

REVENUE ESTIMATING CONFERENCE

Tax: Department of Health Fees

Issue: Licensure Fee Exemptions for Military Veterans

Bill Number(s): CS/CS/SB160

Entire Bill

Partial Bill:

Sponsor(s): Senator Richter

Month/Year Impact Begins: July 2013

Date of Analysis: May 9, 2013

Section 1: Narrative

- a. Current Law:** Currently, s. 456.024, F.S., applies to the Department of Health Division of Medical Quality Assurance (health professional) licensees who are members of the armed forces on active duty who are absent from the state and not practicing their profession in the private sector. The armed forces member/licensee is exempted from license renewal requirements for the duration of active duty while absent from the state of Florida, and for a period of six months after discharge or return to the state, but not practicing the profession.

Section 456.013, F.S., provides the general provisions for issuance of professional licensure by the department, but the statute does not allow the department or the regulatory boards to distinguish applicants based on their military service. Former members of the United States Armed Forces are required to meet all licensure requirements and pay all licensure fees despite their service to the United States military.

Currently, sections 456.024 and 468.309, F.S., exempt military personnel from license renewal requirements for the duration of active duty while absent from the state of Florida, and for a period of 6 months after discharge or return to the state. This benefit applies to military members on active duty who hold a health care licenses regulated by the DOH, who are not practicing their profession in the private sector. This benefit is also available to the spouses of active duty military members.

- b. Proposed Change:** CS/CS/SB 160 amends s. 456.013, F.S., to require the DOH to waive the initial licensing fee, the initial application fee, and the initial unlicensed activity fee for an honorably discharged military veteran who applies to the DOH for a license and the fee waiver, within 24 months after discharge from the U.S. Armed Forces.

The bill also amends s. 468.304, F.S., to require the DOH to waive the initial application fee for an honorably discharged military veteran who applies to the DOH for one of the certifications applicable to radiological personnel and the fee waiver, within 24 months after discharge from the U.S. Armed Forces.

Section 2: Description of Data and Sources

According to the Department of Health, the number of military veterans who will apply for licensure or certification within 24 months after being honorably discharged from the U.S. Armed Forces is unknown. Accordingly, the fiscal impact of the bill is indeterminate. The reduction of licensing fees associated with the bill is expected to have an insignificant impact on the DOH Medical Quality Assurance (MQA) Trust Fund.

It should be noted that a similar law enacted in 2012 affected professions licensed by the Department of Business and Professional Regulation (DBPR). From July 1, 2012, to January 1, 2013, DBPR granted 38 military fee waivers and the fiscal impact to DBPR was \$5,830. The 38 waivers were from a base of 11,521 licensees in the impacted professions, or .003298 percent of licensees.

Section 3: Methodology (Include Assumptions and Attach Details)

See narrative under Section 2 above.

Additional information is available in the Senate Staff Analysis of CS/CS/SB 160, available at:

<http://www.flsenate.gov/Session/Bill/2013/0160/Analyses/tGUWpdsx2T7nUythbVITAzgDGq0=%7C14/Public/Bills/0100-0199/0160/Analysis/2013s0160.ap.PDF>

REVENUE ESTIMATING CONFERENCE

Tax: Department of Health Fees

Issue: Licensure Fee Exemptions for Military Veterans

Bill Number(s): CS/CS/SB160

Section 4: Proposed Fiscal Impact

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

List of affected Trust Funds:

Department of Health Medical Quality Assurance Trust Fund

Section 5: Consensus Estimate (Adopted: 05/16/2013) The conference adopted a negative insignificant impact.

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

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Tax Deeds

Bill Number(s): CS/HB837

Entire Bill

Partial Bill

Sponsor(s): Representative Mayfield

Month/Year Impact Begins: July 2013

Date of Analysis: May 16, 2013

Section 1: Narrative

a. Current Law: Pursuant to Chapter 197, F.S., property taxes are due and payable on November 1st of each year or as soon thereafter as the certified tax roll is received by the tax collector and tax notices are mailed to taxpayers. Property taxes are considered delinquent if the taxes are not paid by April 1st following the year in which the taxes are assessed. By April 30th, the tax collector must notify the taxpayer that a tax certificate on the property will be sold for delinquent taxes not paid in full. On or before June 1st, tax collectors are required to hold auctions to sell tax certificates on properties with delinquent taxes. A tax certificate is a legal document, representing unpaid delinquent real property taxes, non-ad valorem assessments, including special assessments, interest, costs, and charges, against a specific parcel of real property. A tax certificate is issued to the person/investor willing to pay the delinquent taxes, interest, costs and charges, and who demands the lowest rate of interest. Unsold tax certificates are issued to the county at the maximum interest rate of 18 percent.

The sale of a tax certificate does not convey any property rights to the investor; however, the certificate acts as first lien on the property, which is superior to all other liens. Any person can redeem a tax certificate at any time after the certificate is issued and before a tax deed is issued or the property is placed on the list of lands available for sale. The person redeeming the tax certificate is required to pay the face amount plus all interest, costs, and charges.

