

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/HB391

Entire Bill

Partial Bill:

Sponsor(s): Representative Magar

Month/Year Impact Begins: June 1, 2013 (with one month lag to collections)

Date of Analysis: April 17, 2013

Section 1: Narrative

- a. **Current Law:** Section 212.08(5)(b), F.S., Current law 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. There is also 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. Section 212.08(5)(d), F.S., Provides an exemption with the a 10% productive output requirement for purchases of machinery and equipment made pursuant to a federal procurement contract.

Section 212.08(5)(b)6 a, F.S., "Industrial machinery and equipment" means tangible personal property or other property that has a depreciable life of 3 years or more and that is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale or is exclusively used in spaceport activities.

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 salable 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 salable 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:** Businesses will no longer have a requirement to affirmatively demonstrate that they have increased their productive output by no less than 5%. There is no distinction between new and expanding businesses.

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)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/HB391

The analysis for this bill consists of four parts. The first part is use tax paid on purchases for manufacturing. The available data on taxable purchases comes from a time period when the criterion for qualification as an expanding business was 10% growth in production. The previously adopted estimates for the change from 10% to 5% and the complete removal of the productive increase requirement were used to reduce the impact amount for the first part of the analysis.

The previously adopted estimate for the elimination of the productive output requirement was equal to the taxable purchases with an additional 25% added to account for similarity in size and distribution of those manufacturers with taxable purchases and those without. The previous estimate for the change from a 10% production increase requirement to a 5% production increase was equal to 75% of half of the taxable purchases to account for potentially unequal distribution of purchases between the 10% to 5%, and the 5% to zero brackets.

The first part has a high estimate equal to the average dollar value of taxable purchases made by manufacturers from 2003 to 2011 grown by the business investment growth rate plus the additional 25% for purchase distribution. The middle estimate is equal to 70% of the high amount per the previously adopted numbers. The low estimate is half of the high estimate.

The second part of the analysis is from use tax paid by other types of businesses, excluding manufacturing, construction, and utilities. Under current law and administrative code the exemption is not restricted solely to manufacturing activity. This portion of additional potential impact is 15% of the use tax paid in the high, 10% in the middle, and 5% in the low estimate.

The third part of this analysis comes from the inclusion of more general parts and accessories in this exemption. It is expected that for a given purchase of depreciable equipment some percentage of the total purchase price will be spent over time replacing items consumed as part of eligible manufacturing processes. It is expected that the most common depreciable life for this machinery and equipment is seven years. With this in mind, it makes sense that instead of using the one year value for the average use tax paid a seven year stock of use tax paid should be used. Seven years of use tax paid for the manufacturing group and seven years of use tax paid for the select group of other industries, consistent with the percentages from part two, are combined to generate the pool of total dollars spent on depreciable tangible personal property. The low estimate uses one percent of this stock to approximate some amount for the potential additional spending on parts and accessories. The middle estimate uses two percent and the high estimate uses three percent, both percentages are applied to the same seven year stock of use tax paid on purchases.

The fourth part of this analysis is 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 low value for the behavioral change is 10% 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 same combined use tax paid amount is used to prepare the middle and high estimates. The middle and high estimates use twenty and thirty percent, respectively.

The proposed changes do not come into effect until June 1, 2013, and there is a full year of impact for 2013-14.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	\$(252.5 M)	\$(252.5 M)	\$(174.0 M)	\$(174.0 M)	\$(112.4 M)	\$(112.4 M)
2014-15	\$(248.9 M)	\$(263.6 M)	\$(171.3 M)	\$(181.7 M)	\$(110.0 M)	\$(117.4 M)
2015-16	\$(276.3 M)	\$(276.3 M)	\$(190.4 M)	\$(190.4 M)	\$(123.0 M)	\$(123.0 M)
2016-17	\$(290.1 M)	\$(290.1 M)	\$(199.9 M)	\$(199.9 M)	\$(129.2 M)	\$(129.2 M)
2017-18	\$(304.3 M)	\$(304.3 M)	\$(209.7 M)	\$(209.7 M)	\$(135.5 M)	\$(135.5 M)

