

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Ad Valorem

**ISSUE:** Tax Administration---Retroactive Application Due to Federal Processing Delay

**BILL NUMBER(S):** SB 1256

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** January 1, 2013

**DATE OF ANALYSIS:** December 19, 2011

**SECTION 1: NARRATIVE**

**a. Current Law:**

Chapter 196, F.S., provides the following property tax exemptions:

- Homestead, up to \$50,000 (s. 196.031, F.S.);
- Homestead for certain permanently and totally disabled veterans and for surviving spouses of veterans (s. 196.081, F.S.);
- Homestead for disabled veterans confined to wheelchairs (s. 196.091, F.S.);
- Homestead for totally and permanently disabled persons, based on income (s. 196.101, F.S.);
- Homestead or non-homestead for property of widows, widowers, blind persons, and persons totally and permanently disabled, up to \$500 (s. 196.202, F.S.); and
- Homestead or non-homestead for disabled ex-servicemember or surviving spouse; evidence of disability, up to \$5,000 (s. 196.24, F.S.).

Also, chapter 196, F.S., provides the following property tax discount:

- Homestead discount for disabled veterans (s. 196.082, F.S.).

Section 197.182(1)(c), F.S., provides that overpayments in the amount of \$10 or less may be retained by the tax collector unless a written claim for a refund is received from the taxpayer. Overpayments of more than \$10 resulting from taxpayer error, if identified within the 4-year period of limitation, must be automatically refunded to the taxpayer. Such refunds do not require Department of Revenue approval.

Section 197.182(1)(e), F.S., provides that claims for refunds must be made pursuant to the Department of Revenue’s rules. A refund may not be granted unless a claim for the refund is made within 4 years after January 1 of the tax year for which the taxes were paid.

**b. Proposed Change:**

The bill provides that an applicant for these exemptions may apply prior to receiving the necessary documentation from a U.S. government agency (the U.S. Department of Veterans Affairs or the Social Security Administration). Upon receipt of the documentation, the exemption is to be granted as of the date of the original application. Also, any excess taxes paid are to be refunded, and any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e), F.S.

**Summary Table of Exemptions and Discount**

<b><u>Bill Section Number and Line Numbers</u></b>	<b><u>Statutory Citation</u></b>	<b><u>Exemption/Discount Description</u></b>
15 (lines 512-535)	s. 196.031, F.S.	<u>Exemption:</u> every person who owns and resides on real property in Florida on January 1 and makes the property his or her permanent residence is eligible to receive a homestead exemption up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption up to \$25,000, applies to the assessed value between \$50,000 and \$75,000 and only to non-school taxes.
16 (lines 536-548)	s. 196.081, F.S.	<u>Exemption:</u> an honorably discharged veteran who is totally and permanently disabled resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.

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17 (lines 549-560)	s. 196.082, F.S.	<u>Discount:</u> a veteran who is disabled, 65 or older, and owns homestead property may qualify for a property tax discount based on percent of disability. To be eligible, the veteran must have been honorably discharged from military service, be partially disabled with a permanent service-connected disability, at least part of which is combat-related, and must have been a Florida resident at the time of entering military service.
18 (lines 561-573)	s. 196.091, F.S.	<u>Exemption:</u> an honorably discharged veteran who requires a wheelchair for mobility resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.
19 (lines 574-586)	s. 196.101, F.S.	<u>Exemption:</u> real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt if the gross household income is below the current gross income limit. Gross income is the income, including veterans' and social security benefits, of all persons residing in the homestead.
21 (lines 596-617)	s. 196.202, F.S.	<u>Exemption:</u> any widow or widower who is a Florida resident may claim a \$500 exemption. Individuals who remarry are no longer eligible for the exemption. Persons who were divorced before the death of an ex-spouse do not qualify as a widow or widower.
22 (lines 618-648)	s. 196.24, F.S.	<u>Exemption:</u> an ex-service member disabled at least 10% in war or by service-connected events may be entitled to a \$5,000 exemption on any property he or she owns.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**  
Department of Revenue Property Tax Data

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

The following information applies to each of the exemptions and the discount under this bill:

Data from the 2009-2011 property tax rolls was used to obtain the year-over-year net change in the number of exemptions granted. The 2010-2011 net change was then doubled to approximate the new cohort for 2011. The 2011 average dollar amount was computed by dividing the total value of real property by the number of properties in the roll.

Taxable values were obtained by multiplying the 2011 estimated number of new exemptions by the 2011 average dollar amount. The following assumptions were made in developing the taxable value estimates:

- for the low, 1% of the new cohort is impacted and 2 years of refund are due;
- for the middle, 3% of the new cohort is impacted and 3 years of refund are due; and
- for the high, 10% of the new cohort is impacted and 3 years of refund are due.

The tax impacts were obtained by multiplying the resulting low, middle, and high taxable values by the total millage rate of 0.186 (0.077 for school and 0.109 for non-school). Refund amounts were then derived by applying the homestead value growth rates from the September 2011 Ad Valorem Conference.

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**SECTION 4: PROPOSED FISCAL IMPACT**

IMPACT VALUE SCHOOL

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(0.1m)		(0.1m)	(0.1m)	(1.7m)
Middle	(0.1m)		(0.1m)	(0.1m)	(0.4m)
Low	(0.1m)		(0.1m)	(0.1m)	(0.1m)

IMPACT VALUE NON-SCHOOL

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(0.1m)		(0.1m)	(0.1m)	(2.4m)
Middle	(0.1m)		(0.1m)	(0.1m)	(0.6m)
Low	(0.1m)		(0.1m)	(0.1m)	(0.1m)

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted the middle estimate, assuming statewide average millage rates of 7.8 for school taxes and 10.9 for non-school taxes.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
School Impact	(.1)	(.1)	(.1)	(.1)	(.1)
Non-school Impact	(.1)	(.1)	(.1)	(.1)	(.1)
Total Impact	(.2)	(.2)	(.2)	(.2)	(.2)

	B	C	D	E	F	G	H	I
2	Statute	Name	Application	2011 Value Total - Real Property	2011 Value Total - Personal Property	2011 Number	2011 Average Exemption	Number of New Exemptions 2011
3	196.081	Totally and Permanently Disabled Vet	Homestead	\$4,199,439,660		41,740	\$100,609	3,394
4	196.091	Wheelchair Vet	Homestead	\$118,382,642		996	\$118,858	1,520
5	196.101	Totally and Permanently Disabled - Income Test	Homestead	\$585,207,459		6,395	\$91,510	0
6	196.202	Total and Permanent Disability	homestead or non homestead	\$94,795,826	819,948	83,564	\$1,144	8,650
7	196.24	Disabled Ex-Service Member	homestead or non homestead	\$495,817,840	1,023,299	106,425	\$4,668	21,424
8								
9	196.082	Disabled Veterans Discount	homestead	\$31,128,916		1,328	\$23,440	200
10								
11								
12	Statute	Name	Application	Estimated Number of New Exemptions 2011	Low taxable value impact estimate (1% of new cohort is impacted - 2 years of refund)	Middle Taxable Value impact Estimate (3% of new cohort is impacted - 3 year refund)	High Taxable Value impact Estimate (10% of new cohort is impacted - 3 year refund)	
13	196.081	Totally and Permanently Disabled Vet	Homestead	3,394	\$6,829,371	30,732,172	102,440,572	
14	196.091	Wheelchair Vet	Homestead	1,520	\$3,613,285	16,259,785	72,265,709	
15	196.101	Totally and Permanently Disabled - Income Test	Homestead	N/A	N/A			
16	196.202	Total and Permanent Disability	homestead or non homestead	8,650	\$197,950	890,777	3,959,008	
17	196.24	Disabled Ex-Service Member	homestead or non homestead	21,424	\$2,000,343	9,001,543	40,006,858	
18	196.082	Disabled Veterans Discount	homestead	200	\$0	0	0	
19		Total		35,188	12,640,950	56,884,276	218,672,147	
20								
21								
22				Tax Impact	School	NonSchool	Total	
23				High	\$1,683,776	\$2,383,526	\$4,067,302	
24				Middle	\$438,009	\$620,039	\$1,081,370	
25				Low	\$97,335	\$137,786	\$240,304	
26								

