

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use

**ISSUE:** Exemption to Gas Turbine Manufacturers

**BILL NUMBER(S):** HB 675 & SB 1080

**SPONSOR(S):** Representative Workman & Senator Altman

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2011

**DATE OF ANALYSIS:** February 22, 2011

**SECTION 1: NARRATIVE**

**a. Current Law:** There is no current exemption for items relating to the production of gas turbines

**b. Proposed Change:** Provides and exemption on the sales and use tax for cores, patterns, dies, and molds used in the production of gas turbine engine parts used for aircraft or industrial applications.

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

US Census QCEW

2009 annual survey of manufacturers

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

See Attached:

**SECTION 4: PROPOSED FISCAL IMPACT**

| State Impact:<br>All Funds | FY 2011-12<br>Cash | FY 2011-12<br>Annualized | FY 2012-13<br>Cash | FY 2013-14<br>Cash | FY 2014-15<br>Cash |
|----------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| High                       | (\$ 1.5 M)         | (\$ 1.6 M)               | (\$ 1.6 M)         | (\$ 1.7 M)         | (\$ 1.7 M)         |
| Middle                     | (\$ 0.74 M)        | (\$ 0.8 M)               | (\$ .8 M)          | (\$ 0.8 M)         | (\$ 0.9 M)         |
| Low                        | (\$ 0.37 M)        | (\$ 0.40 M)              | (\$ 0.41 M)        | (\$ 0.42 M)        | (\$ 0.43 M)        |

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/11/11)** The conference adopted the middle estimate.

|                       | FY 2011-12<br>Cash | FY 2011-12<br>Annualized | FY 2012-13<br>Cash | FY 2013-14<br>Cash | FY 2014-15<br>Cash |
|-----------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
| General Revenue       | (.6)               | (.7)                     | (.7)               | (.7)               | (.8)               |
| State Trust           | (Insignificant)    | (Insignificant)          | (Insignificant)    | (Insignificant)    | (Insignificant)    |
| Total State Impact    | (.6)               | (.7)                     | (.7)               | (.7)               | (.8)               |
| 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          | (.8)               | (.9)                     | (.9)               | (.9)               | (1.0)              |

|    | A   | B   | C                       | D  | E         | F        | G |
|----|-----|---|-------------------------|--|-----------|----------|---|
| 1  |     | Data for Florida from Census QCEW                       |                         |  | in \$1000 |          |   |
| 2  |     | naics   | year                    | wage   | emp       |          |   |
| 3  |     |   |                         |  |           |          |   |
| 4  |     | 3335 Metalworking                                       | 2007                    | 109,395  | 2,963     |          |   |
| 5  |     | Machinery   | 2008                    | 104,916  | 2,674     |          |   |
| 6  |     | manufacturing   | 2009                    | 87,367   | 2,220     |          |   |
| 7  |     | 333511 Industrial Mold                                  | 2007                    | 30,378   | 788       |          |   |
| 8  |     | Manufacturing   | 2008                    | 28,817   | 696       |          |   |
| 9  |     |   | 2009                    | 24,556   | 596       |          |   |
| 10 |     | 333514 Special tool,                                    | 2007                    | 21,323   | 562       |          |   |
| 11 |     | die, jig, and fixture mfg.                              | 2008                    | 18,799   | 460       |          |   |
| 12 |     |   | 2009                    | 15,699   | 383       |          |   |
| 13 |     |   |                         |  |           |          |   |
| 14 |     | compared to main sector 3335                            |                         | wage share   | emp share | avg      |   |
| 15 |     |   | 2007                    | 47%  | 46%       | 46%      |   |
| 16 |     | 333511 and 333514                                       | 2008                    | 45%  | 43%       | 44%      |   |
| 17 |     |   | 2009                    | 46%  | 44%       | 45%      |   |
| 18 |     |   |                         |  |           |          |   |
| 19 |     | 2009 Annual Survey of Manufactures                      | Release Date: 12/3/2010 | Sector 31: Annual Survey of Manufactures: Geographic Area Statistics: Statistics for All Manufacturing by State: 2009 and 2008 |           |          |   |
| 20 |     |   |                         |  |           |          |   |
| 21 |     | Florida total cost of materials in sector 3335 (\$1000) | 56625                   |  |           |          |   |
| 22 |     | sub sector share  | 45%                     |  |           |          |   |
| 23 |     | sub sector share of material cost                       | 25,481                  |  |           |          |   |
| 24 |     |   |                         |  |           |          |   |
| 25 |     | Assume 2% growth rate                                   |                         |  |           |          |   |
| 26 |     |   |                         |  |           |          |   |
| 27 |     | year  | FL share*               | tax impact*  | fy        | cy to fy |   |
| 28 |     | 2009  | \$ 25.5                 | 1.53   |           |          |   |
| 29 |     | 2010  | \$ 26.0                 | 1.56   | 2009-10   | \$ 1.5   |   |
| 30 |     | 2011  | \$ 26.5                 | 1.59   | 2010-11   | \$ 1.6   |   |
| 31 |     | 2012  | \$ 27.0                 | 1.62   | 2011-12   | \$ 1.6   |   |
| 32 |     | 2013  | \$ 27.6                 | 1.65   | 2012-13   | \$ 1.6   |   |
| 33 |     | 2014  | \$ 28.1                 | 1.69   | 2013-14   | \$ 1.7   |   |
| 34 |     | 2015  | \$ 28.7                 | 1.72   | 2014-15   | \$ 1.7   |   |
| 35 |     |   |                         |  |           |          |   |
| 36 |     | 2011-12 cash  | 2011-12                 | 2012-13  | 2013-14   | 2014-15  |   |
| 37 |     | \$ 1.5  | \$ 1.6                  | \$ 1.6   | \$ 1.7    | \$ 1.7   |   |
| 38 | 50% | \$ 0.74   | \$ 0.80                 | \$ 0.8   | \$ 0.8    | \$ 0.9   |   |
| 39 | 25% | \$ 0.37   | \$ 0.40                 | \$ 0.41  | \$ 0.42   | \$ 0.43  |   |
| 40 |     |   |                         |  |           |          |   |
| 41 |     | *millions   |                         |  |           |          |   |
| 42 |     |   |                         |  |           |          |   |
| 43 |     |   |                         |  |           |          |   |