factor that over time increases the cost to other taxpayers resulting in less of a savings than would have otherwise been achieved.

|         | GR   |           | Trust  |           | Local/Other |           | Total  |           |
|---------|------|-----------|--------|-----------|-------------|-----------|--------|-----------|
|         | Cash | Recurring | Cash   | Recurring | Cash        | Recurring | Cash   | Recurring |
| 2020-21 | 0.0  | 0.0       | (66.2) | (66.2)    | 0.0         | 0.0       | (66.2) | (66.2)    |
| 2021-22 | 0.0  | 0.0       | (92.3) | (92.3)    | 0.0         | 0.0       | (92.3) | (92.3)    |
| 2022-23 | 0.0  | 0.0       | (62.4) | (62.4)    | 0.0         | 0.0       | (62.4) | (62.4)    |
| 2023-24 | 0.0  | 0.0       | 47.4   | 47.4      | 0.0         | 0.0       | 47.4   | 47.4      |
| 2024-25 | 0.0  | 0.0       | 74.2   | 74.2      | 0.0         | 0.0       | 74.2   | 74.2      |

Federal law allows states to assign new employer tax rates on a “reasonable basis”, but in no case may the new employer rate be less than 1 percent of taxable wages. For new companies that do not have an experience rating with the state, a new business rate is established and used until the company has been in business long enough to establish an experience rating. In Florida, the new business tax rate is a flat 2.7 percent. Each state also has slightly different periods before a rating will be assigned; in Florida, this period is approximately two and one-half years (10 quarters) of chargeability.

Generally, states work to keep the initial rates low for new businesses to encourage their formation; however, the creation of a low new employer tax rate has to be analyzed with respect to both the potential future benefit charges against new employers and the trust fund balance since the system is interactive. Given that only one-half of new businesses survive more than five years (50.2 percent of Florida businesses opening in 2014 were still there in 2019), the potential for layoffs is high among this group—leading to high benefit payments. Nationally, new construction employers have the lowest five-year survival rate (36.4 percent in 2005). Benefit costs charged to an employer who has gone out of business are referred to as “inactive” charges; they are a type of socialized benefit cost.<sup>1</sup> Over the twenty-year period running from 1995 through 2014, Florida had a greater average percentage of inactively charged benefit costs than the nation as a whole. These charges represented 10.5 percent of all benefit costs. Nevertheless, changing the tax rate for new employers should have only small effects on the socialized charges associated with inactive accounts.

This means that the greatest effect from the tax rate change for new employers relates to trust fund solvency. Nationally, there is some evidence that new employer tax payments generally exceed their charged benefits. To have a balanced system, the new employer rate should generally match averaged charged benefits for this group as a percent of their taxable payroll. Otherwise, the trust fund balance is positively or negatively affected, depending on the circumstances. A rule of thumb guide uses five years for this calculation. Data for Florida is currently not available; however, it is likely that 2.7 percent is higher than needed, but that 1.0 percent may be too low. Among all states, the trends in new employer tax rates between 1985 and 2015 have been towards increased tax rate diversity and towards lower overall averages.

The US Department of Labor produces an annual report of significant tax metrics for state unemployment insurance programs. One of its preferred measures for solvency and adequacy is the percentage difference between the state’s average tax rate and the Minimum Adequate Financing Rate (AFR). This measure shows how the state’s current level of financing compares to the determined adequate level. A large negative number corresponds to a level of financing that is well below adequate. This measure can be combined with the level of solvency (Average High Cost Multiple or AHCM) to suggest that a state may have an inadequate level of taxation if they have a large negative difference from the adequate financing rate and a low level of solvency. In 2018, Florida scored -33 percent (7<sup>th</sup> from the bottom among all states) and 1.07 (close to the US average and above the standard of 1.0), respectively.

Finally, when the trust fund balance is higher than necessary, neither the businesses nor the state benefits. The excess dollars are simply removed from the economy, a deadweight loss until they reenter the economy.<sup>2</sup>

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<sup>1</sup> There are three types of socialized benefit costs: (1) non-charges are benefit costs that are not charged to any employer based on the view that they are beyond the control of employers; (2) inactive charges are benefit costs related to an employer who has gone out of business; and (3) ineffective charges reflect the portion of benefit costs that is charged to employers who are already paying the maximum payroll tax rate. The first type of socialized benefit cost would not be relevant to this discussion, and the third type is only marginally relevant.

<sup>2</sup> This is similar to the analysis of state reserves. See: <http://edr.state.fl.us/Content/presentations/economic-development/EconDevelopmentReserveAnalysis.pdf>

## HOW RATES ARE CALCULATED

### How Rates Are Calculated

The reemployment assistance program is a federal-state partnership. Each state determines benefit qualification levels and amounts, benefit duration, disqualifications, and tax structure, within federal limits.

For example, federal guidelines require each state to:

Base its tax structure on benefit experience

Have a new employer tax rate of at least 1.0%

Have a maximum tax rate of at least 5.4%

Have a taxable wage base of at least \$7,000

Each state sets tax rates, benefit levels, and trust fund balances based on that state's needs. Each state has its own benefit trust fund account within the U.S. Treasury. In Florida, the account is funded by a tax paid by employers.

Florida assigns new employers an initial tax rate of 2.7%. This rate stays in effect for the first 10 quarters. At the end of this period, an employer has enough history to qualify for an experience-based tax rate. The formula for calculating the rate combines three major factors:

The individual benefit ratio makes up the greatest portion of the employer's final tax rate. This ratio is calculated by dividing the previous three years of benefit charges for former employees by the taxable payroll for that same three-year period. The benefits charged and the size of the payroll have a direct effect on the employer's tax rate.

The timely reported taxable payroll uses up to \$8,000 for each employee prior to 2015 and up to \$7,000 for each employee thereafter.

The variable adjustment factor (multiplier) is made up of three ratios that spread the costs among employers that have had benefit charges in the three previous years.

The last three years of non-charged benefits (those not attributable to any employer).

Excess payments (the portion of benefit charges which exceed the maximum rate of 5.4%).

The fund size factor, which, depending on the amount in the trust fund, may affect the tax rate. If the amount in the trust fund is between 4% and 5% of the previous year's taxable payroll, no adjustment factor is made to the tax rate. If the balance in the trust fund is below 4% of the previous year's taxable payroll, a positive adjustment factor is computed each year until the fund balance equals or exceeds 4% of the previous year's taxable payroll. A positive adjustment factor will increase tax rates. If the balance in the trust fund is above 5% of the previous year's taxable payroll, a negative adjustment factor is computed each year until the fund balance is less than 5% of the previous year's taxable payroll. A negative adjustment factor will decrease tax rates.



The final adjustment factor spreads costs not included in the second factor to all employers whose rates are not at the initial or maximum rate. This factor is also distributed among employers who had no benefit charges in the preceding three years. This factor determines the minimum rate for the tax year.

Ideally, each employer would pay the exact amount of reemployment assistance benefits that are chargeable to his or her account. This is not possible because the maximum contribution rate is 5.4%, and sometimes benefit payments are not charged to a specific employer. These added costs are divided among all rated employers through the variable adjustment factor and the final adjustment factor. Each employer's contribution rate is his or her benefit cost, plus a share of unassigned costs. This keeps the reemployment assistance program solvent.

|                                     |       |   |                               |                         |
|-------------------------------------|-------|---|-------------------------------|-------------------------|
| IBR(i) = Individual Benefits Ratio  | micro | = 3-Year Rated Benefits(i) / 3-Year Taxable Payroll(i)                                |                               |                         |
| FF = Fund Size Factor               | macro | = ((0.047 * 1-Year Taxable Payroll - Trustfund Balance) / 4) / 1-Year Taxable Payroll | zero if between 3.7% and 4.7% | Rate years through 2009 |
|                                     |       | = ((0.05 * 1-Year Taxable Payroll - Trustfund Balance) / 3) / 1-Year Taxable Payroll  | zero if between 4.0% and 5.0% | Rate years 2010-2012    |
|                                     |       | = ((0.05 * 1-Year Taxable Payroll - Trustfund Balance) / 5) / 1-Year Taxable Payroll  | zero if between 4.0% and 5.0% | Rate years 2013-2018    |
|                                     |       | = ((0.05 * 1-Year Taxable Payroll - Trustfund Balance) / 4) / 1-Year Taxable Payroll  | zero if between 4.0% and 5.0% | Rate years 2019 and on  |
| NC = Noncharge Factor               | macro | = 3-Year Noncharges / 3-Year Experience Rated Payroll                                 |                               |                         |
| EP = Excess Payment Factor          | macro | = 3-Year Excess Payments / 3-Year Experience Rated Payroll                            |                               |                         |
| GBR = Gross Benefit Ratio           | macro | = (3-Year Rated Benefits - 3-Year Excess Payments) / 3-Year Experience Rated Payroll  |                               |                         |
| Multiplier                          | macro | = (NC+EP+FF) / GBR  |                               |                         |
| VAF(i) = Variable Adjustment Factor | micro | = Multiplier * IBR(i) = (NC+EP+FF/GBR) * IBR(i)                                       |                               |                         |
| Sum of Products(i)                  | micro | = VAF(i) * 1-Year Taxable Payroll(i)  |                               |                         |
| FAF = Final Adjustment Factor       | macro | = (NC+EP+FF) - (Sum of Products / 3-Year Experience Rated Payroll)                    |                               |                         |
| Employer Tax Rate(i)                | micro | = IBR(i) + VAF(i) + FAF(i)  |                               |                         |

**CS/SB1356**

**Reemployment Assistance - Initial Tax Rate Reduction**

**Taxpayers at the initial rate of 2.7%**

| FY      | Taxable wages (\$) | Tax due at 2.7% (\$) | Taxpayer count | Tax due at 1% (\$) | Savings to initial rate taxpayers (2.7%-1%) (\$) |
|---------|--------------------|----------------------|----------------|--------------------|--|
| 2012-13 | 6,610,347,956      | 178,479,448          | 88,749         | 66,103,480         | 112,375,968                                      |
| 2013-14 | 7,036,733,781      | 189,991,432          | 90,689         | 70,367,338         | 119,624,094                                      |
| 2014-15 | 6,841,719,972      | 184,726,306          | 91,989         | 68,417,200         | 116,309,106                                      |
| 2015-16 | 6,893,680,491      | 186,129,236          | 94,507         | 68,936,805         | 117,192,431                                      |
| 2016-17 | 6,848,446,036      | 184,908,095          | 94,312         | 68,484,460         | 116,423,635                                      |
| 2017-18 | 6,534,688,968      | 176,436,654          | 94,564         | 65,346,890         | 111,089,764                                      |
| 2018-19 | 6,631,222,519      | 179,043,060          | 93,590         | 66,312,225         | 112,730,835                                      |

Source: Department of Revenue, special tabulation, February 2020.

**RA Tax Collections - Scenarios**

|          | Baseline      | Static Impact Reduction to 1% | Scenario 1    | FAF Impact #1 | Scenario 2    | FAF Impact #2 | Scenario 3    | FAF Impact #3 | Scenario 3 - Baseline | Cumulative    |
|----------|---------------|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|
| FY 16-17 | \$766,462,306 | \$0                           | \$766,462,306 | \$0           | \$766,462,306 | \$0           | \$766,462,306 | \$0           |                       |               |
| FY 17-18 | \$551,123,535 | \$0                           | \$551,123,535 | \$0           | \$551,123,535 | \$0           | \$551,123,535 | \$0           |                       |               |
| FY 18-19 | \$445,549,669 | \$0                           | \$445,549,669 | \$0           | \$445,549,669 | \$0           | \$445,549,669 | \$0           |                       |               |
| FY 19-20 | \$409,644,400 | \$0                           | \$409,644,400 | \$0           | \$409,644,400 | \$0           | \$409,644,400 | \$0           |                       |               |
| FY 20-21 | \$450,251,600 | \$66,243,086                  | \$384,008,514 | \$0           | \$384,008,514 | \$0           | \$384,008,514 | \$66,243,086  | \$66,243,086          | \$66,243,086  |
| FY 21-22 | \$480,591,100 | \$119,451,438                 | \$361,139,662 | \$21,704,376  | \$382,844,038 | \$5,426,094   | \$388,270,132 | \$27,130,470  | \$92,320,968          | \$158,564,054 |
| FY 22-23 | \$499,230,800 | \$120,617,802                 | \$378,612,998 | \$38,864,612  | \$417,477,610 | \$19,364,555  | \$436,842,165 | \$58,229,167  | \$62,388,635          | \$220,952,689 |
| FY 23-24 | \$516,987,700 | \$121,472,470                 | \$395,515,230 | \$125,203,503 | \$520,718,733 | \$43,660,540  | \$564,379,273 | \$168,864,043 | \$47,391,573          | \$173,561,116 |
| FY 24-25 | \$531,418,300 | \$122,498,432                 | \$408,919,868 | \$127,226,843 | \$536,146,711 | \$69,463,584  | \$605,610,295 | \$196,690,427 | \$74,191,995          | \$99,369,121  |
| FY 25-26 | \$544,385,200 | \$123,758,730                 | \$420,626,470 | \$129,024,559 | \$549,651,029 | \$83,890,216  | \$633,541,245 | \$212,914,775 | \$89,156,045          | \$10,213,076  |
| FY 26-27 | \$556,352,800 | \$125,179,588                 | \$431,173,212 | \$130,825,802 | \$561,999,014 | \$86,067,726  | \$648,066,740 | \$216,893,528 | \$91,713,940          | \$81,500,864  |
| FY 27-28 | \$565,838,100 | \$126,737,800                 | \$439,100,300 | \$132,768,515 | \$571,868,815 | \$87,342,784  | \$659,211,599 | \$220,111,299 | \$93,373,499          | \$174,874,363 |
| FY 28-29 | \$574,176,200 | \$128,385,340                 | \$445,790,860 | \$134,859,294 | \$580,650,154 | \$88,756,056  | \$669,406,210 | \$223,615,350 | \$95,230,010          | \$270,104,373 |

**CS/SB1356**

**Reemployment Assistance - Initial Tax Rate Reduction**

**Baseline**

| <b>Fiscal Year</b> | <b>Beginning Fund Balance</b> | <b>Employment Taxes</b> | <b>Interest</b> | <b>Total Charges</b> | <b>Residual</b>    | <b>Ending Fund Balance</b> |
|--------------------|-------------------------------|-------------------------|-----------------|----------------------|--------------------|----------------------------|
| FY 01-02           | \$ 2,077,875,845              | \$ 556,836,134          | \$ 141,180,603  | \$ 1,111,635,877     | \$ 356,018,027     | \$ 2,088,681,225           |
| FY 02-03           | \$ 2,088,681,225              | \$ 625,242,628          | \$ 86,740,763   | \$ 1,037,953,098     | \$ (324,830,188)   | \$ 1,694,461,849           |
| FY 03-04           | \$ 1,694,461,849              | \$ 881,823,146          | \$ 71,542,332   | \$ 873,663,151       | \$ (369,890,544)   | \$ 1,598,402,282           |
| FY 04-05           | \$ 1,598,402,282              | \$ 1,075,951,796        | \$ 95,807,061   | \$ 712,951,558       | \$ (332,546,471)   | \$ 1,812,803,501           |
| FY 05-06           | \$ 1,812,803,501              | \$ 1,164,092,187        | \$ 111,570,900  | \$ 841,987,417       | \$ 291,702,002     | \$ 2,332,069,917           |
| FY 06-07           | \$ 2,332,069,917              | \$ 957,980,931          | \$ 109,480,453  | \$ 1,313,538,805     | \$ 598,021,307     | \$ 2,534,318,250           |
| FY 07-08           | \$ 2,534,318,250              | \$ 808,285,378          | \$ 61,357,093   | \$ 2,398,274,822     | \$ 1,135,312,224   | \$ 2,099,552,017           |
| FY 08-09           | \$ 2,099,552,017              | \$ 766,839,271          | \$ 1,867,893    | \$ 2,526,902,453     | \$ (107,149,035)   | \$ 449,475,281             |
| FY 09-10           | \$ 449,475,281                | \$ 982,106,859          | \$ -            | \$ 1,795,668,704     | \$ (47,345,173)    | \$ 118,941,270             |
| FY 10-11           | \$ 118,941,270                | \$ 1,512,479,866        | \$ -            | \$ 1,237,545,173     | \$ (945,138,097)   | \$ -                       |
| FY 11-12           | \$ -                          | \$ 2,063,742,000        | \$ 3,100,903    | \$ 1,059,103,815     | \$ (1,050,830,582) | \$ -                       |
| FY 12-13           | \$ -                          | \$ 2,106,833,494        | \$ 22,759,603   | \$ 831,708,469       | \$ (253,178,927)   | \$ 783,932,761             |
| FY 13-14           | \$ 783,932,761                | \$ 1,846,060,554        | \$ 46,445,956   | \$ 567,907,875       | \$ 73,882,459      | \$ 1,792,724,900           |
| FY 14-15           | \$ 1,792,724,900              | \$ 1,456,371,599        | \$ 61,970,700   | \$ 434,128,490       | \$ 199,684,054     | \$ 2,630,054,911           |
| FY 15-16           | \$ 2,630,054,911              | \$ 1,009,803,747        | \$ 74,312,212   | \$ 359,692,486       | \$ 133,789,362     | \$ 3,244,926,305           |
| FY 16-17           | \$ 3,244,926,305              | \$ 766,462,306          | \$ 82,512,767   | \$ 346,910,119       | \$ 97,560,770      | \$ 3,629,213,258           |
| FY 17-18           | \$ 3,629,213,258              | \$ 551,123,535          | \$ 92,165,178   | \$ 300,303,721       | \$ 8,119,038       | \$ 3,874,743,422           |
| FY 18-19           | \$ 3,874,743,422              | \$ 445,549,669          | \$ 101,000,000  | \$ 296,300,000       | \$ (3,874,621)     | \$ 4,085,168,801           |
| FY 19-20           | \$ 4,085,168,801              | \$ 409,644,400          | \$ 116,600,000  | \$ 300,900,000       | \$ (78,114,801)    | \$ 4,273,054,000           |
| FY 20-21           | \$ 4,273,054,000              | \$ 450,251,600          | \$ 130,200,000  | \$ 313,500,000       | \$ (56,300,000)    | \$ 4,514,054,000           |
| FY 21-22           | \$ 4,514,054,000              | \$ 480,591,100          | \$ 139,300,000  | \$ 343,000,000       | \$ (23,200,000)    | \$ 4,786,354,000           |
| FY 22-23           | \$ 4,786,354,000              | \$ 499,230,800          | \$ 147,900,000  | \$ 385,300,000       | \$ (9,100,000)     | \$ 5,056,854,000           |
| FY 23-24           | \$ 5,056,854,000              | \$ 516,987,700          | \$ 156,400,000  | \$ 405,200,000       | \$ (28,000,000)    | \$ 5,311,454,000           |
| FY 24-25           | \$ 5,311,454,000              | \$ 531,418,300          | \$ 165,200,000  | \$ 412,400,000       | \$ (39,600,000)    | \$ 5,569,054,000           |
| FY 25-26           | \$ 5,569,054,000              | \$ 544,385,200          | \$ 174,500,000  | \$ 420,700,000       | \$ (38,000,000)    | \$ 5,841,254,000           |
| FY 26-27           | \$ 5,841,254,000              | \$ 556,352,800          | \$ 184,300,000  | \$ 434,400,000       | \$ (30,500,000)    | \$ 6,126,454,000           |
| FY 27-28           | \$ 6,126,454,000              | \$ 565,838,100          | \$ 194,400,000  | \$ 448,100,000       | \$ (29,800,000)    | \$ 6,417,154,000           |

**Scenario I - Static Effect**

| <b>Fiscal Year</b> | <b>Beginning Fund Balance</b> | <b>Employment Taxes</b> | <b>Interest</b> | <b>Total Charges</b> | <b>Residual</b>    | <b>Ending Fund Balance</b> |
|--------------------|-------------------------------|-------------------------|-----------------|----------------------|--------------------|----------------------------|
| FY 01-02           | \$ 2,077,875,845              | \$ 556,836,134          | \$ 141,180,603  | \$ 1,111,635,877     | \$ 356,018,027     | \$ 2,088,681,225           |
| FY 02-03           | \$ 2,088,681,225              | \$ 625,242,628          | \$ 86,740,763   | \$ 1,037,953,098     | \$ (324,830,188)   | \$ 1,694,461,849           |
| FY 03-04           | \$ 1,694,461,849              | \$ 881,823,146          | \$ 71,542,332   | \$ 873,663,151       | \$ (369,890,544)   | \$ 1,598,402,282           |
| FY 04-05           | \$ 1,598,402,282              | \$ 1,075,951,796        | \$ 95,807,061   | \$ 712,951,558       | \$ (332,546,471)   | \$ 1,812,803,501           |
| FY 05-06           | \$ 1,812,803,501              | \$ 1,164,092,187        | \$ 111,570,900  | \$ 841,987,417       | \$ 291,702,002     | \$ 2,332,069,917           |
| FY 06-07           | \$ 2,332,069,917              | \$ 957,980,931          | \$ 109,480,453  | \$ 1,313,538,805     | \$ 598,021,307     | \$ 2,534,318,250           |
| FY 07-08           | \$ 2,534,318,250              | \$ 808,285,378          | \$ 61,357,093   | \$ 2,398,274,822     | \$ 1,135,312,224   | \$ 2,099,552,017           |
| FY 08-09           | \$ 2,099,552,017              | \$ 766,839,271          | \$ 1,867,893    | \$ 2,526,902,453     | \$ (107,149,035)   | \$ 449,475,281             |
| FY 09-10           | \$ 449,475,281                | \$ 982,106,859          | \$ -            | \$ 1,795,668,704     | \$ (47,345,173)    | \$ 118,941,270             |
| FY 10-11           | \$ 118,941,270                | \$ 1,512,479,866        | \$ -            | \$ 1,237,545,173     | \$ (945,138,097)   | \$ -                       |
| FY 11-12           | \$ -                          | \$ 2,063,742,000        | \$ 3,100,903    | \$ 1,059,103,815     | \$ (1,050,830,582) | \$ -                       |
| FY 12-13           | \$ -                          | \$ 2,106,833,494        | \$ 22,759,603   | \$ 831,708,469       | \$ (253,178,927)   | \$ 783,932,761             |
| FY 13-14           | \$ 783,932,761                | \$ 1,846,060,554        | \$ 46,445,956   | \$ 567,907,875       | \$ 73,882,459      | \$ 1,792,724,900           |
| FY 14-15           | \$ 1,792,724,900              | \$ 1,456,371,599        | \$ 61,970,700   | \$ 434,128,490       | \$ 199,684,054     | \$ 2,630,054,911           |
| FY 15-16           | \$ 2,630,054,911              | \$ 1,009,803,747        | \$ 74,312,212   | \$ 359,692,486       | \$ 133,789,362     | \$ 3,244,926,305           |
| FY 16-17           | \$ 3,244,926,305              | \$ 766,462,306          | \$ 82,512,767   | \$ 346,910,119       | \$ 97,560,770      | \$ 3,629,213,258           |
| FY 17-18           | \$ 3,629,213,258              | \$ 551,123,535          | \$ 92,165,178   | \$ 300,303,721       | \$ 8,119,038       | \$ 3,874,743,422           |
| FY 18-19           | \$ 3,874,743,422              | \$ 445,549,669          | \$ 101,000,000  | \$ 296,300,000       | \$ (3,874,621)     | \$ 4,085,168,801           |
| FY 19-20           | \$ 4,085,168,801              | \$ 409,644,400          | \$ 116,600,000  | \$ 300,900,000       | \$ (78,114,801)    | \$ 4,232,398,400           |
| FY 20-21           | \$ 4,232,398,400              | \$ 384,008,514          | \$ 130,200,000  | \$ 313,500,000       | \$ (56,300,000)    | \$ 4,376,806,914           |
| FY 21-22           | \$ 4,376,806,914              | \$ 361,139,662          | \$ 139,300,000  | \$ 343,000,000       | \$ (23,200,000)    | \$ 4,511,046,576           |
| FY 22-23           | \$ 4,511,046,576              | \$ 378,612,998          | \$ 147,900,000  | \$ 385,300,000       | \$ (9,100,000)     | \$ 4,643,159,574           |
| FY 23-24           | \$ 4,643,159,574              | \$ 395,515,230          | \$ 156,400,000  | \$ 405,200,000       | \$ (28,000,000)    | \$ 4,761,874,805           |
| FY 24-25           | \$ 4,761,874,805              | \$ 408,919,868          | \$ 165,200,000  | \$ 412,400,000       | \$ (39,600,000)    | \$ 4,883,994,673           |
| FY 25-26           | \$ 4,883,994,673              | \$ 420,626,470          | \$ 174,500,000  | \$ 420,700,000       | \$ (38,000,000)    | \$ 5,020,421,142           |
| FY 26-27           | \$ 5,020,421,142              | \$ 431,173,212          | \$ 184,300,000  | \$ 434,400,000       | \$ (30,500,000)    | \$ 5,170,994,355           |
| FY 27-28           | \$ 5,170,994,355              | \$ 439,100,300          | \$ 194,400,000  | \$ 448,100,000       | \$ (29,800,000)    | \$ 5,326,594,655           |