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/HB391

Section 5: Consensus Estimate (Adopted: 04/19/2013) The conference adopted part 1 from the 3/16/2013 REC Impact, the low for part 2, ½ the low for part 3 and the low for part 4.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(133.2)	(133.2)	(Insignificant)	(Insignificant)	(4.4)	(4.4)	(12.7)	(12.7)
2014-15	(138.0)	(138.0)	(Insignificant)	(Insignificant)	(4.6)	(4.6)	(13.1)	(13.1)
2015-16	(144.3)	(144.3)	(Insignificant)	(Insignificant)	(4.8)	(4.8)	(13.7)	(13.7)
2016-17	(150.7)	(150.7)	(Insignificant)	(Insignificant)	(5.0)	(5.0)	(14.3)	(14.3)
2017-18	(157.6)	(157.6)	(Insignificant)	(Insignificant)	(5.2)	(5.2)	(15.0)	(15.0)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(13.0)	(13.0)	(30.0)	(30.0)	(163.2)	(163.2)
2014-15	(13.4)	(13.4)	(31.1)	(31.1)	(169.1)	(169.1)
2015-16	(14.0)	(14.0)	(32.5)	(32.5)	(176.8)	(176.8)
2016-17	(14.7)	(14.7)	(34.0)	(34.0)	(184.7)	(184.7)
2017-18	(15.3)	(15.3)	(35.5)	(35.5)	(193.1)	(193.1)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/SB518

Entire Bill

Partial Bill:

Sponsor(s): Senator Hukill

Month/Year Impact Begins: January 1, 2014(One month lag to collections)

Date of Analysis: April 17, 2013

Section 1: Narrative

- a. **Current Law:** Section 212.08(5)(b), F.S., Current law 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. There is also 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. Section 212.08(5)(d), F.S., Provides an exemption with the a 10% productive output requirement for purchases of machinery and equipment made pursuant to a federal procurement contract.

Section 212.08(5)(b)6 a, F.S., "Industrial machinery and equipment" means tangible personal property or other property that has a depreciable life of 3 years or more and that is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale or is exclusively used in spaceport activities.

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 salable 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 salable 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:** Businesses will no longer have a requirement to affirmatively demonstrate that they have increased their productive output by no less than 5%. There is no distinction between new and expanding businesses. The exemption is expanded to include parts and accessories for industrial machinery and equipment. The seller of any exempt machinery and equipment will be relieved of the responsibility for collecting the tax on the sale if the purchaser furnishes the seller with a signed certificate stating that the items to be exempted are for exclusive use as provided under 212.08(5)(b).

Section 2: Description of Data and Sources

Department of Revenue Annual Sales Tax Files

March 2013 Revenue Estimating Conference Business Investment Growth Rates

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/SB518

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis for this bill consists of four parts. The first part is use tax paid on purchases for manufacturing. The available data on taxable purchases comes from a time period when the criterion for qualification as an expanding business was 10% growth in production. The previously adopted estimates for the change from 10% to 5% and the complete removal of the productive increase requirement were used to reduce the impact amount for the first part of the analysis.

The previously adopted estimate for the elimination of the productive output requirement was equal to the taxable purchases with an additional 25% added to account for similarity in size and distribution of those manufacturers with taxable purchases and those without. The previous estimate for the change from a 10% production increase requirement to a 5% production increase was equal to 75% of half of the taxable purchases to account for potentially unequal distribution of purchases between the 10% to 5%, and the 5% to zero brackets.

The first part has a high estimate equal to the average dollar value of taxable purchases made by manufacturers from 2003 to 2011 grown by the business investment growth rate plus the additional 25% for purchase distribution. The middle estimate is equal to 70% of the high amount per the previously adopted numbers. The low estimate is half of the high estimate.

The second part of the analysis is from use tax paid by other types of businesses, excluding manufacturing, construction, and utilities. Under current law and administrative code the exemption is not restricted solely to manufacturing activity. This portion of additional potential impact is 15% of the use tax paid in the high, 10% in the middle, and 5% in the low estimate.

