

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use Tax

**ISSUE:** Electricity used in fruit and vegetable packing houses

**BILL NUMBER(S):** HB 1137

**SPONSOR(S):** Rep. Poppell

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1<sup>st</sup> 2009

**DATE OF ANALYSIS:** March 25<sup>th</sup>, 2009

**SECTION 1: NARRATIVE**

**a. Current Law:** No exemption on the sales tax of electricity for off farm packing houses

**b. Proposed Change:** Electricity used directly or indirectly in a packing house is exempt from sales and use tax. A packing house in this context refers to any building or structure in which fruits and vegetables are packed or otherwise prepared for market or shipment in fresh form for wholesale distribution. It does not apply to buildings or structures where agricultural products are sold at retail

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

Florida Department of Agriculture- [www.florida-agriculture.com](http://www.florida-agriculture.com)

Institute of Food and Agricultural Services @ the University of Florida- <http://research.ifas.ufl.edu>

Previously noted survey of Grower Associations that produce fruits and vegetables

Previously noted discussions with the Florida Fruit and Vegetable Association and the Florida Farm Bureau Federation

REC March 2009

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

1. Assumed the first year is (11/12)\*(Annualized Dollars)
2. Assumed the number of packing houses unchanged from previous surveys of grower associations completed in 2008
3. Grew values by the sales tax collection rates of the March 2009 REC
4. The low estimate assumes the peak electricity used has a taxable base of \$10,000 monthly per packing house, and an off peak base of \$2,500 monthly
5. The middle estimate assumes the peak electricity used has a taxable base of \$15,000 monthly per packing house, and an off peak base of \$5,000 monthly
6. The high estimate assumes the electricity used remains the same but the number of packing houses increases to 125

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact: All Funds	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
High	(\$1.22)	(\$1.11m)	(\$1.27m)	(\$1.32m)	(\$1.4m)
Middle	(\$0.93m)	(\$0.84m)	(\$0.96m)	(\$1.01m)	(\$1.06m)
Low	(\$0.59m)	(\$0.54m)	(\$0.62m)	(\$0.65m)	(\$0.69m)

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/27/09)** The conference adopted the middle estimate.

	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
General Revenue	(.8)	(.7)	(.9)	(.9)	(1.0)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(.8)	(.7)	(.9)	(.9)	(1.0)
Revenue Sharing	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Local Gov't Half Cent	(.1)	(.1)	(.1)	(.1)	(.1)
Local Option	(.1)	(.1)	(.1)	(.1)	(.1)
Total Local Impact	(.2)	(.2)	(.2)	(.2)	(.2)
Total Impact	(1.0)	(.9)	(1.1)	(1.1)	(1.2)

	Annualized 2009	2009-10	2010-11	2011-12	2012-13
<b>Low Estimates</b>	<b>\$ (598,500.00)</b>	<b>\$ (546,002.04)</b>	<b>\$ (622,529.49)</b>	<b>\$ (649,719.76)</b>	<b>\$ (687,525.27)</b>

Number of Packing Houses	95				
Average Electric Use Peak	\$ 10,000.00				
Average electric Use Off Peak	\$ 2,500.00				
	Peak (Average)	Off Peak (Average)			
Electrical Taxable Base Monthly	\$ 950,000.00	\$ 237,500.00			
Months	8	4			
Total Electrical Taxable Base	\$ 7,600,000.00	\$ 950,000.00			
Collected at rate of 7%	\$ 532,000.00	\$ 66,500.00			

	Annualized 2009	2009-10	2010-11	2011-12	2012-13
<b>Middle Estimates</b>	<b>\$ (931,000.00)</b>	<b>\$ (849,336.50)</b>	<b>\$ (968,379.21)</b>	<b>\$ (1,010,675.18)</b>	<b>\$ (1,069,483.75)</b>

Number of Packing Houses	95				
Average Electric Use Peak	\$ 15,000.00				
Average electric Use Off Peak	\$ 5,000.00				
	Peak (Average)	Off Peak (Average)			
Electrical Taxable Base Monthly	\$ 1,425,000.00	\$ 475,000.00			
Months	8	4			
Total Electrical Taxable Base	\$ 11,400,000.00	\$ 1,900,000.00			
Collected at rate of 7%	\$ 798,000.00	\$ 133,000.00			

	Annualized 2009	2009-10	2010-11	2011-12	2012-13
<b>High Estimates</b>	<b>\$ (1,225,000.00)</b>	<b>\$ (1,117,548.03)</b>	<b>\$ (1,274,183.17)</b>	<b>\$ (1,329,835.76)</b>	<b>\$ (1,407,215.46)</b>

Number of Packing Houses	125				
Average Electric Use Peak	\$ 15,000.00				
Average electric Use Off Peak	\$ 5,000.00				
	Peak (Average)	Off Peak (Average)			
Electrical Taxable Base Monthly	\$ 1,875,000.00	\$ 625,000.00			
Months	8	4			
Total Electrical Taxable Base	\$ 15,000,000.00	\$ 2,500,000.00			
Collected at rate of 7%	\$ 1,050,000.00	\$ 175,000.00			

Year	Revenue Estimate	Percentage Change
2008-09	631.67	
2009-10	628.65	-0.005
2010-11	653.89	0.040
2011-12	682.45	0.044
2012-13	722.16	0.058