

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Disabled Ex-servicemember Exemption

Bill Number(s): SB1004 & HB727

Entire Bill

Partial Bill:

Sponsor(s): Senators Torres & Pizzo and Representatives Amesty & Chambliss

Month/Year Impact Begins: January 2025 (SB), July 2024 (HB)

Date(s) Conference Reviewed: January 26, 2024

Section 1: Narrative

- a. **Current Law:** Section 196.24, Florida Statutes, provides a property tax exemption of \$5,000 from all ad valorem taxation for disabled ex-servicemembers and their surviving spouses.
- b. **Proposed Change:** The bill changes the tax exemption from \$5,000 to \$10,000.

Section 2: Description of Data and Sources

2023 Millage and Taxes Levied Report, 2023 Final Data Book published by Property Tax Oversight
 Results of the Ad Valorem Estimating Conference, January 5, 2023
 2023 Final NAL Real Property Tax Roll

Section 3: Methodology (Include Assumptions and Attach Details)

All parcels receiving this exemption on the 2023 final real property tax roll are identified. Properties receiving a \$5,000 exemption today have new school and non-school taxable values calculated as either the old taxable value minus \$5,000 or zero, whichever is greater. Properties receiving a \$10,000 exemption today (two qualifying owners) have new school and non-school taxable values calculated as either the old taxable value minus \$10,000 or zero, whichever is greater. Other values of exemption are excluded from the analysis as it is assumed they would not change with the bill. The school and non-school taxable values are summed across parcels to arrive at the impact on taxable value had the bill been in place for the 2023 roll year. The high analysis grows this value forward using the homestead growth rate of taxable value from the most recent ad valorem estimating conference, while the low analysis grows this value forward using the expected Save Our Homes cap from the same conference. Aggregate school and non-school millage rates are applied to arrive at the impact. While more than 99% of these properties are homesteads, that is not a requirement of the exemption, so the middle uses the total taxable value growth rate.

The Senate bill indicates that it first applies to the 2025 ad valorem tax roll and, as such, has a zero cash impact for Fiscal Year 2024-25. The House bill, however, only provides an effective date of July 1, 2024. This provides time for ex-servicemembers and their surviving spouses time to challenge their exemptions before the VAB based on what would be the current law at the time they receive their property tax bill. The challenge rate and subsequent success rate is unknown, leading to a negative indeterminate cash impact in the first year.

Section 4: Proposed Fiscal Impact

SB1004	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$0	\$(13.3 M)	\$0	\$(12.9 M)	\$0	\$(12.4 M)
2025-26	\$(14.6 M)	\$(14.6 M)	\$(14.0 M)	\$(14.0 M)	\$(12.8 M)	\$(12.8 M)
2026-27	\$(15.8 M)	\$(15.8 M)	\$(14.9 M)	\$(14.9 M)	\$(13.0 M)	\$(13.0 M)
2027-28	\$(17.1 M)	\$(17.1 M)	\$(15.8 M)	\$(15.8 M)	\$(13.3 M)	\$(13.3 M)
2028-29	\$(18.3 M)	\$(18.3 M)	\$(16.7 M)	\$(16.7 M)	\$(13.6 M)	\$(13.6 M)

HB727	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(**)	\$(13.3 M)	(**)	\$(12.9 M)	(**)	\$(12.4 M)
2025-26	\$(14.6 M)	\$(14.6 M)	\$(14.0 M)	\$(14.0 M)	\$(12.8 M)	\$(12.8 M)
2026-27	\$(15.8 M)	\$(15.8 M)	\$(14.9 M)	\$(14.9 M)	\$(13.0 M)	\$(13.0 M)
2027-28	\$(17.1 M)	\$(17.1 M)	\$(15.8 M)	\$(15.8 M)	\$(13.3 M)	\$(13.3 M)
2028-29	\$(18.3 M)	\$(18.3 M)	\$(16.7 M)	\$(16.7 M)	\$(13.6 M)	\$(13.6 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Disabled Ex-servicemember Exemption

Bill Number(s): SB1004 & HB727

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted the middle estimate.

SB1004

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	(4.8)	0.0	(8.1)	0.0	(12.9)
2025-26	(5.2)	(5.2)	(8.8)	(8.8)	(14.0)	(14.0)
2026-27	(5.5)	(5.5)	(9.4)	(9.4)	(14.9)	(14.9)
2027-28	(5.9)	(5.9)	(10.0)	(10.0)	(15.8)	(15.8)
2028-29	(6.2)	(6.2)	(10.5)	(10.5)	(16.7)	(16.7)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0.0	(12.9)	0.0	(12.9)
2025-26	0.0	0.0	0.0	0.0	(14.0)	(14.0)	(14.0)	(14.0)
2026-27	0.0	0.0	0.0	0.0	(14.9)	(14.9)	(14.9)	(14.9)
2027-28	0.0	0.0	0.0	0.0	(15.8)	(15.8)	(15.8)	(15.8)
2028-29	0.0	0.0	0.0	0.0	(16.7)	(16.7)	(16.7)	(16.7)

HB727

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(**)	(4.8)	(**)	(8.1)	(**)	(12.9)
2025-26	(5.2)	(5.2)	(8.8)	(8.8)	(14.0)	(14.0)
2026-27	(5.5)	(5.5)	(9.4)	(9.4)	(14.9)	(14.9)
2027-28	(5.9)	(5.9)	(10.0)	(10.0)	(15.8)	(15.8)
2028-29	(6.2)	(6.2)	(10.5)	(10.5)	(16.7)	(16.7)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(**)	(12.9)	(**)	(12.9)
2025-26	0.0	0.0	0.0	0.0	(14.0)	(14.0)	(14.0)	(14.0)
2026-27	0.0	0.0	0.0	0.0	(14.9)	(14.9)	(14.9)	(14.9)
2027-28	0.0	0.0	0.0	0.0	(15.8)	(15.8)	(15.8)	(15.8)
2028-29	0.0	0.0	0.0	0.0	(16.7)	(16.7)	(16.7)	(16.7)

	A	B	C	D	E	F	G
1	2023 Aggregate Millage Rates						
2	School	5.9923					
3	Non-School	10.3792					
4							
5	2023 Roll Stats	All Parcels	Only \$5k or \$10k				
6	Parcels with Exemption 35	158,115	157,288				
7	Total Value of Exemption	\$ 817,981,970	\$ 798,325,000				
8	School Taxes Exempted	\$ 4,901,593	\$ 4,783,803				
9	Non-School Taxes Exempted	\$ 8,489,998	\$ 8,285,975				
10							
11	Forecast	Homestead Taxable Value	Homestead TV Growth Rate	Total Taxable Value	Total TV Growth Rate	SOH Rate	
12	2023	\$ 987,167,627,773		\$ 2,922,616,867,844			
13	2024	\$ 1,088,436,226,735	10.3%	\$ 3,129,749,047,177	7.1%	3.0%	
14	2025	\$ 1,189,636,988,417	9.3%	\$ 3,376,154,653,535	7.9%	2.5%	
15	2026	\$ 1,289,015,819,625	8.4%	\$ 3,604,169,536,672	6.8%	1.9%	
16	2027	\$ 1,395,067,500,524	8.2%	\$ 3,831,537,599,604	6.3%	2.5%	
17	2028	\$ 1,495,685,554,662	7.2%	\$ 4,046,932,679,463	5.6%	2.1%	
18	2029	\$ 1,595,601,813,663	6.7%	\$ 4,261,084,289,685	5.3%	2.2%	
19							
20		High		Low		Low	
21	Impact	School Taxable Value	Non-School Taxable Value	School Taxable Value	Non-School Taxable Value	School Taxable Value	Non-School Taxable Value
22	2023	\$ (748,253,099)	\$ (732,216,816)	\$ (748,253,099)	\$ (732,216,816)	\$ (748,253,099)	\$ (732,216,816)
23	2024	\$ (825,012,649)	\$ (807,331,284)	\$ (801,283,415)	\$ (784,110,606)	\$ (770,700,692)	\$ (754,183,320)
24	2025	\$ (901,720,780)	\$ (882,395,435)	\$ (864,368,577)	\$ (845,843,750)	\$ (789,738,345)	\$ (772,812,965)
25	2026	\$ (977,047,924)	\$ (956,108,195)	\$ (922,745,316)	\$ (902,969,380)	\$ (804,733,096)	\$ (787,486,355)
26	2027	\$ (1,057,432,954)	\$ (1,034,770,443)	\$ (980,956,455)	\$ (959,932,960)	\$ (825,240,190)	\$ (807,553,948)
27	2028	\$ (1,133,699,404)	\$ (1,109,402,379)	\$ (1,036,102,252)	\$ (1,013,896,893)	\$ (842,834,432)	\$ (824,771,117)
28	2029	\$ (1,209,433,908)	\$ (1,183,513,769)	\$ (1,090,929,694)	\$ (1,067,549,293)	\$ (861,306,935)	\$ (842,847,724)
29							
30		Impact on School					
31		High		Middle		Low	
32		Cash	Recurring	Cash	Recurring	Cash	Recurring
33	2024-25	\$(4.9 M)	\$(4.9 M)	\$(4.8 M)	\$(4.8 M)	\$(4.6 M)	\$(4.6 M)
34	2025-26	\$(5.4 M)	\$(5.4 M)	\$(5.2 M)	\$(5.2 M)	\$(4.7 M)	\$(4.7 M)
35	2026-27	\$(5.9 M)	\$(5.9 M)	\$(5.5 M)	\$(5.5 M)	\$(4.8 M)	\$(4.8 M)
36	2027-28	\$(6.3 M)	\$(6.3 M)	\$(5.9 M)	\$(5.9 M)	\$(4.9 M)	\$(4.9 M)
37	2028-29	\$(6.8 M)	\$(6.8 M)	\$(6.2 M)	\$(6.2 M)	\$(5.1 M)	\$(5.1 M)
38							
39		Impact on Non-School					
40		High		Middle		Low	
41		Cash	Recurring	Cash	Recurring	Cash	Recurring
42	2024-25	\$(8.4 M)	\$(8.4 M)	\$(8.1 M)	\$(8.1 M)	\$(7.8 M)	\$(7.8 M)
43	2025-26	\$(9.2 M)	\$(9.2 M)	\$(8.8 M)	\$(8.8 M)	\$(8.0 M)	\$(8.0 M)
44	2026-27	\$(9.9 M)	\$(9.9 M)	\$(9.4 M)	\$(9.4 M)	\$(8.2 M)	\$(8.2 M)
45	2027-28	\$(10.7 M)	\$(10.7 M)	\$(10.0 M)	\$(10.0 M)	\$(8.4 M)	\$(8.4 M)
46	2028-29	\$(11.5 M)	\$(11.5 M)	\$(10.5 M)	\$(10.5 M)	\$(8.6 M)	\$(8.6 M)
47							
48		Total Impact					
49		High		Middle		Low	
50		Cash	Recurring	Cash	Recurring	Cash	Recurring
51	2024-25	\$(13.3 M)	\$(13.3 M)	\$(12.9 M)	\$(12.9 M)	\$(12.4 M)	\$(12.4 M)
52	2025-26	\$(14.6 M)	\$(14.6 M)	\$(14.0 M)	\$(14.0 M)	\$(12.8 M)	\$(12.8 M)
53	2026-27	\$(15.8 M)	\$(15.8 M)	\$(14.9 M)	\$(14.9 M)	\$(13.0 M)	\$(13.0 M)
54	2027-28	\$(17.1 M)	\$(17.1 M)	\$(15.8 M)	\$(15.8 M)	\$(13.3 M)	\$(13.3 M)
55	2028-29	\$(18.3 M)	\$(18.3 M)	\$(16.7 M)	\$(16.7 M)	\$(13.6 M)	\$(13.6 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Affordable Housing Accessory Dwelling Units

