

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Single Sales Factor Apportionment
Bill Number(s): HB781/SB1316

- Entire Bill**
- Partial Bill:**

Sponsor(s): Representative Santiago / Senator Garcia
Month/Year Impact Begins: July 2013
Date of Analysis: 3/7/2013

Section 1: Narrative

a. Current Law: Section 220.15, Florida statutes provides the general rule for apportionment of adjusted federal income. The section directs that the adjusted federal income of taxpayers doing business within and without this state shall be apportioned to Florida by multiplying the adjusted federal income by an apportionment fraction that consists of a sales factor representing 50% of the fraction, a property factor representing 25% of the fraction, and a payroll factor representing 25% of the fraction.

Section 220.153(2), F.S. provides that a taxpayer, not including a financial organization as defined in s. 220.15(6) or a bank, savings association, international banking facility, or banking organization as defined in s. 220.62, doing business within and without this state, who applies and demonstrates to the Department of Economic Opportunity that, within a 2-year period beginning on or after July 1, 2011, it has made qualified capital expenditures equal to or exceeding \$250 million may apportion its adjusted federal income solely by the sales factor set forth in s. 220.15(5), commencing in the taxable year that the Department of Economic Opportunity approves the application.

b. Proposed Change: Removes the “qualified capital expenditures” requirement and amends 220.153(1) adding the definition of “manufacturer”: meaning any business establishment whose code classification under the North American Industry Classification System (NAICS) is within sector 31-33, manufacturing. Amends 220.153(2) to read: A manufacturer doing business within and without this state may apportion its adjusted federal income solely by the sales factor set forth in s. 220.15, commencing in the taxable year that the Department of Economic Opportunity approves the application. The term manufacturer replaces the term taxpayer throughout the rest of statute.

Section 2: Description of Data and Sources

DOR Corporate Income Tax Returns 2010
 Corporate Income Tax Receipts – Growth Rates – General Revenue December 2012

Section 3: Methodology (Include Assumptions and Attach Details)

2010 DOR Corporate Income Tax Returns were used to identify those taxpayers who are classified by NAICS codes 31-33. From this subset of returns, the taxpayers that collectively represented 75% of the total tax liability were examined. Those taxpayers that would benefit from switching to the single sales factor (decreased liability) were then identified. The difference between the Florida apportionment factor and the single sales factor was then multiplied by the taxpayer’s adjusted federal income and then by the corporate income tax rate of 5.5%. The summation of the aforementioned products provided a potential impact for those taxpayers who represent ~75% of liability. The impact was then divided by ~75% to approximate the impact for all tax payers, which is the low estimate. The high impact is double the low, and the middle splits the difference. It is important to note that those taxpayers who qualify to use single sales factor under current law are not included in the analysis of this language.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(\$68.2m)	(\$68.2m)	(\$102.2m)	(\$102.2m)	(\$136.3m)	(\$136.3m)
2014-15	(\$70.1m)	(\$70.1m)	(\$105.2m)	(\$105.2m)	(\$140.2m)	(\$140.2m)
2015-16	(\$72.4m)	(\$72.4m)	(\$108.6m)	(\$108.6m)	(\$144.8m)	(\$144.8m)
2016-17	(\$74.1m)	(\$74.1m)	(\$111.2m)	(\$111.2m)	(\$148.2m)	(\$148.2m)
2017-18	(\$75.9m)	(\$75.9m)	(\$113.8m)	(\$113.8m)	(\$151.8m)	(\$151.8m)

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax

Issue: Single Sales Factor Apportionment

Bill Number(s): HB781/SB1316

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted:03/08/2013) The conference adopted the low estimate with an additional cash impact for the first year (half of payments in previous fiscal year) and a one year lag for cash and recurring.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(101.4)	(67.6)					(101.4)	(67.6)
2014-15	(68.2)	(68.2)					(68.2)	(68.2)
2015-16	(70.1)	(70.1)					(70.1)	(70.1)
2016-17	(72.4)	(72.4)					(72.4)	(72.4)
2017-18	(74.1)	(74.1)					(74.1)	(74.1)

# of Taxpayers with liability	% of Liability	Tax Due	# of Taxpayers switching to SSF	Tax Liability of Potential Swtichers	Potential Impact
15	51.7%	85,896,617	7	38,451,846	44.8% 26,419,862
52	25.2%	41,819,672	27	21,335,799	51.0% 14,619,600
1,374	23.2%	38,493,604			
1,441	100%	166,209,893	34	59,787,645	41,039,461

	Low	Middle	High	
2010	53,408,727	80,113,091	106,817,455	
2011	55.9	83.9	111.8	4.7%
2012	60.0	90.0	120.0	7.3%
2013	67.6	101.4	135.2	12.7%
2014	68.7	103.1	137.4	1.6%
2015	71.5	107.3	143.0	4.1%
2016	73.2	109.9	146.5	2.4%
2017	75.0	112.5	150.0	2.4%
2018	76.8	115.2	153.6	2.4%
2013-14	102.0	102.2	136.3	
2014-15	70.1	105.2	140.2	
2015-16	72.4	108.6	144.8	
2016-17	74.1	111.2	148.2	
2017-18	75.9	113.8	151.8	

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes

Issue: DOR Compromise Authority

Bill Number(s): DOR Legislative Package

Entire Bill

Partial Bill: Section 6 – Proposed Legislation

Sponsor(s): TBD

Month/Year Impact Begins: July 2013

Date of Analysis: 1/29/2013

Section 1: Narrative

Current Law: Section 213.21(2)(a), Florida Statutes, reads:

The executive director of the department or his or her designee is authorized to enter into closing agreements with any taxpayer settling or compromising the taxpayer's liability for any tax, interest, or penalty assessed under any of the chapters specified in s. [72.011](#)(1). Such agreements shall be in writing when the amount of tax, penalty, or interest compromised exceeds \$30,000 or for lesser amounts when the department deems it appropriate or when requested by the taxpayer. When a written closing agreement has been approved by the department and signed by the executive director or his or her designee and the taxpayer, it shall be final and conclusive; and, except upon a showing of fraud or misrepresentation of material fact or except as to adjustments pursuant to ss. [198.16](#) and [220.23](#), no additional assessment may be made by the department against the taxpayer for the tax, interest, or penalty specified in the closing agreement for the time period specified in the closing agreement, and the taxpayer shall not be entitled to institute any judicial or administrative proceeding to recover any tax, interest, or penalty paid pursuant to the closing agreement. The department is authorized to delegate to the executive director the authority to approve any such closing agreement resulting in a tax reduction of \$250,000 or less.

Section 213.21(3)(a), Florida Statutes, reads in part:

(3)(a) A taxpayer's liability for any tax or interest specified in s. [72.011](#)(1) may be compromised by the department upon the grounds of doubt as to liability for or collectability of such tax or interest

Section 12-13.004 of the Florida Administrative Code reads:

Delegation of Authority to Determine Settlements or Compromises.

(1)(a) Authority to settle and compromise tax, interest, and penalty liabilities, and requests for refunds has, in addition to the statutory authorization in Section 213.21, F.S., been delegated to the Executive Director of the Department by the Governor and Cabinet as the head of the Department, pursuant to Rule 12-3.007, F.A.C.

(b) The Executive Director is authorized to settle and compromise tax, interest, and penalty, and refund requests in all matters in litigation, including litigation pursuant to Section 72.011, F.S.

(c) In all other instances, the Executive Director is authorized to settle and compromise tax, interest, and penalty, and refund requests where the amount of tax compromised is \$250,000 or less. Any tax compromise of more than \$250,000, excepting only those cases in litigation or those cases in which a taxpayer has reasonably relied on a written determination issued by the Department, must be approved by the Governor and Cabinet, as the head of the Department.

a. Proposed Change:

Increases the amount authorized to be compromised by the Executive Director from \$250,000 to \$500,000.

Section 2: Description of Data and Sources

Historic data on compromise

Estimate of minimal cost of litigation (\$50,000)

Section 3: Methodology (Include Assumptions and Attach Details)

The methodology used is a behavioral analysis based upon historic compromise activity and the assumptions that:

1. a taxpayer will act rationally and limit their overall exposure in terms of cost
2. Minimal litigation costs are \$50,000
3. Taxpayers choosing to engage in litigation will consider entire cost to compromise, including litigation costs, in determining settlement
4. There are potential risks to state revenue in litigation that are not inherent in compromise prior to litigation
5. That some percent of taxpayers that would have compromised prior to litigation will not agree to compromise in litigation

Impact – Positive indeterminate, based on matrix of possible settlement decisions of taxpayer

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes

Issue: DOR Compromise Authority

Bill Number(s): DOR Legislative Package

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14						
2014-15						
2015-16						
2016-17						
2017-18						

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted a +/- indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2014-15	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2015-16	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2016-17	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2017-18	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-

DOR Package - Copromise Authority Historic data on compromises 2010-11 and 2011-12

	A	B	C	D
1	2011-12			
2	Row Labels	Sum of Total Compromised	Average of Total Compromised	Count of Total Compromised
3	<\$100K	\$ 4,230,287	\$ 13,690	309
4	\$100K to \$200K	\$ 2,505,686	\$ 131,878	19
5	\$200K to \$250K	\$ 921,006	\$ 230,251	4
6	\$250K to \$300K	\$ 252,096	\$ 252,096	1
7	\$300K to \$350K	\$ 1,271,882	\$ 317,970	4
8	\$350K to \$500K	\$ 3,204,037	\$ 400,505	8
9	Grand Total	\$ 12,384,994		345
10				
11	2010-11			
12	Row Labels	Sum of Total Compromised	Average of Total Compromised	Count of Total Compromised
13	<\$100K	\$3,866,785	\$9,454	409
14	\$100K to \$200K	\$1,946,384	\$149,722	13
15	\$200K to \$250K	\$483,232	\$241,616	2
16	\$250K to \$300K	\$796,022	\$265,341	3
17	\$300K to \$350K	\$346,564	\$346,564	1
18	\$350K to \$500K	\$1,269,730	\$423,243	3
19	Grand Total	\$8,708,717		431
20				
21				
22	In no case was a settlement at exactly \$250K			

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Automated Sales Suppression Devices

Bill Number(s): DOR Administration Bill (Proposed)

Entire Bill

Partial Bill: Section 213.295

Sponsor(s): N/A

Month/Year Impact Begins: June 1,2013

Date of Analysis: 1/28/13

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 make an automated sales suppression device a contraband article under s 932.701 – 932.706, FS and makes it unlawful to knowingly sell, purchase, install, transfer, possess, use, or access any automated sales suppression device, zipper, or phantom-ware.

