

TAX: Workers Compensation Administrative Assessment TF, SDTF Fund, and IPT,
BILL NUMBER(S): CS/CS/CS/ SB2282 AND SB2252
SPONSOR(S):
MONTH/YEAR COLLECTION IMPACT BEGINS: UPON BECOMING LAW
DATE OF ANALYSIS: April 25, 2003

ACTION 1: NARRATIVE

a. Current Law:

Section 625.5106, F.S. (7) A thru D. Provider Assessment Offsets does not exist.

b. Proposed Change:

Section 625.5106, FS, (7) A. allows each investor in a an SEEP provider to earn vested offsets against future s.440.49 and s.440.51 assessments, equal to the face amount of the permitted debt instrument. Such offsets shall be earned on the fund allocation date (i.e, defined as the date when the SEEP provider receives the investments from the investor). SEEP is defined as the State Economic Stimulus Plan and an SEEP provider is a company that is qualified under this plan..

SECTION 2 : DATA AND SOURCES

1. Insurance Premium Tax data for CY2001, schedule 6 provides the workers compensation credits taken against IPT and the workers' compensation administrative assessments that 263 insurers paid in CY2001.
2. The 2003 Florida Tax Handbook, listing the Value of the Workers' Compensation Assessments for FY0203.

SECTION 3 ASSUMPTIONS

See attached.

SECTION 4. CALCULATIONS

See attached.

SECTION 5: IMPACT SUMMARY

State Impact-All Funds WC SDTF	FY2003-04- Annualized (\$millions)	FY2003-04 Cash (\$millions)	FY2004-05 Recurring (\$millions)
High	-20	-20	-20
Middle	-15	-15	-15
Low	-13.9	-13.9	-13.9

State Impact-All Funds WC-Administrative T.F.	FY2003-04- Annualized (\$millions)	FY2003-04 Cash (\$millions)	FY2004-05 Recurring (\$millions)
High	0	0	0
Middle	-5	-5	-5
Low	-6.9	-6.9	-6.9

Consensus Estimate Adopted: 4/25/03	FY2003-04- Annualized (\$millions)	FY2003-04 Cash (\$millions)	FY2004-05 Recurring (\$millions)
Trust	(18.5)	(18.5)	(18.5)
GR Service Charge	(1.5)	(1.5)	(1.5)
Total	(20.0)	(20.0)	(20.0)

CS/CS/ C/S SB2328 and CS2252

Data

	Average \$millions	Max \$million
1 Insurance Premium Tax Files for CY2001		
263 filers of Schedule 6- average payment IPT	0.24	5.59
Workers' Compensation assessment	0.36	7.19
Workers' Compensation credit/ capped at IPT source: DOR	0.24	5.69

Simulation

Using the average and maximum assessments suggest that on an individual basis if the allowed offset exceeds a company's SDTF assessment, there is a spillover to the Administrative Assessment Fund which will have an impact on Insurance Premium Tax of +\$2.67 million.

Assumptions

- 1a. The full \$20 million offset will be applied to the SDTF, with no impacts on the Administrative Assessments and IPT.
- 1b. The offset individually will result in a -\$6.1 million to the Assessment TF, -\$13.9million to the SDTF and a +2.67 million impact on IPT.

214

FY0304	W C Assessments			Total
	Admin	SDTF	Offset	Offset
	\$millions	\$millions	\$millions	\$millions
High	\$0.00	-\$20.00	-\$20.00	\$0.00
Middle	-\$5.00	-\$15.00	-\$20.00	\$2.19
Low	-\$6.10	-\$13.90	-\$20.00	\$2.67