

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: \$18,000 cap on boats

BILL NUMBER(S): HB711/SB2454, CS/SB1752

SPONSOR(S): Rep. Grady/ Sen. Negron

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2010

DATE OF ANALYSIS: March 12, 2010

SECTION 1: NARRATIVE

- a. **Current Law:** Provides that the sale of a boat is subject to tax at the rate of 6% of the sales price.
- b. **Proposed Change:** Provides that amount of tax collected on the sale or use of a boat may not exceed \$18,000.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

Department of Revenue Discovery Data 2005-current
 DMV REGISTRATION ON BOATS DATA 2005-2009
 DOR AFFIDAVIT SUMMARY

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Previously adopted estimate on boats from Jobs for Florida bill 2010

SECTION 4: PROPOSED FISCAL IMPACT

| State Impact: All Funds | FY 2010-11 Cash | FY 2010-11 Annualized | FY 2011-12 Cash | FY 2012-13 Cash | FY 2013-14 Cash |
|----------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| High | | | | | |
| Middle | (\$1.6m) | (\$1.7m) | (\$1.8m) | (\$1.9m) | (\$2.0m) |
| Low | | | | | |

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/12/10) The conference adopted the proposed estimate.

| | FY 2010-11 Cash | FY 2010-11 Annualized | FY 2011-12 Cash | FY 2012-13 Cash | FY 2013-14 Cash |
|-----------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| General Revenue | (1.4) | (1.5) | (1.5) | (1.6) | (1.7) |
| State Trust | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) |
| Total State Impact | (1.4) | (1.5) | (1.5) | (1.6) | (1.7) |
| Revenue Sharing | (Insignificant) | (Insignificant) | (.1) | (.1) | (.1) |
| Local Gov't Half Cent | (.2) | (.2) | (.2) | (.2) | (.2) |
| Local Option | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) |
| Total Local Impact | (.2) | (.2) | (.3) | (.3) | (.3) |
| Total Impact | (1.6) | (1.7) | (1.8) | (1.9) | (2.0) |

| | A | B | C | D | E | F |
|----|----------------------------------------|-----------------------------------------|-----------------------------------------------------------------------|-------------------------|----------------------|---|
| 1 | | Discovery Data | | | | |
| 2 | | Boats | | | Total # in discovery | |
| 3 | | Total | \$>18k | # >\$18K | vessels | |
| 5 | FY 07 | \$ 8,871,148 | \$ 6,233,816 | 79 | 596 | |
| 6 | FY 08 | \$ 6,303,762 | \$ 4,449,187 | 82 | 436 | |
| 7 | FY 09 | \$ 4,210,459 | \$ 2,725,024 | 42 | 337 | |
| 8 | FY 10 ytd | \$ 1,476,182 | \$ 707,160 | 20 | 163 | |
| 9 | FY 09 ytd/total | 63% | 63% | | | |
| 10 | FY 10 -est | \$ 2,343,146 | \$ 1,122,476 | 16 | 233 | |
| 11 | | avg tax for vessels > \$300K | | \$ 66,049 | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | Loss from discovery boats and aircraft | Fiscal Year 09 estimate from ytd growth | | | | |
| 15 | | Vessels | | | | |
| 16 | Sales Tax (6%) | \$ 1,122,476 | | | | |
| 17 | Taxable Sales | \$ 18,707,937 | | | | |
| 18 | # of crafts/vessels | 16 | (Based on average tax collected on aircraft/vessel over \$18K in tax) | | | |
| 19 | @ \$18,000 | \$ 288,637 | | | | |
| 20 | Net Loss | \$ 833,839 | | | | |
| 21 | | | | | | |
| 22 | Summary | | | | | |
| 23 | | Boats - registered w DMV | Boats - Discovery | Total Loss of sales tax | | |
| 24 | FY 09/10 est | \$ (0.9) | \$ (0.8) | \$ (1.7) | ytd growth | |
| 25 | FY 10/11 est | | | \$ (1.7) | 0% | |
| 26 | FY 11/12 est | | | \$ (1.8) | 3% | |
| 27 | FY 12/13 est | | | \$ (1.9) | 4% | |
| 28 | FY 13/14 est | | | \$ (2.0) | 5% | |