Section 2: Description of Data and Sources

- Historical Florida GDP, NAICS #722
- Historical Quebec GDP, NAICS #722
- REC Nov 2012 growth rates for leisure and hospitality employment
- Historical Canadian Provincial tax rates

Section 3: Methodology (Include Assumptions and Attach Details)

The only available estimate of tax evasion from “zappers” comes from Quebec. The study estimated the loss of provincial sales tax at \$136 million in 2008. A majority of it comes from the Food and Beverage Industry (NAICS-722). Total possible unreported sales are calculated based on the estimated loss and Quebec’s sales tax rate (7.50%). This figure, along with the GDP, creates the proportion of sales that go unreported due to “zapper” software. This proportion is applied to Florida’s Food and Beverage GDP. REC’s Dec 2012 leisure and hospitality employment forecast is used to grow it out into the future. The high, middle and low impact numbers are based-on the expected efficacy of the new law. The high estimate expects the law to completely eliminate sales tax evasion from “zappers”. The middle estimate expects only a 50% efficacy. The low estimate expects only a 25% efficacy. Cash has a ramp-up period. This demonstrates a scenario where complete awareness of the law takes 5-years.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	68m	337m	34m	169m	17m	84m
2014-15	136m	339m	68m	169m	34m	85m
2015-16	204m	340m	102m	170m	51m	85m
2016-17	272m	340m	136m	170m	68m	85m
2017-18	340m	340m	170m	170m	85m	85m

List of affected Trust Funds: Sales Tax Fund Grouping

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted a positive indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.
2014-15	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.
2015-16	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.
2016-17	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.
2017-18	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.	Indeterm.

	A	B	C	D	E	F	G	H	I	J	K	L
1	Quebec (\$M)	2008										
2	GDP: Food Services and Drinking Places	\$6,763										
3	Sales Tax Rate	7.50%										
4	Estimated Tax Loss Due To "Zappers"	\$136										
5	Estimated # Possible Sales	\$1,813										
6	Unreported Sales/Reported Sales	26.81%										
7												
8	Florida (\$M)	2008										
9	GDP: Food Services and Drinking Places	\$19,749										
10	Estimated # Possible Sales	\$5,295										
11	Sales Tax Rate	6.00%										
12	Estimated Loss in Tax Revenue	\$318										
13												
14												
15	Leisure & Hospitality Employment, Nov 2012											
16	Year	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
17	Growth	-3.26%	-3.81%	2.92%	1.57%	1.80%	2.30%	1.30%	0.50%	0.30%	0.10%	0.10%
18	Fiscal Impact											
19	High Estimate	\$318	\$306	\$315	\$319	\$325	\$333	\$337	\$339	\$340	\$340	\$340
20	Capture Rate : 100%											
21	Middle Estimate	\$158.85	\$153	\$157	\$160	\$163	\$166	\$169	\$169	\$170	\$170	\$170
22	Capture Rate : 50%											
23	Low Estimate	\$79.42	\$76	\$79	\$80	\$81	\$83	\$84	\$85	\$85	\$85	\$85
24	Capture Rate : 25%											
25												
26	Sources:											
27	Quebec GDP:											
28	http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/gdps04a-eng.htm											
29	Florida GDP:											
30	http://www.bea.gov/regional/index.htm											
31	Quebec Sales Tax Rate:											
32	http://www.revenuquebec.ca/en/entreprise/taxes/tvg_tps/historique-taux-tps-tvg.aspx											
33	Quebec Lost Collections											
34	www.taxadmin.org/fta/meet/12tech/pres/martin_berg.pdf											

REVENUE ESTIMATING CONFERENCE

Tax: Reemployment Tax

Issue: Standard rate for failure to provide records

Bill Number(s): DOR Legislative Package

Entire Bill

Partial Bill: Section 9 – Proposed Legislation

Sponsor(s): TBD

Month/Year Impact Begins: July 2013

Date of Analysis: 1/29/2013

Section 1: Narrative

- a. **Current Law:** Section 443.131(3), Florida Statutes, provides that certain conditions must be met in order for an employer to be eligible for a rate below the standard rate of 5.4%.
- b. **Proposed Change:** Adds an additional condition for an employer to receive a rate below the standard rate by requiring that the employer has produced for inspection and copying all work records in his or her possession, custody, or control which were requested by the Department of Economic opportunity or its tax collection service provider.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

The impact is dependent upon which specific future employers are subject to the standard rate due to the new requirement, as well as the earned rate each respective employer would have been subject to but for having not meant the new requirement.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			0/**	0/**		
2014-15			0/**	0/**		
2015-16			0/**	0/**		
2016-17			0/**	0/**		
2017-18			0/**	0/**		

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted a positive indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			Indeterminate	Indeterminate			Indeterminate	Indeterminate
2014-15			Indeterminate	Indeterminate			Indeterminate	Indeterminate
2015-16			Indeterminate	Indeterminate			Indeterminate	Indeterminate
2016-17			Indeterminate	Indeterminate			Indeterminate	Indeterminate
2017-18			Indeterminate	Indeterminate			Indeterminate	Indeterminate

REVENUE ESTIMATING CONFERENCE

Tax: Reemployment Tax

Issue: Interest Rate on Liabilities

Bill Number(s): DOR Legislative Package

Entire Bill

Partial Bill: Section 10 – Proposed Legislation

Sponsor(s): TBD

Month/Year Impact Begins: January 1, 2014

Date of Analysis: 2/4/2013

Section 1: Narrative

- a. **Current Law:** Reemployment tax contributions and 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:** S. 443.141 FS be 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

Historic interest paid
 December 2012 Unemployment Compensation Trust Fund Forecast
 November 2012 National Economic Forecast

Section 3: Methodology (Include Assumptions and Attach Details)

Amounts of interest paid on outstanding Reemployment Tax were obtained for 2009-10, 2010-11, and 2011-12. These amounts were converted to an annual liability amount. This annual liability amount was compared to the total taxes due for each year, respectively.

The high estimate was developed using the ratio of liability subject to interest to total tax due of 2.195% from 2009-10. The middle estimate was developed using the ratio of liability subject to interest to total tax due of 1.458% from 2010-11. The low estimate was half the high estimate.

The Prime rate from the National Economic Forecast was used to forecast the interest rate on tax liabilities and applied to the liability amount for each year. The impact was the difference between the calculated interest under the proposed law change compared to interest at 12%.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(\$0.8 M)	(\$1.9 M)	(\$0.6 M)	(\$1.3 M)	(\$0.5 M)	(\$0.9 M)
2014-15	(\$1.4 M)	(\$1.4 M)	(\$1.0 M)	(\$1.0 M)	(\$0.7 M)	(\$0.7 M)
2015-16	(\$1.2 M)	(\$1.2 M)	(\$0.8 M)	(\$0.8 M)	(\$0.6 M)	(\$0.6 M)
2016-17	(\$0.9 M)	(\$0.9 M)	(\$0.6 M)	(\$0.6 M)	(\$0.4 M)	(\$0.4 M)
2017-18	(\$0.4 M)	(\$0.4 M)	(\$0.3 M)	(\$0.3 M)	(\$0.3 M)	(\$0.3 M)

List of affected Trust Funds:

Special Employment Security Administration Trust Fund

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(Insignificant)	(0.1)	(0.6)	(1.2)	0.0	0.0	(0.6)	(1.3)
2014-15	(0.1)	(0.1)	(0.9)	(0.9)	0.0	0.0	(1.0)	(1.0)
2015-16	(0.1)	(0.1)	(0.7)	(0.7)	0.0	0.0	(0.8)	(0.8)
2016-17	(Insignificant)	(Insignificant)	(0.6)	(0.6)	0.0	0.0	(0.6)	(0.6)
2017-18	(Insignificant)	(Insignificant)	(0.3)	(0.3)	0.0	0.0	(0.3)	(0.3)

