REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Broadband Equipment
Bill Number(s): HB 1585 / SB 1468

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Representative Steele and Senator Hutson
Month/Year Impact Begins: July 1, 2024
Date(s) Conference Reviewed: January 26, 2024; February 2, 2024; February 9, 2024

Section 1: Narrative

a. **Current Law**: Broadband communications equipment is taxable at 6%.

b. **Proposed Change**: The language exempts the purchase, use, or lease of "qualifying equipment" by a provider of communications services or internet access services receiving broadband grants administered by the Department of Commerce (COM) from Sales and Use Tax (SUT). Language defines "qualifying equipment" as equipment, machinery, software, or other infrastructure used to provide communications services or Internet access services, which must be located within a central office, headend, or hub operated by a provider of communications services or internet access services. The SUT exemption does not apply to: real property, improvements to real property; office furniture and fixtures; general office equipment and machinery that is not used to provide communications services or internet access services; vehicles; customer premise equipment.

Section 2: Description of Data and Sources

Data received from Florida Department of Commerce, Office of Broadband

Section 3: Methodology (Include Assumptions and Attach Details)

Step 1: Determine through conversations with COM the total estimated costs of grant projects by grant by fiscal year for qualifying broadband grants. Total estimated costs is a sum of grant and estimated private costs. Grant fund matching requirements for the Broadband Opportunity and Broadband Equity, Access, and Deployment (BEAD) Programs are 50% and 25% respectively. Grants through the Capital Projects Fund do not have a match requirement.

Assumption 1: Qualifying providers are those receiving Florida Office of Broadband administered grants from the Broadband Opportunity Program, the Capital Projects Fund, and the BEAD Program.

Assumption 2: No new funds will be made available for qualifying grants listed in Assumption 1 or new grants to be administered by the Florida Office of Broadband.

Assumption 3: BEAD project private funds are set at the minimum implied by the 25% match requirement.

Step 2: Apply a cost inflation factor equal to current inflation (3.35%)

Step 3: Determine life cycle of project expenditures. Conversations with COM suggest an initial delay in expenses followed by an even distribution over the remaining years of the available period for each grant; until October 2026 for Broadband Opportunity and Capital Projects Fund grants, 4 years after approval of Final Proposal for BEAD grants (anticipated to be FY 2028-29). Due to the timing of Broadband Opportunity awards at the end of the fiscal year, the year of award is assigned 0%. COM estimates a roughly 11% share of awarded grant funds to be distributed by the end of the current fiscal year, so 11% is used for the second year of Broadband Opportunity and Capital Projects Fund grants and the first year of BEAD grants. An even distribution of expenses is used for the remaining years.

Step 4: Apply the expenditure lifecycles from Step 3 to the table of total estimated costs for projects awarded grants from Step 2 to determine total expenses incurred in each fiscal year.

Step 5: Determine share of total expenses qualifying for the exemption. A 40% share is applied based on independent analysis conducted by the Department of Revenue.

Step 6: Apply the 6% SUT to the eligible expenditure estimates from Step 5.

Note 1: The effect of non-profit awardees was also considered. For the Broadband Opportunity and Capital Project Fund programs, there were no 501(c)(3)s in the awardees or applicants for deployment grants. There were some awards to electric co-ops representing 10% and 8% of grant funds awarded, respectively. However, electric co-ops are 501(c)(12)s, and through conversations with DOR, they were determined to only be exempt from SUT on the purchase of electricity generating equipment. Since both of these programs have already closed applications, there is no concern about future awardees.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Broadband Equipment
Bill Number(s): HB 1585 / SB 1468

Considering the BEAD program, while the Office of Broadband expects some participation of non-profits in non-deployment activities, it does not anticipate non-profits to be applying for deployment grant funding. Since the analysis already focuses on deployment grant funding, non-profit participation is not expected to affect results through BEAD awardees.

Based on this information, the consideration of non-profits would not affect the results as presented.

Note 2: Due to a lag in collections of SUT, there is a one month loss in collections of $0.63 million in FY 2029-30.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			($7.62)			
2025-26			($15.40)			
2026-27			($14.26)			
2027-28			($8.08)			
2028-29			($7.53)			

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/09/2024): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(6.8)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.6)	0.0
2025-26	(13.6)	0.0	(Insignificant)	0.0	(0.5)	0.0	(1.3)	0.0
2026-27	(12.7)	0.0	(Insignificant)	0.0	(0.4)	0.0	(1.2)	0.0
2027-28	(7.2)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.7)	0.0
2028-29	(6.7)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.6)	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(7.6)	0.0	(0.9)	0.0	(8.5)	0.0
2025-26	(15.4)	0.0	(1.9)	0.0	(17.3)	0.0
2026-27	(14.3)	0.0	(1.7)	0.0	(16.0)	0.0
2027-28	(8.1)	0.0	(1.0)	0.0	(9.1)	0.0
2028-29	(7.5)	0.0	(0.9)	0.0	(8.4)	0.0

Communications Equipment Sales Tax (6%) Exemption Impact ($ millions)			
		40%	
		Middle	
FY 24-25		($7.62)	
FY 25-26		($15.40)	
FY 26-27		($14.26)	
FY 27-28		($8.08)	
FY 28-29		($7.53)	
		($52.89)	
FY 29-30		($0.63)	

Project Expenditure Rates			
Broadband Opportunity & Capital Projects Fund	BEAD		Year
0.00%	11.00%		1
11.00%	29.67%		2
44.50%	29.67%		3
44.50%	29.67%		4

Total Cost Estimate Parameters	
3.35%	Cost Inflation Factor
25.00%	BEAD Leverage Ratio

Note: US Telecom Capital Expenditures grew at a 3 year average rate of 5.59%

Total Estimated Expenditures of Broadband Grant Receiving Projects ($ millions)

	Broadband Opportunity	Capital Projects	BEAD
FY 17-18	$ -	$ -	$ -
FY 18-19	$ -	$ -	$ -
FY 19-20	$ -	$ -	$ -
FY 20-21	$ -	$ -	$ -
FY 21-22	$ -	$ -	$ -
FY 22-23	$ 625.89	$ -	$ -
FY 23-24	$ 189.27	$ 425.80	$ -
FY 24-25	$ -	$ -	$ -
FY 25-26	$ -	$ -	$ 1,057.66
FY 26-27	$ -	$ -	$ -
FY 27-28	$ -	$ -	$ -
FY 28-29	$ -	$ -	$ -

Annualized Expenditures ($ millions)

	Middle
FY 21-22	$ -
FY 22-23	$ -
FY 23-24	*$ 68.85*
FY 24-25	*$ 346.18*
FY 25-26	*$ 668.57*
FY 26-27	*$ 587.51*
FY 27-28	*$ 313.81*
FY 28-29	*$ 313.81*

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Widows Widowers, Blind Persons, and Persons Totally and Permanently Disabled Exemption
Bill Number(s): Proposed Language

☑ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s):
Month/Year Impact Begins: 2025 Ad Valorem Tax Roll
Date(s) Conference Reviewed: February 9, 2024

Section 1: Narrative

a. **Current Law**: Section 196.202, Florida Statutes, provides a property tax exemption of $5,000 from all ad valorem taxation for every widow, widower, blind person, or totally and permanently disabled person.

b. **Proposed Change**: The proposed language changes the tax exemption in 196.202 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 these exemptions on the 2023 final real property tax roll are identified. In total, there are 523,955 such parcels (538,772 exemptions) with a total taxable value exempted of $2,702.9 million. Properties receiving an exemption today have new school and non-school taxable values calculated as either the old taxable value minus the additional exemption amount or zero, whichever is greater. The school and non-school taxable values are summed across parcels to arrive at the impact on taxable value had the proposed language 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 proposed language 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.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	$0	$(44.7 M)	$0	$(43.5 M)	$0	$(41.8 M)
2025-26	$(48.9 M)	$(48.9 M)	$(46.9 M)	$(46.9 M)	$(42.8 M)	$(42.8 M)
2026-27	$(53.0 M)	$(53.0 M)	$(50.0 M)	$(50.0 M)	$(43.6 M)	$(43.6 M)
2027-28	$(57.3 M)	$(57.3 M)	$(53.2 M)	$(53.2 M)	$(44.8 M)	$(44.8 M)
2028-29	$(61.5 M)	$(61.5 M)	$(56.2 M)	$(56.2 M)	$(45.7 M)	$(45.7 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted 02/09/2024): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(16.9)	(16.9)	(26.6)	(26.6)	(43.5)	(43.5)
2025-26	(18.2)	(18.2)	(28.7)	(28.7)	(46.9)	(46.9)
2026-27	(19.4)	(19.4)	(30.6)	(30.6)	(50.0)	(50.0)
2027-28	(20.6)	(20.6)	(32.6)	(32.6)	(53.2)	(53.2)
2028-29	(21.8)	(21.8)	(34.4)	(34.4)	(56.2)	(56.2)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Widows Widowers, Blind Persons, and Persons Totally and Permanently Disabled Exemption
Bill Number(s): Proposed Language

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(43.5)	(43.5)	(43.5)	(43.5)
2025-26	0.0	0.0	0.0	0.0	(46.9)	(46.9)	(46.9)	(46.9)
2026-27	0.0	0.0	0.0	0.0	(50.0)	(50.0)	(50.0)	(50.0)
2027-28	0.0	0.0	0.0	0.0	(53.2)	(53.2)	(53.2)	(53.2)
2028-29	0.0	0.0	0.0	0.0	(56.2)	(56.2)	(56.2)	(56.2)