Bill Number(s): HB1299

Entire Bill

Partial Bill:

Sponsor(s): Representative Cross

Month/Year Impact Begins: January 2025

Date(s) Conference Reviewed: January 26, 2024

Section 1: Narrative

- a. **Current Law:** Section 196.1979, Florida Statutes, provides counties and municipalities the option to provide certain ad valorem exemptions on affordable housing within multifamily projects with 50 or more units.
- b. **Proposed Change:** 196.1979 is amended such that accessory dwelling units used to provide affordable housing would also receive up to a 100 percent exemption.

163.31771(2)(a) defines an accessory dwelling unit as: *“an ancillary or secondary living unit, that has a separate kitchen, bathroom, and sleeping area, existing either within the same structure, or on the same lot, as the primary dwelling unit.”*

Section 2: Description of Data and Sources

2023 Millage and Taxes Levied Report, 2023 Final Data Book published by Property Tax Oversight
 Results of the Ad Valorem Estimating Conference, January 5, 2023
 2023 Final NAL Real Property Tax Roll

Section 3: Methodology (Include Assumptions and Attach Details)

The attached workpapers attempt to identify the impact of this bill if all local governments adopted the exemption at the maximum value. The analysis focuses on the use codes where accessory dwelling units are expected to exist: Single Family Residential, Mobile Homes, and Agricultural Properties. Vacant Residential and Multi-Family with Fewer than 10 Units are also available in the workpapers for consideration. Of those properties, only those with one or more residential unit are considered.

Based on an analysis of the change in just value due to new construction for parcels that, after the construction, qualified for the partial exemption for living quarters of parents or grandparents in 193.703, it is found that the average value of such additional living quarter is approximately 35 percent of the total parcel’s just value. The analysis assumes that 10 percent of properties with 2 or more residential units will participate in the affordable housing exemption and that 2.5 percent of those with 1 residential unit will participate. Using the 2023 aggregate millage rates and the total residential just value growth rate from the latest Ad Valorem Estimating Conference, the total impact reaches approximately \$781 million by Fiscal Year 2028-29.

Section 2 of the bill makes clear that these changes first impact the 2025 tax roll. The exemption is at the discretion of the local governments, both in adoption and value. The low assumes no local governments choose to implement this exemption. The middle assumes either none or some will implement the exemption. The high assumes at least one local government implements the exemption.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$0	(**)	\$0	(0/**)	\$0	\$0
2025-26	(**)	(**)	(0/**)	(0/**)	\$0	\$0
2026-27	(**)	(**)	(0/**)	(0/**)	\$0	\$0
2027-28	(**)	(**)	(0/**)	(0/**)	\$0	\$0
2028-29	(**)	(**)	(0/**)	(0/**)	\$0	\$0

Revenue Distribution: Ad Valorem

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Affordable Housing Accessory Dwelling Units

Bill Number(s): HB1299

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted a zero/negative indeterminate impact because the exemption is granted at the discretion of the local jurisdiction. If all jurisdictions fully implement the exemption at its maximum value, the impact could be -\$470.1m recurring in Fiscal Year 2028-29, assuming the average just value share of the accessory building is 20% of the residential unit. This impact could be higher if the average just value share of the accessory dwelling unit is greater than 20% or the participation rates are greater than assumed in the analysis.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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/(**)
2028-29	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

	A	B	C	D	E	F	G
1	2023 Aggregate Millage Rates						
2	School	5.9923					
3	Non-School	10.3792					
4							
5	Assumptions - Properties with 1 Residential Unit	7,853,730 Parcels					
6	Just Value Share of Accessory Dwelling		35%				
7	Include Vacant Residential	-	0%				
8	Include Single Family	5,644,259	100%				
9	Include Mobile Homes	411,078	100%				
10	Include Multi-family - fewer than 10 units	-	0%				
11	Include Agricultural Properties	56,121	100%				
12	Participation Rate		2.5%				
13							
14	Assumptions - Properties with 2+ Residential Units	244,151 Parcels					
15	Just Value Share of Accessory Dwelling		35%				
16	Include Vacant Residential	-	0%				
17	Include Single Family	42,850	100%				
18	Include Mobile Homes	8,017	100%				
19	Include Multi-family - fewer than 10 units	-	0%				
20	Include Agricultural Properties	8,301	100%				
21	Participation Rate		10.0%				
22							
23		School TV	Non-School TV	School Impact	Non-School Impact		
24	Single Residential Unit	\$ (21,010,588,117)	\$ (20,143,844,198)	\$ (125,901,747)	\$ (209,076,988)		
25	2+ Residential Units	\$ (17,521,944,257)	\$ (17,127,325,383)	\$ (104,996,747)	\$ (177,767,936)		
26	Total	\$ (38,532,532,374)	\$ (37,271,169,581)	\$ (230,898,494)	\$ (386,844,923)		
27							
28	Roll Year	Homestead JV	Non-Homestead Res JV	Residential JV	Growth Rate		
29	2023	\$ 2,152,749,683,894	\$ 1,233,675,218,598	\$ 3,386,424,902,492			
30	2024	\$ 2,266,966,593,850	\$ 1,276,229,652,171	\$ 3,543,196,246,021	4.6%		
31	2025	\$ 2,382,010,696,457	\$ 1,322,140,102,406	\$ 3,704,150,798,863	4.5%		
32	2026	\$ 2,510,321,311,991	\$ 1,375,622,677,337	\$ 3,885,943,989,328	4.9%		
33	2027	\$ 2,648,974,378,373	\$ 1,434,837,245,638	\$ 4,083,811,624,011	5.1%		
34	2028	\$ 2,786,390,848,868	\$ 1,494,000,022,364	\$ 4,280,390,871,232	4.8%		
35	2029	\$ 2,922,872,023,031	\$ 1,554,612,201,010	\$ 4,477,484,224,041	4.6%		
36							
37	Implementation	High	Middle	Low			
38	2024	100.0%	25.0%	10.0%			
39	2025	0.0%	25.0%	10.0%			
40	2026	0.0%	25.0%	20.0%			
41	2027	0.0%	25.0%	20.0%			
42	2028	0.0%	0.0%	40.0%			
43							

	A	B	C	D	E	F	G
44	Impact on School						
45		High		Middle		Low	
46		Cash	Recurring	Cash	Recurring	Cash	Recurring
47	2024-25	\$(241.6 M)	\$(291.9 M)	\$(60.4 M)	\$(291.9 M)	\$(24.2 M)	\$(291.9 M)
48	2025-26	\$(252.6 M)	\$(291.9 M)	\$(126.3 M)	\$(291.9 M)	\$(50.5 M)	\$(291.9 M)
49	2026-27	\$(265.0 M)	\$(291.9 M)	\$(198.7 M)	\$(291.9 M)	\$(106.0 M)	\$(291.9 M)
50	2027-28	\$(278.4 M)	\$(291.9 M)	\$(278.4 M)	\$(291.9 M)	\$(167.1 M)	\$(291.9 M)
51	2028-29	\$(291.9 M)	\$(291.9 M)	\$(291.9 M)	\$(291.9 M)	\$(291.9 M)	\$(291.9 M)
52							
53	Impact on Non-School						
54		High		Middle		Low	
55		Cash	Recurring	Cash	Recurring	Cash	Recurring
56	2024-25	\$(404.8 M)	\$(489.0 M)	\$(101.2 M)	\$(489.0 M)	\$(40.5 M)	\$(489.0 M)
57	2025-26	\$(423.1 M)	\$(489.0 M)	\$(211.6 M)	\$(489.0 M)	\$(84.6 M)	\$(489.0 M)
58	2026-27	\$(443.9 M)	\$(489.0 M)	\$(332.9 M)	\$(489.0 M)	\$(177.6 M)	\$(489.0 M)
59	2027-28	\$(466.5 M)	\$(489.0 M)	\$(466.5 M)	\$(489.0 M)	\$(279.9 M)	\$(489.0 M)
60	2028-29	\$(489.0 M)	\$(489.0 M)	\$(489.0 M)	\$(489.0 M)	\$(489.0 M)	\$(489.0 M)
61							
62	Total Impact						
63		High		Middle		Low	
64		Cash	Recurring	Cash	Recurring	Cash	Recurring
65	2024-25	\$(646.3 M)	\$(780.8 M)	\$(161.6 M)	\$(780.8 M)	\$(64.6 M)	\$(780.8 M)
66	2025-26	\$(675.7 M)	\$(780.8 M)	\$(337.9 M)	\$(780.8 M)	\$(135.1 M)	\$(780.8 M)
67	2026-27	\$(708.9 M)	\$(780.8 M)	\$(531.6 M)	\$(780.8 M)	\$(283.5 M)	\$(780.8 M)
68	2027-28	\$(745.0 M)	\$(780.8 M)	\$(745.0 M)	\$(780.8 M)	\$(447.0 M)	\$(780.8 M)
69	2028-29	\$(780.8 M)	\$(780.8 M)	\$(780.8 M)	\$(780.8 M)	\$(780.8 M)	\$(780.8 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Piggyback

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

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed: January 26, 2024

Section 1: Narrative

- a. **Current Law:** In computing Florida’s Corporate Income Tax, federal taxable income starts as the base. Federal taxable income is calculated using the U.S. Internal Revenue Code in effect on January 1, 2023
- b. **Proposed Change:** The proposed language updates f.s. 220.03 (2) (c) to include all U.S. I.R.C. codes in effect on January 1, 2024.