	A	B	C	D	E	F	G	H
1		Interest	liability (Annualized)	Total Reemployment taxes	% Liability (Col. C/Col. D)			
2								
3	2009-10	\$2,975,671	\$24,797,258	\$1,129,600,000	2.195%			
4	2010-11	\$2,867,178	\$23,893,148	\$1,638,600,000	1.458%			
5	2011-12	\$3,689,716	\$30,747,632	\$2,136,900,000	1.439%			
6					1.697%			
7								
8								
9	High	-2009-10 Liability rate (2.195%)						
10		Prime rate	Prime + 4% (Rounded to nearest %)	RT Taxes	Liability subject to interest	Interest due Current Law (12%)	Interest Due Proposed Law	Impact
11	2013-14	3.25	7	\$1,718,700,000	\$37,729,327	\$4,527,519	\$2,641,053	-\$1,886,466
12	2014-15	3.25	7	\$1,314,500,000	\$28,856,229	\$3,462,747	\$2,019,936	-\$1,442,811
13	2015-16	3.26	7	\$1,100,100,000	\$24,149,667	\$2,897,960	\$1,690,477	-\$1,207,483
14	2016-17	3.70	8	\$975,500,000	\$21,414,417	\$2,569,730	\$1,713,153	-\$856,577
15	2017-18	5.68	10	\$891,400,000	\$19,568,233	\$2,348,188	\$1,956,823	-\$391,365
16								
17								
18								
19								
20	Middle	2010-11 Liability rate (1.45%)						
21		Prime rate	Prime + 4% (Rounded to nearest %)	RT Taxes	Liability subject to interest	Interest due Current Law (12%)	Interest Due Proposed Law	Impact
22	2013-14	3.25	7	\$1,718,700,000	\$25,061,122	\$3,007,335	\$1,754,279	-\$1,253,056
23	2014-15	3.25	7	\$1,314,500,000	\$19,167,304	\$2,300,076	\$1,341,711	-\$958,365
24	2015-16	3.26	7	\$1,100,100,000	\$16,041,043	\$1,924,925	\$1,122,873	-\$802,052
25	2016-17	3.70	8	\$975,500,000	\$14,224,195	\$1,706,903	\$1,137,936	-\$568,968
26	2017-18	5.68	10	\$891,400,000	\$12,997,896	\$1,559,748	\$1,299,790	-\$259,958
27								
28								
29								
30	Low	Half of High Liability Rate						
31		Prime rate	Prime + 4% (Rounded to nearest %)	RT Taxes	Liability subject to interest	Interest due Current Law (12%)	Interest Due Proposed Law	Impact
32	2013-14	3.25	7	\$1,718,700,000	\$18,864,664	\$2,263,760	\$1,320,526	-\$943,233
33	2014-15	3.25	7	\$1,314,500,000	\$14,428,114	\$1,731,374	\$1,009,968	-\$721,406
34	2015-16	3.26	7	\$1,100,100,000	\$12,074,834	\$1,448,980	\$845,238	-\$603,742
35	2016-17	3.70	8	\$975,500,000	\$10,707,209	\$1,284,865	\$856,577	-\$428,288
36	2017-18	5.68	10	\$891,400,000	\$9,784,117	\$1,174,094	\$978,412	-\$195,682

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes

Issue: Security Requirement for Dealers

Bill Number(s): DOR Legislative Package

Entire Bill

Partial Bill: Section 3 – Proposed Legislation

Sponsor(s): TBD

Month/Year Impact Begins: July 2013

Date of Analysis: 1/29/2013

Section 1: Narrative

- a. **Current Law:** Section 212.14(4) FS authorizes the Department of Revenue to require a dealer's registration and security. 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:** Expands to whom the department may extend a requirement to provide a cash deposit, bond, or other security in order to obtain or retain a dealers certificate of registration for sales tax to include an individual or entity owning a controlling interest in an entity; an individual or entity that has acquired an ownership interest or a controlling interest in a business that would otherwise be liable for posting a cash deposit, bond, or other security, unless the department has determined that the individual or entity is not liable; or an individual or entity seeking to obtain a dealer's certificate of registration for a business that will be operated at an identical location as the previous business that otherwise would have been liable for posting a cash deposit, bond, or other security, if the individual or entity fails to provide evidence that the business was acquired for consideration in an arms-length transaction.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

Impact dependent upon future actions of dealers. Anticipated to prevent future avoidance of sales tax liability by transferring entities for no consideration or otherwise to related parties or entities.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			0/**	0/**	0/*	0/*
2014-15			0/**	0/**	0/*	0/*
2015-16			0/**	0/**	0/*	0/*
2016-17			0/**	0/**	0/*	0/*
2017-18			0/**	0/**	0/*	0/*

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted:03/0/2013) The conference adopted a positive indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.
2014-15	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.
2015-16	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.
2016-17	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.
2017-18	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.	Indeter.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Certified Audit

Bill Number(s): HB495/SB866 (including amendment)

Entire Bill

Partial Bill:

Sponsor(s): Rep. Raulerson/ Sen. Abruzzo

Month/Year Impact Begins: July 1, 2013

Date of Analysis: 2/28/2013

Section 1: Narrative

- a. **Current Law:** : Currently under 213.285 FS, taxpayers are allowed to become participating taxpayers prior to a notice of intent to audit being issued and the participating taxpayer has entered into an engagement with a qualified practitioner for tax compliance and are approved by the Department of Revenue under the certified audits project. For further incentive in participating in the certified audit program, 213.21(8) FS abates penalties and the first \$25,000 of interest liability in addition to 25% of total interest liability less the initial \$25,000.
- b. **Proposed Change:** Increases the amount of interest that is abated under the existing certified audit program to the first \$50,000 and 50% of the amount over \$50,000.

Allows for taxpayers to participate in the certified audit program after the taxpayer has received the notice of intent to audit. 213.21FS is modified to allow abatement of all penalties and the first \$25,000 in interest liability and additionally 25% of total interest liability over the initial \$25,000.

Section 2: Description of Data and Sources

DOR Audit Collections

Historic participation in the Certified Audit Program

Section 3: Methodology (Include Assumptions and Attach Details)

Assumption – Both the Senate and House bill are amended to clarify that the certified Audit Program is restricted to Sales and Use tax and Tourist Development taxes.

The impacts were determined by examining historic auditing data for the amounts of assessment, penalty and interest.

Audited taxpayers were grouped into the following categories:

Super Very Large Taxpayers (SVLT) – Annual remittances greater than \$500,000

Very Large Taxpayers (VLT) – Annual remittances greater than \$100,000 and less than \$500,000

Standard taxpayers (Standard) – Annual Remittances of less than \$100,000

Assumes that recoveries will be 50% of Assessment and interest amount.

Post Audit Notification Methodology

Two scenarios were developed to demonstrate possible impacts.

Scenario 1: Taxpayers have knowledge of their potential ultimate interest liability. Those taxpayers that perceive they will have an interest liability greater than \$25,000 will choose to participate in the certified audit process. For high, middle and low that participation rate is 75%, 50%, and 25%, respectively, compared to the recoveries that would have been made had the audit been conducted by the department auditors. Additionally, due to the independence requirements of the Certified Auditor, the recoveries under certified audit were assumed to be 90%, 95%, and 100% for the high, middle and low estimates, respectively. It was assumed that the taxpayer audits that chose to participate in the Certified Audit Program were replaced at a rate of 95% and that those replacement audits would be from the VLT pool of taxpayers. As such, recoveries from these additional audits were based on the average recovery from VLT audits. Assumes 95% replacement audit rate.

Scenario 2: Taxpayers participation is one third SVLT, one-third VLT, and one-third standard taxpayers. Total number of participants is the same as in scenario 1. For high, middle and low that participation rate is 75%, 50%, and 25%, respectively. Additionally, due to the independence requirements of the Certified Auditor, the recoveries under certified audit were assumed to be 90%, 95%, and 100% for the high, middle and low estimates, respectively, compared to the recoveries that would have been made had the audit been conducted by the department auditors. It was assumed that the

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Certified Audit

Bill Number(s): HB495/SB866 (including amendment)

taxpayer audits that chose to participate in the Certified Audit Program were replaced at a rate of 95% and that those replacement audits would be from the VLT pool of taxpayers. As such, recoveries from these additional audits were based on the average recovery from VLT audits. Assumes 95% replacement audit rate.

Scenario 3: Uses tiered sales tax data set. Assumes that taxpayer participation consists of Tier 1 taxpayers that have interest liability greater than \$25,000. Assumes that replacement audits come from Tier 2 audits at the average rate of assessment and recovery for Tier 2 taxpayers.. Assumes 50 audits for the high, 34 for the middle and 17 for the low. Assumes replacement rate of 90%.

Scenario 4: Uses tiered sales tax data set. Assumes that taxpayer participation consists of 50 Tier 1 taxpayers 50 Tier 2 taxpayers, and 50 Tier 3 taxpayers, all of whom have interest liability greater than \$25,000. Assumes that replacement audits come from various taxpayer tiers at the rate of audit activity over period from 2008 to present. Assumes replacement audits are at the average rate of assessment and recovery for respective taxpayer tier. Assumes 97% audit replacement rate.

Increased Interest Abatement for existing Certified Audit Program

A matrix of possible taxpayer behavior in response to the change was developed and potential impacts identified depending upon the taxpayer response. Three types of taxpayers were identified:

1. Those that would have otherwise participated in the Certified Audit Program
2. Those that would certified audit only under revised law - taxpayer would not have otherwise been audited
3. Taxpayer would have been audited but chooses to go with certified audit before department issues Notice of intent to audit. Taxpayer would only make this choice under proposed law.

Two scenarios were developed. Scenario 1 assumes 60 certified audits the consisted of 30 SVLT and 30 VLT taxpayers. There is an even split between the types of taxpayers – 20 VLT and 20 SVLT of each of the three types. Scenario 2 also assumes 60 certified audits but with a different composition. There are still 20 audits for each type of taxpayer, but type 1 and type 3 are SVLT’s while type 2 audits are of VLT’s.

