

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes

Issue: Home Book Delivery for Elementary Students

Bill Number(s): CS/CS/HB 3

Entire Bill

Partial Bill:

Sponsor(s): Representative Trabulsy

Month/Year Impact Begins: Bill is effective upon becoming law

Date of Analysis: April 23, 2021

Section 1: Narrative

a. Current Law:

The *Florida Tax Credit Scholarship Program* (FTC) was established in 2001 through the provision of tax credits to corporate income taxpayers that contribute money to nonprofit Scholarship-Funding Organizations (SFOs). The SFOs award scholarships to students, with the greatest benefit going to families with limited financial resources. In 2009, the program was expanded to provide credits against the insurance premium tax. In 2010, the program was expanded again to provide tax credits against severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits. The applicable authorizing statutes are:

- s. 211.0251, F.S., for Severance Taxes on oil and gas
- s. 212.1831, F.S., for Sales and Use Taxes due from direct pay permit holders
- s. 220.1875, F.S., for Corporate Income Tax
- s. 561.1211, F.S., for Beverage Taxes on malt, wine, and liquor
- s. 624.51055, F.S., for Insurance Premium Tax

For Fiscal Year 2020-21, the maximum allocation of credits authorized under the FTC program is \$873.6 million. The Revenue Estimating Conference assumes that the annual cap will remain at this level throughout the forecast by projecting that the approved annual credits stay below the 90 percent threshold needed to achieve the next increment of 25 percent growth. The current projections start at \$720.4 million in Fiscal Year 2020-21 and gradually increase to \$762.6 million in Fiscal Year 2025-26, achieving only 87.5 percent of the effective cap at the end of the forecast. The Fiscal Year 2020-21 level is likely atypically suppressed due to the economic effects of the pandemic.

More recently, CS/HB 7055 became law on March 12, 2018 (Ch. 2018-6, L.O.F.). Section 3 of the bill created s. 212.1832, Florida Statutes, entitled "Credit for Contributions to the Hope Scholarship Program." The program's intent is to give the purchaser of a motor vehicle "...a credit of 100 percent of an eligible contribution made to an eligible nonprofit scholarship-funding organization under s. 1002.40 against any tax imposed by the state and collected from the purchaser by a dealer, designated agent, or private tag agent as a result of the purchase or acquisition of a motor vehicle on or after October 1, 2018." The credit may not exceed the state tax that is actually imposed and is further limited to a maximum of \$105 per motor vehicle. On behalf of the purchaser, the dealer, designated agent, or private tag agent makes the actual contribution to the SFO and applies the credit as part of its submission of taxes to the state. The current credit estimates range from \$69.6 million in Fiscal Year 2020-21 to \$74.2 million in Fiscal Year 2025-26.

In addition, CS/HB 7055 established a second new program designated as the "Credit for Contributions to Eligible Nonprofit Scholarship Funding Organizations." Any tenant or person occupying, using, or entitled to the use of any property for which the rental or license fee is subject to taxation under s. 212.031, F.S., may receive a credit against the tax imposed under that section that is equal to his or her monetary contribution to an SFO. Total credits are capped at \$57.5 million per year on a first come, first-served basis. The tenant must apply to the Department of Revenue for the desired allocation of credits, by dealer if multiple locations and landlords are involved. The program has had low participation, with comments by interested parties indicating that the program is cumbersome to use. The current credit estimates range from \$0.5 million in Fiscal Year 2020-21 to \$2.0 million in Fiscal Year 2025-26.

Finally, the associated reduction in tax revenue caused by the application of any of the credits described above must be apportioned in its entirety to the General Revenue Fund.

- b. Proposed Change:** The bill creates the New Worlds Reading Initiative, which provides a credit for 100% of an eligible contribution to an administrator which has been designated by the Department of Education (DOE). The administrator must be a state university meeting certain specified criteria. The program provides high-quality, free books to students in kindergarten

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through grade 5 who have substantial reading deficiencies. It authorizes tax credits equal to 100% of the contributions, but capped at \$10 million for FY 2021-22, \$30 million for FY 22-23, and \$50 million thereafter against certain tax liabilities:

- s. 211.02 or s. 211.025 F.S., for Severance Taxes on oil and gas
- s. 212.183, F.S., for Sales and Use Taxes due from direct pay permit holders
- s. 220.13, F.S., for Corporate Income Tax
- s. 561.1211, F.S., for Beverage Taxes on malt, wine, and liquor
- s. 624.51055, F.S., for Insurance Premium Tax

Businesses must apply to DOR beginning October 1, 2021, for an allocation of tax credit. The taxpayer must specify in the application each tax for which the taxpayer requests a credit and the applicable year. The DOR is required to approve the tax credits on a first-come, first serve basis and must obtain the approval of the Division prior to approving an alcoholic beverage tax credit under s. 561.1212, F.S

Section 2: Description of Data and Sources

Adopted SFO Scholarships: <http://edr.state.fl.us/Content/conferences/generalrevenue/grscholarshiptaxcreditestimates.pdf>

Section 3: Methodology (Include Assumptions and Attach Details)

The program creates a new tax credit that is similar to the existing SFO credit by creating s. 1003.485, F.S., under the Department of Education. There are caps on the tax credits of \$10 million in FY 2021-22, \$30 million in FY 22-23, and \$50 million thereafter.

The tax credits could be taken against corporate, beverage, insurance premium tax, and direct pay permits which have liability less than certain specified limitations, some of which are linked to the SFO program. Severance is nearly maxed out. Beverage SFO credits can be taken up to 90% of liability and is currently running at 65%. In addition to available capacity between the two programs, the program may appeal to some who don't currently contribute to the SFO program.

The impact assumes that the program would either appeal to those who are not currently taking credits from the SFO program or become incentivized to increase their overall donations. The programs have different objectives and do not appear to be competing programs, so a cannibalization effect has not been included.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|----------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | (\$10.0) | (\$50.0) | | |
| 2022-23 | | | (\$30.0) | (\$50.0) | | |
| 2023-24 | | | (\$50.0) | (\$50.0) | | |
| 2024-25 | | | (\$50.0) | (\$50.0) | | |
| 2025-26 | | | (\$50.0) | (\$50.0) | | |

List of affected Trust Funds: Beverage, Sales Tax, Corporate and Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|--------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (10.0) | (50.0) | 0.0 | 0.0 | 0.0 | 0.0 | (10.0) | (50.0) |
| 2022-23 | (30.0) | (50.0) | 0.0 | 0.0 | 0.0 | 0.0 | (30.0) | (50.0) |
| 2023-24 | (50.0) | (50.0) | 0.0 | 0.0 | 0.0 | 0.0 | (50.0) | (50.0) |
| 2024-25 | (50.0) | (50.0) | 0.0 | 0.0 | 0.0 | 0.0 | (50.0) | (50.0) |
| 2025-26 | (50.0) | (50.0) | 0.0 | 0.0 | 0.0 | 0.0 | (50.0) | (50.0) |

| FY 2021-22 Base | Forecast Total | Forecast GR Distr | Adopted SFO Credit | Revised FC Total | Revised GR Distr* | Allowable Share | Election Capacity | Annual Allocation | Available Allocation |
|--------------------------|-----------------------|--------------------------|---------------------------|-------------------------|--------------------------|------------------------|--------------------------|--------------------------|-----------------------------|
| Severance - Oil and Gas | 2.0 | 1.2 | 0.5 | 2.5 | 1.7 | 50% | 1.3 | | 0.8 |
| Sales Tax Comm Rent | 2095.9 | 1808.6 | 0.5 | 2096.4 | 1809.1 | n/a | n/a | 57.5 | 57.0 |
| Sales Tax Direct Pay | 265.6 | 265.6 | 15.5 | 281.1 | 281.1 | 100% | 281.1 | | 265.6 |
| Sales Tax Motor Vehicles | 455.7 | 445.7 | 69.6 | 525.3 | 525.3 | 100% | 525.3 | | 455.7 |
| Corporate Income Tax | 2624.6 | 2624.6 | 200.0 | 2824.6 | 2824.6 | 100% | 2824.6 | | 2624.6 |
| Beverage | 773.6 | 303.9 | 465.0 | 1238.6 | 768.9 | 90% | 1114.7 | | 649.7 |
| Insurance Premium Tax | 994.8 | 740.3 | 76.6 | 1071.4 | 816.9 | 99% | 916.2 | | 839.6 |
| | | | 827.7 | | | | 5663.3 | 57.5 | |
| | | | | | | | Available allocation | | 4893.1 |

Sources with available allocation

| | Available Allocation | Percentage of Available Allocation | Max Allocation | Cash | Recurring |
|-----------------------|-----------------------------|---|-----------------------|-----------|-----------|
| Sales Tax Direct Pay | 265.6 | 6.1% | 2021-22 | \$ (10.0) | \$ (50.0) |
| Corporate Income Tax | 2624.6 | 59.9% | 2022-23 | \$ (30.0) | \$ (50.0) |
| Beverage | 649.7 | 14.8% | 2023-24 | \$ (50.0) | \$ (50.0) |
| Insurance Premium Tax | 839.6 | 19.2% | 2024-25 | \$ (50.0) | \$ (50.0) |
| | | | 2025-26 | \$ (50.0) | \$ (50.0) |

Allocated Capacity **100%**

| | Direct Pay | | Corporate | | Beverage | | Insurance Premium | | | |
|---------|------------|-----------|-----------|-----------|-----------|-----------|-------------------|-----------|----------|----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring | | |
| 2021-22 | \$ (10.0) | \$ (50.0) | \$ (0.6) | \$ (3.0) | \$ (6.0) | \$ (30.0) | \$ (1.5) | \$ (7.4) | \$ (1.9) | \$ (9.6) |
| 2022-23 | \$ (30.0) | \$ (50.0) | \$ (1.8) | \$ (3.0) | \$ (18.0) | \$ (30.0) | \$ (4.5) | \$ (7.4) | \$ (5.8) | \$ (9.6) |
| 2023-24 | \$ (50.0) | \$ (50.0) | \$ (3.0) | \$ (3.0) | \$ (30.0) | \$ (30.0) | \$ (7.4) | \$ (7.4) | \$ (9.6) | \$ (9.6) |
| 2024-25 | \$ (50.0) | \$ (50.0) | \$ (3.0) | \$ (3.0) | \$ (30.0) | \$ (30.0) | \$ (7.4) | \$ (7.4) | \$ (9.6) | \$ (9.6) |
| 2025-26 | \$ (50.0) | \$ (50.0) | \$ (3.0) | \$ (3.0) | \$ (30.0) | \$ (30.0) | \$ (7.4) | \$ (7.4) | \$ (9.6) | \$ (9.6) |

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Internship Tax Credits
Bill Number(s): HB 7061

Entire Bill

Partial Bill: Sections 29-30, 34, 51

Sponsor(s): Representative Payne

Month/Year Impact Begins: July 1, 2021

Date of Analysis: 06/21/2021

Section 1: Narrative

- a. Current Law:** There currently exists no tax credit for internships under chapter 220.
- b. Proposed Change:** Creates s. 220.198, F.S.; "Florida Internship Tax Credit Program".
- (2) As used in this section, the term:
- (a) "Full time" means at least 30 hours per week.
- (b) "Qualified business" means a business that is in existence and has been continuously operating for at least 3 years.
- (c) "Student intern" means a person who has completed at least 60 credit hours at a state university or a Florida College System institution, regardless of whether the student intern receives course credit for the internship; a person who is enrolled in a career center operated by a school district under s. 1001.44 or a charter technical career center; or any graduate student enrolled at a state university.
- (3) For taxable years beginning on or after January 1, 2022 a qualified business is eligible for a credit against the tax imposed by this chapter in the amount of \$2,000 per student intern if all of the following apply:
- (a) The qualified business employed a degree-seeking student in an internship in which the student worked full time for at least 9 consecutive weeks; and the qualified business provides the department documentation evidencing each internship claimed.
- (b) The qualified business provides the department documentation for the current taxable year showing that at least 20 percent of the business' full-time employees were previously employed by that business as student interns.
- (c) At the start of an internship, each student intern provides the qualified business with verification by the student intern's state university, Florida College System institution, career center operated by a school district under s. 1001.44, or charter technical career center that the student intern is enrolled and maintains a minimum grade point average of 2.0 on a 4.0 scale, if applicable. The qualified business may accept a letter from the applicable educational institution stating that the student intern is enrolled as evidence that the student meets these requirements.
- (4) Notwithstanding paragraph (3)(b), a qualified business that, on average for the 3 immediately preceding years, employed 10 or fewer full-time employees may receive the tax credit if it provides documentation that it previously hired at least one student intern and, for the current taxable year, that it employs on a full-time basis at least one employee who was previously employed by that qualified business as a student intern.
- (5)(a) A qualified business may not claim a tax credit of more than \$10,000 in any one taxable year.
- (b) The combined total amount of tax credits which may be granted to qualified businesses under this section is \$2.5 million in each of state fiscal years 2021-2022 and 2022-2023. The department must approve the tax credit prior to the taxpayer taking the credit on a return. The department must approve credits on a first-come, first-served basis.
- (7) A qualified business may carry forward any unused portion of a tax credit under this section for up to 2 taxable years. This act shall take effect July 1, 2021.

Section 2: Description of Data and Sources

2019 CIT data
11/2020 FL demographic estimating conference
Internship tax credit impact analysis

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Internship Tax Credits
Bill Number(s): HB 7061

Section 3: Methodology (Include Assumptions and Attach Details)

Identification of Potential Pool of Applicants

The 2019 CIT data was used to identify businesses with positive tax liability after all other credits. The totals were then pulled for the businesses with under \$10,000 in total liability, and those with over \$10,000 in total liability. Using the impact previously adopted, we used the adopted participation rate as our middle estimate which is half the ratio of businesses between \$1000 and \$10,000 in liability. For the high we have the full ratio of businesses, and for the low we use half the middle’s participation rate.

2/19/2021 impact

The rationale for these new participation rates is due to how the bill was previously designed with the only qualification being a “degree seeking student”. The introduction of new qualifications to receive the credit (listed above as 3(a)-3(d)) caused the lower participation rates with the rationale that fewer businesses will apply for a \$10,000 max credit if there are stringent hoops to jump through.

06/21/2021 impact

HB 7061 contains similar language to previous impacts regarding the qualifications for the credit and the way the potential pool of applicants is identified. A \$2.5 million cap on the tax credit was added to the bill for years 21-22 and 22-23. The conference previously adopted on 02/19/2021 an amount of \$4.4 million for years 21-22 and 22-23 which is over the capped amount resulting in a cash-only middle estimate of \$2.5 million for both 21-22 and 22-23.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|----------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | (\$2.5m) | - | | |
| 2022-23 | | | (\$2.5m) | - | | |
| 2023-24 | | | - | - | | |
| 2024-25 | | | - | - | | |
| 2025-26 | | | - | - | | |

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|-------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2020-21 | (2.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (2.5) | 0.0 |
| 2021-22 | (2.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (2.5) | 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 |

| | A | B | C | D | E | F | G |
|----|--|--|-----------------------------------|-----------------------|-------------------|------------------|-----------|
| 1 | | Impacts based 2019 CIT Data Micro-Simulation | | | | | |
| 2 | | Less than \$10,000 | Greater than or equal to \$10,000 | Total Impact | | | |
| 3 | | 35,444,757.04 | 86,500,000.00 | 121,944,757.04 | | | |
| 4 | | | | | | | |
| 5 | Calculations for Businesses w/ more than \$1k and less than \$10k in Liability | | | | | | |
| 6 | | Impact | | 33,824,672.47 | | | |
| 7 | | Percent of total | | 27.7% | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | Participation rates | | | 27.7% | 13.9% | 6.9% | |
| 11 | | FL pop. | *FY Pop. Growth Rates | Over \$1K under \$10K | Middle Impact | Low Impact | |
| 12 | 2019-20 | 21500 | | 33,824,672 | 16,912,336 | 8,456,168 | |
| 13 | 2020-21 | 21826.6 | 1.52% | 34,338,493 | 17,169,246 | 8,584,623 | |
| 14 | 2021-22 | 22138.9 | 1.43% | 34,829,816 | 17,414,908 | 8,707,454 | |
| 15 | 2022-23 | 22457.2 | 1.44% | 35,330,578 | 17,665,289 | 8,832,645 | |
| 16 | 2023-24 | 22754.5 | 1.32% | 35,798,303 | 17,899,151 | 8,949,576 | |
| 17 | 2024-25 | 23041.9 | 1.26% | 36,250,452 | 18,125,226 | 9,062,613 | |
| 18 | 2025-26 | 23317.8 | 1.20% | 36,684,509 | 18,342,255 | 9,171,127 | |
| 19 | *growth rates from 11/2020 FL demographic | | | | | | |
| 20 | | | | | | | |
| 21 | *\$2.5 million cap on years 21-22 and 22-23 | | | | | | |
| 22 | | | | | | | |
| 23 | | High | | Middle | | Low | |
| 24 | Year | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 25 | 2021-22 | | | (\$2.5m) | \$ - | | |
| 26 | 2022-23 | | | (\$2.5m) | \$ - | | |
| 27 | 2023-24 | | | \$ - | \$ - | | |
| 28 | 2024-25 | | | \$ - | \$ - | | |
| 29 | 2025-26 | | | \$ - | \$ - | | |

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax

Issue: Increase in Tax Credits for VCTC Program (Brownfields)

Bill Number(s): HB 7061, Enrolled

Entire Bill

Partial Bill: Sections 31, 37

Sponsor(s): House Ways & Means Committee, Rep. Payne and others

Month/Year Impact Begins: July 1, 2021

Date of Analysis: June 17, 2021

Section 1: Narrative

- a. **Current Law:** Prior to passage of the bill, the law allowed for \$10 million in credits for the Voluntary Cleanup Tax Credit (VCTC) program annually. DEP was responsible for granting these credits to eligible applicants.
- b. **Proposed Change:** The Section 31 of the bill provided for a one-time increase in funding of \$17.5 million (to a total of \$27.5 million) in FY 2021-22, and then returns to \$10 million annually thereafter. Section 37 provides the statutory authority to DEP to allocate the \$27.5 million in credits in FY 2021-22 and \$10 million in each fiscal year thereafter.

Section 2: Description of Data and Sources

Review of House staff analysis and communications with DEP.

Section 3: Methodology (Include Assumptions and Attach Details)

Best information is that there will be an estimated backlog of \$17.5 million in approved credits in FY 2021-22. It is assumed that the approved increase in credits by the legislation will be completely used to reduce the backlog of approved credits. The only question is the timing as to when the credits appear as reduced corporate income tax payments. The high estimate assumes the entire impact is in the first fiscal year. This might occur if the credits, having been granted in a prior fiscal year, were applied to an amended return that was processed during FY 2021-22. There may also be some corporations with fiscal years ending earlier than December 31st (a smaller number).

The low estimate assumes that the credits show up as reduced corporate receipts in FY 2022-23. Here, it is assumed that the increased credits are all taken against 2021 tax years and given extensions, the credits show up on the final returns in that fiscal year.

