

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Increased Property Value Limit for Long-Term, Low-Income Senior Exemption

Bill Number(s): [SB124](#)/[HB161](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Borrero and Senator Avila

Month/Year Impact Begins: On the effective date of SJR126/HJR159

Date(s) Conference Reviewed: January 20, 2023

Section 1: Narrative

a. Current Law:

Section 1. Paragraph (b) subsection (2) of section 196.075 currently reads: "The amount of the assessed value of the property for a person who has the legal or equitable title to real estate with a just value less than \$250,000, as determined in the first tax year that the owner applies and is eligible for the exemption, and who has maintained thereon the permanent residence of the owner for not less than twenty-five years, who has attained age sixty-five, and whose household income does not exceed the income limitation prescribed in paragraph (a), as calculated in subsection (3)."

b. Proposed Change:

Section 1. Paragraph (b) subsection (2) of section 196.075 is amended to read: "The amount of the assessed value of the property for a person who has the legal or equitable title to real estate with a just value less than ~~\$250,000~~ \$300,000, as determined in the first tax year that the owner applies and is eligible for the exemption, and who has maintained thereon the permanent residence of the owner for not less than twenty-five years, who has attained age sixty-five, and whose household income does not exceed the income limitation prescribed in paragraph (a), as calculated in subsection (3)."

Section 2: Description of Data and Sources

2022 Millage and Taxes Levied Report, 2022 Final Data Book published by Property Tax Oversight

2022 Final Real Property Assessment Rolls, NAL data

August 2022 Ad Valorem Revenue Estimating Conference

[April 2022 Population and Demographic Data \(Population: County by Age, Race, Sex and Hispanic Origin report\)](#)

Section 3: Methodology (Include Assumptions and Attach Details)

The 2022F NAL roll was used to identify 239,095 parcels receiving Exemption 03 and/or Exemption 04, which are county and municipality, respectively, exemptions for low-income seniors 65 and over. Using the data from the most recent Revenue Estimating Conference, Homestead_Just_Value (JV_HMSTD) and Taxable_Non-School_Values (TV_NSD) were grown forward through 2028. To narrow the pool of potentially-impacted parcels, those meeting the following criteria were excluded from the analysis:

- parcels with 2022 Homestead Just Values over \$300k (leaving 181,929 parcels),
- parcels that have not had permanent residents since at least 2003 leaving 84,209 parcels),
- parcels with no remaining non-school taxable value (leaving 31,940 parcels),
- and DOR Use Codes=0 (vacant residential) (leaving 31,936 parcels),
- parcels with 2028 Homestead JV less than \$250k, as they would have already been covered by the current exemption language (leaving 23,228 parcels)

This analysis was performed as if the impact had occurred to the 2022 Roll, and then grown forward to estimate the 2025-2028 impacts.

Only 28 of Florida's 67 counties and 67 of Florida's 417 municipalities have adopted these additional low-income long-term senior full exemptions (39 or 40, respectively). Assuming a continuation of these current practices, each parcel was then flagged depending on whether its county, municipality, or both, allowed this exemption. 3,502 parcels were further excluded because they were not in areas offering this exemption. The 2022F millage rates for each eligible parcel's respective county and/or municipality was then multiplied by its estimated TV_NSD for 2025, 2026, 2027, and 2028.

The initial pool consisted of parcels whose permanent residency began in 1997 or earlier and whose 2022 JV_HMSTD (JV_22) was between \$250k and \$300k. This set contains 3,039 parcels. The 2026 pool consists of the previous parcels, plus an additional 503 whose residency began in 1998 and whose JV_23 would be between \$250k and \$300k. 513 would become eligible in 2024, and so on.

The growth of this impact has two components:

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Increased Property Value Limit for Long-Term, Low-Income Senior Exemption

Bill Number(s): [SB124/HB161](#)

1. 65+-year olds reaching their 25th year of residence in that homestead
2. 64-year olds turning 65

The first component's growth is accounted for with the additional eligible parcels added each year (486 in 2025, 425 in 2026, etc). The average parcel count growth between 2022 and 2028 is 11.5%. For the High Estimate, a growth rate of 20% was used. For the low, 5%.

To account for the second growth component, the Office of Economic and Demographic Research's April 2022 report was used to determine the 2025-to-2030 estimated growth rate of Floridians 65+. The 5-year rate was 14.6%. Allocating this growth across the impact period gave an annual average growth rate of 2.7%. For the High Estimate, a growth rate of 5% was used. For the low, 1%.