	B	C	D	E	F	G	H	I
27								
28				Tax Impact	School	NonSchool	Total	
29				High	\$1,683,776	\$2,383,526	\$4,067,302	
30				Middle	\$438,009	\$620,039	\$1,081,370	
31				Low	\$97,335	\$137,786	\$240,304	
32								
33					School	7.7		
34					NonSchool	10.9		
35								
36								
37		Operationalized - Year by Year impact - Schools	Assumptions	2012-13	2013-14	2014-15	2015-16	
38		High	10% of new cohort, 3 year refund	97,335	96,138	97,561	1,723,795	
39		Middle	3% new cohort, 3 year refund	97,335	96,138	97,561	448,419	
40		Low	1% new cohort, 2 year refund	97,335	96,138	97,561	99,649	
41								
42								
43		Operationalized - Year by Year impact - Nonschools	Assumptions	2012-13	2013-14	2014-15	2015-16	
44		High	10% of new cohort, 3 year refund	137,786	136,092	138,106	2,440,177	
45		Middle	3% new cohort, 3 year refund	137,786	136,092	138,106	634,775	
46		Low	1% new cohort, 2 year refund	137,786	136,092	138,106	141,061	
47								
48		<b>Implicit assumptions</b>						
49		Low- Taxpayers apply prior to receiving documentation under current law - no change in behavior						
50		Middle - 1% of taxpayers apply prior to receiving documentation, 2% induced to apply due to change in law						
51		High - 1% of taxpayers apply prior to receiving documentation under current law, 9% induced to apply due to change in law						
52								
53								

<b>Senate Bill 1256 --- Tax Administration</b>				
<b>Section</b>	<b>Issue</b>	<b>Current Law</b>	<b>Proposed Change</b>	<b>Potential Fiscal Impact</b>
Section 1	s. 192.001, F.S. - Definitions	Provides definitions related to ad valorem taxes.	Clarifies the definitions of "assessed value of property" and "complete submission of the rolls." For the latter, it provides a statutory reference for the required data (s. 193.114, F.S.).	None
Section 2	s. 192.0105, F.S. - Taxpayer rights	Addresses the Florida Taxpayer's Bill of Rights for property taxes and assessments. Provides a right to a VAB hearing within 4 hours of the scheduled time.	Addresses the right to the hearing at the scheduled time and the right to reschedule if the hearing cannot be held within a reasonable time, not to exceed 2 hours, after the scheduled time.	None
Section 3	s. 192.117, F.S. - Property Tax Administration Task Force	Provides a forum for bringing issues in property tax administration to DOR, of providing and evaluating suggestions for improving the property tax administration process, and of promoting greater understanding of property tax administration issues. DOR's Executive Director appoints the members and the task force makes periodic reports to DOR concerning findings and recommendations in the area of property tax administration.	Repeals this section.	None
Section 4	s. 193.114, F.S. - Preparation of assessment rolls	Provides that for each sale of the property in the previous year, the sale price, sale date, official record book and page number or clerk instrument number, and the basis for qualification or disqualification as an arms-length transaction. Sale data must be current on all tax rolls submitted to the department, and sale qualification decisions must be recorded on the tax roll within 3 months after the sale date.	Provides that the real property assessment roll is to include information "for each deed or other instrument transferring ownership of real property and recorded or otherwise discovered during the period beginning 1 year before the assessment date and up to the date the assessment roll is submitted to the department." Provides that a decision qualifying or disqualifying a transfer of property as an arms-length transaction must be recorded. Defines "ownership transfer date" as the date on which the deed or other transfer instrument is signed and notarized or otherwise executed. Removes language referring to the "fiduciary responsible for the payment of taxes on the property and an indicator of fiduciary capacity, as appropriate."	None
Section 5	s. 193.1554, F.S. - Assessment of nonhomestead residential property	Provides guidelines relating to the assessment of levies for nonhomestead residential property. Current administration of the term "placed on the tax roll" refers to the year that any property becomes eligible for assessment pursuant to this section as of January 1, and either becomes a non-homestead property or has been combined or divided. This language is also used in HB 133/SB 156 (2012) and there is a current Orange County case being appealed at the Florida Fifth District Court of Appeal.	Addresses just value assessments for property "that becomes eligible" rather than when it is "placed on the tax roll." Provides specific language regarding divided and combined parcels in the context of just value assessments. Provides that a parcel that is created by combining or dividing a parcel that is eligible for assessment under this section retains such eligibility and is to be assessed as provided in this subsection. Provides that "a parcel that is combined or divided after January 1 and that is included as a combined or divided parcel on the tax notice is not considered to be a combined or divided parcel for purposes of this section until the January 1 on which it is first assessed as a combined or divided parcel."	None

## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 6	s. 193.1555, F.S. - Assessment of certain residential and nonresidential real property	Provides guidelines relating to the assessment of levies for certain residential and nonresidential real property. Current administration of the term "placed on the tax roll" refers to the year that any property becomes eligible for assessment pursuant to this section as of January 1, and either becomes a non-homestead property or has been combined or divided. This language is also used in HB 133/SB 156 (2012) and there is a current Orange County case being appealed at the Florida Fifth District Court of Appeal.	Provides that real property and residential real property not assessed under s. 193.155 or 193.1554 is to be assessed at just value as of January 1, 2008. Refers to just value assessments for property "that becomes eligible" rather than when it is "placed on the tax roll." Provides specific language regarding divided and combined parcels in the context of just value assessments. Provides that a parcel that is created by combining or dividing a parcel that is eligible for assessment under this section retains such eligibility and is to be assessed as provided in this subsection. Provides that "a parcel that is combined or divided after January 1 and that is included as a combined or divided parcel on the tax notice shall not be considered to be a combined or divided parcel for purposes of this section until the January 1 on which it is first assessed as a combined or divided parcel."	None
Section 7	s. 193.501, F.S. - Assessment of lands subject to a conservation easement, environmentally endangered lands, or lands used for outdoor recreational or park purposes when land development rights have been conveyed or conservation restrictions have been covenanted	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 8	s. 193.503, F.S. - Classification and assessment of historic property used for commercial or certain nonprofit purposes	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 9	s. 193.505, F.S. - Assessment of historically significant property when development rights have been conveyed or historic preservation restrictions have been covenanted	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 10	s. 194.032, F.S. - Hearing purposes; timetable	Provides scheduling guidelines related to VAB meetings.	Provides for the clerk to notify petitioners at least 25 calendar days before the date of appearance. Provides for the clerk to provide a copy of the property record card if the petitioner checked the box on the petition form. Provides that a petitioner must provide their written intent to reschedule at least 5 calendar days before the date of appearance. Changes the maximum waiting time for scheduled hearing times for petitioners from 4 to 2 hours. Revises the language related to a petitioner's administrative remedies being deemed exhausted by providing that the "clerk shall reschedule the hearing, and the rescheduling is not considered to be a request to reschedule as provided in paragraph (a)."	None

## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 11	s. 194.034, F.S. - Hearing procedures; rules	Provides procedural guidelines related to the timeframes for written VAB decisions.	Provides for written VAB decisions to be issued within 20 calendar days <u>after</u> the last day the board is in session under s. 194.032, F.S. Removes the requirement for the clerk to notify DOR of VAB decisions via first-class mail and replaces it with a provision stating that, if requested by DOR, the clerk is to provide "a copy of the decision or information relating to the tax impact of the findings and results of the board as described in s. 194.037 in the manner and form requested."	None
Section 12	s. 195.096, F.S. - Review of assessment rolls	Requires DOR to complete its county review and to develop findings (including a statement of the confidence interval) within 120 days following receipt of a county assessment roll or within 10 days after approval of the assessment roll, whichever is later. Provides guidelines related to the use of the 95% confidence level.	Requires DOR to <u>publish</u> its findings. Provides another review alternative in addition to the 95% confidence level: generally accepted ratio study standards of professional appraisal organizations used in developing a statistically valid sampling plan if a 95% confidence level is not attainable. Removes DOR's 90-day submission timeline and states that copies of the data and findings are to be made available to the above parties upon request.	None
Section 13	s. 195.0985, F.S. - Annual ratio studies; publication	Provides for DOR to annually publish the sales ratio studies for counties within 15 days following approval of the assessment roll for the county pursuant to s. 193.1142, F.S.	Repeals this section.	None
Section 14	s. 195.099, F.S. - Periodic review	Provides that DOR shall periodically review the assessments of new, rebuilt, and expanded business reported and the assessments of new and expanded businesses granted an exemption to ensure parity of level of assessment with other classifications of property.	Changes "shall" to "may" as it relates to DOR's assessment review process.	None
Section 15	s. 196.031, F.S. - Exemption of homesteads	Every person who owns and resides on real property in Florida on January 1 and makes the property his or her permanent residence is eligible to receive a homestead exemption up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption up to \$25,000, applies to the assessed value between \$50,000 and \$75,000 and only to non-school taxes.	Removes all language related to the applicability of homestead exemptions (first and second \$25,000 of assessed value, the assessed value greater than \$50,000, and the order of other exemptions related to widows, widowers, blind persons, etc.). Provides that unless a homestead property is totally exempt, homestead exemptions are to be applied "in the order that results in the lowest taxable value."	Yes
Section 16	s. 196.081, F.S. - Exemption for certain permanently and totally disabled veterans and for surviving spouses of veterans	An honorably discharged veteran who is totally and permanently disabled resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. government or the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application. Any excess taxes paid are to be refunded, and any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 17	s. 196.082, F.S. - Discounts for disabled veterans	A veteran who is disabled, 65 or older, and owns homestead property may qualify for a property tax discount based on percent of disability. To be eligible, the veteran must have been honorably discharged from military service, be partially disabled with a permanent service-connected disability, at least part of which is combat-related, and must have been a Florida resident at the time of entering military service.	An applicant for this discount may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the discount is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes



## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 18	s. 196.091, F.S. - Exemption for disabled veterans confined to wheelchairs	An honorably discharged veteran who requires a wheelchair for mobility resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. government or the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 19	s. 196.101, F.S. - Exemption for totally and permanently disabled persons	Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt if the gross household income is below the current gross income limit. Gross income is the income, including veterans' and social security benefits, of all persons residing in the homestead.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 20	s. 196.121, F.S. - Homestead exemptions; forms	Provides for DOR to furnish county property appraisers a sufficient number of printed forms to be filed by taxpayers claiming to be entitled to exemptions and prescribes the content of such forms by rule. The forms require taxpayers to furnish certain information to the property appraiser to determine that the taxpayer is a permanent resident as defined in s. 196.012(17), F.S. Provides guidelines regarding the content of the forms.	Removes language requiring DOR to furnish printed forms to property appraisers. Requires DOR to provide the forms to be filed by taxpayers claiming to be entitled to said exemption "by electronic means or other methods designated by the department."	None
Section 21	s. 196.202, F.S. - Property of widows, widowers, blind persons, and persons totally and permanently disabled	Any widow or widower who is a Florida resident may claim a \$500 exemption. Individuals who remarry are no longer eligible for the exemption. Persons who were divorced before the death of an ex-spouse do not qualify as a widow or widower.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs or the Social Security Administration. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 22	s. 196.24, F.S. - Exemption for disabled ex-servicemember or surviving spouse; evidence of disability	An ex-service member disabled at least 10% in war or by service-connected events may be entitled to a \$5,000 exemption on any property he or she owns.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 23	s. 200.065, F.S. - Method of fixing millage	Provides guidelines related to millage rates.	Adds a statutory reference to s. 1011.71(3), which addresses district school taxes.	None

<b>Senate Bill 1256 --- Tax Administration</b>				
<b>Section</b>	<b>Issue</b>	<b>Current Law</b>	<b>Proposed Change</b>	<b>Potential Fiscal Impact</b>
Section 24	s. 218.12, F.S. - Appropriations to offset reductions in ad valorem tax revenue in fiscally constrained counties	Provides guidelines for fiscally constrained counties related to distributions and reductions.	Changes a statutory reference from s. 200.065 to s. 200.065(5), which addresses maximum millage rates. Changes the application of the millage rate from the "prior" year to the "current" year. Provides that "if any fiscally constrained county fails to apply for the distribution, its share shall revert to the fund from which the appropriation was made."	None
Section 25	s. 218.125, F.S. - Offset for tax loss associated with certain constitutional amendments affecting fiscally constrained counties	Provides guidelines for fiscally constrained counties related to distributions and reductions.	Changes a statutory reference from s. 200.185 to s. 200.065(5), which addresses maximum millage rates. Changes the application of the millage rate from the "prior" year to the "current" year. Provides that "if any fiscally constrained county fails to apply for the distribution, its share shall revert to the fund from which the appropriation was made."	None
Section 26	Effective Date	N/A	Except as otherwise expressly provided, this act will take effect upon becoming a law.	None

## REVENUE ESTIMATING CONFERENCE

**TAX:** Ad Valorem

**ISSUE:** Tax Administration---Order of Exemptions

**BILL NUMBER(S):** SB 1256

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** January 1, 2013

**DATE OF ANALYSIS:** December 19, 2011

### SECTION 1: NARRATIVE

#### a. Current Law:

Chapter 196, F.S., provides the following property tax exemptions:

- Homestead, up to \$50,000 (s. 196.031, F.S.);
- Homestead for certain permanently and totally disabled veterans and for surviving spouses of veterans (s. 196.081, F.S.);
- Homestead for disabled veterans confined to wheelchairs (s. 196.091, F.S.);
- Homestead for totally and permanently disabled persons, based on income (s. 196.101, F.S.);
- Homestead or non-homestead for property of widows, widowers, blind persons, and persons totally and permanently disabled, up to \$500 (s. 196.202, F.S.); and
- Homestead or non-homestead for disabled ex-servicemember or surviving spouse; evidence of disability, up to \$5,000 (s. 196.24, F.S.).

Also, chapter 196, F.S., provides the following property tax discount:

- Homestead discount for disabled veterans (s. 196.082, F.S.).