Section 2: Description of Data and Sources

[General Explanation Of Tax Legislation Enacted In The 117th Congress](#), published by The Joint Committee on Taxation, part of The United States Congress

Section 3: Methodology (Include Assumptions and Attach Details)

Review of the above referenced publication did not reveal any federal law changes that would impact the Florida CIT base.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax

Issue: Exemption for Alarm System Contractors

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

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 26th, 2024

Section 1: Narrative

- a. **Current Law:** Notes given as payment for alarm systems are taxable at the Documentary Stamp Notes Tax Rate of 35¢ per \$100
- b. **Proposed Change:** The proposed language exempts non-interest-bearing notes from the documentary stamp tax so long as they are less than \$3,500 and made as payment to an alarm systems contractor in connection with the sale of an alarm system, using the definitions of “alarm system contractor” and “alarm system” from s.489.505 F.S.

Section 2: Description of Data and Sources

DOR Return Data

Section 3: Methodology (Include Assumptions and Attach Details)

[The impact to this bill from the 2023](#) session incorrectly states the Documentary Stamp Notes Tax Rate as being 35¢ per \$1,000 instead of per \$100. Correcting for this necessitates some change in methodology, especially given the overall confidence in the adopted impact (based on confidential discussions with industry members).

Assumptions:

- NAICS 561621: Security System Services (except Locksmiths) will contain the bulk of eligible entities.
- NAICS 238210: Electrical and Other Wiring Installation Contractions will contain a small number of eligible entities.
- The \$3,500 cap is irrelevant as there is no limit to the number of such notes that can be used to finance a single alarm system project.
- This payment system is in effect in all the major industry players and is assumed to be mirrored by the smaller players.

For the High and Middle, we started by pulling all entities in our two *given NAICS* (561621 and 238210) from our tax return database.

1. We then take all entities (by business partner, a unique registration identifier) in that pool and include all their other locations from the sales tax data. This is our method of estimating alarm system installation from “non-primary” entities.
2. Using this new expanded pool of businesses, we sum reported gross sales by pool section, one section for each given NAICS and one section for all the estimated non-primary activity.

For the Low, we use a newer methodology, similar to the one used for the impact on [Non-residential Pest Control Services](#).

3. We no longer need to estimate the level of non-primary activity, we can directly measure that from the returns. We pull business partners that claim our target NAICS codes as non-primary business activities and sum gross sales. To keep consistent and comparable with the old impact, we summarize all non-primary activity together in one group.

From here on, all three impacts follow the same steps.

4. We assign *Qualification Rates* to each section, for each impact. Qualification Rates are the percent of sales in each section capable of being packaged into a note. For the 2023 impact, much discussion was given to the qualification rates. The overall sentiment was that they were too high but produced a reasonable estimate. After correcting for the erroneous rate, we can lower the qualification rates while keeping the impact within our expected range.
 - a. The qualification rate in the middle is derived in last years impact. Keeping the 2023 adopted impact constant, while correcting the tax rate, creates the proposed qualification rates.
 - b. The low uses the qualification rates from the middle.
 - c. The High is left as an exercise. It shows the adopted qualification rates and corrects the tax rate.
5. Arriving at the impact from here is arithmetic:
 - a. Dividing by the \$3,500 cap gives up the number of notes equivalent to the qualifying gross sales.
 - b. \$12.25 is the Notes Tax due on a \$3,500 note.

$$\text{Year 1 Impact} = \frac{\text{FY23 Gross Sales} \times \text{Qualification Rate}}{\$3,500 \text{ Cap}} \times \$12.25$$

6. The year 1 impact is grown by the Forecasted Docstamp growth rate from the January 2024 GR Conference.
7. First year cash is $51/52$ recurring to account for the 1-week lag in collection.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax

Issue: Exemption for Alarm System Contractors

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

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(17.15) M	\$(17.48) M	\$(1.72) M	\$(1.76) M	\$(1.61) M	\$(1.64) M
2025-26	\$(18.24) M	\$(18.24) M	\$(1.83) M	\$(1.83) M	\$(1.71) M	\$(1.71) M
2026-27	\$(18.82) M	\$(18.82) M	\$(1.89) M	\$(1.89) M	\$(1.77) M	\$(1.77) M
2027-28	\$(19.40) M	\$(19.40) M	\$(1.95) M	\$(1.95) M	\$(1.82) M	\$(1.82) M
2028-29	\$(19.98) M	\$(19.98) M	\$(2.01) M	\$(2.01) M	\$(1.88) M	\$(1.88) M

Revenue Distribution: Documentary Stamp Tax

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(0.7)	(0.8)	(1.0)	(1.0)	0.0	0.0	(1.7)	(1.8)
2025-26	(1.0)	(1.0)	(0.8)	(0.8)	0.0	0.0	(1.8)	(1.8)
2026-27	(1.0)	(1.0)	(0.9)	(0.9)	0.0	0.0	(1.9)	(1.9)
2027-28	(1.0)	(1.0)	(0.9)	(0.9)	0.0	0.0	(1.9)	(1.9)
2028-29	(1.1)	(1.1)	(0.9)	(0.9)	0.0	0.0	(2.0)	(2.0)

	A	B	C	D	E	F	G	H
1	Inputs From Sales Tax Data							
2	NAICS	Description			2023 Entities		2023 Gross Sales	
3	561621	Security Systems Services (except Locksmiths)			1,379	\$	4,311,479,592	
4	238210	Electrical and Other Wiring Installation Contractors			1,192	\$	2,659,268,503	
5	Other	Other Associated NAICS Dragged into the Analysis			81	\$	1,308,135,815	
6								
7	Qualification Rate							
8	NAICS	High			Middle			
9	561621	90%			9.04%			
10	238210	7%			0.70%			
11	Other	71%			7.13%			
12								
13	Sales Pulled in by Qualification Rates							
14	<i>2023 Gross Sales * Qualification Rates</i>							
15	NAICS	High			Middle			
16	561621	\$	3,880,331,632.80		\$	389,616,972.14		
17	238210	\$	186,148,795.21		\$	18,690,857.50		
18	Other	\$	928,776,428.65		\$	93,256,736.06		
19								
20	Number of Equivalent Notes							
21	<i>Sales Pulled in by Qualification Rates / \$3,500</i>							
22	NAICS	High			Middle			
23	561621	1,108,666.18			111,319.13			
24	238210	53,185.37			5,340.24			
25	Other	265,364.69			26,644.78			
26								
27	Impact of one \$3,500 Note							
28	Rate: 35¢ per \$100			100's in 3500: 35			Notes tax due: \$12.25	
29								
30	Year 1 Docstamp Impact							
31	<i>Number of Equivalent Notes * \$12.25</i>							
32	NAICS	High			Middle			
33	561621	\$	13,581,160.71		\$	1,363,659.40		
34	238210	\$	651,520.78		\$	65,418.00		
35	Other	\$	3,250,717.50		\$	326,398.58		
36		\$	17,483,399.00		\$	1,755,475.98		
37								
39	<i>Jan GR Adopted</i>	High			Middle			
40	<i>Docstamp Rates</i>	Cash	Recurring	Cash	Recurring			
41	2024-25	6.3%	\$ (17.15)	\$ (17.48)	\$ (1.72)	\$ (1.76)		
42	2025-26	4.3%	\$ (18.24)	\$ (18.24)	\$ (1.83)	\$ (1.83)		
43	2026-27	3.2%	\$ (18.82)	\$ (18.82)	\$ (1.89)	\$ (1.89)		
44	2027-28	3.1%	\$ (19.40)	\$ (19.40)	\$ (1.95)	\$ (1.95)		
45	2028-29	3.0%	\$ (19.98)	\$ (19.98)	\$ (2.01)	\$ (2.01)		

	I	J	K	L	M	N	O	P
1	<i>This section is necessary to correct an error in tax rate from last year's impact. After correcting the rate, the below qualification rates</i>							
2	<i>arrive at the adopted impact.</i>							
3	Inputs From Sales Tax Data							
4	NAICS	Description			2021 Entities	2021 Gross Sales		
5	561621	Security Systems Services (except Locksmiths)			1,286	\$	3,551,748,306	
6	238210	Electrical and Other Wiring Installation Contractors			711	\$	1,967,269,224	
7	Other	Other Associated NAICS Dragged into the Analysis			312	\$	1,194,788,774	
8								
9	Qualification Rate							
10	NAICS	Adopted Equivalent						
11	561621	9.04%						
12	238210	0.70%						
13	Other	7.13%						
14								
15	Sales Pulled in by Qualification Rates							
16	<i>2021 Gross Sales * Qualification Rates</i>							
17	NAICS	Adopted Equivalent						
18	561621	\$ 320,962,071.43						
19	238210	\$ 13,827,091.43						
20	Other	\$ 85,176,248.57						
21								
22	Number of Equivalent Notes							
23	<i>Sales Pulled in by Qualification Rates / \$3,500</i>							
24	NAICS	Adopted Equivalent						
25	561621	91,703.45						
26	238210	3,950.60						
27	Other	24,336.07						
28								
29	Year 1 Docstamp Impact							
30	<i>Number of Equivalent Notes * \$12.25</i>							
31	NAICS	Feb 2023 Adopted						
32	561621	\$ 1,123,367.25						
33	238210	\$ 48,394.82						
34	Other	\$ 298,116.87						
35		\$ 1,469,878.94						
36								
37								
39		Adopted First Year Feb 2023						
40			Cash	Recurring				
41			\$ (1.47)	\$ (1.47)				
42								
43								
44								
45								