The middle estimate assumes a blend of the High and Low estimates, with more weight given to the Low estimate.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|---------------|-----------|---------------|-----------|--------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (\$17.5 mil.) | 0 | (\$7.5 mil.) | 0 | 0 | 0 |
| 2022-23 | 0 | 0 | (\$10.0 mil.) | 0 | (\$17.5 mil) | 0 |
| 2023-24 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2024-25 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2025-26 | 0 | 0 | 0 | 0 | 0 | 0 |

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the high estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|--------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (17.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (17.5) | 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

Entire Bill

Partial Bill:

Sponsor(s): House State Affairs Committee, Ways & Means Committee, Local Administration & Veterans Affairs Subcommittee and Representative DiCeglie and others

Month/Year Impact Begins: June 4, 2021 Approved by the Governor

Date of Analysis: June 21, 2021

Section 1: Narrative

- a. **Prior to Chapter 2021-63:** Impact fees are imposed by local governments to fund local infrastructure necessitated by new population growth. The Legislature finds that impact fees are an outgrowth of the home rule power of a local government to provide certain services within its jurisdiction. Pursuant to the Florida Impact Fee Act (s. 163.31801, F.S.), enacted in 2006 and subsequently amended in 2009, 2011, 2019, and 2020, an impact fee adopted by ordinance of a county or municipality or by resolution of a special district must, at a minimum, satisfy all of the following conditions.
1. The calculation of the impact fee must be based on the most recent and localized data.
 2. The local government must provide for accounting and reporting of impact fee collections and expenditures. If a local governmental entity imposes an impact fee to address its infrastructure needs, the entity must account for the revenues and expenditures of such impact fee in a separate accounting fund.
 3. Administrative charges for the collection of impact fees must be limited to actual costs.
 4. The local government must provide notice not less than 90 days before the effective date of an ordinance or resolution imposing a new or increased impact fee. A county or municipality is not required to wait 90 days to decrease, suspend, or eliminate an impact fee. Unless the result is to reduce the total mitigation costs or impact fees imposed on an applicant, new or increased impact fees may not apply to current or pending permit applications submitted before the effective date of an ordinance or resolution imposing a new or increased impact fee.
 5. Collection of the impact fee may not be required to occur earlier than the date of issuance of the building permit for the property that is subject to the fee.
 6. The impact fee must be proportional and reasonably connected to, or have a rational nexus with, the need for additional capital facilities and the increased impact generated by the new residential or commercial construction.
 7. The impact fee must be proportional and reasonably connected to, or have a rational nexus with, the expenditures of the funds collected and the benefits accruing to the new residential or nonresidential construction.
 8. The local government must specifically earmark funds collected under the impact fee for use in acquiring, constructing, or improving capital facilities to benefit new users.
 9. Revenues generated by the impact fee may not be used, in whole or in part, to pay existing debt or for previously approved projects unless the expenditure is reasonably connected to, or has a rational nexus with, the increased impact generated by the new residential or nonresidential construction.

Notwithstanding any charter provision, comprehensive plan policy, ordinance, or resolution, the local government must credit against the collection of the impact fee any contribution, whether identified in a proportionate share agreement or other form of exaction, related to public education facilities, including land dedication, site planning and design, or construction. Any contribution must be applied to reduce any education-based impact fees on a dollar-for-dollar basis at fair market value.

If a local government increases its impact fee rates, the holder of any impact fee credits, whether such credits are granted under s. 163.3180, s. 380.06, or otherwise, which were in existence before the increase, is entitled to the full benefit of the intensity or density prepaid by the credit balance as of the date it was first established. This subsection shall operate prospectively and not retrospectively.

Audits of financial statements of local governmental entities and district school boards which are performed by a certified public accountant pursuant to s. 218.39 and submitted to the Auditor General must include an affidavit signed by the chief financial officer of the local governmental entity or district school board stating that the local governmental entity or district school board has complied with this section.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

In any action challenging an impact fee or the government's failure to provide required dollar-for-dollar credits for the payment of impact fees as provided in s. 163.3180(6)(h)2.b., the government has the burden of proving by a preponderance of the evidence that the imposition or amount of the fee or credit meets the requirements of state legal precedent and this section. The court may not use a deferential standard for the benefit of the government.

Impact fee credits are assignable and transferable at any time after establishment from one development or parcel to any other that is within the same impact fee zone or impact fee district or that is within an adjoining impact fee zone or impact fee district within the same local government jurisdiction and receives benefits from the improvement or contribution that generated the credits.

A county, municipality, or special district may provide an exception or waiver for an impact fee for the development or construction of housing that is affordable, as defined in s. 420.9071. If a county, municipality, or special district provides such an exception or waiver, it is not required to use any revenues to offset the impact.

The Florida Impact Fee Act does not apply to water and sewer connection fees.

Finally, in addition to the items that must be reported in the annual financial reports under s. 218.32, a county, municipality, or special district must report all of the following data on all impact fees charged: (a) the specific purpose of the impact fee, including the specific infrastructure needs to be met, including, but not limited to, transportation, parks, water, sewer, and schools; (b) the impact fee schedule policy describing the method of calculating impact fees, such as flat fees, tiered scales based on number of bedrooms, or tiered scales based on square footage; (c) the amount assessed for each purpose and for each type of dwelling; (d) the total amount of impact fees charged by type of dwelling; and (e) each exception and waiver provided for construction or development of housing that is affordable.

b. Current Law: The legislation made the following changes to the Florida Impact Fee Act.

Definitions of Infrastructure and Public Facilities

- The following definitions (i.e., lines 39-56) are added: “Infrastructure” means a fixed capital expenditure or fixed capital outlay, excluding the cost of repairs or maintenance, associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of at least 5 years; related land acquisition, land improvement, design, engineering, and permitting costs; and other related construction costs required to bring the public facility into service. The term also includes a fire department vehicle, an emergency medical service vehicle, a sheriff’s office vehicle, a police department vehicle, a school bus as defined in s. 1006.25, and the equipment necessary to outfit the vehicle or bus for its official use. For independent special fire control and rescue districts, the term “infrastructure” includes new facilities as defined in s. 191.009(4).
- “Public facilities” has the same meaning as in s. 163.3164 and includes emergency medical, fire, and law enforcement facilities.

Application of the Act

- The following language (i.e., lines 57-60) is added: At a minimum, each local government that adopts and collects an impact fee by ordinance and each special district that adopts, collects, and administers an impact fee by resolution must satisfy all of the conditions specified in the Act. Furthermore, it makes stylistic changes to the wording of the nine conditions in lines 63-103 that must be satisfied by a local government or special district; however, the wording changes do not appear to alter the underlying meaning of those conditions.
- The following language (i.e., lines 233-235) is added: The Division of Law Revision is directed to replace the phrase “the effective date of this act” wherever it occurs in this act with the date the act becomes a law.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

Impact Fee Credits

- The following language (i.e., lines 104-120) is added or stricken: Notwithstanding any charter provision, comprehensive plan policy, ordinance, development order, development permit, or resolution, the local government or special district must credit against the collection of the impact fee any contribution, whether identified in a proportionate share agreement or other form of exaction, related to public ~~education~~ facilities or infrastructure, including land dedication, site planning and design, or construction. Any contribution must be applied on a dollar-for-dollar basis at fair market value to reduce any ~~education-based impact fee~~ collected for the general category or class of public facilities or infrastructure for which the contribution was made ~~fees on a dollar-for-dollar basis at fair market value~~. If a local government or special district does not charge and collect an impact fee for the general category or class of public facilities or infrastructure contributed, a credit may not be applied under paragraph (a).
- The following language (i.e., lines 104-120) is added: Impact fee credits are assignable and transferable at any time after establishment from one development or parcel to any other that is within the same impact fee zone or impact fee district or that is within an adjoining impact fee zone or impact fee district within the same local government jurisdiction and which receives benefits from the improvement or contribution that generated the credits. This subsection applies to all impact fee credits regardless of whether the credits were established before or after the effective date of this act.

Impact Fee Rate Increases

- The following language (i.e., lines 121-169) is added or stricken: A local government, school district, or special district may increase an impact fee only as provided in this subsection. (i.e., s. 318.31801(6) as proposed)
 - a) An impact fee may be increased only pursuant to a plan for the imposition, collection, and use of the increased impact fees which complies with this section.
 - b) An increase to a current impact fee rate of not more than 25 percent of the current rate must be implemented in two equal annual increments beginning with the date on which the increased fee is adopted.
 - c) An increase to a current impact fee rate which exceeds 25 percent but is not more than 50 percent of the current rate must be implemented in four equal installments beginning with the date the increased fee is adopted.
 - d) An impact fee increase may not exceed 50 percent of the current impact fee rate.
 - e) An impact fee may not be increased more than once every four years.
 - f) An impact fee may not be increased retroactively for a previous or current fiscal or calendar year.
 - g) A local government, school district, or special district may increase an impact fee rate beyond the phase-in limitations established under paragraph (b), paragraph (c), paragraph (d), or paragraph (e) by establishing the need for such increase in full compliance with the requirements of subsection (4), provided the following criteria are met:
 1. A demonstrated need study justifying any increase in excess of those authorized in paragraph (b), paragraph (c), paragraph (d), or paragraph (e) has been completed within the 12 months before the adoption of the impact fee increase and expressly demonstrates the extraordinary circumstances necessitating the need to exceed the phase-in limitations.
 2. The local government jurisdiction has held not less than two publicly noticed workshops dedicated to the extraordinary circumstances necessitating the need to exceed the phase-in limitations set forth in paragraph (b), paragraph (c), paragraph (d), or paragraph (e).
 3. The impact fee increase ordinance is approved by at least a two-thirds vote of the governing body.
 - h) This subsection operates retroactively to January 1, 2021.

(7) If an impact fee is increased a local government increases its impact fee rates, the holder of any impact fee credits, whether such credits are granted under s. 163.3180, s. 380.06, or otherwise, which were in existence before the increase, is entitled to the full benefit of the intensity or density prepaid by the credit balance as of the date it was first established. ~~This subsection shall operate prospectively and not retrospectively.~~

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

Submission of Affidavit and Impact Fee Information Reported in Annual Financial Reports (AFRs)

- The following language (i.e., lines 170-189) is added or stricken: A local government, school district, or special district must submit with its annual financial report under s. 218.32 or its financial audit report under s. 218.39 a separate affidavit signed by the chief financial officer or, if there is no chief financial officer, its executive officer attesting, to the best of his or her knowledge, that all impact fees were collected and expended by the local government, school district, or special district, or were collected and expended on its behalf, in full compliance with the spending period provision in the local ordinance or resolution, and that funds expended from each impact fee account were used only to acquire, construct, or improve specific infrastructure needs. Audits of financial statements of local governmental entities and district school boards which are performed by a certified public accountant pursuant to s. 218.39 and submitted to the Auditor General must include an affidavit signed by the chief financial officer of the local governmental entity or district school board stating that the local governmental entity or district school board has complied with this section.
- The bill adds school districts (i.e., line 217) to the current list of local entities (i.e., counties, municipalities, and special districts) that must report specific impact fee-related information in their respective Annual Financial Reports, pursuant to s. 218.32.

Section 2: Description of Data and Sources

Impact Fee Revenue Collections Reported in Counties, Municipalities, and Special Districts in Annual Financial Reports (AFRs)

| Local FY | Counties | Municipalities | Special Districts | Total | % Chg. |
|-----------------------------|--------------------------|--------------------------------|-------------------------------|----------------------------------|--------|
| 2002-03 | \$479,479,595 | \$183,843,818 | \$21,711,285 | \$685,034,698 | - |
| 2003-04 | \$560,496,789 | \$232,910,041 | \$20,337,344 | \$813,744,174 | 18.8% |
| 2004-05 | \$812,732,909 | \$308,009,057 | \$31,681,665 | \$1,152,423,631 | 41.6% |
| 2005-06 | \$1,060,597,975 | \$342,267,200 | \$25,405,434 | \$1,428,270,609 | 23.9% |
| 2006-07 | \$736,339,197 | \$312,321,512 | \$23,433,726 | \$1,072,094,435 | -24.9% |
| 2007-08 | \$484,141,722 | \$222,508,702 | \$20,311,517 | \$726,961,941 | -32.2% |
| 2008-09 | \$206,819,386 | \$139,307,822 | \$8,552,553 | \$354,679,761 | -51.2% |
| 2009-10 | \$212,423,990 | \$123,304,422 | \$7,420,750 | \$343,149,162 | -3.3% |
| 2010-11 | \$185,664,703 | \$107,753,843 | \$8,213,352 | \$301,631,898 | -12.1% |
| 2011-12 | \$246,882,772 | \$113,956,207 | \$8,773,028 | \$369,612,007 | 22.5% |
| 2012-13 | \$305,043,650 | \$146,917,768 | \$11,288,627 | \$463,250,045 | 25.3% |
| 2013-14 | \$422,384,294 | \$167,987,620 | \$16,218,908 | \$606,590,822 | 30.9% |
| 2014-15 | \$503,921,835 | \$225,734,604 | \$17,357,595 | \$747,014,034 | 23.1% |
| 2015-16 | \$557,292,553 | \$279,314,277 | \$21,214,871 | \$857,821,701 | 14.8% |
| 2016-17 | \$629,664,693 | \$287,110,683 | \$21,374,982 | \$938,150,358 | 9.4% |
| 2017-18 | \$735,970,318 | \$338,728,803 | \$26,835,620 | \$1,101,534,741 | 17.4% |
| 2018-19 | \$871,593,905 (final) | \$356,637,007 (preliminary) | \$19,040,787 (preliminary) | \$1,247,271,699 (preliminary) | 13.2% |
| # Reporting Fees in 2018-19 | 38 | 204 | 51 | 293 | |

Data obtained from the Florida Department of Financial Services.

For county governments, transportation impact fees represented the largest proportional share (i.e., 49%) of total county impact fee revenues in FY 2018-19. All impact fees represented only 1.8% of total reported county revenues from all sources (i.e., federal, state, and local) that same year.

For municipal governments, physical environment impact fees represented the largest proportional share (i.e., 34%) of total municipal impact fee revenues in FY 2018-19. That same year, all impact fees represented only 0.9% of total reported municipal revenues from all sources.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

For special districts, public safety impact fees represented the largest proportional share (i.e., 56%) of total special district impact fee revenues in FY 2018-19. All impact fees represented only 0.1% of total reported special district revenues from all sources that same year.

Impact Fee Revenue Collections Reported in School Districts' Capital Project Funds

| State FY | School Districts | % Chg. |
|-----------------------------|-------------------------|---------------|
| 2002-03 | \$117,672,871 | - |
| 2003-04 | \$254,878,409 | 116.6% |
| 2004-05 | \$344,249,808 | 35.1% |
| 2005-06 | \$489,862,914 | 42.3% |
| 2006-07 | \$339,000,579 | -30.8% |
| 2007-08 | \$179,699,713 | -47.0% |
| 2008-09 | \$102,026,663 | -43.2% |
| 2009-10 | \$109,156,431 | 7.0% |
| 2010-11 | \$86,654,687 | -20.6% |
| 2011-12 | \$100,147,102 | 15.6% |
| 2012-13 | \$168,548,623 | 68.3% |
| 2013-14 | \$202,651,023 | 20.2% |
| 2014-15 | \$251,438,926 | 24.1% |
| 2015-16 | \$265,309,739 | 5.5% |
| 2016-17 | \$329,651,109 | 24.3% |
| 2017-18 | \$352,204,280 | 6.8% |
| 2018-19 | \$458,987,170 | 30.3% |
| # Reporting Fees in 2018-19 | 26 | |

Data obtained from the Florida Department of Education's Office of Funding and Financial Reporting.

Section 3: Methodology (Include Assumptions and Attach Details)

The REC reviewed prior versions of this legislation three times during the 2021 Regular Legislative Session. The originally-filed HB 337 was reviewed on February 26th and March 5th. Subsequently, proposed House language to replace HB 337 was reviewed on March 12th.

As part of the HB 337 fiscal impact analysis, EDR staff emailed county and municipal governments to inquire about its potential fiscal impact and received a number of responses from local officials. Due to the qualitative nature of those responses, it was not possible to develop a numerical fiscal impact. Since the subsequent proposed House language shared several provisions with HB 337, a final summary of all county and municipal government responses received by EDR was included in the March 12 analysis. A copy of the same is included with this analysis as well.

The Florida School Boards Association and the Florida Association of District School Superintendents, confirmed that district school boards comply, to the extent applicable, with current law even though school boards are not a governing authority specifically named in s. 163.31801(2), [i.e., the Legislative findings] or s. 163.31801(4), [i.e., the "minimum criteria" for impact fee adoption].

Previously, the EDR staff review of the proposed House language suggested that potential local revenue impacts would likely be associated with three issues: 1) definitions of "infrastructure" and "public facilities," 2) impact fee credits, and 3) limitations on impact fee rate increases. Several local governments commented that the added definitions of "infrastructure" and "public facilities" would likely reduce future impact fee revenues. For example, Orange County stated that the new definition of "infrastructure" could affect the future calculation of Law Enforcement impact fees because the current equipment package provided to new law enforcement officers would not meet the statutory definition of infrastructure, and such costs could not be included in the fee's calculation. This new legislation would seem to rectify that situation *by expanding the definition of infrastructure to include fire*

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

department, emergency medical service, sheriff's office, and police department vehicles, as well as school buses, and the equipment necessary to outfit the vehicle or bus for its official use.

Additionally, a number of local governments commented on how the changes made to impact fee credits in the proposed House language could reduce future impact fee revenue collections. For example, the City of Winter Haven (Polk County) stated that developers would receive impact fee credits on a dollar for dollar basis for any contribution they made to the City, and that change would likely have a large negative fiscal impact to the City. This new legislation contains language that would seem to mitigate some of the potential negative fiscal impact of such credits by stating that any contribution must be applied on a dollar-for-dollar basis at fair market value to reduce any impact fee *collected for the general category or class of public facilities or infrastructure for which the contribution was made*. Furthermore, the new legislation states *if a local government or special district does not charge and collect an impact fee for the general category or class of public facilities or infrastructure contributed, a credit may not be applied*.

Finally, the proposed House language provided new conditions on impact fee rate increases and the implementation of such increases (i.e., the phase-in limitations). Using reported impact fee revenues for select counties and municipalities and controlling for population growth, EDR staff did an analysis to illustrate the number of jurisdictions that might have been impacted in prior years had those phase-in limitations existed. The summary table is shown below. The prior analysis was originally included in the March 12 analysis, and a copy of the same is included with this analysis as well. From the impact fee revenue data alone, it was not possible to determine which revenue increases were attributable solely to rate increases.

| Number of Governments by Type Having Increases in Per Capita Impact Fee Revenues in Recent Years | | | |
|---|--|--|--|
| Gov't Type | Greater than 0% but Less than 25% | Greater than 25% but Less than 50% | 50% or Greater |
| Counties | 2016 to 2017: 15 2017 to 2018: 8 2018 to 2019: 13 | 2016 to 2017: 2 2017 to 2018: 7 2018 to 2019: 7 | 2016 to 2017: 7 2017 to 2018: 10 2018 to 2019: 7 |
| Municipalities | 2016 to 2017: 23 2017 to 2018: 15 2018 to 2019: 22 | 2016 to 2017: 13 2017 to 2018: 14 2018 to 2019: 13 | 2016 to 2017: 43 2017 to 2018: 45 2018 to 2019: 41 |
| Ind. Special Districts | 2016 to 2017: 9 2017 to 2018: 5 2018 to 2019: 6 | 2016 to 2017: 2 2017 to 2018: 6 2018 to 2019: 6 | 2016 to 2017: 7 2017 to 2018: 5 2018 to 2019: 12 |
| School Districts | 2016 to 2017: 7 2017 to 2018: 12 2018 to 2019: 6 | 2016 to 2017: 6 2017 to 2018: 3 2018 to 2019: 6 | 2016 to 2017: 6 2017 to 2018: 4 2018 to 2019: 7 |

This new legislation includes the same phase-in limitations as in the prior proposed House language. As previously described on page 3 of this analysis [i.e., see Item (g) under Impact Fee Rate Increases], this legislation includes a new process by which local governments, school districts, or special districts might increase an impact fee beyond the phase-in limitations if specified criteria are satisfied. Consequently, any negative fiscal impact associated with the phase-in limitations could potentially be offset by those local entities that successfully complete this new process.