If the bill's impact were to have begun in 2022, the 3,039 parcels in the initial cohort would have had a calculated average impact of \$655.10. This amount was grown forward using the TV_NSD growth rates from the Aug 2022 AV REC. The initial 3,039 parcels, multiplied by the initial \$655.10 would have been 2022's impact. For each subsequent year, the grown estimated impact value was multiplied by the respective two growth rates to find the estimated impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$-	\$(2.7 M)	\$-	\$(2.5 M)	\$-	\$(2.3 M)
2024-25	\$-	\$(3.8 M)	\$-	\$(3.1 M)	\$-	\$(2.7 M)
2025-26	\$(5.1 M)	\$(5.1 M)	\$(3.8 M)	\$(3.8 M)	\$(3.0 M)	\$(3.0 M)
2026-27	\$(6.8 M)	\$(6.8 M)	\$(4.7 M)	\$(4.7 M)	\$(3.4 M)	\$(3.4 M)
2027-28	\$(9.1 M)	\$(9.1 M)	\$(5.7 M)	\$(5.7 M)	\$(3.9 M)	\$(3.9 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 01/20/2023): The adopted impact of the implementing bill to the constitutional amendment is zero/negative indeterminate due to the requirement for a statewide referendum.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	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/(**)
2025-26	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2026-27	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2027-28	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

Note: If the constitutional amendment does not pass, the impact is zero. If approved, the Conference assumes that there is no change in the jurisdictions offering this exemption and the impact would be the middle estimate with the fifth year recurring being the recurring impact:

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	(5.7)	0.0	(5.7)
2024-25	0.0	0.0	0.0	(5.7)	0.0	(5.7)
2025-26	0.0	0.0	(3.8)	(5.7)	(3.8)	(5.7)
2026-27	0.0	0.0	(4.7)	(5.7)	(4.7)	(5.7)
2027-28	0.0	0.0	(5.7)	(5.7)	(5.7)	(5.7)

	A	B	C	D	E	F	G
1							
2	Growth Rate Part 1: Parcel Count						
3	<i>If residents' age remained stagnant, these parcels would reach 25 years of residency</i>						
4							
5	Parcels Entering >=25 Years of Permanent Residence & JV_HMSTD in Range						
6		Roll Year	Move-in Year	Marginal Impacted Parcel Count	Cumulative Impacted Parcel Count	% Growth	
7		2022	1997	3039	3,039		
8		2023	1998	503	3,542	16.6%	
9		2024	1999	513	4,055	14.5%	
10		2025	2000	486	4,541	12.0%	
11		2026	2001	425	4,966	9.4%	
12		2027	2002	423	5,389	8.5%	
13		2028	2003	435	5,824	8.1%	
14		<i>Source: 2022F NAL Roll</i>					
15							
16	Average Parcel Count Growth						
17		11.5%					
18							
19	Assumed Growth Rates						
20			High	Middle	Low		
21		Parcels	20%	11.5%	5%		
22							

	A	B	C	D	E	F	G
23							
24	Growth Rate Part 2						
25	<i>If JV_hmstd remained stagnant, this many residents would turn 65 each year</i>						
26							
27	65+ population growth factor						
28			4/1/2025	4/1/2030	5-yr Growth		
29		65-69	1,524,429	1,643,258	7.79%		
30		70-74	1,256,945	1,465,515	16.59%		
31		75-79	1,039,568	1,163,829	11.95%		
32		80-84	700,218	867,086	23.83%		
33		85+	688,441	830,949	20.70%		
34		SUM	5,209,601	5,970,637	14.61%		
35		<i>Source: Population by County by Age, Race, Sex and Hispanic Origin</i>					
36							
37	Evenly Distributing the 14.6% Growth Across Impact Years						
38		Year	Est Parcels	% Change			
39		2022	3,039				
40		2023	3,128	2.92%			
41		2024	3,217	2.84%			
42		2025	3,305	2.76%			
43		2026	3,394	2.69%			
44		2027	3,483	2.62%			
45		2028	3,572	2.55%			
46							
47	Average 65+ Cohort Growth						
48		2.7%					
49							
50	Assumed Cohort Growth Rates						
51			High	Middle	Low		
52		Residents	5%	2.7%	1%		
53							