	Q	R	S	T	U	V	W
1	<i>For the middle, we present a new methodology, following the same process as adopted for Non-residential Pest Control Services</i>						
2	<i>earlier in the session. While the old methodology estimates "non-primary" activity, we can now measure it directly.</i>						
3	Inputs From Sales Tax Data						
4	NAICS	2023 Entities	2023 Gross Sales	Apportionment		Measured Sales	
5	561621	1,379	\$ 4,311,479,592	100.0%		\$ 4,311,479,592	
6	561621 Non-Primary	2,113	\$ 14,833,714,288	5.0%		\$ 741,685,714	
7	238210	1,192	\$ 2,659,268,503	100.0%		\$ 2,659,268,503	
8	238210 Non-Primary	1,149	\$ 2,081,396,209	5.0%		\$ 104,069,810	
9							
10	Qualification Rate						
11	NAICS	Low					
12	561621	9.04%					
13	238210	0.70%					
14	Non-Primary	7.13%					
15							
16	Sales Pulled in by Qualification Rates						
17	<i>2021 Gross Sales * Qualification Rates</i>						
18	NAICS	Low					
19	561621	\$ 389,616,972.14					
20	238210	\$ 18,690,857.50					
21	Non-Primary	\$ 60,293,739.26					
22							
23	Number of Equivalent Notes						
24	<i>Sales Pulled in by Qualification Rates / \$3,500</i>						
25	NAICS	Low					
26	561621	111,319.13					
27	238210	5,340.24					
28	Non-Primary	17,226.78					
29							
30	Year 1 Docstamp Impact						
31	<i>Number of Equivalent Notes * \$12.25</i>						
32	NAICS	Low					
33	561621	\$ 1,363,659.40					
34	238210	\$ 65,418.00					
35	Non-Primary	\$ 211,028.09					
36		\$ 1,640,105.49					
37							
39		Low					
40		Cash	Recurring				
41		\$ (1.61)	\$ (1.64)				
42		\$ (1.71)	\$ (1.71)				
43		\$ (1.77)	\$ (1.77)				
44		\$ (1.82)	\$ (1.82)				
45		\$ (1.87)	\$ (1.87)				

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax
Issue: Exemption of Non-Mortgage Related Notes
Bill Number(s): [Proposed Language](#)

- Entire Bill**
- Partial Bill:**

Sponsor(s): NA
Month/Year Impact Begins: July 1st, 2024
Date(s) Conference Reviewed: January 26th, 2024

Section 1: Narrative

- a. Current Law:** Promissory note, non-negotiable notes, and written obligations to pay money are all taxed at the notes tax rate established in F.S. 201.08
- b. Proposed Change:** Exempts promissory notes, non-negotiable notes, and written obligations to pay money from the notes tax. Defines and exempts digital payment or financing platforms.

Section 2: Description of Data and Sources

DOR Return Data
 January 2024 General Revenue Conference Package

Section 3: Methodology (Include Assumptions and Attach Details)

We start by assembling a Notes Tax base. Documentary Stamp Tax collections come to the department via three vectors: The Clerk of the Court, The DR-225 Unrecorded Documents Return, and the DR-228 Unrecorded Documents Return for Unregistered Taxpayers. While the Clerk of the Court remittances separate the Notes and Deeds Tax liabilities, the two returns do not, so we need a way to remove all Deeds Tax from their liabilities. Fortunately, we can make an easy assumption: As there exists strong incentive to record a deed transfer, we can assume almost all tax on unrecorded documents is Notes Tax. Functionally, we assume 99% to recognize the possibility that some Deeds Tax may be in there, but it’s a negligible amount.

This assumption, in conjunction with our data, give us total Notes Tax Collections, and with it, the total Notes Tax Base (found by dividing the collections by the rate of 35¢ per \$100). Our next step then is to remove the Notes Tax collected from mortgages, as mortgages are the only remaining subject of the notes tax under this language. We do this by using the Intangibles C Tax, of which we assume 99% is collected on mortgages. We can calculate the value of the mortgage market for a given year by backing out the Intangibles C rate from collections and calculating the tax base, then multiplying that base by 99%. We then subtract this value (the assumed value of the mortgage market) from the tax base for the Notes Tax, and the remainder is the Notes Tax base being exempted by this language.

From there, we re-apply the rate and grow for our impact. As there is not a clean growth rate for this series, we present a series of choices. The Total Docstamp Growth Rates from the GR conference are very influenced by the housing market, which is irrelevant to this impact. A lot of activity being presented are car loans, so the new light vehicles registration growth rate is presented (and used in the presented section 4). We also present population as being a safe choice.

First year cash is $51/52$ recurring to account for the 1-week lag in collection.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(523.9 M)	(534.2 M)		
2025-26			(546.5 M)	(546.5 M)		
2026-27			(547.5 M)	(547.5 M)		
2027-28			(543.1 M)	(543.1 M)		
2028-29			(540.7 M)	(540.7 M)		

Revenue Distribution: Documentary Stamp Tax

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax

Issue: Exemption of Non-Mortgage Related Notes

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

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(217.9)	(222.2)	(306.0)	(312.0)	0.0	0.0	(523.9)	(534.2)
2025-26	(244.2)	(244.2)	(302.4)	(302.4)	0.0	0.0	(546.6)	(546.6)
2026-27	(260.2)	(260.2)	(287.3)	(287.3)	0.0	0.0	(547.5)	(547.5)
2027-28	(274.0)	(274.0)	(269.1)	(269.1)	0.0	0.0	(543.1)	(543.1)
2028-29	(288.6)	(288.6)	(252.1)	(252.1)	0.0	0.0	(540.7)	(540.7)

	A	B	C	D	E	F	G	H
1	<i>The Documentary Stamp Notes Tax is 35 ¢ on every \$100 of face value, or partial unit thereof</i>							
2	<i>The Intangibles C Tax is 2 Mills, or \$2 for \$1000 of face value, or partial unit thereof</i>							
3								
4	(All in Millions)		FY2018	...	FY2022	FY2023		
6	COC Notes Tax		712.0		1,592.7	1,019.3	<i>DOR Return Data</i>	
8	DR-225 Notes Percent	99%						
9	DR-225 Tax		207.4		342.3	353.8	<i>DOR Return Data</i>	
10	DR-225 Notes Apportionment		205.3		338.9	350.2	<i>=F9*\$B\$8</i>	
12	DR-228 Notes Percent	99%						
13	DR-228 Tax		9.9		26.4	20.5	<i>DOR Return Data</i>	
14	DR-228 Notes Apportionment		9.8		26.1	20.3	<i>=F13*\$B\$12</i>	
16	Total Notes Tax Collection		927.2		1,957.9	1,390.0	<i>=F10+F6+F13</i>	
17	Notes Tax Base		264,928.4		559,409.5	397,142.7	<i>=(F16*100)/0.35</i>	
19	Intangibles C Overlap	99%						
20	Intangibles C Tax Collection		371.2		848.0	525.6	<i>GR Package</i>	
21	Intangibles C Mortgage Tax Base		183,744.0		419,760.0	260,172.0	<i>=(F20*\$B\$19)/0.002</i>	
23	Non-Mortgage Notes Tax Base		81,184.4		139,649.5	136,970.7	<i>=F17-F21</i>	
24	Non-Mortgage Notes Tax		284.1		488.8	479.4	<i>=(F23/100)*0.35</i>	
25	<div style="border: 1px solid black; padding: 5px;"> The DR-225 & 228 are exclusively for unrecorded transactions. As the overwhelming incentive is for Deeds transactions to be recorded, we assume the vast majority (essentially all) tax coming in on these returns is Notes Tax. 99% is chosen to be "all but for the rarest of circumstances". </div>							
26								
27								
28								
29								
30	Possible Growth Series							
31			FY		Total Doc	FMNTLV	Population	Custom
32	<div style="border: 1px solid black; padding: 5px;"> We don't have a clean growth series for this group, so multiple are presented. The Total Docstamp Growth rates adopted at the January 16th GR conference are heavily influenced by housing, which plays no role in this impact. Most of the activity being exempted is car loans, so FMNTLV (New light vehicle registrations) is presented as an option. Florida Population growth is a safe neutral. </div>		2024		-10.6%	8.9%	1.5%	-0.9%
33			2025		6.3%	2.3%	1.4%	4.3%
34			2026		4.3%	2.3%	1.3%	3.3%
35			2027		3.2%	0.2%	1.3%	1.7%
36			2028		3.1%	-0.8%	1.2%	1.2%
37			2029		3.0%	-0.5%	1.1%	1.3%
38					Using: FMNTLV			
39								
40								
41					Middle			
42			FY		Cash	Recurring		
43			2023			(479.4 M)		
44			2024		(511.9 M)	(522.0 M)		
45			2025		(523.9 M)	(534.2 M)		
46			2026		(546.5 M)	(546.5 M)		
47			2027		(547.5 M)	(547.5 M)		
48			2028		(543.1 M)	(543.1 M)		
49			2029		(540.7 M)	(540.7 M)		

	I	J	K	L	M	N	O	P	Q
1									
2									
3	<p>As the language does not exempt the Notes Tax on mortgages, we need a way to remove mortgage activity from the Notes Tax base. We do this via the Intangibles C Tax. As it is almost exclusively incurred against recorded mortgages, we can say it "overlaps" with the Notes Tax on mortgages, and remove the overlap from the tax base.</p>								
4									
6									
8									
9									
10									
12	Documentary Stamp Notes Tax				Intangibles C Tax				
13	<p>The diagram consists of two overlapping circles. The left circle is light blue and labeled 'Documentary Stamp Notes Tax'. The right circle is light yellow and labeled 'Intangibles C Tax'. The overlapping area in the center is shaded and labeled 'Mortgages'. A line from the text box above points to this overlapping area. A label 'Exempted By This Language' has a line pointing to the non-overlapping part of the blue circle. A label 'Assumed 1% of IntC Activity' has a line pointing to the non-overlapping part of the yellow circle.</p>								
14									
16									
17									
19									
20									
21									
23									
24									
25									
26									
27									
28									
29									
30	Exempted By This Language			Mortgages			Assumed 1% of IntC Activity		
31									
32									
33									
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48									
49									

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Repeal of the Entertainment Sales Tax Exemption Program

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

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed: January 26, 2024

Section 1: Narrative

Current Law: Florida Department of Commerce Office of Film and Entertainment (OFE) and the Department of Revenue (DOR) are responsible for administering the Entertainment Industry Sales Tax Exemption (tax exemption) program.