Section 4: Proposed Fiscal Impact

Post Audit Notification - Scenario 1

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0	(\$8.9 M)	0	(\$5.0)	0	(\$0.9)
2014-15	(\$8.9 M)	(\$8.9 M)	(\$5.0)	(\$5.0)	(\$0.9)	(\$0.9)
2015-16	(\$9.5 M)	(\$9.5 M)	(\$5.3)	(\$5.3)	(\$0.9)	(\$0.9)
2016-17	(\$10.0 M)	(\$10.0 M)	(\$5.6)	(\$5.6)	(\$1.0)	(\$1.0)
2017-18	(\$10.5 M)	(\$10.5 M)	(\$5.9)	(\$5.9)	(\$1.0)	(\$1.0)

Post Audit Notification –Scenario 2

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0	(\$7.0)	0	(\$3.8)	0	(\$0.2)
2014-15	(\$7.0)	(\$7.0)	(\$3.8)	(\$3.8)	(\$0.2)	(\$0.2)
2015-16	(\$7.5)	(\$7.5)	(\$4.0)	(\$4.0)	(\$0.2)	(\$0.2)
2016-17	(\$7.9)	(\$7.9)	(\$4.2)	(\$4.2)	(\$0.3)	(\$0.3)
2017-18	(\$8.4)	(\$8.4)	(\$4.5)	(\$4.5)	(\$0.3)	(\$0.3)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Certified Audit

Bill Number(s): HB495/SB866 (including amendment)

Post Audit Notification –Scenario 3

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0	(\$1.1)	0	(\$0.2)		\$0.6
2014-15	(\$1.1)	(\$1.1)	(\$0.2)	(\$0.2)	\$0.6	\$0.6
2015-16	(\$1.2)	(\$1.2)	(\$0.3)	(\$0.3)	\$0.7	\$0.7
2016-17	(\$1.3)	(\$1.3)	(\$0.3)	(\$0.3)	\$0.7	\$0.7
2017-18	(\$1.3)	(\$1.3)	(\$0.3)	(\$0.3)	\$0.8	\$0.8

Post Audit Notification –Scenario 3

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0	(\$7.8)	0	(\$4.1)	0	(\$0.4)
2014-15	(\$7.8)	(\$7.8)	(\$4.1)	(\$4.1)	(\$0.4)	(\$0.4)
2015-16	(\$8.3)	(\$8.3)	(\$4.4)	(\$4.4)	(\$0.4)	(\$0.4)
2016-17	(\$8.8)	(\$8.8)	(\$4.6)	(\$4.6)	(\$0.4)	(\$0.4)
2017-18	(\$9.2)	(\$9.2)	(\$4.8)	(\$4.8)	(\$0.5)	(\$0.5)

Increased Interest Abatement – Existing Program Scenario 1

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			(0.1M)	\$6.2 M		
2014-15			\$6.2 M	\$6.2 M		
2015-16			\$6.2M	\$6.2 M		
2016-17			\$6.2 M	\$6.2 M		
2017-18			\$6.2 M	\$6.2 M		

Increased Interest Abatement – Existing Program Scenario 2

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			(0.2 M)	(0.2 M)		
2014-15			(0.1 M)	(0.2 M)		
2015-16			(0.2 M)	(0.2 M)		
2016-17			(0.2 M)	(0.2 M)		
2017-18			(0.2 M)	(0.2 M)		

List of affected Trust Funds:

Sales and Use Tax Group

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Certified Audit

Bill Number(s): HB495/SB866 (including amendment)

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted the middle for Scenario 4 for the post audit notification issue and a +/- indeterminate for the abatement issue.

Post Audit Notification:

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	(3.6)	0.0	(Insignificant)	0.0	(0.1)	0.0	(0.3)
2014-15	(3.6)	(3.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)
2015-16	(3.9)	(3.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2016-17	(4.1)	(4.1)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2017-18	(4.3)	(4.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	(0.4)	0.0	(0.8)	0.0	(4.4)
2014-15	(0.4)	(0.4)	(0.8)	(0.8)	(4.4)	(4.4)
2015-16	(0.4)	(0.4)	(0.9)	(0.9)	(4.8)	(4.8)
2016-17	(0.4)	(0.4)	(0.9)	(0.9)	(5.0)	(5.0)
2017-18	(0.4)	(0.4)	(1.0)	(1.0)	(5.3)	(5.3)

Abatement

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2014-15	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2015-16	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2016-17	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2017-18	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-

	A	B	C	D	E	F	G	H	I	J
1	Scenario 1 - Taxpayers that choose to use Certified Auditor after Notice of Intent to Audit are 100% SVLT taxpayers. Replacement audits are VLT taxpayers and recovery is average for VLT. Assumes 95% replacement rate for audits									
2	Assessment Information									
3	Data (Taxpayers with an Interest Liability > \$25k)									
4	Sales and Use Tax		Int> \$25k							
5	Date (FY Ending) - Reduced compliance and recoveries	Total	10.0%	5.0%	0%					
6	2009	\$128,162,060	\$12.82	\$6.41	\$0					
7	2010	\$122,294,744	\$12.23	\$6.11	\$0					
8	2011	\$129,239,066	\$12.92	\$6.46	\$0					
9	SUT Interest (25000* count)+(interest value-25000*count)*0.25		Int> \$25k							
10		Total Interest	75%	50%	25%	Count	100%	75%	50%	25%
11	2009	\$53,517,119	\$14.27	\$9.76	\$4.76	2009	301	226	151	75
12	2010	\$47,093,939	\$13.85	\$9.48	\$4.62	2010	343	257	172	86
13	2011	\$49,159,474	\$13.32	\$9.13	\$4.44	2011	294	221	147	74
14	assumed replacement audit activity									
15		Per audit average	75%	50%	25%	Count	100%	75%	50%	25%
16	2009	\$36,285	\$7.78	\$5.19	\$2.59	2009	301	214	143	71
17	2010	\$39,881	\$9.75	\$6.50	\$3.25	2010	343	244	163	81
18	2011	\$39,680	\$8.31	\$5.54	\$2.77	2011	294	209	140	70
19		3 year average	\$5.87							
20										
21	Total Impact		High	Middle	Low					
22	2009		(\$19.3)	(\$11.0)	(\$2.2)					
23	2010		(\$16.3)	(\$9.1)	(\$1.4)					
24	2011		(\$17.9)	(\$10.0)	(\$1.7)					
25	3 Year Average		(\$17.9)	(\$10.0)	(\$1.7)					
26	Adjustment to recoveries (50% of Assessment)		Cash 2013-14	0	0	0				
27			Cash 2014-15	(\$8.9)	(\$5.0)	(\$0.9)				
28			Cash 2015-16	(\$9.5)	(\$5.3)	(\$0.9)				
29			Cash 2016-17	(\$10.0)	(\$5.6)	(\$1.0)				
30			Cash 2017-18	(\$10.5)	(\$5.9)	(\$1.0)				
31										
32	Audit Recoveries - Sale and Use tax									
33	2008-09	\$104.3 M								
34	2009-10	\$97.3 M								
35	2010-11	\$123.4 M								
36	2011-12	\$84.7 M								

	A	B	C	D	E	F	G	H	I	J	K
1	Scenario 2 - Taxpayers that choose to use Certified Auditor after Notice of Intent to Audit are 33% SVLT, 33% VLT, and 33% Standard taxpayers. Replacement audits are VLT taxpayers and recovery is average for VLT. Assumes 95% replacement rate for audits										
2	Assessment Information										
3	Data (Taxpayers with an Interest Liability > \$25k)										
4	Sales and Use Tax		Int> \$25k								
5	Date (FY Ending) - Reduced compliance and recoveries		Total	10.0%	5.0%	0%					
6		2009	\$128,162,060	\$12.82	\$6.41	\$0					
7		2010	\$122,294,744	\$12.23	\$6.11	\$0					
8		2011	\$129,239,066	\$12.92	\$6.46	\$0					
9	SUT Interest (25000* count)+(interest value-25000*count)*0.25		Int> \$25k								
10			Total Interest	75%	50%	25%	Count	100%	75%	50%	25%
11		2009	\$25,643,129	\$9.04	\$6.27	\$3.01	2009	301	226	151	75
12		2010	\$30,739,160	\$10.78	\$7.44	\$3.59	2010	343	257	172	86
13		2011	\$32,780,947	\$10.25	\$7.08	\$3.42	2011	294	221	147	74
14	assumed replacement audit activity										
15			Per audit average	75%	50%	25%	Count	100%	75%	50%	25%
16		2009	\$36,285	\$7.78	\$5.19	\$2.59	2009	301	214	143	71
17		2010	\$39,881	\$9.75	\$6.50	\$3.25	2010	343	244	163	81
18		2011	\$39,680	\$8.31	\$5.54	\$2.77	2011	294	209	140	70
19			3 year average	\$5.87							
20											
21	Total Impact		High			Middle	Low				
22		2009	(\$14.1)			(\$7.5)	(\$0.4)				
23		2010	(\$13.3)			(\$7.1)	(\$0.3)				
24		2011	(\$14.9)			(\$8.0)	(\$0.6)				
25	3 Year Average		(\$14.1)			(\$7.5)	(\$0.5)				
26	Adjustment to recoveries (50% of Assessment)		Cash 2013-14	0	0	0					
27			Cash 2014-15	(\$7.0)	(\$3.8)	(\$0.2)					
28			Cash 2015-16	(\$7.5)	(\$4.0)	(\$0.2)					
29			Cash 2016-17	(\$7.9)	(\$4.2)	(\$0.3)					
30			Cash 2017-18	(\$8.4)	(\$4.5)	(\$0.3)					
31											
32											

	A	B	C	D	E	F	G	H	
1	Scenario 3 - Taxpayers that choose to use Certified Auditor after Notice of Intent to Audit are 100% Tier 1 with Audits greater than 25k interest. Replacement audits are Tier 2 taxpayers and recovery is average for Tier 2. Assumes 90% replacement rate for audits								
2	Assessment Information								
3	Data (Taxpayers with an Interest Liability > \$25k)								
4	Sales and Use Tax		Int> \$25k						
5	Date (FY Ending) - Reduced compliance and recoveries	Total	10.0%	5.0%	0%				
6		\$61,450,200	\$6.15	\$3.07	\$0				
7	SUT Interest (25000* count)+(interest value-25000*count)*0.25		Int> \$25k			Count of Audits			
8		Total Interest	High	Middle	Low	High	Middle	Low	
9		\$15,226,700	\$4.74	\$3.18	\$1.59	50	34	17	
10	assumed replacement audit activity								
11		Per audit average	High	Middle	Low	100%	75%	50%	
12		\$191,129	\$8.60	\$5.76	\$2.88	45	30	15	
13									
14	Total Impact		High	Middle	Low				
15			(\$2.3)	(\$0.5)	\$1.3				
16	Adjustment to recoveries (50% of Assessment)		Cash 2013-14	0	0	0			
17			Cash 2014-15	(\$1.1)	(\$0.2)	\$0.6			
18			Cash 2015-16	(\$1.2)	(\$0.3)	\$0.7			
19			Cash 2016-17	(\$1.3)	(\$0.3)	\$0.7			
20			Cash 2017-18	(\$1.3)	(\$0.3)	\$0.8			
21									