**Scenario II - Plus Feedback Effect - 1st Iteration**

| <b>Fiscal Year</b> | <b>Beginning Fund Balance</b> | <b>Employment Taxes</b> | <b>Interest</b> | <b>Total Charges</b> | <b>Residual</b>    | <b>Ending Fund Balance</b> |
|--------------------|-------------------------------|-------------------------|-----------------|----------------------|--------------------|----------------------------|
| FY 01-02           | \$ 2,077,875,845              | \$ 556,836,134          | \$ 141,180,603  | \$ 1,111,635,877     | \$ 356,018,027     | \$ 2,088,681,225           |
| FY 02-03           | \$ 2,088,681,225              | \$ 625,242,628          | \$ 86,740,763   | \$ 1,037,953,098     | \$ (324,830,188)   | \$ 1,694,461,849           |
| FY 03-04           | \$ 1,694,461,849              | \$ 881,823,146          | \$ 71,542,332   | \$ 873,663,151       | \$ (369,890,544)   | \$ 1,598,402,282           |
| FY 04-05           | \$ 1,598,402,282              | \$ 1,075,951,796        | \$ 95,807,061   | \$ 712,951,558       | \$ (332,546,471)   | \$ 1,812,803,501           |
| FY 05-06           | \$ 1,812,803,501              | \$ 1,164,092,187        | \$ 111,570,900  | \$ 841,987,417       | \$ 291,702,002     | \$ 2,332,069,917           |
| FY 06-07           | \$ 2,332,069,917              | \$ 957,980,931          | \$ 109,480,453  | \$ 1,313,538,805     | \$ 598,021,307     | \$ 2,534,318,250           |
| FY 07-08           | \$ 2,534,318,250              | \$ 808,285,378          | \$ 61,357,093   | \$ 2,398,274,822     | \$ 1,135,312,224   | \$ 2,099,552,017           |
| FY 08-09           | \$ 2,099,552,017              | \$ 766,839,271          | \$ 1,867,893    | \$ 2,526,902,453     | \$ (107,149,035)   | \$ 449,475,281             |
| FY 09-10           | \$ 449,475,281                | \$ 982,106,859          | \$ -            | \$ 1,795,668,704     | \$ (47,345,173)    | \$ 118,941,270             |
| FY 10-11           | \$ 118,941,270                | \$ 1,512,479,866        | \$ -            | \$ 1,237,545,173     | \$ (945,138,097)   | \$ -                       |
| FY 11-12           | \$ -                          | \$ 2,063,742,000        | \$ 3,100,903    | \$ 1,059,103,815     | \$ (1,050,830,582) | \$ -                       |
| FY 12-13           | \$ -                          | \$ 2,106,833,494        | \$ 22,759,603   | \$ 831,708,469       | \$ (253,178,927)   | \$ 783,932,761             |
| FY 13-14           | \$ 783,932,761                | \$ 1,846,060,554        | \$ 46,445,956   | \$ 567,907,875       | \$ 73,882,459      | \$ 1,792,724,900           |
| FY 14-15           | \$ 1,792,724,900              | \$ 1,456,371,599        | \$ 61,970,700   | \$ 434,128,490       | \$ 199,684,054     | \$ 2,630,054,911           |
| FY 15-16           | \$ 2,630,054,911              | \$ 1,009,803,747        | \$ 74,312,212   | \$ 359,692,486       | \$ 133,789,362     | \$ 3,244,926,305           |
| FY 16-17           | \$ 3,244,926,305              | \$ 766,462,306          | \$ 82,512,767   | \$ 346,910,119       | \$ 97,560,770      | \$ 3,629,213,258           |
| FY 17-18           | \$ 3,629,213,258              | \$ 551,123,535          | \$ 92,165,178   | \$ 300,303,721       | \$ 8,119,038       | \$ 3,874,743,422           |
| FY 18-19           | \$ 3,874,743,422              | \$ 445,549,669          | \$ 101,000,000  | \$ 296,300,000       | \$ (3,874,621)     | \$ 4,085,168,801           |
| FY 19-20           | \$ 4,085,168,801              | \$ 409,644,400          | \$ 116,600,000  | \$ 300,900,000       | \$ (78,114,801)    | \$ 4,232,398,400           |
| FY 20-21           | \$ 4,232,398,400              | \$ 384,008,514          | \$ 130,200,000  | \$ 313,500,000       | \$ (56,300,000)    | \$ 4,376,806,914           |
| FY 21-22           | \$ 4,376,806,914              | \$ 382,844,038          | \$ 139,300,000  | \$ 343,000,000       | \$ (23,200,000)    | \$ 4,532,750,952           |
| FY 22-23           | \$ 4,532,750,952              | \$ 417,477,610          | \$ 147,900,000  | \$ 385,300,000       | \$ (9,100,000)     | \$ 4,703,728,562           |
| FY 23-24           | \$ 4,703,728,562              | \$ 520,718,733          | \$ 156,400,000  | \$ 405,200,000       | \$ (28,000,000)    | \$ 4,947,647,295           |
| FY 24-25           | \$ 4,947,647,295              | \$ 536,146,711          | \$ 165,200,000  | \$ 412,400,000       | \$ (39,600,000)    | \$ 5,196,994,007           |
| FY 25-26           | \$ 5,196,994,007              | \$ 549,651,029          | \$ 174,500,000  | \$ 420,700,000       | \$ (38,000,000)    | \$ 5,462,445,035           |
| FY 26-27           | \$ 5,462,445,035              | \$ 561,999,014          | \$ 184,300,000  | \$ 434,400,000       | \$ (30,500,000)    | \$ 5,743,844,050           |
| FY 27-28           | \$ 5,743,844,050              | \$ 571,868,815          | \$ 194,400,000  | \$ 448,100,000       | \$ (29,800,000)    | \$ 6,032,212,865           |

**Scenario III - Plus Feedback Effect - Subsequent Iterations**

| <b>Fiscal Year</b> | <b>Beginning Fund Balance</b> | <b>Employment Taxes</b> | <b>Interest</b> | <b>Total Charges</b> | <b>Residual</b>    | <b>Ending Fund Balance</b> |
|--------------------|-------------------------------|-------------------------|-----------------|----------------------|--------------------|----------------------------|
| FY 01-02           | \$ 2,077,875,845              | \$ 556,836,134          | \$ 141,180,603  | \$ 1,111,635,877     | \$ 356,018,027     | \$ 2,088,681,225           |
| FY 02-03           | \$ 2,088,681,225              | \$ 625,242,628          | \$ 86,740,763   | \$ 1,037,953,098     | \$ (324,830,188)   | \$ 1,694,461,849           |
| FY 03-04           | \$ 1,694,461,849              | \$ 881,823,146          | \$ 71,542,332   | \$ 873,663,151       | \$ (369,890,544)   | \$ 1,598,402,282           |
| FY 04-05           | \$ 1,598,402,282              | \$ 1,075,951,796        | \$ 95,807,061   | \$ 712,951,558       | \$ (332,546,471)   | \$ 1,812,803,501           |
| FY 05-06           | \$ 1,812,803,501              | \$ 1,164,092,187        | \$ 111,570,900  | \$ 841,987,417       | \$ 291,702,002     | \$ 2,332,069,917           |
| FY 06-07           | \$ 2,332,069,917              | \$ 957,980,931          | \$ 109,480,453  | \$ 1,313,538,805     | \$ 598,021,307     | \$ 2,534,318,250           |
| FY 07-08           | \$ 2,534,318,250              | \$ 808,285,378          | \$ 61,357,093   | \$ 2,398,274,822     | \$ 1,135,312,224   | \$ 2,099,552,017           |
| FY 08-09           | \$ 2,099,552,017              | \$ 766,839,271          | \$ 1,867,893    | \$ 2,526,902,453     | \$ (107,149,035)   | \$ 449,475,281             |
| FY 09-10           | \$ 449,475,281                | \$ 982,106,859          | \$ -            | \$ 1,795,668,704     | \$ (47,345,173)    | \$ 118,941,270             |
| FY 10-11           | \$ 118,941,270                | \$ 1,512,479,866        | \$ -            | \$ 1,237,545,173     | \$ (945,138,097)   | \$ -                       |
| FY 11-12           | \$ -                          | \$ 2,063,742,000        | \$ 3,100,903    | \$ 1,059,103,815     | \$ (1,050,830,582) | \$ -                       |
| FY 12-13           | \$ -                          | \$ 2,106,833,494        | \$ 22,759,603   | \$ 831,708,469       | \$ (253,178,927)   | \$ 783,932,761             |
| FY 13-14           | \$ 783,932,761                | \$ 1,846,060,554        | \$ 46,445,956   | \$ 567,907,875       | \$ 73,882,459      | \$ 1,792,724,900           |
| FY 14-15           | \$ 1,792,724,900              | \$ 1,456,371,599        | \$ 61,970,700   | \$ 434,128,490       | \$ 199,684,054     | \$ 2,630,054,911           |
| FY 15-16           | \$ 2,630,054,911              | \$ 1,009,803,747        | \$ 74,312,212   | \$ 359,692,486       | \$ 133,789,362     | \$ 3,244,926,305           |
| FY 16-17           | \$ 3,244,926,305              | \$ 766,462,306          | \$ 82,512,767   | \$ 346,910,119       | \$ 97,560,770      | \$ 3,629,213,258           |
| FY 17-18           | \$ 3,629,213,258              | \$ 551,123,535          | \$ 92,165,178   | \$ 300,303,721       | \$ 8,119,038       | \$ 3,874,743,422           |
| FY 18-19           | \$ 3,874,743,422              | \$ 445,549,669          | \$ 101,000,000  | \$ 296,300,000       | \$ (3,874,621)     | \$ 4,085,168,801           |
| FY 19-20           | \$ 4,085,168,801              | \$ 409,644,400          | \$ 116,600,000  | \$ 300,900,000       | \$ (78,114,801)    | \$ 4,232,398,400           |
| FY 20-21           | \$ 4,232,398,400              | \$ 384,008,514          | \$ 130,200,000  | \$ 313,500,000       | \$ (56,300,000)    | \$ 4,376,806,914           |
| FY 21-22           | \$ 4,376,806,914              | \$ 388,270,132          | \$ 139,300,000  | \$ 343,000,000       | \$ (23,200,000)    | \$ 4,538,177,046           |
| FY 22-23           | \$ 4,538,177,046              | \$ 436,842,165          | \$ 147,900,000  | \$ 385,300,000       | \$ (9,100,000)     | \$ 4,728,519,211           |
| FY 23-24           | \$ 4,728,519,211              | \$ 564,379,273          | \$ 156,400,000  | \$ 405,200,000       | \$ (28,000,000)    | \$ 5,016,098,484           |
| FY 24-25           | \$ 5,016,098,484              | \$ 605,610,295          | \$ 165,200,000  | \$ 412,400,000       | \$ (39,600,000)    | \$ 5,334,908,779           |
| FY 25-26           | \$ 5,334,908,779              | \$ 633,541,245          | \$ 174,500,000  | \$ 420,700,000       | \$ (38,000,000)    | \$ 5,684,250,024           |
| FY 26-27           | \$ 5,684,250,024              | \$ 648,066,740          | \$ 184,300,000  | \$ 434,400,000       | \$ (30,500,000)    | \$ 6,051,716,764           |
| FY 27-28           | \$ 6,051,716,764              | \$ 659,211,599          | \$ 194,400,000  | \$ 448,100,000       | \$ (29,800,000)    | \$ 6,427,428,363           |

## Effective Tax Rate

| Rate Year   | Baseline      | Static Impact | Initial Adjustment | Final Adjustment |
|-------------|---------------|---------------|--------------------|------------------|
| 2003        | 0.0144        | 0.0144        | 0.0144             | 0.0144           |
| 2004        | 0.0182        | 0.0182        | 0.0182             | 0.0182           |
| 2005        | 0.0198        | 0.0198        | 0.0198             | 0.0198           |
| 2006        | 0.0183        | 0.0183        | 0.0183             | 0.0183           |
| 2007        | 0.0156        | 0.0156        | 0.0156             | 0.0156           |
| 2008        | 0.0149        | 0.0149        | 0.0149             | 0.0149           |
| 2009        | 0.0179        | 0.0179        | 0.0179             | 0.0179           |
| 2010        | 0.0237        | 0.0237        | 0.0237             | 0.0237           |
| 2011        | 0.0311        | 0.0311        | 0.0311             | 0.0311           |
| 2012        | 0.0360        | 0.0360        | 0.0360             | 0.0360           |
| 2013        | 0.0332        | 0.0332        | 0.0332             | 0.0332           |
| 2014        | 0.0275        | 0.0275        | 0.0275             | 0.0275           |
| 2015        | 0.0206        | 0.0206        | 0.0206             | 0.0206           |
| 2016        | 0.0144        | 0.0144        | 0.0144             | 0.0144           |
| 2017        | 0.0103        | 0.0103        | 0.0103             | 0.0103           |
| 2018        | 0.0076        | 0.0076        | 0.0076             | 0.0076           |
| 2019        | 0.0063        | 0.0063        | 0.0063             | 0.0063           |
| <b>2020</b> | <b>0.0062</b> | <b>0.0057</b> | <b>0.0057</b>      | <b>0.0057</b>    |
| <b>2021</b> | <b>0.0066</b> | <b>0.0053</b> | <b>0.0054</b>      | <b>0.0055</b>    |
| <b>2022</b> | <b>0.0068</b> | <b>0.0052</b> | <b>0.0056</b>      | <b>0.0057</b>    |
| <b>2023</b> | <b>0.0070</b> | <b>0.0053</b> | <b>0.0064</b>      | <b>0.0069</b>    |
| <b>2024</b> | <b>0.0071</b> | <b>0.0054</b> | <b>0.0071</b>      | <b>0.0079</b>    |
| <b>2025</b> | <b>0.0072</b> | <b>0.0055</b> | <b>0.0072</b>      | <b>0.0083</b>    |
| <b>2026</b> | <b>0.0072</b> | <b>0.0056</b> | <b>0.0073</b>      | <b>0.0084</b>    |
| <b>2027</b> | <b>0.0073</b> | <b>0.0056</b> | <b>0.0073</b>      | <b>0.0084</b>    |
| <b>2028</b> | <b>0.0073</b> | <b>0.0056</b> | <b>0.0073</b>      | <b>0.0085</b>    |



## TRUST FUND BALANCE (as of June 30)

|                 | Baseline       | Static Impact  | Initial<br>Adjustment | Final<br>Adjustment |
|-----------------|----------------|----------------|-----------------------|---------------------|
| FY 01-02        | 2,088.7        | 2,088.7        | 2,088.7               | 2,088.7             |
| FY 02-03        | 1,694.5        | 1,694.5        | 1,694.5               | 1,694.5             |
| FY 03-04        | 1,598.4        | 1,598.4        | 1,598.4               | 1,598.4             |
| FY 04-05        | 1,812.8        | 1,812.8        | 1,812.8               | 1,812.8             |
| FY 05-06        | 2,332.1        | 2,332.1        | 2,332.1               | 2,332.1             |
| FY 06-07        | 2,534.3        | 2,534.3        | 2,534.3               | 2,534.3             |
| FY 07-08        | 2,099.6        | 2,099.6        | 2,099.6               | 2,099.6             |
| FY 08-09        | 449.5          | 449.5          | 449.5                 | 449.5               |
| FY 09-10        | 118.9          | 118.9          | 118.9                 | 118.9               |
| FY 10-11        | 0.0            | 0.0            | 0.0                   | 0.0                 |
| FY 11-12        | 0.0            | 0.0            | 0.0                   | 0.0                 |
| FY 12-13        | 783.9          | 783.9          | 783.9                 | 783.9               |
| FY 13-14        | 1,792.7        | 1,792.7        | 1,792.7               | 1,792.7             |
| FY 14-15        | 2,630.1        | 2,630.1        | 2,630.1               | 2,630.1             |
| FY 15-16        | 3,244.9        | 3,244.9        | 3,244.9               | 3,244.9             |
| FY 16-17        | 3,629.2        | 3,629.2        | 3,629.2               | 3,629.2             |
| FY 17-18        | 3,874.7        | 3,874.7        | 3,874.7               | 3,874.7             |
| FY 18-19        | 4,085.2        | 4,085.2        | 4,085.2               | 4,085.2             |
| <b>FY 19-20</b> | <b>4,273.1</b> | <b>4,232.4</b> | <b>4,232.4</b>        | <b>4,232.4</b>      |
| <b>FY 20-21</b> | <b>4,514.1</b> | <b>4,376.8</b> | <b>4,376.8</b>        | <b>4,376.8</b>      |
| <b>FY 21-22</b> | <b>4,786.4</b> | <b>4,511.0</b> | <b>4,532.8</b>        | <b>4,538.2</b>      |
| <b>FY 22-23</b> | <b>5,056.9</b> | <b>4,643.2</b> | <b>4,703.7</b>        | <b>4,728.5</b>      |
| <b>FY 23-24</b> | <b>5,311.5</b> | <b>4,761.9</b> | <b>4,947.6</b>        | <b>5,016.1</b>      |
| <b>FY 24-25</b> | <b>5,569.1</b> | <b>4,884.0</b> | <b>5,197.0</b>        | <b>5,334.9</b>      |
| <b>FY 25-26</b> | <b>5,841.3</b> | <b>5,020.4</b> | <b>5,462.4</b>        | <b>5,684.3</b>      |
| <b>FY 26-27</b> | <b>6,126.5</b> | <b>5,171.0</b> | <b>5,743.8</b>        | <b>6,051.7</b>      |
| <b>FY 27-28</b> | <b>6,417.2</b> | <b>5,326.6</b> | <b>6,032.2</b>        | <b>6,427.4</b>      |

## Trust Fund Ending Balance as a Percent of 1-Year Taxable Wages

|                 | Baseline     | Static Impact | Initial Adjustment | Final Adjustment |
|-----------------|--------------|---------------|--------------------|------------------|
| FY 01-02        | 4.04%        | 4.04%         | 4.04%              | 4.04%            |
| FY 02-03        | 4.06%        | 4.06%         | 4.06%              | 4.06%            |
| FY 03-04        | 3.20%        | 3.20%         | 3.20%              | 3.20%            |
| FY 04-05        | 2.93%        | 2.93%         | 2.93%              | 2.93%            |
| FY 05-06        | 3.11%        | 3.11%         | 3.11%              | 3.11%            |
| FY 06-07        | 4.05%        | 4.05%         | 4.05%              | 4.05%            |
| FY 07-08        | 4.56%        | 4.56%         | 4.56%              | 4.56%            |
| FY 08-09        | 4.20%        | 4.20%         | 4.20%              | 4.20%            |
| FY 09-10        | 0.95%        | 0.95%         | 0.95%              | 0.95%            |
| FY 10-11        | 0.21%        | 0.21%         | 0.21%              | 0.21%            |
| FY 11-12        | 0.00%        | 0.00%         | 0.00%              | 0.00%            |
| FY 12-13        | 0.00%        | 0.00%         | 0.00%              | 0.00%            |
| FY 13-14        | 1.29%        | 1.29%         | 1.29%              | 1.29%            |
| FY 14-15        | 3.03%        | 3.03%         | 3.03%              | 3.03%            |
| FY 15-16        | 4.35%        | 4.35%         | 4.35%              | 4.35%            |
| FY 16-17        | 5.14%        | 5.14%         | 5.14%              | 5.14%            |
| FY 17-18        | 5.64%        | 5.64%         | 5.64%              | 5.64%            |
| FY 18-19        | 5.81%        | 5.81%         | 5.81%              | 5.81%            |
| <b>FY 19-20</b> | <b>5.94%</b> | <b>5.94%</b>  | <b>5.94%</b>       | <b>5.94%</b>     |
| <b>FY 20-21</b> | <b>6.11%</b> | <b>6.05%</b>  | <b>6.05%</b>       | <b>6.05%</b>     |
| <b>FY 21-22</b> | <b>6.33%</b> | <b>6.14%</b>  | <b>6.14%</b>       | <b>6.14%</b>     |
| <b>FY 22-23</b> | <b>6.61%</b> | <b>6.23%</b>  | <b>6.26%</b>       | <b>6.27%</b>     |
| <b>FY 23-24</b> | <b>6.89%</b> | <b>6.32%</b>  | <b>6.41%</b>       | <b>6.44%</b>     |
| <b>FY 24-25</b> | <b>7.13%</b> | <b>6.39%</b>  | <b>6.64%</b>       | <b>6.74%</b>     |
| <b>FY 25-26</b> | <b>7.36%</b> | <b>6.46%</b>  | <b>6.87%</b>       | <b>7.05%</b>     |
| <b>FY 26-27</b> | <b>7.60%</b> | <b>6.54%</b>  | <b>7.11%</b>       | <b>7.40%</b>     |
| <b>FY 27-28</b> | <b>7.86%</b> | <b>6.63%</b>  | <b>7.37%</b>       | <b>7.76%</b>     |

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Affordable Housing – 50 to 100%

**Bill Number(s):** [CS/SB1642](#)

**Entire Bill**

**Partial Bill:** Section 1

**Sponsor(s):** the Committee on Commerce and Tourism and Senator Gruters

**Month/Year Impact Begins:** January 1, 2021

**Date of Analysis:** February 14, 2020

### Section 1: Narrative

#### a. Current Law:

Section 196.195, Florida Statutes, lays out requirements to determine whether or not an exemption applicant is considered nonprofit. S. 196.196, F.S., provides an exemption for charitable, religious, or scientific, or literary use.

S. 196.1978, F.S., provides an exemption for affordable housing. Subsection 1 contains an exemption for affordable housing owned entirely by nonprofit entities.

S. 196.1978(2), F.S., states “(2)(a) Notwithstanding ss. 196.195 and 196.196, property in a multifamily project that meets the requirements of this paragraph is considered property used for a charitable purpose and shall receive a 50 percent discount from the amount of ad valorem tax otherwise owed beginning with the January 1 assessment after the 15th completed year of the term of the recorded agreement on those portions of the affordable housing property that provide housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004. The multifamily project must:

“1. Contain more than 70 units that are used to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004; and

“2. Be subject to an agreement with the Florida Housing Finance Corporation recorded in the official records of the county in which the property is located to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004.

“This discount terminates if the property no longer serves extremely-low-income, very-low-income, or low-income persons pursuant to the recorded agreement.

“(b) To receive the discount under paragraph (a), a qualified applicant must submit an application to the county property appraiser by March 1.

“(c) The property appraiser shall apply the discount by reducing the taxable value on those portions of the affordable housing property that provide housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004 before certifying the tax roll to the tax collector.

“1. The property appraiser shall first ascertain all other applicable exemptions, including exemptions provided pursuant to local option, and deduct all other exemptions from the assessed value.

“2. Fifty percent of the remaining value shall be subtracted to yield the discounted taxable value.

“3. The resulting taxable value shall be included in the certification for use by taxing authorities in setting millage.

“4. The property appraiser shall place the discounted amount on the tax roll when it is extended.”

#### b. Proposed Change:

This language would increase the discount in s. 196.1978(2), F.S., from 50% to 100%, and rewords “with the January 1 assessment after the 15<sup>th</sup> completed year” to “in the 16<sup>th</sup> year”.

### Section 2: Description of Data and Sources

2018 (final) real property assessment rolls

January 2020 Ad Valorem Assessments Revenue Estimating Conference estimates (non-residential just and taxable value)

List of Affordable Rental Properties in Florida, provided by the Florida Housing Finance Corporation

Various Property Appraisers’ and Tax Collectors’ websites

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

This analysis is based on 2018 roll values for parcels that already have an affordable housing exemption (EXMPT\_15 field) and parcels that were matched with FHFC developments reaching their 16<sup>th</sup> year of providing housing within the forecast period.