The tax exemption is available to production companies engaged in this state in the production of motion pictures, made-for-TV motion pictures, television series, commercial advertising, music videos, or sound recordings. This program offers sales and use tax exemptions on:

- Fabrication labor used in set design and construction for qualified motion pictures;
- Motion picture or video equipment and sound recording equipment that is purchased or leased for use in this state for certain entertainment production activities;
- Sales of master tapes, records, films, or video tapes;
- Leases or rentals of real property used as an integral part of the performance of qualified motion picture production services.

Proposed Change: An act relating to entertainment industry tax credits; repealing s. 288.1258, F.S., relating to entertainment industry qualified production companies; amending ss. 166.231 and 212.02, F.S.; conforming cross-references; conforming provisions to changes made by the act; amending s. 212.031, F.S.; removing a tax exemption on certain rental and license fees; amending s. 212.06, F.S.; removing a tax exemption on certain fabricated labor; amending s. 212.0602, F.S.; conforming cross-references; amending s. 212.08, F.S.; removing a tax exemption for certain equipment; amending ss. 213.053, 12 220.183, 288.0001, 290.0056, 290.007, 624.5105, and 1011.94, F.S.; conforming cross-references; conforming provisions to changes made by the act; providing an effective date.

Section 2: Description of Data and Sources

OFE sales tax exemption application data for Fiscal Years 2013-14 through 2022-23 and the first two quarters for Fiscal Year 2023-24.

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis uses ten years of tax exemption data provided by OFE categorized by type of exemption, 90-day certificate or 12-month certificate. The provided data for FY2023-24 purchases was for the first and second quarters; this data was annualized for both the 90-day certificates and the 12-month certificates by taking the four-year average of each quarter and then using these percentages to forecast the year. The High estimate uses the average growth rate for all eleven year's exempted sales (forecasted year included). The middle estimate averages the year's Florida GDP Price Index and the average growth rate for all eleven-year's exempted sales (forecasted year included). The low estimate uses the Florida GDP Price Index as the growth rate for all years.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Repeal of the Entertainment Sales Tax Exemption Program

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

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$28.6m	\$31.2m	\$27.8m	\$30.3m	\$27.0m	\$29.4m
2025-26	\$33.8m	\$33.8m	\$31.9m	\$31.9m	\$30.1m	\$30.1m
2026-27	\$36.6m	\$36.6m	\$33.6m	\$33.6m	\$30.8m	\$30.8m
2027-28	\$39.7m	\$39.7m	\$35.4m	\$35.4m	\$31.4m	\$31.4m
2028-29	\$43.0m	\$43.0m	\$37.2m	\$37.2m	\$32.2m	\$32.2m

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	24.6	26.8	Insignificant	Insignificant	0.8	0.9	2.4	2.6
2025-26	28.3	28.3	Insignificant	Insignificant	0.9	0.9	2.7	2.7
2026-27	29.7	29.7	Insignificant	Insignificant	1.0	1.0	2.9	2.9
2027-28	31.3	31.3	Insignificant	Insignificant	1.1	1.1	3.0	3.0
2028-29	32.9	32.9	Insignificant	Insignificant	1.1	1.1	3.2	3.2

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	27.8	30.3	3.4	3.7	31.2	34.0
2025-26	31.9	31.9	3.9	3.9	35.8	35.8
2026-27	33.6	33.6	4.1	4.1	37.7	37.7
2027-28	35.4	35.4	4.3	4.3	39.7	39.7
2028-29	37.2	37.2	4.5	4.5	41.7	41.7

Fiscal Year	Counts			Fiscal Year	Percent			Fiscal Year	Exempt Sales Amount			Fiscal Year	Exempt Sales Percent		
	12 Month Count	90 Day Count	Total		12 Month Percent	90 Day Percent	Total		12 Month Amount	90 Day Amount	Total		12 Month Amount	90 Day Amount	Total
2013-14	457	341	798	2013-14	57%	43%	100%	2013-14	281,755,337	95,135,319	376,890,656	2013-14	75%	25%	100%
2014-15	470	344	814	2014-15	58%	42%	100%	2014-15	301,570,411	118,965,620	420,536,031	2014-15	72%	28%	100%
2015-16	463	367	830	2015-16	56%	44%	100%	2015-16	294,967,726	152,127,660	447,095,386	2015-16	66%	34%	100%
2016-17	485	350	835	2016-17	58%	42%	100%	2016-17	290,933,464	80,199,189	371,132,653	2016-17	78%	22%	100%
2017-18	538	405	943	2017-18	57%	43%	100%	2017-18	276,781,161	58,207,540	334,988,701	2017-18	83%	17%	100%
2018-19	555	465	1020	2018-19	54%	46%	100%	2018-19	297,826,591	55,053,357	352,879,948	2018-19	84%	16%	100%
2019-20	529	332	861	2019-20	61%	39%	100%	2019-20	247,792,637	67,539,008	315,331,645	2019-20	79%	21%	100%
2020-21	611	343	954	2020-21	64%	36%	100%	2020-21	266,763,163	70,028,471	336,791,634	2020-21	79%	21%	100%
2021-22	742	466	1208	2021-22	61%	39%	100%	2021-22	502,882,540	105,140,966	608,023,507	2021-22	83%	17%	100%
2022-23	666	400	1066	2022-23	62%	38%	100%	2022-23	469,579,777	65,049,690	534,629,468	2022-23	88%	12%	100%
2023-24	618	478	1095	2023-24	56%	44%	100%	2023-24	441,642,764	38,136,418	479,779,182	2023-24	92%	8%	100%
			Average		59%	41%							80%	20%	
			5 Year Average		60%	40%							88%	12%	
			3 Year Average		60%	40%							88%	12%	

Exempt Purchases and Exempted SUT			
Fiscal Year	Exempt Purchases	SUT Exempted	Growth
2013-14	251,755,588	15,105,335	N/A
2014-15	299,064,313	17,943,859	19%
2015-16	318,608,627	19,116,518	7%
2016-17	259,482,666	15,568,960	-19%
2017-18	247,599,762	14,855,986	-5%
2018-19	270,450,800	16,227,048	9%
2019-20	315,331,645	18,919,899	17%
2020-21	336,222,234	20,173,334	7%
2021-22	534,658,466	32,079,508	59%
2022-23	534,629,468	32,077,768	0%
2023-24	479,779,182	28,786,751	-10%

Forecast Variables	
Fiscal Year	Percent Change
2024-25	2.30%
2025-26	2.20%
2026-27	2.20%
2027-28	2.20%
2028-29	2.30%
Average Growth	8.34%
Retention Factor	100.00%

Average Growth Rate		
Fiscal Year	Exempt Purchases	SUT Exempted
2024-25	519,789,373	31,187,362
2025-26	563,136,131	33,788,168
2026-27	610,097,702	36,605,862
2027-28	660,975,536	39,658,532
2028-29	716,096,221	42,965,773
Total	3,070,094,963	184,205,698

Blended Growth Rate		
Fiscal Year	Exempt Purchases	SUT Exempted
2024-25	505,301,739	30,318,104
2025-26	531,929,353	31,915,761
2026-27	559,960,149	33,597,609
2027-28	589,468,069	35,368,084
2028-29	620,825,686	37,249,541
Total	2,807,484,997	168,449,100

Florida GDP Price Index		
Fiscal Year	Exempt Purchases	SUT Exempted
2024-25	490,814,104	29,448,846
2025-26	501,612,014	30,096,721
2026-27	512,647,478	30,758,849
2027-28	523,925,723	31,435,543
2028-29	535,976,014	32,158,561
Total	2,564,975,333	153,898,520

REVENUE ESTIMATING CONFERENCE

Revenue Source: Various Taxes & Fees

Issue: Taxation – Sales Tax – Forwarding Agents

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

Entire Bill

Partial Bill:

Sponsor(s): Senator Rodriguez

Month/Year Impact Begins: July 1st, 2024.

Date(s) Conference Reviewed: January 26th, 2024.

Section 1: Narrative

- a. **Current Law:** A forwarding agent, defined as a person or business whose principal business activity is facilitating the international export of personal property, must apply to the Department of Revenue for a certificate, and provide information including the agent’s address, commitment to export, total revenue statements, and income tax returns. A forwarding agent that receives a certificate shall register as a dealer with the Department and maintain records of business transactions and federal returns for the Department’s review. The certificate issued expires after five years and requires submission of a new application for renewal. The Department is responsible for providing and updating an online database of active forwarding agents. A dealer who accepts a valid copy of a certificate or relies on the list of agents’ names and addresses provided by the Department to ship purchased tangible personal property is not liable for any tax due on sales.
- b. **Proposed Change:** Forwarding agents who are already registered as dealers with the Department do not need to submit a Florida Business Tax application when requesting certification. Additionally, agents must inform the Department within 30 days of any business cessation, address changes, or shifts in principal business activity away from facilitating international exports. Although certificates expire five years after issuance, the Department may not require forwarding agents to reapply for a certificate of address during this period. The Department’s website will indicate if an address has received a Florida Certificate of Forwarding Agent Address. Importantly, dealers cannot collect tax on tangible personal property shipped to any certified address listed on the Department’s website.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

This language provides clarification on the application process for a forwarding agent certification and details the obligation of forwarding agents to reveal substantive changes in business operations to the Department. In addition, the law clarifies that the Department may not require agents to reapply for an address certificate if they already have a valid one. Finally, the changes proposed under the law re-establish the principle that dealers may not collect tax on tangible personal property shipped, given that it is sent to a certified address. While this may result in a substantial cost to the Department, it doesn’t appear to have any revenue impact on the State, this is presented as the middle.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0	0		
2025-26			0	0		
2026-27			0	0		
2027-28			0	0		
2028-29			0	0		

Section 5: Consensus Estimate (Adopted 01/26/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Gas Ranges and Cooktops Sales Tax Exemption

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

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: Effective date: July 1, 2024, impact on sales tax collections begins 8/1/2024

Date(s) Conference Reviewed: January 26, 2024

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, F.S., gas ranges and cooktops purchased in store or online are subject to the 6% Sales and Use Tax.
- b. Proposed Change:** The proposed language exempts from sales tax the retail sales of gas ranges and cooktops when installed in a kitchen for fiscal year 2024-25.