	A	B	C	D	E	F	G
1	**2023 Aggregate Millage Rates**						
2	School	5.99					
3	Non-School	10.38					
4							
5	**Forecast**	Homestead Taxable Value	**Homestead TV Growth Rate**	Total Taxable Value	**Total TV Growth Rate**	**SOH Rate**	
6	2023	$ 987,167,627,773		$ 2,922,616,867,844			
7	2024	$ 1,088,436,226,735	10.3%	$ 3,129,749,047,177	7.1%	3.0%	
8	2025	$ 1,189,636,988,417	9.3%	$ 3,376,154,653,535	7.9%	2.5%	
9	2026	$ 1,289,015,819,625	8.4%	$ 3,604,169,536,672	6.8%	1.9%	
10	2027	$ 1,395,067,500,524	8.2%	$ 3,831,537,599,604	6.3%	2.5%	
11	2028	$ 1,495,685,554,662	7.2%	$ 4,046,932,679,463	5.6%	2.1%	
12	2029	$ 1,595,601,813,663	6.7%	$ 4,261,084,289,685	5.3%	2.2%	
13							
14		**High**		**Low**		**Low**	
15	**Impact**	**School Taxable Value**	**Non-School Taxable Value**	**School Taxable Value**	**Non-School Taxable Value**	**School Taxable Value**	**Non-School Taxable Value**
16	**2023**	$ (2,625,893,819)	$ (2,393,566,077)	$ (2,625,893,819)	$ (2,393,566,077)	$ (2,625,893,819)	$ (2,393,566,077)
17	**2024**	$ (2,895,271,157)	$ (2,639,110,072)	$ (2,811,996,594)	$ (2,563,203,282)	$ (2,704,670,634)	$ (2,465,373,059)
18	**2025**	$ (3,164,468,047)	$ (2,884,489,583)	$ (3,033,385,503)	$ (2,765,004,657)	$ (2,771,480,721)	$ (2,526,272,079)
19	**2026**	$ (3,428,818,549)	$ (3,125,451,496)	$ (3,238,250,834)	$ (2,951,744,388)	$ (2,824,102,789)	$ (2,574,238,373)
20	**2027**	$ (3,710,919,021)	$ (3,382,592,936)	$ (3,442,535,014)	$ (3,137,954,387)	$ (2,896,069,681)	$ (2,639,837,945)
21	**2028**	$ (3,978,565,892)	$ (3,626,559,568)	$ (3,636,061,786)	$ (3,314,358,746)	$ (2,957,814,312)	$ (2,696,119,679)
22	**2029**	$ (4,244,345,967)	$ (3,868,824,571)	$ (3,828,471,334)	$ (3,489,744,728)	$ (3,022,641,081)	$ (2,755,210,855)
23							
24	**Impact on School**						
25		High		Middle		Low	
26		Cash	Recurring	Cash	Recurring	Cash	Recurring
27	2024-25	$(17.3 M)	$(17.3 M)	$(16.9 M)	$(16.9 M)	$(16.2 M)	$(16.2 M)
28	2025-26	$(19.0 M)	$(19.0 M)	$(18.2 M)	$(18.2 M)	$(16.6 M)	$(16.6 M)
29	2026-27	$(20.5 M)	$(20.5 M)	$(19.4 M)	$(19.4 M)	$(16.9 M)	$(16.9 M)
30	2027-28	$(22.2 M)	$(22.2 M)	$(20.6 M)	$(20.6 M)	$(17.4 M)	$(17.4 M)
31	2028-29	$(23.8 M)	$(23.8 M)	$(21.8 M)	$(21.8 M)	$(17.7 M)	$(17.7 M)
32							
33	**Impact on Non-School**						
34		High		Middle		Low	
35		Cash	Recurring	Cash	Recurring	Cash	Recurring
36	2024-25	$(27.4 M)	$(27.4 M)	$(26.6 M)	$(26.6 M)	$(25.6 M)	$(25.6 M)
37	2025-26	$(29.9 M)	$(29.9 M)	$(28.7 M)	$(28.7 M)	$(26.2 M)	$(26.2 M)
38	2026-27	$(32.4 M)	$(32.4 M)	$(30.6 M)	$(30.6 M)	$(26.7 M)	$(26.7 M)
39	2027-28	$(35.1 M)	$(35.1 M)	$(32.6 M)	$(32.6 M)	$(27.4 M)	$(27.4 M)
40	2028-29	$(37.6 M)	$(37.6 M)	$(34.4 M)	$(34.4 M)	$(28.0 M)	$(28.0 M)
41							
42	**Total Impact**						
43		High		Middle		Low	
44		Cash	Recurring	Cash	Recurring	Cash	Recurring
45	2024-25	$(44.7 M)	$(44.7 M)	$(43.5 M)	$(43.5 M)	$(41.8 M)	$(41.8 M)
46	2025-26	$(48.9 M)	$(48.9 M)	$(46.9 M)	$(46.9 M)	$(42.8 M)	$(42.8 M)
47	2026-27	$(53.0 M)	$(53.0 M)	$(50.0 M)	$(50.0 M)	$(43.6 M)	$(43.6 M)
48	2027-28	$(57.3 M)	$(57.3 M)	$(53.2 M)	$(53.2 M)	$(44.8 M)	$(44.8 M)
49	2028-29	$(61.5 M)	$(61.5 M)	$(56.2 M)	$(56.2 M)	$(45.7 M)	$(45.7 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax
Issue: Reverse Mortgages
Bill Number(s): Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Section 1, Section 2
Sponsor(s):
Month/Year Impact Begins: July 2024
Date(s) Conference Reviewed: February 2nd, 2024
February 9th, 2024

Section 1: Narrative

a. **Current Law**: Home Equity Conversion Mortgages, also known as Reverse Mortgages, are subject to 201.08(1)(b) and taxed at a rate of 35¢ per $100 (or fraction thereof) on the value of the indebtedness or obligation.

b. **Proposed Change**: Reverse Mortgages would be taxed on the value of the principal limit available to the borrower, rather than the maximum claim amount or the stated mortgage amount.

Section 2: Description of Data and Sources

HUD HECM Snapshot – [https://www.hud.gov/program_offices/housing/rmra/oe/rpts/hecmsfsnap/hecmsfsnap]
HUD HECM Handbook – [https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgh/4235.1]

Section 3: Methodology (Include Assumptions and Attach Details)

The US Department of Housing and Urban Development is kind enough to track sales of Reverse Mortgages by state. Using their snapshot reports, this impact looks at the total Maximum Claim Amount and the total Initial Principal Limit for the state of Florida in fiscal year 2022-23. The Maximum Claim Amount is multiplied by 1.5 to reach the Reported Mortgage Value. The Documentary Stamp Notes Tax liability (35¢ per $100) can be calculated on both the initial principal limit (the proposed tax base) and the Reported Mortgage Value (the current tax base), and their difference is the year-0 impact. This is a relatively niche market for which no pre-adopted growth rate proxies cleanly. Due to this, the impact is calculated going back to 2017 to evaluate its historical growth. As the market enjoyed the housing boom of the covid-years without feeling the whiplash of the post-covid inflationary years, the last actual growth rate of -6.05% is presented as the growth going forward. First year's cash is $^{51}/_{52}$ recurring to account for the one-week lag in collections.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			($5.4) M	($5.5) M		
2025-26			($5.2) M	($5.2) M		
2026-27			($4.9) M	($4.9) M		
2027-28			($4.6) M	($4.6) M		
2028-29			($4.3) M	($4.3) M		

Revenue Distribution: Documentary Stamp Tax

Section 5: Consensus Estimate (Adopted: 02/09/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(2.3)	(2.3)	(3.1)	(3.2)	0.0	0.0	(5.4)	(5.5)
2025-26	(2.8)	(2.8)	(2.4)	(2.4)	0.0	0.0	(5.2)	(5.2)
2026-27	(2.7)	(2.7)	(2.2)	(2.2)	0.0	0.0	(4.9)	(4.9)
2027-28	(2.5)	(2.5)	(2.1)	(2.1)	0.0	0.0	(4.6)	(4.6)
2028-29	(2.3)	(2.3)	(2.0)	(2.0)	0.0	0.0	(4.3)	(4.3)

	A	B	C	D	E	F	G	H	I
1		**Maximum Claim Amount(s)**	**Reported Mortgage Value(s)**	**Initial Principal Limit(s)**		**35¢ Per $100 RMV**	**35¢ Per $100 IPL**		**Impact**
2	FY17	1,267,211,325	1,900,816,988	752,334,517		6,652,859	2,633,171		(4,019,689)
3	FY18	1,181,608,441	1,772,412,662	670,880,012		6,203,444	2,348,080		(3,855,364)
4	FY19	796,892,847	1,195,339,271	401,949,302		4,183,687	1,406,823		(2,776,865)
5	FY20	903,036,531	1,354,554,797	506,837,785		4,740,942	1,773,932		(2,967,010)
6	FY21	1,339,759,396	2,009,639,094	778,264,127		7,033,737	2,723,924		(4,309,812)
7	FY22	2,046,909,371	3,070,364,057	1,161,861,539		10,746,274	4,066,515		(6,679,759)
8	FY23	1,768,030,060	2,652,045,090	859,065,423		9,282,158	3,006,729		(6,275,429)
9	FY24	660,653,661	990,980,492	300,995,554		3,468,432	1,053,484		(2,414,947)
11	*SOURCE: HUD HECM Snapshot (https://www.hud.gov/program_offices/housing/rmra/oe/rpts/hecmsfsnap/hecmsfsnap)*								
12									
13		**Middle**				**Impact Growth**			
14	FY	Cash	Recurring						
15	*2023*		($6.3) M			2018	-4.09%		
16	*2024*		($5.9) M			2019	-27.97%		
17	*2025*	($5.4) M	($5.5) M			2020	6.85%		
18	*2026*	($5.2) M	($5.2) M			2021	45.26%		
19	*2027*	($4.9) M	($4.9) M			2022	54.99%		
20	*2028*	($4.6) M	($4.6) M			2023	-6.05%		
21	*2029*	($4.3) M	($4.3) M			*Full Mean*	11.50%		
22						*Pre-Covid Mean*	-8.40%		
23						*Post-Covid Mean*	31.40%		
24						*2-Year Average*	24.47%		
25						*Custom*	-6.05%		
26									
27						**Using:**	Custom		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax
Issue: Term Loan Exemption
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): NA
Month/Year Impact Begins: July 1st, 2024
Date(s) Conference Reviewed: February 9th, 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, except for those effectuated under s.520.02(17) [Auto Loans] and s.494.001(25) [Mortgages], from the notes tax.

Section 2: Description of Data and Sources
DOR Return Data
January 2024 General Revenue Conference Package

Section 3: Methodology (Include Assumptions and Attach Details)
PART A: Foundations

This language is similar, but substantively different, to language presented on January 26th, 2024. The Department of Revenue has concerns regarding the administrability of the language presented here. It requires the clerk of the court and department auditors to discern between notes made in connection with motor vehicle sales and other consumer goods. When assessing a note for taxability, the only pieces of information available are term, rate, principal, and involved parties. Discerning the "use" of the note would require additional documentation to be presented which is currently not required. Accounting for this challenge is the basis for the High/Middle impacts in this methodology. The High assumes that the limitations to this exemption are unenforceable and presents the adopted impact from January 26th 2024. The middle assumes taxpayers will behave and removes auto-loan activity from the High Impact.