On or after the second year following the tax certificate's sale, but before the expiration of seven years from issuance, a tax certificate holder may apply for a tax deed on the property if the certificate has not already been redeemed. The certificate holder files an application for tax deed with the county tax collector and pays all amounts required for redemption or purchase of all other outstanding tax certificates, any omitted taxes, and any delinquent and current taxes plus all applicable interest, covering the property. Pursuant to s. 197.502, F.S., the tax collector may charge a tax deed application fee of \$75 at the time of application. The property is then placed on the list of lands available for sale and sold to the highest bidder at a public auction held by the clerk of circuit court. If the property placed on the list of lands available for sale is not sold within three years after public auction, the land escheats (i.e., reverts) to the county in which the property is located, free and clear of all liens. Additionally, tax certificates that are not redeemed or, for which a tax deed has not been applied for within seven years after issuance, become null and void and shall be cancelled.

b. Proposed Change: The bill would amend s. 197.502, F.S., to authorize tax collectors to assess an additional fee as reimbursement for costs of providing online tax deed application services. If the combined fee for tax deed application and cost reimbursement for online services exceeds \$75, then the applicant shall have the option of using the online tax deed application service or filing applications in the tax collector's office without using such service.

Section 2: Description of Data and Sources

EDR staff conducted telephone interviews with Florida Tax Collectors, Inc., staff and the Honorable Dale Summerford, Gadsden County Tax Collector, who serves as the Florida Tax Collectors, Inc., liaison with the Florida Department of Revenue.

Section 3: Methodology (Include Assumptions and Attach Details)

Currently, tax collectors in 37 counties process tax deed applications in-house and do not contract with vendors to provide an online application service. Tax collectors in the remaining 30 counties utilize the services of two separate vendors to provide online tax deed application services, either as the sole method or in combination with in-house processing. Generally, the counties that contract with these vendors are the more populous, urbanized counties. Thirteen counties process tax deed applications both online and in-house (i.e., off-line) and contract for online services with one of the two vendors. The other seventeen counties contract with the second of the two vendors to process all tax deed applications online. For the years 2009-2012, these vendors processed, on average, 18,000 online tax deed applications annually. Depending on the county, \$25 to \$75 of each \$75 tax deed application fee

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Tax Deeds

Bill Number(s): CS/HB837

paid by the applicant to the county tax collector was subsequently paid to the vendor for costs associated with providing the online service.

In addition to the \$75 tax deed application fee currently authorized in law, the bill would permit tax collectors to charge an additional unspecified fee as reimbursement for costs of providing the application service online. However, if the combined tax deed application and cost reimbursement fee exceeds \$75, the bill would require tax collectors to provide applicants with the option of filing tax deed applications online or in-house. For those tax collectors that currently contract for online tax deed application services, this provision may serve as a disincentive to imposing the cost reimbursement fee in order to avoid being forced to provide the in-house application option or rely on in-house application process to a greater extent. For those county tax collectors that do not currently contract with a vendor to provide online tax deed application services, any future decision to do so would depend on anticipated volume of tax deed applications and ability of in-house staff to handle the anticipated workload in a timely manner.

For these reasons, it is assumed here that the bill’s impact would be positive indeterminate.

Section 4: Proposed Fiscal Impact

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

List of Affected Trust Funds:

Not applicable – local funds only.

Section 5: Consensus Estimate (Adopted: 05/16/2013) 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: Motor Fuel Tax

Issue: Department of Agriculture and Consumer Services Motor Fuel inspection fee

Bill Number(s): CS/CS/HB 7023 Enrolled

Entire Bill

Partial Bill: Sections 1 and 27

Sponsor(s): Rep. Cummings

Month/Year Impact Begins: August 2013

Date of Analysis: 5/12/2013

Section 1: Narrative

a. Current Law: Section 525.09, Florida Statutes, provides:

1) For the purpose of defraying the expenses incident to inspecting, testing, and analyzing petroleum fuels in this state, there shall be paid to the department a charge of one-eighth cent per gallon on all gasoline, kerosene (except when used as aviation turbine fuel), and #1 fuel oil for sale or use in this state. This inspection fee shall be imposed in the same manner as the motor fuel tax pursuant to s. [206.41](#). Payment shall be made on or before the 25th day of each month.

(2) If any company fails to make the payment herein provided on or before the 25th day of each month, the department may add 10 percent to the amount of such taxes already due as a penalty for failure of the company to make the report and payment by the 25th day of each month. The department shall proceed to collect the tax, together with all costs incident to collection by the same methods as other delinquent taxes are collected by law.

(3) All remittances to the department for the inspection tax herein provided shall be accompanied by a detailed report under oath showing the number of gallons of gasoline, kerosene, or fuel oil sold and delivered in each county.

(4) No inspection fee shall be charged on petroleum fuels unloaded in any of the Florida ports for shipment into other states.

b. Proposed Change: Designates subsection 1 of section 525.09 as paragraph (h) of subsection (1) of section 206.41 and amends that provision to provide that an additional .125 cents per net gallon is levied on all motor fuel for sale or use in this state. Directs that all moneys will be deposited monthly into the General Inspection Trust Fund.

Repeals subsections 2, 3, and 4 of Section 525.09.