	A	B	C	D	E	F	G	H	
1	Scenario 3 - Taxpayers that choose to use Certified Auditor after Notice of Intent to Audit are 33% Tier 1, 33% Tier 2 and 33% Tier 3. Replacement audits occur in the same percentage as current audit plan. Assumes 97% replacement rate.								
2	Assessment Information								
3	Data (Taxpayers with an Interest Liability > \$25k)								
4	Sales and Use Tax		Int> \$25k						
5	Date (FY Ending) - Reduced compliance and recoveries	Total	10.0%	5.0%	0%				
6		\$132,758,076	\$13.28	\$6.64	\$0				
7	SUT Interest (25000* count)+(interest value-25000*count)*0.25		Int> \$25k			# Audits			
8		Total Interest	High	Middle	Low	High	Middle	Low	
9		32,054,013.48	\$10.83	\$7.16	\$3.58	150	100	50	
10	assumed replacement audit activity					# Audits			
11			High	Middle	Low	High	Middle	Low	
12			\$8.47	\$5.59	\$2.80	145	96	48	
13									
14	Total Impact		High	Middle	Low				
15			(\$15.6)	(\$8.2)	(\$0.8)				
16	Adjustment to recoveries (50% of Assessment)	Cash 2013-14	0	0	0				
17		Cash 2014-15	(\$7.8)	(\$4.1)	(\$0.4)				
18		Cash 2015-16	(\$8.3)	(\$4.4)	(\$0.4)				
19		Cash 2016-17	(\$8.8)	(\$4.6)	(\$0.4)				
20		Cash 2017-18	(\$9.2)	(\$4.8)	(\$0.5)				

	A	B	C	D	E	F
1	Increase of interest abatement from \$25,000 and 25% of the amount above \$25,000 to \$50,000 and 50% of the amount above \$50,000					
2						
3	Taxpayer behavior	Proposed Change(\$50k and50%				
4	Taxpayer would enter certified audit program regardless - Taxpayer would not have otherwise been audited	Neg Impact for marginal interest abatement above \$25k and 25%	Type 1			
5	Taxpayer would enter certified audit only under revised law - taxpayer would not have otherwise been audited	Positive impact for any recovery	Type 2			
6	Taxpayer would have been audited but choses to go with certified audit before department issues Notice of intent to audit. Taxpayer would only make this choice under proposed law.	Neg Impact for interest abatement and reduced assessment	Type 3			
7						
8	Scenario 1					
9	60 Certified audits - 20 type 1, 20 type 2, 20 type 3					
10	50% SVLT for each type					
11	50% VLT for each type					
12						
13	Type 1 -					
14		assessment	Interest	Recovery	Reduced Recovery	Impact
15	SVLT	\$8,772,232	\$6,420,230	\$7,596,231	-\$379,812	-\$817,552
16	VLT	\$4,370,796	\$2,684,242	\$3,527,519	-\$176,376	-\$375,983
17	Type 2					
18	SVLT	\$8,772,232	\$6,420,230	\$7,596,231	-\$379,812	\$7,216,420
19	VLT	\$4,370,796	\$2,684,242	\$3,527,519	-\$176,376	\$3,439,331
20	Type 3					
21	SVLT	\$8,772,232	\$6,420,230	\$7,596,231	-\$379,812	-\$2,139,916
22	VLT	\$4,370,796	\$2,684,242	\$3,527,519	-\$176,376	-\$1,053,342
23						
24	Total Impact					\$6,268,956
25						
26						
27	Scenario 2					
28	60 Certified audits - 20 type 1, 20 type 2, 20 type 3					
29	Type 1 - 50% SVLT 50%VLT					
30	Type 2 - VLT					
31	Type 3 - SVLT					
32						
33	Type 1 -	assessment	Interest	Recovery	Reduced Recovery	Impact
34	SVLT	\$8,772,232	\$6,420,230	\$7,596,231	-\$379,812	-\$817,552
35	VLT	\$4,370,796	\$2,684,242	\$3,527,519	-\$176,376	-\$375,983
36	Type 2					
37	VLT	\$8,741,591	\$2,684,242	\$5,712,917	-\$571,292	\$5,141,625
38	Type 3					
39	SVLT	\$17,544,465	\$12,840,460	\$15,192,462	-\$877,223	-\$4,118,032
40						
41	Total Impact					-\$169,943

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Tier	Cumulative tax	Number of taxpayers	% of audits	% of total tax	Avg Annual Tax	Avg Assessment	Avg Interest	AVG Assmnt + Avg Interest	Total Assessment	Total Interest	% of audits w/ Int > 25k	Assmnt - Int> 25k	Int> 25K	Avg Assmnt >25k	Avg Int > 25k
2	1	8,772,411,162	500	1.9%	44.6%	17,544,822.32	550,305	179,747	730,052	159,038,229	51,946,817	58%	154,386,453	50,857,247	924,470	304,534
3	2	10,233,554,683	500	1.4%	7.44%	2,922,287.04	149,277	41,852	191,129	32,542,468	9,123,660	32%	27,453,017	8,023,584	397,870	116,284
4	3	11,410,332,240	696	1.7%	5.99%	1,690,772.35	194,108	60,202	254,310	50,468,102	15,652,430	25%	45,654,949	14,537,294	691,742	220,262
5	4	12,587,109,797	1269	3.0%	5.99%	927,326.68	83,608	27,836	111,444	38,208,641	12,721,043	18%	29,139,504	10,773,615	355,360	131,386
6	5	13,763,887,354	2553	4.9%	5.99%	460,939.11	64,572	21,648	86,220	48,945,606	16,409,059	13%	36,293,600	13,560,874	359,343	134,266
7	6	14,940,664,912	5067	7.3%	5.99%	232,243.45	47,973	13,731	61,704	53,873,422	15,420,444	10%	36,560,074	11,507,108	341,683	107,543
8	7	16,117,442,469	9695	10.4%	5.99%	121,379.84	34,007	8,834	42,841	54,309,606	14,107,393	6%	32,339,129	9,366,096	344,033	99,639
9	8	17,294,220,026	18850	10.9%	5.99%	62,428.52	31,841	9,254	41,095	53,206,048	15,463,724	5%	31,870,755	11,041,841	408,599	141,562
10	9	18,470,997,583	41692	12.1%	5.99%	28,225.50	25,440	6,168	31,608	47,191,304	11,440,779	5%	23,313,320	6,261,887	267,969	71,976
11	10	19,647,775,140	498105	31.5%	5.99%	2,362.51	27,985	8,469	36,454	135,336,675	40,956,974	4%	85,123,024	29,895,661	432,097	151,755
12	11	0	2414	14.8%			70,742	21,057	91,799	160,231,473	47,693,170	14%	128,558,726	39,475,189	414,706	127,339
13			581,341							833,351,574	250,935,493					
14																
15																
16		Certified Audits	150													
17	Tier	Assessment	Interest	total			Replacement audits		150							
18	1	46,223,488.92	15,226,720.66	61,450,209.58			Tier	Audit plan perce	Replacement au	Assessment	Interest					
19	2	19,893,490.58	5,814,191.30	25,707,681.88			2	1.4%	2	298,555	83,703					
20	3	34,587,082.58	11,013,101.52	45,600,184.09			3	1.7%	3	582,324	180,605					
21	Total	100,704,062.08	32,054,013.48	132,758,075.56			4	3.0%	4	334,430	111,344					
22							5	5.0%	7	452,004	151,535					
23							6	7.5%	11	527,700	151,046					
24							7	10.6%	15	510,109	132,505					
25							8	11.1%	16	509,453	148,067					
26							9	12.3%	18	457,921	111,016					
27							10	32.2%	47	1,315,307	398,052					
28							11	15.1%	22	1,556,332	463,245					
29									145	6,544,136	1,931,117					
30																
31								High	Middle	Low						
32								8,475,254	5,593,668	2,796,834						

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Filing Fees

Issue: Corporate Filing Fees-Restructure \$400 late fee

Bill Number(s):

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2014

Date of Analysis: February 28, 2013

Section 1: Narrative

a. Current Law: All corporations doing business in Florida must file annually with the Department of State. Business entities must pay various fees including fees for annual reports, initial filings and for filing late.

b. Proposed Change: Changes various filing fees for for profit Corporations, non-profit Corporations, Limited Liability Companies (LLCs), Limited Partnerships (LPs), and General Partnerships (GP).

Section 2: Description of Data and Sources

Department of State data

December 2012 GR REC

Section 3: Methodology (Include Assumptions and Attach Details)

Assumed most fees are spread out throughout the year except for annual reports which are late after May 1st.

Assumed growth based on December 2012 REC GR and FEEC (11/2012).