PART B: The High

It starts 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 is needs a way to remove all Deeds Tax from their liabilities. Fortunately, it can make an easy assumption: As there exists strong incentive to record a deed transfer, it can assume almost all tax on unrecorded documents is Notes Tax. Functionally, it assumes 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 it 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. It does this by using the Intangibles C Tax, of which it assumes 99% is collected on mortgages. It 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%. It then subtracts 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.

PART C: The Middle

Sales tax data contains the gross sales of auto-dealers across the state. Conventional Wisdom regarding loans and financing is to provide a 20% down payment, so 80% of the known gross sales are assumed to be financed. This financed share is subtracted from the Non-Mortgage Notes Tax Base to make a Non-Mortgage & Non-Auto Notes Tax Base, which can be multiplied by the rate to reach the newly exempt amount.

PART D: Growth Rates & Cash

As there is not a clean growth rate for this series, a series of choices are presented. 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 to grow the High. Population is also presented as being a safe choice and is used to grow the middle.

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: Term Loan Exemption
Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(523.9 M)	(534.2 M)	(95.4 M)	(97.3 M)		
2025-26	(546.5 M)	(546.5 M)	(98.6 M)	(98.6 M)		
2026-27	(547.5 M)	(547.5 M)	(99.8 M)	(99.8 M)		
2027-28	(543.1 M)	(543.1 M)	(101.0 M)	(101.0 M)		
2028-29	(540.7 M)	(540.7 M)	(102.1 M)	(102.1 M)		

Revenue Distribution: Documentary Stamp Tax

Section 5: Consensus Estimate (Adopted: 02/09/2024): The Conference adopted the high 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)	(302.3)	(302.3)	0.0	0.0	(546.5)	(546.5)
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	*The Documentary Stamp Notes Tax is 35 ¢ on every $100 of face value, or partial unit thereof*							
2	*The Intangibles C Tax is 2 Mills, or $2 for $1000 of face value, or partial unit thereof*							
3								
4	(All in Millions)		FY2018	...	FY2022	FY2023		
6	COC Notes Tax		712.0		1,592.7	1,019.3	*DOR Return Data*	
8	DR-225 Notes Percent	99%						
9	DR-225 Tax		207.4		342.3	353.8	*DOR Return Data*	
10	DR-225 Notes Apportionment		205.3		338.9	350.2	*=F9*B8*	
12	DR-228 Notes Percent	99%						
13	DR-228 Tax		9.9		26.4	20.5	*DOR Return Data*	
14	DR-228 Notes Apportionment		9.8		26.1	20.3	*=F13*B12*	
16	Total Notes Tax Collection		927.2		1,957.9	1,390.0	*=F10+F6+F13*	
17	Notes Tax Base		264,928.4		559,409.5	397,142.7	*=(F16*100)/0.35*	
19	Intangibles C Overlap	99%						
20	Intangibles C Tax Collection		371.2		848.0	525.6	*GR Package*	
21	Intangibles C Mortgage Tax Base		183,744.0		419,760.0	260,172.0	*=(F20*B19)/0.002*	
23	Non-Mortgage Notes Tax Base		81,184.4		139,649.5	136,970.7	*=F17-F21*	
24	Non-Mortgage Notes Tax		284.1		488.8	479.4	*=(F23/100)*0.35*	
26	PCT Sales Financed	80%						
27	Kind Code 23 Gross Sales		93,279.99		133,757.42	137,467.78	*DOR Return Data*	
28	Auto Market Notes		74,624.0		107,005.9	109,974.2	*=F27*B26*	
29	Non-Mortgage/Auto Notes Base		6,560.43		32,643.52	26,996.51	*=F23-F28*	
30	Non-Mortgage/Auto Notes Tax		23.0		114.3	94.5	*=(F29/100)*0.35*	
31								
32					**Possible Growth Series**			
33			FY		Total Doc	FMNTLV	Oth. Durables	Population
34			2024		-10.6%	8.9%	-2.2%	1.5%
35			2025		6.3%	2.3%	9.7%	1.4%
36			2026		4.3%	2.3%	-2.2%	1.3%
37			2027		3.2%	0.2%	-0.2%	1.3%
38			2028		3.1%	-0.8%	-0.6%	1.2%
39			2029		3.0%	-0.5%	3.4%	1.1%
40								
41	**Using:**	FMNTLV			Population			
43		High			Middle			
44	FY	Cash	Reccurring		Cash	Reccurring		
45	2023		(479.4 M)			(94.5 M)		
46	2024		(522.0 M)			(95.9 M)		
47	2025	(523.9 M)	(534.2 M)		(95.4 M)	(97.3 M)		
48	2026	(546.5 M)	(546.5 M)		(98.6 M)	(98.6 M)		
49	2027	(547.5 M)	(547.5 M)		(99.8 M)	(99.8 M)		
50	2028	(543.1 M)	(543.1 M)		(101.0 M)	(101.0 M)		
51	2029	(540.7 M)	(540.7 M)		(102.1 M)	(102.1 M)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax
Issue: Term Loan Exemption With Cap
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): NA
Month/Year Impact Begins: July 1st, 2024
Date(s) Conference Reviewed: February 2nd, 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, except for those effectuated under s.520.02(17) [Auto Loans] and s.494.001(25) [Mortgages], from the notes tax. Further limits the exemption to notes made for a consumer and with a gross amount indebtedness of less than or equal to $5,000. 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)
PART A: Foundations

This language is similar, but substantively different, to language presented on January 26th, 2024. The Department of Revenue has concerns regarding the administrability of the language presented here. It requires the clerk of the court and department auditors to discern between notes made in connection with motor vehicle sales and other consumer goods. When assessing a note for taxability, the only pieces of information available are term, rate, principal, and involved parties. Discerning the "use" of the note would require additional documentation to be presented which is currently not required. Additionally, there are doubts as to the effectiveness of the $5,000 cap. If the department cannot discern "use" the cap on spending is difficult to enforce and administer. Furthermore, it is unclear whether "gross indebtedness" should include interest. Finally, it is unclear if specifying "for a consumer" is intended to exclude business purchases.

Accounting for these challenges is the basis for the High/Middle/Low impacts in this methodology. The High assumes that the limitations to this exemption are unenforceable and presents the adopted impact from January 26th 2024. The middle assumes taxpayers will partially behave and removes auto-loan activity from the High Impact. The Low assumes all the limitations will be enforceable and/or followed and estimates a small fraction of consumer spending as "financed".

PART B: The High

It starts 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 is needs a way to remove all Deeds Tax from their liabilities. Fortunately, it can make an easy assumption: As there exists strong incentive to record a deed transfer, it can assume almost all tax on unrecorded documents is Notes Tax. Functionally, it assumes 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 it 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. It does this by using the Intangibles C Tax, of which it assumes 99% is collected on mortgages. It 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%. It then subtracts 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.

PART C: The Middle

Sales tax data contains the gross sales of auto-dealers across the state. Conventional Wisdom regarding loans and financing is to provide a 20% down payment, so 80% of the known gross sales are assumed to be financed. This financed share is subtracted from the Non-Mortgage Notes Tax Base to make a Non-Mortgage & Non-Auto Notes Tax Base, which can be multiplied by the rate to reach the newly exempt amount.

PART D: The Low

REVENUE ESTIMATING CONFERENCE

Revenue Source: Documentary Stamp Tax
Issue: Term Loan Exemption With Cap
Bill Number(s): Proposed Language

Sales tax data contains the total gross sales of dealers across the state. Auto dealers are excluded from this section per the assumptions in Part A. To estimate the total value of gross sales less than $5,000, the total value of taxable sales exempt from discretionary surtax is grossed up by 300%. To combat the word-salad of the previous sentence, consider the following example:

> *In the sale of an $8,000 refrigerator, only the first $5,000 is taxable for discretionary surtaxes. The remaining $3,000 is surtax exempt and reported on line 15(a) of the DR-15. The total value of line 15(a) can be determined in the data. However, if the refrigerator was tax-exempt, then the entire purchase is surtax exempt and no value is reported on line 15(a).*

The 300% Gross Up factor was determined by finding the ratio of Line 15(a) to Line 3A (Taxable Sales). This ratio is then applied to Line 1A (Gross Sales) to estimate the surtax exempt portion of gross sales. The ratio of Surtax Exempt Gross Sales to Surtax Exempt Taxable Sales is consistently around 300%. The approximation 300% is used to create a moveable lever – most tax exempt sales are small value items such are unprepared foodstuffs, it is likely the ratio of surtax-exempt sales of state-exempt sales is lower than the ratio of surtax-exempt sales of state-taxable sales, and this the 300% gross up is an over-measurement.

The 300% times the total measured surtax-exempt yields the estimated surtax exempt portion of gross sales. This value is subtracted from the gross sales less-automobiles to estimate the value of sales that could be financed as notes exempt under this language. This value is then multiplied by an assumed "PCT Sales Financed" value, initially 1%, though the option exists to alter it. The Low Impact to this language is the notes tax on those financed qualifying sales.

PART E: Growth Rates & Cash

As there is not a clean growth rate for this series, a series of choices are presented. 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 to grow the High. Population is also presented as being a safe choice and is used to grow the middle. The Low is grown by the Other Durables Sales Tax Forecast.