Definition of the exempt items

For the purposes of this section, the term "gas range and cooktop" means any range and/or cooktop that is installed in a kitchen; includes an oven, a cooktop, or both; and is fueled by combustible gas such as natural gas, propane, butane, liquefied petroleum gas, or other flammable gas. The term does not include outdoor gas grills, camping stoves, or other portable ranges. The language does not specifically exclude dual fuel gas ranges and cooktops, for example gas and electric.

Section 2: Description of Data and Sources

- EIA
 - o Florida Natural Gas Number of Residential Consumers – Sales
[Florida Natural Gas Number of Residential Consumers - Sales \(Number of Elements\) \(eia.gov\)](#)
 - o Florida Natural Gas Number of Commercial Consumers – Sales
[Florida Natural Gas Number of Commercial Consumers - Sales \(Number of Elements\) \(eia.gov\)](#)
 - o "Highlights for appliances in U.S. homes by state, 2020"
[State Appliances.pdf \(eia.gov\)](#)
 - o Commercial Building Energy Consumption Survey (CBECS)
[Energy Information Administration \(EIA\)- Commercial Buildings Energy Consumption Survey \(CBECS\)](#)
 - o Residential Energy Consumption Survey (RECS)
[U.S. Energy Information Administration - EIA - Independent Statistics and Analysis](#)
- Gas range and cooktop rebate data provided by the Florida Public Service Commission
- Price data for gas range and cooktops pulled from [Katom Restaurant Supply, Inc.](#) and [Home Depot](#) using the Web Scraper application

Section 3: Methodology (Include Assumptions and Attach Details)

To estimate the sales tax exemption impact of gas range and cooktop appliances, Florida's total natural gas sales are shared out to the gas range and cooktop appliance level using (1) gas range and cooktop appliance rebate data provided by the Florida Public Service Commission, (2) EIA's Commercial Building Energy Consumption Survey, and (3) EIA's Residential Energy Consumption Survey.

- Step 1: EIA's total natural gas sales to Florida's residential and commercial consumers was used as the starting basis of this analysis. Actuals were available to FY2022-23. From FY2023-24 to FY2024-25, 3-year averages of the residential and commercial sales actuals were used to estimate either series' sales.
- Step 2: Shares of residential and commercial customer types were calculated, respectively, from 3-year averages of sales data actuals.
- Step 3: Gas range and cooktop rebate data from one of Florida's largest natural gas service providers, People's Gas (PG), was used to estimate the relationship between total natural gas customers and natural gas range and cooktop appliance customers.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Gas Ranges and Cooktops Sales Tax Exemption

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

- Residential customers: In their “Highlights for appliances in U.S. homes by state, 2020” data release, EIA reported that 630,000 households in Florida had a natural gas cooking appliance.¹ For that same year, they reported 795,038 total natural gas sales to residential customers.² For FY2020-21, the share of residences with natural gas cooking appliances from total residential natural gas sales was 79.2%. This relationship was shared out to PG’s reported 425,000 total customers, estimating that 336,776 of their residential customers have natural gas cooking appliances. PG’s share of residential gas range rebates, or known sales, to total residential natural gas customers in FY2020-21 was then calculated from total residential rebates reported for that same year over the estimated number of residential customers with natural gas cooking appliances (11,603/336,776). For FY2020-21, an estimated 3.45% of PG’s residential natural gas customers were natural gas appliance purchasers.
- Commercial customers: EIA does not have a reported number of commercial customers with natural gas cooking appliances. However, they periodically publish their Commercial Building Energy Consumption Survey (CBECS) estimating the number of commercial facilities with natural gas and propane cooking capabilities. They also periodically publish their Residential Energy Consumption Survey (RECS) which estimates the number of natural gas and propane cooking appliances per household. Using the most recent data from each survey (2020 for RECS and 2018 for CBECS), the share (6.57%) of commercial facilities with natural gas cooking capabilities to residential gas cooking appliances was taken to estimate the relationship between consumer sectors for gas range and cooktop units. The 6.57% share was applied to PG’s estimated number of residential customers with a natural gas cooking appliance to arrive at the number of commercial customers with a natural gas cooking appliance.
- Step 4: Both the residential and commercial gas range and cooktop rebate-to-customer shares (3.45% and 0.09%, respectively) were applied to EIA’s total natural gas sales data (discussed in step 1) to estimate the total number of sales of gas ranges and cooktops per year in Florida. Using the customer-type distribution mentioned in Step 2, residential and commercial sales were then broken out from the calculated total gas range and cooktop sales to better capture the different movements in either consumer series.
- Step 5: Price data for commercial and residential gas range and cooktop units for a low and median price bracket were pulled using the Web Scraper application on Katom Restaurant Supply, Inc. and Home Depot, noting the frequency of gas ranges and cooktops purchased at the different price points.³
 - For the low and middle sales estimates of both residential and commercial gas range and cooktop units, the low and median prices were used respectively.
 - For the high sales estimate of residential and commercial gas range and cooktop units, a high price elasticity of durable goods (-2.55) was used to calculate increased demand due to the reduced price.
- Step 6: Finally, the 6% sales tax was applied to dollar value sales to estimate the impact of the proposed FY tax exemption on sales of gas ranges for FY 24-25.

Section 4: Proposed Fiscal Impact:

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(6.2)		\$ (5.4)		\$ (1.4)	
2025-26	\$(0.6)		\$ (0.5)		\$ (0.1)	
2026-27						
2027-28						
2028-29						

Revenue Distribution: Sales and Use Tax

¹ <https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Appliances.pdf>

EIA reports their data in fiscal years.

² Calculated from the historic residential natural gas sales data linked above.

³ [Wholesale Restaurant Supplies & Equipment | KaTom Restaurant Supply](#); [The Home Depot](#)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Gas Ranges and Cooktops Sales Tax Exemption

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

Section 5: Consensus Estimate: (Adopted: 01/26/2024): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(4.7)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.5)	0.0
2025-26	(0.5)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(Insignificant)	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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(5.4)	0.0	(0.6)	0.0	(6.0)	0.0
2025-26	(0.5)	0.0	(0.1)	0.0	(0.6)	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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0

Florida Natural Gas Total Customer Accounts			
Fiscal Year	Florida NG Residential Accounts (count)	Florida NG Commercial Accounts (count)	Total Florida NG Consumers Accounts (count)
FY15-16	702,681	38,420	741,101
FY16-17	714,458	38,336	752,794
FY17-18	722,131	38,106	760,237
FY18-19	741,646	38,172	779,818
FY19-20	766,371	38,835	805,206
FY20-21	795,038	39,383	834,421
FY21-22	824,888	40,308	865,196
FY22-23	860,062	40,629	900,691
<u>FY23-24</u>	<u>893,774</u>	<u>41,246</u>	<u>935,020</u>
<u>FY24-25</u>	<u>928,808</u>	<u>41,872</u>	<u>970,680</u>
<u>FY25-26</u>	<u>965,215</u>	<u>42,508</u>	<u>1,007,723</u>
<u>FY26-27</u>	<u>1,003,049</u>	<u>43,154</u>	<u>1,046,203</u>
<u>FY27-28</u>	<u>1,042,366</u>	<u>43,809</u>	<u>1,086,175</u>

source: http://www.eia.gov/dnav/ng/hist/na1508_sfl_8a.htm

source: https://www.eia.gov/dnav/ng/hist/na1538_sfl_8a.htm

Florida Natural Gas cooking appliance sales			
	Total	Residential	Commercial
FY20-21	27,428	26,158	1,270
FY21-22	28,457	27,139	1,318
FY22-23	29,669	28,295	1,374
<u>FY23-24</u>	<u>30,831</u>	<u>29,404</u>	<u>1,427</u>
<u>FY24-25</u>	<u>32,039</u>	<u>30,555</u>	<u>1,483</u>
<u>FY25-26</u>	<u>33,294</u>	<u>31,752</u>	<u>1,541</u>
<u>FY26-27</u>	<u>34,598</u>	<u>32,996</u>	<u>1,602</u>
<u>FY27-28</u>	<u>35,953</u>	<u>34,288</u>	<u>1,665</u>

Florida Natural Gas Customer Type Distribution		
	Customers	Customers
FY20-21	95.28%	4.72%
FY21-22	95.34%	4.66%
FY22-23	95.49%	4.51%
<u>3-year average</u>	<u>95.37%</u>	<u>4.63%</u>

Underlying Elasticities
 14.4% share of upcoming year moved up
 -2.55 price elasticity

Prices of Natural Gas Appliances				
Type of Unit	Low	"Most Popular"	High	
Residential Units	\$ 772	\$ 2,519	\$ 10,922	
Commercial Units	\$ 1,269	\$ 14,000	\$ 25,734	

source: <https://www.webstaurantstore.com/25887/commercial-gas-ranges.html?order=popular>

source: <https://www.homedepot.com/>

*source: Katom Gas Ranges and Stoves website

* - The Web Scraper grabs the frequency of each price.