Section 196.031, F.S., provides the following application order for these exemptions:

- The exemption in paragraph (1)(a) of s. 196.031, F.S., for the first \$25,000 of assessed value;
- The second \$25,000 of assessed value is taxable unless other exemptions, as listed in paragraph s. 196.031(7)(d), F.S., are applicable in the order listed;
- The additional homestead exemption in paragraph (1)(b) of s. 196.031, F.S., for levies other than school district levies, is applied to the assessed value greater than \$50,000 before any other exemptions are applied to that assessed value; and
- Other exemptions include and are to be applied in the following order:
  - widows, widowers, blind persons, and disabled persons, as provided in s. 196.202, F.S.;
  - disabled ex-servicemembers and surviving spouses, as provided in s. 196.24, F.S., applicable to all levies;
  - the local option low-income senior exemption up to \$50,000, applicable to county levies or municipal levies, as provided in s. 196.075, F.S.; and
  - the veterans percentage discount, as provided in s. 196.082, F.S.

#### b. Proposed Change:

The bill provides for the application of homesteads in the order that results in the lowest taxable value. As described above, the following two exemptions may be applied more broadly than just to homestead property:

- Homestead or non-homestead for property of widows, widowers, blind persons, and persons totally and permanently disabled, up to \$500 (s. 196.202, F.S.); and
- Homestead or non-homestead for disabled ex-servicemember or surviving spouse; evidence of disability, up to \$5,000 (s. 196.24, F.S.).

The current law order of exemptions requires that these two exemptions be taken prior to exemptions that apply only to city or county tax levies (i.e. the low income senior exemption). For someone whose only taxable property is their homestead, the current statutory order maximizes the exemptions. However, if the taxpayer were to own other taxable property, they may result in a lower total tax burden if the homestead specific exemptions were taken against the homestead property and the broader exemptions were taken against the other property. This outcome only occurs if the amount of exemption available exceeds the assessed value of the homestead.

### SECTION 2: DESCRIPTION OF DATA AND SOURCES

Department of Revenue Property Tax Data

Florida Office of Economic and Demographic Research, Demographic Estimating Conference, November 2011

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Ad Valorem

**ISSUE:** Tax Administration---Order of Exemptions

**BILL NUMBER(S):** SB 1256

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** January 1, 2013

**DATE OF ANALYSIS:** December 19, 2011

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

The following information applies to each of the exemptions and the discount under this bill:

Data from the 2011 tax roll was obtained as to the number and taxable value amount for various exemptions. Additional data was obtained regarding the type of property against which the exemption applied.

Exemption values for personal property and non-homestead properties were obtained for the applicable exemptions and the following assumptions were made in developing the impact estimates:

- for the low, it is 2 times the amount of the current impact;
- for the middle, it is 5 times the amount of the current impact; and
- for the high, it is 10 times the amount of the current impact.

The tax impacts were obtained by multiplying the resulting low, middle, and high exemption estimates by the total millage rate of 0.186 (0.077 for school and 0.109 for non-school).

The data for FY 2013-14 through FY 2015-16 was forecasted using the population growth rates from the November 2011 Demographic Estimating Conference.

**SECTION 4: PROPOSED FISCAL IMPACT**

**IMPACT VALUE SCHOOL**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(0.3m)		(0.3m)	(0.4m)	(0.4m)
Middle	(0.2m)		(0.2m)	(0.2m)	(0.2m)
Low	(0.1m)		(0.1m)	(0.1m)	(0.1m)

**IMPACT VALUE NON-SCHOOL**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(0.5m)		(0.5m)	(0.5m)	(0.5m)
Middle	(0.2m)		(0.2m)	(0.2m)	(0.3m)
Low	(0.1m)		(0.1m)	(0.1m)	(0.1m)

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted the middle estimates, assuming statewide average millage rates of 7.8 for school taxes and 10.9 for non-school taxes.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
School Impact	(.2)	(.2)	(.2)	(.2)	(.2)
Non-school Impact	(.2)	(.2)	(.2)	(.2)	(.3)
Total Impact	(.4)	(.4)	(.4)	(.4)	(.5)

	D	E	F	G	H	I	J
	Application	2011 Number	2011 Average Exemption	2011 Value Total - Real Property	2011 Value Total - Personal Property	2011 value - Non-Homestead	% exemption other than Homestead
2							
3							
4	Homestead	41,740	\$100,609	\$4,199,439,660			
5	Homestead	996	\$118,858	\$118,382,642			
6	Homestead	6,395	\$91,510	\$585,207,459			
7	homestead or non homestead	83,564	\$1,144	\$94,795,826	\$819,948	\$2,500	
8	homestead or non homestead	106,425	\$4,668	\$495,817,840	\$1,023,299	\$5,000	0.21%
9							
10	homestead	1,328	\$23,440	\$31,128,916			
11	homestead or non homestead	420,994	\$500	\$210,497,114	\$1,787,685	\$11,500	0.85%
12	homestead or non homestead	83,564	\$500	\$41,782,000	\$819,948		1.96%
13					\$4,450,880	\$19,000	
14							
15							
		Low estimate (Assumes twice current impact)	Middle estimate (Assumes 5 times current Impact)	High Estimate (Assumes 10 times current impact)			
16							
17	Taxable Value	\$8,939,760	\$22,349,400	\$44,698,800			
18	School Impact	\$68,836	\$172,090	\$344,181			
19	NonSchool Impact	\$97,443	\$243,608	\$487,217			
20							
127							
128							
129							
130	Example of impact of Veteran's Discount and Deployed Ex Service Member						
131		Current					
132	Just value	\$250,000					
133	Assessed value	\$225,000					
134	First homestead	\$25,000					
135	Second homestead	\$25,000					
136	Taxable Value before discount or partial year	\$175,000					
137	Discount or partial year deployment (60%)	\$105,000					
138	Taxable Value	\$70,000					
139							
140		Potential					
141	Just value	\$250,000					
142	Assessed value	\$225,000					
143	Taxable Value before discount or partial year	\$225,000					
144	Discount or partial year deployment (60%)	\$135,000					
145	Taxable Value after Discount	\$90,000					
146	First homestead	\$25,000					
147	Second homestead	\$25,000					
148	Final Taxable Value	\$40,000					

<b>Senate Bill 1256 --- Tax Administration</b>				
<b>Section</b>	<b>Issue</b>	<b>Current Law</b>	<b>Proposed Change</b>	<b>Potential Fiscal Impact</b>
Section 1	s. 192.001, F.S. - Definitions	Provides definitions related to ad valorem taxes.	Clarifies the definitions of "assessed value of property" and "complete submission of the rolls." For the latter, it provides a statutory reference for the required data (s. 193.114, F.S.).	None
Section 2	s. 192.0105, F.S. - Taxpayer rights	Addresses the Florida Taxpayer's Bill of Rights for property taxes and assessments. Provides a right to a VAB hearing within 4 hours of the scheduled time.	Addresses the right to the hearing at the scheduled time and the right to reschedule if the hearing cannot be held within a reasonable time, not to exceed 2 hours, after the scheduled time.	None
Section 3	s. 192.117, F.S. - Property Tax Administration Task Force	Provides a forum for bringing issues in property tax administration to DOR, of providing and evaluating suggestions for improving the property tax administration process, and of promoting greater understanding of property tax administration issues. DOR's Executive Director appoints the members and the task force makes periodic reports to DOR concerning findings and recommendations in the area of property tax administration.	Repeals this section.	None
Section 4	s. 193.114, F.S. - Preparation of assessment rolls	Provides that for each sale of the property in the previous year, the sale price, sale date, official record book and page number or clerk instrument number, and the basis for qualification or disqualification as an arms-length transaction. Sale data must be current on all tax rolls submitted to the department, and sale qualification decisions must be recorded on the tax roll within 3 months after the sale date.	Provides that the real property assessment roll is to include information "for each deed or other instrument transferring ownership of real property and recorded or otherwise discovered during the period beginning 1 year before the assessment date and up to the date the assessment roll is submitted to the department." Provides that a decision qualifying or disqualifying a transfer of property as an arms-length transaction must be recorded. Defines "ownership transfer date" as the date on which the deed or other transfer instrument is signed and notarized or otherwise executed. Removes language referring to the "fiduciary responsible for the payment of taxes on the property and an indicator of fiduciary capacity, as appropriate."	None
Section 5	s. 193.1554, F.S. - Assessment of nonhomestead residential property	Provides guidelines relating to the assessment of levies for nonhomestead residential property. Current administration of the term "placed on the tax roll" refers to the year that any property becomes eligible for assessment pursuant to this section as of January 1, and either becomes a non-homestead property or has been combined or divided. This language is also used in HB 133/SB 156 (2012) and there is a current Orange County case being appealed at the Florida Fifth District Court of Appeal.	Addresses just value assessments for property "that becomes eligible" rather than when it is "placed on the tax roll." Provides specific language regarding divided and combined parcels in the context of just value assessments. Provides that a parcel that is created by combining or dividing a parcel that is eligible for assessment under this section retains such eligibility and is to be assessed as provided in this subsection. Provides that "a parcel that is combined or divided after January 1 and that is included as a combined or divided parcel on the tax notice is not considered to be a combined or divided parcel for purposes of this section until the January 1 on which it is first assessed as a combined or divided parcel."	None

## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 6	s. 193.1555, F.S. - Assessment of certain residential and nonresidential real property	Provides guidelines relating to the assessment of levies for certain residential and nonresidential real property. Current administration of the term "placed on the tax roll" refers to the year that any property becomes eligible for assessment pursuant to this section as of January 1, and either becomes a non-homestead property or has been combined or divided. This language is also used in HB 133/SB 156 (2012) and there is a current Orange County case being appealed at the Florida Fifth District Court of Appeal.	Provides that real property and residential real property not assessed under s. 193.155 or 193.1554 is to be assessed at just value as of January 1, 2008. Refers to just value assessments for property "that becomes eligible" rather than when it is "placed on the tax roll." Provides specific language regarding divided and combined parcels in the context of just value assessments. Provides that a parcel that is created by combining or dividing a parcel that is eligible for assessment under this section retains such eligibility and is to be assessed as provided in this subsection. Provides that "a parcel that is combined or divided after January 1 and that is included as a combined or divided parcel on the tax notice shall not be considered to be a combined or divided parcel for purposes of this section until the January 1 on which it is first assessed as a combined or divided parcel."	None
Section 7	s. 193.501, F.S. - Assessment of lands subject to a conservation easement, environmentally endangered lands, or lands used for outdoor recreational or park purposes when land development rights have been conveyed or conservation restrictions have been covenanted	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 8	s. 193.503, F.S. - Classification and assessment of historic property used for commercial or certain nonprofit purposes	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 9	s. 193.505, F.S. - Assessment of historically significant property when development rights have been conveyed or historic preservation restrictions have been covenanted	Provides for the tax collector to report the amount of deferred tax liability collected annually to DOR pursuant to this section.	Removes this section.	None
Section 10	s. 194.032, F.S. - Hearing purposes; timetable	Provides scheduling guidelines related to VAB meetings.	Provides for the clerk to notify petitioners at least 25 calendar days before the date of appearance. Provides for the clerk to provide a copy of the property record card if the petitioner checked the box on the petition form. Provides that a petitioner must provide their written intent to reschedule at least 5 calendar days before the date of appearance. Changes the maximum waiting time for scheduled hearing times for petitioners from 4 to 2 hours. Revises the language related to a petitioner's administrative remedies being deemed exhausted by providing that the "clerk shall reschedule the hearing, and the rescheduling is not considered to be a request to reschedule as provided in paragraph (a)."	None

## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 11	s. 194.034, F.S. - Hearing procedures; rules	Provides procedural guidelines related to the timeframes for written VAB decisions.	Provides for written VAB decisions to be issued within 20 calendar days <u>after</u> the last day the board is in session under s. 194.032, F.S. Removes the requirement for the clerk to notify DOR of VAB decisions via first-class mail and replaces it with a provision stating that, if requested by DOR, the clerk is to provide "a copy of the decision or information relating to the tax impact of the findings and results of the board as described in s. 194.037 in the manner and form requested."	None
Section 12	s. 195.096, F.S. - Review of assessment rolls	Requires DOR to complete its county review and to develop findings (including a statement of the confidence interval) within 120 days following receipt of a county assessment roll or within 10 days after approval of the assessment roll, whichever is later. Provides guidelines related to the use of the 95% confidence level.	Requires DOR to <u>publish</u> its findings. Provides another review alternative in addition to the 95% confidence level: generally accepted ratio study standards of professional appraisal organizations used in developing a statistically valid sampling plan if a 95% confidence level is not attainable. Removes DOR's 90-day submission timeline and states that copies of the data and findings are to be made available to the above parties upon request.	None
Section 13	s. 195.0985, F.S. - Annual ratio studies; publication	Provides for DOR to annually publish the sales ratio studies for counties within 15 days following approval of the assessment roll for the county pursuant to s. 193.1142, F.S.	Repeals this section.	None
Section 14	s. 195.099, F.S. - Periodic review	Provides that DOR shall periodically review the assessments of new, rebuilt, and expanded business reported and the assessments of new and expanded businesses granted an exemption to ensure parity of level of assessment with other classifications of property.	Changes "shall" to "may" as it relates to DOR's assessment review process.	None
Section 15	s. 196.031, F.S. - Exemption of homesteads	Every person who owns and resides on real property in Florida on January 1 and makes the property his or her permanent residence is eligible to receive a homestead exemption up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption up to \$25,000, applies to the assessed value between \$50,000 and \$75,000 and only to non-school taxes.	Removes all language related to the applicability of homestead exemptions (first and second \$25,000 of assessed value, the assessed value greater than \$50,000, and the order of other exemptions related to widows, widowers, blind persons, etc.). Provides that unless a homestead property is totally exempt, homestead exemptions are to be applied "in the order that results in the lowest taxable value."	Yes
Section 16	s. 196.081, F.S. - Exemption for certain permanently and totally disabled veterans and for surviving spouses of veterans	An honorably discharged veteran who is totally and permanently disabled resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. government or the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application. Any excess taxes paid are to be refunded, and any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 17	s. 196.082, F.S. - Discounts for disabled veterans	A veteran who is disabled, 65 or older, and owns homestead property may qualify for a property tax discount based on percent of disability. To be eligible, the veteran must have been honorably discharged from military service, be partially disabled with a permanent service-connected disability, at least part of which is combat-related, and must have been a Florida resident at the time of entering military service.	An applicant for this discount may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the discount is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes



## Senate Bill 1256 --- Tax Administration

Section	Issue	Current Law	Proposed Change	Potential Fiscal Impact
Section 18	s. 196.091, F.S. - Exemption for disabled veterans confined to wheelchairs	An honorably discharged veteran who requires a wheelchair for mobility resulting from his military service may qualify for total exemption of his homestead. Under some circumstances, the benefit of this exemption can carry over to the surviving spouse.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. government or the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 19	s. 196.101, F.S. - Exemption for totally and permanently disabled persons	Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt if the gross household income is below the current gross income limit. Gross income is the income, including veterans' and social security benefits, of all persons residing in the homestead.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid shall be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 20	s. 196.121, F.S. - Homestead exemptions; forms	Provides for DOR to furnish county property appraisers a sufficient number of printed forms to be filed by taxpayers claiming to be entitled to exemptions and prescribes the content of such forms by rule. The forms require taxpayers to furnish certain information to the property appraiser to determine that the taxpayer is a permanent resident as defined in s. 196.012(17), F.S. Provides guidelines regarding the content of the forms.	Removes language requiring DOR to furnish printed forms to property appraisers. Requires DOR to provide the forms to be filed by taxpayers claiming to be entitled to said exemption "by electronic means or other methods designated by the department."	None
Section 21	s. 196.202, F.S. - Property of widows, widowers, blind persons, and persons totally and permanently disabled	Any widow or widower who is a Florida resident may claim a \$500 exemption. Individuals who remarry are no longer eligible for the exemption. Persons who were divorced before the death of an ex-spouse do not qualify as a widow or widower.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs or the Social Security Administration. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 22	s. 196.24, F.S. - Exemption for disabled ex-servicemember or surviving spouse; evidence of disability	An ex-service member disabled at least 10% in war or by service-connected events may be entitled to a \$5,000 exemption on any property he or she owns.	An applicant for this exemption may apply for it prior to receiving the necessary documentation from the U.S. Department of Veterans Affairs. Upon receipt of the documentation, the exemption is to be granted as of the date of the original application and any excess taxes paid are to be refunded. Any refund of excess taxes paid would be limited to the time period set forth in s. 197.182(1)(e).	Yes
Section 23	s. 200.065, F.S. - Method of fixing millage	Provides guidelines related to millage rates.	Adds a statutory reference to s. 1011.71(3), which addresses district school taxes.	None

<b>Senate Bill 1256 --- Tax Administration</b>				
<b>Section</b>	<b>Issue</b>	<b>Current Law</b>	<b>Proposed Change</b>	<b>Potential Fiscal Impact</b>
Section 24	s. 218.12, F.S. - Appropriations to offset reductions in ad valorem tax revenue in fiscally constrained counties	Provides guidelines for fiscally constrained counties related to distributions and reductions.	Changes a statutory reference from s. 200.065 to s. 200.065(5), which addresses maximum millage rates. Changes the application of the millage rate from the "prior" year to the "current" year. Provides that "if any fiscally constrained county fails to apply for the distribution, its share shall revert to the fund from which the appropriation was made."	None
Section 25	s. 218.125, F.S. - Offset for tax loss associated with certain constitutional amendments affecting fiscally constrained counties	Provides guidelines for fiscally constrained counties related to distributions and reductions.	Changes a statutory reference from s. 200.185 to s. 200.065(5), which addresses maximum millage rates. Changes the application of the millage rate from the "prior" year to the "current" year. Provides that "if any fiscally constrained county fails to apply for the distribution, its share shall revert to the fund from which the appropriation was made."	None
Section 26	Effective Date	N/A	Except as otherwise expressly provided, this act will take effect upon becoming a law.	None

## REVENUE ESTIMATING CONFERENCE

**TAX:** Sales and Use Tax

**ISSUE:** Building Materials

**BILL NUMBER(S):** HB953

**SPONSOR(S):** Rep Fullwood

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2012

**DATE OF ANALYSIS:** 12/21/11

### SECTION 1: NARRATIVE

- a. Current Law:** Building materials are tangible personal property that becomes a component of a housing project or a mixed-use project. Current law offers two exemptions for building materials in redevelopment projects:

The housing project Exemption maintains three requirements. The project must be a conversion to housing from either manufacturing or an industrial building. The building must be located in an enterprise zone, empowerment zone, urban high-crime area, urban infill area, brownfields area, or a front porch community. Finally, the developer must agree to set aside 20% of the housing units for low-income and moderate-income persons.

The mixed-use exemption maintains the conversion from industrial or manufacturing buildings to mixed-use projects that include artists' studios, art and entertainment services. Just like the housing project, the mixed-use project is limited to being located within an enterprise zone, empowerment zone, urban high-crime area, urban infill area, brownfields area, or a front porch community. Lastly, the developer must agree to set aside at least 20% of the square footage of the project for low-income and moderate-income housing.

- b. Proposed Change:** The bill adds use tax to the rehabilitation of real property located in an enterprise zone. It also adds "other" to the conversion requirements under 212.08(5)(o) for both housing project exemptions and mixed-use project exemptions. For mixed-use projects under subsection c line 207 in the bill adds: "or the construction in a designated brownfield area of a mixed-use project housing for persons or occupants of units described in 420.0004(8), (10), (11), or (15) or s.159.603(7).

### SECTION 2: DESCRIPTION OF DATA AND SOURCES

Data from the Dept of Economic Opportunity

Data from Dept of Environmental Protection

Dept of Revenue Enterprise Zone Data

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

The Low estimate was determined by using the condos estimate for enterprise zones as a proxy for potential development under the bill. The exemption was broken down on a per mile basis, multiplied by the additional number of miles in other economic development areas that were not already overlapping enterprise zones. The value was then added back to the initial condos amount to develop the low. The High was 25% of current building investment and the middle was the average of the low and the high.

### SECTION 4: PROPOSED FISCAL IMPACT

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(\$230.3m)	(\$251.2m)	(\$286.6m)	(\$328.3m)	(\$338.2m)
Middle	(\$143.5m)	(\$156.6m)	(\$178.6m)	(\$204.6m)	(\$210.7m)
Low	(\$56.7m)	(\$61.9m)	(\$70.6m)	(\$80.9m)	(\$83.3m)

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use Tax

**ISSUE:** Building Materials

**BILL NUMBER(S):** HB953

**SPONSOR(S):** Rep Fullwood

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2012

**DATE OF ANALYSIS:** 12/21/11

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted an indeterminate negative estimate. The conference expects the impact would at least reach the low estimate of -\$56.7m for 2012-13, -\$70.6m for 2013-14, -\$80.9m for 2014-15, and -\$83.3m for 2015-16.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
State Trust	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
Total State Impact	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
Total Local Impact	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
Total Impact	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)

**Building Materials:**

...are defined as Tangible Personal Property that becomes a component part of a "Housing Project" or "Mixed use Project"

**Housing Project:**

A. Conversion from Industrial, Manufacturing or Other to Housing Units

B. Built in a Zone

1. Urban High-Crime Area
2. Enterprise Zone
3. Empowerment Zone
4. Front Porch Community
5. Designated Brownfield Area
6. Urban Infill Area

C. Developer Agrees to set aside at least 20% of the housing units for low-income and moderate-income

**Mixed-use Project:**

A. Conversion from Industrial, Manufacturing or Other to mixed-use units that include artists' studios, art and entertainment services, or other compatible uses

B. Built in a Zone

1. Urban High-Crime Area
2. Enterprise Zone
3. Empowerment Zone
4. Front Porch Community
5. Designated Brownfield Area
6. Urban Infill Area

C. Developer must agree to set aside at least 20% of the square footage of the project for low-income and moderate-income housing or the construction in a designated brownfield area of a mixed-use project housing for persons or occupants of units 420.0004(8), (10), (11) or (15)

Low Impact	Sq Mileage	Overlapping w/ EZ
Urban High Crime Area	130.0	50%
Enterprise Zone/ Empowerment Zone	1542.7	100%
Front Porch Community	No Data	No Data
Brownfield Area	324.7	50%
Urban Infill Area	No Data	No Data
Condos Proxy FY2009-10	\$54,012,915	
Enterprise Zones per mile	\$35,011.03	
Shared out to Additional Territories, total Potential Impact	\$61,972,672	