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)	(95.4 M)	(97.3 M)	(52.1 M)	(53.2 M)
2025-26	(546.5 M)	(546.5 M)	(98.6 M)	(98.6 M)	(52.0 M)	(52.0 M)
2026-27	(547.5 M)	(547.5 M)	(99.8 M)	(99.8 M)	(51.9 M)	(51.9 M)
2027-28	(543.1 M)	(543.1 M)	(101.0 M)	(101.0 M)	(51.6 M)	(51.6 M)
2028-29	(540.7 M)	(540.7 M)	(102.1 M)	(102.1 M)	(53.3 M)	(53.3 M)

Revenue Distribution: Documentary Stamp Tax

Section 5: Consensus Estimate (Adopted: 02/09/2024): The Conference adopted the high 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)	(302.3)	(302.3)	0.0	0.0	(546.5)	(546.5)
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	I	J
1	*The Documentary Stamp Notes Tax is 35 ¢ on every $100 of face value, or partial unit thereof*									
2	*The Intangibles C Tax is 2 Mills, or $2 for $1000 of face value, or partial unit thereof*									
3										
4	(All in Millions)			FY2018	...	FY2022	FY2023			
6	COC Notes Tax			712.0		1,592.7	1,019.3	*DOR Return Data*		
8	DR-225 Notes Percent		99%							
9	DR-225 Tax			207.4		342.3	353.8	*DOR Return Data*		
10	DR-225 Notes Apportionment			205.3		338.9	350.2	*=G9*C8*		
12	DR-228 Notes Percent		99%							
13	DR-228 Tax			9.9		26.4	20.5	*DOR Return Data*		
14	DR-228 Notes Apportionment			9.8		26.1	20.3	*=G13*C12*		
16	Total Notes Tax Collection			927.2		1,957.9	1,390.0	*=G10+G6+G13*		
17	Notes Tax Base			264,928.4		559,409.5	397,142.7	*=(G16*100)/0.35*		
19	Intangibles C Overlap		99%							
20	Intangibles C Tax Collection			371.2		848.0	525.6	*GR Package*		
21	Intangibles C Mortgage Tax Base			183,744.0		419,760.0	260,172.0	*=(G20*C19)/0.002*		
23	Non-Mortgage Notes Tax Base			81,184.4		139,649.5	136,970.7	*=G17-G21*		
24	Non-Mortgage Notes Tax			284.1		488.8	479.4	*=(G23/100)*0.35*		
26	PCT Sales Financed		80%							
27	Kind Code 23 Gross Sales			93,279.99		133,757.42	137,467.78	*DOR Return Data*		
28	Auto Market Notes			74,624.0		107,005.9	109,974.2	*=G27*C26*		
29	Non-Mortgage/Auto Notes Base			6,560.43		32,643.52	26,996.51	*=G23-G28*		
30	Non-Mortgage/Auto Notes Tax			23.0		114.3	94.5	*=(G29/100)*0.35*		
32	PCT Sales Financed		1.0%							
33	Surtax Exmt. Gross Up		300.0%							
34	FL Gross Non-Vehicle Line-A Sales			1,074,214		1,471,297	1,632,428	*DOR Return Data*		
35	FL Taxable Sales Surtax Exempt			36,912		64,437	72,312	*DOR Return Data*		
36	FL Gross Sales Surtax Exempt			110,736		193,312	216,935	*=G35*C33*		
37	FL Items Sold < $5,000			963,478		1,277,985	1,415,492	*=G34-G36*		
38	FL Consumer Goods Notes Base			9,634.8		12,779.9	14,154.9	*=G37*C32*		
39	FL Consumer Goods Notes Tax			33.7		44.7	49.5	*=(G38/100)*0.35*		
40										
41						**Possible Growth Series**				
42				FY		Total Doc	FMNTLV	Oth. Durables	Population	Custom
43				2024		-10.6%	8.9%	-2.2%	1.5%	0.0%
44				2025		6.3%	2.3%	9.7%	1.4%	0.0%
45				2026		4.3%	2.3%	-2.2%	1.3%	0.0%
46				2027		3.2%	0.2%	-0.2%	1.3%	0.0%
47				2028		3.1%	-0.8%	-0.6%	1.2%	0.0%
48				2029		3.0%	-0.5%	3.4%	1.1%	0.0%
49										
50										
51										
52										

	A	B	C	D	E	F	G	H	I	J
53		**Using:**	FMNTLV			Population		Oth. Durables		
54										
55			High			Middle		Low		
56		FY	Cash	Reccurring		Cash	Reccurring	Cash	Reccurring	
57		2023		(479.4 M)			(94.5 M)		(49.5 M)	
58		2024		(522.0 M)			(95.9 M)		(48.5 M)	
59		2025	(523.9 M)	(534.2 M)		(95.4 M)	(97.3 M)	(52.1 M)	(53.2 M)	
60		2026	(546.5 M)	(546.5 M)		(98.6 M)	(98.6 M)	(52.0 M)	(52.0 M)	
61		2027	(547.5 M)	(547.5 M)		(99.8 M)	(99.8 M)	(51.9 M)	(51.9 M)	
62		2028	(543.1 M)	(543.1 M)		(101.0 M)	(101.0 M)	(51.6 M)	(51.6 M)	
63		2029	(540.7 M)	(540.7 M)		(102.1 M)	(102.1 M)	(53.3 M)	(53.3 M)	
64										
65										
66										
67	**Appendix A: Sutax Exmt. Gross Up Methodology**									
68		**(A)**	**(B)**	**(C)**		**(D)**	**(E)**	**(F)**		
69	*(Millions)*	Gross Sales	Taxable	Surtax		(C) / (B)	(D) * (A)	(E) / (C)		
70	FY		Sales	Exempt						
71	2018	1,167,494	382,173	36,912		9.66%	112,762	305.49%		
72	2019	1,226,345	399,615	40,073		10.03%	122,976	306.88%		
73	2020	1,217,028	393,381	42,232		10.74%	130,655	309.38%		
74	2021	1,333,028	434,803	52,581		12.09%	161,204	306.58%		
75	2022	1,605,048	543,215	64,437		11.86%	190,395	295.47%		
76	2023	1,769,854	588,976	72,312		12.28%	217,294	300.50%		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Motor Fuel Tax
Issue: Natural Gas Fuel Taxes Delay
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): NA
Month/Year Impact Begins: 07/01/2024
Date(s) Conference Reviewed: 02/09/2024

Section 1: Narrative

a. Current Law: Part V of Chapter 206, F.S is titled Natural Gas Fuel. Section 206.9951, F.S. defines natural gas fuel as "any liquefied petroleum gas product, compressed natural gas product, or combination thereof used in a motor vehicle as defined by s. 206.01(23)." For the purpose of taxation, section 206.9955(1), F.S. defines a motor fuel equivalent gallon as follows: 5.66 pounds or 126.67 cubic feet for compressed natural gas (CNG), 6.06 pounds for liquefied natural gas (LNG), and 1.35 gallons for liquefied petroleum gas (LPG). Section 206.9955(2), F.S. imposes the following taxes on each unit of natural gas fuel effective January 1, 2026:

1. Excise tax of 4 cents
2. A total of 2 cents of local taxes, designated as the 1 cent ninth cent fuel tax and the 1 cent local option fuel tax
3. SCETS tax of 5.8 cents, to be annually adjusted for changes to the consumer price index on January 1
4. Sales tax of 9.2 cents, to be annually adjusted for changes to the consumer price index on January 1

For the purpose of indexing the SCETS and sales taxes, the base year is the 12-month period ending September 30, 2013. Section 206.9952, F.S. sets requirements for licensure as a natural gas fuel retailer and penalties for noncompliance. Section 206.996, F.S. sets monthly reporting requirements for natural gas fuel retailers.

b. Proposed Change: Section 206.9955, F.S is revised to delay the effective date for the taxes on natural gas fuel from January 1, 2026 to January 1, 2031. Sections 206.9952 and 206.996, F.S. are revised to conform to the delayed effective date.

Section 2: Description of Data and Sources
Transportation Revenue Estimating Conference on January 8, 2024

Section 3: Methodology (Include Assumptions and Attach Details)
Delaying the implementation date for the natural gas fuel tax will have a negative impact of state trust funds, local funds, and GR via the GR service charge. The current forecast of taxable units and associated revenue comes directly from the latest Transportation REC. The proposed forecast shows the later implementation date. Comparing the current forecast with the proposed forecast yields the reduction to impacted funds.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	(0.1)		
2025-26			(*)	(0.1)		
2026-27			(0.1)	(0.1)		
2027-28			(0.1)	(0.1)		
2028-29			(0.1)	(0.1)		

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	(0.6)		
2025-26			(0.2)	(0.6)		
2026-27			(0.8)	(0.8)		
2027-28			(0.7)	(0.7)		
2028-29			(0.7)	(0.7)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Motor Fuel Tax
Issue: Natural Gas Fuel Taxes Delay
Bill Number(s): Proposed Language

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	(0.2)		
2025-26			(0.1)	(0.2)		
2026-27			(0.2)	(0.2)		
2027-28			(0.2)	(0.2)		
2028-29			(0.2)	(0.2)		

Revenue Distribution:
State Transportation Trust Fund
General Revenue Fund
Local Trust Funds

Section 5: Consensus Estimate (Adopted: 02/09/2024): The Conference adopted the proposed estimate but with zero recurring for FY 2024-25.

	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	(Insignificant)	(0.1)	(0.2)	(0.6)	(0.1)	(0.2)	(0.3)	(0.9)
2026-27	(0.1)	(0.1)	(0.8)	(0.8)	(0.2)	(0.2)	(1.1)	(1.1)
2027-28	(0.1)	(0.1)	(0.7)	(0.7)	(0.2)	(0.2)	(1.0)	(1.0)
2028-29	(0.1)	(0.1)	(0.7)	(0.7)	(0.2)	(0.2)	(1.0)	(1.0)

	A	B	C	D	E	F	G	H	I	J	K
1			2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
2	**Current Forecast**										
3		Natural Gas Fuel Taxable Units (Millions)	0.0	1.1	3.5	3.5	3.5	3.6	3.6	3.6	3.6
4		Natural Gas Fuel Gross Collections ($ Millions)	$ -	$ 0.3	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.1	$ 1.1	$ 1.1
5		Local Alt. Fuel Clearing Fund ($ Millions)	$ -	$ -	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1
6		State Alt. Fuel Clearing Fund Total ($ Millions)	$ -	$ 0.3	$ 0.9	$ 0.9	$ 0.9	$ 0.9	$ 1.0	$ 1.0	$ 1.0
7		GR Service Charge	$ -	$ -	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1
8		Distributions to Local Government	$ -	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1	$ 0.1
9		State Transportation Trust Fund	$ -	$ 0.2	$ 0.8	$ 0.7	$ 0.7	$ 0.7	$ 0.9	$ 0.8	$ 0.8
10	**Proposed Forecast**										
11		Natural Gas Fuel Taxable Units (Millions)	0.0	0.0	0.0	0.0	0.0	0.0	1.2	3.6	3.6
12		Natural Gas Fuel Gross Collections ($ Millions)	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.4	$ 1.1	$ 1.1
13		Local Alt. Fuel Clearing Fund ($ Millions)	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0	$ 0.1	$ 0.1
14		State Alt. Fuel Clearing Fund Total ($ Millions)	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.3	$ 1.0	$ 1.0
15		GR Service Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0	$ 0.1	$ 0.1
16		Distributions ot Local Government	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.0	$ 0.1	$ 0.1
17		State Transportation Trust Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.3	$ 0.8	$ 0.8
18	**Impact (Cash) (Millions)**										
19		GR	$ -	$ -	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ -	$ -
20		Trust	$ -	$ (0.2)	$ (0.8)	$ (0.7)	$ (0.7)	$ (0.7)	$ (0.6)	$ -	$ -
21		Local	$ -	$ (0.1)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.1)	$ -	$ -
22	**Impact (Recurring) (Millions)**										
23		GR	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ (0.1)	$ -	$ -
24		Trust	$ (0.6)	$ (0.6)	$ (0.8)	$ (0.7)	$ (0.7)	$ (0.7)	$ (0.9)	$ -	$ -
25		Local	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ (0.2)	$ -	$ -
26											
27	Note: Refunds and Tax Allowance are insignificant										
28											