	A	B	C	D	E	F	G
54							
55	Impact Analysis						
56	<i>Each parcel's appropriate millage rates are applied on hidden sheets</i>						
57							
58	Average Marginal 2022 Impact Value						
59		County	\$ 582.83				
60		Muni	\$ 72.27				
61		Total	\$ 655.10				
62	<i>If bill were to be implemented today, these would be the average exemptions for newly-exempted parcels</i>						
63							
64	Exemption Grown by TV_NSD Growth Rates						
65			TV_NSD	% Growth	Estimated Exmpt Val		
66		2022	\$ 2,585,936		\$ 655		
67		2023	\$ 2,834,868	9.63%	\$ 718		
68		2024	\$ 3,082,858	8.75%	\$ 781		
69		2025	\$ 3,301,851	7.10%	\$ 836		
70		2026	\$ 3,519,684	6.60%	\$ 892		
71		2027	\$ 3,731,890	6.03%	\$ 945		
72		2028	\$ 3,946,315	5.75%	\$ 1,000		
73		Source: Aug 2022 AV REC					
74							
75	Assumed Growth Rates						
76			High	Middle	Low		
77		Parcels	20%	11.5%	5%		
78		Residents	5%	2.7%	1%		
79							
80	Impact Estimate						
81			High	Middle	Low		
82		2022	\$ 1,990,834	\$ 1,990,834	\$ 1,990,834		
83		2023	\$ 2,749,924	\$ 2,499,751	\$ 2,314,519		
84		2024	\$ 3,768,008	\$ 3,113,608	\$ 2,669,267		
85		2025	\$ 5,084,946	\$ 3,819,571	\$ 3,031,843		
86		2026	\$ 6,829,723	\$ 4,663,451	\$ 3,427,391		
87		2027	\$ 9,124,284	\$ 5,663,425	\$ 3,853,891		
88		2028	\$ 12,157,163	\$ 6,859,441	\$ 4,321,883		
89							
90							
91	Non-School Impact						
92	Year	High		Middle		Low	
93		Cash	Recurring	Cash	Recurring	Cash	Recurring
94	2023-24	\$ -	\$ (2.7 M)	\$ -	\$ (2.5 M)	\$ -	\$ (2.3 M)
95	2024-25	\$ -	\$ (3.8 M)	\$ -	\$ (3.1 M)	\$ -	\$ (2.7 M)
96	2025-26	\$ (5.1 M)	\$ (5.1 M)	\$ (3.8 M)	\$ (3.8 M)	\$ (3.0 M)	\$ (3.0 M)
97	2026-27	\$ (6.8 M)	\$ (6.8 M)	\$ (4.7 M)	\$ (4.7 M)	\$ (3.4 M)	\$ (3.4 M)
98	2027-28	\$ (9.1 M)	\$ (9.1 M)	\$ (5.7 M)	\$ (5.7 M)	\$ (3.9 M)	\$ (3.9 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Increased Property Value Limit for Long-Term, Low-Income Senior Exemption

Bill Number(s): [SJR126/HJR159](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Borrero and Senator Avila

Month/Year Impact Begins: January 1, 2025

Date(s) Conference Reviewed: January 20, 2023

Section 1: Narrative

a. Current Law:

Section 1. Paragraph (b) subsection (2) of section 196.075 currently reads: "An exemption equal to the assessed value of the property to a person who has the legal or equitable title to real estate with a just value less than two hundred and fifth thousand dollars, as determined in the first tax year that the owner applies and is eligible for the exemption, and who has maintained thereon the permanent residence of the owner for not less than twenty-five years, who has attained age sixty-five, and whose household income does not exceed the income limitation prescribed in paragraph (1)."

b. Proposed Change:

Section 1. Paragraph (b) subsection (2) of section 196.075 currently reads: "An exemption equal to the assessed value of the property to a person who has the legal or equitable title to real estate with a just value less than ~~three~~^{two} hundred and fifty thousand dollars, as determined in the first tax year that the owner applies and is eligible for the exemption, and who has maintained thereon the permanent residence of the owner for not less than twenty-five years, who has attained age sixty-five, and whose household income does not exceed the income limitation prescribed in paragraph (1)."