To gather the cohort of parcels with a current exemption under s. 196.1978(2), F.S., all parcels with a current affordable housing exemption were filtered from a statewide dataset. Any parcel with an affordable housing exemption greater than 50% of the assessed value was removed. Additionally, parcels with use code 75 (used for “other non-profit or charitable services was removed from the dataset. At the parcel level, the county-level exemption was doubled or, if the parcel had other exemptions,

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** Affordable Housing – 50 to 100%

**Bill Number(s):** [CS/SB1642](#)

increased to the maximum value possible. The increased exemption was used to calculate the new county-level taxable value (TV) for each parcel. The proportion of county TV removed in this calculation was applied to the school-level TV to estimate the new school TV. The TV impact for current affordable housing properties is the difference between the original and new TVs. The impact was grown by the annual growth rates of non-residential just value (for school impact) and taxable value (for county impact) from the most recent Ad Valorem Assessments REC throughout the forecast period.

Using a list of affordable housing rental properties provided by the Florida Housing Finance Corporation (FHFC), developments that had more than 70 units, were owned by for profit entities, and would reach the 15<sup>th</sup> year of providing affordable housing within the forecast period were extracted. These developments were matched to the 2018 assessment roll, when able. A sizeable minority of the individual projects did not perfectly match individual parcels on the rolls. These developments either had multiple parcels for one project, multiple projects within a single parcel (e.g., phase 1 and phase 2 of a larger development), or the parcel’s number of residential units reported on the roll did not match the FHFC’s total units for the project. Properties that could not be located in the rolls were researched on their respective property appraiser’s website. Projects that were located on multiple parcels were aggregated into a single record. For the other two types of discrepancies, the roll values were adjusted by the proportion of FHFC units to the roll’s units.

Because many of these parcels did not have Master Parcel IDs, and the manual matching was done last year with 2018 data, 2018 values were used for the newly-added parcels this year (i.e. those with an affordability start date in 2010, resulting in a 2025 impact). Parcels where no information about tax values could be found had values apportioned to them using the average per-unit values from the other parcels in the dataset. All numbers were then grown forward using the appropriate growth rate from the Jan 2020 AV REC Conference package.

The roll values for each development were reduced by the percent of total units that are considered “affordable” by the FHFC. The apartments that can be rented at market rate aren’t exempt from taxation, so they are excluded from the analysis.

The 2018 roll values were then aggregated by the year each development started offering affordable housing. The year each group becomes eligible for the affordable housing exemption is the start year plus 15. The total 2018 school and county taxable values for the grouped developments were grown throughout the forecast period using the same annual growth rates that were used above. The county and school taxable value impacts for properties that will be exempt in the forecast period were calculated separately.

Beginning in the first year of the forecast period, only developments that started providing affordable housing in 2005 were included in the impact. A new cohort was added to the total taxable value of eligible properties each year (highlighted in blue) and the impacts were stacked. As the property value was already reduced to the portion of the property used for affordable housing, it was assumed that the exemption under current law is the taxable value divided by two. The TV impact of this change in law is the difference between the current exemption and the total TV.

The annual impact of currently exempt parcels was added to the impact of these soon-to-be-exempt properties. The 2019 effective statewide millage rates were applied to the total county and school TV impacts to calculate the annual fiscal impact. The middle impact was adjusted by 5% in either direction to create the high and low impacts.

**Section 4: Proposed Fiscal Impact**

| Year    | High       |             | Middle      |             | Low         |             |
|---------|------------|-------------|-------------|-------------|-------------|-------------|
|         | Cash       | Recurring   | Cash        | Recurring   | Cash        | Recurring   |
| 2020-21 | \$ -       | \$ (28.1 M) |             | \$ (26.8 M) |             | \$ (25.4 M) |
| 2021-22 | \$(31.4 M) | \$ (31.4 M) | \$ (29.9 M) | \$ (29.9 M) | \$ (28.4 M) | \$ (28.4 M) |
| 2022-23 | \$(34.6 M) | \$ (34.6 M) | \$ (33.0 M) | \$ (33.0 M) | \$ (31.3 M) | \$ (31.3 M) |
| 2023-24 | \$(38.3 M) | \$ (38.3 M) | \$ (36.5 M) | \$ (36.5 M) | \$ (34.7 M) | \$ (34.7 M) |
| 2024-25 | \$(40.7 M) | \$ (40.7 M) | \$ (38.7 M) | \$ (38.7 M) | \$ (36.8 M) | \$ (36.8 M) |

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

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** Affordable Housing – 50 to 100%

**Bill Number(s):** [CS/SB1642](#)

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted the middle estimate.

|         | School |           | Non-School |           | Total Local/Other |           |
|---------|--------|-----------|------------|-----------|-------------------|-----------|
|         | Cash   | Recurring | Cash       | Recurring | Cash              | Recurring |
| 2020-21 | 0.0    | (10.4)    | 0.0        | (16.4)    | 0.0               | (26.8)    |
| 2021-22 | (11.5) | (11.5)    | (18.3)     | (18.3)    | (29.9)            | (29.9)    |
| 2022-23 | (12.7) | (12.7)    | (20.3)     | (20.3)    | (33.0)            | (33.0)    |
| 2023-24 | (14.0) | (14.0)    | (22.5)     | (22.5)    | (36.5)            | (36.5)    |
| 2024-25 | (14.9) | (14.9)    | (23.8)     | (23.8)    | (38.7)            | (38.7)    |

|         | GR   |           | Trust |           | Local/Other |           | Total  |           |
|---------|------|-----------|-------|-----------|-------------|-----------|--------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash   | Recurring |
| 2020-21 | 0.0  | 0.0       | 0.0   | 0.0       | 0.0         | (26.8)    | 0.0    | (26.8)    |
| 2021-22 | 0.0  | 0.0       | 0.0   | 0.0       | (29.9)      | (29.9)    | (29.9) | (29.9)    |
| 2022-23 | 0.0  | 0.0       | 0.0   | 0.0       | (33.0)      | (33.0)    | (33.0) | (33.0)    |
| 2023-24 | 0.0  | 0.0       | 0.0   | 0.0       | (36.5)      | (36.5)    | (36.5) | (36.5)    |
| 2024-25 | 0.0  | 0.0       | 0.0   | 0.0       | (38.7)      | (38.7)    | (38.7) | (38.7)    |

|    |  |            |                            |               |                  |   |      |                   |               |                  |   |   |
|----|--|------------|----------------------------|---------------|------------------|---|------|-------------------|---------------|------------------|---|---|
|    | A  | B          | C                          | D             | E                | F   | G    | H                 | I             | J                | K | L |
| 1  |  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 2  | <b>Impact for existing 50% exemptions</b>  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 3  |  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 4  | - All parcels with an affordable housing exemption were extracted from the 2018 final rolls.                                     |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 5  | - Parcels with any of the following were excluded:   |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 6  | - Exemption 15 value more than 50% of the assessed value (to exclude parcels with an exemption under s. 196.1978(1), F.S.)       |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 7  | - Use Code 75  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 8  | - Exemption 15 on previous tax rolls (the 50% exemption was only added to the roll in 2018)                                      |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 9  | - The exemption value was doubled to calculate the a 100% exemption for the portion of the property used for affordable housing. |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 10 |  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 11 |  |            | EXMPT_15<br>(County-Level) | TV_NSD        | TV_SD            |   |      |                   |               |                  |   |   |
| 12 |  | Reported   | 1,121,489,571              | 1,253,480,028 | 1,337,552,533    |   |      |                   |               |                  |   |   |
| 13 |  | Adjusted   | 2,238,638,277              | 136,331,322   | 146,017,872      |   |      |                   |               |                  |   |   |
| 14 |  | Difference | 1,117,148,706              | 1,117,148,706 | 1,191,534,661    |   |      |                   |               |                  |   |   |
| 15 |  |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 16 |  | Year       | Non-Res TV Total           | County Growth | County TV Impact |   | Year | Non-Res JV Total  | School Growth | School TV Impact |   |   |
| 17 |  | 2018       | 473,064,999,241            |               | -1,117,148,706   |   | 2018 | 723,563,491,043   |               | -1,191,534,661   |   |   |
| 18 |  | 2019       | 513,703,408,068            | 8.59%         | -1,213,116,799   |   | 2019 | 779,543,499,841   | 7.74%         | -1,283,720,242   |   |   |
| 19 |  | 2020       | 551,666,645,604            | 7.39%         | -1,302,767,443   |   | 2020 | 830,938,377,390   | 6.59%         | -1,368,355,218   |   |   |
| 20 |  | 2021       | 586,828,373,979            | 6.37%         | -1,385,802,289   |   | 2021 | 882,360,507,456   | 6.19%         | -1,453,035,071   |   |   |
| 21 |  | 2022       | 622,792,147,950            | 6.13%         | -1,470,731,175   |   | 2022 | 934,895,087,834   | 5.95%         | -1,539,546,862   |   |   |
| 22 |  | 2023       | 659,272,275,806            | 5.86%         | -1,556,879,437   |   | 2023 | 988,057,961,586   | 5.69%         | -1,627,093,301   |   |   |
| 23 |  | 2024       | 696,145,705,110            | 5.59%         | -1,643,956,486   |   | 2024 | 1,041,776,069,858 | 5.44%         | -1,715,554,077   |   |   |
| 24 |  | 2025       | 732,219,002,461            | 5.18%         | -1,729,144,013   |   | 2025 | 1,094,321,337,779 | 5.04%         | -1,802,083,467   |   |   |
| 25 | Source: Jan 2020 AV REC Detailed Report--Cell EO 14  |            |                            |               |                  | Source: Jan 2020 AV REC Detailed Report--Cell DZ 14 |      |                   |               |                  |   |   |
| 26 | <b>Calculations for Developments nearing 15-year threshold</b>   |            |                            |               |                  |   |      |                   |               |                  |   |   |
| 27 |  |            |                            |               |                  |   |      |                   |               |                  |   |   |

|    | A | B   | C          | D         | E  | F           | G           | H          | I           | J           | K          | L           |  |  |
|----|---|---|------------|-----------|--|-------------|-------------|------------|-------------|-------------|------------|-------------|--|--|
| 28 |   | - FHFC's dataset for developments greater than 70 units was filtered for developments with affordable rentals starting between 2004-2010 so the 15th year would be within the forecast period.  |            |           |  |             |             |            |             |             |            |             |  |  |
| 29 |   | - Developments were filtered by type to exclude those labeled "Non-Profit." Only "For Profit" (and one "not avail.") were kept.   |            |           |  |             |             |            |             |             |            |             |  |  |
| 30 |   | - The remaining developments were matched to the rolls. Some were split into multiple parcels, some matched perfectly to a single parcel, and three parcels contained multiple developments. Comparing the NAL's field containing the number of residential units and the total number of units reported by the FHFC, developments where these counts were very different (by ~25% or more) had their values adjusted proportionally. |            |           |  |             |             |            |             |             |            |             |  |  |
| 31 |   | - Parcels with use code 75 were removed from the dataset.   |            |           |  |             |             |            |             |             |            |             |  |  |
| 32 |   | - The values were further adjusted to remove the portion of the property that can be rented at market rate. For example, if a 100-unit project has 85 affordable units, 15% of the parcel's value was removed from the analysis.  |            |           |  |             |             |            |             |             |            |             |  |  |
| 33 |   | - The adjusted values were aggregated, grouping totals by whether the taxable values were greater than or equal to zero.  |            |           |  |             |             |            |             |             |            |             |  |  |
| 34 |   |   |            |           |  |             |             |            |             |             |            |             |  |  |
| 35 |   |   |            |           | VALUE FOR "AFFORDABLE" PORTION OF DEVELOPMENTS |             |             |            |             |             |            |             |  |  |
| 36 |   |   | START YEAR | 15th YEAR | AFFORDABLE UNITS                               | JV          | AV_NSD      | EXMPT_NSD  | TV_NSD      | AV_SD       | EXMPT_SD   | TV_SD       |  |  |
| 37 |   | TV=0  | 2004       | 2019      | 1,142  | 34,119,500  | 31,803,940  | 31,803,940 | 0           | 34,119,500  | 34,119,500 | 0           |  |  |
| 38 |   |   | 2005       | 2020      | 305  | 25,649,718  | 24,023,019  | 24,023,019 | 0           | 25,649,718  | 25,649,718 | 0           |  |  |
| 39 |   |   | 2006       | 2021      | 774  | 57,935,822  | 57,715,843  | 57,715,843 | 0           | 57,935,822  | 57,935,822 | 0           |  |  |
| 40 |   |   | 2007       | 2022      | 320  | 14,092,107  | 13,281,521  | 13,281,521 | 0           | 13,284,306  | 13,284,306 | 0           |  |  |
| 41 |   |   | 2008       | 2023      | 428  | 59,527,740  | 59,527,740  | 59,527,740 | 0           | 59,527,740  | 59,527,740 | 0           |  |  |
| 42 |   |   | 2009       | 2024      | 0  |             |             |            |             |             |            |             |  |  |
| 43 |   |   | 2010       | 2025      | 0  |             |             |            |             |             |            |             |  |  |
| 44 |   | TV > 0  | 2004       | 2019      | 5,573  | 188,265,780 | 184,777,479 | 1          | 184,777,478 | 188,265,780 | 1          | 188,265,779 |  |  |
| 45 |   |   | 2005       | 2020      | 5,683  | 194,880,830 | 185,816,574 | 597,271    | 185,219,303 | 194,880,830 | 753,120    | 194,127,710 |  |  |
| 46 |   |   | 2006       | 2021      | 3,639  | 136,767,887 | 132,743,613 | 0          | 132,743,613 | 136,767,887 | 0          | 136,767,887 |  |  |
| 47 |   |   | 2007       | 2022      | 3,239  | 127,002,726 | 124,366,906 | 12,330,443 | 112,036,463 | 127,002,726 | 13,624,533 | 113,378,193 |  |  |
| 48 |   |   | 2008       | 2023      | 3,426  | 135,082,282 | 134,632,038 | 0          | 134,632,038 | 135,082,282 | 0          | 135,082,282 |  |  |
| 49 |   |   | 2009       | 2024      | 436  | 17,328,000  | 17,203,000  | 0          | 17,203,000  | 17,328,000  | 0          | 17,328,000  |  |  |
| 50 |   |   | 2010       | 2025      | 3,382  | 131,413,401 | 179,908,048 | 0          | 195,666,740 | 200,405,540 | 0          | 199,246,289 |  |  |

|    | A                                    | B | C         | D                             | E | F              | G              | H              | I              | J              | K              | L              |
|----|--------------------------------------|---|-----------|-------------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 51 | <b>County TV Impact Calculations</b> |   |           |                               |   |                |                |                |                |                |                |                |
| 52 | Non-School TV Grown by Year          |   |           |                               |   |                |                |                |                |                |                |                |
| 53 |                                      |   | 15TH YEAR | 2018 TV_NSD                   |   | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           |
| 54 |                                      |   | 2019      | 184,777,478                   |   | 200,650,694    | 215,478,997    | 229,213,041    | 243,260,361    | 257,509,367    | 271,911,995    | 287,120,169    |
| 55 |                                      |   | 2020      | 185,219,303                   |   | 201,130,473    | 215,994,233    | 229,761,117    | 243,842,025    | 258,125,102    | 272,562,169    | 287,806,708    |
| 56 |                                      |   | 2021      | 132,743,613                   |   | 144,146,886    | 154,799,497    | 164,665,995    | 174,757,549    | 184,993,994    | 195,340,801    | 206,266,310    |
| 57 |                                      |   | 2022      | 112,036,463                   |   | 121,660,899    | 130,651,771    | 138,979,158    | 147,496,495    | 156,136,121    | 164,868,893    | 174,090,092    |
| 58 |                                      |   | 2023      | 134,632,038                   |   | 146,197,535    | 157,001,691    | 167,008,551    | 177,243,669    | 187,625,739    | 198,119,741    | 209,200,677    |
| 59 |                                      |   | 2024      | 17,203,000                    |   | 18,680,815     | 20,061,347     | 21,340,003     | 22,647,825     | 23,974,424     | 25,315,326     | 26,731,225     |
| 60 |                                      |   | 2025      | 195,666,740                   |   | 212,475,393    | 228,177,554    | 242,720,969    | 257,596,123    | 272,684,848    | 287,936,248    | 304,040,667    |
| 61 |                                      |   |           |                               |   |                |                |                |                |                |                |                |
| 62 |                                      |   |           | Included Non-School TV Total  |   | 200,650,694    | 431,473,230    | 623,640,152    | 809,356,431    | 1,044,390,324  | 1,128,118,925  | 1,191,215,182  |
| 63 |                                      |   |           | 50% Exemption                 |   | 100,325,347    | 215,736,615    | 311,820,076    | 404,678,215    | 522,195,162    | 564,059,462    | 595,607,591    |
| 64 |                                      |   |           | Impact for future exemptions  |   | -100,325,347   | -215,736,615   | -311,820,076   | -404,678,215   | -522,195,162   | -564,059,462   | -595,607,591   |
| 65 |                                      |   |           |                               |   |                |                |                |                |                |                |                |
| 66 |                                      |   |           | Impact for Currently Exempted |   | -1,213,116,799 | -1,302,767,443 | -1,385,802,289 | -1,470,731,175 | -1,556,879,437 | -1,643,956,486 | -1,729,144,013 |
| 67 |                                      |   |           | Total County Impact           |   | -1,313,442,146 | -1,518,504,058 | -1,697,622,365 | -1,875,409,390 | -2,079,074,599 | -2,208,015,948 | -2,324,751,604 |
| 68 |                                      |   |           |                               |   |                |                |                |                |                |                |                |
| 69 | <b>School TV Impact Calculations</b> |   |           |                               |   |                |                |                |                |                |                |                |
| 70 | School TV Grown by Year              |   |           |                               |   |                |                |                |                |                |                |                |
| 71 |                                      |   | 15TH YEAR | 2018 TV_SD                    |   | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           |
| 72 |                                      |   | 2019      | 188,265,779                   |   | 202,831,356    | 216,203,917    | 229,583,568    | 243,252,671    | 257,085,251    | 271,062,299    | 285,799,242    |
| 73 |                                      |   | 2020      | 194,127,710                   |   | 209,146,808    | 222,935,743    | 236,731,989    | 250,826,700    | 265,089,977    | 279,502,221    | 294,698,020    |
| 74 |                                      |   | 2021      | 136,767,887                   |   | 147,349,222    | 157,063,876    | 166,783,681    | 176,713,761    | 186,762,601    | 196,916,392    | 207,622,217    |
| 75 |                                      |   | 2022      | 113,378,193                   |   | 122,149,935    | 130,203,214    | 138,260,762    | 146,492,626    | 154,822,939    | 163,240,254    | 172,115,197    |
| 76 |                                      |   | 2023      | 135,082,282                   |   | 145,533,206    | 155,128,131    | 164,728,144    | 174,535,840    | 184,460,833    | 194,489,482    | 205,063,363    |
| 77 |                                      |   | 2024      | 17,328,000                    |   | 18,668,617     | 19,899,429     | 21,130,893     | 22,388,999     | 23,662,151     | 24,948,599     | 26,304,989     |
| 78 |                                      |   | 2025      | 199,246,289                   |   | 214,661,397    | 228,813,906    | 242,973,919    | 257,440,265    | 272,079,624    | 286,871,876    | 302,468,344    |
| 79 |                                      |   |           |                               |   |                |                |                |                |                |                |                |
| 80 |                                      |   |           | Included School TV Total      |   | 202,831,356    | 439,139,660    | 633,099,238    | 817,285,758    | 1,048,221,602  | 1,130,159,248  | 1,191,603,029  |
| 81 |                                      |   |           | 50% Exemption                 |   | 101,415,678    | 219,569,830    | 316,549,619    | 408,642,879    | 524,110,801    | 565,079,624    | 595,801,514    |
| 82 |                                      |   |           | Impact for future exemptions  |   | -101,415,678   | -219,569,830   | -316,549,619   | -408,642,879   | -524,110,801   | -565,079,624   | -595,801,514   |
| 83 |                                      |   |           |                               |   |                |                |                |                |                |                |                |
| 84 |                                      |   |           | Impact for Currently Exempted |   | -1,283,720,242 | -1,368,355,218 | -1,453,035,071 | -1,539,546,862 | -1,627,093,301 | -1,715,554,077 | -1,802,083,467 |
| 85 |                                      |   |           | Total School Impact           |   | -1,385,135,921 | -1,587,925,047 | -1,769,584,690 | -1,948,189,741 | -2,151,204,101 | -2,280,633,701 | -2,397,884,982 |
| 86 |                                      |   |           |                               |   |                |                |                |                |                |                |                |



|     | A  | B           | C           | D                | E                | F           | G           | H                    | I                    | J | K | L |
|-----|--|-------------|-------------|------------------|------------------|-------------|-------------|----------------------|----------------------|---|---|---|
| 87  | <b>TV Impact Summary &amp; Annual Impact Calculation</b> |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 88  |  |             |             |                  |                  |             |             | Category             | 2019 Millage         |   |   |   |
| 89  |  |             |             |                  |                  |             |             | School               | 6.5223               |   |   |   |
| 90  |  |             |             |                  |                  |             |             | Non-School           | 10.8014              |   |   |   |
| 91  |  |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 92  |  |             | Roll Year   | County TV Impact | School TV Impact |             | Roll Year   | County Fiscal Impact | School Fiscal Impact |   |   |   |
| 93  |  |             | 2019        | -1,313,442,146   | -1,385,135,921   |             | 2019        | -14,187,014          | -9,034,272           |   |   |   |
| 94  |  |             | 2020        | -1,518,504,058   | -1,587,925,047   |             | 2020        | -16,401,970          | -10,356,924          |   |   |   |
| 95  |  |             | 2021        | -1,697,622,365   | -1,769,584,690   |             | 2021        | -18,336,698          | -11,541,762          |   |   |   |
| 96  |  |             | 2022        | -1,875,409,390   | -1,948,189,741   |             | 2022        | -20,257,047          | -12,706,678          |   |   |   |
| 97  |  |             | 2023        | -2,079,074,599   | -2,151,204,101   |             | 2023        | -22,456,916          | -14,030,799          |   |   |   |
| 98  |  |             | 2024        | -2,208,015,948   | -2,280,633,701   |             | 2024        | -23,849,663          | -14,874,977          |   |   |   |
| 99  |  |             | 2025        | -2,324,751,604   | -2,397,884,982   |             | 2025        | -25,110,572          | -15,639,725          |   |   |   |
| 100 | <b>Adjustments</b>                                       |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 101 |  |             |             | High             | Middle           | Low         |             |                      |                      |   |   |   |
| 102 |  |             |             | 5%               | 0%               | -5%         |             |                      |                      |   |   |   |
| 103 |  |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 104 | <b>Impact Summary</b>                                    |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 105 | <b>School Impact</b>                                     |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 106 |  |             | High        |                  | Middle           |             | Low         |                      |                      |   |   |   |
| 107 | Year   | Cash        | Recurring   | Cash             | Recurring        | Cash        | Recurring   |                      |                      |   |   |   |
| 108 | 2020-21  |             | \$ (10.9 M) |                  | \$ (10.4 M)      |             | \$ (9.8 M)  |                      |                      |   |   |   |
| 109 | 2021-22  | \$ (12.1 M) | \$ (12.1 M) | \$ (11.5 M)      | \$ (11.5 M)      | \$ (11.0 M) | \$ (11.0 M) |                      |                      |   |   |   |
| 110 | 2022-23  | \$ (13.3 M) | \$ (13.3 M) | \$ (12.7 M)      | \$ (12.7 M)      | \$ (12.1 M) | \$ (12.1 M) |                      |                      |   |   |   |
| 111 | 2023-24  | \$ (14.7 M) | \$ (14.7 M) | \$ (14.0 M)      | \$ (14.0 M)      | \$ (13.3 M) | \$ (13.3 M) |                      |                      |   |   |   |
| 112 | 2024-25  | \$ (15.6 M) | \$ (15.6 M) | \$ (14.9 M)      | \$ (14.9 M)      | \$ (14.1 M) | \$ (14.1 M) |                      |                      |   |   |   |
| 113 |  |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 114 | <b>Non-School Impact</b>                                 |             |             |                  |                  |             |             |                      |                      |   |   |   |
| 115 |  |             | High        |                  | Middle           |             | Low         |                      |                      |   |   |   |
| 116 | Year   | Cash        | Recurring   | Cash             | Recurring        | Cash        | Recurring   |                      |                      |   |   |   |
| 117 | 2020-21  |             | \$ (17.2 M) |                  | \$ (16.4 M)      |             | \$ (15.6 M) |                      |                      |   |   |   |
| 118 | 2021-22  | \$ (19.3 M) | \$ (19.3 M) | \$ (18.3 M)      | \$ (18.3 M)      | \$ (17.4 M) | \$ (17.4 M) |                      |                      |   |   |   |
| 119 | 2022-23  | \$ (21.3 M) | \$ (21.3 M) | \$ (20.3 M)      | \$ (20.3 M)      | \$ (19.2 M) | \$ (19.2 M) |                      |                      |   |   |   |
| 120 | 2023-24  | \$ (23.6 M) | \$ (23.6 M) | \$ (22.5 M)      | \$ (22.5 M)      | \$ (21.3 M) | \$ (21.3 M) |                      |                      |   |   |   |
| 121 | 2024-25  | \$ (25.0 M) | \$ (25.0 M) | \$ (23.8 M)      | \$ (23.8 M)      | \$ (22.7 M) | \$ (22.7 M) |                      |                      |   |   |   |
| 122 |  |             |             |                  |                  |             |             |                      |                      |   |   |   |

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Corporate Income tax  
**Issue:** Car Rental or Leasing Credit  
**Bill Number(s):** CS/SB 1240

- Entire Bill**
- Partial Bill:**

**Sponsor(s):** Sen. Gruters  
**Month/Year Impact Begins:** Upon Becoming Law  
**Date of Analysis:** 2/13/2020

**Section 1: Narrative**

- a. Current Law:** Current law does not provide for a credit for certain entities that engaged in 1031 exchange credits.
- b. Proposed Change:** creates section 220.197, Florida statutes, to read:

220.197 1031 exchange tax credit. —

(1) As used in this section, the term “NAICS” means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President.