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Virtual Currency Sales Tax Holiday
Bill Number(s): CS/SB 352

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Senator Brodeur
Month/Year Impact Begins: July 1st, 2025
Date(s) Conference Reviewed: February 9th, 2024

Section 1: Narrative

a. **Current Law**: F.S. 560.103(36) defines "Virtual Currency" as a medium of exchange in digital or electronic format that is not currency. "Currency" is defined in F.S. 560.103(12) as the coin and paper money of the United States or of any other country which is designates as legal tender and which circulates and is customarily used and accepted as a medium of exchange in the country of issuance.

b. **Proposed Change**: Under the proposed language transactions with virtual currency between June 1st, 2025 and July 31st, 2025 would be exempt from taxes imposed under chapter 212 F.S. if the transaction is made by retail service stations, food service establishments, public food service establishments, grocery stores, convenience stores, cosmetology salons, specialty salons, spas, barbershops, bars, or nightclubs.

Section 2: Description of Data and Sources
DOR Return Data
San Francisco Federal Reserve 2023 Diary of Consumer Payment Choice
[https://www.frbsf.org/cash/wp-content/uploads/sites/7/2023-Findings-from-the-Diary-of-Consumer-Payment-Choice.pdf]

Section 3: Methodology (Include Assumptions and Attach Details)
PART A

The enumerated establishments by the language roughly correspond to DOR Industry Kind Codes. Data on taxable sales in the months of June and July for the corresponding kind codes are available in the DOR Return Database and form the foundational dataset for this impact. A matrix of "Qualification Rates" is assumed, one rate for each Kind Code-Sales Tax Type Pair. Qualification Rates represent the amount of sales that would qualify for the holiday if the sale were made via digital currency. A matrix enables precise and detailed assumptions to be made, as this section easily has the largest effect on the final impact.

PART B

Qualified Sales are therefore the assumed qualification rates multiplied by their respective taxable sales. Qualified Sales are presented by fiscal year and kind code to illustrate the industries with the largest impacts. Grocery Stores, General Merchandise Stores, and Hotels all have billions of dollars in qualified sales, several orders of magnitude larger than the other industries.

PART C

The state revenue potential for these qualified sales is then the qualified sales times the state rate, 2% for commercial rent, 6% for the other 4 sales tax types (Ordinary Sales, Ordinary Use, Transient Rent, Vending). For ease of computation, the state rate for vending is assumed to be a clean 6% rather than the inverted rate formula as specified in F.S. 212.0515. Part C finds the Qualifying Sales in FY23 create a revenue potential for $1.3B in June and July alone.

PART D

The proposed holiday is for June and July of 2025. Due to the one-month lag on collections, the impact of the holiday will be felt in July and August of 2025, or the first two months of State Fiscal Year 2026. To grow the revenue potential from Part C to FY26 dollars, a modified sales tax growth rate is constructed by adding only the Consumer Non-Durables and Tourism & Recreation forecasts, and measuring the growth.

PART E

Traditionally, the conference expects taxpayers to modify their behavior in the period surrounding a holiday – postponing purchases before it begins and accelerating purchases before it ends. This is represented in the impact by a "Drag-in Factor" which adds extra days of activity to the holiday window. The presented impact assumes a 23% Drag-in Factor, which is 14 extra days.

PART F

The holiday only exempts purchases made via "Virtual Currency". As the definition of digital currency is vague to the inclusion of credit and debit cards, the Department of Revenue feels there is little recourse to prevent their inclusion, administratively. Using the Diary of Consumer Payment Choice, assumptions can be crafted to describe the behavior of taxpayer payment method. The 2023 Diary found that in CY22, 60% of purchases were made with Debit or Credit Cards. Of the remaining 40%, 18% were made with Cash and 22% were made with Other Methods (ACH Transfers, Mobile Payment Apps, etc.). It is assumed that all Check and Credit/Debit Card purchases would qualify as having been paid in Virtual Currency AND that 10% of Cash users and 100% of Other users would convert to Virtual Currency for the exemption. In total, this means it is assumed that 83.8% of sales are paid in virtual currency.

PART G

Due to the potential for impacting the Off-Highway Fuel Sales Tax, a separate impact is included to measure this effect. Using the return data, the taxable sales of dyed diesel fuel can be pulled for June and July only and only within our established kind codes. The tax rate of 6% is applied, then the adopted growth rates from the January 2024 Transportation REC, before finally applying the 83.8% Virtual Currency Purchases Ratio.

PART H

In summation:

- Return data yields taxable sales for given kind codes in June & July of each fiscal year
- Qualification Rates are assumed for each Kind Code/Tax Subtype Pair
- Taxable Sales are multiplied by qualification rates to yield qualifying sales
- Tax due is calculated on qualifying sales
- The FY23 tax due on qualifying sales is grown to FY26 levels via a modified sales tax growth rate
- 14 Days of extra activity are added to the holiday window
- It is assumed that 79.4% of this tax is derived from payments made in virtual currency

Altogether, it creates a cash impact for FY26 of $(1,356.9) M.
The Off-Highway fuel sales tax impact is $(231) K in FY26.

Section 4: Proposed Fiscal Impact

Sales And Use Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0	0		
2025-26			$(1,356.9) M	0		
2026-27			0	0		
2027-28			0	0		
2028-29			0	0		

Off-Highway Fuel Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0	0		
2025-26			$(0.2) M	0		
2026-27			0	0		
2027-28			0	0		
2028-29			0	0		

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/09/2024) The Conference adopted the proposed estimate with the “Drag-in Factor” adjusted to 11%.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Virtual Currency Sales Tax Holiday
Bill Number(s): CS/SB 352

Sales and Use Tax

	GR		Trust		Revenue Sharing		Local Half Cent	
	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	(1,072.0)	0.0	(0.1)	0.0	(36.0)	0.0	(102.8)	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	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	(1,210.9)	0.0	(146.6)	0.0	(1,357.5)	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

Off-Highway Fuel Tax

	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	(0.2)	0.0	0.0	0.0	(0.2)	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

	A	B	C	D	E	F	G
1	**PART A: Qualification Rates - Assumed Percent Sales Made By Enumerated Establishment Types**						
2		Ordinary Sales	Ordinary Use	Commercial Rent	Transient Rent	Vending	
3	Kind Code						
4	Grocery Stores	100%	5%	100%	100%	75%	
5	Meat Markets, Poultry	100%	5%	100%	100%	75%	
6	Delicatessens	100%	5%	100%	100%	75%	
7	Taverns, Night Clubs, Bars, Liquor Stores	100%	5%	100%	100%	75%	
8	General Merchandise Stores	40%	2%	40%	40%	30%	
9	Filling and Service Stations, Car Wash	75%	4%	75%	75%	56%	
10	Hotels, Rooming Houses, Apartments	90%	5%	90%	90%	68%	
11	Barber and Beauty Shop, Hot Tubs	100%	5%	100%	100%	75%	
12	Admissions	30%	2%	30%	30%	23%	
13							
14	**PART B: Qualified Sales - Taxable Sales * Assumed Qualification Rates**						
15	Kind Code	2018	2019	2020	2021	2022	2023
16	Grocery Stores	3,417	3,622	4,084	4,208	4,507	4,881
17	Meat Markets, Poultry	29	34	39	54	105	143
18	Delicatessens	123	158	119	141	222	266
19	Taverns, Night Clubs, Bars, Liquor Stores	457	478	376	502	628	611
20	General Merchandise Stores	3,502	3,718	3,759	4,567	6,000	7,227
21	Filling and Service Stations, Car Wash	151	168	170	190	247	253
22	Hotels, Rooming Houses, Apartments	3,784	4,204	2,720	3,649	5,777	5,868
23	Barber and Beauty Shop, Hot Tubs	103	104	90	109	131	144
24	Admissions	714	754	496	514	905	1,091
25		12,281	13,241	11,854	13,932	18,522	20,483
26							
27	**PART C: Revenue Potential - Tax Due on Qualified Sales**						
28	Kind Code	2018	2019	2020	2021	2022	2023
29	Grocery Stores	205	217	245	252	270	292
30	Meat Markets, Poultry	2	2	2	3	6	9
31	Delicatessens	7	9	7	8	13	16
32	Taverns, Night Clubs, Bars, Liquor Stores	27	29	23	30	38	37
33	General Merchandise Stores	210	223	225	274	360	433
34	Filling and Service Stations, Car Wash	9	10	10	11	15	15
35	Hotels, Rooming Houses, Apartments	227	252	163	219	346	349
36	Barber and Beauty Shop, Hot Tubs	6	6	5	7	8	8
37	Admissions	43	45	30	31	54	65
38		737	794	711	836	1,111	1,225
39							
40	2023 Commercial Rent Rate To Use	2%					
41							
42							
43							
44							
45							
46	**PART D: Revenue Potential Grown At Modified Sales Tax Growth Rate**						

