

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax (Off-Highway Fuel)

**Issue:** Exempt sales tax for dyed diesel fuel used in commercial shrimp fishing

**Bill Number(s):** HB 423

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative Adkins

**Month/Year Impact Begins:** July 1, 2013, affects collections August 1, 2013

**Date of Analysis:** 1/30/2013

**Section 1: Narrative**

- a. **Current Law:** Shrimp fishing is currently not exempt from sales tax on the dyed fuel used
- b. **Proposed Change:** Creates section 212.08(4)(a)4., which exempts dyed diesel fuel used in shrimp fishing from the Sales and Use Tax.

**Section 2: Description of Data and Sources**

- ES 202 wage data FY 2008-2012 NAICS code 114112 shrimp fishing
- Florida Statistical Abstract 2011 NAICS code 1141xx commercial fishing
- DOR annual sales tax data, taxable value of dyed diesel fuel from CY 2008-2011
- FWC commercial fishing licenses for FY 2011-12 and FY 2012-13
- REC Dec 2012 Transportation diesel fuel gallons growth rates from FY 2015-2018
- REC Dec 2012 Transportation Florida pump price growth rates from FY 2015-2018
- REC Dec 2012 Transportation off highway collection growth rates from FY 2015-2018

**Section 3: Methodology (Include Assumptions and Attach Details)**

- Derive taxable value of dyed diesel fuel used in commercial fishing and number of businesses in 1141xx
- Assume 40% of 1141xx are shrimp fishing (exclude fishing, crabbing, oysters and scalloping)
- Low estimates translate to about 400-500 gallons/monthly per boat purchased in Florida.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	-\$2.0m	-\$2.2m	-\$0.9m	-\$1.0m	-\$0.37m	-\$0.4m
2014-15	-\$2.2m	-\$2.2m	-\$1.0m	-\$1.0m	-\$0.4m	-\$0.4m
2015-16	-\$2.27m	-\$2.3m	-\$1.1m	-\$1.1m	-\$0.4m	-\$0.4m
2016-17	-\$2.4m	-\$2.4m	-\$1.1m	-\$1.1m	-\$0.5m	-\$0.5m
2017-18	-\$2.6m	-\$2.6m	-\$1.2m	-\$1.2m	-\$0.5m	-\$0.5m

**List of affected Trust Funds:**

100% STTF distribution

**Section 5: Consensus Estimate (Adopted: 2/1/13)** The conference adopted an estimate which is the average of the proposed Middle and Low estimates.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14			(0.7)	(0.7)			(0.7)	(0.7)
2014-15			(0.7)	(0.7)			(0.7)	(0.7)
2015-16			(0.7)	(0.7)			(0.7)	(0.7)
2016-17			(0.8)	(0.8)			(0.8)	(0.8)
2017-18			(0.8)	(0.8)			(0.8)	(0.8)

	A	B	C	D	E	F	G	H	I	J
1	HB 423 commercial shrimp fishing									
2										
3	Based on ES202 wage data									
4	naics = 114112 shrimp fishing									
5		# business	# employee	wages	avg wage	wages %				
6	FY 2008	88	210	5,776,562	\$27,540					
7	FY 2009	73	176	5,351,640	\$30,407	-7.36%				
8	FY 2010	66	165	4,766,368	\$28,931	-10.94%				
9	FY 2011	64	167	5,450,922	\$32,738	14.36%				
10	FY 2012	65	157	5,042,707	\$32,119	-7.49%				
11										
12	based on Florida Statistical Abstract 2011, commercial fishing naics=1141xx									
13	CY 2010	161	373	10,520,000	\$28,204					
14										
15	based on CY sales tax data, taxable value of dyed diesel fuel									
16		# business	taxable \$	6%	offhwy fuel					
17	CY 2008	684	271,711,110	16,302,667	FY 2009	13.6				
18	CY 2009	603	120,375,815	7,222,549	FY 2010	7.4				
19	CY 2010	543	152,493,296	9,149,598	FY 2011	10.1				
20	CY 2011	537	213,203,890	12,792,233	FY 2012	11.0				
21										
22	after eliminating other categories, left fishing and marinas									
23	CY 2011	127	36,626,635	2,197,598		<b>HIGH</b>				
24	based on naics=1141xx from CY 2011 sales tax data									
25	CY 2011	59								
26	% of B21	46.46%	17,015,523	1,020,931		<b>MIDDLE</b>				
27	The percentage of 114112 (shrimp fishing) is about 40% of 1411xx commercial fishing									
28	CY 2011	70	6,806,209	408,373		<b>LOW</b>				
29										
30	FWC commercial fishing license information 488-3641									
31		fishing license	shrimp harvest							
32	FY 2011-12	12,579	760	6.04%						
33	FY 2012-13	12,271								
34	Further, there were 843 commercial fishing licenses that reported shrimp harvest in 2012									
35										
36	use transportation REC diesel fuel growth rates REC Dec 2012									
37	use pump price growth rate from REC Dec 2012 Transportation									
38		High	Middle	Low	growth %	price grwth	off hwy estimates	off hwy growth	shrimp fishing growth	
39	FY 2014	2,197,598	1,020,931	408,373			12.5			
40	FY 2015	2,200,273	1,022,174	408,870	2.90%	-2.70%	13.9	11.20%	0.12%	
41	FY 2016	2,268,336	1,053,794	421,518	3.30%	-0.20%	15.1	8.63%	3.09%	
42	FY 2017	2,446,110	1,136,382	454,553	2.80%	4.90%	15.9	5.30%	7.84%	
43	FY 2018	2,572,451	1,195,076	478,030	2.60%	2.50%	16.4	3.14%	5.16%	