EDR staff is recommending the REC retain the negative indeterminate fiscal impact to local governments and school districts that was previously adopted on March 12th since this legislation continues the phase-in limitations that were contained in the prior proposed House language. Although this legislation contains a mechanism for local governments and school districts to increase an impact fee rate beyond the phase-in limitations, the required compliance with the specified criteria may present an additional barrier for these jurisdictions seeking to implement future impact fee rate increases.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Makes various changes to the Florida Impact Fee Act (s. 163.31801, F.S.).

Bill Number(s): CS/CS/CS HB 337 (codified as Chapter 2021-63, L.O.F.)

Section 4: Proposed Fiscal Impact (Millions)

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | (**) | (**) | | |
| 2022-23 | | | (**) | (**) | | |
| 2023-24 | | | (**) | (**) | | |
| 2024-25 | | | (**) | (**) | | |
| 2025-26 | | | (**) | (**) | | |

List of Affected Trust Funds: Local funds only.

Section 5: Consensus Estimate (Adopted) The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | | | | | | |
| 2022-23 | | | | | | | | |
| 2023-24 | | | | | | | | |
| 2024-25 | | | | | | | | |
| 2025-26 | | | | | | | | |

REVENUE ESTIMATING CONFERENCE

Tax: Local Occupational Licensing

Issue: Preemption of Local Occupational Licensing

Bill Number: HB 735

Entire Bill

Partial Bill:

Sponsor(s): Harding; (CO-INTRODUCERS) Benjamin; Borrero; Giallombardo; McClain; Sabatini; Snyder

Month/Year Impact Begins: July 1, 2021

Date of Analysis: June 17, 2021

Section 1: Narrative

a. Current Law:

Local Government Authority

Local governments have powers that enable them to perform functions, provide services, and exercise power for governmental purposes, except as otherwise provided by law.¹

Local governments may impose proprietary fees, regulatory fees, and special assessments to pay the cost of providing a service or regulating an activity. A regulatory fee should not exceed the regulated activity's cost and is generally required to be applied solely to the regulated activity's cost for which the fee is imposed.²

Licensing

Florida law directs a number of state agencies and licensing boards to regulate certain professions and occupations. The Department of Business and Professional Regulation currently regulates approximately 25 professions and occupations including the Construction Industry Licensing Board (CILB).³

b. Proposed Change:

HB 735 creates s. 163.211, F.S. which expressly preempts occupational licensing to the state except as otherwise authorized in state law. This preemption supersedes any local government licensing requirement of occupations except for local licensing for an occupation that was imposed before July 1, 2021. However, any such local licensing expires on July 1, 2023.^{4,5}

Section 2 of the bill amends s. 489.117, F.S. to indicate that a local government may not require a license for a person whose job scope does not substantially correspond to a contractor category licensed by the CILB. The bill also specifically precludes local governments from requiring a license for certain job scopes, including, but not limited to, painting, flooring, cabinetry, interior remodeling, handyman services, driveway or tennis court installation, decorative stone, tile, marble, granite, or terrazzo installation, plastering, stuccoing, caulking, canvas awning installation, and ornamental iron installation.

Sections 3 and 4 of the bill amend s. 489.1455, F.S. and s. 489.5335 to clarify that counties and municipalities are still authorized to issue journeyman licenses in the plumbing, pipe fitting, mechanical, HVAC, electrical, and alarm system trades.

Section 2: Description of Data and Sources

Licensing Revenue

Staff contacted local governments directly for information. Responses were received from Citrus and Indian River Counties. Data was also provided by the Florida Association of Counties from Broward, Collier, Hillsborough, Miami-Dade, Palm Beach, and Pinellas Counties.

¹ See FLA. CONST. art. VIII.

² The Florida Legislature, Office of Economic and Demographic Research, 2020 Local Government Financial Information Handbook, p. 9, <http://edr.state.fl.us/Content/local-government/reports/lgfih20.pdf>

³ Section 20.165, F.S.

⁴ Discussions with county staff indicated there is a reading of the language that would prevent local governments from charging business receipts tax on the effected professions. That effect is not analyzed here.

⁵ Discussion with county staff indicated that local governments could suffer a loss of revenue from fines and late fees. Those ancillary effects are not contemplated in this analysis.

REVENUE ESTIMATING CONFERENCE

Tax: Local Occupational Licensing

Issue: Preemption of Local Occupational Licensing

Bill Number: HB 735

Budget documents from DeSoto County⁶ and Flagler County⁷ were also incorporated to the analysis.

The Department of Financial Services (DFS) incorporates a Uniform Accounting System Manual by reference. The reportable revenue account code for licenses is 367.xxx.⁸

Populations

Staff used population estimated data from the EDR April 1, 2020 estimate.⁹

Section 3: Methodology (Include Assumptions and Attach Details)

The DFS Uniform Accounting System Manual does not provide any further detail beyond stating that the account code refers to licenses. Staff was unable to estimate what portion of revenue applies to the licenses preempted by this bill. Therefore, this data was not used.

The data obtained from discussion and survey responses was inconsistent. Some respondents provided detailed projections, some provided limited projections, and some provided historical data. At least one of the responses included data for all construction trades that are currently licensed by the county.¹⁰ It is unknown what percentage of licenses in Desoto and Flagler counties would be affected.

| County | 15-16 | 16-17 | 17-18 | 18-19 | 19-20 | 20-21 | 21-22 | 22-23 | 23-24 | 25-26 | Average |
|--------------|---------|---------|---------|---------|---------|---------|---------|-------|---------|-------|---------|
| Broward | | | | | | | \$28 | \$170 | \$582 | \$582 | \$340 |
| Citrus | | | | | | \$8 | | | | | \$8 |
| Collier | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| Desoto | \$7 | \$6 | \$4 | \$2 | | | | | | | \$5 |
| Flagler | | | \$24 | \$44 | \$15 | \$30 | | | | | \$28 |
| Hillsborough | | \$131 | \$125 | \$162 | \$79 | | | | | | \$124 |
| Indian River | | | | | | \$2 | | | | | \$2 |
| Miami-Dade | | | | | | | | | \$2,528 | | \$2,528 |
| Palm Beach | \$1,903 | \$2,302 | \$2,599 | \$2,318 | \$2,272 | \$2,242 | \$2,242 | | | | \$2,268 |
| Pinellas | | | | \$330 | \$330 | \$330 | | | | | \$330 |

*Note: All revenues from FY20-21 forward are projected by the source. Dollars in thousands.

Staff formulated a per capita impact based on the data that was received. A forecast was developed for each county based on the data above by averaging the yearly impacts for each county.

⁶ Board of Desoto County Commissioners, 2018/19 Budget, [https://desotobocc.com/images/administrative_services/Budget_Book_Final_2018-19_\(Print_09-17-18\)_Corrected_Final_ADA.pdf](https://desotobocc.com/images/administrative_services/Budget_Book_Final_2018-19_(Print_09-17-18)_Corrected_Final_ADA.pdf), 67.

⁷ Flagler County, Approved Budget Fiscal Year 2020 – 2021, <https://www.flaglercounty.org/home/showpublisheddocument/4401/637498689229700000>, 378.

⁸ Department of Financial Services rule 69I-51.0012, F.A.C., Uniform Accounting System Manual, 2014 Edition, https://www.flrules.org/gateway/readRefFile.asp?refid=5731&filename=2014%20UAS%20Manual%20-%207-31-15_FINAL.pdf, 92.

⁹ Florida Population Estimates by County and Municipality, http://edr.state.fl.us/Content/population-demographics/data/2020_pop_estimates-Revised-v2.pdf.

¹⁰ Citrus County's response indicated they license the following trades: framing, concrete, stucco, and masonry. Only the licensing of stucco installers is currently preempted by the bill so staff divided the \$8,100 annual revenue from licensing by four.

REVENUE ESTIMATING CONFERENCE

Tax: Local Occupational Licensing

Issue: Preemption of Local Occupational Licensing

Bill Number: HB 735

| County | Forecast | County Population | Forecast Per Capita |
|--------------|-------------|-------------------|---------------------|
| Broward | \$340,408 | 1,932,212 | \$0.18 |
| Citrus | \$2,025 | 149,383 | \$0.01 |
| Collier | \$500,000 | 387,450 | \$1.29 |
| Desoto | \$4,767 | 37,082 | \$0.13 |
| Flagler | \$28,378 | 114,173 | \$0.25 |
| Hillsborough | \$124,452 | 1,478,759 | \$0.08 |
| Indian River | \$2,000 | 158,834 | \$0.01 |
| Miami-Dade | \$2,527,920 | 2,832,794 | \$0.89 |
| Palm Beach | \$2,268,173 | 1,466,494 | \$1.55 |
| Pinellas | \$330,033 | 984,054 | \$0.34 |
| Overall | \$6,128,156 | | \$0.47 |

Impact using this methodology to local governments is negative \$10,150,152 annually. However, due to the low sample size of local governments, the lack of municipal government data, and the lack of overall confidence in the data, staff recommends a negative, indeterminate, recurring fiscal impact to local governments.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | (**) | (**) | | |
| 2022-23 | | | (**) | (**) | | |
| 2023-24 | | | (**) | (**) | | |
| 2024-25 | | | (**) | (**) | | |
| 2025-26 | | | (**) | (**) | | |

List of affected Trust Funds: Local funds.

Section 5: Consensus Estimate (Adopted: 06/21/2021): The conference adopted an indeterminate negative impact, but notes that the impact is a significant reduction in local licensing fees. Miami-Dade County and Palm Beach County estimate that those two counties alone will experience a reduction over \$4.7 million.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 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 | (**) | (**) | (**) | (**) |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | (**) | (**) | (**) | (**) |

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees
Issue: Consumer Protection
Bill Number(s): SB 1598

Entire Bill

Partial Bill:

Sponsor(s): Senator Gruters

Month/Year Impact Begins: Effective upon becoming a law

Date of Analysis: June 17, 2021

Section 1: Narrative

- a. Current Law:** The Department of Financial Services (DFS) has broad duties, including licensure and regulation of insurance agents, agencies, and adjusters; insurance consumer assistance and protection; and holding and attempting to return unclaimed property to its rightful owner. DFS has a number of regulatory responsibilities over the Florida insurance market. DFS regulates insurance adjusters, which includes public adjusters, independent adjusters, and company employee adjusters under Part VI, ch. 626, F.S. DFS conducts insurance-related consumer outreach through its Division of Consumer Services.

Section 626.8695 F.S defines an “adjusting firm” as a location where an independent or public adjuster is engaged in the business of insurance. A “public adjuster” is described in section 626.854 F.S as someone who, for money, commission, or any other thing of value, directly or indirectly prepares, completes, or files an insurance claim for an insured or third-party claimant. Section 626.855 F.S classifies an “independent adjuster” as a person who undertakes on behalf of an insurer to ascertain and determine the amount of any claim, loss, or damage payable under an insurance contract or undertakes to effect settlement of such claim, loss, or damage. Each person operating an adjusting firm is required to designate a “primary adjuster” who is licensed and appointed to adjust the insurance claims adjusted by the business location and is responsible for the hiring and supervision of all adjusters employed by the firm.

Through 2016, Florida statutes provided that failure to designate a “primary adjuster” constituted grounds for requiring the adjusting firm to obtain an adjusting firm license. However, no adjusting firm was ever required to be licensed by DFS as a result of this provision which was removed by legislation passed in 2017. Section 626.8696 F.S lays out the requirements for applying for an adjusting firm license and section 624.501 (20), F.S establishes a \$60 fee for an original or renewal three year adjusting firm license.

DFS does not currently, nor did they previously, license any of Florida’s approximately 1,225 adjusting firms.

- b. Proposed Change:** The bill requires an adjusting firm to be licensed unless it is owned and operated by a single licensed adjuster conducting business in his her own individual name and not employing other adjusters ad removes the \$60 license fee.

Section 4 states that if an adjusting firm is required to be licensed, but fails to apply for licensure, DFS must impose an administrative penalty of up to \$10,000. Any state revenue impact is incidental since the purpose of the provision is compliance and not the raising of revenue.

Section 10 allows DFS to take administrative actions and impose fines against any persons performing claims adjusting, soliciting, or other services without the required licensure. Any state revenue impact is incidental since the purpose of the provision is compliance and not the raising of revenue.

Section 20 removes the insured’s obligation to incur a \$100 deductible for coverage by FIGA on claims related to property loss and premium refunds. The increase in FIGA liability results in a higher expense for FIGA which, ultimately, may result in higher assessments placed on insurance companies which may subsequently be recouped from policyholders. Any state revenue impact is indirect.

Section 2: Description of Data and Sources

SB 1598 Staff Analysis

SB 1598 LBA

Phone and email correspondence with Chase Mitchell and Austin Stowers of DFS

Section 3: Methodology (Include Assumptions and Attach Details)

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees
Issue: Consumer Protection
Bill Number(s): SB 1598

According to the Department of Financial Services, there are no adjusting firms currently licensed. Consequently, the removal of the \$60 application fee codifies current administration and thus has no revenue impact.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | \$0 | \$0 | | |
| 2022-23 | | | \$0 | \$0 | | |
| 2023-24 | | | \$0 | \$0 | | |
| 2024-25 | | | \$0 | \$0 | | |
| 2025-26 | | | \$0 | \$0 | | |

List of affected Trust Funds:

Insurance Regulatory Trust Fund

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes & Fees

Issue: Permit Tolling During State of Emergency

Bill Number(s): CS/CS/SB912

Entire Bill

Partial Bill:

Sponsor(s): Senator Albritton

Month/Year Impact Begins: March 2020

Date of Analysis: June 14, 2021

Section 1: Narrative

- a. Current Law:** Section 252.363, F.S. provides that upon the declaration of an emergency by the Governor for a natural emergency, the period remaining to exercise the rights under certain permits or authorizations can be delayed for the duration of the emergency declaration plus 6 months. This applies to the following:
- The expiration of a development order issued by a local government;
 - The expiration of a building permit;
 - The expiration of a permit issued by the Department of Environmental Protection or a water management district pursuant to part IV of chapter 373 of F.S.; and
 - The buildout date of a development of regional impact, including any extension of a buildout date that was previously granted as specified in s. 380.06(7)(c).

Florida law requires for the holder of the permit or other authorization to notify the issuing authority of the intent to exercise the tolling and extension granted under the section within 90 days. The notice must be in writing and identify the specific permit or other authorization qualifying for extension.

- b. Proposed Change:** The bill adds two categories of permits that can be tolled as a result of a declaration of a state of emergency for a natural emergency. They are:
1. Consumptive use water permits for land subject to a development agreement under the Florida Local Government Development Agreement Act in which the permittee and the developer are the same or a related entity, and
 2. The expiration of development agreements and development permits entered into or issued by a local government or other governmental entity.

Section 2: Description of Data and Sources

- Discussions with staff of Water Management Districts and DEP
- Discussions with staff of Florida League of Cities and Florida Association of Counties; information from members of each

Section 3: Methodology (Include Assumptions and Attach Details)

There are two separate potential impacts from this bill: impacts for consumptive use water permits (CUPs), and impacts for development agreements and permits by local governments.

The future impact for each of these is indeterminate because of the uncertain nature in predicting weather or other disaster events that could lead to a state of emergency for a natural emergency. There is additional indeterminacy in predicting which businesses would request the tolling of permits under the bill, and when the impact from the tolling would be felt (an eighteen month delay for a consumptive use water permit, for example, might not be felt for another nineteen years, as many of these permits are for 20 years). Further, the potential duration of a state of emergency can vary significantly. The most recent state of emergency, related to the COVID-19 pandemic, has lasted fifteen months and has not yet expired. Finally, the Governor of Florida has emergency powers that would allow the issuance of local orders that could toll these permits, and, in fact, some counties did issue local orders to do so during the COVID-19 pandemic.¹ It is unclear to what extent this is creating an exemption that is not already possible under existing law. Due to these factors, the suggested cash impact for future years is zero/negative indeterminate.

¹ See, e.g., An Order of the St. Lucie County Administrator Regarding Tolling Permitting Timeframes, available at <https://www.fl-counties.com/sites/default/files/2020-04/03-27-2020%20-%20Tolling%20Permitting%20Timeframes.pdf> (last visited June 17, 2021), and Executive Order Tolling Seminole County Permitting Timeframes During COVID-19, available at <https://www.fl-counties.com/sites/default/files/2020-03/Seminole%20-%20203.18.20%20-%20Executive%20Order%202020-004%20Tolling.pdf> (last visited June 17, 2021).

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes & Fees

Issue: Permit Tolling During State of Emergency

Bill Number(s): CS/CS/SB912

Because of the known fees that could be shifted from FY 2020-21 to 2021-22 due to the COVID-19 pandemic specifically (fees that otherwise would have been paid March 2020 through the end of the state of emergency, but will now be due six months after the expiration of the state of emergency, estimated to occur in late December 2021), the suggested total impact for fiscal year 2021-22 is plus/minus (+/-). This reflects the likely increase in renewal fees from the COVID-19 state of emergency, but recognizes that an additional future state of emergency (a hurricane, for example) could negatively affect revenues for this year.

More specific information for the two types of permits is below.

CUP Impact – Water Management Districts

After discussion and further information from DEP and representatives of each of the water management districts (WMD), the impact to WMD revenues is expected to be zero or insignificant. It appears that fewer than a dozen CUPs that meet the statutory requirement are in effect, and all are for periods of 20 years or more. The average fee for each 20 year contract is \$1,000. Even if all of the contracts would have been up for renewal within the forecast period and were delayed 18-21 months due to COVID-19, the impact would be insignificant in any given year. In addition, as the tolling only occurs if requested by the developer, there is also some question whether any impact will arise from the COVID-19 state of emergency. It is unknown what future states of emergency may occur, but any future impact is expected to be similarly insignificant.

Development Agreements and Permits – Local Governments

After discussion and further information from the Florida League of Cities and the Florida Association of Counties, the impact to local government revenues is expected to be zero to negative indeterminate in future years. There are hundreds of development permits and agreements in most jurisdictions in the state, and hundreds of cities, in addition to the 67 counties, meaning there are potentially hundreds of thousands of these permits in effect in Florida. The average duration for development permits range from 1 to 5 years, and the duration of development agreements range from 1 to 30 years. The average fee for each permit or agreement ranges from \$25 to \$15,000. It is likely that a significant number of these permits would have expired during the period of the state of emergency declared for the COVID-19 pandemic. If all of the contracts which would have been up for renewal within the period beginning March 20, 2020, were delayed 21 months due to COVID-19 (March 20, 2020, through June 27, 2021, plus six months), the impact could be a significant negative impact in FY 2020-21; as much as (\$10,000,000) or more. As many of these expirations would likely be renewed after the statutory tolling period ends, estimated to be December 2021 or January 2022, this would likely lead to a positive impact in FY 2021-22. As such, a +/- impact is suggested for 2021-22. For future years, a zero/negative indeterminate cash impact is suggested, to reflect the indeterminacy of when future states of emergency may occur.

Section 4: Proposed Fiscal Impact

CUP Impact – Water Management Districts

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | 0/(* | (*) | | |
| 2022-23 | | | 0/(* | (*) | | |
| 2023-24 | | | 0/(* | (*) | | |
| 2024-25 | | | 0/(* | (*) | | |
| 2025-26 | | | 0/(* | (*) | | |

Development Agreements and Permits – Local Governments

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | +/- | (**) | | |
| 2022-23 | | | 0/(**) | (**) | | |
| 2023-24 | | | 0/(**) | (**) | | |
| 2024-25 | | | 0/(**) | (**) | | |
| 2025-26 | | | 0/(**) | (**) | | |

List of affected Trust Funds: Local Government Revenue

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes & Fees

Issue: Permit Tolling During State of Emergency

Bill Number(s): CS/CS/SB912

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimates.