Section 2: Description of Data and Sources

Historic revenues from Petroleum and kerosene inspection fee - DACS

Historic Motor Fuel gallons – DOR

REC March 5, 2013 Transportation Revenue Conference Fuel consumption forecast

Section 3: Methodology (Include Assumptions and Attach Details)

Historic revenue for the general inspection fee authorized by S. 525.09, Florida Statutes was obtained from the Department of Agriculture and Consumer services. Motor Fuel gallons data for the same periods was used to calculate a historic annual effective rate were the revenues collected upon motor fuel gallons. Three methods were used to calculate an average effective rate, which corresponds with the high, low and middle estimates

Section 4: Proposed Fiscal Impact

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

List of affected Trust Funds:

General Inspection Trust Fund – Department of Agriculture and Consumer Services

REVENUE ESTIMATING CONFERENCE

Tax: Motor Fuel Tax

Issue: Department of Agriculture and Consumer Services Motor Fuel inspection fee

Bill Number(s): CS/CS/HB 7023 Enrolled

Section 5: Consensus Estimate (Adopted: 05/16/2013) The conference adopted negative insignificant as the impact due to the differences in tax based definitions.

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

	A	B	C	D	E	F
1	Historic Motor Fuel Gallons information					
2		gasohol	DOR motor fuel Gallons	% of gasohol		
3	FY 2007	613,627	8,644,054,020	0.01%		
4	FY 2008	155,251,289	8,440,146,629	1.84%		
5	FY 2009	2,528,463,796	8,187,216,082	30.88%		
6	FY 2010	4,800,890,424	8,248,714,148	58.20%		
7	FY 2011	6,174,594,026	8,218,227,286	75.13%		
8	FY 2012	6,526,417,491	8,102,714,479	80.55%		
9						
10	gasohol is included in motor fuel (gasoline)					
11						
12	State Fiscal Year	Historic DACS Revenues	Annual Average (Historic DACS Revenues/DOR Motor Fuel Gallons)			
13	2007-2008	\$10,348,109	0.001226			
14	2008-2009	\$10,353,347	0.001265			
15	2009-2010	\$10,379,704	0.001258			
16	2010-2011	\$10,144,906	0.001234			
17	2011-2012	\$10,175,818	0.001256			
18						
19	Five Year Average		0.001248			
20	Four year average		0.001253			
21						
22	Five Year Sum - Revenues			\$51,401,883		
23	Five Year Sum - Motor Fuel Gallons			41,197,018,624		
24	Five year cumulative average			0.001248		
25						
26	State Fiscal Year	REC Forecast Gallons (Millions)	at .00125/Gallon	At five year average	At four year average	Using Five year cumulative average
27	2013-14	8220	\$10,275,000	\$10,257,356	\$10,302,145	\$10,256,166
28	2014-15	8343.3	\$10,429,125	\$10,411,216	\$10,456,678	\$10,410,009
29	2015-16	8497.7	\$10,622,125	\$10,603,885	\$10,650,187	\$10,602,655
30	2016-17	8648	\$10,810,000	\$10,791,437	\$10,838,559	\$10,790,186
31	2017-18	8785	\$10,981,250	\$10,962,393	\$11,010,261	\$10,961,122
32						
33						
34	High (Cum AVG)	Mid (5 YR AVG)	Low (4 YR AVG)			
35	\$18,834	\$17,644	(\$27,145)			
36	\$19,116	\$17,909	(\$27,553)			
37	\$19,470	\$18,240	(\$28,062)			
38	\$19,814	\$18,563	(\$28,559)			
39	\$20,128	\$18,857	(\$29,011)			

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety
Issue: Low Speed Vehicles
Bill Number(s): CS/CS/SB62

- Entire Bill**
- Partial Bill:**

Sponsor(s): Senator Hays
Month/Year Impact Begins: July 1, 2013
Date of Analysis: May 16, 2013

Section 1: Narrative

- a. Current Law:** Low speed vehicles weigh less than 3,000 pounds and have a top speed of 20 – 25 mph. They may be driven on roads where the speed limit does not exceed 35 mph. During the 2012 session language was removed restricting low-speed vehicles to electric power. A golf cart does not have to be registered and the driver does not have to be licensed and with some exceptions golf carts are in general not street legal.
- b. Proposed Change:** The bill authorizes the administrative conversion of a low-speed vehicle to a golf cart. The owner must surrender the registration license plate and certificate of title, as well as complying with all requirements currently set for golf carts. The newly converted golf cart will not have to be registered or insured and the driver will not have to be licensed.

The bill also adds two pieces of language, one adding a requirement for an affidavit to attest that the vehicle is a low speed vehicle, and the other having the department issue a decal demarking the vehicle as a low speed vehicle.

Section 2: Description of Data and Sources

HSMV Data

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis is based on sample transaction for low speed vehicle under "S" category.
 The analysis assumes that the STTF cap of \$200M would be met. Title Fees Collected for STTF would affect GR. Currently there are approx. 1,200 original registrations and title transactions processed annually for low speed vehicles.
 Currently there are approx. 4,500 registration renewal transactions processed annually for low speed vehicles. The impact below assumes all low speed vehicles being converted to golf carts.
 The analysis assumes that the fees established in the proposed legislation under S.319.14 10(b) would be deposited in HSOTF

The high is the number from the analysis. The middle is 75% of the high and the low is 50% of the high. Values are grown by the auto registrations from the FEEC.