(2) A taxpayer is eligible for a \$2 million credit against the tax imposed by this chapter for its 2018 taxable year if:

- (a)1. The taxpayer is classified under NAICS industry group code 53211;
- 2. The taxpayer deferred gains on the sale of personal property assets for federal income purposes under s. 1031 of the Internal Revenue Code during its taxable year beginning on or after August 1, 2016, and before August 1, 2017; and
- 3. The taxpayer’s final tax liability for its taxable year beginning on or after August 1, 2017, and before August 1, 2018, before application of the credit authorized by this section, is greater than \$15 million and is at least 700 percent greater than its final tax liability for its taxable year beginning on or after August 1, 2016, and before August 1, 2017; or

- (b)1. The taxpayer is classified under NAICS industry group code 522220 or 532112;
- 2. The taxpayer deferred gains on the sale of personal property assets for federal income purposes under s. 1031 of the Internal Revenue Code during its taxable year beginning on or after August 1, 2016, and before August 1, 2017; and
- 3. The taxpayer’s final tax liability for its taxable year beginning on or after August 1, 2017, and before August 1, 2018, before application of the credit authorized by this section, is greater than \$15 million and is at least \$15 million greater than its final tax liability for its taxable year beginning on or after August 1, 2016, and before August 1, 2017.

(3) This section operates retroactively to January 1, 2018.

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

2018 CIT returns  
 Corporate Income tax additional information reporting

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

CIT return information available with respect to the specified period in the bill of entities with a taxable year beginning on or after August 1, 2017, and before August 1, 2018 were obtained. This data was then merged with the additional reporting information required under section 220.27 to pick up NAICS code information that was required by that section. The file was sorted to identify those taxpayers that had more than \$15 M in tax due. This group of taxpayers was examined to see if they met the NAICS code criteria and their most two recent tax returns were examined to see if they met either of the tests specified in statute. Three taxpayers met the tax and percent increase test, two of which appeared to be in the proper NAICS codes to receive the credit. For the low, it was assumed only the two entities would qualify. For the middle, it was assumed that two additional entities would qualify. For the high, it was assumed that 8 entities would qualify. Note – with respect to the time frames provided in the bill, there are entities who fall into the eligible time period that have not yet been required to file return. As a result there may be additional entities that would ultimately be eligible for whom we do not yet have the relevant data.

**Section 4: Proposed Fiscal Impact**

|         | High       |           | Middle    |           | Low       |           |
|---------|------------|-----------|-----------|-----------|-----------|-----------|
|         | Cash       | Recurring | Cash      | Recurring | Cash      | Recurring |
| 2020-21 | (\$16.0 M) |           | (\$8.0 M) |           | (\$4.0 M) |           |
| 2021-22 |            |           |           |           |           |           |
| 2022-23 |            |           |           |           |           |           |
| 2023-24 |            |           |           |           |           |           |
| 2024-25 |            |           |           |           |           |           |

**List of affected Trust Funds:** CIT Group

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income tax  
Issue: Car Rental or Leasing Credit  
Bill Number(s): CS/SB 1240

Section 5: Consensus Estimate (Adopted: 02/14/2020): The Conference adopted an average of the low and middle.

|         | GR    |           | Trust |           | Local/Other |           | Total |           |
|---------|-------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash  | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | (6.0) | 0.0       | 0.0   | 0.0       | 0.0         | 0.0       | (6.0) | 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       |
| 2024-25 | 0.0   | 0.0       | 0.0   | 0.0       | 0.0         | 0.0       | 0.0   | 0.0       |

## REVENUE ESTIMATING CONFERENCE

**Tax:** Corporate Income Tax

**Issue:** Car Rental or Leasing Depreciation

**Bill Number(s):** [Proposed Language](#)

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** N/A

**Month/Year Impact Begins:** Tax Years beginning on or after January 1, 2019

**Date of Analysis:** 2/13/2020

### Section 1: Narrative

- a. Current Law:** Section 220.13(1)(e)1., Florida Statutes, provides: e) Adjustments related to federal acts.—Taxpayers shall be required to make the adjustments prescribed in this paragraph for Florida tax purposes with respect to certain tax benefits received pursuant to the Economic Stimulus Act of 2008, the American Recovery and Reinvestment Act of 2009, the Small Business Jobs Act of 2010, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the American Taxpayer Relief Act of 2012, the Tax Increase Prevention Act of 2014, the Consolidated Appropriations Act, 2016, and the Tax Cuts and Jobs Act of 2017.
1. There shall be added to such taxable income an amount equal to 100 percent of any amount deducted for federal income tax purposes as bonus depreciation for the taxable year pursuant to ss. 167 and 168(k) of the Internal Revenue Code of 1986, as amended by s. 103 of Pub. L. No. 110-185, s. 1201 of Pub. L. No. 111-5, s. 2022 of Pub. L. No. 111-240, s. 401 of Pub. L. No. 111-312, s. 331 of Pub. L. No. 112-240, s. 125 of Pub. L. No. 113-295, s. 143 of Division Q of Pub. L. No. 114-113, and s. 13201 of Pub. L. No. 115-97, for property placed in service after December 31, 2007, and before January 1, 2027. 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.
- b. Proposed Change:** Creates a new sub-subparagraph (1)(e)1.b. of section 220.13 to read: b. An eligible taxpayer may subtract any remaining amount of bonus depreciation on eligible property by which taxable income was increased pursuant to this subparagraph in the taxable year in which the eligible property is removed from service and may not make any further subtractions under sub-subparagraph a. for that property. For purposes of this sub-subparagraph, the term “eligible taxpayer” means a taxpayer that deferred gains on the exchange of tangible personal property under s. 1031 of the Internal Revenue Code prior to January 1, 2018, and is classified under NAICS industry group 5321 or code 522220. An eligible taxpayer is not disqualified from this treatment solely because it is part of an affiliated group that files a consolidated return and the parent company or other members of the group are not eligible taxpayers. For purposes of this sub-subparagraph, “eligible property” means the same type of tangible personal property that an eligible taxpayer would have been able to defer gains under s. 1031 of the Internal Revenue Code prior to January 1, 2018, and which was placed into service on or after January 1, 2019. Eligible property does not include tangible personal property transferred between members of an affiliated group that files a consolidated return.

### 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 2019-2024 2.0%

2019 Revenue - \$45.0 B

Verbiage that Depreciation is top expense at 28.8% of revenues, exceeding purchase costs

9.8% of locations nationwide are in Florida

Industry Report 52222

Revenue Growth 2019-2024 1.3%

2019 Revenues - \$133.8 B

7.7% of locations nationwide are in Florida

Lease transactions generated 53% of revenue

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Corporate Income Tax

**Issue:** Car Rental or Leasing Depreciation

**Bill Number(s):** [Proposed Language](#)

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

The IbisWorld data was used to develop a model that compares the current required addback and subsequent subtractions to simulations of the subtractions that would occur under the proposed language. For NAICS code 53211 – Car Rental it was assumed that the rental vehicle purchases as a percent of revenue was 30% in the high, 25% in the middle and 20% in the low. It was further assumed that the amount that would be apportioned to Florida would be 15% for the high, 12% for the middle and 10% for the low. For NAICS code 52222 – Sales Financing, it was assumed that lease vehicle purchases are 40% of revenue for the high, 35% of revenue for the middle and 30% of revenue for the low. It was further assumed that the amount apportioned to Florida for this industry was 12% in the High, 10% in the middle and 8% in the low.

The Florida apportioned amount was summed for the two NAICS groups. The operations of the addback and subtraction under current law was simulated using the assumed amount of acquired property. This was compared to a simulation of the subtractions under the proposed language. For the high and the middle, it was assumed that 6/7ths of the acquisition cost would be added back in the first year, the current law subtraction would occur in the second year, and then the asset would be taken out of service and the remaining subtraction taken in the third year. For the low, it was assumed that 6/7ths of the acquisition cost would be added back in the first year, the current law subtraction would occur in the second year, then in the third year half the assets would be taken out of service while the other half would be subject to the current law subtraction. Then in the fourth year the remaining assets would be taken out of service and the remaining subtraction taken in the fourth year. The difference between the current law and the proposed law simulation generates the impact.

**Section 4: Proposed Fiscal Impact**

|         | High        |           | Middle      |           | Low        |           |
|---------|-------------|-----------|-------------|-----------|------------|-----------|
|         | Cash        | Recurring | Cash        | Recurring | Cash       | Recurring |
| 2020-21 | \$0         |           | \$0         |           | \$0        |           |
| 2021-22 | (\$215.2 M) |           | (\$153.7 M) |           | (\$52.4 M) |           |
| 2022-23 | (\$203.0 M) |           | (\$145.0 M) |           | (\$97.8 M) |           |
| 2023-24 | (\$139.6 M) |           | (\$99.7 M)  |           | (\$66.7 M) |           |
| 2024-25 | (\$75.3 M)  |           | (\$53.7 M)  |           | (\$35.6 M) |           |

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

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted a modified estimate that assumes 20% for rental car purchases as a percentage of revenues and 40% for lease purchases as a percentage of revenues and 12% for Florida’s share.

|         | GR      |           | Trust |           | Local/Other |           | Total   |           |
|---------|---------|-----------|-------|-----------|-------------|-----------|---------|-----------|
|         | Cash    | Recurring | Cash  | Recurring | Cash        | Recurring | Cash    | Recurring |
| 2020-21 | (**)    | (66.5)    | 0.0   | 0.0       | 0.0         | 0.0       | (**)    | (66.5)    |
| 2021-22 | (191.1) | (66.5)    | 0.0   | 0.0       | 0.0         | 0.0       | (191.1) | (66.5)    |
| 2022-23 | (180.1) | (66.5)    | 0.0   | 0.0       | 0.0         | 0.0       | (180.1) | (66.5)    |
| 2023-24 | (123.7) | (66.5)    | 0.0   | 0.0       | 0.0         | 0.0       | (123.7) | (66.5)    |
| 2024-25 | (66.5)  | (66.5)    | 0.0   | 0.0       | 0.0         | 0.0       | (66.5)  | (66.5)    |

Proposed Language -Car Rental or Lease Depreciom

|    |   |                  |                  |                  |  |   |   |   |   |   |
|----|---|------------------|------------------|------------------|--|---|---|---|---|---|
|    | A   | B                | C                | D                | E                                      | F | G | H | I | J |
| 1  | Jul-19                                      |                  |                  |                  |  |   |   |   |   |   |
| 2  | IBISWorld data:                             |                  |                  |                  |  |   |   |   |   |   |
| 3  | NAICS Group 53211                           |                  |                  |                  |  |   |   |   |   |   |
| 4  | Industry Revenue Growth 2019-2024           |                  |                  |                  | 2.00%                                  |   |   |   |   |   |
| 5  | 2019 Revenue                                |                  |                  |                  | \$45,000,000,000                       |   |   |   |   |   |
| 6  | Depreciation as a share of revenue          |                  |                  |                  | 28.8% Note - exceeds cost of purchases |   |   |   |   |   |
| 7  |   |                  |                  |                  |  |   |   |   |   |   |
| 8  | Model                                       | Revenue          |                  |                  |  |   |   |   |   |   |
| 9  | 2019  | \$45,000,000,000 |                  |                  |  |   |   |   |   |   |
| 10 | 2020  | \$45,900,000,000 |                  |                  |  |   |   |   |   |   |
| 11 | 2021  | \$46,818,000,000 |                  |                  |  |   |   |   |   |   |
| 12 | 2022  | \$47,754,360,000 |                  |                  |  |   |   |   |   |   |
| 13 | 2023  | \$48,709,447,200 |                  |                  |  |   |   |   |   |   |
| 14 | 2024  | \$49,683,636,144 |                  |                  |  |   |   |   |   |   |
| 15 | 2025  | \$50,677,308,867 |                  |                  |  |   |   |   |   |   |
| 16 |   |                  |                  |                  |  |   |   |   |   |   |
| 17 | Rental Vehicle purchases as a % of Revenues |                  |                  |                  |  |   |   |   |   |   |
| 18 |   | 30%              | 25%              | 20%              | 20%                                    |   |   |   |   |   |
| 19 |   | High             | Middle           | Low              | <b>adopted</b>                         |   |   |   |   |   |
| 20 | 2018  | \$13,500,000,000 | \$11,250,000,000 | \$9,000,000,000  | \$9,000,000,000                        |   |   |   |   |   |
| 21 | 2019  | \$13,770,000,000 | \$11,475,000,000 | \$9,180,000,000  | \$9,180,000,000                        |   |   |   |   |   |
| 22 | 2020  | \$14,045,400,000 | \$11,704,500,000 | \$9,363,600,000  | \$9,363,600,000                        |   |   |   |   |   |
| 23 | 2021  | \$14,326,308,000 | \$11,938,590,000 | \$9,550,872,000  | \$9,550,872,000                        |   |   |   |   |   |
| 24 | 2022  | \$14,612,834,160 | \$12,177,361,800 | \$9,741,889,440  | \$9,741,889,440                        |   |   |   |   |   |
| 25 | 2023  | \$14,905,090,843 | \$12,420,909,036 | \$9,936,727,229  | \$9,936,727,229                        |   |   |   |   |   |
| 26 | 2024  | \$15,203,192,660 | \$12,669,327,217 | \$10,135,461,773 | \$10,135,461,773                       |   |   |   |   |   |
| 27 |   |                  |                  |                  |  |   |   |   |   |   |
| 28 | Florida Share - Apportionment               |                  |                  |                  |  |   |   |   |   |   |
| 29 |   | 15%              | 12%              | 10%              | 12%                                    |   |   |   |   |   |
| 30 |   | High             | Middle           | Low              | <b>Adopted</b>                         |   |   |   |   |   |
| 31 | 2018  | \$2,025,000,000  | \$1,350,000,000  | \$900,000,000    | \$1,080,000,000                        |   |   |   |   |   |
| 32 | 2019  | \$2,065,500,000  | \$1,377,000,000  | \$918,000,000    | \$1,101,600,000                        |   |   |   |   |   |
| 33 | 2020  | \$2,106,810,000  | \$1,404,540,000  | \$936,360,000    | \$1,123,632,000                        |   |   |   |   |   |
| 34 | 2021  | \$2,148,946,200  | \$1,432,630,800  | \$955,087,200    | \$1,146,104,640                        |   |   |   |   |   |
| 35 | 2022  | \$2,191,925,124  | \$1,461,283,416  | \$974,188,944    | \$1,169,026,733                        |   |   |   |   |   |
| 36 | 2023  | \$2,235,763,626  | \$1,490,509,084  | \$993,672,723    | \$1,192,407,267                        |   |   |   |   |   |
| 37 | 2024  | \$2,280,478,899  | \$1,520,319,266  | \$1,013,546,177  | \$1,216,255,413                        |   |   |   |   |   |
| 38 |   |                  |                  |                  |  |   |   |   |   |   |
| 39 |   |                  |                  |                  |  |   |   |   |   |   |

|    | A  | B                 | C                | D                | E                 | F | G | H | I | J |
|----|--|-------------------|------------------|------------------|-------------------|---|---|---|---|---|
| 40 | Jul-19                                     |                   |                  |                  |                   |   |   |   |   |   |
| 41 | IBISWorld data:                            |                   |                  |                  |                   |   |   |   |   |   |
| 42 | NAICS Group 52222                          |                   |                  |                  |                   |   |   |   |   |   |
| 43 | Industry Revenue Growth 2019-2024          |                   |                  |                  | 1.30%             |   |   |   |   |   |
| 44 | 2019 Revenue                               |                   |                  |                  | \$133,800,000,000 |   |   |   |   |   |
| 45 | Lease transactions                         |                   |                  |                  | 53.1%             |   |   |   |   |   |
| 46 |  |                   |                  |                  |                   |   |   |   |   |   |
| 47 | Model                                      | Lease Revenue     |                  |                  |                   |   |   |   |   |   |
| 48 | 2019                                       | \$133,800,000,000 |                  |                  |                   |   |   |   |   |   |
| 49 | 2020                                       | \$135,539,400,000 |                  |                  |                   |   |   |   |   |   |
| 50 | 2021                                       | \$137,301,412,200 |                  |                  |                   |   |   |   |   |   |
| 51 | 2022                                       | \$139,086,330,559 |                  |                  |                   |   |   |   |   |   |
| 52 | 2023                                       | \$140,894,452,856 |                  |                  |                   |   |   |   |   |   |
| 53 | 2024                                       | \$142,726,080,743 |                  |                  |                   |   |   |   |   |   |
| 54 | 2025                                       | \$144,581,519,793 |                  |                  |                   |   |   |   |   |   |
| 55 |  |                   |                  |                  |                   |   |   |   |   |   |
| 56 | Lease Vehicle purchases as a % of Revenues |                   |                  |                  |                   |   |   |   |   |   |
| 57 |  | 40%               | 35%              | 30%              | 40%               |   |   |   |   |   |
| 58 |  | High              | Middle           | Low              | <b>Adopted</b>    |   |   |   |   |   |
| 59 | 2019                                       | \$53,520,000,000  | \$46,830,000,000 | \$40,140,000,000 | \$53,520,000,000  |   |   |   |   |   |
| 60 | 2020                                       | \$54,215,760,000  | \$47,438,790,000 | \$40,661,820,000 | \$54,215,760,000  |   |   |   |   |   |
| 61 | 2021                                       | \$54,920,564,880  | \$48,055,494,270 | \$41,190,423,660 | \$54,920,564,880  |   |   |   |   |   |
| 62 | 2022                                       | \$55,634,532,223  | \$48,680,215,696 | \$41,725,899,168 | \$55,634,532,223  |   |   |   |   |   |
| 63 | 2023                                       | \$56,357,781,142  | \$49,313,058,500 | \$42,268,335,857 | \$56,357,781,142  |   |   |   |   |   |
| 64 | 2024                                       | \$57,090,432,297  | \$49,954,128,260 | \$42,817,824,223 | \$57,090,432,297  |   |   |   |   |   |
| 65 | 2025                                       | \$57,832,607,917  | \$50,603,531,927 | \$43,374,455,938 | \$57,832,607,917  |   |   |   |   |   |
| 66 |  |                   |                  |                  |                   |   |   |   |   |   |
| 67 | Florida Share - Apportionment              |                   |                  |                  |                   |   |   |   |   |   |
| 68 |  | 12%               | 10%              | 8%               | 12%               |   |   |   |   |   |
| 69 |  | High              | Middle           | Low              | <b>Adopted</b>    |   |   |   |   |   |
| 70 | 2019                                       | \$6,422,400,000   | \$4,683,000,000  | \$3,211,200,000  | \$6,422,400,000   |   |   |   |   |   |
| 71 | 2020                                       | \$6,505,891,200   | \$4,743,879,000  | \$3,252,945,600  | \$6,505,891,200   |   |   |   |   |   |
| 72 | 2021                                       | \$6,590,467,786   | \$4,805,549,427  | \$3,295,233,893  | \$6,590,467,786   |   |   |   |   |   |
| 73 | 2022                                       | \$6,676,143,867   | \$4,868,021,570  | \$3,338,071,933  | \$6,676,143,867   |   |   |   |   |   |
| 74 | 2023                                       | \$6,762,933,737   | \$4,931,305,850  | \$3,381,466,869  | \$6,762,933,737   |   |   |   |   |   |
| 75 | 2024                                       | \$6,850,851,876   | \$4,995,412,826  | \$3,425,425,938  | \$6,850,851,876   |   |   |   |   |   |
| 76 | 2025                                       | \$6,939,912,950   | \$5,060,353,193  | \$3,469,956,475  | \$6,939,912,950   |   |   |   |   |   |
| 77 |  |                   |                  |                  |                   |   |   |   |   |   |
| 78 |  |                   |                  |                  |                   |   |   |   |   |   |
| 79 |  |                   |                  |                  |                   |   |   |   |   |   |

Proposed Language -Car Rental or Lease Depreciation

|     | A            | B               | C               | D                | E                | F                | G                | H                | I                | J                |
|-----|--------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 80  | High         |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 81  |              |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 82  |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 83  |              |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 84  | 2019         | \$8,447,400,000 | \$7,240,628,571 | -\$1,206,771,429 | -\$1,206,771,429 | -\$1,206,771,429 | -\$1,206,771,429 | -\$1,206,771,429 | -\$1,206,771,429 | -\$1,206,771,429 |
| 85  | 2020         | \$8,571,391,200 |                 | \$7,346,906,743  | -\$1,224,484,457 | -\$1,224,484,457 | -\$1,224,484,457 | -\$1,224,484,457 | -\$1,224,484,457 | -\$1,224,484,457 |
| 86  | 2021         | \$8,697,277,786 |                 |                  | \$7,454,809,531  | -\$1,242,468,255 | -\$1,242,468,255 | -\$1,242,468,255 | -\$1,242,468,255 | -\$1,242,468,255 |
| 87  | 2022         | \$8,825,090,067 |                 |                  |                  | \$7,564,362,914  | -\$1,260,727,152 | -\$1,260,727,152 | -\$1,260,727,152 | -\$1,260,727,152 |
| 88  | 2023         | \$8,954,858,861 |                 |                  |                  |                  | \$6,140,474,648  | -\$1,023,412,441 | -\$1,023,412,441 | -\$1,023,412,441 |
| 89  | 2024         | \$9,086,615,502 |                 |                  |                  |                  |                  | \$4,673,116,544  | -\$778,852,757   | -\$778,852,757   |
| 90  | 2025         | \$9,220,391,849 |                 |                  |                  |                  |                  |                  | \$3,161,277,205  | -\$526,879,534   |
| 91  | Total        |                 | \$7,240,628,571 | \$6,140,135,314  | \$5,023,553,645  | \$3,890,638,774  | \$1,206,023,354  | -\$1,284,747,191 | -\$3,575,439,286 | -\$6,056,824,597 |
| 92  |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 93  | Proposed Law |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 94  |              |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 95  |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 96  |              |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 97  | 2019         | \$8,447,400,000 | \$7,240,628,571 | -\$1,206,771,429 | -\$6,033,857,143 |                  |                  |                  |                  |                  |
| 98  | 2020         | \$8,571,391,200 |                 | \$7,346,906,743  | -\$1,224,484,457 | -\$6,122,422,286 |                  |                  |                  |                  |
| 99  | 2021         | \$8,697,277,786 |                 |                  | \$7,454,809,531  | -\$1,242,468,255 | -\$6,212,341,275 |                  |                  |                  |
| 100 | 2022         | \$8,825,090,067 |                 |                  |                  | \$7,564,362,914  | -\$1,260,727,152 | -\$6,303,635,762 |                  |                  |
| 101 | 2023         | \$8,954,858,861 |                 |                  |                  |                  | \$6,140,474,648  | -\$1,023,412,441 | -\$5,117,062,206 |                  |
| 102 | 2024         | \$9,086,615,502 |                 |                  |                  |                  |                  | \$4,673,116,544  | -\$778,852,757   | -\$3,894,263,787 |
| 103 | 2025         | \$9,220,391,849 |                 |                  |                  |                  |                  |                  | \$3,161,277,205  | -\$526,879,534   |
| 104 |              |                 |                 | \$6,140,135,314  | \$196,467,931    | \$199,472,374    | -\$1,332,593,780 | -\$2,653,931,659 | -\$2,734,637,758 |                  |
| 105 | High Impact  |                 | \$0             | \$0              | -\$4,827,085,714 | -\$3,691,166,400 | -\$2,538,617,135 | -\$1,369,184,469 | \$840,801,528    |                  |
| 106 | Tax Rate     |                 |                 |                  | 4.458%           | 5.5%             | 5.5%             | 5.5%             | 5.5%             |                  |
| 107 | Impact       |                 | \$0             | \$0              | -\$215,191,481   | -\$203,014,152   | -\$139,623,942   | -\$75,305,146    | \$46,244,084     |                  |
| 108 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |



Proposed Language -Car Rental or Lease Depreciation

|     | A             | B               | C               | D               | E                | F                | G                | H                | I                | J                |
|-----|---------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 109 |               |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 110 | Middle        |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 111 |               |                 | 100%            | 100%            | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 112 |               |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 113 |               |                 | 2019            | 2020            | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 114 | 2019          | \$6,033,000,000 | \$5,171,142,857 | -\$861,857,143  | -\$861,857,143   | -\$861,857,143   | -\$861,857,143   | -\$861,857,143   | -\$861,857,143   | -\$861,857,143   |
| 115 | 2020          | \$6,120,879,000 |                 | \$5,246,467,714 | -\$874,411,286   | -\$874,411,286   | -\$874,411,286   | -\$874,411,286   | -\$874,411,286   | -\$874,411,286   |
| 116 | 2021          | \$6,210,089,427 |                 |                 | \$5,322,933,795  | -\$887,155,632   | -\$887,155,632   | -\$887,155,632   | -\$887,155,632   | -\$887,155,632   |
| 117 | 2022          | \$6,300,652,370 |                 |                 |                  | \$5,400,559,174  | -\$900,093,196   | -\$900,093,196   | -\$900,093,196   | -\$900,093,196   |
| 118 | 2023          | \$6,392,589,266 |                 |                 |                  |                  | \$4,383,489,782  | -\$730,581,630   | -\$730,581,630   | -\$730,581,630   |
| 119 | 2024          | \$6,485,921,910 |                 |                 |                  |                  |                  | \$3,335,616,982  | -\$555,936,164   | -\$555,936,164   |
| 120 | 2025          | \$6,580,672,459 |                 |                 |                  |                  |                  |                  | \$2,256,230,557  | -\$376,038,426   |
| 121 | Total         |                 | \$5,171,142,857 | \$4,384,610,571 | \$3,586,665,366  | \$2,777,135,113  | \$859,972,526    | -\$918,481,905   | -\$2,553,804,494 | -\$4,324,216,334 |
| 122 |               |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 123 | Proposed Law  |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 124 |               |                 | 100%            | 100%            | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 125 |               |                 |                 |                 |                  |                  |                  |                  |                  |                  |
| 126 |               |                 | 2019            | 2020            | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 127 | 2019          | \$6,033,000,000 | \$5,171,142,857 | -\$861,857,143  | -\$4,309,285,714 |                  |                  |                  |                  |                  |
| 128 | 2020          | \$6,120,879,000 |                 | \$5,246,467,714 | -\$874,411,286   | -\$4,372,056,429 |                  |                  |                  |                  |
| 129 | 2021          | \$6,210,089,427 |                 |                 | \$5,322,933,795  | -\$887,155,632   | -\$4,435,778,162 |                  |                  |                  |
| 130 | 2022          | \$6,300,652,370 |                 |                 |                  | \$5,400,559,174  | -\$900,093,196   | -\$4,500,465,978 |                  |                  |
| 131 | 2023          | \$6,392,589,266 |                 |                 |                  |                  | \$4,383,489,782  | -\$730,581,630   | -\$3,652,908,152 |                  |
| 132 | 2024          | \$6,485,921,910 |                 |                 |                  |                  |                  | \$3,335,616,982  | -\$555,936,164   | -\$2,779,680,819 |
| 133 | 2025          | \$6,580,672,459 |                 |                 |                  |                  |                  |                  | \$2,256,230,557  |                  |
| 134 |               |                 |                 | \$4,384,610,571 | \$139,236,795    | \$141,347,113    | -\$952,381,575   | -\$1,895,430,626 | -\$1,952,613,758 |                  |
| 135 | Middle Impact |                 | \$0             | \$0             | -\$3,447,428,571 | -\$2,635,788,000 | -\$1,812,354,101 | -\$976,948,722   | \$601,190,735    |                  |
| 136 | Tax Rate      |                 |                 |                 | 4.458%           | 5.5%             | 5.5%             | 5.5%             | 5.5%             |                  |
| 137 |               |                 | \$0             | \$0             | -\$153,686,366   | -\$144,968,340   | -\$99,679,476    | -\$53,732,180    | \$33,065,490     |                  |

Proposed Language -Car Rental or Lease Depreciation

|     | A            | B               | C               | D                | E                | F                | G                | H                | I                | J                |
|-----|--------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 138 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 139 | Low          |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 140 |              |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 141 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 142 |              |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 143 | 2019         | \$7,502,400,000 | \$6,430,628,571 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 |
| 144 | 2020         | \$7,607,491,200 |                 | \$6,520,706,743  | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 |
| 145 | 2021         | \$7,714,099,786 |                 |                  | \$6,612,085,531  | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 |
| 146 | 2022         | \$7,822,248,507 |                 |                  |                  | \$6,704,784,434  | -\$1,117,464,072 | -\$1,117,464,072 | -\$1,117,464,072 | -\$1,117,464,072 |
| 147 | 2023         | \$7,931,960,470 |                 |                  |                  |                  | \$5,439,058,608  | -\$906,509,768   | -\$906,509,768   | -\$906,509,768   |
| 148 | 2024         | \$8,043,259,143 |                 |                  |                  |                  |                  | \$4,136,533,274  | -\$689,422,212   | -\$689,422,212   |
| 149 | 2025         | \$8,156,168,363 |                 |                  |                  |                  |                  |                  | \$2,796,400,582  | -\$466,066,764   |
| 150 | Total        |                 | \$6,430,628,571 | \$5,448,935,314  | \$4,453,529,645  | \$3,444,214,294  | \$1,061,024,395  | -\$1,148,010,708 | -\$3,177,565,612 | -\$5,368,261,528 |
| 151 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 152 | Proposed Law |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 153 |              |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 154 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 155 |              |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 156 | 2019         | \$7,502,400,000 | \$6,430,628,571 | -\$1,071,771,429 | -\$3,215,314,286 | -\$2,143,542,857 |                  |                  |                  |                  |
| 157 | 2020         | \$7,607,491,200 |                 | \$6,520,706,743  | -\$1,086,784,457 | -\$3,260,353,371 | -\$2,173,568,914 |                  |                  |                  |
| 158 | 2021         | \$7,714,099,786 |                 |                  | \$6,612,085,531  | -\$1,102,014,255 | -\$3,306,042,765 | -\$2,204,028,510 |                  |                  |
| 159 | 2022         | \$7,822,248,507 |                 |                  |                  | \$6,704,784,434  | -\$1,117,464,072 | -\$3,352,392,217 | -\$2,234,928,145 |                  |
| 160 | 2023         | \$7,931,960,470 |                 |                  |                  |                  | \$5,439,058,608  | -\$906,509,768   | -\$2,719,529,304 | -\$1,813,019,536 |
| 161 | 2024         | \$8,043,259,143 |                 |                  |                  |                  |                  | \$4,136,533,274  | -\$689,422,212   | -\$2,068,266,637 |
| 162 | 2025         | \$8,156,168,363 |                 |                  |                  |                  |                  |                  | \$2,796,400,582  |                  |
| 163 |              |                 |                 | \$5,448,935,314  | \$2,309,986,788  | \$198,873,951    | -\$1,158,017,144 | -\$2,326,397,222 | -\$2,847,479,079 |                  |
| 164 | Low Impact   |                 | \$0             | \$0              | -\$2,143,542,857 | -\$3,245,340,343 | -\$2,219,041,539 | -\$1,178,386,514 | \$330,086,532    |                  |
| 165 | Tax Rate     |                 |                 |                  | 4.458%           | 5.5%             | 5.5%             | 5.5%             | 5.5%             |                  |
| 166 |              |                 | \$0             | \$0              | -\$95,559,141    | -\$178,493,719   | -\$122,047,285   | -\$64,811,258    | \$18,154,759     |                  |
| 167 |              |                 |                 |                  |                  |                  |                  |                  |                  |                  |

Proposed Language -Car Rental or Lease Depreciation

|     | A              | B               | C               | D                | E                | F                | G                | H                | I                | J                |
|-----|----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 168 | <b>Adopted</b> |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 169 |                |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 170 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 171 |                |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 172 | 2019           | \$7,502,400,000 | \$6,430,628,571 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 | -\$1,071,771,429 |
| 173 | 2020           | \$7,607,491,200 |                 | \$6,520,706,743  | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 | -\$1,086,784,457 |
| 174 | 2021           | \$7,714,099,786 |                 |                  | \$6,612,085,531  | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 | -\$1,102,014,255 |
| 175 | 2022           | \$7,822,248,507 |                 |                  |                  | \$6,704,784,434  | -\$1,117,464,072 | -\$1,117,464,072 | -\$1,117,464,072 | -\$1,117,464,072 |
| 176 | 2023           | \$7,931,960,470 |                 |                  |                  |                  | \$5,439,058,608  | -\$906,509,768   | -\$906,509,768   | -\$906,509,768   |
| 177 | 2024           | \$8,043,259,143 |                 |                  |                  |                  |                  | \$4,136,533,274  | -\$689,422,212   | -\$689,422,212   |
| 178 | 2025           | \$8,156,168,363 |                 |                  |                  |                  |                  |                  | \$2,796,400,582  | -\$466,066,764   |
| 179 | Total          |                 | \$6,430,628,571 | \$5,448,935,314  | \$4,453,529,645  | \$3,444,214,294  | \$1,061,024,395  | -\$1,148,010,708 | -\$3,177,565,612 | -\$5,368,261,528 |
| 180 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 181 | Proposed Law   |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 182 |                |                 | 100%            | 100%             | 100%             | 100%             | 80%              | 60%              | 40%              | 20%              |
| 183 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 184 |                |                 | 2019            | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             |
| 185 | 2019           | \$7,502,400,000 | \$6,430,628,571 | -\$1,071,771,429 | -\$5,358,857,143 |                  |                  |                  |                  |                  |
| 186 | 2020           | \$7,607,491,200 |                 | \$6,520,706,743  | -\$1,086,784,457 | -\$5,433,922,286 |                  |                  |                  |                  |
| 187 | 2021           | \$7,714,099,786 |                 |                  | \$6,612,085,531  | -\$1,102,014,255 | -\$5,510,071,275 |                  |                  |                  |
| 188 | 2022           | \$7,822,248,507 |                 |                  |                  | \$6,704,784,434  | -\$1,117,464,072 | -\$5,587,320,362 |                  |                  |
| 189 | 2023           | \$7,931,960,470 |                 |                  |                  |                  | \$5,439,058,608  | -\$906,509,768   | -\$4,532,548,840 |                  |
| 190 | 2024           | \$8,043,259,143 |                 |                  |                  |                  |                  | \$4,136,533,274  | -\$689,422,212   | -\$3,447,111,061 |
| 191 | 2025           | \$8,156,168,363 |                 |                  |                  |                  |                  |                  | \$2,796,400,582  |                  |
| 192 |                |                 |                 | \$5,448,935,314  | \$166,443,931    | \$168,847,894    | -\$1,188,476,740 | -\$2,357,296,856 | -\$2,425,570,471 |                  |
| 193 | <b>Adopted</b> |                 | \$0             | \$0              | -\$4,287,085,714 | -\$3,275,366,400 | -\$2,249,501,135 | -\$1,209,286,149 | \$751,995,141    |                  |
| 194 | Tax Rate       |                 |                 |                  | 4.458%           | 5.5%             | 5.5%             | 5.5%             | 5.5%             |                  |
| 195 |                |                 | \$0             | \$0              | -\$191,118,281   | -\$180,145,152   | -\$123,722,562   | -\$66,510,738    | \$41,359,733     |                  |
| 196 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 197 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |
| 198 | Impact -       |                 | High            | Middle           | Low              |                  |                  |                  | <b>Adopted</b>   |                  |
| 199 | 2019-20        |                 | \$0             | \$0              | \$0              |                  |                  |                  | \$0              |                  |
| 200 | 2020-21        |                 | \$0             | \$0              | \$0              |                  |                  |                  | (**)             |                  |
| 201 | 2021-22        |                 | -\$215,191,481  | -\$153,686,366   | -\$95,559,141    |                  |                  |                  | -\$191,118,281   |                  |
| 202 | 2022-23        |                 | -\$203,014,152  | -\$144,968,340   | -\$178,493,719   |                  |                  |                  | -\$180,145,152   |                  |
| 203 | 2023-24        |                 | -\$139,623,942  | -\$99,679,476    | -\$122,047,285   |                  |                  |                  | -\$123,722,562   |                  |
| 204 | 2024-25        |                 | -\$75,305,146   | -\$53,732,180    | -\$64,811,258    |                  |                  |                  | -\$66,510,738    |                  |
| 205 |                |                 |                 |                  |                  |                  |                  |                  |                  |                  |

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Corporate Income Tax

**Issue:** Scholarship Tax Credit Carryforward Clarification

**Bill Number(s):** [Proposed Language](#)

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** July 1, 2020

**Date of Analysis:** 2/14/2020

**Section 1: Narrative**

**a. Current Law:** “Clarification for scholarship tax credit carryforward”

**b. Proposed Change:** “Clarification for scholarship tax credit carryforward”

Section 48. The amendments made by this act to ss. 220.13, 220.1875, and 1002.395, Florida Statutes, apply to taxable years beginning on or after January 1, 2018. The amendment made by this act to s. 1002.395(5)(c), extending the credit carry forward period from five to ten years applies to any credits available to be carried forward on or after July 1, 2018.

Section 2. The amendments made by this act in Section 1 are remedial and clarifying in nature and apply retroactively to July 1, 2018.

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

DOR SFO Monthly Allocations  
2018 DOR CIT Data files

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

Using the DOR SFO monthly allocations report, DOR pulled credits allocated by fiscal year for 2010-2019. Using the ratio of calendar year filers and non-calendar year filers, the SFO credits by allocation year were converted into SFO expiration cohorts where the expiration cohorts can be compared to CIT paid by state fiscal year. A variety of assumptions are provided to show how many credits might be used in the first year allocated. The high assumes 95%, the middle 97% and the low 99%. For the credits remaining out of the first year, it is assumed only a certain amount of credits could be used within the 5 year carryforward. The high assumes 25% used within 5 years, the middle assumes 50% used in the 5 years, and the low assumes 75%. The analysis assumes there is no recurring impact.

**Section 4: Proposed Fiscal Impact**

|         | High      |           | Middle    |           | Low       |           |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
|         | Cash      | Recurring | Cash      | Recurring | Cash      | Recurring |
| 2020-21 | \$(2.0 M) |           | \$(0.8 M) |           | \$(0.1 M) |           |
| 2021-22 | \$(2.1 M) |           | \$(0.8 M) |           | \$(0.1 M) |           |
| 2022-23 | \$(2.7 M) |           | \$(1.1 M) |           | \$(0.2 M) |           |
| 2023-24 | \$(2.7 M) |           | \$(1.1 M) |           | \$(0.2 M) |           |
| 2024-25 | \$(3.5 M) |           | \$(1.4 M) |           | \$(0.2 M) |           |

**List of affected Trust Funds:** General Revenue

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted a negative indeterminate impact every year for both cash and recurring.

|         | GR   |           | Trust |           | Local/Other |           | Total |           |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 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       | (**)  | (**)      |
| 2024-25 | (**) | (**)      | 0.0   | 0.0       | 0.0         | 0.0       | (**)  | (**)      |

**CIT SFO tax credits allocated by fiscal year**

|         |                |
|---------|----------------|
| 2010-11 | \$ 71,790,032  |
| 2011-12 | \$ 56,712,232  |
| 2012-13 | \$ 50,802,823  |
| 2013-14 | \$ 57,116,590  |
| 2014-15 | \$ 74,754,902  |
| 2015-16 | \$ 70,306,453  |
| 2016-17 | \$ 100,571,373 |
| 2017-18 | \$ 130,215,000 |
| 2018-19 | \$ 162,585,079 |

**2018 % Calendar Year filers**

|  |            |                     |
|--|------------|---------------------|
|  | By Tax due | By number of Filers |
|  | 78.50%     | 87.13%              |

**Conversion into Expiration Cohorts (2012-13 credits that would expire in 2018)**

|         |                |
|---------|----------------|
| 2012-13 | \$ 52,073,571  |
| 2013-14 | \$ 55,758,890  |
| 2014-15 | \$ 70,961,994  |
| 2015-16 | \$ 71,263,039  |
| 2016-17 | \$ 94,063,264  |
| 2017-18 | \$ 123,840,493 |
| 2018-19 | \$ 155,624,281 |

**% credits that will be used in first fiscal year**

|      |        |     |
|------|--------|-----|
| High | Middle | Low |
| 95%  | 97%    | 99% |

**% remaining credits that will be used in 5 years**

|      |        |     |
|------|--------|-----|
| High | Middle | Low |
| 25%  | 50%    | 75% |

**Credits that would have fallen out of 5 year carryforward by expiration cohort**

|         | High         | Middle       | Low        |
|---------|--------------|--------------|------------|
| 2012-13 | \$ 1,952,759 | \$ 781,104   | \$ 130,184 |
| 2013-14 | \$ 2,090,958 | \$ 836,383   | \$ 139,397 |
| 2014-15 | \$ 2,661,075 | \$ 1,064,430 | \$ 177,405 |
| 2015-16 | \$ 2,672,364 | \$ 1,068,946 | \$ 178,158 |
| 2016-17 | \$ 3,527,372 | \$ 1,410,949 | \$ 235,158 |
| 2017-18 | \$ 4,644,018 | \$ 1,857,607 | \$ 309,601 |
| 2018-19 | \$ 5,835,911 | \$ 2,334,364 | \$ 389,061 |

|         | High       |           | Middle     |           | Low        |           |
|---------|------------|-----------|------------|-----------|------------|-----------|
|         | Cash       | Recurring | Cash       | Recurring | Cash       | Recurring |
| 2020-21 | \$ (2.0 M) |           | \$ (0.8 M) |           | \$ (0.1 M) |           |
| 2021-22 | \$ (2.1 M) |           | \$ (0.8 M) |           | \$ (0.1 M) |           |
| 2022-23 | \$ (2.7 M) |           | \$ (1.1 M) |           | \$ (0.2 M) |           |
| 2023-24 | \$ (2.7 M) |           | \$ (1.1 M) |           | \$ (0.2 M) |           |
| 2024-25 | \$ (3.5 M) |           | \$ (1.4 M) |           | \$ (0.2 M) |           |
| 2025-26 | \$ (4.6 M) |           | \$ (1.9 M) |           | \$ (0.3 M) |           |
| 2026-27 | \$ (5.8 M) |           | \$ (2.3 M) |           | \$ (0.4 M) |           |

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Exemption Transfer for Veterans

**Bill Number(s):** [SB 1662 – Proposed Amendment](#)

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Albritton

**Month/Year Impact Begins:** July 1, 2020

**Date of Analysis:** February 14, 2020

### Section 1: Narrative

#### a. Current Law:

196.081 Section 2. Subsection (1): “Any real estate that is owned and used as a homestead by a veteran who was honorably discharged with a service-connected total and permanent disability and for whom a letter from the United States Government or United States Department of Veterans Affairs or its predecessor has been issued certifying that the veteran is totally and permanently disabled is exempt from taxation, if the veteran is a permanent resident of this state on January 1 of the tax year for which exemption is being claimed or was a permanent resident of this state on January 1 of the year the veteran died.”

#### b. Proposed Change:

“Section 2. Paragraph (1)(b) of section 196.081, Florida Statutes, is created to read: “(b) If legal or beneficial title to property is acquired between January 1 and November 1 of any year by a veteran or his or her surviving spouse receiving an exemption under this section on another property for that tax year, the veteran or his or her surviving spouse may receive a refund, prorated as of the date of transfer, of the ad valorem taxes paid for the newly acquired property if he or she applies for and receives an exemption under this section for the newly acquired property in the next tax year. If the property appraiser finds that the applicant is entitled to an exemption under this section for the newly acquired property, the property appraiser shall immediately make such entries upon the tax rolls of the county as are necessary to allow the prorated refund of taxes for the previous tax years.”

### Section 2: Description of Data and Sources

Real Property Rolls, 2015-2019

[Florida Economic Estimating Conference, Long Run Forecast Dec 16, 2019](#)

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

Real Property Rolls from 2015 through 2019 were filtered to identify parcels having values reported under Exemption 05. This exemption references statute 196.081 and is a total exemption from property taxes for disabled veterans and their surviving spouses. Of this remaining pool, those with Homestead Differential Transfer Flags were isolated. The portion of those who transferred one year prior were identified and the Just Value (JV) and Exemption Values were totaled.

Three growth rates are used to calculate the expected number of impacted parcels:

1. 12.4% is used for the high estimate. This is lowest annual growth rate 2015-2019 for qualified parcels sold.
2. 6.0% is used for the middle estimate. This is the lowest annual growth rate in the number of differential transfers in the first year of eligibility of those who have values under Exemption 05.
3. A decreasing growth rate (6%, 5%, 4%, 3%, 2%) is used for the low estimate. The 6.0% growth rate is the same from the middle estimate, but decreases each year. The Conference adopted this decreasing growth rate during discussions of HB 1249 earlier this year.

The high, middle, and low numbers of estimated impacted parcels were multiplied by these forecasted average JV amounts to calculate high, middle, and low expected total JV, respectively.

The 2019 Average Homestead JV was grown by the Jan 2020 Ad Valorem REC’s Homestead JV appreciation rates. The high, middle, and low numbers of estimated impacted parcels were multiplied by these forecasted average JV amounts to calculate high, middle, and low expected total JV, respectively.

Because this amendment only considers those who purchase property January 1 to November 1, 10/12 (~83%) of these estimates were used going forward in the analysis. To account for the language in the proposed amendment providing that the taxes be prorated as of the date of transfer, a high, middle, and low factor of 70%, 50%, and 30%, respectively, was used to estimate the annual impact. The high of 70% assumes that most of the transactions happen in the first part of the year, the middle assumes that the transactions are distributed evenly throughout the year, and the low assumes the transactions are more likely to occur in the second half of the year.