CUP Impact – Water Management Districts

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(*) | (*) | 0/(*) | (*) |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(*) | (*) | 0/(*) | (*) |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(*) | (*) | 0/(*) | (*) |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(*) | (*) | 0/(*) | (*) |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(*) | (*) | 0/(*) | (*) |

Development Agreements and Permits – Local Governments

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | +/- | (**) | +/- | (**) |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(**) | (**) | 0/(**) | (**) |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(**) | (**) | 0/(**) | (**) |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(**) | (**) | 0/(**) | (**) |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0/(**) | (**) | 0/(**) | (**) |

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Broadband Internet Infrastructure Pole Attachments

Bill Number(s): CS/CS/HB 1239

Entire Bill

Partial Bill: Section 6

Sponsor(s): Representative Tomkow

Month/Year Impact Begins: July 1, 2021

Date of Analysis: June 21, 2021

Section 1: Narrative

- a. Current Law:** Due to the high cost of construction to build broadband infrastructure in rural areas, consumers living in these areas often lack access or have limited access to fixed broadband services. Per Section 364.0135, F.S., the Department of Economic Opportunity (DEO) is the state agency designated to facilitate the expansion of broadband Internet service in the state and the Florida Office of Broadband, within DEO, is responsible for developing, marketing, and promoting broadband Internet service.
- b. Proposed Change:** The bill creates two new programs to support the expansion of broadband Internet service to customers without access. First, the bill creates a program within the Florida Office of Broadband to award grants to broadband providers who seek to install or deploy infrastructure that expands broadband service to unserved areas.

Second, the bill creates s. 288.9963, F.S., which requires municipal electric utilities, through July 1, 2024, to offer broadband service providers a discounted rate of \$1 per attachment per year for any new pole attachment necessary to make broadband service available to unserved or underserved consumers within the utility's service territory. The bill also prohibits municipal electric utilities from raising their current pole attachment rates for broadband providers between July 1, 2021 and July 31, 2022.

Section 2: Description of Data and Sources

Contact with staff at Florida Municipal Electric Association

Contact with staff at League of Cities

Contact with Attorney representing Florida Municipal Electric Utilities

Center for Technology, Innovation and Competition, Survey of Rates for Pole Attachments and Access to Rights of Way (April 2018)

House Staff Analysis and Senate Staff Analysis (SB 1592)

Section 3: Methodology (Include Assumptions and Attach Details)

Data needed to estimate the fiscal impact on municipal electric utilities as a result of the discounted pole attachment rates for broadband service providers and the one year freeze on rate increases for pole attachments is not readily available. Pole attachment rates, the number of broadband providers who will take advantage of the promotion, and the number of underserved or unserved areas within each municipality is either unavailable or unknown.

Pole Attachment Fees

Local governments establish their pole attachment fees by local ordinance or agreement. As a result, the pole attachment rates vary for each municipal electric utility. These rates may also vary per agreement/contract between the municipal electric utility and the broadband service provider, as the terms and rates in the contract are typically negotiated between the parties.

In 2018, the Center for Technology, Innovation and Competition, conducted a survey of rates for pole attachments and access to rights of way. According to the survey results, the mean rate for wired pole attachments was \$17.58 and the median rate was \$15.56. When looking at rates for different types of utility facility owners (municipal vs private) it was determined that wired pole attachment rates were highest for municipalities (mean \$23.32, median of \$20.40) and lowest for private utilities (mean \$7.69, median \$5.30). Based on recent conversations with representatives of municipal electric utilities in Florida, it is estimated that the current average cost of wired pole attachments is around \$18.00.

Unserved and Underserved Areas

The availability of broadband Internet service access in rural unserved or underserved areas is different for each municipality. Some municipalities may have only a few small unserved or underserved areas within the municipality or they may not have any areas. Whereas in other municipalities the entire county may be unserved or underserved. Currently, information regarding which areas

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Broadband Internet Infrastructure Pole Attachments

Bill Number(s): CS/CS/HB 1239

are unserved or underserved within each municipality is unknown. As the programs created in HB 1239 are implemented this information may become available.

Broadband Service Providers

While Broadband Internet providers will significantly benefit from the discounted pole attachment rates and the temporary ban on pole attachment rate increases, the number of broadband providers who will take advantage of the promotional rate is indeterminate.

Based on the available data, the revenue impact on local government resulting from the discounted pole attachment fees is indeterminate negative. The revenue impact regarding the rate increase freeze is also indeterminate negative. However, it should be noted that some utility contracts include annual rate increases for pole attachments. These increases would be prohibited for a year, but the utilities may recoup some or all of their losses by increasing the fees in the following year(s).

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | (**) | 0 | | |
| 2022-23 | | | (**) | 0 | | |
| 2023-24 | | | (**) | 0 | | |
| 2024-25 | | | 0 | 0 | | |
| 2025-26 | | | 0 | 0 | | |

List of affected Trust Funds: Local funds only

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (**) | 0.0 | (**) | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | (**) | 0.0 | (**) | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | (**) | 0.0 | (**) | 0.0 |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): HB 7061, Section 43

Entire Bill

Partial Bill:

Sponsor(s): Governor DeSantis

Month/Year Impact Begins: The sales tax holiday will affect July and August 2020 activity and, subsequently, August and September collections.

Date of Analysis: June 21, 2021

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

b. Proposed Change:

Duration: The sales tax holiday is proposed for a 10-day period beginning on July 31 through August 9, 2021.

Clothing: The bill exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax as long as the sales price of the item does not exceed \$60. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, staplers and staples used to secure paper products, protractors, compasses, and calculators.”

Computers: Also exempt is the first \$1,000 of the sales price of personal computers or personal computer-related accessories purchased for noncommercial home or personal use. Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals that are designed or intended primarily for recreational use.”

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

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the legislation. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a conspicuous location at the place of business.

Section 2: Description of Data and Sources

- Impact for Proposed Language - Senate, 8-Day Sales Tax Holiday, First \$1,000 in computers, Revenue Estimating Impact Conference, 4/16/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page387-393.pdf>.
- Impact for SB 598, 10-Day Sales Tax Holiday, Revenue Estimating Impact Conference, 2/26/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page67-73.pdf>
- Clothing and Shoes expenditures forecast, February 2021 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, February 2021 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, February 2021 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, November 2020 Demographic Estimating Conference.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): HB 7061, Section 43

- Estimates of Florida public school enrollment, April 2021 K-12 Enrollment Estimating Conference.
- Estimates of Florida private school enrollment, Private School Annual Report 2019-2020 (Florida Department of Education). Available at <http://www.fldoe.org/schools/school-choice/private-schools/annual-reports.stml>. Last accessed 2/19/2021.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at www.nces.ed.gov/ipeds. Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the EASE or ABLE tuition assistance programs. Last accessed 2/24/2021.
- Tax collections by kind code, FY 2019-20, Form 10, Florida Department of Revenue.
- Department of Revenue. 2020 Back-to-School Sales Tax Holiday Tax Information Publication (TIP). Available at: https://revenue.law.floridarevenue.com/LawLibraryDocuments/2020/06/TIP-123084_TIP_20A01-04_FINAL_RLL.pdf. Last accessed 2/24/2021.

Section 3: Methodology (Include Assumptions and Attach Details)

NOTE: While the methodology below remains the same as in prior Back-to-School Sales Tax Holidays, the estimates below are updated with data from new Revenue Estimating Conferences, particularly the PreK-12 Enrollment Conference, the Florida Demographic Estimating Conference, and the Florida Economic Estimating Conference and others as data were available. Impacts in this analysis are not directly comparable to prior estimates that may use conference data from prior vintages.

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount and assume that 71% of the expenditures would be under the \$60 limit. For backpacks, it is assumed that 20% of students would purchase a backpack, and each backpack is assumed to cost \$25. Both the 71% and 20% assumptions are then decreased by 2.5 percentage points to reflect the dealer opt out provision. Using the base 10-day matrix (which is derived from a matrix developed to estimate the impact for a prior hurricane sales tax holiday) to spread expenditures levels by each day of the forecast period, the level of spending for a 10-day holiday is derived (=100% of the 10-day total). The 100% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 10-day holiday.

School Supplies: For school supplies (including staplers), an amount of expenditures is assumed per student, by grade level, for 10 days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, public technical colleges/career centers, and private colleges/universities. The estimated total expenditure by students is increased for advantage business spending. It is assumed that 75% of expenditures would be under the \$15 limit. The 75% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. The 100% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 10-day holiday.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of the calendar year (=23.6%) and for the percentage of total expenditures assumed to be exempt (=65%). The 65% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. It is assumed that 30% of third quarter purchases would be made during the 3-day holiday period. The 100% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 10-day holiday.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for FY 2021-22 only.

| 2020-21 | High | | Middle | | Low | |
|--------------------------|------|-----------|-----------------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| Clothing/Shoes/Backpacks | | | (40.7 M) | | | |
| School Supplies | | | (8.7 M) | | | |
| Computers | | | (10.9 M) | | | |
| Total | | | (60.3 M) | | | |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): HB 7061, Section 43

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---------|--------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (53.4) | 0.0 | (Insignificant) | 0.0 | (1.8) | 0.0 | (5.1) | 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (9.1) | 0.0 | (16.0) | 0.0 | (69.4) | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Proposed Language
Sales Tax Holiday - Clothing, School Supplies, Computers

10 Days, July 31 - August 9, 2021

(NONRECURRING)

| | | 2021-22 | |
|-------------------------|--|------------------|--|
| Expenditure Type | | PROPOSED | |
| 1 | Clothing & Shoes - \$60 or Less | \$ (40.7) | |
| 2 | School Supplies - \$15 or Less | \$ (8.7) | |
| 3 | Personal Computers and Related Accessories - first \$1,000 | \$ (10.9) | |
| 4 | Total Impact | \$ (60.3) | |

**Estimates in millions of dollars*

Proposed Language
SALES TAX HOLIDAY - CLOTHING

10 Days, July 31 - August 9, 2021
\$60 Limit

| 2021-22 | <u>Proposed</u> |
|--|------------------------|
| 1 National Personal Expenditure on Clothing and Shoes | 406,418.3 |
| 2 Florida Share based on Population Forecast | 27,137.1 |
| 3 Florida Expenditures on Apparel & Shoes (adjusted for 65+) | 25,988.4 |
| 4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.) | 23,389.5 |
| 5 Sales Tax at 6% | 1,403.4 |
| 6 Exempted Amount (68.5% = 71% minus 2.5 dealer opt out) | 961.3 |
| Assumption (=71% - 71% - 66% minus opt out) | 0.6850 |
| 7 Preliminary 10-day Fiscal Impact in Florida | (26.3) |
| 8 Seasonal Factor set to 1 (no seasonal factor) | 1.0 |
| 9 Behavioral Factor based on New York History and Florida Experience | 1.5 |
| 10 Adjusted 10-day Fiscal Impact in Florida | (39.5) |
| 11 Backpacks (17.5% = 20% minus 2.5 dealer opt out x \$25/backpack) | (1.2) |
| 12 Total Impact 10 Day (100% Adjustment) | (\$40.7) |

Proposed Language
SALES TAX HOLIDAY - SCHOOL SUPPLIES (Incl Staplers, Flash Drives)

10 Days, July 31 - August 9, 2021
\$15 Limit

2021-22

| Row | Grade Level | Expenditures per Student | Number of Students | Total Expenditures |
|-----|---|--------------------------|------------------------|--------------------|
| 1 | PreK | 20.00 | 69,518 | 1.4 |
| 2 | KG | 20.00 | 256,393 | 5.1 |
| 3 | 1 | 20.00 | 230,764 | 4.6 |
| 4 | 2 | 20.00 | 239,598 | 4.8 |
| 5 | 3 | 25.00 | 248,106 | 6.2 |
| 6 | 4 | 27.00 | 232,547 | 6.3 |
| 7 | 5 | 27.00 | 253,018 | 6.8 |
| 8 | 6 | 32.00 | 247,808 | 7.9 |
| 9 | 7 | 32.00 | 254,986 | 8.2 |
| 10 | 8 | 32.00 | 262,703 | 8.4 |
| 11 | 9 | 35.00 | 263,557 | 9.2 |
| 12 | 10 | 35.00 | 255,747 | 9.0 |
| 13 | 11 | 35.00 | 237,323 | 8.3 |
| 14 | 12 | 35.00 | 226,120 | 7.9 |
| 15 | Total PK-12 | | 3,278,187 | 94.1 |
| 16 | Total HigherEd | 36.00 | 1,142,503 | 41.1 |
| 17 | Total All Students | | 4,420,690 | 135.3 |
| 18 | Advantage Buying by Business, General Public | | | |
| 19 | 25% Factor + 10% for Expanded List | | | 47.3 |
| 20 | School Supplies | | <u>Proposed</u> | |
| 21 | Total Sales Tax for 10 Days (72.5% = 75% minus 2.5 dealer opt out) | | (8.7) | |
| | Assumption (85% - 75% - 65% minus opt out) | | 0.725 | |
| 22 | Total Impact 10 Day (100% Adjustment) | | (\$8.7) | |

Proposed Language
SALES TAX HOLIDAY - COMPUTERS

10 Days, July 31 - August 9, 2021
First \$1,000

| 2021-22 | | <u>Proposed</u> |
|----------------|---|------------------------|
| 1 | National Consumer Expenditures on Computers | 68,770.4 |
| 2 | Florida Share based on Population Forecast | 4,591.9 |
| 3 | Florida Expenditures on Computers (adjusted for 65+) | 4,397.5 |
| 4 | Estimated Florida-based Sales of Computers (7% e-commerce adj.) | 4,089.7 |
| 5 | Annual Sales Tax at 6% | 245.4 |
| 6 | CY Q1 Estimate (29.9%) | 73.3 |
| 7 | CY Q1 Estimate (17.5%) | 43.1 |
| 8 | CY Q1 Estimate (23.6%) | 57.9 |
| 9 | CY Q1 Estimate (29%) | 71.2 |
| 10 | Exempted Amount (62.5% = 65% minus 2.5 dealer opt out) | 36.2 |
| | Assumption (75% - 65% - 65% minus opt out) | 0.625 |
| 11 | Q3 Purchases Made During 10-Day Holiday (30%) | 10.9 |
| | Assumption (55% - 30% - 25%) | 0.30 |
| 12 | Total Impact 10 Day (100% Adjustment) | (\$10.9) |

Back-to-School Daily Factors - based on Hurricane Sales Tax Holiday Analysis

Assume:

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

Weekdays add less to the impact.

| Example: | 1 Thursday | 2 Friday | 3 Saturday | 4 Sunday | 5 Monday | 6 Tuesday | 7 Wednesday | 8 Thursday | 9 Friday | 10 Saturday | 11 Sunday | 12 Monday | 13 Tuesday | 14 Wednesday | Calibrate to 12-day holiday | Calibrate to 10-day holiday |
|----------------|---------------|-------------|---------------|-------------|-------------|--------------|----------------|---------------|-------------|----------------|--------------|--------------|---------------|-----------------|--------------------------------|--------------------------------|
| 14-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | 1.0% | 102.0% | 105.2% |
| 13-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | 1.0% | X | 101.0% | 104.1% |
| 12-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | 1.0% | X | X | 100.0% | 103.1% |
| 11-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | X | X | X | 99.0% | 102.1% |
| 10-Day Holiday | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | 10.0% | X | X | X | 97.0% | 100.0% |
| 9-Day Holiday | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | X | X | X | X | 87.0% | 89.7% |
| 8-Day Holiday | X | X | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | 2.5% | 20.0% | X | X | X | X | 81.5% | 84.0% |
| 7-Day Holiday | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | 1.0% | 1.0% | X | X | X | X | X | X | 64.5% | 66.5% |
| 6-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | X | X | X | X | X | X | X | X | 64.5% | 66.5% |
| 5-Day Holiday | X | 5.5% | 35.0% | 20.0% | 1.0% | 1.0% | X | X | X | X | X | X | X | X | 62.5% | 64.4% |
| 4-Day Holiday | 2.0% | 5.5% | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | 62.5% | 64.4% |
| 3-Day Holiday | X | 5.5% | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | 60.5% | 62.4% |
| 2-Day Holiday | X | X | 35.0% | 20.0% | X | X | X | X | X | X | X | X | X | X | 55.0% | 56.7% |
| 1-Day Holiday | X | X | 35.0% | X | X | X | X | X | X | X | X | X | X | X | 35.0% | 36.1% |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): HB 7061, Section 44

Entire Bill

Partial Bill:

Sponsor(s): Governor's proposal

Month/Year Impact Begins: The impact begins May 28, 2021 and ends on June 6, 2021 and will affect FY 2021-22 because of the one-month collection lag.

Date of Analysis: June 21, 2021

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. Proposed Change:** The bill provides an exemption from sales tax for the items listed below that are purchased during the time period from May 28 through June 6, 2021 (10 days, first day on a Friday, two weekends).

| | |
|---|-----------------|
| Portable self-powered light source | \$ 40 or less |
| Portable self-powered radio, two-way radio or weather band radio | \$ 50 or less |
| Tarpaulin or other flexible waterproof sheeting | \$ 100 or less |
| Ground anchor system or tie-down kit | \$ 100 or less |
| Gas or diesel fuel tank | \$ 50 or less |
| Package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries | \$ 50 or less |
| Non-electric food storage cooler | \$ 60 or less |
| Reusable ice | \$ 20 or less |
| Portable generator | \$1,000 or less |
| Portable power bank | \$ 60 or less |

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

Section 2: Description of Data and Sources

- REC Impact for Proposed Language – Governor, 4/16/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page394-398.pdf>.
- REC Impact for CS/HB7123 (Ch. 2019-42, L.O.F.), May 16, 2019.
- REC Impact for CS/SB1412, April 5, 2019.
- REC Impact for SB 524, Revenue Estimating Conference, 11/22/2019, Updated 2/3/2020, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/pdf/page47-52.pdf>.
- REC Impact for Proposed Language (HB 7097 (2020)), Laws of Florida Ch. 2020-10, Revenue Estimating Conference, 2/3/2020 <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/pdf/page362-365.pdf>
- REC Impact for SB 734, 2/12/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page41-47.pdf>.
- Final Report on Hurricane Claims from Florida Office of Insurance Regulation (August 2006) for reported claims and total loss claims from 2004 Hurricanes Charley, Frances, Ivan, and Jeanne and 2005 Hurricanes Dennis, Katrina, Rita, and Wilma and October 20, 2008 Tropical Storm Fay Report at <http://www.floir.com/office/hurricanesseason/seasonsinfo.aspx>.
- Submitted claims as of November 2020 for 2016 Hurricanes Hermine and Matthew; 2017 Hurricane Irma; and 2018 Hurricane Michael at <https://www.floir.com/Sections/PandC/ProductReview/CatastropheReporting.aspx> and <https://www.floir.com/Office/HurricaneSeason/HurricaneMichaelClaimsData.aspx>.
- Various websites for price comparisons: www.lowes.com; www.homedepot.com; www.bestbuy.com;
- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2019.
- U.S. Census Bureau, American Community Survey, 2019.
- Florida Demographic Estimating Conference, March 2021.
- Florida Economic Estimating Conference, March 2021.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): HB 7061, Section 44

Section 3: Methodology (See attached.)

NOTE: While the methodology below remains the same as in prior Disaster Preparedness Sales Tax Holidays, the estimates below are updated with data from new Revenue Estimating Conferences, particularly the Florida Demographic Estimating Conference and the Florida Economic Estimating Conference and others as data were available. Impacts in this analysis are not directly comparable to prior estimates that may use conference data from prior vintages.