The third part of this analysis comes from the inclusion of more general parts and accessories in this exemption. It is expected that for a given purchase of depreciable equipment some percentage of the total purchase price will be spent over time replacing items consumed as part of eligible manufacturing processes. It is expected that the most common depreciable life for this machinery and equipment is seven years. With this in mind, it makes sense that instead of using the one year value for the average use tax paid a seven year stock of use tax paid should be used. Seven years of use tax paid for the manufacturing group and seven years of use tax paid for the select group of other industries, consistent with the percentages from part two, are combined to generate the pool of total dollars spent on depreciable tangible personal property. The low estimate uses one percent of this stock to approximate some amount for the potential additional spending on parts and accessories. The middle estimate uses two percent and the high estimate uses three percent, both percentages are applied to the same seven year stock of use tax paid on purchases.

The fourth part of this analysis is 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 low value for the behavioral change is 10% 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 same combined use tax paid amount is used to prepare the middle and high estimates. The middle and high estimates use twenty and thirty percent, respectively.

The proposed changes do not come into effect until January 1, 2014. State fiscal year 2013-14 is equal to five months of collections.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	\$(105.2 M)	\$(252.5 M)	\$(72.5 M)	\$(174.0 M)	\$(46.9 M)	\$(112.4 M)
2014-15	\$(248.9 M)	\$(263.6 M)	\$(171.3 M)	\$(181.7 M)	\$(110.0 M)	\$(117.4 M)
2015-16	\$(276.3 M)	\$(276.3 M)	\$(190.4 M)	\$(190.4 M)	\$(123.0 M)	\$(123.0 M)
2016-17	\$(290.1 M)	\$(290.1 M)	\$(199.9 M)	\$(199.9 M)	\$(129.2 M)	\$(129.2 M)
2017-18	\$(304.3 M)	\$(304.3 M)	\$(209.7 M)	\$(209.7 M)	\$(135.5 M)	\$(135.5 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemption for Purchases of Machinery and Equipment

Bill Number(s): CS/SB518

List of affected Trust Funds: Sales Tax Fund Grouping

Section 5: Consensus Estimate (Adopted: 04/19/2013) The conference adopted part 1 from the 3/16/2013 REC Impact, the low for part 2, ½ the low for part 3 and the low for part 4. Assumed 6/12 months for the first year cash impact.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(66.6)	(133.2)	(Insignificant)	(Insignificant)	(2.2)	(4.4)	(6.3)	(12.7)
2014-15	(138.0)	(138.0)	(Insignificant)	(Insignificant)	(4.6)	(4.6)	(13.1)	(13.1)
2015-16	(144.3)	(144.3)	(Insignificant)	(Insignificant)	(4.8)	(4.8)	(13.7)	(13.7)
2016-17	(150.7)	(150.7)	(Insignificant)	(Insignificant)	(5.0)	(5.0)	(14.3)	(14.3)
2017-18	(157.6)	(157.6)	(Insignificant)	(Insignificant)	(5.2)	(5.2)	(15.0)	(15.0)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2013-14	(6.5)	(13.0)	(15.0)	(30.0)	(81.6)	(163.2)
2014-15	(13.4)	(13.4)	(31.1)	(31.1)	(169.1)	(169.1)
2015-16	(14.0)	(14.0)	(32.5)	(32.5)	(176.8)	(176.8)
2016-17	(14.7)	(14.7)	(34.0)	(34.0)	(184.7)	(184.7)
2017-18	(15.3)	(15.3)	(35.5)	(35.5)	(193.1)	(193.1)