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Section 3: Methodology (Include Assumptions and Attach Details)

The 2022F NAL roll was used to identify 239,095 parcels receiving Exemption 03 and/or Exemption 04, which are county and municipality, respectively, exemptions for low-income seniors 65 and over. Using the data from the most recent Revenue Estimating Conference, Homestead_Just_Value (JV_HMSTD) and Taxable_Non-School_Values (TV_NSD) were grown forward through 2028. To narrow the pool of potentially-impacted parcels, those meeting the following criteria were excluded from the analysis:

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- and DOR Use Codes=0 (vacant residential) (leaving 31,936 parcels),
- parcels with 2028 Homestead JV less than \$250k, as they would have already been covered by the current exemption language (leaving 23,228 parcels)

This analysis was performed as if the impact had occurred to the 2022 Roll, and then grown forward to estimate the 2025-2028 impacts.

Only 28 of Florida's 67 counties and 67 of Florida's 417 municipalities have adopted these additional low-income long-term senior full exemptions (39 or 40, respectively). Assuming a continuation of these current practices, each parcel was then flagged depending on whether its county, municipality, or both, allowed this exemption. 3,502 parcels were further excluded because they were not in areas offering this exemption. The 2022F millage rates for each eligible parcel's respective county and/or municipality was then multiplied by its estimated TV_NSD for 2025, 2026, 2027, and 2028.

The initial pool consisted of parcels whose permanent residency began in 1997 or earlier and whose 2022 JV_HMSTD (JV_22) was between \$250k and \$300k. This set contains 3,039 parcels. The 2026 pool consists of the previous parcels, plus an additional 503 whose residency began in 1998 and whose JV_23 would be between \$250k and \$300k. 513 would become eligible in 2024, and so on.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Increased Property Value Limit for Long-Term, Low-Income Senior Exemption

Bill Number(s): [SJ126/HJR159](#)

The growth of this impact has two components:

1. 65+-year olds reaching their 25th year of residence in that homestead
2. 64-year olds turning 65

The first component's growth is accounted for with the additional eligible parcels added each year (486 in 2025, 425 in 2026, etc). The average parcel count growth between 2022 and 2028 is 11.5%. For the High Estimate, a growth rate of 20% was used. For the low, 5%.

To account for the second growth component, the Office of Economic and Demographic Research's April 2022 report was used to determine the 2025-to-2030 estimated growth rate of Floridians 65+. The 5-year rate was 14.6%. Allocating this growth across the impact period gave an annual average growth rate of 2.7%. For the High Estimate, a growth rate of 5% was used. For the low, 1%.

If the bill's impact were to have begun in 2022, the 3,039 parcels in the initial cohort would have had a calculated average impact of \$655.10. This amount was grown forward using the TV_NSD growth rates from the Aug 2022 AV REC. The initial 3,039 parcels, multiplied by the initial \$655.10 would have been 2022's impact. For each subsequent year, the grown estimated impact value was multiplied by the respective two growth rates to find the estimated impact.

The joint resolution is dependent on the ballot outcome and implementing legislation, therefor the proposed fiscal impact is indeterminate.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0	(0/**)	0	(0/**)	0	(0/**)
2024-25	0	(0/**)	0	(0/**)	0	(0/**)
2025-26	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)
2026-27	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)
2027-28	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)	(0/**)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 01/20/2023): The Conference adopted a zero impact since this is a joint resolution proposing an amendment to be submitted to the voters which is not self-executing.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Expanded Homestead Exemption for First Responder Surviving Spouse

Bill Number(s): HB 101/ SB 184

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Woodson & Senator Polsky

Month/Year Impact Begins: January 2024

Date(s) Conference Reviewed: January 20, 2023

Section 1: Narrative

- a. Current Law:** Section 196.081(6), F.S., provides a full exemption from ad valorem taxes for homestead properties of surviving spouses of first responders that died in the line of duty and both the deceased and their spouse were permanent residents of the state on January 1 of the year of the first responder's death.
The definition of "first responder" only includes those employed by the state and local governments, excluding those employed by the federal government.
- b. Proposed Change:** The bill adds first responders employed by the federal government to the definition of first responders whose surviving spouses can receive the full ad valorem exemption on homestead properties in Section 196.081(6), F.S.