Household Purchases: A 10-day holiday impact is calculated using the forecast for Florida households for 2021q2, along with the percentage of households reporting losses in the major storms occurring in 2004, 2005, 2008, 2016, and 2017 = 4.4%. The percentage of households reporting losses in 2018 (1.0%) was excluded from the calculation because the storm was concentrated in an area of the state with fewer residents. The low estimate assumes 4.4% of all Florida households would participate in the holiday. The high estimate assumes 8.5% of households would participate based on the highest reported losses in 2005. The middle estimate assumes 6.5% of households would participate.

An amount of tax-free expenditures is assumed for each household: High = \$221; Middle = \$116; Low = \$77. Based on the 2019 Consumer Expenditure Survey and median Florida household income, it is estimated that Florida households spend approximately \$2,018 annually (average of approximately \$5.53 per day) for maintenance, repairs, & other expenses, and miscellaneous household equipment. The percentage assumed for maintenance and repairs is 1.77% of annual expenditures. The high estimate assumes that an amount equivalent to 42 days of expenditures would be spent during the holiday period. The middle and low estimates assume expenditures equivalent to 28 days and 21 days, respectively. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 10-day holiday (100%, no adjustment).

Portable Power Banks or Chargers: The methodology for household purchases is used to develop estimates for portable power banks and chargers. An amount of tax-free expenditures is assumed for each household: High = \$1.6; Middle = \$0.8; Low = \$0.6. Based on the 2019 Consumer Expenditure Survey and median Florida household income, it is estimated that Florida households spend approximately \$77.87 annually on telephones and accessories, of which this analysis estimates 20% (\$15.57) is spent on accessories, such as power banks and chargers (average of approximately \$0.04 per day). The high estimate assumes that an amount equivalent to 40 days of expenditures would be spent during the holiday period. The middle and low estimates assume expenditures equivalent to 21 days and 14 days, respectively. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 10-day holiday (100%, no adjustment).

Portable Generators: It is assumed a certain number of portable generators will be purchased during the tax-free holiday: High = 87,385; Middle = 61,169; and Low = 38,449. These numbers represent approximately 1%, 0.7%, and 0.44% of Florida households. Additionally, a price per generator is assumed as follows: High = \$1,000; Middle = \$1,000; and Low = \$600. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 10-day holiday (100% adjustment).

Section 4: Proposed Fiscal Impact The proposed impact is nonrecurring for FY 2021-22.

| | High | | Middle | | Low | |
|---------|----------|-----------|---------|-----------|---------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (\$15.9) | | (\$9.1) | | (\$4.1) | |
| 2022-23 | | | | | | |
| 2023-24 | | | | | | |
| 2024-25 | | | | | | |
| 2025-26 | | | | | | |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): HB 7061, Section 44

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted 06/21/2021): The Conference adopted the middle estimate.

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---------|-------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (8.1) | 0.0 | (Insignificant) | 0.0 | (0.3) | 0.0 | (0.8) | 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (1.4) | 0.0 | (2.4) | 0.0 | (10.5) | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Proposed Language
2021 Sales Tax Holiday - Disaster Preparedness

10 Days
Friday, May 28 - Sunday, June 6

| 1. # HOUSEHOLD PURCHASING ASSUMPTIONS: | |
|---|-------------|
| 2004 Indices based on FINAL REPORT (4 hurricanes) | |
| Reported Loss % HHs | 3.2% |
| Total Loss % HHs | 2.3% |
| 2005 Indices based on FINAL REPORT (4 hurricanes) | |
| Reported Loss % HHs | 8.5% |
| Total Loss % HHs | 5.8% |
| 2008 Index based on Oct 20 2008 Report for Fay (1 storm) | |
| Reported Loss % HHs | 2.7% |
| 2016 Index based on Claims Data as of Jan 2018 (2 hurricanes) | |
| Reported Loss % HHs | 2.9% |
| 2017 Index based on Claims Data as of Nov 2018 (1 hurricane) | |
| Reported Loss % HHs | 4.8% |
| 2018 Index based on Claims Data as of Nov 2020 (1 hurricane) | |
| Reported Loss % HHs | 1.1% |
| Average Reported Loss (2004-2017) % | 4.4% |

| 2. AVAILABLE CASH FOR PURCHASES ASSUMPTIONS: | | | | | | Methodology for HH Income |
|---|---------|----------|-------------------|-------------------|-------------------|--|
| Using Florida After-Tax Income per Household | | | | | | Florida Median HH income is based on the 2019 American Community Survey reported Florida median family income in the last 12 months (\$80,994). This value is grown by the Nov 2020 Florida Economic Estimating Conference growth in Personal Income. The growth rates are: 2019 5.3% 2020 5.1% 2021 4.9% |
| (2019 American Community Survey: Florida) | | | | | | |
| Median Florida Household After-Tax Income | | | 2019 | 2020 | 2021 | |
| | | | FY 2018-19 | FY 2019-20 | FY 2020-21 | |
| Using average annual expenditures from the 2019 Consumer Expenditure Survey, all consumer units: | | | Fla \$ per HH | Fla \$ per HH | Fla \$ per HH | |
| <u>Shares of expenditures:</u> | | | | | | |
| Food & alcoholic beverage | 13.9% | \$7,533 | \$7,916 | \$8,301 | | |
| Housing (includes * below) | 32.81% | \$17,808 | \$18,713 | \$19,622 | | |
| Apparel & services | 3.0% | \$1,622 | \$1,704 | \$1,787 | | |
| Transportation | 17.04% | \$9,250 | \$9,721 | \$10,193 | | |
| Health care | 8.24% | \$4,472 | \$4,699 | \$4,928 | | |
| Entertainment | 4.90% | \$2,661 | \$2,796 | \$2,932 | | |
| All others | 20.15% | \$10,937 | \$11,493 | \$12,052 | | |
| | 100.00% | \$54,283 | \$57,042 | \$59,814 | | |
| Telephones and accessories, 0.13% (20%) | 77.87 | 0.026% | \$14.13 | \$14.85 | \$15.57 | Ratio of Avg Annual Expend to Income Before Taxes, 2019 CES (76.08%) is used to produce after-tax income. |
| *Maintenance & repairs | | 1.77% | \$963 | \$1,012 | \$1,061 | |
| *Miscellaneous household equipment | | 1.60% | \$869 | \$913 | \$957 | |
| Household Purchases | | | | | | |
| HIGH = Assume 8.5% of households purchase exempt items equivalent to approximately 42 days of spending. | | | | | 42 | |
| MIDDLE = Assume 6.5% of households purchase exempt items equivalent to approximately 28 days of spending. | | | | | 28 | \$2,018 Annual Total |
| LOW = Assume 4.4% of households purchase exempt items equivalent to approximately 21 days of spending. | | | | | 21 | \$5.53 Daily Total |

Proposed Language
2021 Sales Tax Holiday - Disaster Preparedness

10 Days
Friday, May 28 - Sunday, June 6

Portable Power Banks or Chargers

HIGH = Assume 50% of households purchase exempt items equivalent to approximately 40 days of spending.
MIDDLE = Assume 25% of households purchase exempt items equivalent to approximately 21 days of spending.
LOW = Assume 10% of households purchase exempt items equivalent to approximately 14 days of spending.

\$15.57 Annual Total
\$0.04 Daily Total

| Estimate for 10-Day Holiday | | | | |
|--|---------------------|------------------|-----------------|-----------------|
| | Household Purchases | | | |
| | Prev. Adopted | High | Middle | Low |
| TOTAL Amount Purchased/HH | \$155.00 | \$232.00 | \$155.00 | \$116.00 |
| TOTAL Fla Households | 8,738,486 | 8,738,486 | 8,738,486 | 8,738,486 |
| TOTAL HHs Purchasing | 568,002 | 742,771 | 568,002 | 384,493 |
| TOTAL Expenditures (\$M) | \$ 88.0 | \$ 172.3 | \$ 88.0 | \$ 44.6 |
| Sales Tax for 10-Day Holiday (Millions of \$) | \$ (5.3) | \$ (10.3) | \$ (5.3) | \$ (2.7) |
| Sales Tax for 10-Day Holiday, 100% Adjustment | \$ (5.3) | \$ (10.3) | \$ (5.3) | \$ (2.7) |

| | Adopted | 50% of HH | 25% of HH | 10% of HH |
|--|---------|-----------------|-----------------|------------------|
| | | High | Middle | Low |
| Portable Power Banks or Chargers | | | | |
| TOTAL Amount Purchased/HH | | \$1.60 | \$0.84 | \$0.56 |
| TOTAL Fla Households | | 8,738,486 | 8,738,486 | 8,738,486 |
| TOTAL HHs Purchasing | | 4,369,243 | 2,184,622 | 873,849 |
| TOTAL Expenditures (\$M) | | \$ 7.0 | \$ 1.8 | \$ 0.5 |
| Sales Tax for 10-Day Holiday (Millions of \$) | | \$ (0.4) | \$ (0.1) | \$ (0.03) |
| Sales Tax for 10-Day Holiday, 100% Adjustment | | \$ (0.4) | \$ (0.1) | \$ (0.03) |

3. PORTABLE GENERATOR ASSUMPTIONS:

HIGH = Assume 1% of Florida households purchase a tax-exempt generator at \$1,000 per generator.
MIDDLE = Assume 0.7% of Florida households purchase a tax-exempt generator at \$1,000 per generator.
LOW = Assume .44% of Florida households purchase a tax-exempt generator at \$600 per generator.

| | Portable Generators | | | |
|--|---------------------|------------------|-----------------|-----------------|
| | Prev. Adopted | High | Middle | Low |
| TOTAL Amount Purchased/HH | \$ 1,000 | \$1,000 | \$1,000 | \$600 |
| TOTAL Generators Purchased | 61,169 | 87,385 | 61,169 | 38,449 |
| TOTAL Expenditures (\$M) | \$ 61.2 | \$ 87.4 | \$ 61.2 | \$ 23.1 |
| Sales Tax for 10-Day Holiday | \$ (3.7) | \$ (5.2) | \$ (3.7) | \$ (1.4) |
| Sales Tax for 10-Day Holiday, 100% Adjustment | \$ (3.7) | \$ (5.2) | \$ (3.7) | \$ (1.4) |
| Total Estimated Impact (10-day) | | | | |
| | \$ (9.0) | \$ (15.9) | \$ (9.1) | \$ (4.1) |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday – Freedom Week - Recreation Sales Tax Holiday

Bill Number(s): HB 7061, Section 45

Entire Bill

Partial Bill: Section 45

Sponsor(s): N/A

Month/Year Impact Begins: 07/2021

Date of Analysis: 06/21/2021

Section 1: Narrative

- a. **Current Law:** Chapter 212, F.S. authorizes the collection of sales and use tax on admissions to ticketed events, gym memberships, museum tickets and memberships, and outdoor equipment.
- b. **Proposed Change:** During the period of July 1, 2021 to July 7, 2021, the following items are exempt from sales and use tax: sales of tickets to live music events, state parks, live sporting events, movie tickets, and museum tickets that are scheduled to be held between July 1, 2021 and December 31, 2021; use of or access to clubs providing physical fitness facilities between July 1, 2021 and December 31, 2021; the retail sale of specified boating and water activity supplies, camping supplies, fishing supplies, sports equipment, and general outdoor supplies.

The retail sales exemption is valid only for the listed items and subject to the following price conditions.

| Expenditure Type | Description |
|-------------------------------------|---|
| Boating and water activity supplies | <ul style="list-style-type: none"> • Life jackets and coolers (first \$75 of the sales price) • Safety flares (first \$50 of the sales price) • Recreational inflatable water tubes or floats capable of being towed (first \$150 of the sales price) • Snorkels, goggles, and swimming masks (first \$25 of the sales price) • Canoes & kayaks (first \$500) • Water skis, wakeboards, and kneeboards (first \$150 of the sales price) • Paddleboards and surfboards (first \$300 of the sales price) • Paddles and oars (first \$75 of the sales price) |
| Camping supplies | <ul style="list-style-type: none"> • Tents (first \$200 of the sales price) • Sleeping bags, portable hammocks, and camping stoves (first \$50 of the sales price) • Collapsible camping chairs (first \$50 of the sales price) • Camping lanterns and flashlights (first \$30 of the sales price) |
| Fishing supplies | <ul style="list-style-type: none"> • Rods and reels (first \$75 of the sales price if sold individually or first \$150 of the sales price if sold as a set) • Bait or fishing tackle (first \$5 of the sales price if sold individually or first \$10 of the sales price if sold as a set) • Tackle boxes or bags (first \$30 of the sales price) |
| General outdoor supplies | <ul style="list-style-type: none"> • Sunscreen or insect repellent (first \$15 of the sales price) • Sunglasses (first \$100 of the sales price) • Binoculars (first \$200 of the sales price) • Water bottles (first \$30 of the sales price) • Hydration packs (first \$50 of the sales price) • Bicycles (first \$250 of the sales price) • Bicycle Helmets (first \$50 of the sales price) • Outdoor Gas or Charcoal Grills (first \$250 of the sales price) |
| Sports equipment | <ul style="list-style-type: none"> • Any item used in individual or team sports, not including clothing or footwear (\$40 or LESS) |

Note: Items in **RED** are new or revised since the last adopted impact on 4/23/2021.

Section 2: Description of Data and Sources

- Sales Tax Holiday – Recreation, Proposed Language, Revenue Estimating Conference, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/Impact0423.pdf> ,
- Florida Economic Estimating Conference, March 2021.
- Florida Demographic Estimating Conference, March 2021.
- IBISWorld reports
- US Bureau of Labor Statistics, Consumer Expenditures Survey, Average annual expenditures and characteristics, Table 1800, 2019.
- US Bureau of Labor Statistics, Consumer Expenditures Survey, Annual expenditure means and characteristics, Florida: Quintiles of income before taxes, 2017-2018.
- US Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020.
- BassProShop, www.bassproshop.com

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday – Freedom Week - Recreation Sales Tax Holiday

Bill Number(s): HB 7061, Section 45

- Acamedy Sports, www.academysports.com
- Walmart, www.walmart.com

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis was split into multiple components, each using a separate methodology. The first methodology was used to estimate the sales and use tax impact on ticket sales and memberships. This methodology relied on IBISWorld Industry Reports to estimate the amount of ticket and membership revenue generated by the qualified industries in Florida. Next, the analysis led to an estimate of the portion of annual ticket and membership revenue that will be purchased during the sales tax holiday. Underlying the analysis is an expectation that the tax holiday will shift ticket and membership sales from later periods into the qualified week. The analysis also assumed that a large majority of museum ticket sales (83%) are already tax exempt because these museums are operated by a 501(c)(3) (Florida Statute 212.042(a), F.S.). Finally, the numbers were checked against sales tax collection data for Kind Code 59 for reasonableness.

Second, the estimates for retail sales for boating and water activities, camping supplies, fishing supplies, sports equipment, and partially for outdoor supplies used average annual expenditures by consumer unit by category from the Consumer Expenditures Survey for the United States and applied their respective shares of total expenditures to Florida average annual expenditures for calendar years 2017-2018. The expenditures were grown by Florida personal income growth to 2021. The estimate for outdoor supplies used IBISWorld reports for US market size for sunscreen, insect repellent, and sunglasses and assumed Florida's market for these items was proportional to Florida's share of the US population. Other sports equipment expenditures from the Consumer Expenditures Survey were used as an estimate for spending on water bottles, hydration packs, and binoculars.

Third, an analysis of "first \$xxx of the sales price of..." exemptions was developed. As described above, a sales tax impact with the above price points as caps was first adopted by the REC on 4-16-2021. The subsequent analysis on 4/23/2021 of "first \$xxx of the sales price of..." sales tax exemptions could not identify sources that indicated the distribution of quantity sold at each price point for the items subject to the sales tax exemption or the distribution. Instead, the 4/23/2021 analysis used price point counts for each item from a limited number of websites. The analysis assumes that the volume of sales equals one item sold at each price point and calculates a ratio of the number of items sold above the original price cap and below the price cap for each item. In reality, the volume of sales at the lower price points is likely to exceed the number of sales at the higher price points. The ratios are averaged across the items in each category. The initially adopted impact is assumed to be the "below the cap" impact and is increased by the percent implied for each category to allow for purchases of items "above the price cap." This estimates a proposed sales tax collections impact. The 4/23/2021 impact is then recalculated by grossing up to expenditures and constraining the new "above the cap" expenditures to the difference between total expenditures and the adopted expenditures in the 4-16-2021 REC. The original shares by category of the price point count are applied to the recalculated constrained "above the price cap" expenditures. The 6/16/2021 impact estimates the impact of the added "sports equipment" category, increases the price limits as noted in the table above and estimates the impact of the additional items and raised dollar allowances.

A behavioral factor, estimating the number of weeks that may be shifted into the exempted week is then applied. The behavioral factor accounts for the following dynamics. Since the savings from sales tax as capped to the "first of..." are relatively small relative to the purchase price of an item, especially for items "above the price caps," consumers may not be enticed enough to purchase the item during the sales tax holiday. In addition, the savings from sales tax may be minute relative to discounts on items that may be available at other (regular) times of the year. Furthermore, the recreation items on the list are discretionary in the full sense of the word – there is no particular reason for consumers to purchase any of the items more so during this week than they would without the sales tax holiday, unlike a Back-to-School holiday or Disaster Preparedness holiday when necessities can be purchased tax-exempt. Floridians have been taking advantage of the outdoors during the pandemic for the past year more so than usual due to avoidance or unavailability of indoor recreation. As a result, some purchases of recreational outdoors equipment might have been pulled into 2020 from 2021 or even beyond. To account for the above dynamics, a behavioral factor is applied to the incremental impact to produce a low, middle, and high.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday – Freedom Week - Recreation Sales Tax Holiday

Bill Number(s): HB 7061, Section 45

Finally, the estimate for sales tax on State Park entrance fees was based on FY 2018-19 annual pass and day pass fees (FY 2019-20 had atypical collections due to the pandemic) and assumptions made on the number of months’ worth of annual passes and number of weeks’ worth of single-day passes that would be sold during the tax exemption period.

The table below shows the estimated impacts.

Estimated Sales Tax Exemptions (Millions of Dollars)

| EXEMPTION TYPE | HIGH | MIDDLE | LOW |
|-----------------------|-------------|---------------|-------------|
| Admissions | 37.5 | 37.5 | 37.5 |
| Retail sales | 10.0 | 8.4 | 5.8 |
| Total | 47.5 | 45.9 | 43.3 |

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|----------|-----------|----------|-----------|----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (\$47.5) | | (\$45.9) | | (\$43.3) | |
| 2022-23 | | | | | | |
| 2023-24 | | | | | | |
| 2024-25 | | | | | | |
| 2025-26 | | | | | | |

List of affected Trust Funds: Sales and Use Tax

Section 5:

Consensus Estimate (Adopted: 06/21/2021): The Conference adopted an average of the high and the middle estimate.