	A	B	C	D	E	F	G	H
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	
47		Business Investment Growth Rates						2012-13	
48		2011-12	3.0%		Previous 10% to 5%		\$ 51.92		
49		2012-13	3.8%		Previous 10% to 0%		\$ 173.10		
50		2013-14	3.7%		% of total left for 5% to 0%		70.0%		
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								
57		Part 1	High		Middle		Low		
58			Cash	Recurring	Cash	Recurring	Cash	Recurring	
59		2011-12		\$ (157.6 M)		\$ (110.3 M)		\$ (78.8 M)	
60		2012-13		\$ (163.6 M)		\$ (114.5 M)		\$ (81.8 M)	
61		2013-14	\$ (70.7 M)	\$ (169.7 M)	\$ (49.5 M)	\$ (118.8 M)	\$ (35.3 M)	\$ (84.8 M)	
62		2014-15	\$ (162.4 M)	\$ (177.1 M)	\$ (113.7 M)	\$ (124.0 M)	\$ (81.2 M)	\$ (88.6 M)	
63		2015-16	\$ (185.6 M)	\$ (185.6 M)	\$ (129.9 M)	\$ (129.9 M)	\$ (92.8 M)	\$ (92.8 M)	
64		2016-17	\$ (194.9 M)	\$ (194.9 M)	\$ (136.4 M)	\$ (136.4 M)	\$ (97.5 M)	\$ (97.5 M)	
65		2017-18	\$ (204.5 M)	\$ (204.5 M)	\$ (143.1 M)	\$ (143.1 M)	\$ (102.2 M)	\$ (102.2 M)	
66									
67	Impact for Select NAICS Codes (21,42,44,45,48,49,51,54,99,blank)								
68		Part 2	High-15%		Middle-10%		Low-5%		
69			Cash	Recurring	Cash	Recurring	Cash	Recurring	
70				\$ (38.2 M)		\$ (25.5 M)		\$ (12.7 M)	
71		2012-13		\$ (39.7 M)		\$ (26.5 M)		\$ (13.2 M)	
72		2013-14	\$ (17.2 M)	\$ (41.2 M)	\$ (11.4 M)	\$ (27.4 M)	\$ (5.7 M)	\$ (13.7 M)	
73		2014-15	\$ (43.0 M)	\$ (43.0 M)	\$ (28.7 M)	\$ (28.7 M)	\$ (14.3 M)	\$ (14.3 M)	
74		2015-16	\$ (45.0 M)	\$ (45.0 M)	\$ (30.0 M)	\$ (30.0 M)	\$ (15.0 M)	\$ (15.0 M)	
75		2016-17	\$ (47.3 M)	\$ (47.3 M)	\$ (31.5 M)	\$ (31.5 M)	\$ (15.8 M)	\$ (15.8 M)	
76		2017-18	\$ (49.6 M)	\$ (49.6 M)	\$ (33.1 M)	\$ (33.1 M)	\$ (16.5 M)	\$ (16.5 M)	
77									

	A	B	C	D	E	F	G	H
78		Impact for Expansion in Parts and Accessories based on 7 year stock of combined values for Manufacturing Group and Select Group						
79		Part 3	High-3%		Middle-2%		Low-1%	
80			Cash	Recurring	Cash	Recurring	Cash	Recurring
81			\$	(29.4 M)	\$	(19.6 M)	\$	(9.8 M)
82		2012-13	\$	(30.5 M)	\$	(20.4 M)	\$	(10.2 M)
83		2013-14	\$	(13.2 M)	\$	(31.7 M)	\$	(8.8 M)
84		2014-15	\$	(33.1 M)	\$	(22.0 M)	\$	(21.1 M)
85		2015-16	\$	(34.6 M)	\$	(23.1 M)	\$	(22.0 M)
86		2016-17	\$	(36.4 M)	\$	(23.1 M)	\$	(11.5 M)
87		2017-18	\$	(36.4 M)	\$	(24.3 M)	\$	(11.5 M)
88			\$	(38.2 M)	\$	(25.4 M)	\$	(12.1 M)
89			\$	(38.2 M)	\$	(25.4 M)	\$	(12.7 M)
89		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						
90		Part 4	High-3%		Middle-2%		Low-1%	
91			Cash	Recurring	Cash	Recurring	Cash	Recurring
92			\$	(9.3 M)	\$	(6.2 M)	\$	(3.1 M)
93		2012-13	\$	(9.7 M)	\$	(6.4 M)	\$	(3.2 M)
94		2013-14	\$	(4.2 M)	\$	(10.0 M)	\$	(1.4 M)
95		2014-15	\$	(10.5 M)	\$	(7.0 M)	\$	(6.7 M)
96		2015-16	\$	(11.0 M)	\$	(7.3 M)	\$	(3.5 M)
97		2016-17	\$	(11.5 M)	\$	(7.3 M)	\$	(3.7 M)
98		2017-18	\$	(11.5 M)	\$	(7.7 M)	\$	(3.8 M)
			\$	(12.1 M)	\$	(8.1 M)	\$	(3.8 M)
			\$	(12.1 M)	\$	(8.1 M)	\$	(4.0 M)
			\$	(12.1 M)	\$	(8.1 M)	\$	(4.0 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		Accommodations 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%