2519 median
 2861 mean
 14000 mean
 12688 mode
 median 14000

Residential NG appliances sales estimate calculations			
FY20-21 Florida households with NG cooking appliance (EIA)	FY20-21 Florida total NG residential customers (EIA)	Florida residential NG appliance customers/Florida total NG customers	
630,000	795,038	79.24%	

People's Gas (PG) natural gas service provider			
People's Gas (PG) total NG customers	FY20-21 PG residential customers with NG cooking appliance	FY20-21 PG residential rebates for gas stoves	Share of PG gas stove sales to total NG residential cooking appliance customers
425,000	336,776	11,603	3.45%

Commercial NG appliances sales estimate calculations	
Estimated share of 2018 commercial to 2020 residential NG cooking appliances*	FY20-21 Florida commercial NG cooking appliance customers
6.57%	41,411

People's Gas (PG) natural gas service provider			
PG commercial customers with NG cooking appliance	FY20-21 PG commercial rebates	21	Share of rebates to total PG NG commercial appliance customers
22,137			0.09%

*Comparison identifies two separate years (2018 commercial and 2020 residential) due to incomplete survey data

source: <https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Appliances.pdf>

source: Florida Public Service Commission

source: <https://www.eia.gov/consumption/commercial/>

source: <https://www.eia.gov/consumption/residential/>

Estimated Sales (\$) of gas stoves at low, middle, high price points

Customer type		Low estimate	Middle estimate	High estimate
Residential	FY20-21	\$ 20,193,876	\$ 65,891,676	\$ 285,696,263
	FY21-22	\$ 20,951,676	\$ 68,364,342	\$ 296,417,365
	FY22-23	\$ 21,844,099	\$ 71,276,276	\$ 309,043,068
	<u>FY23-24</u>	<u>\$ 22,699,652</u>	<u>\$ 74,067,904</u>	<u>\$ 321,147,143</u>
	<u>FY24-25</u>	<u>\$ 23,588,729</u>	<u>\$ 76,968,924</u>	<u>\$ 333,725,520</u>
	<u>FY25-26</u>	<u>\$ 24,512,646</u>	<u>\$ 79,983,621</u>	<u>\$ 346,796,790</u>
	<u>FY26-27</u>	<u>\$ 25,472,768</u>	<u>\$ 83,116,453</u>	<u>\$ 360,380,269</u>
	<u>FY27-28</u>	<u>\$ 26,470,513</u>	<u>\$ 86,372,048</u>	<u>\$ 374,496,034</u>
Commercial	FY20-21	\$ 1,611,450	\$ 17,778,012	\$ 32,678,525
	FY21-22	\$ 1,671,921	\$ 18,445,153	\$ 33,904,827
	FY22-23	\$ 1,743,136	\$ 19,230,813	\$ 35,348,981
	<u>FY23-24</u>	<u>\$ 1,811,408</u>	<u>\$ 19,984,012</u>	<u>\$ 36,733,470</u>
	<u>FY24-25</u>	<u>\$ 1,882,355</u>	<u>\$ 20,766,727</u>	<u>\$ 38,172,210</u>
	<u>FY25-26</u>	<u>\$ 1,956,083</u>	<u>\$ 21,580,112</u>	<u>\$ 39,667,329</u>
	<u>FY26-27</u>	<u>\$ 2,032,700</u>	<u>\$ 22,425,371</u>	<u>\$ 41,221,035</u>
	<u>FY27-28</u>	<u>\$ 2,112,319</u>	<u>\$ 23,303,752</u>	<u>\$ 42,835,625</u>
Total	FY20-21	\$ 21,805,326	\$ 83,669,688	\$ 318,374,788
	FY21-22	\$ 22,623,597	\$ 86,809,495	\$ 330,322,192
	FY22-23	\$ 23,587,235	\$ 90,507,089	\$ 344,392,049
	<u>FY23-24</u>	<u>\$ 24,511,060</u>	<u>\$ 94,051,917</u>	<u>\$ 357,880,612</u>
	<u>FY24-25</u>	<u>\$ 25,471,085</u>	<u>\$ 97,735,650</u>	<u>\$ 371,897,730</u>
	<u>FY25-26</u>	<u>\$ 26,468,729</u>	<u>\$ 101,563,734</u>	<u>\$ 386,464,119</u>
	<u>FY26-27</u>	<u>\$ 27,505,467</u>	<u>\$ 105,541,824</u>	<u>\$ 401,601,305</u>
	<u>FY27-28</u>	<u>\$ 28,582,831</u>	<u>\$ 109,675,800</u>	<u>\$ 417,331,660</u>

Estimated Sales Tax (6%) Exemption Impact for Gas Stoves at low, middle, high price points

Customer type	6%	Low estimate	Middle estimate	High estimate
Residential	FY20-21	\$ 1,211,632.57	\$ 3,953,501	\$ 17,141,776
	FY21-22	\$ 1,257,101	\$ 4,101,861	\$ 17,785,042
	FY22-23	\$ 1,310,646	\$ 4,276,577	\$ 18,542,584
	<u>FY23-24</u>	<u>\$ 1,361,979</u>	<u>\$ 4,444,074</u>	<u>\$ 19,268,829</u>
	<u>FY24-25</u>	<u>\$ 1,415,324</u>	<u>\$ 4,618,135</u>	<u>\$ 20,023,531</u>
	<u>FY25-26</u>	<u>\$ 1,470,759</u>	<u>\$ 4,799,017</u>	<u>\$ 20,807,807</u>
	<u>FY26-27</u>	<u>\$ 1,528,366</u>	<u>\$ 4,986,987</u>	<u>\$ 21,622,816</u>
	<u>FY27-28</u>	<u>\$ 1,588,231</u>	<u>\$ 5,182,323</u>	<u>\$ 22,469,762</u>
Commercial	FY20-21	\$ 96,687	\$ 1,066,681	\$ 1,960,712
	FY21-22	\$ 100,315	\$ 1,106,709	\$ 2,034,290
	FY22-23	\$ 104,588	\$ 1,153,849	\$ 2,120,939
	<u>FY23-24</u>	<u>\$ 108,684</u>	<u>\$ 1,199,041</u>	<u>\$ 2,204,008</u>
	<u>FY24-25</u>	<u>\$ 112,941</u>	<u>\$ 1,246,004</u>	<u>\$ 2,290,333</u>
	<u>FY25-26</u>	<u>\$ 117,365</u>	<u>\$ 1,294,807</u>	<u>\$ 2,380,040</u>
	<u>FY26-27</u>	<u>\$ 121,962</u>	<u>\$ 1,345,522</u>	<u>\$ 2,473,262</u>
	<u>FY27-28</u>	<u>\$ 126,739</u>	<u>\$ 1,398,225</u>	<u>\$ 2,570,138</u>
Total	FY20-21	\$ 1,308,320	\$ 5,020,181	\$ 19,102,487
	FY21-22	\$ 1,357,416	\$ 5,208,570	\$ 19,819,332
	FY22-23	\$ 1,415,234	\$ 5,430,425	\$ 20,663,523
	<u>FY23-24</u>	<u>\$ 1,470,664</u>	<u>\$ 5,643,115</u>	<u>\$ 21,472,837</u>
	<u>FY24-25</u>	<u>\$ 1,528,265</u>	<u>\$ 5,864,139</u>	<u>\$ 22,313,864</u>
	<u>FY25-26</u>	<u>\$ 1,588,124</u>	<u>\$ 6,093,824</u>	<u>\$ 23,187,847</u>
	<u>FY26-27</u>	<u>\$ 1,650,328</u>	<u>\$ 6,332,509</u>	<u>\$ 24,096,078</u>
	<u>FY27-28</u>	<u>\$ 1,714,970</u>	<u>\$ 6,580,548</u>	<u>\$ 25,039,900</u>

(Previous Approach) Proposed Fiscal Impact

FY24-25	\$ (1.4)	\$ (5.4)	\$ (20.5)
FY25-26	\$ (0.1)	\$ (0.5)	\$ (1.9)
FY26-27			
FY27-28			
FY28-29			

(New Approach) Proposed Fiscal Impact

FY24-25	\$ (1.4)	\$ (5.4)	\$ (6.2)
FY25-26	\$ (0.1)	\$ (0.5)	\$ (0.6)
FY26-27			
FY27-28			
FY28-29			

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Bullion

Bill Number(s): HB697

Entire Bill

Partial Bill: Sections 1, 2

Sponsor(s): Representatives Bankson; LaMarca; Borrero; Caruso; Holcomb

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed: January 19, 2024

Section 1: Narrative

Current Law:

Section 212.05, F.S., provides the legislative intent that all sales of tangible personal property in Florida are subject to sales tax, unless specifically exempt by Chapter 212, F.S. Section 212.02(19), F.S., defines tangible personal property to include "personal property which may be seen, weighed, measured, or touched or is in any manner perceptible to the senses." The definition excludes "stocks, bonds, notes, insurance, or other obligations or securities or pari-mutuel tickets sold or issued under the racing laws of the state."

Rule 12A-1.0371(2), F.A.C., provides that the sale, use, consumption, or storage for use of bullion in Florida is subject to sales tax. The rule defines bullion to mean "gold, silver, or platinum in the form of bars, ingots, or plates, normally sold by weight."

Section 212.08(7)(ww), F.S., provides a partial exemption for bullion when the sales price exceeds \$500. The sale of gold, silver, or platinum bullion, or any combination thereof, in a single transaction, is exempt when the total sales price of such bullion exceeds \$500.

Proposed Change:

Creates s. 17.45, F.S. Section 1 is created to read: 17.45 Gold and silver as legal tender; state bullion depositories; gold and silver electronic currency.

Section 1 (1)(b) defines bullion as refined precious metal in any shape or form with uniform content and purity, including, but not limited to coins, rounds, bars, ingots, and any other products which is:

1. Stamped or imprinted with the weight and purity of the precious metal that it contains; and
2. Valued primarily based on its metal content and not on its form and function.

Section 1(1)(e) defines "Electronic Currency" as a representation of actual gold and silver, specie, and bullion held in a depository account, which may be transferred by electronic instruction. Such representation must reflect the exact units of physical gold and silver, specie, or bullion in the depository account in its fraction troy ounce measurement as provided in this section.

Section 1(1)(f) defines "Legal tender" as a recognized medium of exchange that is authorized by the United States Congress or by any state pursuant to S. 8 or s. 10, Art. I of the United States Constitution, respectively, for the payment of debts, public charges, taxes or dues.

Section 1(1)(h) defines "Specie" as bullion fabricated into products of uniform shape, size, design, content, weight and purity which are suitable for or customarily used as currency, as a medium of exchange, or as the medium for purchase, sale, storage, transfer, or delivery of precious metals in retail or wholesale transactions.

Section 1(2)(a)(1) considers the following as legal tender

1. Specie legal tender; and
2. Electronic currency

Section 1(2)(b) Bullion may not be characterized as personal property for taxation or regulatory purposes.

Section 1(2)(c) The purchase or sale of any type or form of bullion does not give rise to any tax liability

Section 1(2)(d) The exchange of one type or form of legal tender for another type or form of legal tender does not give rise to any tax liability.