The department will not have any additional fees, beyond the \$40 fee, for the decal.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			(\$0.2m)	(\$0.2m)		
2014-15			(\$0.2m)	(\$0.2m)		
2015-16			(\$0.3m)	(\$0.3m)		
2016-17			(\$0.3m)	(\$0.3m)		
2017-18			(\$0.3m)	(\$0.3m)		

List of affected Trust Funds:

- Highway Safety Operating Trust Fund
- State Transportation Trust Fund

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety
Issue: Low Speed Vehicles
Bill Number(s): CS/CS/SB62

Section 5: Consensus Estimate (Adopted: 05/16/2013) The conference adopted the proposed estimate.

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

The analysis is based on sample transaction for low speed vehicle under "S" category.

The analysis assumes that the STTF cap of \$200M would be met. Title Fees Collected for STTF would affect GR.

Currently there are approx. 1,200 original registrations and title transactions processed annually for low speed vehicles

Currently there are approx. 4,500 registration renewal transactions processed annually for low speed vehicles.

The impact below assumes all low speed vehicles being converted to golf carts.

The analysis assumes that the fees established in the proposed legislation under S.319.14 10(b) would be deposited in HSOTF

Initial Registration	
Number of Transactions	1200
Cost	\$299.65
Air Pollution Control TF	\$1,200.00
HSOTF	\$40,259.82
Tax Collector	\$3,600.00
STTF	\$139,788.00
GR	\$170,413.38
Grants and Donation TF	\$1,199.88
LEERS TF	\$1,200.00
TDTF	\$1,800.00

Title	
Number of Transactions	1200
Cost	\$85.75
STTF *	\$81,600.00
GR	\$3,000.00
HSOTF	\$8,400.00
Tax Collector	\$9,900.00

Renewal	
Number of Transactions	4500
Cost	\$46.65
Air Pollution Control TF	\$4,500.00
HSOTF	\$24,974.33
Tax Collector	\$13,500.00
STTF	\$74,250.00
GR	\$76,505.18
EMS TF	\$450.00
Grants and Donation TF	\$4,499.55
LEERS TF	\$4,500.00
TDTF	\$6,750.00

	TRUST FUND IMPACT (TOTALS)				
	GR	HSOTF	STTF	OTHER	Tax Collector
Title/Registration Revenue Loss	-\$331,518.56	-\$73,634.15	-\$214,038.00	-\$26,099.43	-\$27,000.00
LSV Conversion Fee \$40		\$228,000.00			
Net Impact by Fund	-\$331,518.56	\$154,365.86	-\$214,038.00	-\$26,099.43	-\$27,000.00

State Transportation Trust Fund
General Revenue
Highway Safety Operating Trust Fund
Tax Collector: Fees are locally retained
LEERS TF: State Agency Law Enforcement Radio System Trust Fund
TDTF: Transportation Disadvantaged Trust Fund

* Note: 319.32 Fees; service charges; disposition.—(5)(a) Forty-seven dollars of each fee collected, except for fees charged on a certificate of title for a motor vehicle for hire registered under s. 320.08(6), for each applicable original certificate of title and each applicable duplicate copy of a certificate of title, after deducting the service charges imposed by s. 215.20, shall be deposited into the State Transportation Trust Fund. Deposits to the State Transportation Trust Fund pursuant to this paragraph may not exceed \$200 million in any fiscal year, and any collections in excess of that amount during the fiscal year shall be paid into the General Revenue Fund.

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Underground Natural Gas Storage

Bill Number(s): CS/CS/CS/HB1083

Entire Bill

Partial Bill: Sections 11, 13 & 14

Sponsor(s): Representatives Eagle/Hudson

Month/Year Impact Begins: 07/01/2013

Date of Analysis: 05/14/2016

Section 1: Narrative

a. Current Law: Florida has no regulatory provisions for underground natural gas storage facilities.

b. Proposed Change: Establishes a regulatory structure for the underground storage of natural gas. Authorizes DEP to issue permits for natural gas storage facilities, and charge a permit application fee.

Section 2: Description of Data and Sources

Discussions with DEP

U.S. Energy Information Administration (eia)

Section 3: Methodology (Include Assumptions and Attach Details)

DEP may require a fee in an amount that would cover their costs associated with their administration of the permit. DEP knows of 1 project in the works in the near future that is 3 years away from applying for a permit. The fee is not known at the time, but could be greater than \$50,000 based on their research.

Wells are permitted separately and DEP has set those permits at \$2,000 by rule. DEP does not know the number of wells but guess 4-6 wells for the first project.

Section 4: Proposed Fiscal Impact

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

List of affected Trust Funds: Mineral Trust Fund

Section 5: Consensus Estimate (Adopted: 05/16/2013) The conference adopted insignificant for FY15/16 Cash, and insignificant recurring.

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

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/CS/HB7007 Enrolled

Entire Bill

Partial Bill: Section 6

Sponsor(s): Economic Development and Tourism Subcommittee

Month/Year Impact Begins: April 30, 2014(One month lag to collections)

Date of Analysis: May 15, 2013

Section 1: Narrative

- a. **Current Law:** Current law does not provide for an exemption for sales tax on purchases of machinery and equipment used by manufacturers operating within specific North American Industrial Classification System (NAICS) codes. However, Section 212.08(5)(b), F.S., provides a sales tax exemption on machinery and equipment purchased by a business engaged in spaceport activities or for use in a new business engaged in manufacturing. Also within paragraph (b) there is an exemption for expanding manufacturers, provided they show a 5% increase in productive output. New or expanding businesses must affirmatively show that the machinery and equipment purchased is to be used in a new business in this state, or an expanding business in this state.