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---------|--------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (41.4) | 0.0 | (Insignificant) | 0.0 | (1.4) | 0.0 | (4.0) | 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (7.1) | 0.0 | (12.4) | 0.0 | (53.8) | 0.0 |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of)

1 week, July 1 - 7, 2021

Summary

Estimated Sales Tax Exemptions (Millions of Dollars)

| EXEMPTION TYPE | HIGH | MIDDLE | LOW |
|-----------------------|-------------|---------------|-------------|
| Admissions | 37.5 | 37.5 | 37.5 |
| Retail sales | 10.0 | 8.4 | 5.8 |
| Total | 47.5 | 45.9 | 43.3 |

| | A | B | C | D | E | F | G | H | I | J | K | L | | |
|----|---|---|---|--|--|-------------------------------|---|--|---|--|------|--|--|--|
| 1 | HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of | | | | | | | | | | | | | |
| 2 | 1 week, July 1 - 7, 2021 | | | | | | | | | | | | | |
| 3 | ADMISSIONS | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | |
| 6 | Industry | Total Industry Revenue (2021) | US Ticket Revenue (Est.) | Florida Ticket Revenue (Est.) | | | | Number of Weeks Worth of Movie Tickets Sold During the Tax-Exempt Period | | | | | | |
| 7 | Movie Theaters in the US | \$6,256,000,000 | \$3,960,048,000 | \$194,042,352 | | | | 2 | | | | | | |
| 8 | | | | | | | | Exempt Ticket Revenue: | 7,463,167 | | | | | |
| 9 | | | | | | | | Expected Sales Tax Impact (6%): | 447,790 | | | | | |
| 10 | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | |
| 12 | | Total Industry Revenue (US) | US Membership Revenue (Est.) | Florida Membership Revenue (Est.) | | | | Number of Months Worth of Gym Memberships Sold During the Tax-Exempt Period | | | | | | |
| 13 | Gym, Health & Fitness Clubs in the US | \$33,971,000,000 | \$23,100,280,000 | \$1,409,117,080 | | | | 3 | | | | | | |
| 14 | | | | | | | | Exempt Membership Revenue: | 352,279,270 | | | | | |
| 15 | | | | | | | | Expected Sales Tax Impact (6%): | 21,136,756 | | | | | |
| 16 | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | |
| 18 | | Total Industry Revenue (US) | US Ticket Sales - Live Music (Est.) | Florida Ticket Revenue (Est.) | | | | Number of Months Worth of Concert Tickets Sold During the Tax-Exempt Period | | | | | | |
| 19 | Concert & Event Promotion | \$17,056,000,000 | \$5,082,688,000 | \$376,118,912 | | | | 1.5 | | | | | | |
| 20 | | | | | | | | Exempt Ticket Revenue: | 47,014,864 | | | | | |
| 21 | | | | | | | | Expected Sales Tax Impact (6%): | 2,820,892 | | | | | |
| 22 | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | |
| 24 | | Total Industry Revenue (US) | US Ticket Sales - Admission (Est.) | Florida Ticket Revenue (Est.) | | | | Number of Months Worth of Sporting Event Tickets Sold During the Tax-Exempt Period | | | | | | |
| 25 | Live Sports Industry | \$44,974,000,000 | \$11,636,352,000 | \$1,425,432,624 | | | | 1.75 | | | | | | |
| 26 | | | | | | | | Exempt Ticket Revenue: | 207,875,591 | | | | | |
| 27 | | | | | | | | Expected Sales Tax Impact (6%): | 12,472,535 | | | | | |
| 28 | | | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | | | |
| 30 | Government | Total Individual and Family Annual Pass Revenue (FY18-19) | Total Daily Entrance Pass Revenue (FY18-19) | | | | Number of Months Worth of Annual Passes Sold During the Tax-Exempt Period | | | Number of Weeks Worth of Single-Day Passes Sold During the Tax-Exempt Period | | | | |
| 31 | Florida Parks | 4,306,865 | 25,241,198 | | | | 1 | | | 2 | | | | |
| 32 | | | | | | | | Exempt Pass Revenue: | 358,905 | | | | | |
| 33 | | | | | | | | Expected Sales Tax Impact (6%): | 21,534 | | | | | |
| 34 | Source: State Park Trust Fund | | | | | | | | | | | | | |
| 35 | | | | | | | | | | | | | | |
| 36 | Museums | Total Industry Revenue (US) | For-Profit Museum Industry Revenue (US) | For-Profit Florida Membership Revenue (Est.) | For-Profit Florida Ticket Revenue (Est.) | | | | Number of Months Worth of Membership Passes Sold During the Tax-Exempt Period | | | Number of Weeks Worth of Single-Day Passes Sold During the Tax-Exempt Period | | |
| 37 | | | | | | LOW | MIDDLE | HIGH | LOW | MIDDLE | HIGH | | | |
| 38 | Museum Industry | \$15,143,000,000 | 2,574,310,000 | 12,841,719 | 56,990,373 | 2 | | | 2 | | | | | |
| 39 | | | | | | | | Exempt Pass Revenue: | 2,140,286 | | | | | |
| 40 | | | | | | | | Expected Sales Tax Impact (6%): | 128,417 | | | | | |
| 41 | | | | | | | | | | | | | | |
| 42 | | | | | | | | | | | | | | |
| 43 | Plays, Ballets, Musical Theatre, State Fairs, Cultural Events | Total Industry Revenue (US) | For-Profit Ticket Revenue (US) | | | Florida Ticket Revenue (Est.) | | | Number of Months Worth of Tickets Sold During the Tax-Exempt Period | | | | | |
| 44 | | | | | | LOW | MIDDLE | HIGH | | | | | | |
| 45 | Festival Industry | \$3,087,136,000 | 524,813,120 | | | 1.5 | | | | | | | | |
| 46 | | | | | | | | Exempt Pass Revenue: | 4,854,521 | | | | | |
| 47 | | | | | | | | Expected Sales Tax Impact (6%): | 291,271 | | | | | |
| 48 | | | | | | | | | | | | | | |
| 49 | | | | | | | | | | | | | | |
| 50 | | | | | ANNUAL REVENUE (7 sectors) | | | | | | | | | |
| 51 | | | | | Implied Annual Sales Tax (7 Sectors) | \$3,542,927,294 | | | Newly Exempt Share of KC 59 | | | | | |
| 52 | | | | | CY 2019 Kind Code 59 Collections | \$1,069,466,632 | | | 19.9% | | | | | |
| 53 | | | | | CY 2020 Kind Code 59 Collections | \$620,787,408 | | | 34.2% | | | | | |
| 54 | | | | | | | | | | | | | | |
| 55 | Total Sales Tax Impact | LOW | MIDDLE | HIGH | | | | | | | | | | |
| 56 | FY2021-22 | | \$37,508,962 | | | | | | | | | | | |
| 57 | FY2022-23 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 58 | FY2023-24 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 59 | FY2025-26 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 60 | FY2026-27 | \$0 | \$0 | \$0 | | | | | | | | | | |
| 61 | Implied Share of Annual Sales Tax | 0.0% | 17.6% | 0.0% | | | | | | | | | | |
| 62 | Implied Share of CY 2019 KC 59 | 0.0% | 3.5% | 0.0% | | | | | | | | | | |
| 63 | Implied Share of CY 2020 KC 59 | 0.0% | 6.0% | 0.0% | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J |
|----|---|---|-----------------|-----------------|-----------------|-----------------|---|---|---|---|
| 1 | | | | | | | | | | |
| 2 | HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of) | | | | | | | | | |
| 3 | 1 week, July 1 - 7, 2021 | | | | | | | | | |
| 4 | RETAIL SALES EXEMPTIONS | | | | | | | | | |
| 5 | SUMMARY | | | | | | | | | |
| 6 | | | | | | | | | | |
| 7 | 1. Impact under price caps proposed language version. | | | | | | | | | |
| 8 | Annual expenditures (millions of \$) | | | | | | | | | |
| 9 | Category | Annual Expenditures (\$ (Total Market) | | | | | | | | |
| 10 | Boating and water activity supplies | \$ 44.4 | | | | | | | | |
| 11 | Camping supplies | \$ 227.9 | | | | | | | | |
| 12 | Fishing supplies | \$ 293.0 | | | | | | | | |
| 13 | General outdoor supplies | \$ 262.2 | | | | | | | | |
| 14 | Florida Expenditures | \$ 827.6 | | | | | | | | |
| 15 | % of Category that falls below price cap | | | | | | | | | |
| 16 | % of Category that falls below price cap | Annual Expenditures (\$) | Low | Middle | High | Adopted | | | | |
| 17 | Boating and water activity supplies | \$ 44.4 | 25% | 40% | 50% | 25% | | | | |
| 18 | Camping supplies | \$ 227.9 | 30% | 40% | 50% | 30% | | | | |
| 19 | Fishing supplies | \$ 293.0 | 25% | 30% | 60% | 25% | | | | |
| 20 | General outdoor supplies | \$ 262.2 | 30% | 60% | 70% | 30% | | | | |
| 21 | Florida Expenditures | \$ 827.6 | | | | | | | | |
| 22 | | | | | | | | | | |
| 23 | | | | | | | | | | |
| 24 | Annual expenditures (millions of \$) | Annual Expenditures (\$) | Low | Middle | High | Adopted | | | | |
| 25 | Boating and water activity supplies | \$ 44.4 | 11.11 | 17.77 | 22.22 | 11.11 | | | | |
| 26 | Camping supplies | \$ 227.9 | 68.38 | 91.18 | 113.97 | 68.38 | | | | |
| 27 | Fishing supplies | \$ 293.0 | 73.26 | 87.91 | 175.82 | 73.26 | | | | |
| 28 | General outdoor supplies | \$ 262.2 | 78.66 | 157.32 | 183.54 | 78.66 | | | | |
| 29 | Florida Expenditures | \$ 827.6 | \$ 231.4 | \$ 354.2 | \$ 495.5 | \$ 231.4 | | | | |
| 30 | | | | | | | | | | |
| 31 | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J |
|----|---|--|-------------------|---|--|--|--|------------------------------|------------------------------|----------------|
| 32 | Weekly expenditures (millions of \$) | | | | | | | | | |
| 33 | | Weekly Expenditures (\$ Total) | Low | Middle | High | Adopted | | | | |
| 34 | Boating and water activity supplies | \$ 0.9 | \$ 0.21 | \$ 0.34 | \$ 0.43 | \$ 0.21 | | | | |
| 35 | Camping supplies | \$ 4.4 | \$ 1.32 | \$ 1.75 | \$ 2.19 | \$ 1.32 | | | | |
| 36 | Fishing supplies | \$ 5.6 | \$ 1.41 | \$ 1.69 | \$ 3.38 | \$ 1.41 | | | | |
| 37 | General outdoor supplies | \$ 5.0 | \$ 1.51 | \$ 3.03 | \$ 3.53 | \$ 1.51 | | | | |
| 38 | Florida Expenditures | \$ 15.9 | \$ 4.5 | \$ 6.8 | \$ 9.5 | \$ 4.5 | | | | |
| 39 | | | | | | | | | | |
| 40 | | | | | | | | | | |
| 41 | <u>Spending Behavior</u> | Low | Middle | High | Adopted Expenditures | Adopted Sales Tax | | | | |
| 42 | # weeks | 2 | 4 | 8 | 4 | 4 | | | | |
| 43 | Boating and water activity supplies | \$ 0.4 | \$ 1.4 | \$ 3.4 | \$ 0.9 | \$ 0.1 | | | | |
| 44 | Camping supplies | \$ 2.6 | \$ 7.0 | \$ 17.5 | \$ 5.3 | \$ 0.3 | | | | |
| 45 | Fishing supplies | \$ 2.8 | \$ 6.8 | \$ 27.0 | \$ 5.6 | \$ 0.3 | | | | |
| 46 | General outdoor supplies | \$ 3.0 | \$ 12.1 | \$ 28.2 | \$ 6.1 | \$ 0.4 | | | | |
| 47 | Florida Expenditures | \$ 8.9 | \$ 27.2 | \$ 76.2 | \$ 17.8 | \$ 1.1 | | | | |
| 48 | | | | | | | | | | |
| 49 | | | | | | | | | | |
| 50 | 1. Adopted at REC, 4-16-2021 | Sales Tax | \$ 0.5 | \$ 1.6 | \$ 4.6 | \$ 1.1 | | | | |
| 51 | | | | | | | | | | |
| 52 | 2. Incremental impact with "first \$xxx of sales price" proposed language version (REC, 4/23/2021) | | | | | | | | | |
| 53 | <u>"FIRST of" PRICE Incremental Impact</u> | As Calculated Sales Tax Based on Observed Price Distribution of Items | % of Total | Original Annual Expenditures (Total Market) \$ | Included in REC 4/16/2021 & 4/23/2021 | Incremental "above the cap" Annual Expenditures | Incremental "above the cap" Annual Expenditures, Constrained by Remainder Total | Annual Sales Tax (6%) | Weekly Sales Tax (6%) | Adopted |
| 54 | Boating and water activity supplies | \$ 1.1 | 2% | \$ 44.4 | \$ 11.1 | \$ 33.33 | \$ 10.4 | \$ 0.62 | \$ 0.01 | \$ 0.01 |
| 55 | Camping supplies | \$ 23.4 | 38% | \$ 227.9 | \$ 68.4 | \$ 159.56 | \$ 227.2 | \$ 13.63 | \$ 0.26 | \$ 0.26 |
| 56 | Fishing supplies | \$ 12.1 | 20% | \$ 293.0 | \$ 73.3 | \$ 219.77 | \$ 117.1 | \$ 7.03 | \$ 0.14 | \$ 0.14 |
| 57 | General outdoor supplies | \$ 24.9 | 41% | \$ 262.2 | \$ 78.7 | \$ 183.54 | \$ 241.6 | \$ 14.49 | \$ 0.28 | \$ 0.28 |
| 58 | Incremental Sales Tax | \$ 61.5 | | \$ 827.6 | \$ 231.4 | \$ 596.2 | \$ 596.2 | \$ 35.77 | \$ 0.69 | \$ 0.69 |
| 59 | | | | | | | | | | |
| 60 | | | | | | | | | | |
| 61 | | | | | | | | | | |
| 62 | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J |
|----|--|---------------------------------|--|---|---------------------------------------|---|---|---|------------------------|------------------------|
| 63 | | | | | | | | | | |
| 64 | | Sales Tax at 6% | Low | Middle | High | Adopted | | | | |
| 65 | Behavioral Factor | # weeks | 1 | 2 | 3 | 3 | | | | |
| 66 | (Sales tax savings versus Item on Sale) | Sales Tax | \$ 0.69 | \$ 1.38 | \$ 2.06 | \$ 2.06 | | | | |
| 67 | (Sales tax savings as % of item price) | | | | | | | | | |
| 68 | (Discretionary purchase items versus Back-to-School or Hurricane) | | | | | | | | | |
| 69 | | | | | | | | | | |
| 70 | Total impact from # 1 and # 2 above (RECs 4/16/2021 & 4/23/2021). | | | | | | | | | |
| 71 | | | Low | Middle | High | Adopted | | | | |
| 72 | Total Sales Tax at 6% | \$ | 1.8 | \$ | 2.4 | \$ | 3.1 | \$ | 3.1 | |
| 73 | | | | | | | | | | |
| 74 | | | | | | | | | | |
| 75 | | | | | | | | | | |
| | 3. INCREMENTAL impact - raised price caps & additional items | | | | | | | | | |
| 76 | (4/30/21 - FINAL) | | Adopted 4/16/2021 | Adopted 4/23/2021 | Final 6/16/2021 | Final 6/16/2021 | Final 6/16/2021 | Final 6/16/2021 | Final 6/16/2021 | Final 6/16/2021 |
| 77 | 3.1. Additional items | | | | | | | | | |
| | Annual expenditures (millions of \$) | Annual Expenditures (\$) | Impact Annual Expenditures (\$) | Impact Incremental "above the cap" Annual Expenditures, Constrained by Remainder Total | Expanded market (Expenditures) | Expanded Market (Additional Categories of Expenditures) \$ | Expanded Market Annual Sales Tax | Expanded Market Weekly Sales Tax | | |
| 78 | | | | | | | | | | |
| 79 | Boating and water activity supplies | \$ 44.4 | \$ 11.1 | \$ 10.4 | \$ 115.8 | \$ 115.8 | \$ 6.9 | \$ 0.1 | | |
| 80 | Camping supplies | \$ 227.9 | \$ 68.4 | \$ 227.2 | \$ - | \$ - | \$ - | \$ - | | |
| 81 | Fishing supplies | \$ 293.0 | \$ 73.3 | \$ 117.1 | \$ 2.9 | \$ 2.9 | \$ 0.2 | \$ 0.003 | | |
| 82 | General outdoor supplies | \$ 262.2 | \$ 78.7 | \$ 241.6 | \$ 403.1 | \$ 403.1 | \$ 24.2 | \$ 0.5 | | |
| 83 | Sports Equipment, selling for \$40 or LESS, NOT including clothing or footwear | \$ - | \$ - | \$ - | \$ 286.7 | \$ 215.0 | \$ 12.9 | \$ 0.2 | | |
| 84 | Florida Expenditures | \$ 827.6 | \$ 231.4 | \$ 596.2 | \$ 808.5 | \$ 808.5 | \$ 521.8 | \$ 0.9 | | |
| 85 | | | | | | | | | | |
| 86 | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J |
|-----|--|----------------------------|----------------|----------------|----------------|----------------|---|---|---|---|
| 87 | Spending Behavior | July 2021 Purchases | Low | Middle | High | Adopted | | | | |
| 88 | | # weeks | 1 | 2 | 3 | 2.5 | | | | |
| 89 | Boating and water activity supplies | | \$ 0.1 | \$ 0.3 | \$ 0.4 | \$ 0.3 | | | | |
| 90 | Camping supplies | | \$ - | \$ - | \$ - | \$ - | | | | |
| 91 | Fishing supplies | | \$ 0.003 | \$ 0.007 | \$ 0.010 | \$ 0.0 | | | | |
| 92 | General outdoor supplies | | \$ 0.5 | \$ 0.9 | \$ 1.4 | \$ 1.2 | | | | |
| 93 | Florida Expenditures | | \$ 0.6 | \$ 1.2 | \$ 1.8 | \$ 1.5 | | | | |
| 94 | | | | | | | | | | |
| 95 | | | | | | | | | | |
| 96 | 3.2. Raised caps - tents from first \$100 to first \$200 | | | | | | | | | |
| 97 | Camping supplies - INCREMENTAL | Sales Tax | Adopted | | | | | | | |
| 98 | Adopted sales tax impact from #1 & #2 | \$ 1.10 | \$ 1.10 | | | | | | | |
| 99 | Assume tents are 50% of category | \$ 0.55 | \$ 0.55 | | | | | | | |
| 100 | Increase exempt amount from \$100 to \$200 | \$ 1.10 | \$ 1.10 | | | | | | | |
| 101 | Incremental sales tax | \$ 1.10 | \$ 1.1 | | | | | | | |
| 102 | | | | | | | | | | |
| 103 | 4. Sports Equipment, selling for \$40 or LESS, NOT including clothing or footwear | | | | | | | | | |
| 104 | Spending Behavior | July 2021 Purchases | Low | Middle | High | Adopted | | | | |
| 105 | | # weeks | 4 | 12 | 16 | 14 | | | | |
| 106 | Sports equipment | | \$ 1.0 | \$ 3.0 | \$ 4.0 | \$ 3.5 | | | | |
| 107 | | | | | | | | | | |
| 108 | | | | | | | | | | |
| 109 | 5. Total impact from #1, #2, #3, & #4 above. | | | | | | | | | |
| 110 | Sales Tax Impacts | Low | Middle | High | Adopted | | | | | |
| 111 | Adopted impact on 4/23/2021 | \$ 3.1 | \$ 3.1 | \$ 3.1 | \$ 3.1 | | | | | |
| 112 | Additional items and raised caps (boating, fishing, outdoor) | \$ 0.6 | \$ 1.2 | \$ 1.8 | \$ 1.5 | | | | | |
| 113 | Raised caps (tents) | \$ 1.1 | \$ 1.1 | \$ 1.1 | \$ 1.1 | | | | | |
| 114 | Added sports equipment | \$ 1.0 | \$ 3.0 | \$ 4.0 | \$ 3.5 | | | | | |
| 115 | Total Sales Tax at 6% | \$ 5.8 | \$ 8.4 | \$ 10.0 | \$ 9.2 | | | | | |

**HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of)
1 week, July 1 - 7, 2021
RETAIL SALES EXEMPTIONS**

ITEMS, EXEMPT FROM SALES TAX, BY CATEGORY

| Expenditure Type | Description |
|-------------------------------------|---|
| Boating and water activity supplies | <ul style="list-style-type: none"> • Life jackets and coolers (first \$75 of the sales price) • Safety flares (first \$50 of the sales price) • Recreational inflatable water tubes or floats capable of being towed (first \$150 of the sales price) • Snorkels, goggles, and swimming masks (first \$25 of the sales price) • Canoes & kayaks (first \$500) • Water skis, wakeboards, and kneeboards (first \$150 of the sales price) • Paddleboards and surfboards (first \$300 of the sales price) • Paddles and oars (first \$75 of the sales price) |
| Camping supplies | <ul style="list-style-type: none"> • Tents (first \$200 of the sales price) • Sleeping bags, portable hammocks, and camping stoves (first \$50 of the sales price) • Collapsible camping chairs (first \$50 of the sales price) • Camping lanterns and flashlights (first \$30 of the sales price) |
| Fishing supplies | <ul style="list-style-type: none"> • Rods and reels (first \$75 of the sales price if sold individually or first \$150 of the sales price if sold as a set) • Bait or fishing tackle (first \$5 of the sales price if sold individually or first \$10 of the sales price if sold as a set) • Tackle boxes or bags (first \$30 of the sales price) |
| General outdoor supplies | <ul style="list-style-type: none"> • Sunscreen or insect repellent (first \$15 of the sales price) • Sunglasses (first \$100 of the sales price) • Binoculars (first \$200 of the sales price) • Water bottles (first \$30 of the sales price) • Hydration packs (first \$50 of the sales price) • Bicycles (first \$250 of the sales price) • Bicycle Helmets (first \$50 of the sales price) • Outdoor Gas or Charcoal Grills (first \$250 of the sales price) |
| Sports equipment | <ul style="list-style-type: none"> • Any item used in individual or team sports, not including clothing or footwear (\$40 or LESS) |

Note: Items in RED are new or revised since the last adopted impact on 4/23/2021.