Low Impact	2012-13	2013-14	2014-15	2015-16
Building Investment Growth Rate			14.1%	14.6%
	\$61.9		\$70.6	\$80.9
			\$80.9	\$83.3

High Impact	2012-13	2013-14	2014-15	2015-16
Building Investment	\$1,005		\$1,146	\$1,313
25% of Building Investment	\$251.2		\$286.6	\$328.3
			\$328.3	\$338.2

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use

**ISSUE:** Exemption to Gas Turbine Manufacturers

**BILL NUMBER(S):** HB 939

**SPONSOR(S):** Representative Workman

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2012

**DATE OF ANALYSIS:** December 12, 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, electrical discharge machining (EDM) supplies, brass electrodes, ceramic guides, reamers, grinding and deburring wheels, Norton vortex wheels, argon, nitrogen, helium, fluid abrasive cutters, solvents and soaps, boroscopes, penetrants, 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 NAICS

2010 annual survey of manufacturers

Department Annual Return Data

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

Identified industry by NAICS and then examined the use tax within those NAICS codes. We make two assumptions about additional activity:

- (1) There is activity within the identified NAICS codes that is not captured in our annual data file
- (2) There is activity outside the identified NAICS codes that would still be included in this exemption

The list of exempt materials in the proposed language does not appear to be exclusive.

The identified NAICS codes with descriptions are attached.

Our base estimate is the total use tax paid within the indetified NAICS codes. The low estimate represents a doubling of our base value, which captures the non-exclusive nature of the list, in addition to the potential activity taking place outside of the identified NAICS codes. Due to the uncertainty of the scope of activity taking place outside said NAICS codes and the additional materials that may by covered, the middle and high estimates are double and triple the low estimate, respectively.

**SECTION 4: PROPOSED FISCAL IMPACT**

**Turbine Engine Manufacturing**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High	(\$ 4.04 M)	(\$ 4.40 M)	(\$ 4.55 M)	(\$ 4.71 M)	(\$ 4.87 M)
Middle	(\$ 2.69 M)	(\$ 2.94 M)	(\$ 3.03 M)	(\$ 3.14 M)	(\$ 3.25 M)
Low	(\$ 1.35 M)	(\$ 1.47 M)	(\$ 1.52 M)	(\$ 1.57 M)	(\$ 1.62 M)

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted the low estimate, assuming the bill only applies to aircraft engines and gas turbine engines.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	(1.2)	(1.3)	(1.3)	(1.4)	(1.4)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(1.2)	(1.3)	(1.3)	(1.4)	(1.4)
Total Local Impact	(.3)	(.3)	(.3)	(.3)	(.3)
Total Impact	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)

	A	B	C	D	E	F	G	H
1			FY 10'11	FY 11'12	FY 12'13	FY 13'14	FY 14'15	FY 15'16
2		Total (Aircraft & Turbine Manuf.)	\$ 2,439,705	\$ 2,517,775	\$ 2,575,684	\$ 2,658,120	\$ 2,756,579	\$ 2,850,127
3		Aircraft & Parts manuf.	\$ 1,048,912	\$ 1,082,477	\$ 1,107,374	\$ 1,142,816	\$ 1,185,147	\$ 1,225,366
4	333611	Turbines (excludes aircraft)	\$ 635,563	\$ 655,901	\$ 670,987	\$ 692,462	\$ 718,111	\$ 742,481
5	336412	Aircraft Engine Manuf.	\$ 458,091	\$ 472,750	\$ 483,623	\$ 499,102	\$ 517,589	\$ 535,154
6		Molds & Castings	\$ 297,139	\$ 306,647	\$ 313,700	\$ 323,740	\$ 335,732	\$ 347,125
7			2.0%	3.2%	2.3%	3.2%	3.7%	3.4%
8		Aviation Fuel Consumption Growth Rate						
9		*/REC Oct 2011		2012-13 cash	2012-13	2013-14	2014-15	2015-16
10			Initial, 333611, 336412	\$ 1.35	\$ 1.47	\$ 1.52	\$ 1.57	\$ 1.62
11			Initial, 333611	\$ 0.90	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09
12								
13			Aircraft manuf.	\$ 1.02	\$ 1.11	\$ 1.14	\$ 1.19	\$ 1.23
14								
15								
16		<b>Turbine Engine Manufacturing</b>	High	\$ 4.04	\$ 4.40	\$ 4.55	\$ 4.71	\$ 4.87
17			Middle	\$ 2.69	\$ 2.94	\$ 3.03	\$ 3.14	\$ 3.25
18			Low	\$ 1.35	\$ 1.47	\$ 1.52	\$ 1.57	\$ 1.62

NAICS	General Description	Detail
333611	Turbine and Turbine Generator Set Units Manufacturing	comprises establishments primarily engaged in manufacturing turbines
336412	Aircraft Engine and Engine Parts Manufacturing	manufacturing aircraft engines and engine parts

	333611 (excludes aircraft)		336412		
	<b>Total Use Tax Paid</b>				
2009	\$	678,212.31	\$	537,705.52	
2010	\$	567,989.70	\$	360,512.50	
	CY to FY				
FY 09'10	\$	<b>623,101.01</b>	\$	<b>449,109.01</b>	
				Aviation Fuel Consumption Growth Rate	
FY 10'11	\$	635,563.03	\$	458,091.19	2.0% */REC Oct 2011
FY 11'12	\$	655,901.04	\$	472,750.11	3.2%
FY 12'13	\$	670,986.77	\$	483,623.36	2.3%
FY 13'14	\$	692,462.11	\$	499,102.03	3.2%
FY 14'15	\$	718,111.35	\$	517,589.08	3.7%
FY 15'16	\$	742,481.49	\$	535,154.21	3.4%



NAICS	General Description	Detail
331512	Steel Investment Foundries	Investment castings, foundries
331528	Other Nonferrous Foundries (except Die-Casting)	primarily engaged in pouring molten nonferrous metals (except aluminum and copper) into molds to manufacture nonferrous castings
333511	Industrial Mold Manufacturing	Die casting manufacturing, foundry casting molds
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing	Primarily engaged in manufacturing special tools and fixtures, such as cutting dies and jigs.
333611	Turbine and Turbine Generator Set Units Manufacturing	comprises establishments primarily engaged in manufacturing turbines
336411	Aircraft Manufacturing	(1) manufacturing or assembling complete aircraft; (2) developing and making aircraft prototypes; (3) aircraft conversion (i.e., major modifications to systems); and (4) complete aircraft overhaul and rebuilding (i.e., periodic restoration of aircraft to original design specifications).
336412	Aircraft Engine and Engine Parts Manufacturing	manufacturing aircraft engines and engine parts
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	

**Total Use Tax Paid**

	Excluding Aircraft Manuf.		Aircraft & Parts manuf.		
2009	\$	1,321,913	\$	736,033	
2010	\$	1,405,132	\$	1,320,656	
FY 09'10	\$	<b>1,363,522</b>	\$	<b>1,028,345</b>	*/REC Oct 2011
					Aviation Fuel Consumption Growth Rate
FY 10'11	\$	1,390,793	\$	1,048,912	2.0%
FY 11'12	\$	1,435,298	\$	1,082,477	3.2%
FY 12'13	\$	1,468,310	\$	1,107,374	2.3%
FY 13'14	\$	1,515,304	\$	1,142,816	3.2%
FY 14'15	\$	1,571,432	\$	1,185,147	3.7%
FY 15'16	\$	1,624,761	\$	1,225,366	3.4%

NAICS	General Description	Detail
331512	Steel Investment Foundries	Investment castings, foundries
331528	Other Nonferrous Foundries (except Die-Casting)	primarily engaged in pouring molten nonferrous metals (except aluminum and copper) into molds to manufacture nonferrous castings
333511	Industrial Mold Manufacturing	Die casting manufacturing, foundry casting molds
333514	Special Die and Tool, Die Set, Jig, and Fixture Manufacturing	Primarily engaged in manufacturing special tools and fixtures, such as cutting dies and jigs.