Florida administrative code 12A-1.096 provides:

“Manufacture, process, compound, or produce for sale” means the various industrial operations of a business where raw materials will be put through a series of steps to make an item of tangible personal property that will be sold. The industrial operations must bring about a change in the composition or physical nature of the raw materials. Where materials are merely repackaged or redistributed, those operations are not manufacturing, processing, compounding, or producing for sale. The item of tangible personal property may be sold to another manufacturer for further processing or for inclusion as a part in another item of tangible personal property that will be sold, or the item may be sold as a finished product to a wholesaler or an end consumer. The business performing the manufacturing, processing, compounding, or production process may or may not own the raw materials. However, the phrase “manufacture, process, compound, or produce for sale” does not include fabrication, alteration, modification, cleaning, or repair services performed on items of tangible personal property belonging to others where such items of tangible personal property are not for sale.

“Production process” or “production line” means those industrial activities beginning when raw materials are delivered to the new or expanding business’ fixed location and generally ending when the items of tangible personal property have been packaged for sale, or are in saleable form if packaging is not done. However, the production process may include quality control activities after the items have been packaged (or are in saleable form if packaging is normally not done), such as good manufacturing practices as mandated by the Federal Food and Drug Administration to detect adulterated food or food that has been prepared, packaged, or held under unsanitary conditions.

The exemption for industrial machinery and equipment ends at that stage of the production process where the product produced is placed in a package (or is in saleable form if packaging is normally not done) to be sold to the wholesaler, retailer, or other purchaser. Machinery and equipment for the refrigerated, frozen, heated, or otherwise temperature-controlled storage or warehousing of packaged finished goods inventory, solely for preservation purposes, prior to shipment or delivery to customers, is not a part of the production process.

- b. **Proposed Change:** The proposed language adds paragraph (kkk) to chapter 212.08(7)F.S. “industrial machinery and equipment purchased by eligible manufacturing businesses which is used at a fixed location within this state for the manufacture, processing, compounding, or production of items of tangible personal property for sale shall be exempt from the tax imposed by this chapter. If at the time of purchase the purchaser furnishes the seller with a signed certificate certifying the purchaser’s entitlement to exemption pursuant to this paragraph, the seller is relieved of the responsibility for collecting the tax on the sale of such items, and the department shall look solely to the purchaser for recovery of the tax if it determines that the purchaser was not entitled to the exemption. “

The new paragraph defines an “eligible manufacturing business” as any business whose primary business activity at the location where the industrial machinery and equipment is located is within the industries classified under NAICS codes 31, 32, and 33. The new paragraph also defines “primary business activity” as activity representing more than fifty percent of the activities conducted at the location where the industrial machinery and equipment is located.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/CS/HB7007 Enrolled

The definition provided for “industrial machinery and equipment” is consistent with current law as provided under 212.08(5)(b)6. a. The term includes parts and accessories for industrial machinery and equipment only to the extent that the parts and accessories are purchased prior to the date the machinery and equipment are placed into service.

Section 2: Description of Data and Sources

Department of Revenue Annual Sales Tax Files
 March 2013 Revenue Estimating Conference Business Investment Growth Rates

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis for this bill consists of three parts. The first part is use tax paid on purchases for manufacturing. The amount of impact for this issue has been previously adopted, but the addition of the primary business activity criteria should serve to reduce this value. The estimate presents reduced values for this first component as a representation of the potential limitation. The previously adopted value for the first part of the analysis is reduced by 5%, 10%, and 15% in the high, middle, and low estimates.

The second part of the analysis was also adopted previously in another estimate. The values reflect the use tax paid by other types of businesses, excluding manufacturing, construction, and utilities. The proposed language limits this possibility but there is some potential for businesses that are classified within the non-manufacturing NAICS codes to have specific locations within the state whose activity would qualify for this exemption. One example might be a retailer who has a house brand of goods, manufactured at a separate facility, but owned by the same parent company. In the Department Annual Sales file there may only be an entry for the parent company due to consolidated returns. The previously adopted value for this part is reduced by 65%, 75% and 85% in the high, middle, and low to reflect the changes in the proposed language.

The third part of this analysis was also adopted previously in another estimate. The values in this part are based on the potential behavioral change that could occur with the use of an attestation that the tax should not be collected given by the purchaser to the seller. It is expected that there is a higher certainty that the purchases made by manufacturers would correctly qualify for the exemption under the new language, and for this reason we are using only 50% of the total manufacturing use tax as the base for the behavioral changes. It is expected that there is less certainty that purchase made by the select group of industries will correctly qualify, as their purchases are more varied. For this reason we are using 100% of use tax for the select group of other industries as the base for the potential behavioral changes. The previously adopted value for the behavioral change is 1% of the combined amounts of 50% of the use tax paid by manufacturing and 100% of use tax paid by the select group of other industries. The previously adopted value is not reduced by the proposed language as the issue is unchanged from the prior language. This amount is present in the high, middle, and low.