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Exempt specific commercial rentals from sales tax

**Bill Number(s):** SB 122

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Montford

**Month/Year Impact Begins:** (upon becoming law) June 1, 2013, affects collections July 1, 2013

**Date of Analysis:** 1/24/13

**Section 1: Narrative**

**a. Current Law:** 212.031 F.S. authorizes imposition of sales tax on the rental or license fee charged for the use of commercial real property.

**Section 212.031(10), F.S. (2009)** provided an exemption for certain separately stated charges. The exemption was repealed by operation of law effective July 1, 2009.

**b. Proposed Change:** Re-implements subsection (10) to 212.031 F.S. "Separately stated charges imposed by a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility upon a lessee or licensee for food, drink, or services that are required or available in connection with a lease or license to use real property, including charges for advertising and credit card processing and for laborers, stagehands, ticket takers, event staff, security personnel, cleaning staff, and other event-related personnel, are exempt from the tax imposed by this section."

**Section 2: Description of Data and Sources**

- DOR sales tax data and local option discretionary surtax data
- 2009 session bill analysis
- 2012 session HB 1497 / SB 1226 bill analysis
- Florida Tax Handbook 2001-2012
- REC Dec 2012 growth rates for tourism and recreation
- Data from DOR audits in 1999

**Section 3: Methodology (Include Assumptions and Attach Details)**

High is based on the Florida Tax Handbook data from 2001-2012

Low is based on 2009 session bill analysis, and grown by REC Dec 2012 growth rates for tourism and recreation

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	-4.5m	-\$4.5m			-1.9m	-\$1.9m
2014-15	-4.8m	-\$4.8m			-2.0m	-\$2.0m
2015-16	-5.0m	-\$5.0m			-2.1m	-\$2.1m
2016-17	-5.3m	-\$5.3m			-2.2m	-\$2.2m
2017-18	-5.5m	-\$5.5m			-2.3m	-\$2.3m

**List of affected Trust Funds:**

Sales Tax Grouping

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Exempt specific commercial rentals from sales tax

**Bill Number(s):** SB 122

**Section 5: Consensus Estimate (Adopted: 2/1/13)** The conference adopted the low estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(1.7)	(1.7)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2014-15	(1.8)	(1.8)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2015-16	(1.9)	(1.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2016-17	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2017-18	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(0.2)	(0.2)	(0.5)	(0.5)	(2.2)	(2.2)
2014-15	(0.2)	(0.2)	(0.5)	(0.5)	(2.3)	(2.3)
2015-16	(0.2)	(0.2)	(0.5)	(0.5)	(2.4)	(2.4)
2016-17	(0.2)	(0.2)	(0.5)	(0.5)	(2.5)	(2.5)
2017-18	(0.2)	(0.2)	(0.5)	(0.5)	(2.5)	(2.5)