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O |
|----|--|------|--------------------|------|-------------|---|---|---|---|---|---|---|---|---|---|
| 1 | HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of) | | | | | | | | | | | | | | |
| 2 | 1 week, July 1 - 7, 2021 | | | | | | | | | | | | | | |
| 3 | RETAIL SALES EXEMPTIONS | | | | | | | | | | | | | | |
| 4 | Outdoor items | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |
| 6 | Florida share of US population | | | | | | | | | | | | | | |
| 7 | July 1, 2020 Population | | | | | | | | | | | | | | |
| 8 | United States | | 329,484,123 | | | | | | | | | | | | |
| 9 | Florida | | 21,733,312 | | | | | | | | | | | | |
| 10 | Florida's share of US total | | 6.6% | | | | | | | | | | | | |
| 11 | Plus adjustment for FTE visitors | | 7.1% | | | | | | | | | | | | |
| 12 | Source: US Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020 | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | |
| 14 | FL population growth, FY ending, FDEC | | | | | | | | | | | | | | |
| 15 | | 2018 | 2019 | 2020 | 2021 | | | | | | | | | | |
| 16 | | 1.7 | 1.8 | 1.8 | 1.6 | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | |
| 18 | Insect repellent | | | | | | | | | | | | | | |
| 19 | United States | | 2020 | | 2021 | | | | | | | | | | |
| 20 | Domestic demand (\$) | | 326,000,000 | | 331,245,205 | | | | | | | | | | |
| 21 | Source: IBISWorld Reports, US INDUSTRY (SPECIALIZED) REPORT OD4948, Insect Repellent Manufacturing, Constant buzz: Eco-conscious, natural products will be the industry's saving grace going forward, August 2020. | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | |
| 23 | | | 2021 | | | | | | | | | | | | |
| 24 | Florida insect repellent demand | | 23,531,844.26 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | | | | |
| 27 | Sunscreen | | | | | | | | | | | | | | |
| 28 | United States | | 2021 | | | | | | | | | | | | |
| 29 | Domestic demand (\$) | | 513,600,000 | | | | | | | | | | | | |
| 30 | Source: IBISWorld, US INDUSTRY (SPECIALIZED) REPORT OD4244, Sunscreen Manufacturing Sunny outlook: A return to outdoor gatherings and activities will drive demand for sunscreen, March 2021. | | | | | | | | | | | | | | |
| 31 | | | | | | | | | | | | | | | |
| 32 | Florida sunscreen demand | | 36,486,431 | | | | | | | | | | | | |
| 33 | | | | | | | | | | | | | | | |
| 34 | | | | | | | | | | | | | | | |
| 35 | Sunglasses stores | | | | | | | | | | | | | | |
| 36 | United States | | 2021 | | | | | | | | | | | | |
| 37 | Domestic demand (\$) | | 1,897,000,000 | | | | | | | | | | | | |
| 38 | Source: IBISWorld, US INDUSTRY (SPECIALIZED) REPORT OD4229, Sunglasses Stores, Bright lights: Industry revenue is expected to grow as the economy rebounds from the pandemic, February 2021. | | | | | | | | | | | | | | |
| 39 | | | | | | | | | | | | | | | |
| 40 | | | 2021 | | | | | | | | | | | | |
| 41 | Florida sunglass store revenues | | 134,763,939 | | | | | | | | | | | | |
| 42 | | | | | | | | | | | | | | | |
| 43 | | | 2021 | | | | | | | | | | | | |
| 44 | Florida - Other sports equipment | | 67,415,296 | | | | | | | | | | | | |
| 45 | Source: US Bureau of Labor Statistics, Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2019. | | | | | | | | | | | | | | |
| 46 | | | | | | | | | | | | | | | |
| 47 | | | 2021 | | | | | | | | | | | | |
| 48 | Florida total outdoor sales | | 262,197,510 | | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|----|---|---------------|------------|-------------|---------------------------------------|---------------------|---------------------------------|-------------|-------------|-------------|---|
| 1 | HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of) | | | | | | | | | | |
| 2 | 1 week, July 1 - 7, 2021 | | | | | | | | | | |
| 3 | RETAIL SALES EXEMPTIONS | | | | | | | | | | |
| 4 | Camping, boating, fishing, water sports, and other sports equipment | | | | | | | | | | |
| 5 | | | | | | | | | | | |
| 6 | Consumer Expenditures by Category | | | | | | Estimates | | | | |
| 7 | | 2019 | 2019 | CYs 2017-18 | | | FL population growth, FY ending | | | | |
| 8 | | | | | | | 2018 | 2019 | 2020 | 2021 | |
| 9 | | United States | South | Florida | FTE Visitors (converted to CUs) | | | | | | |
| 10 | Number of Consumer Units | 132,242,000 | 50,977,000 | 8,831,200 | 697,260 | | 1.7 | 1.8 | 1.8 | 1.6 | |
| 11 | Average number in consumer unit: | 2.5 | 2.4 | 2.4 | | FL Pers. Income gro | 7.2 | 5.3 | 5.1 | 4.9 | |
| 12 | Income after taxes per Consumer Unit (\$) | 71,487 | 68,669 | 66,955 | | | | | | | |
| 13 | Average annual expenditures per Consumer Unit (\$) | 63,036 | 58,622 | 53,892 | | | | | | | |
| 14 | | | | | | | | | | | |
| 15 | Average annual expenditures per Consumer Unit (Household) | | | | | | | | | | |
| 16 | | | | | | | | | | | |
| 17 | Camping equipment | 18.17 | 20.93 | 19.24 | | 183,339,695 | 196,460,897 | 206,871,840 | 217,386,256 | 227,948,651 | |
| 18 | % of average annual expenditures | 0.03% | 0.04% | 0.04% | | | | | | | |
| 19 | | | | | | | | | | | |
| 20 | Hunting and fishing equipment | 37.64 | 55.8 | 51.30 | | 488,789,057 | 523,770,571 | 551,526,454 | 579,558,199 | 607,717,856 | |
| 21 | % of average annual expenditures | 0.06% | 0.10% | 0.10% | | | | | | | |
| 22 | Fishing only (share from FW survey) | | | | | 235,682,878.52 | 252,550,163 | 265,933,413 | 279,449,678 | 293,027,619 | |
| 23 | | | | | | | | | | | |
| 24 | | | | | | | | | | | |
| 25 | Water sports equipment | 8.59 | 4.08 | 3.75 | | 35,739,415 | 38,297,203 | 40,326,665 | 42,376,298 | 44,435,284 | |
| 26 | % of average annual expenditures | 0.01% | 0.01% | 0.01% | | | | | | | |
| 27 | | | | | | | | | | | |
| 28 | | | | | | | | | | | |
| 29 | Other sports equipment | 6.86 | 6.19 | 5.69 | | 54,222,299 | 58,102,864 | 61,181,877 | 64,291,492 | 67,415,296 | |
| 30 | % of average annual expenditures | 0.01% | 0.01% | 0.01% | | | | | | | |
| 31 | | | | | | | | | | | |
| 32 | Source: US Bureau of Labor Statistics, Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2019. | | | | | | | | | | |
| 33 | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K |
|----|---|---------------------------|------------|-------------|---------------------------------------|---------------------------------|-------------|-------------|-------------|-------------|---|
| 1 | HB 7061, Section 45, Sales Tax Holiday - Freedom Week - Recreation (First \$xxx of Sales Price of) | | | | | | | | | | |
| 2 | 1 week, July 1 - 7, 2021 | | | | | | | | | | |
| 3 | RETAIL SALES EXEMPTIONS | | | | | | | | | | |
| 4 | Camping, boating, fishing, water sports, and other sports equipment | | | | | | | | | | |
| 5 | | | | | | | | | | | |
| 6 | Consumer Expenditures by Category | | | | | | Estimates | | | | |
| 7 | | 2019 | 2019 | CYs 2017-18 | | FL population growth, FY ending | | | | | |
| 8 | | | | | | | | | | | |
| 9 | | United States | South | Florida | FTE Visitors (converted to CUs) | | 2018 | 2019 | 2020 | 2021 | |
| 10 | Number of Consumer Units | 132,242,000 | 50,977,000 | 8,831,200 | 697,260 | | 1.7 | 1.8 | 1.8 | 1.6 | |
| 11 | Average number in consumer unit: | 2.5 | 2.4 | 2.4 | | FL Pers. Income gro | 7.2 | 5.3 | 5.1 | 4.9 | |
| 12 | Income after taxes per Consumer Unit (\$) | 71,487 | 68,669 | 66,955 | | | | | | | |
| 13 | Average annual expenditures per Consumer Unit (\$) | 63,036 | 58,622 | 53,892 | | | | | | | |
| 14 | | | | | | | | | | | |
| 15 | Average annual expenditures per Consumer Unit (Household) | | | | | | | | | | |
| 16 | | | | | | | | | | | |
| 17 | Bicycles | 23.85 | 18.53 | 17.03 | | 150,438,744 | 161,205,301 | 169,747,964 | 178,375,531 | 187,042,467 | |
| 18 | % of average annual expenditures | 0.04% | 0.03% | 0.03% | | | | | | | |
| 19 | | | | | | | | | | | |
| 20 | Bicycle helmets | | | 0.85 | | 7,521,937 | 8,060,265 | 8,487,398 | 8,918,777 | 9,352,123 | |
| 21 | % of bicycle expenditures (assumed 5%) | | | 5.0% | | | | | | | |
| 22 | | | | | | | | | | | |
| 23 | Hunting and fishing equipment - INCREMENTAL for tackle boxes | 37.64 | 55.8 | 0.51 | | 4,887,891 | 5,237,706 | 5,515,265 | 5,795,582 | 6,077,179 | |
| 24 | % of average annual expenditures | 0.06% | 0.10% | 0.10% | | | | | | | |
| 25 | Fishing only (share from FW survey) | | | | | 2,356,828.79 | 2,525,502 | 2,659,334 | 2,794,497 | 2,930,276 | |
| 26 | | | | | | | | | | | |
| 27 | | West Region - INCREMENTAL | | | | | | | | | |
| | Water sports equipment - INCREMENTAL for: | | | | | | | | | | |
| | • Canoes & kayaks | | | | | | | | | | |
| | • Water skis, wakeboards, and kneeboards | | | | | | | | | | |
| | • Paddleboards and Surfboards | | | | | | | | | | |
| 28 | • Paddles and Oars | 8.59 | 10.63 | 9.77 | | 93,115,191 | 99,779,233 | 105,066,778 | 110,406,876 | 115,771,341 | |
| 29 | % of average annual expenditures | 0.01% | 0.02% | 0.02% | | | | | | | |
| 30 | | | | | | | | | | | |
| 31 | | | | | | | | | | | |
| 32 | Miscellaneous household equipment - Other household appliances (own | 18.01 | 18.98 | 17.45 | | 166,258,357 | 178,157,087 | 187,598,066 | 197,132,878 | 206,711,199 | |
| 33 | % of average annual expenditures | 0.03% | 0.03% | 0.03% | | | | | | | |
| 34 | | | | | | | | | | | |
| 35 | Athletic gear, game tables, and exercise equipment* | 41.3 | 26.32 | 24.20 | | 230,554,265 | 247,054,506 | 260,146,528 | 273,368,670 | 286,651,146 | |
| 36 | % of average annual expenditures | 0.07% | 0.04% | 0.04% | | | | | | | |
| 37 | | | | | | | | | | | |
| 38 | | | | | | | | | | | |
| 39 | | | | | | | | | | | |
| 40 | Source: US Bureau of Labor Statistics, Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2019. | | | | | | | | | | |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Repeal of Sports Development Program

Bill Number(s): HB 7061

Entire Bill

Partial Bill: Sections 25-26, 28, 35-36, 39, 46

Sponsor(s): Payne

Month/Year Impact Begins: July 1, 2021

Date of Analysis: 6/21/2021

Section 1: Narrative

a. Current Law:

The Sports Development Program was created in 2014 to fund the construction, reconstruction, renovation, or improvement of professional sports franchise facilities through sales and use tax distributions. The Department of Economic Opportunity (DEO) administers the Program.

The Program has an annual application period from June 1 to November 1. By each February 1, the DEO shall rank applicants and provide to the legislature the list of recommended applicants in ranked order. A recommended applicant's request for funding must be approved by the legislature either by general law or a conforming bill. Once approved by the legislature and subsequently certified by DEO, applicants will remain certified for the length of the agreement or 30 years, whichever is less.

Subsection(6)(a) of section 288.11625, F.S., provides the department shall determine the annual distribution amount an applicant may receive based on 75 percent of the average annual new incremental state sales taxes generated by sales at the facility, as provided under subparagraph (b)2., and such annual distribution shall be limited by the following:

1. If the total project cost is \$200 million or greater, the annual distribution amount may be up to \$3 million.
2. If the total project cost is at least \$100 million but less than \$200 million, the annual distribution amount may be up to \$2 M.
3. If the total project cost is less than \$100 million and more than \$300 million, the annual distribution amount may be up to \$1 million.

Beginning 45 days after notice by the Department of Economic Opportunity to the Department of Revenue that an applicant has been approved by the Legislature and certified by the DEO under s. 288.11625, the department shall distribute an amount equal to one-twelfth of the annual distribution amount certified by the DEO for the applicant. The department may not distribute more than \$13 million annually.

b. Proposed Change:

The bill repeals s.288.11625, F.S., eliminating the Sports Development Program. The bill also makes conforming changes by removing provisions under s.212.20(6)(d)6.f. relating to the sales tax distribution certified by the DEO equal to one-twelfth of the annual distribution.

Section 2: Description of Data and Sources

Department of Revenue Professional Sports summary of distributions

House Ways and Means Committee Bill Analysis of HB7061, 6/8/2021

Page 11 - "Staff phone call with John Schrader, Director of Legislative Affairs, DEO (Mar. 3, 2021)."

<https://www.flsenate.gov/Session/Bill/2021/7061/Analyses/h7061z1.WMC.PDF>

Section 3: Methodology (Include Assumptions and Attach Details)

Since its inception, DEO has received applications for participation in the Sports Development Program; however, no applicants have been certified and no funds have been distributed under the Program. DEO did not receive any applications in Fiscal Years 2017-18, 2018-19, and 2019-20 and there have not been any distributions made under s.212.20(6)(d)6.f., per Department of Revenue data. Therefore, a \$0 impact is recommended.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Repeal of Sports Development Program

Bill Number(s): HB 7061

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | \$0 | \$0 | | |
| 2022-23 | | | \$0 | \$0 | | |
| 2023-24 | | | \$0 | \$0 | | |
| 2024-25 | | | \$0 | \$0 | | |
| 2025-26 | | | \$0 | \$0 | | |

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 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 |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

REVENUE ESTIMATING CONFERENCE

Tax: Tuition and Fees

Issue: Tuition and Out-of-State Fee Waivers

Bill Number(s): CS/HB 1261: Higher Education

Entire Bill

Partial Bill:

Sponsor(s): Senator Toledo

Month/Year Impact Begins: The bill takes effect July 1, 2021.

Date of Analysis: June 21, 2021

Section 1: Narrative

a. Current Law:

Section 4: Fee Waivers

(1) University Free Seat Program

There is no specific authorization in current law for veterans, active duty members of the United States Armed Forces, active drilling members of the Florida National Guard, or students (nontraditional) that have not been enrolled in a postsecondary institution for more than 5 years to receive a resident tuition and fees waiver for an online baccalaureate degree program at a state university.

(2) Grandparent Out-of-State Fee Waiver

There are two authorizations in current law for nonresident students to receive an out-of-state fee waiver at a state university, including:

- Section 1009.26(13)(a), F.S.: *There is established the Congressman C.W. "Bill" Young Veteran Tuition Waiver Program. A state university, Florida College System institution, career center operated by a school district under s. 1001.44, or charter technical career center shall waive out-of-state fees for a person who is*
 1. *An honorably discharged veteran of the United States Armed Forces, the United States Reserve Forces, or the National Guard who physically resides in this state while enrolled in the institution; or*
 2. *Entitled to and uses educational assistance provided by the United States Department of Veterans Affairs for a quarter, semester, or term beginning after July 1, 2015, who physically resides in this state while enrolled in the institution.*
- Section 1009.26(14)(a), F.S.: *A state university, Florida College System institution, career center operated by a school district under s. 1001.44, or charter technical career center shall waive out-of-state fees for a person who is an active duty member of the Armed Forces of the United States residing or stationed outside of this state.*

b. Proposed Change:

Section 4: Fee Waivers

(1) University Free Seat Program

The bill creates the University Free Seat Program that begins in FY 2021-22 where veterans, active duty members of the United States Armed Forces, active drilling members of the Florida National Guard, and students that have not been enrolled in a postsecondary institution for more than 5 years will be eligible if they enroll in an online baccalaureate degree program at a state university, have not previously earned a bachelor's degree, and are Florida residents. This program waives the tuition and fees for one online course and states that for all other courses, a university may not charge more than 75% of the tuition rate and 75% of the tuition differential as long as the student remains at least part-time during the academic year. Students are eligible up to 110 percent of the number of required credit hours for the degree program. The program may not exceed 1,000 students systemwide each academic year. Regulations are to be adopted by the Board of Governors to administer the program.