**Total Use Tax Paid**

2009	283,188.16
2010	299,436.76
CY to FY	
FY 09'10	<b>291,312.46</b>

Aviation Fuel Consumption Growth Rate \*/REC Oct 2011

FY 10'11	297,138.71	2.0%
FY 11'12	306,647.15	3.2%
FY 12'13	313,700.03	2.3%
FY 13'14	323,740.20	3.2%
FY 14'15	335,731.74	3.7%
FY 15'16	347,125.28	3.4%

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use Tax

**ISSUE:** Security Requirements for Dealers

**BILL NUMBER(S):** SB1304

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** Effective upon becoming law

**DATE OF ANALYSIS:** 12/19/2011

**SECTION 1: NARRATIVE**

- a. **Current Law:** Section 212.14(4) FS authorizes the Dept of Rev to require a dealer's registration. Despite this requirement delinquent sales tax dealers are able to close down their businesses with tax liabilities, and to reopen under a new name, because the current provision does not clearly apply to all of the individuals who were responsible for prior delinquent tax accounts when they seek to register new businesses.
  
- b. **Proposed Change:** The bill revises s. 212.14(4) to authorize the department to require security for individuals who are responsible for prior delinquent accounts when they seek to register new businesses.

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

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

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High					
Middle	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Low					

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted a positive indeterminate estimate.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
State Trust	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total State Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Local Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Unemployment Compensation Tax

**ISSUE:** Records requests

**BILL NUMBER(S):** SB1304

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** Effective upon becoming law

**DATE OF ANALYSIS:** 12/19/2011

**SECTION 1: NARRATIVE**

- a. **Current Law:** Currently there is a standard unemployment tax rate that can be lowered if certain criteria are met. Section 443.131 lists that criteria, but does not explicitly state that a taxpayer must comply with a records request during audits to qualify for a reduced rate.
- b. **Proposed Change:** 443.131 is amended to include compliance with records requests during audits.

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

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

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High					
Middle	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Low					

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted an indeterminate positive estimate.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	0	0	0	0	0
State Trust	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total State Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Local Impact	0	0	0	0	0
Total Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales and Use Tax

**ISSUE:** Automated Sales Suppression Devices

**BILL NUMBER(S):** SB1304

**SPONSOR(S):** Budget Subcommittee on Finance and Tax

**MONTH/YEAR COLLECTION IMPACT BEGINS:** Effective upon becoming law

**DATE OF ANALYSIS:** 12/19/2011

**SECTION 1: NARRATIVE**

- a. **Current Law:** Automated sales suppression devices or “zappers” are software programs that falsify records of electronic cash registers and other point-of-sale systems. The devices alter sales records and facilitate in the theft of taxes that have been collected from a business’s customers. Currently the software is not contraband.
  
- b. **Proposed Change:** The bill creates s. 213.295, FS which makes an automated sales suppression device a contraband article under ss. 932.701 - 932.706, FS, and makes it unlawful to willfully and knowingly sell, purchase, install, transfer or possess in this state any automated sales suppression device, zapper, or phantom-ware.

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

See Attached

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

See Attached

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High					
Middle					
Low	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted an indeterminate positive estimate.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
State Trust	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total State Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Local Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Total Impact	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate

**Data (2007 - 08)**

Quebec GDP Per Capita (PPP)	\$30,143
Quebec GDP Per Capita (Exchg Rate)	\$38,800
Quebec Population (Mn)	7.7
Quebec Lost Collections (Mn)	\$425

**Quebec Adjustments**

Quebec Exchange Rate Adjusted Lost Collections (Mn)	\$414.72
PPP Adjusted Quebec Lost Collections (Mn)	\$322.2
Effective Sales Tax Rate	12.9%
Quebec Lost Base (Mn)	\$2,502.4
Adj Quebec Lost Base per Capita	\$325.0

**FL Impact**

FL GDP Per Capita (PPP)	\$41,291
FL Population (Mn)	18.4
FL Lost base per Capita	\$445
FL Lost base (Mn)	\$8,191.3
<b>FL Impact</b>	<b>\$491.5</b>

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Nondurables & Tourism/ Recreation Growth Rates		-5.6%	-1.6%	4.4%	3.8%	4.3%	4.8%	5.6%	3.0%
High	\$491.5	\$463.8	\$456.4	\$476.5	\$494.6	\$515.6	\$540.2	\$570.7	\$587.8

## Sources:

Quebec GDP Percapita:

[http://www.stat.gouv.qc.ca/salle-presse/communiq/2007/avril/avril0705a\\_an.htm](http://www.stat.gouv.qc.ca/salle-presse/communiq/2007/avril/avril0705a_an.htm)

Quebec Population:

<http://www.populationdata.net/pays/ameriques/quebec.php>

Quebec Lost Collections:

<http://www.bu.edu/law/faculty/scholarship/workingpapers/documents/AinsworthR020909rev.pdf>

Quebec Sales Tax Rate:

[http://www.revenuquebec.ca/en/entreprise/taxes/tvq\\_tps/](http://www.revenuquebec.ca/en/entreprise/taxes/tvq_tps/)

FI GDP:

<http://www.eflorida.com/ContentSubpage.aspx?id=1898>

FL Population:

<http://edr.state.fl.us/Content/conferences/population/demographicresults.pdf>

Exchange Rate Data

<http://www.irponline.org/InfoExchange/CanadianExchangeRate/>

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Unemployment Compensation  
**ISSUE:** Interest rate on unpaid taxes  
**BILL NUMBER(S):** SB1304  
**SPONSOR(S):** Budget Subcommittee on Finance and Tax  
**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2012  
**DATE OF ANALYSIS:** 12/19/2011

**SECTION 1: NARRATIVE**

- a. **Current Law:** Unemployment Compensation tax contributions or reimbursements that are unpaid bear an interest rate of 1 percent per month. Other taxes that are administered by the department have an interest rate of prime plus 4 percent, not to exceed 1% per month, 12% annum.
- b. **Proposed Change:** 443.141 FS is amended to change the interest rate imposed on unemployment compensation to prime plus 4, not to exceed 1 percent monthly, 12% per annum.

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

DOR UCT Data

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

Current interest rate for non-UCT taxes is 7%. With a reduction from 12% to 7% represents a 42% reduction in the rate and ultimately the interest earned. Values were grown at 2%. In 2010-11, total interest collected was \$122,439.

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact: All Funds	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
High					
Middle	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)
Low					

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 12/22/11)** The conference adopted the proposed estimate.

	FY 2012-13 Cash	FY 2012-13 Annualized	FY 2013-14 Cash	FY 2014-15 Cash	FY 2015-16 Cash
General Revenue	0	0	0	0	0
State Trust	(.1)	(.1)	(.1)	(.1)	(.1)
Total State Impact	(.1)	(.1)	(.1)	(.1)	(.1)
Total Local Impact	0	0	0	0	0
Total Impact	(.1)	(.1)	(.1)	(.1)	(.1)