The proposed changes do not come into effect until April 30, 2014. State fiscal year 2013-14 is equal to one month of collections. The proposed language is repealed effective April 30, 2017. State fiscal year 2016-17 is equal to eleven months of collections.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	\$(10.8 M)		\$(10.2 M)		\$(9.5 M)	
2014-15	\$(134.3 M)		\$(126.2 M)		\$(118.2 M)	
2015-16	\$(140.3 M)		\$(131.9 M)		\$(123.5 M)	
2016-17	\$(134.3 M)		\$(126.2 M)		\$(118.2 M)	
2017-18						

List of affected Trust Funds: Sales Tax Fund Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/CS/HB7007 Enrolled

Section 5: Consensus Estimate (Adopted: 05/16/2013) The conference adopted the middle estimate with the following changes: FY13/14 cash would be two months (\$20.4m) and FY16/17 cash would be the full 12 months (\$137.7m).

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(18.1)	0.0	(Insignificant)	0.0	(0.6)	0.0	(1.7)	0.0
2014-15	(111.9)	0.0	(Insignificant)	0.0	(3.7)	0.0	(10.6)	0.0
2015-16	(116.9)	0.0	(Insignificant)	0.0	(3.9)	0.0	(11.1)	0.0
2016-17	(122.1)	0.0	(Insignificant)	0.0	(4.0)	0.0	(11.6)	0.0
2017-18	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(1.8)	0.0	(4.1)	0.0	(22.2)	0.0
2014-15	(10.9)	0.0	(25.2)	0.0	(137.1)	0.0
2015-16	(11.4)	0.0	(26.3)	0.0	(143.3)	0.0
2016-17	(11.9)	0.0	(27.5)	0.0	(149.6)	0.0
2017-18	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I	J
1		Numbers for manufacturing NAICS Codes only								
2		CY	Taxable Purchase	Tax on Purchases	Gross Sales	Taxable Sales	Tax Due			
3		2003	\$ 1,716.0	\$ 111.0	\$ 41,021.6	\$ 7,466.2	\$ 485.1			
4		2004	\$ 1,775.2	\$ 116.5	\$ 41,743.5	\$ 8,119.6	\$ 529.8			
5		2005	\$ 1,852.2	\$ 123.1	\$ 46,656.8	\$ 8,547.8	\$ 560.0			
6		2006	\$ 2,294.8	\$ 153.0	\$ 56,452.7	\$ 10,497.2	\$ 700.8			
7		2007	\$ 2,241.4	\$ 147.9	\$ 59,032.9	\$ 9,293.5	\$ 612.5			
8		2008	\$ 2,036.2	\$ 133.3	\$ 55,460.0	\$ 8,007.3	\$ 525.2			
9		2009	\$ 1,523.6	\$ 100.2	\$ 44,834.0	\$ 6,132.6	\$ 400.7			
10		2010	\$ 1,463.0	\$ 96.4	\$ 46,277.4	\$ 5,564.3	\$ 364.3			
11		2011	\$ 1,622.8	\$ 106.6	\$ 50,019.6	\$ 5,994.3	\$ 391.1			
12		Conversion from Calendar Year to Fiscal Year								
13		CY to FY	Taxable Purchase	Tax on Purchases	Gross Sales	Taxable Sales	Tax Due			
14		2003-04	\$ 1,745.6	\$ 113.7	\$ 41,382.6	\$ 7,792.9	\$ 507.4			
15		2004-05	\$ 1,813.7	\$ 119.8	\$ 44,200.2	\$ 8,333.7	\$ 544.9			
16		2005-06	\$ 2,073.5	\$ 138.1	\$ 51,554.7	\$ 9,522.5	\$ 630.4			
17		2006-07	\$ 2,268.1	\$ 150.5	\$ 57,742.8	\$ 9,895.4	\$ 656.6			
18		2007-08	\$ 2,138.8	\$ 140.6	\$ 57,246.5	\$ 8,650.4	\$ 568.9			
19		2008-09	\$ 1,779.9	\$ 116.8	\$ 50,147.0	\$ 7,070.0	\$ 463.0			
20		2009-10	\$ 1,493.3	\$ 98.3	\$ 45,555.7	\$ 5,848.5	\$ 382.5			
21		2010-11	\$ 1,542.9	\$ 101.5	\$ 48,148.5	\$ 5,779.3	\$ 377.7			
22		avg		\$ 122.4						
23										
24		Numbers for Select NAICS Codes Excluding Manufacturing and industries where the exemption is unlikely to apply								
25		CY	Taxable Purchase	Tax on Purchases	Gross Sales	Taxable Sales	Tax Due			
26		2003	\$ 3,312.2	\$ 217.1	\$ 243,551.7	\$ 100,977.5	\$ 6,588.7			
27		2004	\$ 4,312.0	\$ 284.5	\$ 263,932.9	\$ 108,671.6	\$ 7,092.7			
28		2005	\$ 3,661.4	\$ 240.9	\$ 262,690.0	\$ 103,779.6	\$ 6,816.2			
29		2006	\$ 4,149.7	\$ 273.7	\$ 324,364.9	\$ 126,547.5	\$ 8,346.1			
30		2007	\$ 3,849.9	\$ 254.3	\$ 329,458.8	\$ 120,172.6	\$ 7,944.1			
31		2008	\$ 4,825.2	\$ 314.0	\$ 330,456.0	\$ 110,418.2	\$ 7,297.2			
32		2009	\$ 2,885.3	\$ 190.9	\$ 288,692.9	\$ 98,743.1	\$ 6,523.7			
33		2010	\$ 3,111.4	\$ 205.8	\$ 322,139.0	\$ 104,078.0	\$ 6,864.8			
34		2011	\$ 3,282.4	\$ 215.2	\$ 336,112.4	\$ 111,236.3	\$ 7,298.0			
35		Conversion from Calendar Year to Fiscal Year								
36		CY to FY	Taxable Purchase	Tax on Purchases	Gross Sales	Taxable Sales	Tax Due			
37		2003-04	\$ 3,812.1	\$ 250.8	\$ 253,742.3	\$ 104,824.6	\$ 6,840.7			
38		2004-05	\$ 3,986.7	\$ 262.7	\$ 263,311.4	\$ 106,225.6	\$ 6,954.4			
39		2005-06	\$ 3,905.5	\$ 257.3	\$ 293,527.4	\$ 115,163.5	\$ 7,581.2			
40		2006-07	\$ 3,999.8	\$ 264.0	\$ 326,911.9	\$ 123,360.0	\$ 8,145.1			
41		2007-08	\$ 4,337.5	\$ 284.2	\$ 329,957.4	\$ 115,295.4	\$ 7,620.7			
42		2008-09	\$ 3,855.3	\$ 252.4	\$ 309,574.4	\$ 104,580.7	\$ 6,910.5			
43		2009-10	\$ 2,998.3	\$ 198.3	\$ 305,415.9	\$ 101,410.6	\$ 6,694.3			
44		2010-11	\$ 3,196.9	\$ 210.5	\$ 329,125.7	\$ 107,657.1	\$ 7,081.4			
45		avg		\$ 247.5						
46										