| | A | B | C | D | E | F | G | H | I | J | K | |
|-----|------------------------------------------------------------------------------------------|-------------|---------------|--------------------------------------------------------|------------|------------|---|---|---|---|---|--------------|
| 1 | Filtered boats that have been acquired since 2005 and are pleasure vessels from DMV data | | | | | | | | | | | |
| 12 | | | | | | | | | | | | |
| 77 | Filter out from entire population for 2008: | | | | | | | | | | | |
| 78 | Boats 10 years or newer. | | | | | | | | | | | |
| 79 | Cabin Motorboats & Auxillary Sail Boats> 35 feet | | | | | | | | | | | |
| 80 | Boats that have a sales price listed. (Only ones sure there was sales tax due). | | | | | | | | | | | |
| 81 | | | | | | | | | | | | |
| 82 | 2008 Cabin Motorboats | | | | | | | | | | | |
| 83 | Length | Max Price | Count | Assumption of sales price (add \$25K for each foot) | | | | | | | | |
| 84 | 35 | \$ 589,310 | 6 | \$ | 400,000 | | | | | | | |
| 85 | 36 | \$ 428,400 | 24 | \$ | 425,000 | | | | | | | |
| 86 | 37 | \$ 389,541 | 49 | \$ | 450,000 | | | | | | | |
| 87 | 38 | \$ 134,500 | 31 | \$ | 475,000 | | | | | | | |
| 88 | 39 | \$ 35,400 | 15 | \$ | 500,000 | | | | | | | |
| 89 | 40 | \$ 570,000 | 11 | \$ | 525,000 | | | | | | | |
| 90 | 41 | \$ 539,568 | 11 | \$ | 550,000 | | | | | | | |
| 91 | 42 | \$ - | 4 | \$ | 575,000 | | | | | | | |
| 92 | 43 | \$ - | 6 | \$ | 600,000 | | | | | | | |
| 93 | 44 | \$ - | 4 | \$ | 625,000 | | | | | | | |
| 94 | 45 | \$ 496,135 | 7 | \$ | 650,000 | | | | | | | |
| 95 | 46 | \$ 499,000 | 2 | \$ | 675,000 | | | | | | | |
| 96 | 47 | \$ - | 6 | \$ | 700,000 | | | | | | | |
| 97 | 48 | \$ - | 2 | \$ | 725,000 | | | | | | | |
| 98 | 49 | \$ - | 2 | \$ | 750,000 | | | | | | | |
| 99 | 50 | \$ - | 3 | \$ | 775,000 | | | | | | | |
| 100 | 51 | \$ 685,000 | 2 | \$ | 800,000 | | | | | | | |
| 101 | 52 | \$ - | 2 | \$ | 825,000 | | | | | | | |
| 102 | 53 | \$ 70,000 | 2 | \$ | 850,000 | | | | | | | \$ 1,166,667 |
| 103 | 54 | \$ - | 4 | \$ | 875,000 | | | | | | | |
| 104 | 56 | \$ - | 2 | \$ | 900,000 | | | | | | | |
| 105 | 59 | \$ 908,000 | 3 | \$ | 950,000 | | | | | | | |
| 106 | 60 | \$ 30,000 | 2 | \$ | 975,000 | | | | | | | \$ 500,000 |
| 107 | 61 | \$ - | 1 | \$ | 1,000,000 | | | | | | | |
| 108 | 63 | \$ - | 1 | \$ | 1,050,000 | | | | | | | |
| 109 | 74 | \$ - | 1 | \$ | 1,275,000 | | | | | | | |
| 110 | 85 | \$ - | 1 | \$ | 1,500,000 | | | | | | | |
| 111 | 106 | \$ - | 1 | \$ | 1,725,000 | | | | | | | |
| 112 | 205 | | | | | | | | | | | |
| 157 | 1999-2009 | | | Acquired in 2008 | | | | | | | | |
| 158 | Length | Grand Total | Assumed price | 6% tax | \$18K tax | Difference | | | | | | |
| 160 | 35 | 6 | \$ 400,000 | \$ 144,000 | \$ 108,000 | \$ 36,000 | | | | | | |
| 161 | 36 | 6 | \$ 425,000 | \$ 153,000 | \$ 108,000 | \$ 45,000 | | | | | | |
| 162 | 37 | 10 | \$ 450,000 | \$ 270,000 | \$ 180,000 | \$ 90,000 | | | | | | |
| 163 | 38 | 3 | \$ 475,000 | \$ 85,500 | \$ 54,000 | \$ 31,500 | | | | | | |
| 164 | 39 | 2 | \$ 500,000 | \$ 60,000 | \$ 36,000 | \$ 24,000 | | | | | | |
| 165 | 40 | 8 | \$ 525,000 | \$ 252,000 | \$ 144,000 | \$ 108,000 | | | | | | |
| 166 | 41 | 6 | \$ 550,000 | \$ 198,000 | \$ 108,000 | \$ 90,000 | | | | | | |
| 170 | 45 | 1 | \$ 650,000 | \$ 39,000 | \$ 18,000 | \$ 21,000 | | | | | | |
| 171 | 46 | 2 | \$ 675,000 | \$ 81,000 | \$ 36,000 | \$ 45,000 | | | | | | |
| 173 | 48 | 2 | \$ 725,000 | \$ 87,000 | \$ 36,000 | \$ 51,000 | | | | | | |
| 175 | 50 | 1 | \$ 775,000 | \$ 46,500 | \$ 18,000 | \$ 28,500 | | | | | | |
| 176 | 51 | 1 | \$ 800,000 | \$ 48,000 | \$ 18,000 | \$ 30,000 | | | | | | |
| 178 | 53 | 1 | \$ 850,000 | \$ 51,000 | \$ 18,000 | \$ 33,000 | | | | | | |
| 184 | 59 | 1 | \$ 1,000,000 | \$ 60,000 | \$ 18,000 | \$ 42,000 | | | | | | |
| 185 | 60 | 2 | \$ 1,025,000 | \$ 123,000 | \$ 36,000 | \$ 87,000 | | | | | | |
| 197 | 131 | 1 | \$ 2,800,000 | \$ 168,000 | \$ 18,000 | \$ 150,000 | | | | | | |
| 198 | Grand Total | 47 | CY 2008 | Total boats 1999-2009 | | \$ 912,000 | | | | | | |
| 199 | Grow flat | | | FY 2009 | \$ 912,000 | | | | | | | |
| 200 | | | | FY2010 | \$ 912,000 | | | | | | | |