	A	B	C	D	E	F	G
47	*Adopted at January 2024 GR Conference*	FY 2023	FY 2024	FY 2025	FY 2026		
48	Consumer Non Durables	12,187.40	12,365.30	12,656.40	12,951.30		
49	Tourism & Recreation	8,483.90	8,485.30	8,755.30	9,022.70		
50	**Total**	**20,671.30**	**20,850.60**	**21,411.70**	**21,974.00**		
51	Growth		0.87%	2.69%	2.63%		
52	Qualifying Sales	1,225	1,235.2	1,268.5	1,301.8	*=D52*(1+E51)*	
53							
54	**PART E: Adding Extra Days**						
55	Holiday Drag-in	11%					
56	*The Holiday is for 61 days. A 11% Drag-in is 7 extra days*						
57							
58	Drag-in Applied	1,445.0	*=E52*(1+B55)*				
59							
60	**PART F: CY 2023 Diary of Consumer Payment Choice**						
61	*Summarising Data from CY 2022*						
62	Cash	18%	Conversion	10%	1.8%		
63	Credit Card	31%	Included	100%	31.0%		
64	Debit Card	29%	Included	100%	29.0%		
65	Other*	22%	Conversion	100%	22.0%		
66	**ACH, Mobile Payment App, Other Other*				83.8%		
67							
68	"Virtual Currency" Purchases	1,210.9	*=E66*B58*				
69							
70	**PART G: Off-Road Diesel**						
71		FY 2018	...	FY 2023	FY 2024	FY 2025	FY 2026
72	Taxable Sales of Off-Road Diesel	7.1		6.7			
73	Off-Road Diesel Tax	0.4		0.4	0.3	0.3	0.3
74	Off-Highway Fuel Sales Tax Growth				-29.7%	-2.7%	0.0%
75	*Adopted at January 2024 Transportation REC*						
76	Purchased with "Virtual Currency"				0.2	0.2	0.2
77							
78	**PART H: Impact**						
79							
80			**Sales Tax**			**Off-Highway Fuel**	
81			Cash	Recurring		Cash	Recurring
82		2025	-	-		-	-
83		2026	(1,210.9)	-		(0.2)	-
84		2027	-	-		-	-
85		2028	-	-		-	-
86		2029	-	-		-	-

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Maintain Homestead After Damage and Destruction
Bill Number(s): Proposed Language

☑ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: January 2025 Tax Roll
Date(s) Conference Reviewed: February 2, 2024; February 9, 2024

Section 1: Narrative

a. Current Law: Section 196.031, Florida Statutes, provides that homestead properties damaged or destroyed by misfortune or calamity, such that the property is uninhabitable on January 1 of the year after the damage or destruction, maintain their homestead exemption so long as the owner does not claim a homestead exemption on a different property and the repair or rebuilding of the original homestead commences within 3 years after the January 1 following the property's damage or destruction.

b. Proposed Change: The bill extends the commencement requirement out to 5 years.

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
2017 through 2023 Final NAL Real Property Tax Roll

Section 3: Methodology (Include Assumptions and Attach Details)

An analysis was performed on properties rendered uninhabitable by Hurricane Michael that identifies the time taken to rebuild and the propensity to sell. A home damaged by Michael in 2018 would mean that January 1 of 2019 is the year following the damage, and thus 2022 would be the final year of eligibility under the current law, with the bill extending that to 2024. This analysis finds that approximately 16% of homesteads sold within 5 years of the damage, and found the following rebuild schedule:

Years after the January 1 Following the Property's Damage or Destruction	Share of Properties Repaired
1-year	38%
2-year	23%
3-year	17%
4-year	12%
Estimate 5-year	7%

Data available on the 2018 through 2023 tax rolls represent the candidate years whose 4th and 5th years post-destruction will be in Fiscal Years 2024-25 through 2028-29. The only missing piece would be the 4th year after damage that occurred during 2023, which would first be noted as a deletion value on the 2024 roll. The 2022 roll values are used as a proxy for the 2024 roll. On each roll, parcels are identified that have homestead value and destruction. They are matched with the prior year roll to identify the share of the property damaged, calculated as the deletion value on the later year roll divided by the difference between the just value and land value on the earlier year roll. An assumption must be made as to what share a property must be damaged to become uninhabitable. This analysis assumes 30% based on the adopted methodology of an impact presented on December 17, 2021 related to catastrophic events. Additionally, the current and proposed changes indicate the rebuilding must commence within the 3 or 5 years, not that it must conclude. Data is not available regarding commencement, so completion of the rebuild is used as a proxy.

The Impact is as follows:

- When a parcel rebuilds in the 4th year, the homestead exemption amounts for the 4th year remain on the roll. They would have been removed in the 4th year under the current law. Additionally, the pro-rated Save Our Homes differential on the damage/destroyed property would continue to grow into the 4th year. The pro-rated differential would have been removed in the 4th year under the current law. The pre-destruction Save Our Homes differential will be reapplied to the value appearing on the roll in the 5th year after the January 1 of the year following the destruction. Under the current law, in the 5th year, just value would be set to assessed value and a fresh differential would begin. The exemption amount and pro-rated differential is only an impact in the 4th year as the exemptions would be back on the roll when the new homestead was applied in the year following the new construction and the pre-destruction differential would overtake the pro-rated differential.

- When a parcel rebuilds in the 5th year, the homestead exemption amounts for the 4th and 5th years remain on the roll. They would have been removed in the 4th year under the current law. Additionally, the pro-rated Save Our Homes differential on the damage/destroyed property would continue to grow into the 4th and 5th years. The pro-rated differential would have been removed in the 4th year under the current law. The pre-destruction Save Our Homes differential will be reapplied to the value appearing on the roll in the 6th year after the January 1 of the year following the destruction. Under the current law, in the 6th year, just value would be set to assessed value and a fresh differential would begin. The exemption amount and pro-rated differential is only an impact in the 4th and 5th years as the exemptions would be back on the roll when the new homestead was applied in the year following the new construction and the pre-destruction differential would overtake the pro-rated differential.

- While the exemption amounts and pro-rated differentials are one or two-time impacts, the Save Our Homes differential persists and grows through the forecast horizon.

- As a 4th year example, a homestead destroyed in 2022 that rebuilt in the 4th year would rebuild in 2027. The impact would be the homestead exemption amounts in 2027, the pro-rated Save Our Homes differential first applied in 2023 to the destroyed parcel grown out to 2027, and the pre-destruction (2022) Save Our Homes differential applied to 2028.

- As a 5th year example, a homestead destroyed in 2022 that rebuilt in the 5th year would rebuild in 2028. The impact would be the homestead exemption amounts in 2027 and 2028, the pro-rated Save Our Homes differential first applied in 2023 to the destroyed parcel grown out to 2027 and 2028, and the pre-destruction (2022) Save Our Homes differential applied to 2029.

Based on the rebuild schedule, expected sales, and destruction assumptions detailed above, the exemption amounts, pro-rated differential, and pre-destruction differential expected to be reclaimed when each forecast year is the 4th, 5th, or 6th year after destruction is aggregated. Aggregate millage rates are applied to produce a tax impact. For each new year of impact, the prior year's SOH impact persists, grown by the homestead just value growth rate from the latest ad valorem conference.

It is worth noting that, with an effective roll year of 2025, parcels damaged in 2019 that rebuilt after 4 years would be ineligible to maintain their homestead, but had they waited until the 5th year, they would retain their homestead. They would, however, assumably lose the intermediate benefits of the homestead exemption and the pro-rated differential.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			$0	$(1.0 M)		
2025-26			$(0.8 M)	$(0.8 M)		
2026-27			$(1.1 M)	$(1.1 M)		
2027-28			$(6.1 M)	$(6.1 M)		
2028-29			$(9.4 M)	$(9.4 M)		

Revenue Distribution: Ad Valorem

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Maintain Homestead After Damage and Destruction
Bill Number(s): Proposed Language

Section 5: Consensus Estimate (Adopted: 02/09/2024) The Conference adopted the proposed estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	(0.3)	0.0	(0.6)	0.0	(0.9)
2025-26	(0.3)	(0.3)	(0.5)	(0.5)	(0.8)	(0.8)
2026-27	(0.4)	(0.4)	(0.7)	(0.7)	(1.1)	(1.1)
2027-28	(2.0)	(2.0)	(4.1)	(4.1)	(6.1)	(6.1)
2028-29	(3.4)	(3.4)	(6.1)	(6.1)	(9.5)	(9.5)

	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	(0.9)	0.0	(0.9)
2025-26	0.0	0.0	0.0	0.0	(0.8)	(0.8)	(0.8)	(0.8)
2026-27	0.0	0.0	0.0	0.0	(1.1)	(1.1)	(1.1)	(1.1)
2027-28	0.0	0.0	0.0	0.0	(6.1)	(6.1)	(6.1)	(6.1)
2028-29	0.0	0.0	0.0	0.0	(9.5)	(9.5)	(9.5)	(9.5)

	A	B	C	D	E	F	G
1	**2023 Aggregate Millage Rates**						
2	School	5.99					
3	Non-School	10.38					
4							
5	**Hurricane Michael Data**	**Homestead Disaster Parcels**	**Repaired**	**Share Repaired**			
6	Base Year	32,379	-				
7	Remaining After 1 Year	20,123	12,256	38%			
8	Remaining After 2 Years	12,729	7,394	23%			
9	Remaining After 3 Years	7,083	5,646	17%			
10	Remaining After 4 Years	3,205	3,878	12%			
11	Estimated Remaining After 5 Years	1,310	1,895	7%			
12							
13	At Least What Percentage Destroyed	30%					
14	Share Sold	16%					
15							
16	**Roll Year**	**Total Parcels Rebuilt in 4th or 5th Year in Given Roll Year**	**Impacted Exemption 1 Value**	**Impacted Exemption 2 Value**	**Lost Prorated Differential**	**Regained Differential**	**Regained Differential with Growth**
17	2024	466	$ 9,994,686	$ 5,294,473	$ 19,613,446	$ 26,284,357	$ 26,284,357
18	2025	430	$ 8,723,043	$ 4,817,454	$ 17,666,654	$ 19,684,284	$ 19,684,284
19	2026	439	$ 8,938,220	$ 4,950,949	$ 18,592,520	$ 17,487,367	$ 38,170,590
20	2027	2,097	$ 69,052,813	$ 58,958,614	$ 202,797,567	$ 20,448,157	$ 60,674,863
21	2028	1,402	$ 31,077,934	$ 24,828,306	$ 89,792,683	$ 375,666,414	$ 439,692,544
22							
23	**Roll Year**	**Homestead JV**	**Growth Rate**				
24	2023	$ 2,152,749,683,894					
25	2024	$ 2,266,966,593,850	5.3%				
26	2025	$ 2,382,010,696,457	5.1%				
27	2026	$ 2,510,321,311,991	5.4%				
28	2027	$ 2,648,974,378,373	5.5%				
29	2028	$ 2,786,390,848,868	5.2%				
30	2029	$ 2,922,872,023,031	4.9%				
31							
32	**Impact on School**						
33		High		Middle		Low	
34		Cash	Recurring	Cash	Recurring	Cash	Recurring
35	2024-25			$0	$(0.3 M)		
36	2025-26			$(0.3 M)	$(0.3 M)		
37	2026-27			$(0.4 M)	$(0.4 M)		
38	2027-28			$(2.0 M)	$(2.0 M)		
39	2028-29			$(3.4 M)	$(3.4 M)		
40							
41	**Impact on Non-School**						
42		High		Middle		Low	
43		Cash	Recurring	Cash	Recurring	Cash	Recurring
44	2024-25			$0	$(0.6 M)		
45	2025-26			$(0.5 M)	$(0.5 M)		
46	2026-27			$(0.7 M)	$(0.7 M)		
47	2027-28			$(4.1 M)	$(4.1 M)		
48	2028-29			$(6.1 M)	$(6.1 M)		
49							
50	**Total Impact**						
51		High		Middle		Low	
52		Cash	Recurring	Cash	Recurring	Cash	Recurring
53	2024-25			$0	$(1.0 M)		
54	2025-26			$(0.8 M)	$(0.8 M)		
55	2026-27			$(1.1 M)	$(1.1 M)		
56	2027-28			$(6.1 M)	$(6.1 M)		
57	2028-29			$(9.4 M)	$(9.4 M)		