	A	B	C	D	E	F	G	H	I	J
47		Business Investment Growth Rates								
48		2011-12	3.0%							
49		2012-13	3.8%							
50		2013-14	3.7%							
51		2014-15	4.4%							
52		2015-16	4.8%							
53		2016-17	5.0%							
54		2017-18	4.9%							
55										
56		Impact for Manufacturing only using average manufacturing use tax reduced by the primary use requirement								
57		Part 1	Previously Adopted Value		High %95 adopted		Middle 90% adopted		Low 85% adopted	
58			Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
59		2013-14	\$ (10.7 M)	\$ (127.9 M)	\$ (10.1 M)	\$ (121.5 M)	\$ (9.6 M)	\$ (115.1 M)	\$ (9.1 M)	\$ (108.7 M)
60		2014-15	\$ (132.4 M)	\$ (132.4 M)	\$ (125.8 M)	\$ (125.8 M)	\$ (119.2 M)	\$ (119.2 M)	\$ (112.5 M)	\$ (112.5 M)
61		2015-16	\$ (138.4 M)	\$ (138.4 M)	\$ (131.4 M)	\$ (131.4 M)	\$ (124.5 M)	\$ (124.5 M)	\$ (117.6 M)	\$ (117.6 M)
62		2016-17	\$ (132.3 M)	\$ (144.4 M)	\$ (125.7 M)	\$ (137.1 M)	\$ (119.1 M)	\$ (129.9 M)	\$ (112.5 M)	\$ (122.7 M)
63										
64		Impact for Select NAICS Codes (21,42,44,45,48,49,51,54,99,blank) reduced by the primary use requirement								
65		Part 2	Previously Adopted Value		High-35% of Previously adopted		Middle-25% of Previously adopted		Low-15% of Previously adopted	
66			Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
67		2013-14	\$ (1.1 M)	\$ (13.7 M)	\$ (.4 M)	\$ (4.8 M)	\$ (.3 M)	\$ (3.4 M)	\$ (.2 M)	\$ (2.1 M)
68		2014-15	\$ (14.3 M)	\$ (14.3 M)	\$ (5.0 M)	\$ (5.0 M)	\$ (3.6 M)	\$ (3.6 M)	\$ (2.1 M)	\$ (2.1 M)
69		2015-16	\$ (15.0 M)	\$ (15.0 M)	\$ (5.3 M)	\$ (5.3 M)	\$ (3.8 M)	\$ (3.8 M)	\$ (2.3 M)	\$ (2.3 M)
70		2016-17	\$ (14.5 M)	\$ (15.8 M)	\$ (5.1 M)	\$ (5.5 M)	\$ (3.6 M)	\$ (3.9 M)	\$ (2.2 M)	\$ (2.4 M)
71										
72		Impact for Changes in compliance behavior based on combined value of the average use tax for the Select group and 50% of the average use tax for the Manufacturing Group								
73		Part 3	Previously Adopted Value							
74			Cash	Recurring						
75		2013-14	\$ (.3 M)	\$ (3.3 M)						
76		2014-15	\$ (3.5 M)	\$ (3.5 M)						
77		2015-16	\$ (3.7 M)	\$ (3.7 M)						
78		2016-17	\$ (3.5 M)	\$ (3.8 M)						
79										
80		Total Impact	High		Middle		Low			
81			Cash	Recurring	Cash	Recurring	Cash	Recurring		
82		2013-14	\$ (10.8 M)	\$ (129.7 M)	\$ (10.2 M)	\$ (121.9 M)	\$ (9.5 M)	\$ (114.1 M)		
83		2014-15	\$ (134.3 M)	\$ (134.3 M)	\$ (126.2 M)	\$ (126.2 M)	\$ (118.2 M)	\$ (118.2 M)		
84		2015-16	\$ (140.3 M)	\$ (140.3 M)	\$ (131.9 M)	\$ (131.9 M)	\$ (123.5 M)	\$ (123.5 M)		
85		2016-17	\$ (134.3 M)	\$ (146.5 M)	\$ (126.2 M)	\$ (137.7 M)	\$ (118.2 M)	\$ (128.9 M)		