	A	B	C	D	E	F
1	<b>SB122</b>					
2	<b>Item #1. Entertainment Facilities Charges for Use, s.212.031(10), F.S.</b>					
3						
4		<u>Item #1 \$m</u>	<u>Tax Handbook</u>		<u>% chg</u>	
5	FY 1999	\$1.2				
6	FY 2000	\$1.3			8.90%	
7	FY 2001	\$1.3			4.80%	
8	FY 2002	\$1.3	\$3.3		-2.60%	
9	FY 2003	\$1.3	\$3.4		0.80%	
10	FY 2004	\$1.4	\$3.5		7.60%	
11	FY 2005	\$1.5	\$3.7		9.10%	
12	FY 2006	\$1.6	\$3.9		7.50%	
13	FY 2007	\$1.7	\$4.1		2.80%	
14	FY 2008	\$1.7	\$4.3		1.10%	
15	FY 2009	\$1.6	\$4.1		-6.00%	
16	FY 2010	\$1.6	\$3.7		-2.30%	
17	FY 2011	\$1.7	\$0.0		5.60%	
18	FY 2012	\$1.8	\$0.0		6.80%	
19	FY 2013	\$1.9			4.70%	
20	FY 2014	\$1.9			4.00%	
21	FY 2015	\$2.0			5.00%	
22	FY 2016	\$2.1			5.10%	
23	FY 2017	\$2.2			5.00%	
24	FY 2018	\$2.3			5.00%	
25						
26	Growth Rates are for "Tourism & Recreation" taxable sales, REC 12/12					
27						
28	<b>Item #1</b>	<b>High</b>	<b>Middle</b>	<b>Low</b>		
29	<b>FY 13-14 Annualized</b>	-4.5			-1.9	
30	<b>FY 13-14 Cash</b>	-4.2			-1.8	
31	<b>FY 14-15 Cash</b>	-4.8			-2.0	
32	<b>FY 15-16 Cash</b>	-5.0			-2.1	
33	<b>FY 16-17 Cash</b>	-5.3			-2.2	
34	<b>FY 17-18 Cash</b>	-5.5			-2.3	

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Corporate Income Tax

**Issue:** Increased exemption from \$50,000 to \$75,000

**Bill Number(s):** HB 401, SB562

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative Spano, Senator Hukill

**Month/Year Impact Begins:** May, 2014

**Date of Analysis:** 1/28/2013

**Section 1: Narrative**

- a. **Current Law:** 220.14(1), F.S. In computing a taxpayer’s liability for tax under this code, there shall be exempt from the tax \$50,000 of net income as defined in s. 220.12 or such lesser amount as will, without increasing the taxpayer’s federal income tax liability, provide the state with an amount under this code which is equal to the maximum federal income tax credit which may be available from time to time under federal law. \$5,000 of which is provided via Article VII, Section 5 (b) of the Florida Constitution.
- b. **Proposed Change:** Increases the exemption from \$50,000 to \$75,000, effective January 1, 2014. Applies to tax years beginning on or after January 1, 2014.

**Section 2: Description of Data and Sources**

DOR Corporate Returns 2010  
Revenue Estimating Conference GR Estimates - December 2012

**Section 3: Methodology (Include Assumptions and Attach Details)**

Using DOR return data, the fiscal impact is derived by combining the value of fully exempt taxpayers with those who became partially exempt after the \$25k exemption increase. The partially exempt value is the product of the number of taxpayers (with positive liability after the \$25k increase) and \$25,000, multiplied by 5.5%. The total fiscal impact is trued to the REC GR CIT estimates and then further adjusted based on historic collection patters to obtain the cash impact.

The high and low estimates represent a 10% margin of error.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(\$9.6m)		(\$8.7m)	(\$18.4m)	(\$7.8m)	
2014-15	(\$20.3m)		(\$18.4m)	(\$19.1m)	(\$16.6m)	
2015-16	(\$21.4m)		(\$19.5m)	(\$19.6m)	(\$17.5m)	
2016-17	(\$22.1m)		(\$20.1m)	(\$20.1m)	(\$18.0m)	
2017-18	(\$22.6m)		(\$20.5m)	(\$20.5m)	(\$18.5m)	

**List of affected Trust Funds:** None

**Section 5: Consensus Estimate (Adopted: 2/1/13)** The conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(8.7)	(18.4)					(8.7)	(18.4)
2014-15	(18.4)	(19.1)					(18.4)	(19.1)
2015-16	(19.5)	(19.6)					(19.5)	(19.6)
2016-17	(20.1)	(20.1)					(20.1)	(20.1)
2017-18	(20.5)	(20.5)					(20.5)	(20.5)

	A	B	C	D	E	F	G	H	I	J
1	HB 401, SB562 75k exemption increase									
2										
3	10,644 With tax due after \$50k Exemption									
4										
5	<b>Exemption</b>	<b>Taxpayers Fully Exempted</b>	<b>Taxpayers Partially Exempted</b>	<b>Impact of Fully Exempt Taxpayers</b>	<b>Impact of Partially Exempt Taxpayers</b>	<b>Total Fiscal Impact</b>				
6	Increased Exemption from \$50k to \$75k (CY2010 CIT Returns)	2,004	8,640	\$1,506,986	\$11,880,000	\$13,386,986				
7										
8										
9			2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
10		100%	1874.5	2010.8	2266.7	2302.9	2397.3	2454.9	2513.8	2574.1
11	Impact if present in each tax year	0.9%	\$16.7	\$17.9	\$20.2	\$20.5	\$21.4	\$21.9	\$22.4	\$22.9
12										
13	Cash Impact of Increased Exemption from \$50k to \$75k					8.7	\$18.4	\$19.5	\$20.1	\$20.5
14										
15	Recurring Impact					18.4	19.1	19.6	20.1	20.5