Section 2: Description of Data and Sources

Impact analysis of HB 221 completed on 3/31/99

2023 Florida Sales Tax Handbook

DOR Sales of large national gold bullion companies 2001-2024

[Gold Rush 2024: Florida's Bold Move to Upend the Financial System with HB 697! - State Spot Light fisc_note_hb2285_00_0000.pdf \(kslegislature.com\)](#)

<https://billstatus.ls.state.ms.us/2023/pdf/history/SB/SB2862.xml>

<https://www.jmbullion.com/tax/florida/>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

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Bill Number(s): HB697

<https://blog.tenthamentcenter.com/2023/12/new-hampshire-bill-would-treat-gold-and-silver-as-money/>

<https://wyoleg.gov/2023/Fiscal/HB0103.pdf>

https://docs.legis.wisconsin.gov/2023/related/fe/ab29/ab29_dor.pdf

https://pub.njleg.state.nj.us/Bills/2022/S2000/1825_E1.PDF

<https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0295/H-0295%20As%20Introduced.pdf>

[Gold Market Primer: Market size and structure | World Gold Council](#)

<https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2021/16712>

<https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2022>

<https://ir.amark.com/assets/76a74ba2c4e5805c4d199e9f061181ed/amarok/db/1087/9869/pdf/A-Mark+Investor+Presentation+-+December+2023.pdf>

Section 3: Methodology (Include Assumptions and Attach Details)

There will be a negative impact to Sales tax. There is limited data prior to 2021 in regards to sales tax paid, this is most likely due to several factors, one being the passage of SB50 in 2021, that required a marketplace seller outside of the state to remit sales tax. This estimate also takes into account that U.S. legal tender is already exempt from sales tax.

Step 1: Estimate Florida's share of the gold and silver bullion market. Sources show that in 2021, the U.S. investors bought 117 metric tonnes of gold bars and coins. First, the analysis converts tonnes to troy ounces. One metric tonne is equal to 32,151 troy ounces. The analysis then multiplies 117 by troy ounces to get the total troy ounces purchased in the United States. To get the amount of silver purchased, the analysis uses data from one of the largest bullion dealers in the U.S. They show on their annual report the number of ounces sold for gold and silver sold in 2022. They show they sold 629K gold ounces and 23.7 million ounces of silver, which means they sold 97.41% more silver than gold ounces. This gets to an estimated U.S. amount of 3.8 million ounces of gold purchased and 141.4 million ounces of silver.

Step 2: Take the estimated amount of gold and silver bars and coins purchased in the U.S. The analysis then applies Florida's population percentage of the U.S. to get Florida's estimated amount purchased. Florida's population is 6.75% of the total U.S. population. Next Florida's share is multiplied it by the average closing price of gold and silver per ounce for 2021. Gold's average price in 2021 was \$1,789.89 and silver was \$25.14. This results in the total estimated value of bars and coins purchased in Florida in 2021 to \$454.6 million in gold and \$240.1 million in silver.

Step 3: Remove investment coins from the equation. These are already exempt from sales tax since the vast majority are legal tender, which do not apply. Total worldwide gold bar and coin demand worldwide was 1,095 tonnes in 2021, with bars being 804 tonnes, or 73.42%, and coins being 291 tonnes, or 26.58%. The analysis then multiplies the total estimated sales for gold and silver by 73.42% to get the estimated sales of just gold and silver bars in Florida. For gold that total is \$333.8 million and \$176.3 million for a total of \$510.0 million. Next, sources show that demand for gold bars increased 2% in 2022, the analysis applies the 2% growth to the Florida estimated total in 2021 to get an estimate of 259K ounces of gold purchased and 9.7 million ounces of silver purchased in 2022. The analysis then multiplies these figures by their respective average price in 2022. The analysis then applies the 73.42% to get the total market for just bars. This gives an estimate of \$342.7 million for gold and \$155.6 million for silver for a total estimate of \$498.3 million.

To get to the estimated impact, the analysis takes 10% of the \$342.7 million in gold and to get the estimate for sales tax if there were no exemptions. This results in \$29.9 million. To get to the low, middle and high estimates, data provided from the Department of Revenue shows that on average 5% of gross sales are taxable. For the low estimate, calculate 5% of the \$29.9 million to get to a negative impact of (\$1.5) million in cash in FY 2024-25 and grow it in the out years using sales tax liability growth rates. For the middle estimate, add 50% to the low estimate in an attempt to capture any differences in the estimated total market size and account for businesses and sales not captured in our sample data. This brings the middle estimate to \$(2.3) million for FY 2024-25, again grown by the sales tax liability growth rate. The high estimate is double the low estimate, which again captures any differences in the estimated total market as well most businesses that would deal in gold and silver bullion sales. The high estimate is \$(3.1) in cash for FY 2024-25 and grown by the sales tax liability growth rate.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Bullion

Bill Number(s): HB697

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(2.8)	\$(3.1)	\$(2.1)	\$(2.3)	\$(1.4)	\$(1.5)
2025-26	\$(3.1)	\$(3.1)	\$(2.3)	\$(2.3)	\$(1.6)	\$(1.6)
2026-27	\$(3.2)	\$(3.2)	\$(2.4)	\$(2.4)	\$(1.6)	\$(1.6)
2027-28	\$(3.3)	\$(3.3)	\$(2.5)	\$(2.5)	\$(1.6)	\$(1.6)
2028-29	\$(3.4)	\$(3.4)	\$(2.5)	\$(2.5)	\$(1.7)	\$(1.7)

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 01/26/2024): The Conference adopted a modified estimate that assumed that 10% of gold and 90% of silver sold in Florida would not be exempt as legal tender. Taking these respective shares of the estimates for the total Florida market forms a new base of potentially taxable sales; however, a large number of these sales are already exempt due to their bundled and unbundled sales price. The Conference assumed 17.5% of the potentially taxable sales are attributed to activity that is currently taxable and would now become exempt.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(1.5)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2026-27	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2027-28	(1.7)	(1.7)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2028-29	(1.7)	(1.7)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(1.7)	(1.8)	(0.2)	(0.2)	(1.9)	(2.0)
2025-26	(1.9)	(1.9)	(0.2)	(0.2)	(2.1)	(2.1)
2026-27	(1.9)	(1.9)	(0.2)	(0.2)	(2.1)	(2.1)
2027-28	(2.0)	(2.0)	(0.2)	(0.2)	(2.2)	(2.2)
2028-29	(2.0)	(2.0)	(0.2)	(0.2)	(2.2)	(2.2)

	Tonne	Troy Ounces
1 Tonne is equal to 35,274 ounces	1	32,151

High Impact	Gold	Silver	Total
US Gold Ounces Multiplied by 117 tonnes to get total ounces Gold. Silver is a percentage of sales	3,761,632	141,440,948	145,202,580
Multiply Florida % of U.S. Population to get amount of ounces purchased in Florida	253,955	9,548,941	
Average Price of Gold/Silver per ounce in 2021	\$1,790	\$25	
Price of Gold/Silver multiplied by Ounces Purchased in Florida	\$454,551,066	\$240,060,372	
Multiplied by 73.42% to get number % of sales in bars	\$333,752,564	\$176,263,506	
Total estimated sales in Florida of Gold and Silver in 2021	\$510,016,070		
Multiply total Sales by sales tax of 6%	\$20,025,154	\$10,575,810	\$30,600,964
Average price of Gold/Silver per ounce in 2022	\$1,802	\$22	
Demand for Gold bars grew 2% in 2022 to take Florida's % and grow by 2%	259,034	9,739,920	
Take new demand in D27 and E27 and multiply it by average price of Gold and Silver in 2022	\$466,745,313.04	\$211,940,651.30	
Multiplied by 73.42% to get number % of sales in bars	\$342,706,147.66	\$155,616,697.40	
Total estimated Florida market in 2022 in terms of sales	\$498,322,845.05		
Total estimated sales multiplied by 6% to get estimate if all sales were subject to sales tax	\$29,899,370.70		
Data shows that 5% of gross sales are taxable so this is the low estimate	\$1,494,968.54		
Double low estimate for middle estimate to account for businesses not picked up in data	\$2,242,452.80		
Quadruple low estimate for high estimate to account for businesses not picked up in data	\$2,989,937.07		

High Estimate	
Assumed estimated current sales tax collections in 2022	-\$2,989,937
Grown for 2023 using the sales tax liability growth rate	-\$3,097,575
Grown for 2024 using the sales tax liability growth rate	-\$3,091,380

2021 Bar and Coin Demand in Tonnes		
Gold Bars	804	73.42%
Coins	291	26.58%
World wide tonnes	1095	100.00%

		Gold ounces	Silver Ounces	Total %
Gold Ounces Sold	629,000	2.59%		
Silver Ounces Sold	23,651,000		97.41%	
Total Ounces	24,280,000			100.00%

US Pop	334,914,895
FL Pop	22,610,726
	6.75%

10% of gold estimated sales	90% of Silver estimated sales	Total Estimated Sales	17.5% of sales are taxable	6% sales tax rate	Grow by SUT Final 6% Liability
10%	90%	17.5%			
\$34,270,615	\$140,055,028	\$174,325,642	\$30,506,987	\$1,830,419	\$1,830,419 2024-25
					\$1,861,536 2025-26
					\$1,911,798 2026-27
					\$1,965,328 2027-28
					\$2,020,357 2028-29

Middle Impact	
Assumed estimated current sales tax collections in 2022	-\$2,242,453
Grown for 2023 using the sales tax liability growth rate	-\$2,323,181
Grown for 2024 using the sales tax liability growth rate	-\$2,318,535

Low Impact	
Assumed estimated current sales tax collections in 2022	-\$1,494,969
Grown for 2023 using the sales tax liability growth rate	-\$1,548,787
Grown for 2024 using the sales tax liability growth rate	-\$1,545,690

Sales tax liability	
Growth Rates	
2022-23	7.20%
2023-24	-0.40%
2024-25	-0.90%
2025-26	1.70%
2026-27	2.70%
2027-28	2.80%
2028-29	2.80%

	High		Middle		Low		Adopted	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$ (2.8)	\$ (3.1)	\$ (2.1)	\$ (2.3)	\$ (1.4)	\$ (1.5)	\$ (1.7)	\$ (1.8)
2025-26	\$ (3.1)	\$ (3.1)	\$ (2.3)	\$ (2.3)	\$ (1.6)	\$ (1.6)	\$ (1.9)	\$ (1.9)
2026-27	\$ (3.2)	\$ (3.2)	\$ (2.4)	\$ (2.4)	\$ (1.6)	\$ (1.6)	\$ (1.9)	\$ (1.9)
2027-28	\$ (3.3)	\$ (3.3)	\$ (2.5)	\$ (2.5)	\$ (1.6)	\$ (1.6)	\$ (2.0)	\$ (2.0)
2028-29	\$ (3.4)	\$ (3.4)	\$ (2.5)	\$ (2.5)	\$ (1.7)	\$ (1.7)	\$ (2.0)	\$ (2.0)