(2) Grandparent Out-of-State Fee Waiver

The bill expands out-of-state fee waivers to nonresident students that attend a state university and have a grandparent who is a legal Florida resident beginning in FY 2022-23. A student must earn a high school diploma, its equivalent, or complete a home education program. In addition, a student is required to earn a SAT combined score no lower than the 89th national percentile or earn an ACT score concordant to the required SAT score; these score requirements are similar to the Florida Academic Scholar award under the Bright Futures Scholarship Program. Students must initially enroll full-time

REVENUE ESTIMATING CONFERENCE

Tax: Tuition and Fees

Issue: Tuition and Out-of-State Fee Waivers

Bill Number(s): CS/HB 1261: Higher Education

during the fall academic term following high school graduation. Students are eligible up to 110 percent of the number of required credit hours for the degree program. A university will prioritize nonresident student enrollment for those that are eligible for the waiver over those that are not eligible if students have substantially similar credentials used in determining admission. The program may not exceed 350 students systemwide each academic year. Regulations are to be adopted by the Board of Governors to administer the program.

Section 2: Description of Data and Sources

Headcount Enrollment by Military Status, Board of Governors, Office of Data Analytics.

Enrollment & Demographics, University of Florida, Office of Institutional Planning and Research.

Online Degree Program Tuition and fees, Board of Governors, University Budgets.

Headcount Enrollment by Residency Status, Board of Governors, Office of Data Analytics.

State University Tuition and Fees Report, 2020-21, Board of Governors, University Budgets.

Section 3: Methodology (Include Assumptions and Attach Details)

Section 4: Fee Waivers

(1) University Free Seat Program

The first step was to assess how many veterans, active duty members of the United States Armed Forces, active drilling members of the Florida National Guard, and students that have not been enrolled in a postsecondary institution for more than 5 years are currently enrolled at a state university. Data on student counts were provided by the Board of Governors. To note, National Guard enrollment data is not specific to active drilling members and enrollment of nontraditional students is not available as the population is unknown. For this analysis, enrollment was held constant to FY 2020-21 counts.

The second step was to determine how many military-related students identified were specifically enrolled in an online baccalaureate degree program. Since data was not available at this level, enrollment in the University of Florida was used as a proxy; approximately 7.6% of enrollment in FY 2020-21 were students participating in an online degree program. It was assumed that this percentage would apply to veteran, active duty member, and National Guard counts. It is important to note that initial students in the analysis are new to the program. In FY 2021-22, all students are classified as initials since all enrolled will be new to the program in the first year. As the bill waives the cost of one online course, it is assumed that the course will be waived in the first year that students are enrolled in the program. Additionally, it was assumed in all scenarios that 25% of students in the program would be initials beginning in FY 2022-23.

The third step was to estimate expenditure components in the forecast. The tuition and fees per credit hour and the tuition differential per credit hour were provided by the Board of Governors. These estimates were held constant in all years of the forecast. It was assumed that each online course would be comprised of three credit hours. As it is unknown how many nontraditional students will take advantage of the waiver; however, three scenarios were estimated by assuming that 0 (low), 350 (medium), and 700 (high) nontraditional students will be enrolled in the program. Also, the scenarios make an additional assumption that students would be enrolled in 18 (low), 24 (medium), and 30 (high) credit hours annually.

(2) Grandparent Out-of-State Fee Waiver

The first step was to determine how many nonresident students are enrolled in state universities. Data provided by the Board of Governors was separated by domestic and international nonresident students. It was assumed that examining domestic nonresident counts would best reflect students that have grandparents located in Florida. For this analysis, enrollment was held constant to FY 2020-21 counts.

The second step was to estimate expenditure components in the forecast. The tuition and fees data used to calculate the out-of-state- fee waived by the program was provided by the Board of Governors. The out-of-state fee was held constant in all years of the forecast. As it is unknown how many of nonresident students have grandparents that reside in Florida, three scenarios were estimated by assuming that 250 (low), 300 (medium), and 350 (high) students will qualify for the

REVENUE ESTIMATING CONFERENCE

Tax: Tuition and Fees

Issue: Tuition and Out-of-State Fee Waivers

Bill Number(s): CS/HB 1261: Higher Education

waiver. Also, the scenarios make an additional assumption that as student behavior may be affected, students would be enrolled in 24 (low), 27 (medium), and 30 (high) credit hours annually.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|---------|-----------|---------|-----------|---------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | (1.6) M | (6.5) M | (0.9) M | (4.7) M | (0.4) M | (3.1) M |
| 2022-23 | (6.1) M | (6.1) M | (4.4) M | (4.4) M | (3.0) M | (3.0) M |
| 2023-24 | (6.1) M | (6.1) M | (4.4) M | (4.4) M | (3.0) M | (3.0) M |
| 2024-25 | (6.1) M | (6.1) M | (4.4) M | (4.4) M | (3.0) M | (3.0) M |
| 2025-26 | (6.1) M | (6.1) M | (4.4) M | (4.4) M | (3.0) M | (3.0) M |

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the middle estimate but with the first years recurring being (\$4.4m).

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (0.9) | (4.4) | (0.9) | (4.4) |
| 2022-23 | 0.0 | 0.0 | 0.0 | 0.0 | (4.4) | (4.4) | (4.4) | (4.4) |
| 2023-24 | 0.0 | 0.0 | 0.0 | 0.0 | (4.4) | (4.4) | (4.4) | (4.4) |
| 2024-25 | 0.0 | 0.0 | 0.0 | 0.0 | (4.4) | (4.4) | (4.4) | (4.4) |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | (4.4) | (4.4) | (4.4) | (4.4) |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|----------------|----------------|----------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|---|---|---|---|
| 1 | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | |
| 3 | University Free Seat Program | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | | | | | |
| 4 | Student Count | | | | | | | | | | | | | | | |
| 5 | Veterans | 4,843 | 3,991 | 3,893 | 3,650 | 3,351 | 3,351 | 3,351 | 3,351 | 3,351 | 3,351 | | | | | |
| 6 | Active Duty Members | 382 | 418 | 436 | 471 | 495 | 495 | 495 | 495 | 495 | 495 | | | | | |
| 7 | National Guard | 140 | 159 | 140 | 112 | 94 | 94 | 94 | 94 | 94 | 94 | | | | | |
| 8 | Nontraditional Students | | | | | | Indeterminate | Indeterminate | Indeterminate | Indeterminate | Indeterminate | | | | | |
| 9 | | | | | | | | | | | | | | | | |
| 10 | Estimated Online Degree Program Student Count | | | | | | | | | | | | | | | |
| 11 | Veterans | | | | | | 255 | 255 | 255 | 255 | 255 | | | | | |
| 12 | Active Duty Members | | | | | | 38 | 38 | 38 | 38 | 38 | | | | | |
| 13 | Active Drilling Members | | | | | | 7 | 7 | 7 | 7 | 7 | | | | | |
| 14 | | | | | | | | | | | | | | | | |
| 15 | Tuition and Fees | | | | | | | | | | | | | | | |
| 16 | Online Course | | | | | \$637.23 | \$637.23 | \$637.23 | \$637.23 | \$637.23 | \$637.23 | | | | | |
| 17 | Tuition Per Credit Hour (25%) | | | | | \$26.27 | \$26.27 | \$26.27 | \$26.27 | \$26.27 | \$26.27 | | | | | |
| 18 | Tuition Differential Per Credit Hour (25%) | | | | | \$10.43 | \$10.43 | \$10.43 | \$10.43 | \$10.43 | \$10.43 | | | | | |
| 19 | | | | | | | | | | | | | | | | |
| 20 | High Estimate | | | | | | | | | | | | | | | |
| 21 | Initial Students | | | | | | 1,000 | 250 | 250 | 250 | 250 | | | | | |
| 22 | Waived Online Course | | | | | | \$637,230 | \$159,308 | \$159,308 | \$159,308 | \$159,308 | | | | | |
| 23 | Waived Tuition Rate (25%) | | | | | | \$709,290 | \$177,323 | \$177,323 | \$177,323 | \$177,323 | | | | | |
| 24 | Waived Tuition Differential (25%) | | | | | | \$281,610 | \$70,403 | \$70,403 | \$70,403 | \$70,403 | | | | | |
| 25 | | | | | | | | | | | | | | | | |
| 26 | Renewal Students | | | | | | 0 | 750 | 750 | 750 | 750 | | | | | |
| 27 | Waived Tuition Rate (25%) | | | | | | \$0 | \$591,075 | \$591,075 | \$591,075 | \$591,075 | | | | | |
| 28 | Waived Tuition Differential (25%) | | | | | | \$0 | \$234,675 | \$234,675 | \$234,675 | \$234,675 | | | | | |
| 29 | | | | | | | | | | | | | | | | |
| 30 | Total Students | | | | | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | | | | | |
| 31 | | | | | | | | | | | | | | | | |
| 32 | Total Revenue | | | | | | \$1,628,130 | \$1,232,784 | \$1,232,784 | \$1,232,784 | \$1,232,784 | | | | | |
| 33 | | | | | | | | | | | | | | | | |
| 34 | Medium Estimate | | | | | | | | | | | | | | | |
| 35 | Initial Students | | | | | | 650 | 163 | 163 | 163 | 163 | | | | | |
| 36 | Waived Online Course | | | | | | \$414,200 | \$103,868 | \$103,868 | \$103,868 | \$103,868 | | | | | |
| 37 | Waived Tuition Rate (25%) | | | | | | \$358,586 | \$89,922 | \$89,922 | \$89,922 | \$89,922 | | | | | |
| 38 | Waived Tuition Differential (25%) | | | | | | \$142,370 | \$35,702 | \$35,702 | \$35,702 | \$35,702 | | | | | |
| 39 | | | | | | | | | | | | | | | | |
| 40 | Renewal Students | | | | | | 0 | 487 | 487 | 487 | 487 | | | | | |
| 41 | Waived Tuition Rate (25%) | | | | | | \$0 | \$307,044 | \$307,044 | \$307,044 | \$307,044 | | | | | |
| 42 | Waived Tuition Differential (25%) | | | | | | \$0 | \$121,906 | \$121,906 | \$121,906 | \$121,906 | | | | | |
| 43 | | | | | | | | | | | | | | | | |
| 44 | Total Students | | | | | | 650 | 650 | 650 | 650 | 650 | | | | | |
| 45 | | | | | | | | | | | | | | | | |
| 46 | Total Revenue | | | | | | \$915,156 | \$658,442 | \$658,442 | \$658,442 | \$658,442 | | | | | |
| 47 | | | | | | | | | | | | | | | | |
| 48 | Low Estimate | | | | | | | | | | | | | | | |
| 49 | Initial Students | | | | | | 300 | 75 | 75 | 75 | 75 | | | | | |
| 50 | Waived Online Course | | | | | | \$191,169 | \$47,792 | \$47,792 | \$47,792 | \$47,792 | | | | | |
| 51 | Waived Tuition Rate (25%) | | | | | | \$118,215 | \$29,554 | \$29,554 | \$29,554 | \$29,554 | | | | | |
| 52 | Waived Tuition Differential (25%) | | | | | | \$46,935 | \$11,734 | \$11,734 | \$11,734 | \$11,734 | | | | | |
| 53 | | | | | | | | | | | | | | | | |
| 54 | Renewal Students | | | | | | 0 | 225 | 225 | 225 | 225 | | | | | |
| 55 | Waived Tuition Rate (25%) | | | | | | \$0 | \$106,394 | \$106,394 | \$106,394 | \$106,394 | | | | | |
| 56 | Waived Tuition Differential (25%) | | | | | | \$0 | \$42,242 | \$42,242 | \$42,242 | \$42,242 | | | | | |
| 57 | | | | | | | | | | | | | | | | |
| 58 | Total Students | | | | | | 300 | 300 | 300 | 300 | 300 | | | | | |
| 59 | | | | | | | | | | | | | | | | |
| 60 | Total Revenue | | | | | | \$356,319 | \$237,716 | \$237,716 | \$237,716 | \$237,716 | | | | | |
| 61 | | | | | | | | | | | | | | | | |
| 62 | | | | | | | | | | | | | | | | |
| 63 | | | | | | | | | | | | | | | | |
| 64 | Savings / Loss | | | | | | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | | | | | |
| 65 | High Estimate | | | | | | -\$1.6 | -\$1.2 | -\$1.2 | -\$1.2 | -\$1.2 | | | | | |
| 66 | Medium Estimate | | | | | | -\$0.9 | -\$0.7 | -\$0.7 | -\$0.7 | -\$0.7 | | | | | |
| 67 | Low Estimate | | | | | | -\$0.4 | -\$0.2 | -\$0.2 | -\$0.2 | -\$0.2 | | | | | |

| Growth Rate Assumptions for Counts | Rate |
|------------------------------------|------|
| Veterans | 0.0% |
| Active Duty Members | 0.0% |
| Active Drilling Members | 0.0% |

| Online Degree Program Percent Assumptions | |
|---|------|
| Veterans | 7.6% |
| Active Duty Members | 7.6% |
| National Guard | 7.6% |

| Tuition and Fees Assumptions | |
|---------------------------------------|----------|
| Online Course Tuition Per Credit Hour | \$212.41 |
| Credit Hours per Online Course | 3 |
| Tuition Rate | \$105.07 |
| Tuition Differential | \$41.72 |

| Additional Assumptions | High | Medium | Low |
|--------------------------------|-------|--------|-------|
| Average Annual Credit Hours | 30.0 | 24.0 | 18.0 |
| Percentage of Initial Students | 25.0% | 25.0% | 25.0% |
| Nontraditional Student Counts | 700 | 350 | 0 |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|----------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|---|---|---|---|
| 1 | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | |
| 3 | Grandparent Fee Waiver | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | | | | | |
| 4 | Student Count | | | | | | | | | | | | | | | |
| 5 | Nonresident | 13,502 | 14,386 | 15,768 | 16,356 | 17,040 | 17,040 | 17,040 | 17,040 | 17,040 | 17,040 | | | | | |
| 6 | | | | | | | | | | | | | | | | |
| 7 | Out-of-State Fee | | | | | | | | | | | | | | | |
| 8 | Per Credit Hour | | | | | \$464.94 | \$464.94 | \$464.94 | \$464.94 | \$464.94 | \$464.94 | | | | | |
| 9 | | | | | | | | | | | | | | | | |
| 10 | High Estimate | | | | | | | | | | | | | | | |
| 11 | Student Count | | | | | | 350 | 350 | 350 | 350 | 350 | | | | | |
| 12 | Out-of-State Fee Per Credit Hour | | | | | | \$464.94 | \$464.94 | \$464.94 | \$464.94 | \$464.94 | | | | | |
| 13 | Average Credit Hours | | | | | | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | | | | | |
| 14 | Total Revenue | | | | | | \$4,881,870 | \$4,881,870 | \$4,881,870 | \$4,881,870 | \$4,881,870 | | | | | |
| 15 | | | | | | | | | | | | | | | | |
| 16 | Medium Estimate | | | | | | | | | | | | | | | |
| 17 | Student Count | | | | | | 300 | 300 | 300 | 300 | 300 | | | | | |
| 18 | Cost Per Credit Hour | | | | | | \$464.94 | \$464.94 | \$464.94 | \$464.94 | \$464.94 | | | | | |
| 19 | Average Credit Hours | | | | | | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | | | | | |
| 20 | Total Revenue | | | | | | \$3,766,014 | \$3,766,014 | \$3,766,014 | \$3,766,014 | \$3,766,014 | | | | | |
| 21 | | | | | | | | | | | | | | | | |
| 22 | Low Estimate | | | | | | | | | | | | | | | |
| 23 | Student Count | | | | | | 250 | 250 | 250 | 250 | 250 | | | | | |
| 24 | Cost Per Credit Hour | | | | | | \$464.94 | \$464.94 | \$464.94 | \$464.94 | \$464.94 | | | | | |
| 25 | Average Credit Hours | | | | | | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | | | | | |
| 26 | Total Revenue | | | | | | \$2,789,640 | \$2,789,640 | \$2,789,640 | \$2,789,640 | \$2,789,640 | | | | | |
| 27 | | | | | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | | | | | |
| 30 | Savings / Loss | | | | | | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | | | | | |
| 31 | High Estimate | | | | | | -\$4.9 | -\$4.9 | -\$4.9 | -\$4.9 | -\$4.9 | | | | | |
| 32 | High Estimate | | | | | | -\$3.8 | -\$3.8 | -\$3.8 | -\$3.8 | -\$3.8 | | | | | |
| 33 | Low Estimate | | | | | | -\$2.8 | -\$2.8 | -\$2.8 | -\$2.8 | -\$2.8 | | | | | |

| Growth Rate Assumptions for Counts | Rate |
|------------------------------------|------|
| Nonresident | 0.0% |

| Tuition and Fees Assumptions | |
|----------------------------------|----------|
| Out-of-State Fee Per Credit Hour | \$464.94 |

| Assumptions | High | Medium | Low |
|-----------------------------|------|--------|------|
| Average Annual Credit Hours | 30.0 | 27.0 | 24.0 |
| Program Students | 350 | 300 | 250 |

REVENUE ESTIMATING CONFERENCE

Tax: Workers Compensation Trust Fund
Issue: Educational Opportunities Leading to Employment
Bill Number(s): CS/CS/SB366

- Entire Bill:**
- Partial Bill:** Section 2

Sponsor(s): Senator Hutson
Month/Year Impact Begins: 7/1/2021
Date of Analysis:

Section 1: Narrative

- a.) **Current Law:** Worker’s compensation is a type of insurance designed to provide wage replacement and medical benefits to employees injured on the job. Generally employers are required to provide these benefits to those injured due to a work-related accident.

- b.) **Proposed Change:** A student 18 years or younger who is in a paid work-based learning opportunity shall be covered by the worker’s compensation insurance of his or her employer. If the student 18 years or younger is in an unpaid services work-based learning opportunity provided by a school district or Florida College System institution, then the student is considered an employee of the educational institution and is covered by the institution’s workers compensation insurance. In both situations, the Department of Education may reimburse employers for the worker’s compensation premiums associated with the student.

Section 2: Description of Data and Sources

Conversations with Florida Department of Education and the DFS’s Worker’s Compensation Trust Fund Department. Bureau of Labor Statistics Workplace Injuries and Illnesses

Section 3: Methodology (Include Assumptions and Attach Details)

In 2019-2020, there were 23,258 students enrolled in work-based learning programs. Under current law, these students may or may not qualify for worker’s compensation if injured while interning. The proposed law states that these students shall be covered by the employer’s worker’s compensation insurance. This change will likely increase total worker’s compensation premiums in the state.

The Worker’s Compensation Trust Fund (WCATF) covers the expenses associated with administration of Chapter 440 (Worker’s Compensation) in Florida. The WCATF is maintained by annual assessments on worker’s compensation premiums in Florida. The analysis expects the expansion of Worker’s Compensation premiums will lead to positive Worker’s Compensation Trust Fund receipts in FY2021-22 and FY2022-23. These receipts are expected to be insignificant positive. The Worker’s Compensation Trust Fund assessment rate may readjust rates downward to account for the additional premium amount leading to a neutral or insignificant impact in the later years. .

The tax impact is insignificant due to the small number of newly qualified worker’s, the strong likelihood that many of these students are already covered under existing worker’s compensation insurance plans, and that these work-based learning opportunities are not in overly-hazardous industries that require large worker’s compensation insurance premiums.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | | | 0 | 0/* | | |
| 2022-23 | | | 0 | 0/* | | |
| 2023-24 | | | 0/* | 0/* | | |
| 2024-25 | | | 0/* | 0/* | | |
| 2025-26 | | | 0/* | 0/* | | |

List of affected Trust Funds: Worker’s Compensation Trust Fund

REVENUE ESTIMATING CONFERENCE

Tax: Workers Compensation Trust Fund
Issue: Educational Opportunities Leading to Employment
Bill Number(s): CS/CS/SB366

Section 5: Consensus Estimate (Adopted: 06/21/2021): The Conference adopted the proposed estimate.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2021-22 | 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/* |
| 2023-24 | 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/* |
| 2025-26 | 0.0 | 0.0 | 0.0 | 0.0 | 0/* | 0/* | 0/* | 0/* |