Section 2: Description of Data and Sources

2022 Millage and Taxes Levied Report, 2022 Final Data Book published by Property Tax Oversight

2022 Final Real Property Assessment Rolls, NAL data

[US Census 2020 Population Estimates](#)

Results of the August 3, 2022 Ad Valorem Revenue Estimating Conference

[DOJ's Law Enforcement Officers Killed and Assaulted Reports](#)

Section 3: Methodology (Include Assumptions and Attach Details)

Department of Justice's Law Enforcement Officers Killed and Assaulted (LEOKA) data reports that the average federal officers killed while on duty from 2015-2019 is 0.8. This number is for all of the US. According to the Census's estimates, Florida has 6.67% of the country's population. 6.67% of 0.8 is approximately 0.05. The low estimate assumes 0 new surviving spouses of federal law enforcement officers residing in Florida. The middle estimate assumes 1, and the high assumes 5. These numbers are added to the pool each year to account for accumulation of surviving spouses.

According to the 2022F NAL Roll, the average Exemption 41 value is \$203,352. Grown forward using the August 2022 AV REC_TV_SD and TV_NSD growth rates, that value is grown forward through the impact period. This amount is then multiplied by the accumulated cohort and the appropriate statewide aggregate millage rate to estimate the impact. The impact begins with the 2024 Roll Year.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ -	\$ 196,584	\$ -	\$ 7,863	\$ -	\$ -
2024-25	\$ 318,356	\$ 318,356	\$ 12,734	\$ 12,734	\$ -	\$ -
2025-26	\$ 452,367	\$ 452,367	\$ 18,095	\$ 18,095	\$ -	\$ -
2026-27	\$ 600,660	\$ 600,660	\$ 24,026	\$ 24,026	\$ -	\$ -
2027-28	\$ 762,322	\$ 762,322	\$ 30,493	\$ 30,493	\$ -	\$ -

Revenue Distribution: Ad Valorem

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Expanded Homestead Exemption for First Responder Surviving Spouse

Bill Number(s): HB 101/ SB 184

Section 5: Consensus Estimate (Adopted: 01/20/2023): The Conference assumes that the number of qualifying individuals would be insufficient to result in a greater than insignificant impact. The Conference adopted a negative insignificant impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	0.0	0.0	0.0	0.0	(Insignificant)	0.0	(Insignificant)
2023-24	0.0	0.0	0.0	0.0	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
2024-25	0.0	0.0	0.0	0.0	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
2025-26	0.0	0.0	0.0	0.0	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
2026-27	0.0	0.0	0.0	0.0	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)

	A	B	C	D	E	F	G	H
1								
2		FBI's Law Enforcement Officers Killed & Assaulted (LEOKA)						
3			2019	0				
4			2018	2				
5			2017	0				
6			2016	1				
7			2015	1				
8			2014	0				
9			2013	4				
10			2012	1				
11								
12								
13		Average Federal Law Enforcement Officers Killed Per Year						
14			0.8					
15								
16		2022 Population Estimate						
17			US	333,287,557				
18			FL	22,244,823	6.67%			
19		<i>Source: US Census</i>						
20								
21		Florida's Apportionment						
22			0.05					
23								
24		Avg 2022 Ex_41 Value						
25			\$ 203,352					
26		<i>Source: 2022F NAL Roll</i>						
27								
28		Growth Rates						
29				TV_SD		TV_NSD		
30		2022	\$ 2,443,188			\$ 2,585,936		
31		2023	\$ 3,170,984	29.79%		\$ 2,834,868	9.63%	
32		2024	\$ 3,386,113	6.78%		\$ 3,082,858	8.75%	
33		2025	\$ 3,581,048	5.76%		\$ 3,301,851	7.10%	
34		2026	\$ 3,783,369	5.65%		\$ 3,519,684	6.60%	
35		2027	\$ 3,985,558	5.34%		\$ 3,731,890	6.03%	
36		2028	\$ 4,194,396	5.24%		\$ 3,946,315	5.75%	
37		<i>Source: Aug 2022 AV REC</i>						
38								
39		Estimated Exemption Value						
40			SD Exemption		NSD Exemption			
41		2022	\$ 203,352		\$ 203,352			
42		2023	\$ 263,928		\$ 222,928			
43		2024	\$ 281,834		\$ 242,429			
44		2025	\$ 298,059		\$ 259,650			
45		2026	\$ 314,899		\$ 276,780			
46		2027	\$ 331,727		\$ 293,468			
47		2028	\$ 349,109		\$ 310,329			
48								