Assume a 2% decline in the number of non-profit filings.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14				(\$1.1m)		
2014-15			(\$1.6m)	(\$1.6m)		
2015-16			(\$2.1m)	(\$2.1m)		
2016-17			(\$2.5m)	(\$2.5m)		
2017-18			(\$2.9m)	(\$2.9m)		

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	(1.1)	0.0	0.0	0.0	0.0	0.0	(1.1)
2014-15	(1.6)	(1.6)	0.0	0.0	0.0	0.0	(1.6)	(1.6)
2015-16	(2.1)	(2.1)	0.0	0.0	0.0	0.0	(2.1)	(2.1)
2016-17	(2.5)	(2.5)	0.0	0.0	0.0	0.0	(2.5)	(2.5)
2017-18	(2.9)	(2.9)	0.0	0.0	0.0	0.0	(2.9)	(2.9)

% Late Filers		Average late filers	Nonprofit	GP
Corps	4.0%		4,588	101
LP	2.2%	New Fee	\$400	\$400
LLCs	3.8%	Est 2012 impact	\$ 1,835,092	\$ 40,387
	3.3%			

2012 Revenue	Corporations (profit)	LLCs	Corporations (nonprofit)	LPs	GP	Total	Actual CY 2012
Initial Filings	\$ 7,637,490	\$ 21,181,250	\$ 877,660	\$ 1,312,000	\$ 1,150	\$ 31,009,550	
Annual Report	\$ 95,137,200	\$ 68,739,248	\$ 8,443,777	\$ 9,654,000	\$ 75,850	\$ 182,050,074	
Late/Reinstate Fee	\$ 19,578,400	\$ 9,336,100	\$ 671,825	\$ 302,400	\$ -	\$ 29,888,725	
Other	\$ 6,250,816	\$ 12,141,935	\$ 874,475	\$ 183,645	\$ -	\$ 19,450,871	
Total	\$ 128,603,906	\$ 111,398,533	\$ 10,867,737	\$ 11,452,045	\$ 77,000	\$ 262,399,221	\$275,400,000 95.3%

2012 Revenue Impact	Corporations (profit)	LLCs	Corporations (nonprofit)	LPs	GP	Total	FY's impacted
Initial Filings	\$ -	\$ (9,319,750)	\$ -	\$ (1,220,160)	\$ 460	\$ (10,539,450)	FY 11/12 and 12/13
Annual Report	\$ -	\$ 5,573,453	\$ 12,234,860	\$ (6,757,800)	\$ 379,250	\$ 11,429,763	FY 11/12
Late/Reinstate Fee	\$ (3,156,800)	\$ 5,150,700	\$ 2,698,867	\$ (27,200)	\$ 40,387	\$ 4,705,954	FY11/12 and 12/13
Other	\$ (16,328)	\$ (5,994,080)	\$ (25,305)	\$ (50,645)	\$ -	\$ (6,086,358)	FY11/12 and 12/13
Total	\$ (3,173,128)	\$ (4,589,678)	\$ 14,908,422	\$ (8,055,805)	\$ 420,097	\$ (490,091)	

	December 2012 REC GR forecast		Impact %		
	Base Fee	Late/Reinstate Fee	Base	Late/reinstate	Effective 07/1/2014
11/12	\$ 233.9	\$ 41.9			
12/13	\$ 236.3	\$ 37.6	-2.2%	12.5%	\$ (0.5)
13/14	\$ 239.2	\$ 33.6	-2.2%	12.5%	\$ (1.1)
14/15	\$ 243.6	\$ 30.1	-2.2%	12.5%	\$ (1.6)
15/16	\$ 248.6	\$ 27.0	-2.2%	12.5%	\$ (2.1)
16/17	\$ 253.6	\$ 24.2	-2.2%	12.5%	\$ (2.5)
17/18	\$ 257.6	\$ 21.7	-2.2%	12.5%	\$ (2.9)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Rental of Homestead to Constitute Abandonment

Bill Number(s): HB 279/ SB342

Entire Bill

Partial Bill:

Sponsor(s): Representative Hood; Senator Thrasher

Month/Year Impact Begins: July 1, 2013

Date of Analysis: March 7, 2013

Section 1: Narrative

- a. Current Law:** According to s. 196.061, F.S., the rental of all or substantially all of a dwelling previously claimed to be a homestead for tax purposes shall constitute the abandonment of such dwelling as a homestead, and the abandonment shall continue until the dwelling is physically occupied by the owner. The statute also states that such abandonment after January 1 of any year does not affect the homestead exemption for tax purposes for that particular year if this provision is not used for 2 consecutive years.

This section does not apply to a member of the Armed Forces; valid military orders transferring such member are sufficient to maintain permanent residence for the purpose of s. 169.015, F.S., for the member and his or her spouse.

According to s.196.012(13) F.S., "real estate used and owned as a homestead" means real property to the extent provided in s. 6(a), Art. VII of the State Constitution, but less any portion thereof used for commercial purposes, with the title of such property being recorded in the official records of the county in which the property is located. Property rented for more than 6 months is presumed to be used for commercial purposes.

- b. Proposed Change:** Strikes the phrase "if this provision is not used" and replaces it with "unless the property is rented for more than 30 days per calendar year" for 2 consecutive years.

In effect this means that, if a property is rented for *more than* 30 days in a calendar year for 2 consecutive years, such rental constitutes an abandonment of homestead and *will* affect the homestead exemption for tax purposes for that year. For rentals *less than* 30 days for 2 consecutive years, that property *will not* lose its homestead exemption.

Section 2: Description of Data and Sources

Millage Rates, 2012 Florida Tax Handbook

Average Homestead and Save Our Homes Exemption Values, NAL, Department of Revenue

Growth rates were calculated using the Homestead Exemptions values, December 2012 Revenue Estimating Conference - Ad Valorem Assessments

Correspondence with County Property Appraisers (Broward, Miami-Dade, Flagler, Pinellas, Volusia Counties)

Section 3: Methodology (Include Assumptions and Attach Details)

An estimate was created by assuming that 1000 homesteads for the high, 500 for the middle, and 100 for the low would retain their homestead exemption.

The Department of Revenue sent out a questionnaire to property appraisers requesting a response to the following questions found below.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Rental of Homestead to Constitute Abandonment

Bill Number(s): HB 279/ SB342

Questions sent to County Property Appraisers and a short summary of their responses:

1. What is the history for revocation of homesteads due to s. 196.061, Florida Statutes, in your county? Please include number of exemptions and dollar amounts by year for recent years, if available.
Removals of the homestead exemption due to renting numbered from 133 to 721.

2. How does your office administer the "two consecutive year" provision in s. 196.061?
Except for Flagler, the "two consecutive year" provision is administered if the property was rented at all in both years. This includes a rental that bridges between the two years (ex: Rental from November to February). Flagler County does not act on the "two consecutive year" clause and denies an exemption if any lease is found.

3. Can you identify if any of the homesteads for which the exemptions were revoked were rented for less than 30 days in any of the cases in question 1?
No county could identify a single example of a removal of a homestead due to a rental of less than 30 days.

4. What is the likelihood of discovering a homestead that is rented for less than 30 days in any year?
Very difficult.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(\$1.1m)	(\$1.1m)	(\$.53m)	(\$.53m)	(\$.11m)	(\$.11m)
2014-15	(\$1.1m)	(\$1.1m)	(\$.54m)	(\$.54m)	(\$.11m)	(\$.11m)
2015-16	(\$1.1m)	(\$1.1m)	(\$.55m)	(\$.55m)	(\$.11m)	(\$.11m)
2016-17	(\$1.1m)	(\$1.1m)	(\$.56m)	(\$.56m)	(\$.11m)	(\$.11m)
2017-18	(\$1.1m)	(\$1.1m)	(\$.56m)	(\$.56m)	(\$.11m)	(\$.11m)

List of affected Trust Funds: Ad Valorem Tax Group

Section 5: Consensus Estimate (Adopted: 03/08/2013) The conference adopted the low estimate as the least amount the fiscal impact would affect revenues.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2014-15	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2015-16	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2016-17	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2017-18	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)

	A	B	C	D	E	F	G	H
1								
2		From Dec 2012 REC - Ad Valorem - Homestead Exemptions						
3		http://edr.state.fl.us/Content/conferences/advalorem/adval_results.pdf						
4			2013 NEW	2014	2015	2016	2017	
5		Exemptions - Homestead Values	106,173	106,173	107,235	108,865	110,519	
6								
7		Growth Rates						
8		2013-14	0.0%					
9		2014-15	1.0%					
10		2015-16	1.5%					
11		2016-17	1.5%					
12		2017-18*	1.5%					
13		*use same GR for FY2016-17						
14								
15		Average Homestead Exemption Value	\$56,213.97	includes Save Our Homes				
16		Millage Rate	18.9710000					
17								
18		HB 279/SB 342 - Rental of Homestead						
19			GrowthRates	High (1000)	Middle (500)	Low (100)		
20		2013-14	0.0%	\$ 1,066,435.22	\$ 533,217.61	\$ 106,643.52		
21		2014-15	1.0%	\$ 1,077,099.58	\$ 538,549.79	\$ 107,709.96		
22		2015-16	1.5%	\$ 1,093,256.07	\$ 546,628.04	\$ 109,325.61		
23		2016-17	1.5%	\$ 1,109,654.91	\$ 554,827.46	\$ 110,965.49		
24		2017-18	1.5%	\$ 1,126,299.74	\$ 563,149.87	\$ 112,629.97		
25		Estimate = (#homesteads*avgexempvalue)*(1+GR)*(millage rate)						
26								
27								

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem Tax

Issue: Agricultural Classification & VAB Reviews

Bill Number(s): HB 1193/SB 1200

Entire Bill:

Partial Bill:

Sponsor(s): Rep. Beshears, Sen. Simpson

Month/Year Impact Begins: July 1, 2013 (Applying retroactively on January 1, 2012)

Date of Analysis: 3/8/2013

Section 1: Narrative

- a. Current Law:** Current statute establishes the guidelines on how agricultural lands can be reclassified as nonagricultural (s.193.461, F.S.), and the authority the Value Adjustment Board has on reviewing property classifications (s.193.503, F.S.; s.193.625, F.S.; s.196.194, F.S.).
- b. Proposed Change:** The bill eliminates the ability of the Value Adjustment Board to do the following: review, upon its own motion, all lands classified by the property appraiser as agricultural lands, historic property used for commercial or non-profit purposes, high-water recharge lands or review exemptions. The bill also amends s.193.461 (4), F.S. on agricultural classification. Strikes language that required the appraiser to reclassify land as nonagricultural based-on these qualifications:
1. Land that has been zoned to a nonagricultural use at the request of the owner subsequent to the enactment of the statute.
 2. The board of county commissioners may also reclassify lands to nonagricultural when there is a contiguous urban or metropolitan development, and the board finds the use of such lands for agricultural purposes will act as a deterrent to the timely and orderly expansion of the community.
 3. Sale of the land for a purchase price which is three or more times the agricultural assessment placed on the land.