These total JV amounts were multiplied by the 2019 Statewide Millage Rates to produce the estimated fiscal impact.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** Exemption Transfer for Veterans

**Bill Number(s):** [SB 1662 – Proposed Amendment](#)

**Section 4: Proposed Fiscal Impact**

| Year    | High       |            | Middle     |            | Low        |            |
|---------|------------|------------|------------|------------|------------|------------|
|         | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  |
| 2020-21 | \$ (3.6 M) | \$ (6.5 M) | \$ (2.4 M) | \$ (3.4 M) | \$ (1.4 M) | \$ (2.0 M) |
| 2021-22 | \$ (4.1 M) | \$ (6.5 M) | \$ (2.6 M) | \$ (3.4 M) | \$ (1.6 M) | \$ (2.0 M) |
| 2022-23 | \$ (4.8 M) | \$ (6.5 M) | \$ (2.9 M) | \$ (3.4 M) | \$ (1.7 M) | \$ (2.0 M) |
| 2023-24 | \$ (5.6 M) | \$ (6.5 M) | \$ (3.1 M) | \$ (3.4 M) | \$ (1.8 M) | \$ (2.0 M) |
| 2024-25 | \$ (6.5 M) | \$ (6.5 M) | \$ (3.4 M) | \$ (3.4 M) | \$ (2.0 M) | \$ (2.0 M) |

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

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted a modified low that assumes 6/10 for the prorating expectations.

|         | School |           | Non-School |           | Total Local/Other |           |
|---------|--------|-----------|------------|-----------|-------------------|-----------|
|         | Cash   | Recurring | Cash       | Recurring | Cash              | Recurring |
| 2020-21 | (1.1)  | (1.5)     | (1.8)      | (2.4)     | (2.9)             | (3.9)     |
| 2021-22 | (1.2)  | (1.5)     | (2.0)      | (2.4)     | (3.2)             | (3.9)     |
| 2022-23 | (1.3)  | (1.5)     | (2.1)      | (2.4)     | (3.4)             | (3.9)     |
| 2023-24 | (1.4)  | (1.5)     | (2.3)      | (2.4)     | (3.7)             | (3.9)     |
| 2024-25 | (1.5)  | (1.5)     | (2.4)      | (2.4)     | (3.9)             | (3.9)     |

|         | GR   |           | Trust |           | Local/Other |           | Total |           |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | 0.0  | 0.0       | 0.0   | 0.0       | (2.9)       | (3.9)     | (2.9) | (3.9)     |
| 2021-22 | 0.0  | 0.0       | 0.0   | 0.0       | (3.2)       | (3.9)     | (3.2) | (3.9)     |
| 2022-23 | 0.0  | 0.0       | 0.0   | 0.0       | (3.4)       | (3.9)     | (3.4) | (3.9)     |
| 2023-24 | 0.0  | 0.0       | 0.0   | 0.0       | (3.7)       | (3.9)     | (3.7) | (3.9)     |
| 2024-25 | 0.0  | 0.0       | 0.0   | 0.0       | (3.9)       | (3.9)     | (3.9) | (3.9)     |

| <b>School Impact</b> |            |            |            |            |            |            |            |            |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year                 | High       |            | Middle     |            | Low        |            | Adopted    |            |
|                      | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  |
| 2020-21              | \$ (1.3 M) | \$ (2.4 M) | \$ (0.9 M) | \$ (1.3 M) | \$ (0.5 M) | \$ (0.7 M) | \$ (1.1 M) | \$ (1.5 M) |
| 2021-22              | \$ (1.6 M) | \$ (2.4 M) | \$ (1.0 M) | \$ (1.3 M) | \$ (0.6 M) | \$ (0.7 M) | \$ (1.2 M) | \$ (1.5 M) |
| 2022-23              | \$ (1.8 M) | \$ (2.4 M) | \$ (1.1 M) | \$ (1.3 M) | \$ (0.6 M) | \$ (0.7 M) | \$ (1.3 M) | \$ (1.5 M) |
| 2023-24              | \$ (2.1 M) | \$ (2.4 M) | \$ (1.2 M) | \$ (1.3 M) | \$ (0.7 M) | \$ (0.7 M) | \$ (1.4 M) | \$ (1.5 M) |
| 2024-25              | \$ (2.4 M) | \$ (2.4 M) | \$ (1.3 M) | \$ (1.3 M) | \$ (0.7 M) | \$ (0.7 M) | \$ (1.5 M) | \$ (1.5 M) |

| <b>Non-School Impact</b> |            |            |            |            |            |            |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year                     | High       |            | Middle     |            | Low        |            | Adopted    |            |
|                          | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  |
| 2020-21                  | \$ (2.2 M) | \$ (4.0 M) | \$ (1.5 M) | \$ (2.1 M) | \$ (0.9 M) | \$ (1.2 M) | \$ (1.8 M) | \$ (2.4 M) |
| 2021-22                  | \$ (2.6 M) | \$ (4.0 M) | \$ (1.6 M) | \$ (2.1 M) | \$ (1.0 M) | \$ (1.2 M) | \$ (2.0 M) | \$ (2.4 M) |
| 2022-23                  | \$ (3.0 M) | \$ (4.0 M) | \$ (1.8 M) | \$ (2.1 M) | \$ (1.1 M) | \$ (1.2 M) | \$ (2.1 M) | \$ (2.4 M) |
| 2023-24                  | \$ (3.5 M) | \$ (4.0 M) | \$ (2.0 M) | \$ (2.1 M) | \$ (1.1 M) | \$ (1.2 M) | \$ (2.3 M) | \$ (2.4 M) |
| 2024-25                  | \$ (4.0 M) | \$ (4.0 M) | \$ (2.1 M) | \$ (2.1 M) | \$ (1.2 M) | \$ (1.2 M) | \$ (2.4 M) | \$ (2.4 M) |

| <b>Total Impact</b> |            |            |            |            |            |            |            |            |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Year                | High       |            | Middle     |            | Low        |            | Adopted    |            |
|                     | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  | Cash       | Recurring  |
| 2020-21             | \$ (3.6 M) | \$ (6.5 M) | \$ (2.4 M) | \$ (3.4 M) | \$ (1.4 M) | \$ (2.0 M) | \$ (2.9 M) | \$ (3.9 M) |
| 2021-22             | \$ (4.1 M) | \$ (6.5 M) | \$ (2.6 M) | \$ (3.4 M) | \$ (1.6 M) | \$ (2.0 M) | \$ (3.2 M) | \$ (3.9 M) |
| 2022-23             | \$ (4.8 M) | \$ (6.5 M) | \$ (2.9 M) | \$ (3.4 M) | \$ (1.7 M) | \$ (2.0 M) | \$ (3.4 M) | \$ (3.9 M) |
| 2023-24             | \$ (5.6 M) | \$ (6.5 M) | \$ (3.1 M) | \$ (3.4 M) | \$ (1.8 M) | \$ (2.0 M) | \$ (3.7 M) | \$ (3.9 M) |
| 2024-25             | \$ (6.5 M) | \$ (6.5 M) | \$ (3.4 M) | \$ (3.4 M) | \$ (2.0 M) | \$ (2.0 M) | \$ (3.9 M) | \$ (3.9 M) |



|    | A  | B   | C                         | D                                | E                           | F                             | G            | H | I | J |
|----|--|---|---------------------------|----------------------------------|-----------------------------|-------------------------------|--------------|---|---|---|
| 1  |  |   |                           |                                  |                             |                               |              |   |   |   |
| 2  | Year   | Average Just Value  | Average 196.081 Exemption | Number of Parcels with exemption | Parcels with sale indicated | Parcels that sold - Qualified | Growth Rates |   |   |   |
| 3  | 2015   | \$160,702   | \$119,623                 | 44,646                           | 5619                        | 2860                          |              |   |   |   |
| 4  | 2016   | \$175,071   | \$124,705                 | 47,252                           | 6477                        | 3579                          | 25.14%       |   |   |   |
| 5  | 2017   | \$187,860   | \$131,044                 | 51,730                           | 7347                        | 4291                          | 19.89%       |   |   |   |
| 6  | 2018   | \$203,784   | \$143,560                 | 55,123                           | 8303                        | 5107                          | 19.02%       |   |   |   |
| 7  | 2019   | \$217,569   | \$152,381                 | 60,926                           | 9040                        | 5740                          | 12.39%       |   |   |   |
| 8  | Total  |   |                           | 259,677                          | 36786                       | 21577                         | 19.11%       |   |   |   |
| 9  |  |   |                           |                                  |                             |                               |              |   |   |   |
| 10 | First-year Diff Transfer   |   |                           | Just Value                       |                             | EXMPT_05 Value                |              |   |   |   |
| 11 | Year   | Count   | Growth Rate               | Total                            | Average                     | Total                         | Average      |   |   |   |
| 12 | 2015   | 456   |                           | \$ 95,398,698                    | \$ 209,208                  | \$ 78,362,253                 | \$ 171,847   |   |   |   |
| 13 | 2016   | 625   | 37.06%                    | \$ 137,898,700                   | \$ 220,638                  | \$ 110,108,419                | \$ 176,173   |   |   |   |
| 14 | 2017   | 784   | 25.44%                    | \$ 180,152,865                   | \$ 229,787                  | \$ 138,568,596                | \$ 176,746   |   |   |   |
| 15 | 2018   | 831   | 5.99%                     | \$ 198,134,592                   | \$ 238,429                  | \$ 153,955,840                | \$ 185,266   |   |   |   |
| 16 | 2019   | 1130  | 35.98%                    | \$ 303,035,586                   | \$ 268,173                  | \$ 232,401,481                | \$ 205,665   |   |   |   |
| 17 | Source: NAL Files, filtered to identify those with EXMPT_05 Values and Differential Transfer Flags |   |                           |                                  |                             |                               |              |   |   |   |
| 18 |  |   |                           |                                  |                             |                               |              |   |   |   |
| 19 |  | Growth Rates  |                           |                                  |                             |                               |              |   |   |   |
| 20 |  | High  | Middle                    | Low                              |                             |                               |              |   |   |   |
| 21 |  | 12.4%   | 6.0%                      | Varying                          |                             |                               |              |   |   |   |
| 22 |  |   |                           |                                  |                             |                               |              |   |   |   |
| 23 | Expected Impacted Parcels  |   |                           |                                  | Adopted                     |                               |              |   |   |   |
| 24 |  | Year  | High                      | Middle                           | Low                         | Varying Growth*               |              |   |   |   |
| 25 |  | 2020-21   | 1,270                     | 1,198                            | 1,198                       | 6%                            |              |   |   |   |
| 26 |  | 2021-22   | 1,427                     | 1,270                            | 1,270                       | 5%                            |              |   |   |   |
| 27 |  | 2022-23   | 1,604                     | 1,346                            | 1,333                       | 4%                            |              |   |   |   |
| 28 |  | 2023-24   | 1,803                     | 1,426                            | 1,386                       | 3%                            |              |   |   |   |
| 29 |  | 2024-25   | 2,027                     | 1,512                            | 1,428                       | 2%                            |              |   |   |   |
| 30 |  | *The Conference previously adopted this growth rate pattern during HB 1249's analysis.  |                           |                                  |                             |                               |              |   |   |   |
| 31 |  | However, that growth rate began with 8% because it included differentials transferred in the second year of portability as well as in the first year. |                           |                                  |                             |                               |              |   |   |   |

|    | A  | B                    | C              | D               | E              | F              | G | H | I | J |
|----|--|----------------------|----------------|-----------------|----------------|----------------|---|---|---|---|
| 32 | <b>Homestead Just Value</b>                                |                      |                |                 |                |                |   |   |   |   |
| 33 |  | Year                 | Appreciation   | Expected Avg JV |                |                |   |   |   |   |
| 34 |  | 2020                 | 3.62%          | \$ 277,881      |                |                |   |   |   |   |
| 35 |  | 2021                 | 3.36%          | \$ 287,218      |                |                |   |   |   |   |
| 36 |  | 2022                 | 3.21%          | \$ 296,437      |                |                |   |   |   |   |
| 37 |  | 2023                 | 3.19%          | \$ 305,894      |                |                |   |   |   |   |
| 38 |  | 2024                 | 3.08%          | \$ 315,315      |                |                |   |   |   |   |
| 39 |  | 2025                 | 3.03%          | \$ 324,869      |                |                |   |   |   |   |
| 40 | <a href="#">Source: AV REC Jan 2020 Conference Package</a> |                      |                |                 |                |                |   |   |   |   |
| 41 |  |                      |                |                 |                |                |   |   |   |   |
| 42 | <b>Expected Total Just Value</b>                           |                      |                |                 |                |                |   |   |   |   |
| 43 |  | <b>Just Value</b>    | <b>High</b>    | <b>Middle</b>   | <b>Low</b>     | <b>Adopted</b> |   |   |   |   |
| 44 |  | 2020-21              | \$ 352,925,675 | \$ 332,829,782  | \$ 332,845,803 | \$ 332,845,803 |   |   |   |   |
| 45 |  | 2021-22              | \$ 409,998,048 | \$ 364,636,083  | \$ 364,671,187 | \$ 364,671,187 |   |   |   |   |
| 46 |  | 2022-23              | \$ 475,608,494 | \$ 398,902,154  | \$ 395,195,989 | \$ 395,195,989 |   |   |   |   |
| 47 |  | 2023-24              | \$ 551,611,420 | \$ 436,303,759  | \$ 424,114,850 | \$ 424,114,850 |   |   |   |   |
| 48 |  | 2024-25              | \$ 639,077,744 | \$ 476,703,484  | \$ 450,292,915 | \$ 450,292,915 |   |   |   |   |
| 49 |  |                      |                |                 |                |                |   |   |   |   |
| 50 | <b>Adjustment for Window of Opportunity</b>                |                      |                |                 |                |                |   |   |   |   |
| 51 |  | January 1-November 1 |                |                 |                |                |   |   |   |   |
| 52 |  | 10/12                | 83.33%         |                 |                |                |   |   |   |   |
| 53 |  |                      |                |                 |                |                |   |   |   |   |
| 54 | <b>Expected Total Just Value</b>                           |                      |                |                 |                |                |   |   |   |   |
| 55 |  | <b>Just Value</b>    | <b>High</b>    | <b>Middle</b>   | <b>Low</b>     | <b>Adopted</b> |   |   |   |   |
| 56 |  | 2020-21              | \$ 294,104,729 | \$ 277,358,152  | \$ 277,371,502 | \$ 277,371,502 |   |   |   |   |
| 57 |  | 2021-22              | \$ 341,665,040 | \$ 303,863,402  | \$ 303,892,656 | \$ 303,892,656 |   |   |   |   |
| 58 |  | 2022-23              | \$ 396,340,411 | \$ 332,418,462  | \$ 329,329,991 | \$ 329,329,991 |   |   |   |   |
| 59 |  | 2023-24              | \$ 459,676,183 | \$ 363,586,466  | \$ 353,429,042 | \$ 353,429,042 |   |   |   |   |
| 60 |  | 2024-25              | \$ 532,564,786 | \$ 397,252,903  | \$ 375,244,096 | \$ 375,244,096 |   |   |   |   |
| 61 |  |                      |                |                 |                |                |   |   |   |   |
| 62 | <b>Prorating Expectations</b>                              |                      |                |                 |                |                |   |   |   |   |
| 63 |  |                      | <b>High</b>    | <b>Middle</b>   | <b>Low</b>     | <b>Adopted</b> |   |   |   |   |
| 64 |  |                      | 7/10           | 5/10            | 3/10           | 6/10           |   |   |   |   |
| 65 |  |                      | 0.7            | 0.5             | 0.3            | 0.6            |   |   |   |   |
| 66 |  |                      |                |                 |                |                |   |   |   |   |
| 67 | <b>Expected Total Just Value</b>                           |                      |                |                 |                |                |   |   |   |   |
| 68 |  | <b>Just Value</b>    | <b>High</b>    | <b>Middle</b>   | <b>Low</b>     | <b>Adopted</b> |   |   |   |   |
| 69 |  | 2020-21              | \$ 205,873,310 | \$ 138,679,076  | \$ 83,211,451  | \$ 166,422,901 |   |   |   |   |
| 70 |  | 2021-22              | \$ 239,165,528 | \$ 151,931,701  | \$ 91,167,797  | \$ 182,335,593 |   |   |   |   |
| 71 |  | 2022-23              | \$ 277,438,288 | \$ 166,209,231  | \$ 98,798,997  | \$ 197,597,994 |   |   |   |   |
| 72 |  | 2023-24              | \$ 321,773,328 | \$ 181,793,233  | \$ 106,028,713 | \$ 212,057,425 |   |   |   |   |
| 73 |  | 2024-25              | \$ 372,795,350 | \$ 198,626,452  | \$ 112,573,229 | \$ 225,146,458 |   |   |   |   |
| 74 |  |                      |                |                 |                |                |   |   |   |   |
| 75 | <b>Statewide 2019 Millage Rates</b>                        |                      |                |                 |                |                |   |   |   |   |
| 76 |  | School               | Non-School     |                 |                |                |   |   |   |   |
| 77 |  | 6.5223               | 10.8014        |                 |                |                |   |   |   |   |
| 78 |  |                      |                |                 |                |                |   |   |   |   |

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** School Use of Church Property

**Bill Number(s):** [Proposed Language](#)

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** N/A

**Month/Year Impact Begins:** upon becoming law first affecting 2020-21

**Date of Analysis:** February 14, 2020

### Section 1: Narrative

#### a. Current Law:

Section 1. Section 196.198, Florida Statutes, reads: “Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.”

#### b. Proposed Change:

Section 1. Section 196.198, Florida Statutes, is amended to read: “Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. Notwithstanding ss. 196.195 and 196.196, property owned by a house of public worship and

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** School Use of Church Property

**Bill Number(s):** [Proposed Language](#)

used by an educational institution for educational purposes limited to students in pre-school through grade 8 shall be exempt from ad valorem taxes. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.

“Section 2. The changes made by this act to s. 196.198, are intended to clarify existing law and shall apply to actions pending on the effective date of this act.

“Section 3. This act shall take effect upon becoming a law.”

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

2019 Final Ad Valorem Taxrolls

Data from Miami-Dade County on pending cases

NonResidential Real Property Growth rates from the January 6, 2020 Ad Valorem Assessments Estimating Conference

2019-20 Statewide Millage Rates

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

Parcels with pending court cases were identified from conversations with staff of the Miami-Dade Property Appraiser’s Office and total value of pending cases were obtained. The impact of these pending cases was assumed to be first year cash impacts. For the impact to each year of the forecast period, those church properties (use code 71) with taxable value were identified. For the high it was assumed 30% of the total church taxable value would be exempted under the proposed language. For the middle it was assumed 20% of the total church taxable value would be exempted, and for the low it was assumed 10% of the taxable value would be exempted. The exempt amount was grown at the nonresidential real property growth rates and the 2019-20 statewide millage rates were applied. Cash was set equal to recurring for all years except 2020-21, where the cash impact included the pending cases. 2019-20 school and non-school statewide millage rates were used to allocate the impact from the pending cases between school and non-school impacts.

**Section 4: Proposed Fiscal Impact**

| <b>School Impact</b> |           |           |           |           |           |           |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Year                 | High      |           | Middle    |           | Low       |           |
|                      | Cash      | Recurring | Cash      | Recurring | Cash      | Recurring |
| 2020-21              | (\$3.6 M) | (\$1.1 M) | (\$3.3 M) | (\$0.7 M) | (\$2.9 M) | (\$0.4 M) |
| 2021-22              | (\$1.2 M) | (\$1.2 M) | (\$0.8 M) | (\$0.8 M) | (\$0.4 M) | (\$0.4 M) |
| 2022-23              | (\$1.2 M) | (\$1.2 M) | (\$0.8 M) | (\$0.8 M) | (\$0.4 M) | (\$0.4 M) |
| 2023-24              | (\$1.3 M) | (\$1.3 M) | (\$0.9 M) | (\$0.9 M) | (\$0.4 M) | (\$0.4 M) |
| 2024-25              | (\$1.4 M) | (\$1.4 M) | (\$0.9 M) | (\$0.9 M) | (\$0.5 M) | (\$0.5 M) |

| <b>Non-School Impact</b> |           |           |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Year                     | High      |           | Middle    |           | Low       |           |
|                          | Cash      | Recurring | Cash      | Recurring | Cash      | Recurring |
| 2020-21                  | (\$5.9 M) | (\$1.7 M) | (\$5.4 M) | (\$1.2 M) | (\$4.8 M) | (\$0.6 M) |
| 2021-22                  | (\$1.8 M) | (\$1.8 M) | (\$1.2 M) | (\$1.2 M) | (\$0.6 M) | (\$0.6 M) |
| 2022-23                  | (\$1.9 M) | (\$1.9 M) | (\$1.3 M) | (\$1.3 M) | (\$0.6 M) | (\$0.6 M) |
| 2023-24                  | (\$2.0 M) | (\$2.0 M) | (\$1.4 M) | (\$1.4 M) | (\$0.7 M) | (\$0.7 M) |
| 2024-25                  | (\$2.1 M) | (\$2.1 M) | (\$1.4 M) | (\$1.4 M) | (\$0.7 M) | (\$0.7 M) |

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

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** School Use of Church Property

**Bill Number(s):** [Proposed Language](#)

**Section 5: Consensus Estimate (Adopted: 02/14/2020):** The Conference adopted half the low for all years except the first year's cash impact. The first years cash impact is the low reduced by 0.5m.

|         | School |           | Non-School |           | Total Local/Other |           |
|---------|--------|-----------|------------|-----------|-------------------|-----------|
|         | Cash   | Recurring | Cash       | Recurring | Cash              | Recurring |
| 2020-21 | (2.7)  | (0.2)     | (4.5)      | (0.3)     | (7.2)             | (0.5)     |
| 2021-22 | (0.2)  | (0.2)     | (0.3)      | (0.3)     | (0.5)             | (0.5)     |
| 2022-23 | (0.2)  | (0.2)     | (0.3)      | (0.3)     | (0.5)             | (0.5)     |
| 2023-24 | (0.2)  | (0.2)     | (0.4)      | (0.4)     | (0.6)             | (0.6)     |
| 2024-25 | (0.3)  | (0.3)     | (0.4)      | (0.4)     | (0.7)             | (0.7)     |

|         | GR   |           | Trust |           | Local/Other |           | Total |           |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | 0.0  | 0.0       | 0.0   | 0.0       | (7.2)       | (0.5)     | (7.2) | (0.5)     |
| 2021-22 | 0.0  | 0.0       | 0.0   | 0.0       | (0.5)       | (0.5)     | (0.5) | (0.5)     |
| 2022-23 | 0.0  | 0.0       | 0.0   | 0.0       | (0.5)       | (0.5)     | (0.5) | (0.5)     |
| 2023-24 | 0.0  | 0.0       | 0.0   | 0.0       | (0.6)       | (0.6)     | (0.6) | (0.6)     |
| 2024-25 | 0.0  | 0.0       | 0.0   | 0.0       | (0.7)       | (0.7)     | (0.7) | (0.7)     |

|    | A   | B                      | C                         | D                                     | E  | F                  | G            |
|----|---|------------------------|---------------------------|---------------------------------------|--|--------------------|--------------|
| 1  | Miami-Dade - pending court cases                                |                        |                           |                                       |  |                    |              |
| 2  | <b>Folio</b>  | <b>Exemption</b>       | <b>Tax Amount</b>         | <b>Penalty &amp; Interest @ issue</b> | <b>Total Lien Amount Due when issued</b> | 2019 Taxable Value |              |
| 3  |   |                        |                           |                                       |  | School             | NonSchool    |
| 4  | 01-0210-030-1010  | Religious              | \$3,093,474               | \$3,390,307                           | \$6,483,781*                             | \$28,220,988       | \$23,940,995 |
| 5  | 01-3219-006-0110  | Religious              | \$35,515                  | \$44,946                              | \$80,460                                 | \$0                | \$0          |
| 6  | 30-4035-007-0020  | Religious              | \$49,742                  | \$35,068                              | \$84,810*                                | \$0                | \$0          |
| 7  | 33-5035-002-0040  | Religious              | \$7,762                   | \$8,537                               | \$16,298                                 | \$0                | \$0          |
| 8  | 33-5035-002-0050  | Religious              | \$41,268                  | \$49,037                              | \$90,305                                 | \$0                | \$0          |
| 9  |   |                        | <b>\$3,227,761</b>        | <b>\$3,527,895</b>                    | <b>\$6,755,656</b>                       |                    |              |
| 10 |   |                        |                           | School                                | \$2,543,476                              |                    |              |
| 11 | 2019 Roll Values  |                        |                           | NonSchool                             | \$4,212,180                              |                    |              |
| 12 | Use code 71 (Churches) with no exemption 9 value                |                        |                           |                                       |  |                    |              |
| 13 | Parcels with Taxable Value                                      | Taxable Value - School | Taxable Value - NonSchool |                                       |  |                    |              |
| 14 | 1335  | \$441,131,263          | \$424,085,142             |                                       |  |                    |              |
| 15 |   |                        |                           |                                       |  |                    |              |
| 16 | Taxable Value for Use Code 71 (Churches) with Exemption 9 value |                        |                           |                                       |  |                    |              |
| 17 | Parcels with Taxable Value                                      | Taxable Value - School | Taxable Value - NonSchool |                                       |  |                    |              |
| 18 | 274   | \$93,322,071           | \$77,916,963              |                                       |  |                    |              |
| 19 |   |                        |                           |                                       |  |                    |              |
| 20 | Total taxable value -Churches                                   |                        |                           |                                       |  |                    |              |
| 21 | Parcels with Taxable Value                                      | Taxable Value - School | Taxable Value - NonSchool |                                       |  |                    |              |
| 22 | 1609  | \$534,453,334          | \$502,002,105             |                                       |  |                    |              |
| 23 |   |                        |                           |                                       |  |                    |              |
| 24 |   | High                   | Middle                    | Low                                   |  |                    |              |
| 25 |   | 30% of Church TV       | 20% of Church TV          | 10% of Church TV                      |  |                    |              |
| 26 | School  | \$160,336,000          | \$106,890,667             | \$53,445,333                          |  |                    |              |
| 27 | NonSchool   | \$150,600,632          | \$100,400,421             | \$50,200,211                          |  |                    |              |
| 28 |   |                        |                           |                                       |  |                    |              |
| 29 | Non Residential Real Property Growth Rates                      |                        |                           |                                       |  |                    |              |
| 30 | 2020  |                        |                           |                                       |  |                    | 6.35%        |
| 31 | 2021  |                        |                           |                                       |  |                    | 5.95%        |
| 32 | 2022  |                        |                           |                                       |  |                    | 5.70%        |
| 33 | 2023  |                        |                           |                                       |  |                    | 5.41%        |
| 34 | 2024  |                        |                           |                                       |  |                    | 5.22%        |
| 35 |   |                        |                           |                                       |  |                    |              |
| 36 | 2019 Statewide School Millage                                   |                        |                           | 6.5223                                |  |                    |              |
| 37 | 2019 Statewide NonSchool Millage                                |                        |                           | 10.8014                               |  |                    |              |
| 38 |   |                        |                           |                                       |  |                    |              |
| 39 | Impact  |                        |                           |                                       |  |                    |              |
| 40 | School  | High                   | Middle                    | Low                                   |  |                    |              |
| 41 | 2020-21   | \$1,112,165            | \$741,443                 | \$370,722                             |  |                    |              |
| 42 | 2021-22   | \$1,178,339            | \$785,559                 | \$392,780                             |  |                    |              |
| 43 | 2022-23   | \$1,245,504            | \$830,336                 | \$415,168                             |  |                    |              |
| 44 | 2023-24   | \$1,312,886            | \$875,257                 | \$437,629                             |  |                    |              |
| 45 | 2024-25   | \$1,381,419            | \$920,946                 | \$460,473                             |  |                    |              |
| 46 |   |                        |                           |                                       |  |                    |              |
| 47 | NonSchool   | High                   | Middle                    | Low                                   |  |                    |              |
| 48 | 2020-21   | \$1,729,993            | \$1,153,329               | \$576,664                             |  |                    |              |
| 49 | 2021-22   | \$1,832,928            | \$1,221,952               | \$610,976                             |  |                    |              |
| 50 | 2022-23   | \$1,937,404            | \$1,291,603               | \$645,801                             |  |                    |              |
| 51 | 2023-24   | \$2,042,218            | \$1,361,479               | \$680,739                             |  |                    |              |
| 52 | 2024-25   | \$2,148,822            | \$1,432,548               | \$716,274                             |  |                    |              |