	A	B	C	D	E	F	G	H
49								
50		Estimated Exemption Counts						
51			High	5				
52			Middle	1				
53			Low	0				
54								
55		Cohort Accumulation						
56			High		Middle	Low		
57			2022	5	1	-		
58			2023	10	2	-		
59			2024	15	3	-		
60			2025	20	4	-		
61			2026	25	5	-		
62			2027	30	6	-		
63			2028	35	7	-		
64								
65								
66								
67		Average Statewide Millage Rates						
68			Nonschool	10.5827				
69			School	5.9581				
70								

	A	B	C	D	E	F	G	H
71								
72		School Impact						
73			High		Middle		Low	
74		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
75		2023-24	\$ -	\$ 78,626	\$ -	\$ 3,145	\$ -	\$ -
76		2024-25	\$ 125,940	\$ 125,940	\$ 5,038	\$ 5,038	\$ -	\$ -
77		2025-26	\$ 177,587	\$ 177,587	\$ 7,103	\$ 7,103	\$ -	\$ -
78		2026-27	\$ 234,525	\$ 234,525	\$ 9,381	\$ 9,381	\$ -	\$ -
79		2027-28	\$ 296,470	\$ 296,470	\$ 11,859	\$ 11,859	\$ -	\$ -
80								
81		Non-School Impact						
82			High		Middle		Low	
83		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
84		2023-24	\$ -	\$ 117,959	\$ -	\$ 4,718	\$ -	\$ -
85		2024-25	\$ 192,417	\$ 192,417	\$ 7,697	\$ 7,697	\$ -	\$ -
86		2025-26	\$ 274,780	\$ 274,780	\$ 10,991	\$ 10,991	\$ -	\$ -
87		2026-27	\$ 366,135	\$ 366,135	\$ 14,645	\$ 14,645	\$ -	\$ -
88		2027-28	\$ 465,852	\$ 465,852	\$ 18,634	\$ 18,634	\$ -	\$ -
89								
90		Total Impact						
91			High		Middle		Low	
92		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
93		2023-24	\$ -	\$ 196,584	\$ -	\$ 7,863	\$ -	\$ -
94		2024-25	\$ 318,356	\$ 318,356	\$ 12,734	\$ 12,734	\$ -	\$ -
95		2025-26	\$ 452,367	\$ 452,367	\$ 18,095	\$ 18,095	\$ -	\$ -
96		2026-27	\$ 600,660	\$ 600,660	\$ 24,026	\$ 24,026	\$ -	\$ -
97		2027-28	\$ 762,322	\$ 762,322	\$ 30,493	\$ 30,493	\$ -	\$ -

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Tax Exemption for Diapers and Incontinence Products

Bill Number(s): SB 114/ HB 29

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Book, Representative Eskamani

Month/Year Impact Begins: January 1, 2024 (effective date), February 1, 2024 (lagged by 1 month for collections impact)

Date(s) Conference Reviewed: 1/20/2023

Section 1: Narrative

- a. **Current Law:** Currently there is no permanent sales tax exemption for diapers and incontinence products. Chapter No. 2022-97, Laws of Florida (CS/HB 7071, Section 50), temporarily exempted the retail sale of children's diapers from July 1, 2022 to June 30, 2023.
- b. **Proposed Change:** SB 114 and HB 29 exempt the sale for human use of diapers, incontinence undergarments, incontinence pads, or incontinence liners from the sales and use tax permanently. The two bills are identical for the purposes of the impact analysis.

Section 2: Description of Data and Sources

IBISWorld Industry Report OD5652 Diaper Manufacturing (February 2021)

Florida Demographic Estimating Conference, July 2022

U.S. Census Bureau, American Community Survey, 2021

CPI for All Urban Consumers (CPI-U), US - Household paper products, not seasonally adjusted, US Bureau of Labor Statistics, June 2021 to June 2022 % change.

IHS Markit Chained Price Index--Gross Domestic Product, United States, January 2023 forecast, Source: Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, Quarterly, 2012=100] Seasonally adjusted, Bureau of Economic Analysis.