A	B	C	D	E	F	G	H	I
Pro-Rated Differentials	**Jan 1 of Year After Destruction**	**1-Year After**	**2-Years After**	**3-Years After**	**4-Years After**	**5-Years After**		
Agg. SOH Diff. Reduced To:	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Pre-Destruction Diff.**	
Destroyed in 2017	$ 94,302,436	$ 100,405,494	$ 105,875,669	$ 113,355,965	$ 143,936,057	$ 169,230,419	$ 211,037,697	
Agg. SOH Diff. Reduced To:	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Pre-Destruction Diff.**	
Destroyed in 2018	$ 65,253,190	$ 68,808,238	$ 73,669,657	$ 93,543,555	$ 109,982,276	$ 114,819,666	$ 138,731,657	
Agg. SOH Diff. Reduced To:	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Pre-Destruction Diff.**	
Destroyed in 2019	$ 48,611,494	$ 52,045,979	$ 66,086,447	$ 77,700,038	$ 81,117,547	$ 84,605,181	$ 115,146,688	
Agg. SOH Diff. Reduced To:	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**Pre-Destruction Diff.**	
Destroyed in 2020	$ 49,208,602	$ 62,483,629	$ 73,464,086	$ 76,695,283	$ 79,992,783	$ 83,760,240	$ 107,014,772	
Agg. SOH Diff. Reduced To:	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**Pre-Destruction Diff.**	
Destroyed in 2021	$ 64,250,061	$ 75,540,939	$ 78,863,483	$ 82,254,204	$ 86,128,169	$ 90,393,828	$ 141,227,256	
Agg. SOH Diff. Reduced To:	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Pre-Destruction Diff.**	
Destroyed in 2022	$ 1,038,314,863	$ 1,083,983,435	$ 1,130,589,110	$ 1,183,836,994	$ 1,242,468,742	$ 1,300,548,952	$ 3,657,584,433	
Impact if Homestead is Rebuilt in the 4th Year:	Exemption 1 & 2 in the 4th year	Reduced Destruction Value SOH Differential Grown to the 4th Year	Pre-Destruction Differential Impact in 5th Year and Growing					
Impact if Homestead is Rebuilt in the 5th Year:	Exemption 1 & 2 in the 4th year & 5th year	Reduced Destruction Value SOH Differential Grown to the 4th & 5th Years	Pre-Destruction Differential Impact in 6th Year and Growing					

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Affordable Housing Changes
Bill Number(s): HB1297

☐ **Entire Bill**
☑ **Partial Bill**: Section 3
Sponsor(s): Representative Mooney
Month/Year Impact Begins: January 2024 Tax Roll
Date(s) Conference Reviewed: February 2, 2024; February 9, 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 with 6 criteria.

1. Criteria 1 requires the annual household income of those housed must be below 60 percent of the median annual adjusted gross income in their metropolitan statistical area or county.
2. Criteria 2 requires the housing to be within a multifamily project containing 50 or more residential units, at least 20 percent of which are used to provide affordable housing that meets the requirements of 196.1979. **The term "Multifamily Project" is not defined, but prior impacts assumed the parcel of the affordable housing unit had to be a multifamily parcel with 50 or more residential units.**
3. Criteria 3 requires that the housing must be rented for an amount no greater than what is posted by The Florida Housing Finance Corporation or 90 percent of the fair market value rent as determined by a rental market study.
4. Criteria 4-6 have requirements related to code violations and unpaid fines.

b. Proposed Change: The bill adds subparagraph (1)(b)3. that indicates single-family residential units and residential duplexes could be up to 100 percent exempt if the requirements identified in 196.1979 are met. <u>This would go into effect July 1, 2024</u>.

The bill further adds subparagraph (1)(d)1. That indicates that any residential unit in Monroe County that meets the requirements of 196.1979, excluding (1)(a)2., the multifamily project with 50+ units requirement, can be up to 100 percent exempt. <u>This would go into effect for the 2025 tax roll</u>.

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
Discussion with the Monroe County Property Appraiser

Section 3: Methodology (Include Assumptions and Attach Details)

The new subparagraph (1)(b)3. is difficult to interpret as it requires single family residences and duplexes to be part of a multifamily project with 50 or more residential units. A possible interpretation could be that, when a large construction project begins that will one day be a neighborhood of 50 or more single family homes, that project is itself a multifamily project, and the homes within it would be eligible for this. The bill, however, is not strictly forward-looking, and it is unknown how many residential units would have been part of a neighborhood built in the 1950s when it was in the project phase. It would also be difficult to manage as a homeowner, as you are only eligible for the exemption if 20% of your neighborhood is renting as affordable housing. As it may be impossible to rule single family residences and duplexes out of this, an assumption of 100% of single-family homes and duplexes would be within multifamily projects with 50+ units. An alternative could be zero, as no single-family home or duplex has 50 or more residential units. Duplexes are identified as parcels with use code 8, multifamily with 10 units or fewer, and 2 residential units. It is possible that some of those may not be duplexes. 90% are assumed to be duplexes. From there, some number of single family and some number of duplexes would participate in renting as affordable under this section. 10% of single family are assumed to participate, and 25% of duplexes are assumed to participate. This piece goes into effect on July 1, 2024, and as such it is assumed that it could impact the 2024 roll.

The new subparagraph (1)(d)1. considers all parcels with a residential unit in Monroe County. Some parcels in Monroe County that are part of a multifamily parcel with 50 or more units may be eligible for the exemption under the current law if the local government chose to utilize this exemption. The new language, however, would include those multifamily projects with 50 or more units that do not provide affordable housing for at least 20 percent of the units. It is assumed that 10% of the parcels with residential units in Monroe County will participate. This piece goes into effect starting with the 2025 tax roll.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Affordable Housing Changes
Bill Number(s): HB1297

Based on the methodology identified, the total impact could be as high as -$3.8 billion by Fiscal Year 2028-29. This exemption and the amount exempted is at the discretion of local governments, and as such, the impact is negative indeterminate. Further, based on discussion with the Department of Revenue's Office of General Counsel and the Monroe County Property Appraiser, the language in 196.1979(1)(d)1. is assumed to be at the discretion of the local government.

A note on the impact of the new (1)(b)3. may indicate something such as:

> *"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 new exemptions at their maximum values, the impact of the new subparagraph 196.1979(1)(b)3. could be -$3,699.4m recurring in Fiscal Year 2028-29. This impact could be higher if the participation rates are greater than assumed in the analysis."*

A note on the impact of the new (1)(d)1. may indicate something such as:

> *"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 new exemptions at their maximum values, the impact of the new subparagraph 196.1979(1)(d)1. could be -$107.4m recurring in Fiscal Year 2028-29. This impact could be higher if the participation rates are greater than assumed in the analysis."*

Section 4: Proposed Fiscal Impact

Subparagraph 196.1979(1)(b)3. – Single Family and Duplexes

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

Subparagraph 196.1979(1)(d)1. – Monroe County

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

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/09/2024)

Subparagraph 196.1979(1)(b)3. – Single Family and Duplexes

The Conference adopted a negative indeterminate impact because the exemption is granted at the discretion of the local jurisdiction. If all jurisdictions fully implement the new exemptions at their maximum values, the impact of the new subparagraph 196.1979(1)(b)3. could be -$3,699.4m recurring in Fiscal Year 2028-29. This impact could be higher if the participation rates are greater than assumed in the analysis.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem
Issue: Affordable Housing Changes
Bill Number(s): HB1297

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

Subparagraph 196.1979(1)(d)1. – Monroe County

The Conference adopted a negative indeterminate impact with the first year cash impact of zero because the exemption is granted at the discretion of the local jurisdiction. If all jurisdictions fully implement the new exemptions at their maximum values, the impact of the new subparagraph 196.1979(1)(d)1. could be -$107.4m recurring in Fiscal Year 2028-29. This impact could be higher if 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	(**)
2025-26	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2026-27	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2027-28	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2028-29	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G
1	**2023 Aggregate Millage Rates**						
2	School	5.99					
3	Non-School	10.38					
4							
5		**School Taxable Value**	**Non-School Taxable Value**				
6	**Single Family - Non-Monroe**	$ 1,619,409,911,196	$ 1,407,613,064,577				
7	**2 Unit Multi-family**	$ 35,370,333,881	$ 27,849,768,814				
8	**Monroe Residential**	$ 52,475,794,399	$ 40,870,654,171				
9							
10	**Assumptions**						
11	Participation Single Family	10%					
12	Duplex Share of 2 Unit	90%					
13	Duplex Participation	25%					
14	Share of Single Family and Duplexes that are Part of a Multifamily Project with 50+ Units	100%					
15	Monroe - Include 50+ Units	Yes					
16	What Share of Monroe 50+ Units	100%					
17	Monroe Participation	10%					
18							
19		**School Taxable Value**	**Non-School Taxable Value**				
20	**Single Fam Impact**	$ 161,940,991,120	$ 140,761,306,458				
21	**Duplex Impact**	$ 7,958,325,123	$ 6,266,197,983				
22	**Monroe Impact**	$ 5,247,579,440	$ 4,087,065,417				
23							
24	**Roll Year**	**Homestead TV**	**Non-Homestead Res TV**	**Residential TV**	**Growth Rate**		
25	2023	$ 987,167,627,773	$ 1,006,439,211,203	$ 1,993,606,838,976			
26	2024	$ 1,088,436,226,735	$ 1,089,305,228,717	$ 2,177,741,455,451	9.2%		
27	2025	$ 1,189,636,988,417	$ 1,184,424,760,072	$ 2,374,061,748,488	9.0%		
28	2026	$ 1,289,015,819,625	$ 1,264,518,980,127	$ 2,553,534,799,752	7.6%		
29	2027	$ 1,395,067,500,524	$ 1,336,147,231,539	$ 2,731,214,732,062	7.0%		
30	2028	$ 1,495,685,554,662	$ 1,403,249,349,218	$ 2,898,934,903,881	6.1%		
31	2029	$ 1,595,601,813,663	$ 1,470,405,394,590	$ 3,066,007,208,253	5.8%		
32							
33	**Implementation**	**High**	**Middle**	**Low**			
34	2024	100.0%	25.0%	10.0%			
35	2025	0.0%	25.0%	10.0%			
36	2026	0.0%	25.0%	20.0%			
37	2027	0.0%	25.0%	20.0%			
38	2028	0.0%	0.0%	40.0%			
39							