REVENUE ESTIMATING CONFERENCE

Tax: Article V Fees

Issue: Appellate Court Filing Fees

Bill Number(s): HB 7059

Entire Bill

Partial Bill:

Sponsor(s): Fernandez-Barquin

Month/Year Impact Begins: 01/01/2021

Date of Analysis: 02/14/2020

Section 1: Narrative

- a. Current Law: Section 26.012, F.S. states that circuit courts shall have jurisdiction of appeals from county court except for cases where the amount in controversy is over \$15,000 until January 1, 2023, county courts orders declaring a state statute or provision of the State Constitution invalid, and orders certified by county court and accepted by district court as having great public importance. Sections 34.017 and 35.065, F.S. reference that county courts may certify a question to the district court as having great public importance. Section 92408, F.S. states that appeals from final judgments in misdemeanor cases tried by county courts shall be to the circuit court.
b. Proposed Change: Section 26.012, F.S. is revised so that circuit courts no longer have jurisdiction over appeals from county court except for final orders of local government code enforcement boards and appeals as otherwise expressly provided by law. Section 924.08, F.S. is repealed, removing language which grants jurisdiction over appeals from final judgments in misdemeanor cases tried by county courts to the circuit court. Section 34.017 and 35.065, F.S. are revised to conform existing language to changes made elsewhere in the bill.

Section 2: Description of Data and Sources

12/19/2019 Article V REC

Phone and email contact with OSCA and CCOC staff

OSCA 2020 Judicial Impact Statement for CS SB 1510 prepared 01/29/2020

REC Impact Analysis for CSCS HB 337 prepared 6/12/2019

Section 3: Methodology (Include Assumptions and Attach Details)

The bill changes the appellate jurisdiction for most cases originating in the county court from the circuit court to the district court of appeals. The appellate filing fees for the circuit court and the district court of appeals are different in regards to level and distribution, resulting in positive impacts to the General Revenue Fund and the State Courts Revenue Trust Fund while causing a negative impact to Clerk’s Fine and Forfeiture Funds. The appellate fees paid in both circuit courts and the district courts of appeals are below:

Table with 3 columns: Appellate Filing Fees, Circuit Court, DCA. Rows include General Revenue, SCRTF, Clerks, and Total.

To calculate the change to filing fees, historical transactions of the \$80 appellate fee were calculated for fiscal years 2014-15 through 2018-19. The \$80 fee applies to both appeals from County Court and appeals from Circuit Court. To isolate the County Court appellate transactions, the county court percentage of the \$295 filing fee (40.6%) was applied to the derived \$80 fee transactions. These transaction were then grown by the growth rates for the Clerk’s Fine and Forfeiture Funds Other 142.02 Revenue per the most recent Article V REC yielding an estimated number of appellate cases being heard by the circuit court. This amount was further adjusted to account for the increased appellate jurisdiction for circuit courts effective January 1, 2023 per Ch. 2019-58, L.O.F. To make this adjustment, the \$195 filing fee shifted to County Courts was accessed from the most recent Article V REC and divided by \$195 to calculate shifted filings. Next, the 3.4% appellate rate from the REC Impact Analysis for CS CS HB 337, prepared 6/12/2019, was applied to the shifted filings to calculate shifted appeals. Shifted appeals was added to the previously calculated appellate cases being heard in circuit court to get a total forecast for appellate cases which would potentially be impacted by the bill. Of these cases, the circuit court will retain jurisdiction to hear appeals from final orders of local government code enforcement boards and some county court decisions. The percentage of appellate cases moving to the district court of appeals is 95% in the high scenario, 85% in the middle scenario, and 75% in the low scenario. The appellate filing fees for circuit courts (current) and district court of

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Article V Fees

**Issue:** Appellate Court Filing Fees

**Bill Number(s):** HB 7059

appeals (new) were applied to shifted cases to calculate the impacts to the effected funds. The first year’s cash impact is adjusted for the January 1, 2021 effective date.

**Section 4: Proposed Fiscal Impact**

| GR      | High |           | Middle |           | Low  |           |
|---------|------|-----------|--------|-----------|------|-----------|
|         | Cash | Recurring | Cash   | Recurring | Cash | Recurring |
| 2020-21 | 0.2  | 0.4       | 0.1    | 0.3       | 0.1  | 0.3       |
| 2021-22 | 0.4  | 0.4       | 0.3    | 0.3       | 0.3  | 0.3       |
| 2022-23 | 0.6  | 0.6       | 0.6    | 0.6       | 0.5  | 0.5       |
| 2023-24 | 0.8  | 0.8       | 0.7    | 0.7       | 0.6  | 0.6       |
| 2024-25 | 0.8  | 0.8       | 0.7    | 0.7       | 0.6  | 0.6       |

| TRUST   | High |           | Middle |           | Low  |           |
|---------|------|-----------|--------|-----------|------|-----------|
|         | Cash | Recurring | Cash   | Recurring | Cash | Recurring |
| 2020-21 | *    | 0.1       | *      | 0.1       | *    | 0.1       |
| 2021-22 | 0.1  | 0.1       | 0.1    | 0.1       | 0.1  | 0.1       |
| 2022-23 | 0.1  | 0.1       | 0.1    | 0.1       | 0.1  | 0.1       |
| 2023-24 | 0.2  | 0.2       | 0.1    | 0.1       | 0.1  | 0.1       |
| 2024-25 | 0.2  | 0.2       | 0.1    | 0.1       | 0.1  | 0.1       |

| LOCAL   | High  |           | Middle |           | Low   |           |
|---------|-------|-----------|--------|-----------|-------|-----------|
|         | Cash  | Recurring | Cash   | Recurring | Cash  | Recurring |
| 2020-21 | (0.1) | (0.3)     | (0.1)  | (0.2)     | (0.1) | (0.2)     |
| 2021-22 | (0.3) | (0.3)     | (0.2)  | (0.2)     | (0.2) | (0.2)     |
| 2022-23 | (0.5) | (0.5)     | (0.4)  | (0.4)     | (0.4) | (0.4)     |
| 2023-24 | (0.6) | (0.6)     | (0.5)  | (0.5)     | (0.4) | (0.4)     |
| 2024-25 | (0.6) | (0.6)     | (0.5)  | (0.5)     | (0.4) | (0.4)     |

**List of affected Trust Funds:**

General Revenue Fund

Clerk’s Fine and Forfeiture Funds

State Courts Revenue Trust Fund

**Section 5: Consensus Estimate (Adopted: 02/14/2020): The Conference adopted the high estimate.**

|         | GR   |           | Trust |           | Local/Other |           | Total |           |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | 0.2  | 0.4       | 0.0   | 0.1       | (0.1)       | (0.3)     | 0.1   | 0.2       |
| 2021-22 | 0.4  | 0.4       | 0.1   | 0.1       | (0.3)       | (0.3)     | 0.2   | 0.2       |
| 2022-23 | 0.6  | 0.6       | 0.1   | 0.1       | (0.5)       | (0.5)     | 0.2   | 0.2       |
| 2023-24 | 0.8  | 0.8       | 0.2   | 0.2       | (0.6)       | (0.6)     | 0.4   | 0.4       |
| 2024-25 | 0.8  | 0.8       | 0.2   | 0.2       | (0.6)       | (0.6)     | 0.4   | 0.4       |



|    | A  | B                         | C                 | D                  | E                                    | F                           | G          | H          | I            | J          | K          |
|----|--|---------------------------|-------------------|--------------------|--------------------------------------|-----------------------------|------------|------------|--------------|------------|------------|
| 1  | <b>HB 7059 Appellate Court Filing Fees</b>                 |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 2  | <b>Assumptions (based on FY 2018-19)</b>                   |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 3  |  | \$295 filing fee          | % of Total        |                    |                                      |                             |            |            |              |            |            |
| 4  | County   | \$ 61,990,086             | 40.6%             |                    |                                      |                             |            |            |              |            |            |
| 5  | Circuit  | \$ 90,657,463             | 59.4%             |                    |                                      |                             |            |            |              |            |            |
| 6  | Total  | \$ 152,647,550            |                   |                    |                                      |                             |            |            |              |            |            |
| 7  |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 8  | <b>Appellate Fee History</b>                               |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 9  |  | \$80 to GR/Clerks         | Fee Amount        | Total Transactions | 40.6% Circuit Court                  |                             |            |            |              |            |            |
| 10 | 2014-15  | \$ 562,696                | \$ 80             | 7,034              | 2,856                                |                             |            |            |              |            |            |
| 11 | 2015-16  | \$ 533,313                | \$ 80             | 6,666              | 2,707                                |                             |            |            |              |            |            |
| 12 | 2016-17  | \$ 509,589                | \$ 80             | 6,370              | 2,587                                |                             |            |            |              |            |            |
| 13 | 2017-18*   | \$ 379,613                | \$ 80             | 4,745              | 1,927                                |                             |            |            |              |            |            |
| 14 | 2018-19  | \$ 318,859                | \$ 80             | 3,986              | 1,619                                |                             |            |            |              |            |            |
| 15 | *80 fee shifted from GR to Clerks                          |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 16 |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 17 | <b>Jurisdiction Shift per 2019 HB 337</b>                  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 18 |  | \$195 Nonforeclosure      | \$195 Foreclosure | Shifted Filings    | Shifted Appeals (3.4%)               |                             |            |            |              |            |            |
| 19 | 2022-23  | \$ 4,773,986              | \$ 1,576,734      | 32,568             | 1,107                                |                             |            |            |              |            |            |
| 20 | 2023-24  | \$ 7,130,814              | \$ 2,435,630      | 49,059             | 1,668                                |                             |            |            |              |            |            |
| 21 | 2024-25  | \$ 7,029,974              | \$ 2,457,725      | 48,655             | 1,654                                |                             |            |            |              |            |            |
| 22 |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 23 | <b>Forecasted Appeals to Circuit Court</b>                 |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 24 |  | Clerk's F&FF Other 142.02 | Growth Rate       | Transactions       | Plus Shifted Appeals per 2019 HB 337 | Total Circuit Court Appeals |            |            |              |            |            |
| 25 | 2019-20  | \$ 267,900,000            | 0.0%              | 1,619              |                                      |                             |            |            |              |            |            |
| 26 | 2020-21  | \$ 268,500,000            | 0.2%              | 1,622              |                                      | 1,622                       |            |            |              |            |            |
| 27 | 2021-22  | \$ 268,900,000            | 0.1%              | 1,625              |                                      | 1,625                       |            |            |              |            |            |
| 28 | 2022-23  | \$ 269,500,000            | 0.2%              | 1,628              | 1,107                                | 2,736                       |            |            |              |            |            |
| 29 | 2023-24  | \$ 270,000,000            | 0.2%              | 1,631              | 1,668                                | 3,299                       |            |            |              |            |            |
| 30 | 2024-25  | \$ 270,600,000            | 0.2%              | 1,635              | 1,654                                | 3,289                       |            |            |              |            |            |
| 31 |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 32 | <b>High Analysis (assumes 95% of cases shift to DCA)</b>   |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 33 |  |                           | Current           |                    |                                      | New                         |            |            | Difference   |            |            |
| 34 |  | # of cases Shifting       | Clerks \$260      | GR \$20            | SCRTF \$1                            | Clerks \$80                 | GR \$270   | SCRTF \$50 | Clerks       | GR         | SCRTF      |
| 35 | 2020-21  | 1,541                     | \$ 400,691        | \$ 30,822          | \$ 1,541                             | \$ 123,290                  | \$ 416,102 | \$ 77,056  | \$ (277,401) | \$ 385,280 | \$ 75,515  |
| 36 | 2021-22  | 1,543                     | \$ 401,288        | \$ 30,868          | \$ 1,543                             | \$ 123,473                  | \$ 416,722 | \$ 77,171  | \$ (277,815) | \$ 385,854 | \$ 75,627  |
| 37 | 2022-23  | 2,599                     | \$ 675,688        | \$ 51,976          | \$ 2,599                             | \$ 207,904                  | \$ 701,676 | \$ 129,940 | \$ (467,784) | \$ 649,700 | \$ 127,341 |
| 38 | 2023-24  | 3,134                     | \$ 814,924        | \$ 62,686          | \$ 3,134                             | \$ 250,746                  | \$ 846,268 | \$ 156,716 | \$ (564,178) | \$ 783,581 | \$ 153,582 |
| 39 | 2024-25  | 3,125                     | \$ 812,428        | \$ 62,494          | \$ 3,125                             | \$ 249,978                  | \$ 843,676 | \$ 156,236 | \$ (562,450) | \$ 781,181 | \$ 153,112 |
| 40 |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 41 | <b>Middle Analysis (assumes 85% of cases shift to DCA)</b> |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 42 |  |                           | Current           |                    |                                      | New                         |            |            | Difference   |            |            |
| 43 |  | # of cases Shifting       | Clerks \$260      | GR \$20            | SCRTF \$1                            | Clerks \$80                 | GR \$270   | SCRTF \$50 | Clerks       | GR         | SCRTF      |
| 44 | 2020-21  | 1,379                     | \$ 358,513        | \$ 27,578          | \$ 1,379                             | \$ 110,312                  | \$ 372,302 | \$ 68,945  | \$ (248,201) | \$ 344,724 | \$ 67,566  |
| 45 | 2021-22  | 1,381                     | \$ 359,047        | \$ 27,619          | \$ 1,381                             | \$ 110,476                  | \$ 372,857 | \$ 69,048  | \$ (248,571) | \$ 345,238 | \$ 67,667  |
| 46 | 2022-23  | 2,325                     | \$ 604,563        | \$ 46,505          | \$ 2,325                             | \$ 186,019                  | \$ 627,815 | \$ 116,262 | \$ (418,543) | \$ 581,310 | \$ 113,937 |
| 47 | 2023-24  | 2,804                     | \$ 729,143        | \$ 56,088          | \$ 2,804                             | \$ 224,352                  | \$ 757,187 | \$ 140,220 | \$ (504,791) | \$ 701,099 | \$ 137,415 |
| 48 | 2024-25  | 2,796                     | \$ 726,910        | \$ 55,916          | \$ 2,796                             | \$ 223,665                  | \$ 754,868 | \$ 139,790 | \$ (503,245) | \$ 698,952 | \$ 136,995 |
| 49 |  |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 50 | <b>Low Analysis (assumes 75% of cases shift to DCA)</b>    |                           |                   |                    |                                      |                             |            |            |              |            |            |
| 51 |  |                           | Current           |                    |                                      | New                         |            |            | Difference   |            |            |
| 52 |  | # of cases Shifting       | Clerks \$260      | GR \$20            | SCRTF \$1                            | Clerks \$80                 | GR \$270   | SCRTF \$50 | Clerks       | GR         | SCRTF      |
| 53 | 2020-21  | 1,217                     | \$ 316,335        | \$ 24,333          | \$ 1,217                             | \$ 97,334                   | \$ 328,502 | \$ 60,834  | \$ (219,001) | \$ 304,168 | \$ 59,617  |
| 54 | 2021-22  | 1,218                     | \$ 316,806        | \$ 24,370          | \$ 1,218                             | \$ 97,479                   | \$ 328,991 | \$ 60,924  | \$ (219,327) | \$ 304,621 | \$ 59,706  |
| 55 | 2022-23  | 2,052                     | \$ 533,438        | \$ 41,034          | \$ 2,052                             | \$ 164,135                  | \$ 553,955 | \$ 102,584 | \$ (369,303) | \$ 512,921 | \$ 100,532 |
| 56 | 2023-24  | 2,474                     | \$ 643,361        | \$ 49,489          | \$ 2,474                             | \$ 197,957                  | \$ 668,106 | \$ 123,723 | \$ (445,404) | \$ 618,617 | \$ 121,249 |
| 57 | 2024-25  | 2,467                     | \$ 641,391        | \$ 49,338          | \$ 2,467                             | \$ 197,351                  | \$ 666,060 | \$ 123,344 | \$ (444,040) | \$ 616,722 | \$ 120,878 |

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Aviation Fuel Tax

**Issue:** Increase Refund to 2.38 Cents per gallon

**Bill Number(s):** Proposed Language

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Proposed Bill

**Month/Year Impact Begins:** 07/01/2020

**Date of Analysis:** 02/14/2020

**Section 1: Narrative**

- a. **Current Law:** Section 206.9826, F.S. provides that an air carrier conducting scheduled operations or all-cargo operations that are authorized under 14 C.F.A. part 129, or 14 C.F.A. part 135, is entitled to receive a refund of 1.42 cents per gallon from the 4.27 cents per gallons aviation fuel excise tax. This refund, when added to the refunds granted per section 206.9855, F.S., may not exceed 4.27 cents per gallon.
- b. **Proposed Change:** Section 206.9826, F.S. is revised so that the aviation fuel tax refund is increased from 1.42 cents per gallon to 2.38 cents per gallon.

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

01/10/20 Transportation Revenue Estimating Conference

Phone and e-mail contact with staff from Florida DOR

Revenue Estimating Conference Impact for CS HB 7087 prepared 05/03/2018

Select taxpayer data from Florida DOR

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

The aviation fuel tax refund rate increase will result in revenue loss to the State Transportation Trust Fund and the General Revenue Fund via the 8% GR service charge. The current forecast of these amounts was retrieved directly from the latest Transportation REC. In both scenarios, the unadjusted new refund amount was calculated by increasing the portion section 206.9826, F.S. refunds represents of currently forecasted refunds, calculated by using the FY 2020-21 percentage of 206.9826, F.S. refunds from the Revenue Estimating Conference Impact for CS HB 7087 prepared 05/03/2018, which was then grown by the growth rate for aviation fuel tax refunds from the latest Transportation REC. Because the 206.9826, F.S. refunds are increased and the remaining share of refunds are mostly comprised of the workforce tax credit and thus are not effected by level of activity, excise rate, or refund rate changes, the total unadjusted amount refundable would exceed the gross collections in many cases. However, section 206.9826, F.S. currently states that refunds under this section, when added to refunds provided under section 206.9855, F.S., cannot exceed the current tax rate of 4.27 cents per gallon. This provision capping section 206.9826 F.S. refunds, coupled with the assumption that 5% of taxpayers do not qualify for refunds per section 206.9826, F.S., prevents refunds from completely exceeding gross collections throughout the horizon. In addition, market share for the workforce tax credits could cause larger taxpayers to reach the refund cap earlier, resulting in a lower negative impact. Fiscal 2019 gallons and workforce credit data were provided by DOR for selected taxpayers. Four taxpayers were analyzed. Of the four, two taxpayers had refunds exceed the collections thresholds by varying degrees. The high scenario adjusts refunds for the average amount of refunds unrealized for the taxpayers observed. The low scenario uses the same average weighted for taxpayer size.

The FY 2020-21 cash impact was adjusted for the four month lag in refunds in both scenarios.