Section 2: Description of Data and Sources:

Ad Valorem Conference, Dec 2012

Section 3: Methodology (Include Assumptions and Attach Details)

Value Adjustment Board (VAB): No evidence was found of a VAB, under its own motion, reviewing and removing a land classification. The likelihood of future VAB's behaving similarly, however, cannot be assumed. The VAB's composition is diverse with two members of the County Commission, one member of the school board and two citizen members. One of the citizen members is a homestead property owner and the other is a business owner that occupies a commercial space. All 5 members, whether professionally or personally, are affected by ad valorem taxation and land classification decisions. They make take it upon themselves to review and, if deemed appropriate, remove a future land classification. All it takes is just one such action to increase taxable value. Therefore; a negative indeterminate was assigned to this bill.

Non-Agricultural Qualification: In the past, property appraisers have used 2 qualifications eliminated by the bill in reclassifying agriculture to non-agriculture. Prior court cases have demonstrated the impact on taxable value regarding these reclassifications. In *Rh Resorts v. Donegan*, the property appraiser reclassified the parcel to nonagricultural partially based-on the sales price of the land exceeding the appraised value by a multiple of 25. In *Harbor Ventures v. Hutches*, the property appraiser denied an agricultural classification because the rezoning of the land to nonagricultural was requested by the owner previously.

The high impact assumes that 1% of assessed agricultural differential is removed due to a reclassification of the land to nonagricultural based on any one of 3 qualifications. The middle impact assumes a removal of .5%, and the low impact assumes a removal of .1%.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem Tax

Issue: Agricultural Classification & VAB Reviews

Bill Number(s): HB 1193/SB 1200

Section 4: Proposed Fiscal Impact

Value Adjustment Board Impact:

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			(Indeterminate)	(Indeterminate)		
2014-15			(Indeterminate)	(Indeterminate)		
2015-16			(Indeterminate)	(Indeterminate)		
2016-17			(Indeterminate)	(Indeterminate)		
2017-18			(Indeterminate)	(Indeterminate)		

Non-Agricultural Qualification:

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(\$9.0m)	(\$9.0m)	(\$4.5m)	(\$4.5m)	(\$0.9m)	(\$0.9m)
2014-15	(\$9.2m)	(\$9.2m)	(\$4.6m)	(\$4.6m)	(\$0.9m)	(\$0.9m)
2015-16	(\$9.4m)	(\$9.4m)	(\$4.7m)	(\$4.7m)	(\$0.9m)	(\$0.9m)
2016-17	(\$9.5m)	(\$9.5m)	(\$4.8m)	(\$4.8m)	(\$1.0m)	(\$1.0m)
2017-18	(\$9.7m)	(\$9.7m)	(\$4.9m)	(\$4.9m)	(\$1.0m)	(\$1.0m)

List of affected Trust Funds: Ad Valorem Tax Grouping

Section 5: Consensus Estimate (Adopted:03/08/2013)

Value Adjustment Board Impact:

The conference adopted zero/negative indeterminate for the impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14					(0/**)	(0/**)	(0/**)	(0/**)
2014-15					(0/**)	(0/**)	(0/**)	(0/**)
2015-16					(0/**)	(0/**)	(0/**)	(0/**)
2016-17					(0/**)	(0/**)	(0/**)	(0/**)
2017-18					(0/**)	(0/**)	(0/**)	(0/**)

Non-Agricultural Qualification Impact:

The conference adopted half of the low estimate as the least amount the fiscal impact would affect revenues.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2014-15	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2015-16	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2016-17	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2017-18	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)

	A	B	C	D	E	F	G	H	
1									
2		From Nov 2012 REC - Ad Valorem - Forecasted Agricultural Assessed Differential							
3									
4		(\$mill)	2013 NEW	2014	2015	2016	2017		
5		Value	47,753	48,605	49,469	50,249	51,098		
6									
7		Impact (\$mill)	High (1%)	Middle(.5%)	Low(.1%)				
8		2013-14	477.53	238.77	47.75				
9		2014-15	486.05	243.03	48.61				
10		2015-16	494.69	247.35	49.47				
11		2016-17	502.49	251.25	50.25				
12		2017-18*	510.98	255.49	51.10				
13									
14									
15		Millage Rate	18.9710000						
16									
17		Tax Impact							
18			High	Middle	Low				
19		2013-14	-\$9.06	-\$4.53	-\$0.91				
20		2014-15	-\$9.22	-\$4.61	-\$0.92				
21		2015-16	-\$9.38	-\$4.69	-\$0.94				
22		2016-17	-\$9.53	-\$4.77	-\$0.95				
23		2017-18	-\$9.69	-\$4.85	-\$0.97				
24									
25									
26									

REVENUE ESTIMATING CONFERENCE

Tax: Motor Fuel/Sales Tax

Issue: Alternative decal fee

Bill Number(s): PCS for HB579/SB560amendment

Entire Bill

Partial Bill:

Sponsor(s): Representative Ray / Senator Simpson

Month/Year Impact Begins: repeal on January 1, 2014 / no fees or taxes until January 2019

Date of Analysis: 3/8/2013

Section 1: Narrative

a. Current Law: s. 206.877, F.S. provides three types of alternative decals (A, B and C) for vehicles licensed in Florida which are powered by alternative fuels. Vehicles with alternative decals could purchase alternative fuels and pay the sales tax instead of the diesel fuel tax. Out of state vehicles or vehicles without alternative decals have to pay the diesel fuel tax when purchasing the alternative fuels.

Rule 12B-5.200(3)(b), F.A.C., states: "In addition to the annual alternative decal fee, the sale of alternative fuel is subject to sales tax imposed under Chapter 212, F.S. See Rule 12A-1.059, F.A.C."

b. Proposed Change: section 2 repeals s.206.877, s.206.89 on January 1, 2014.

Instead, the bill creates part V of chapter 206, Florida Statutes, entitled "Natural Gas Fuel".

Section 8 provides the effective date on levying tax on natural gas fuel, January 1, 2019

Section 9 s. 206.9955, F.S. authorizes levy of natural gas fuel tax and provides measures of equivalent gallon:

(a) Compressed natural gas gallon: 5.66 pounds, or per each 126.67 cubic feet;

(b) Liquefied natural gas gallon: 6.22 pounds;

(c) Liquefied petroleum gas gallon: 1.35 gallons.

State taxes include: 4 cents excise tax on each motor fuel equivalent gallon of natural gas fuel;

State comprehensive enhanced transportation system tax (SCETS) initially set at 7.1 cent per gallon and

Fuel sales tax initially set at 12.9 cents per gallon beginning January 1;

Local taxes include: 1 cent per gallon (ninth-cent fuel tax) and

6 cents per gallon (local option fuel tax)

Section 12 amends s.206.997, F.S. to provide guidelines for distribution

8% service charge to the entire collection, and then

50% goes to STTF

50% of the remainder (or 25%) goes to SBA

25% goes to municipal revenue sharing

25% less DOR admin cost (<2%) goes to counties, s.206.60(1), F.S.

Section 16 exempt sales tax in 212.08

Section 2: Description of Data and Sources

DOR alternative fuel decal fees collections for FY 2010, 2011 and 2012;

assume 15 cents per gallon for sales tax equivalent based on 6% sales tax on the fuel price of \$2.50 per gallon

\$2.50 * 6% = 0.15 low

\$3.30 * 6% = 0.198 middle

\$3.60 * 6% = 0.216 high

US Department of Energy, Alternative Fuel Price Report

REC Dec 2012 Transportation diesel fuel growth rate, SCETS estimates

NADA DATA 2012;

US DOT, National Highway Traffic Safety Administration

REC Mar 2013 Transportation conference diesel fuel growth rates

Section 3: Methodology (Include Assumptions and Attach Details)

Note: SB 560 amendment does not exempt the sales tax

Currently, vehicles without decal pay fuel tax when purchasing the natural gas fuel, this will have some negative impact.

REVENUE ESTIMATING CONFERENCE

Tax: Motor Fuel/Sales Tax

Issue: Alternative decal fee

Bill Number(s): PCS for HB579/SB560amendment

Section 4: Proposed Fiscal Impact

	Decal fees		Sales tax		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	-0.1m	-0.2m	-0.2m	-0.6m	-0.3m	-0.8m
2014-15	-0.2m	-0.2m	-0.6m	-0.6m	-0.8m	-0.8m
2015-16	-0.2m	-0.2m	-0.6m	-0.6m	-0.9m	-0.9m
2016-17	-0.3m	-0.3m	-0.6m	-0.6m	-0.9m	-0.9m
2017-18	-0.3m	-0.3m	-0.6m	-0.6m	-0.9m	-0.9m
2018-19	-0.2m	-0.3m	-0.4m	-0.7m	-0.5m	-0.9m

List of affected Trust Funds:

Alternative fuel decal fee

Sales tax

Section 5: Consensus Estimate (Adopted:03/08/2013) The conference adopted the low estimate with a recurring impact each year that includes the revenue of the new tax (\$1.205m) that will take effect in FY2019.