	A	B	C	D	E	F	G
40	**Subparagraph 196.1979(1)(b)3. – Single Family and Duplexes: Impact on School**						
41		High		Middle		Low	
42		Cash	Recurring	Cash	Recurring	Cash	Recurring
43	2024-25	$(1,112.1 M)	$(1,480.4 M)	$(278.0 M)	$(1,480.4 M)	$(111.2 M)	$(1,480.4 M)
44	2025-26	$(1,212.4 M)	$(1,480.4 M)	$(606.2 M)	$(1,480.4 M)	$(242.5 M)	$(1,480.4 M)
45	2026-27	$(1,304.0 M)	$(1,480.4 M)	$(978.0 M)	$(1,480.4 M)	$(521.6 M)	$(1,480.4 M)
46	2027-28	$(1,394.8 M)	$(1,480.4 M)	$(1,394.8 M)	$(1,480.4 M)	$(836.9 M)	$(1,480.4 M)
47	2028-29	$(1,480.4 M)	$(1,480.4 M)	$(1,480.4 M)	$(1,480.4 M)	$(1,480.4 M)	$(1,480.4 M)
48							
49	**Subparagraph 196.1979(1)(b)3. – Single Family and Duplexes: Impact on Non-School**						
50		High		Middle		Low	
51		Cash	Recurring	Cash	Recurring	Cash	Recurring
52	2024-25	$(1,667.0 M)	$(2,219.0 M)	$(416.7 M)	$(2,219.0 M)	$(166.7 M)	$(2,219.0 M)
53	2025-26	$(1,817.3 M)	$(2,219.0 M)	$(908.6 M)	$(2,219.0 M)	$(363.5 M)	$(2,219.0 M)
54	2026-27	$(1,954.6 M)	$(2,219.0 M)	$(1,466.0 M)	$(2,219.0 M)	$(781.9 M)	$(2,219.0 M)
55	2027-28	$(2,090.6 M)	$(2,219.0 M)	$(2,090.6 M)	$(2,219.0 M)	$(1,254.4 M)	$(2,219.0 M)
56	2028-29	$(2,219.0 M)	$(2,219.0 M)	$(2,219.0 M)	$(2,219.0 M)	$(2,219.0 M)	$(2,219.0 M)
57							
58	**Subparagraph 196.1979(1)(b)3. – Single Family and Duplexes: Total Impact**						
59		High		Middle		Low	
60		Cash	Recurring	Cash	Recurring	Cash	Recurring
61	2024-25	$(2,779.1 M)	$(3,699.4 M)	$(694.8 M)	$(3,699.4 M)	$(277.9 M)	$(3,699.4 M)
62	2025-26	$(3,029.6 M)	$(3,699.4 M)	$(1,514.8 M)	$(3,699.4 M)	$(605.9 M)	$(3,699.4 M)
63	2026-27	$(3,258.7 M)	$(3,699.4 M)	$(2,444.0 M)	$(3,699.4 M)	$(1,303.5 M)	$(3,699.4 M)
64	2027-28	$(3,485.4 M)	$(3,699.4 M)	$(3,485.4 M)	$(3,699.4 M)	$(2,091.2 M)	$(3,699.4 M)
65	2028-29	$(3,699.4 M)	$(3,699.4 M)	$(3,699.4 M)	$(3,699.4 M)	$(3,699.4 M)	$(3,699.4 M)
66							
67	**Subparagraph 196.1979(1)(d)1. – Monroe County: Impact on School**						
68		High		Middle		Low	
69		Cash	Recurring	Cash	Recurring	Cash	Recurring
70	2024-25	$(34.3 M)	$(45.7 M)	$(8.6 M)	$(45.7 M)	$(3.4 M)	$(45.7 M)
71	2025-26	$(37.4 M)	$(45.7 M)	$(18.7 M)	$(45.7 M)	$(7.5 M)	$(45.7 M)
72	2026-27	$(40.3 M)	$(45.7 M)	$(30.2 M)	$(45.7 M)	$(16.1 M)	$(45.7 M)
73	2027-28	$(43.1 M)	$(45.7 M)	$(43.1 M)	$(45.7 M)	$(25.8 M)	$(45.7 M)
74	2028-29	$(45.7 M)	$(45.7 M)	$(45.7 M)	$(45.7 M)	$(45.7 M)	$(45.7 M)
75							
76	**Subparagraph 196.1979(1)(d)1. – Monroe County: Impact on Non-School**						
77		High		Middle		Low	
78		Cash	Recurring	Cash	Recurring	Cash	Recurring
79	2024-25	$(46.3 M)	$(61.7 M)	$(11.6 M)	$(61.7 M)	$(4.6 M)	$(61.7 M)
80	2025-26	$(50.5 M)	$(61.7 M)	$(25.3 M)	$(61.7 M)	$(10.1 M)	$(61.7 M)
81	2026-27	$(54.3 M)	$(61.7 M)	$(40.8 M)	$(61.7 M)	$(21.7 M)	$(61.7 M)
82	2027-28	$(58.1 M)	$(61.7 M)	$(58.1 M)	$(61.7 M)	$(34.9 M)	$(61.7 M)
83	2028-29	$(61.7 M)	$(61.7 M)	$(61.7 M)	$(61.7 M)	$(61.7 M)	$(61.7 M)
84							
85	**Subparagraph 196.1979(1)(d)1. – Monroe County: Total Impact**						
86		High		Middle		Low	
87		Cash	Recurring	Cash	Recurring	Cash	Recurring
88	2024-25	$(80.7 M)	$(107.4 M)	$(20.2 M)	$(107.4 M)	$(8.1 M)	$(107.4 M)
89	2025-26	$(88.0 M)	$(107.4 M)	$(44.0 M)	$(107.4 M)	$(17.6 M)	$(107.4 M)
90	2026-27	$(94.6 M)	$(107.4 M)	$(71.0 M)	$(107.4 M)	$(37.8 M)	$(107.4 M)
91	2027-28	$(101.2 M)	$(107.4 M)	$(101.2 M)	$(107.4 M)	$(60.7 M)	$(107.4 M)
92	2028-29	$(107.4 M)	$(107.4 M)	$(107.4 M)	$(107.4 M)	$(107.4 M)	$(107.4 M)
93							

	A	B	C	D	E	F	G
94	**HB1297: Impact on School**						
95		High		Middle		Low	
96		Cash	Recurring	Cash	Recurring	Cash	Recurring
97	2024-25	$(1,146.5 M)	$(1,526.1 M)	$(286.6 M)	$(1,526.1 M)	$(114.6 M)	$(1,526.1 M)
98	2025-26	$(1,249.8 M)	$(1,526.1 M)	$(624.9 M)	$(1,526.1 M)	$(250.0 M)	$(1,526.1 M)
99	2026-27	$(1,344.3 M)	$(1,526.1 M)	$(1,008.2 M)	$(1,526.1 M)	$(537.7 M)	$(1,526.1 M)
100	2027-28	$(1,437.8 M)	$(1,526.1 M)	$(1,437.8 M)	$(1,526.1 M)	$(862.7 M)	$(1,526.1 M)
101	2028-29	$(1,526.1 M)	$(1,526.1 M)	$(1,526.1 M)	$(1,526.1 M)	$(1,526.1 M)	$(1,526.1 M)
102							
103	**HB1297: Impact on Non-School**						
104		High		Middle		Low	
105		Cash	Recurring	Cash	Recurring	Cash	Recurring
106	2024-25	$(1,713.3 M)	$(2,280.7 M)	$(428.3 M)	$(2,280.7 M)	$(171.3 M)	$(2,280.7 M)
107	2025-26	$(1,867.8 M)	$(2,280.7 M)	$(933.9 M)	$(2,280.7 M)	$(373.6 M)	$(2,280.7 M)
108	2026-27	$(2,009.0 M)	$(2,280.7 M)	$(1,506.7 M)	$(2,280.7 M)	$(803.6 M)	$(2,280.7 M)
109	2027-28	$(2,148.8 M)	$(2,280.7 M)	$(2,148.8 M)	$(2,280.7 M)	$(1,289.3 M)	$(2,280.7 M)
110	2028-29	$(2,280.7 M)	$(2,280.7 M)	$(2,280.7 M)	$(2,280.7 M)	$(2,280.7 M)	$(2,280.7 M)
111							
112	**HB1297: Total Impact**						
113		High		Middle		Low	
114		Cash	Recurring	Cash	Recurring	Cash	Recurring
115	2024-25	$(2,859.8 M)	$(3,806.8 M)	$(714.9 M)	$(3,806.8 M)	$(286.0 M)	$(3,806.8 M)
116	2025-26	$(3,117.6 M)	$(3,806.8 M)	$(1,558.8 M)	$(3,806.8 M)	$(623.5 M)	$(3,806.8 M)
117	2026-27	$(3,353.3 M)	$(3,806.8 M)	$(2,515.0 M)	$(3,806.8 M)	$(1,341.3 M)	$(3,806.8 M)
118	2027-28	$(3,586.6 M)	$(3,806.8 M)	$(3,586.6 M)	$(3,806.8 M)	$(2,152.0 M)	$(3,806.8 M)
119	2028-29	$(3,806.8 M)	$(3,806.8 M)	$(3,806.8 M)	$(3,806.8 M)	$(3,806.8 M)	$(3,806.8 M)