**Section 4: Proposed Fiscal Impact**

| GR      | High  |           | Middle |           | Low   |           |
|---------|-------|-----------|--------|-----------|-------|-----------|
|         | Cash  | Recurring | Cash   | Recurring | Cash  | Recurring |
| 2020-21 | (0.3) | (0.5)     |        |           | (0.3) | (0.4)     |
| 2021-22 | (0.5) | (0.5)     |        |           | (0.4) | (0.4)     |
| 2022-23 | (0.5) | (0.5)     |        |           | (0.5) | (0.5)     |
| 2023-24 | (0.6) | (0.6)     |        |           | (0.5) | (0.5)     |
| 2024-25 | (0.5) | (0.5)     |        |           | (0.4) | (0.4)     |

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Aviation Fuel Tax

**Issue:** Increase Refund to 2.38 Cents per gallon

**Bill Number(s):** Proposed Language

| Trust   | High  |           | Middle |           | Low   |           |
|---------|-------|-----------|--------|-----------|-------|-----------|
|         | Cash  | Recurring | Cash   | Recurring | Cash  | Recurring |
| 2020-21 | (3.8) | (5.7)     |        |           | (3.2) | (4.8)     |
| 2021-22 | (5.9) | (5.9)     |        |           | (5.0) | (5.0)     |
| 2022-23 | (6.1) | (6.1)     |        |           | (5.1) | (5.1)     |
| 2023-24 | (6.2) | (6.2)     |        |           | (5.2) | (5.2)     |
| 2024-25 | (6.4) | (6.4)     |        |           | (5.5) | (5.5)     |

**List of affected Trust Funds:**

General Revenue Fund

State Transportation Trust Fund

**Section 5: Consensus Estimate (Adopted: 02/14/2020): The Conference adopted the low estimate.**

|         | GR    |           | Trust |           | Local/Other |           | Total |           |
|---------|-------|-----------|-------|-----------|-------------|-----------|-------|-----------|
|         | Cash  | Recurring | Cash  | Recurring | Cash        | Recurring | Cash  | Recurring |
| 2020-21 | (0.3) | (0.4)     | (3.2) | (4.8)     | 0.0         | 0.0       | (3.5) | (5.2)     |
| 2021-22 | (0.4) | (0.4)     | (5.0) | (5.0)     | 0.0         | 0.0       | (5.4) | (5.4)     |
| 2022-23 | (0.5) | (0.5)     | (5.1) | (5.1)     | 0.0         | 0.0       | (5.6) | (5.6)     |
| 2023-24 | (0.5) | (0.5)     | (5.2) | (5.2)     | 0.0         | 0.0       | (5.7) | (5.7)     |
| 2024-25 | (0.4) | (0.4)     | (5.5) | (5.5)     | 0.0         | 0.0       | (5.9) | (5.9)     |

|    | A                                  | B                            | C   | D              | E                                       | F                        | G                              | H        | I                         | J | K                             | L                                      | M                            |
|----|------------------------------------|------------------------------|---|----------------|---|--------------------------|--------------------------------|----------|---------------------------|---|-------------------------------|--|------------------------------|
| 1  | <b>Handout - Taxpayer Examples</b> |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 2  |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 3  | <b>Taxpayer Example #1</b>         |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 4  |                                    | Gallons                      | Gross Collections @ 4.27 cents per gallon | Wage Refund    | Refund @ 2.38 cents per gallon          | Total Unadjusted Refunds | Gross Collections Plus Refunds | Hit Cap? | % of Refunds Not Realized |   | Aviation Gallons Growth Rates | Aviation Gallons Growth Rates SFY 2022 | FEEC Employment Growth Rates |
| 5  |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 6  |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 7  | SFY 2019                           | 255,666,058                  |   | \$ (7,263,120) |   |                          |                                |          |                           |   |                               |  |                              |
| 8  |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 9  | SFY 2020                           | 259,117,696                  |   | \$ (7,454,558) |   |                          |                                |          |                           |   |                               | 1.35%                                  | 2.64%                        |
| 10 | SFY 2021                           | 259,117,696                  | \$ 11,064,326                             | \$ (7,590,693) | \$ (6,167,001)                          | \$ (13,757,694)          | \$ (2,693,368.5)               | Yes      | 20%                       |   |                               | 1.35%                                  | 1.83%                        |
| 11 | SFY 2022                           | 262,615,933                  | \$ 11,213,700                             | \$ (7,691,414) | \$ (6,250,259)                          | \$ (13,941,673)          | \$ (2,727,972.8)               | Yes      | 20%                       |   | 1.35%                         |  | 1.33%                        |
| 12 | SFY 2023                           | 266,108,925                  | \$ 11,362,851                             | \$ (7,765,328) | \$ (6,333,392)                          | \$ (14,098,720)          | \$ (2,735,869.0)               | Yes      | 19%                       |   | 1.33%                         |  | 0.96%                        |
| 13 | SFY 2024                           | 269,568,427                  | \$ 11,510,572                             | \$ (7,819,164) | \$ (6,415,729)                          | \$ (14,234,893)          | \$ (2,724,320.7)               | Yes      | 19%                       |   | 1.30%                         |  | 0.69%                        |
| 14 | SFY 2025                           | 273,070,102                  | \$ 11,660,093                             | \$ (7,883,884) | \$ (6,499,068)                          | \$ (14,382,953)          | \$ (2,722,859.5)               | Yes      | 19%                       |   | 1.30%                         |  | 0.83%                        |
| 15 | SFY 2026                           | 276,565,305                  | \$ 11,809,339                             | \$ (7,963,564) | \$ (6,582,254)                          | \$ (14,545,818)          | \$ (2,736,479.4)               | Yes      | 19%                       |   | 1.28%                         |  | 1.01%                        |
| 16 | SFY 2027                           | 280,133,144                  | \$ 11,961,685                             | \$ (8,053,506) | \$ (6,667,169)                          | \$ (14,720,675)          | \$ (2,758,989.3)               | Yes      | 19%                       |   | 1.29%                         |  | 1.13%                        |
| 17 | SFY 2028                           | 283,718,736                  | \$ 12,114,790                             | \$ (8,152,238) | \$ (6,752,506)                          | \$ (14,904,744)          | \$ (2,789,953.7)               | Yes      | 19%                       |   | 1.28%                         |  | 1.23%                        |
| 18 | SFY 2029                           | 287,322,026                  | \$ 12,268,651                             | \$ (8,256,696) | \$ (6,838,264)                          | \$ (15,094,960)          | \$ (2,826,310.0)               | Yes      | 19%                       |   | 1.27%                         |  | 1.28%                        |
| 19 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 20 | <b>Taxpayer Example #2</b>         |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 21 |                                    | Gallons                      | Gross Collections @ 4.27 cents per gallon | Wage Refund    | Refund @ 2.38 cents per gallon          | Total Unadjusted Refunds | Gross Collections Plus Refunds | Hit Cap? | % of Refunds Not Realized |   | Aviation Gallons Growth Rates | Aviation Gallons Growth Rates SFY 2022 | FEEC Employment Growth Rates |
| 22 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 23 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 24 | SFY 2019                           | 146,966,066                  |   | \$ (1,401,901) |   |                          |                                |          |                           |   |                               |  |                              |
| 25 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 26 | SFY 2020                           | 148,950,192                  |   | \$ (1,438,852) |   |                          |                                |          |                           |   |                               | 1.35%                                  | 2.64%                        |
| 27 | SFY 2021                           | 148,950,192                  | \$ 6,360,173                              | \$ (1,465,128) | \$ (3,545,015)                          | \$ (5,010,142)           | \$ 1,350,030.7                 | No       | 0%                        |   |                               | 1.35%                                  | 1.83%                        |
| 28 | SFY 2022                           | 150,961,105                  | \$ 6,446,039                              | \$ (1,484,569) | \$ (3,592,874)                          | \$ (5,077,443)           | \$ 1,368,596.2                 | No       | 0%                        |   | 1.35%                         |  | 1.33%                        |
| 29 | SFY 2023                           | 152,969,002                  | \$ 6,531,776                              | \$ (1,498,835) | \$ (3,640,662)                          | \$ (5,139,498)           | \$ 1,392,278.9                 | No       | 0%                        |   | 1.33%                         |  | 0.96%                        |
| 30 | SFY 2024                           | 154,957,649                  | \$ 6,616,692                              | \$ (1,509,227) | \$ (3,687,992)                          | \$ (5,197,219)           | \$ 1,419,473.0                 | No       | 0%                        |   | 1.30%                         |  | 0.69%                        |
| 31 | SFY 2025                           | 156,970,538                  | \$ 6,702,642                              | \$ (1,521,719) | \$ (3,735,899)                          | \$ (5,257,617)           | \$ 1,445,024.5                 | No       | 0%                        |   | 1.30%                         |  | 0.83%                        |
| 32 | SFY 2026                           | 158,979,707                  | \$ 6,788,433                              | \$ (1,537,098) | \$ (3,783,717)                          | \$ (5,320,815)           | \$ 1,467,618.4                 | No       | 0%                        |   | 1.28%                         |  | 1.01%                        |
| 33 | SFY 2027                           | 161,030,629                  | \$ 6,876,008                              | \$ (1,554,458) | \$ (3,832,529)                          | \$ (5,386,987)           | \$ 1,489,020.5                 | No       | 0%                        |   | 1.29%                         |  | 1.13%                        |
| 34 | SFY 2028                           | 163,091,757                  | \$ 6,964,018                              | \$ (1,573,515) | \$ (3,881,584)                          | \$ (5,455,099)           | \$ 1,508,918.9                 | No       | 0%                        |   | 1.28%                         |  | 1.23%                        |
| 35 | SFY 2029                           | 165,163,058                  | \$ 7,052,463                              | \$ (1,593,677) | \$ (3,930,881)                          | \$ (5,524,558)           | \$ 1,527,904.3                 | No       | 0%                        |   | 1.27%                         |  | 1.28%                        |
| 36 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 37 | <b>Taxpayer Example #3</b>         |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 38 |                                    | Gallons                      | Gross Collections @ 4.27 cents per gallon | Wage Refund    | Refund @ 2.38 cents per gallon          | Total Unadjusted Refunds | Gross Collections Plus Refunds | Hit Cap? | % of Refunds Not Realized |   | Aviation Gallons Growth Rates | Aviation Gallons Growth Rates SFY 2022 | FEEC Employment Growth Rates |
| 39 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 40 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 41 | SFY 2019                           | 12,570,656                   |   | \$ (382,722)   |   |                          |                                |          |                           |   |                               |  |                              |
| 42 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 43 | SFY 2020                           | 12,740,367                   |   | \$ (392,810)   |   |                          |                                |          |                           |   |                               | 1.35%                                  | 2.64%                        |
| 44 | SFY 2021                           | 12,740,367                   | \$ 544,014                                | \$ (399,984)   | \$ (303,221)                            | \$ (703,204)             | \$ (159,190.6)                 | Yes      | 23%                       |   |                               | 1.35%                                  | 1.83%                        |
| 45 | SFY 2022                           | 12,912,369                   | \$ 551,358                                | \$ (405,291)   | \$ (307,314)                            | \$ (712,605)             | \$ (161,247.1)                 | Yes      | 23%                       |   | 1.35%                         |  | 1.33%                        |
| 46 | SFY 2023                           | 13,084,114                   | \$ 558,692                                | \$ (409,186)   | \$ (311,402)                            | \$ (720,588)             | \$ (161,895.9)                 | Yes      | 22%                       |   | 1.33%                         |  | 0.96%                        |
| 47 | SFY 2024                           | 13,254,211                   | \$ 565,955                                | \$ (412,023)   | \$ (315,450)                            | \$ (727,473)             | \$ (161,517.9)                 | Yes      | 22%                       |   | 1.30%                         |  | 0.69%                        |
| 48 | SFY 2025                           | 13,426,383                   | \$ 573,307                                | \$ (415,433)   | \$ (319,548)                            | \$ (734,981)             | \$ (161,674.3)                 | Yes      | 22%                       |   | 1.30%                         |  | 0.83%                        |
| 49 | SFY 2026                           | 13,598,236                   | \$ 580,645                                | \$ (419,632)   | \$ (323,638)                            | \$ (743,270)             | \$ (162,624.9)                 | Yes      | 22%                       |   | 1.28%                         |  | 1.01%                        |
| 50 | SFY 2027                           | 13,773,660                   | \$ 588,135                                | \$ (424,371)   | \$ (327,813)                            | \$ (752,184)             | \$ (164,048.8)                 | Yes      | 22%                       |   | 1.29%                         |  | 1.13%                        |
| 51 | SFY 2028                           | 13,949,957                   | \$ 595,663                                | \$ (429,574)   | \$ (332,009)                            | \$ (761,582)             | \$ (165,919.3)                 | Yes      | 22%                       |   | 1.28%                         |  | 1.23%                        |
| 52 | SFY 2029                           | 14,127,125                   | \$ 603,228                                | \$ (435,078)   | \$ (336,226)                            | \$ (771,303)             | \$ (168,075.2)                 | Yes      | 22%                       |   | 1.27%                         |  | 1.28%                        |
| 53 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 54 | <b>Taxpayer Example #4</b>         |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 55 |                                    | Gallons                      | Gross Collections @ 4.27 cents per gallon | Wage Refund    | Refund @ 2.38 cents per gallon          | Total Unadjusted Refunds | Gross Collections Plus Refunds | Hit Cap? | % of Refunds Not Realized |   | Aviation Gallons Growth Rates | Aviation Gallons Growth Rates SFY 2022 | FEEC Employment Growth Rates |
| 56 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 57 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 58 | SFY 2019                           | 5,093,440                    |   | \$ (76,635)    |   |                          |                                |          |                           |   |                               |  |                              |
| 59 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 60 | SFY 2020                           | 5,162,204                    |   | \$ (78,655)    |   |                          |                                |          |                           |   |                               | 1.35%                                  | 2.64%                        |
| 61 | SFY 2021                           | 5,162,204                    | \$ 220,426                                | \$ (80,091)    | \$ (122,860)                            | \$ (202,951)             | \$ 17,474.8                    | No       | 0%                        |   |                               | 1.35%                                  | 1.83%                        |
| 62 | SFY 2022                           | 5,231,897                    | \$ 223,402                                | \$ (81,154)    | \$ (124,519)                            | \$ (205,673)             | \$ 17,729.2                    | No       | 0%                        |   | 1.35%                         |  | 1.33%                        |
| 63 | SFY 2023                           | 5,301,485                    | \$ 226,373                                | \$ (81,934)    | \$ (126,175)                            | \$ (208,109)             | \$ 18,264.6                    | No       | 0%                        |   | 1.33%                         |  | 0.96%                        |
| 64 | SFY 2024                           | 5,370,406                    | \$ 229,316                                | \$ (82,502)    | \$ (127,816)                            | \$ (210,317)             | \$ 18,999.1                    | No       | 0%                        |   | 1.30%                         |  | 0.69%                        |
| 65 | SFY 2025                           | 5,440,168                    | \$ 232,295                                | \$ (83,184)    | \$ (129,476)                            | \$ (212,660)             | \$ 19,634.7                    | No       | 0%                        |   | 1.30%                         |  | 0.83%                        |
| 66 | SFY 2026                           | 5,509,800                    | \$ 235,268                                | \$ (84,025)    | \$ (131,133)                            | \$ (215,158)             | \$ 20,110.1                    | No       | 0%                        |   | 1.28%                         |  | 1.01%                        |
| 67 | SFY 2027                           | 5,580,879                    | \$ 238,304                                | \$ (84,974)    | \$ (132,825)                            | \$ (217,799)             | \$ 20,504.5                    | No       | 0%                        |   | 1.29%                         |  | 1.13%                        |
| 68 | SFY 2028                           | 5,652,312                    | \$ 241,354                                | \$ (86,016)    | \$ (134,525)                            | \$ (220,541)             | \$ 20,812.8                    | No       | 0%                        |   | 1.28%                         |  | 1.23%                        |
| 69 | SFY 2029                           | 5,724,098                    | \$ 244,419                                | \$ (87,118)    | \$ (136,234)                            | \$ (223,352)             | \$ 21,067.4                    | No       | 0%                        |   | 1.27%                         |  | 1.28%                        |
| 70 |                                    |                              |   |                |   |                          |                                |          |                           |   |                               |  |                              |
| 71 |                                    | Average Refund Not Realized: |   | 10%            | Average Refund Not Realized (Weighted): |                          |                                | 12%      |                           |   |                               |  |                              |

|    | A  | B                 | C                  | D                | E                 | F           | G | H                              | I       | J | K                            |
|----|--|-------------------|--------------------|------------------|-------------------|-------------|---|--------------------------------|---------|---|------------------------------|
| 1  | <b>Proposed Language Aviation Fuel Tax Refund Increase</b>                               |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 2  |  |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 3  | <b>Current Forecast - Aviation Fuel Tax (millions)</b>                                   |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 4  |  |                   |                    |                  |                   |             |   | Refunds Breakdown              |         |   |                              |
| 5  |  | Gross Collections | Refunds            | DOR Admin Charge | GR Service Charge | Net to STTF |   | 206.9826                       | Other   |   | Aviation Refund Growth Rates |
| 6  | SFY 2021   | \$ 54.8           | \$ 38.0            | \$ 0.2           | \$ 1.3            | \$ 15.3     |   | \$ 16.7                        | \$ 21.3 |   |                              |
| 7  | SFY 2022   | \$ 55.6           | \$ 39.0            | \$ 0.2           | \$ 1.3            | \$ 15.1     |   | \$ 17.2                        | \$ 21.8 |   | 2.63%                        |
| 8  | SFY 2023   | \$ 56.3           | \$ 40.1            | \$ 0.2           | \$ 1.3            | \$ 14.7     |   | \$ 17.6                        | \$ 22.5 |   | 2.82%                        |
| 9  | SFY 2024   | \$ 57.1           | \$ 41.2            | \$ 0.2           | \$ 1.3            | \$ 14.4     |   | \$ 18.1                        | \$ 23.1 |   | 2.74%                        |
| 10 | SFY 2025   | \$ 57.8           | \$ 42.3            | \$ 0.2           | \$ 1.2            | \$ 14.1     |   | \$ 18.6                        | \$ 23.7 |   | 2.67%                        |
| 11 | SFY 2026   | \$ 58.5           | \$ 43.5            | \$ 0.2           | \$ 1.2            | \$ 13.6     |   | \$ 19.1                        | \$ 24.4 |   | 2.84%                        |
| 12 | SFY 2027   | \$ 59.3           | \$ 44.7            | \$ 0.2           | \$ 1.2            | \$ 13.2     |   | \$ 19.7                        | \$ 25.0 |   | 2.76%                        |
| 13 | SFY 2028   | \$ 60.1           | \$ 46.0            | \$ 0.2           | \$ 1.1            | \$ 12.8     |   | \$ 20.2                        | \$ 25.8 |   | 2.91%                        |
| 14 | SFY 2029   | \$ 60.8           | \$ 47.3            | \$ 0.2           | \$ 1.1            | \$ 12.2     |   | \$ 20.8                        | \$ 26.5 |   | 2.83%                        |
| 15 |  |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 16 | <b>High Scenario New Forecast - Aviation Fuel Tax (millions) (unweighted adjustment)</b> |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 17 |  |                   |                    |                  |                   |             |   | Refunds Breakdown (unadjusted) |         |   |                              |
| 18 |  | Gross Collections | Refunds (adjusted) | DOR Admin Charge | GR Service Charge | Net to STTF |   | 206.9826                       | Other   |   |                              |
| 19 | SFY 2021 (cash)  | \$ 54.8           | \$ 42.1            | \$ 0.2           | \$ 1.0            | \$ 11.5     |   | \$ 24.2                        | \$ 21.3 |   |                              |
| 20 | SFY 2021 (recurring)   | \$ 54.8           | \$ 44.2            | \$ 0.2           | \$ 0.8            | \$ 9.6      |   | \$ 28.0                        | \$ 21.3 |   |                              |
| 21 | SFY 2022   | \$ 55.6           | \$ 45.4            | \$ 0.2           | \$ 0.8            | \$ 9.2      |   | \$ 28.8                        | \$ 21.8 |   |                              |
| 22 | SFY 2023   | \$ 56.3           | \$ 46.7            | \$ 0.2           | \$ 0.8            | \$ 8.6      |   | \$ 29.6                        | \$ 22.5 |   |                              |
| 23 | SFY 2024   | \$ 57.1           | \$ 48.0            | \$ 0.2           | \$ 0.7            | \$ 8.2      |   | \$ 30.4                        | \$ 23.1 |   |                              |
| 24 | SFY 2025   | \$ 57.8           | \$ 49.2            | \$ 0.2           | \$ 0.7            | \$ 7.7      |   | \$ 31.2                        | \$ 23.7 |   |                              |
| 25 | SFY 2026   | \$ 58.5           | \$ 50.6            | \$ 0.2           | \$ 0.6            | \$ 7.1      |   | \$ 32.1                        | \$ 24.4 |   |                              |
| 26 | SFY 2027   | \$ 59.3           | \$ 52.1            | \$ 0.2           | \$ 0.6            | \$ 6.4      |   | \$ 33.0                        | \$ 25.0 |   |                              |
| 27 | SFY 2028   | \$ 60.1           | \$ 53.5            | \$ 0.2           | \$ 0.5            | \$ 5.9      |   | \$ 33.9                        | \$ 25.8 |   |                              |
| 28 | SFY 2029   | \$ 60.8           | \$ 55.1            | \$ 0.2           | \$ 0.4            | \$ 5.1      |   | \$ 34.9                        | \$ 26.5 |   |                              |
| 29 |  |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 30 | <b>High Scenario Impact - Aviation Fuel Refund Rate Increase</b>                         |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 31 |  | Total             | GR                 | Trust            | Local             |             |   |                                |         |   |                              |
| 32 | SFY 2021 (cash)  | \$ (4.1)          | \$ (0.3)           | \$ (3.8)         | \$ -              |             |   |                                |         |   |                              |
| 33 | SFY 2021 (recurring)   | \$ (6.2)          | \$ (0.5)           | \$ (5.7)         | \$ -              |             |   |                                |         |   |                              |
| 34 | SFY 2022   | \$ (6.4)          | \$ (0.5)           | \$ (5.9)         | \$ -              |             |   |                                |         |   |                              |
| 35 | SFY 2023   | \$ (6.6)          | \$ (0.5)           | \$ (6.1)         | \$ -              |             |   |                                |         |   |                              |
| 36 | SFY 2024   | \$ (6.8)          | \$ (0.6)           | \$ (6.2)         | \$ -              |             |   |                                |         |   |                              |
| 37 | SFY 2025   | \$ (6.9)          | \$ (0.5)           | \$ (6.4)         | \$ -              |             |   |                                |         |   |                              |
| 38 | SFY 2026   | \$ (7.1)          | \$ (0.6)           | \$ (6.5)         | \$ -              |             |   |                                |         |   |                              |
| 39 | SFY 2027   | \$ (7.4)          | \$ (0.6)           | \$ (6.8)         | \$ -              |             |   |                                |         |   |                              |
| 40 | SFY 2028   | \$ (7.5)          | \$ (0.6)           | \$ (6.9)         | \$ -              |             |   |                                |         |   |                              |
| 41 | SFY 2029   | \$ (7.8)          | \$ (0.7)           | \$ (7.1)         | \$ -              |             |   |                                |         |   |                              |
| 42 |  |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 43 | <b>Low Scenario New Forecast - Aviation Fuel Tax (millions) (weighted adjustment)</b>    |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 44 |  |                   |                    |                  |                   |             |   | Refunds Breakdown (unadjusted) |         |   |                              |
| 45 |  | Gross Collections | Refunds (adjusted) | DOR Admin Charge | GR Service Charge | Net to STTF |   | 206.9826                       | Other   |   |                              |
| 46 | SFY 2021 (cash)  | \$ 54.8           | \$ 41.5            | \$ 0.2           | \$ 1.0            | \$ 12.1     |   | \$ 24.2                        | \$ 21.3 |   |                              |
| 47 | SFY 2021 (recurring)   | \$ 54.8           | \$ 43.2            | \$ 0.2           | \$ 0.9            | \$ 10.5     |   | \$ 28.0                        | \$ 21.3 |   |                              |
| 48 | SFY 2022   | \$ 55.6           | \$ 44.4            | \$ 0.2           | \$ 0.9            | \$ 10.1     |   | \$ 28.8                        | \$ 21.8 |   |                              |
| 49 | SFY 2023   | \$ 56.3           | \$ 45.7            | \$ 0.2           | \$ 0.8            | \$ 9.6      |   | \$ 29.6                        | \$ 22.5 |   |                              |
| 50 | SFY 2024   | \$ 57.1           | \$ 46.9            | \$ 0.2           | \$ 0.8            | \$ 9.2      |   | \$ 30.4                        | \$ 23.1 |   |                              |
| 51 | SFY 2025   | \$ 57.8           | \$ 48.2            | \$ 0.2           | \$ 0.8            | \$ 8.6      |   | \$ 31.2                        | \$ 23.7 |   |                              |
| 52 | SFY 2026   | \$ 58.5           | \$ 49.5            | \$ 0.2           | \$ 0.7            | \$ 8.1      |   | \$ 32.1                        | \$ 24.4 |   |                              |
| 53 | SFY 2027   | \$ 59.3           | \$ 50.9            | \$ 0.2           | \$ 0.7            | \$ 7.5      |   | \$ 33.0                        | \$ 25.0 |   |                              |
| 54 | SFY 2028   | \$ 60.1           | \$ 52.3            | \$ 0.2           | \$ 0.6            | \$ 7.0      |   | \$ 33.9                        | \$ 25.8 |   |                              |
| 55 | SFY 2029   | \$ 60.8           | \$ 53.9            | \$ 0.2           | \$ 0.5            | \$ 6.2      |   | \$ 34.9                        | \$ 26.5 |   |                              |
| 56 |  |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 57 | <b>Low Scenario Impact - Aviation Fuel Refund Rate Increase</b>                          |                   |                    |                  |                   |             |   |                                |         |   |                              |
| 58 |  | Total             | GR                 | Trust            | Local             |             |   |                                |         |   |                              |
| 59 | SFY 2021 (cash)  | \$ (3.5)          | \$ (0.3)           | \$ (3.2)         | \$ -              |             |   |                                |         |   |                              |
| 60 | SFY 2021 (recurring)   | \$ (5.2)          | \$ (0.4)           | \$ (4.8)         | \$ -              |             |   |                                |         |   |                              |
| 61 | SFY 2022   | \$ (5.4)          | \$ (0.4)           | \$ (5.0)         | \$ -              |             |   |                                |         |   |                              |
| 62 | SFY 2023   | \$ (5.6)          | \$ (0.5)           | \$ (5.1)         | \$ -              |             |   |                                |         |   |                              |
| 63 | SFY 2024   | \$ (5.7)          | \$ (0.5)           | \$ (5.2)         | \$ -              |             |   |                                |         |   |                              |
| 64 | SFY 2025   | \$ (5.9)          | \$ (0.4)           | \$ (5.5)         | \$ -              |             |   |                                |         |   |                              |
| 65 | SFY 2026   | \$ (6.0)          | \$ (0.5)           | \$ (5.5)         | \$ -              |             |   |                                |         |   |                              |
| 66 | SFY 2027   | \$ (6.2)          | \$ (0.5)           | \$ (5.7)         | \$ -              |             |   |                                |         |   |                              |
| 67 | SFY 2028   | \$ (6.3)          | \$ (0.5)           | \$ (5.8)         | \$ -              |             |   |                                |         |   |                              |
| 68 | SFY 2029   | \$ (6.6)          | \$ (0.6)           | \$ (6.0)         | \$ -              |             |   |                                |         |   |                              |