	A	B	C	G	H	I	J	K	L
1		Distribution of Use Tax paid by NAICS code (Highlighted Codes are part of the Selected group)							
2		Description	Naics	2006	2007	2008	2009	2010	2011
3		Agriculture, Forestry, Fishing and Hunting	11	2.9%	2.3%	1.7%	1.6%	1.6%	1.6%
4		Mining, Quarrying, and Oil and Gas Extraction	21	0.9%	0.9%	0.6%	0.6%	0.5%	0.6%
5		Utilities	22	8.1%	8.7%	7.1%	9.4%	10.1%	10.9%
6		Construction	23	9.2%	8.2%	6.7%	8.2%	8.3%	7.2%
7		Manufacturing	31	11.7%	8.5%	5.8%	5.9%	5.3%	5.2%
8		Manufacturing	32	3.8%	6.8%	6.0%	7.1%	5.5%	6.0%
9		Manufacturing	33	6.5%	7.3%	6.6%	7.0%	7.5%	8.0%
10		Wholesale Trade	42	4.5%	4.4%	4.1%	4.7%	4.8%	5.0%
11		Retail Trade	44	18.0%	15.9%	13.0%	15.1%	14.0%	14.3%
12		Retail Trade	45	5.2%	6.7%	17.3%	6.1%	6.6%	6.3%
13		Transportation and Warehousing	48	1.9%	2.2%	1.8%	2.8%	4.9%	3.7%
14		Transportation and Warehousing	49	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
15		Information	51	7.1%	6.5%	5.0%	6.0%	5.1%	6.5%
16		Finance and Insurance	52	1.4%	1.5%	1.2%	1.3%	0.8%	0.8%
17		Real Estate and Rental and Leasing	53	3.5%	3.5%	2.5%	3.0%	2.9%	3.2%
18		Professional, Scientific, and Technical Services	54	1.4%	1.6%	1.3%	1.9%	1.8%	1.6%
19		Management of Companies and Enterprises	55	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20		Administrative and Support and Waste Management	56	1.4%	1.6%	1.5%	2.1%	2.8%	2.2%
21		Educational Services	61	0.2%	0.2%	0.3%	0.5%	0.3%	0.3%
22		Health Care and Social Assistance	62	1.4%	1.7%	1.4%	1.7%	1.8%	1.9%
23		Arts, Entertainment, and Recreation	71	6.7%	7.0%	6.1%	9.6%	9.5%	8.5%
24		Accommodation and Food Services	72	2.3%	2.8%	2.7%	3.3%	3.2%	3.6%
25		Other Services (except Public Administration)	81	0.8%	0.9%	6.9%	1.2%	1.4%	1.6%
26		Public Administration	92	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
27		Invalid	99	0.6%	0.5%	0.4%	0.7%	0.4%	0.5%
28		Blank	(blank)	0.2%	0.2%	0.0%	0.0%	0.6%	0.0%

REVENUE ESTIMATING CONFERENCE

Tax: Severance tax

Issue: Natural gas storage

Bill Number(s): CS/CS/CS/HB1083 sections 2 and 3

Entire Bill

Partial Bill: Sections 2 & 3

Sponsor(s): Representative Eagle

Month/Year Impact Begins: July 1, 2013

Date of Analysis: 5/10/2013

Section 1: Narrative

- a. **Current Law:** Such natural gas storage facility does not exist in Florida currently. It is unclear if this activity would be taxable under current law.
- b. **Proposed Change:** Section 2 adds subsection (7) in s. 211.02, F.S. “the term “oil” does not include gas-phase hydrocarbons that are transported into the state, injected in the gaseous phase into a natural gas storage facility permitted under part I of chapter 377, and later recovered as a liquid hydrocarbon.”
Section 3 adds subsection (6) to s. 211.025, F.S. to clarify that the tax applies only to native gas.

Section 2: Description of Data and Sources

Based on the conversation with DEP (488-8217, Ed Garrett), there is one abandoned oil field in south Florida has the potential. Currently no structure or rule set up for the underground natural gas storage, which may take at least four years, and may take 8 to 10 year for the project. That field current does not produce oil and the native gas is basically depleted.

Section 3: Methodology (Include Assumptions and Attach Details)

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: 05/16/2013) The conference adopted the proposed estimate.

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