Impact of Sales Tax Exemption for Children's Diapers, Proposed Language, Revenue Estimating Conference, 2/18/2022,

http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page433-435.pdf.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis uses as a base the methodology for the impact of Chapter No. 2022-97, Laws of Florida (CS/HB 7071, Section 50), adopted by the REC on 2/18/2022. The methodology uses national data on diaper manufacturing from IBISWorld. Baby diapers represent 68.8% of the industry total and include disposable diapers, training pants and cloth diapers. Adult diapers represent 31.2 percent of the industry total and include incontinence products such as adult incontinence undergarments, incontinence pads, or incontinence liners. The Florida share of baby diapers and adult diapers is calculated given the population of children 4 and under and the population of adults ages 65 and over. A 5% retail markup is applied to the estimated manufacturing industry revenue to calculate the total Florida Sales Tax Revenue from diapers and incontinence products.

The IBIS World report used for this analysis was last updated in February 2021. There is no set date for the publication of an update at this point since IBIS World is redesigning their reports. Industry revenues, both historical and forecast, in the February 2021 report were converted to 2021 Dollars by using the BEA implicit GDP deflator and are therefore presented in "real" terms in 2021 Dollars. The resulting IBIS World growth forecast in real terms is included in the worksheet for comparison purposes.

A change in methodology is proposed to bring the industry revenues estimate up by one year from FY2020-21 to FY 2021-22 to account for a historically high inflation experienced during this period. While IBIS World growth is published in real terms, sales tax collection revenues are forecast here in nominal terms. In addition to the adopted method of growing industry revenues by population growth, two additional methods are proposed for growth only from FY202-21 to FY 2021-22:

- High: Growth in CPI-U for household paper products from June 2021 to June 2022
- Middle: Growth in the GDP deflator from June 2021 to June 2022
- Low: Growth in population for ages 4 and under and 65 and over (FDEC)

The NEEC assumes that inflation will subside in FY 2022-23 and the Federal Reserve is reported to take measures to bring down inflation. Therefore, this analysis assumes that inflation will return to historical levels beginning with FY 2022-23 and no extraordinary inflation adjustment is necessary. In addition, a change in the average price of a good, as measured by the CPI, does not necessarily result in a change in total industry revenues or sales tax collections of the same magnitude. If prices increase, the

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Tax Exemption for Diapers and Incontinence Products

Bill Number(s): SB 114/ HB 29

quantity demanded may decrease, the quantity supplied may increase. Over time, changes in brand preferences or product preferences, income, the price of substitute products, population, or price expectations may affect demand for diapers. All three methods propose that diaper industry revenues revert to growing by population growth after FY 2021-22. The growth in the Florida population of children ages 0 to 4 and the growth in the adult population 65 and over is used to calculate revenue from diapers and incontinence products for FY 2022-23 and forward. The estimated Florida sales tax revenue on diapers and incontinence products using this methodology is provided on lines 26-28.

Section 4: Proposed Fiscal Impact: The impact begins on January 1, 2024 and it affects fiscal years 2023-24 and onward. The cash impact in the first year is 5/12ths of the full year.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(25.7)	(61.6)	(25.2)	(60.5)	(24.0)	(57.7)
2024-25	(62.8)	(62.8)	(61.8)	(61.8)	(58.9)	(58.9)
2025-26	(64.1)	(64.1)	(63.0)	(63.0)	(60.0)	(60.0)
2026-27	(65.2)	(65.2)	(64.1)	(64.1)	(61.1)	(61.1)
2027-28	(66.3)	(66.3)	(65.2)	(65.2)	(62.1)	(62.1)

Revenue Distributions: General Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 01/20/2023): The Conference adopted the high estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(22.7)	(54.5)	(Insignificant)	(Insignificant)	(0.8)	(1.8)	(2.2)	(5.2)
2024-25	(55.6)	(55.6)	(Insignificant)	(Insignificant)	(1.9)	(1.9)	(5.3)	(5.3)
2025-26	(56.8)	(56.8)	(Insignificant)	(Insignificant)	(1.9)	(1.9)	(5.4)	(5.4)
2026-27	(57.7)	(57.7)	(Insignificant)	(Insignificant)	(1.9)	(1.9)	(5.5)	(5.5)
2027-28	(58.7)	(58.7)	(Insignificant)	(Insignificant)	(2.0)	(2.0)	(5.6)	(5.6)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(3.1)	(7.4)	(6.1)	(14.5)	(28.8)	(69.0)
2024-25	(7.6)	(7.6)	(14.8)	(14.8)	(70.4)	(70.4)
2025-26	(7.8)	(7.8)	(15.1)	(15.1)	(71.9)	(71.9)
2026-27	(7.9)	(7.9)	(15.4)	(15.4)	(73.1)	(73.1)
2027-28	(8.0)	(8.0)	(15.6)	(15.6)	(74.3)	(74.3)