Decal Fees

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(Insignificant)	(0.1)	(0.1)	(0.2)
2014-15	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
2015-16	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
2016-17	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)	(0.3)
2017-18	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)	(0.3)

Sales Tax

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(Insignificant)	(Insignificant)	(0.2)	(0.6)	0.0	0.0	(0.2)	(0.6)
2014-15	(Insignificant)	(Insignificant)	(0.6)	(0.6)	0.0	0.0	(0.6)	(0.6)
2015-16	(Insignificant)	(Insignificant)	(0.6)	(0.6)	0.0	0.0	(0.6)	(0.6)
2016-17	(Insignificant)	(Insignificant)	(0.6)	(0.6)	0.0	0.0	(0.6)	(0.6)
2017-18	(Insignificant)	(Insignificant)	(0.6)	(0.6)	0.0	0.0	(0.6)	(0.6)

Natural Gas Fuel Tax

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	0.0	0.1	0.0	0.6	0.0	0.5	0.0	1.2
2014-15	0.0	0.1	0.0	0.6	0.0	0.5	0.0	1.2
2015-16	0.0	0.1	0.0	0.6	0.0	0.6	0.0	1.3
2016-17	0.0	0.1	0.0	0.6	0.0	0.6	0.0	1.3
2017-18	0.0	0.1	0.0	0.7	0.0	0.6	0.0	1.4

Total

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(Insignificant)	0.1	(0.3)	(0.1)	(Insignificant)	0.4	(0.3)	0.4
2014-15	(Insignificant)	0.1	(0.7)	(0.1)	(0.1)	0.4	(0.8)	0.4
2015-16	(Insignificant)	0.1	(0.7)	(0.1)	(0.1)	0.5	(0.8)	0.5
2016-17	(Insignificant)	0.1	(0.8)	(0.2)	(0.1)	0.5	(0.9)	0.4
2017-18	(Insignificant)	0.1	(0.8)	(0.1)	(0.1)	0.5	(0.9)	0.5

PCS for HB 579 alternative decal fee

	A	B	C	D	E	F	G	H	I	J	K	L
1												
2	alternative decal fees (currently there are three types of decals)											
3	type A	type B	type C	state	local	decal fee	decal fee	decal fee	state %	loc %		
4	state	\$1.1	\$1.5	\$2.1		A	B	C				
5	local	\$11.0	\$15.0	\$21.0								
6	FY 2010	57	83	295	106	7	\$193.60	\$264.0	\$369.60	60.227%	39.773%	
7	FY 2011	91	98	293	108	7	\$195.80	\$267.0	\$373.80	60.674%	39.326%	
8	FY 2012	86	111	485	109	7	\$196.90	\$268.50	\$375.90	60.894%	39.106%	
9	note: state has two components: excise and SCETS, local has two components: ninth-cent and local option gas tax											
10	Rule 12B-5.200(3)(b), F.A.C., states: "In addition to the annual alternative decal fee, the sale of alternative fuel is subject to											
11	sales tax imposed under Chapter 212, F.S. See Rule 12A-1.059, F.A.C."											
12												
13	Type A	# decals	total fees	excise	SCETS	local	total	mpg				
14	FY 2010	57	\$10,476	4	6.6	7	17.6	23.5				
15	FY 2011	91	\$15,077	4	6.8	7	17.8	23.5				
16	FY 2012	86	\$15,949	4	6.9	7	17.9	23.5				
17	Type B											
18	FY 2010	83	\$21,516	4	6.6	7	17.6	10.4				
19	FY 2011	98	\$26,166	4	6.8	7	17.8	10.4				
20	FY 2012	111	\$29,669	4	6.9	7	17.9	10.4				
21	Type C											
22	FY 2010	295	\$100,254	4	6.6	7	17.6	7.6				
23	FY 2011	293	\$108,215	4	6.8	7	17.8	7.6				
24	FY 2012	485	\$170,283	4	6.9	7	17.9	7.6				
25												
26	Total	# decals	total fees	excise	SCETS	local	total					
27	FY 2010	435	\$132,246	4	6.6	7	17.6					
28	FY 2011	482	\$149,458	4	6.8	7	17.8					
29	FY 2012	682	\$215,901	4	6.9	7	17.9					
30												
31	FY 2014	under the current alternative decal fee practice										
32		% of total	state	weight f.	local	weight fac.	fee	total fee				
33	Type A	88	12.6%	109	1.1	7	11	196.9	17,380			
34	Type B	114	16.3%	109	1.5	7	15	268.5	30,590			
35	Type C	498	71.1%	109	2.1	7	21	375.9	187,123			
36		700	100.0%								235,094	

	A	B	C	D	E	F	G	H	I	J	K	L																			
37																															
38	Trucks are classified by weight							registration	calculated	calculated	weighted	unweighted																			
39	categories	weight	mpg		gal / year	ann. Miles	# million		mpg	gal / year	ann. Miles	ann. Miles																			
40	Class 1a	0-6k	20-33	Type A	250-750	6-25K	135	Type A	23.5	576	15,700	16,500																			
41	Class 1b	0-6k	20-25	Type A	300-1k	6-25K	70	Type B	10.4	2,556	26,697	35,000																			
42	Class 2a	6k-10k	10-21	Type A	500-1.1k	10-25k	23	Type C	7.6	7,100	56,000	81,000																			
43	Class 2b	6k-10k	10-21	Type B	1.5-2.7k	10-40k	6.2																								
44	Class 3	10k-14k	8-13	Type B	2.5-3.8k	20-50k	0.69	weighted	10.1	5,538	46,149	65,380																			
45	Class 4	14k-16k	7-12	Type B	7-12k	20-60k	0.19																								
46	Class 5	16k-19.5k	6-12	Type B	6-11k	20-60k	0.17	23.5x12.6%+10.4x16.3%+7.6x71.1%				10.1																			
47	Class 6	19.5k-26k	5-12	Type C	5-7k	25-75k	1.71	576*12.6%+2556*16.3%+7100*71.7%				5,538																			
48	Class 7	26-33k	4-8	Type C	6-8k	75-200k	0.13																								
49	Class 8	above 33k	2.5-6	Type C	10-13k	35-75k	0.43																								
50	source: NADA DATA 2012						Total	237.52																							
51	source: US DOT NHTSA																														
52	based on a survey on truck weighted 30k lb using gas, the range is about 7 to 9 mpg																														
53																															
54	weighted annual average gallon per decal = 576x 0.126 + 2556 x 0.163 + 7100 *0.717								5,538																						
55	price per gallon \$2.50 generates 6% is equivalent to 0.15 per gallon						0.150	low																							
56	price per gallon \$3.30 generates 6% is equivalent to 0.198 per gallon						0.198	middle																							
57	price per gallon \$3.60 generates 6% is equivalent to 0.216 per gallon						0.216	High																							
58	total sales tax based on 700 decals																														
59	adopted low estimates			LOW			MIDDLE			HIGH																					
60				\$0.15 per gallon based on \$2.50			\$0.198 per gallon based on \$3.30			\$0.216 per gallon based on \$3.60																					
61	diesel fuel		sales tax			total			sales tax		total																				
62	growth		fee impact			impact			fee impact			impact																			
63	FY 2014		235,094			581,464			816,557			235,094			837,308			1,072,401													
64	FY 2014 cash		97,956			242,276			340,232			97,956			319,805			417,761			97,956			348,878			446,834				
65	FY 2015		2.5%		240,971			596,000			836,971			240,971			786,720			1,027,691			240,971			858,240			1,099,211		
66	FY 2016		2.8%		247,718			612,688			860,406			247,718			808,748			1,056,467			247,718			882,271			1,129,989		
67	FY 2017		2.5%		253,911			628,005			881,917			253,911			828,967			1,082,878			253,911			904,328			1,158,239		
68	FY 2018		2.3%		259,751			642,450			902,201			259,751			848,033			1,107,784			259,751			925,127			1,184,878		
69	FY 2019		2.2%		265,466			656,583			922,049			265,466			866,690			1,132,156			265,466			945,480			1,210,946		
70	FY 2019 cash		154,855			383,007			537,862			154,855			505,569			660,424			154,855			551,530			706,385				
71	total		1,255,162			3,104,427			4,359,589			1,255,162			4,097,843			5,353,005			1,255,162			4,470,375			5,725,537				
72	Rec Mar 2013 Transportation conference diesel fuel growth rates, diesel fuel tax rates																														
73	assuming 5/12 for FY 2014 impact																														
74	assuming 7/12 for FY 2019																														
75	If natural gas fuel collection starting in January 2014																														
76	diesel fuel								0.129																						

PCS for HB 579 alternative decal fee

	A	B	C	D	E	F	G	H	I	J	K	L
77			growth	gallons	excise	local	SCETS	fuel tax	total tax	revenue		
78	FY 2014			3,876,424	0.04	0.07	0.071	0.130	0.311	1,205,568		
79	FY 2014 cash			1,615,177						502,320		
80	FY 2015		2.5%	3,973,335	0.04	0.07	0.072	0.132	0.314	1,247,627		
81	FY 2016		2.8%	4,084,588	0.04	0.07	0.074	0.134	0.318	1,298,899		
82	FY 2017		2.5%	4,186,703	0.04	0.07	0.075	0.136	0.321	1,343,932		
83	FY 2018		2.3%	4,282,997	0.04	0.07	0.076	0.138	0.324	1,387,691		
84	FY 2019		2.2%	4,377,223	0.04	0.07	0.078	0.141	0.329	1,440,106		
85	FY 2019 cash			2,553,380						840,062		
86	FY 2020		2.1%	4,469,144	0.04	0.07	0.079	0.143	0.332	1,483,756		
87	FY 2021		2.0%	4,558,527	0.04	0.07	0.081	0.146	0.337	1,536,224		
88	FY 2022		1.9%	4,645,139	0.04	0.07	0.082	0.149	0.341	1,583,993		
89												
90	Funds affected -- alternative decal fee distribution assuming state and local split is 60% and 40%											
91					STTF	SBA	st service	county	municipal	loc service		check on
92			state	local	50%-8%sv	25%	charge 8%	gas tax	rev sharing	charge 8%	counties	total
93	FY 2014		141,056	94,037	64,886	35,264	8,463	16,221	16,221	7,523	86,514	235,094
94	FY 2014 cash		58,773	39,182	27,036	14,693	3,526	6,759	6,759	3,135	36,048	97,956
95	FY 2015		144,583	96,388	66,508	36,146	8,675	16,627	16,627	7,711	88,677	240,971
96	FY 2016		148,631	99,087	68,370	37,158	8,918	17,093	17,093	7,927	91,160	247,718
97	FY 2017		152,347	101,564	70,079	38,087	9,141	17,520	17,520	8,125	93,439	253,911
98	FY 2018		155,851	103,900	71,691	38,963	9,351	17,923	17,923	8,312	95,588	259,751
99	FY 2019		159,279	106,186	73,269	39,820	9,557	18,317	18,317	8,495	97,691	265,466
100	FY 2019 cash		92,913	61,942	42,740	23,228	5,575	10,685	10,685	4,955	56,987	154,855