	A	B	C	D	E	F	G	H	I	J	K
1		SB 114/ HB 29 (2023 Session) - Tax Exemption for Diapers and Incontinence Products									
2											
3		IBISWorld - US Manufacturing Diaper Industry Data									
4				FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
5		Total Domestic Demand in U.S.		12,960,250,000							
6											
7		Baby Diapers* Industry Revenue (68.8% of total)		8,916,652,000							
8		Florida Share of Revenue (5.9%)		547,841,396							
9		Florida Sales Tax Revenue - Baby Diapers**		32,870,484							
10		Growth in population 4 and under (FDEC)			1.9%	1.6%	1.4%	1.2%	1.1%	1.0%	0.8%
11	NEW	Adjustment to base year									
12	High	CPI - Household paper products ¹	9.41%		35,963,037	36,540,762	37,046,877	37,500,097	37,904,754	38,264,993	38,584,820
13	Middle	GDP Deflator (NEEC) ²	7.59%		35,365,180	35,933,301	36,431,002	36,876,687	37,274,617	37,628,867	37,943,377
14	Low	Growth in population 4 and under (FDEC)	1.90%		33,496,618	34,034,721	34,506,126	34,928,263	35,305,168	35,640,701	35,938,593
15											
16		Adult Diapers* Industry Revenue (31.2% of total)		4,043,598,000							
17		Florida Share of Revenue (8.2%)		349,357,881							
18		Florida Sales Tax Revenue - Adult Diapers & Incontinence Products**		20,961,473							
19		Growth in population 65 and over (FDEC)			3.4%	3.4%	3.4%	3.3%	3.2%	3.1%	2.9%
20	NEW	Adjustment to base year									
21	High	CPI - Household paper products ¹	9.41%		22,933,591	23,715,782	24,518,435	25,335,646	26,152,501	26,953,988	27,724,561
22	Middle	GDP Deflator (NEEC) ²	7.59%		22,552,338	23,321,525	24,110,835	24,914,461	25,717,736	26,505,899	27,263,662
23	Low	Growth in population 65 and over (FDEC)	3.42%		21,678,083	22,417,452	23,176,164	23,948,637	24,720,773	25,478,382	26,206,770
24											
25	NEW	Total Estimated Florida Sales Tax Revenue on Diapers and Incontinence Products									
26	High	CPI - Household paper products ¹		53,831,957	58,896,628	60,256,544	61,565,313	62,835,743	64,057,255	65,218,981	66,309,381
27	Middle	GDP Deflator (NEEC) ²		53,831,957	57,917,517	59,254,826	60,541,837	61,791,147	62,992,353	64,134,767	65,207,039
28	Low	Growth in population (FDEC)		53,831,957	55,174,700	56,452,174	57,682,290	58,876,899	60,025,940	61,119,083	62,145,363
29											
30		IBIS World growth in industry revenues -US (real terms)			1.0%	1.5%	1.4%	1.4%	1.3%	1.2%	NA
31		Implied Florida sales tax collections using IBIS World growth rate			54,383,973	55,211,997	55,965,879	56,741,775	57,489,635	58,206,965	NA
32											
33		<i>*Baby diapers includes disposable diapers, training pants and cloth diapers. Adult diapers includes incontinence products such as adult diapers and pads for incontinence.</i>									
34		IBIS World Diaper Manufacturing, Industry Report OD 5652, February 2021.									
35		<i>**Estimated Sales Tax Revenue assumes a 5.0% retail markup on diapers and incontinence products. Based on IBISWorld report, the average profit margin in the baby product market is 5.0%. The baby product market includes retailers who sell baby products.</i>									
36		¹ CPI for All Urban Consumers (CPI-U), US - Household paper products, not seasonally adjusted, US Bureau of Labor Statistics, June 2021 to June 2022 % change.									
37		² IHS Markit Chained Price Index--Gross Domestic Product, January 2023 forecast, Source: Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, seasonally adjusted, Bureau of Economic Analysis.									
38		Date of analysis: 1/20/2023									
39											