

REVENUE ESTIMATING CONFERENCE

Tax: Communication Services Tax

Issue: Tax Rate Reduction

Bill Number(s): SB 110

Entire Bill

Partial Bill:

Sponsor(s): Senator Hukill

Month/Year Impact Begins: January 1, 2016

Date of Analysis: January 15, 2015

Section 1: Narrative

a. Current Law:

Section 202.12, F.S. states that the Total Direct-to-Home (DTH) Satellite Communication Services Tax is set to 10.8%. The non-satellite CST is set to 6.65%.

Section 202.18(2) describes how the taxes imposed on direct-to-home satellite service under 202.12(1)(b) are to be divided. The portion that constitutes gross receipts tax shall be removed and deposited the same as the rest of Gross Receipts Tax on Communications Services. The rest of the tax will be divided with 63% distributing via Section 212.20(6). The remaining 37% is further broken down with 70% allocated via Sections 218.61 and 218.65, and 30% allocated via Section 218.67.

Section 202.18(2) describes how the taxes imposed on direct-to-home satellite service under 202.12(1)(b) are to be divided. The portion that constitutes gross receipts tax shall be removed and deposited the same as the rest of Gross Receipts Tax on Communications Services. The rest of the tax will be divided with 63% distributing via Section 212.20(6). The remaining 37% is further broken down with 70% allocated via Sections 218.61 and 218.65, and 30% allocated via Section 218.67.

b. Proposed Change:

Proposed language decreases the rate of Direct-to-Home (DTH) Satellite Communication Services Tax to 8.8%, and non-satellite CST to 4.65%. The proposed language changes the percent of the tax imposed on direct-to-homes satellite service that is distributed via section 212.20(6) from 63% to 54.5%.

Section 2: Description of Data and Sources

Revenue Estimating Conference Gross Receipts Tax and Communications Services Tax (December 2014)

Section 3: Methodology (Include Assumptions and Attach Details)

The impact of the rate change for the non-satellite CST providers is presented as an impact to State Sales Tax Transfer from CST.

The impact to direct-to-home satellite is presented in two parts because of the way the direct-to-home satellite remittances are divided. First, the total change from the current DTH rate to the proposed one is shown. Second, the impact is shown in its component parts comparing the current provisions of section 202.18, F.S. to the changes made by this bill. This breakdown is included in the attached spreadsheets.

The effective date is upon becoming law and will apply to taxable transactions included on bills for services dated on or after January 2016. This means there will be a one and a half month collection lag, and first year cash values are equal to 4-and-a-half months of the recurring.

Section 4: Proposed Fiscal Impact

Total Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16			\$(98.1 M)	\$(261.6 M)		
2016-17			\$(264.6 M)	\$(264.6 M)		
2017-18			\$(263.5 M)	\$(263.5 M)		
2018-19			\$(263.8 M)	\$(263.8 M)		
2019-20			\$(264.7 M)	\$(264.7 M)		

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State Sales Tax Transfer From CST

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16			\$(87.5 M)	\$(233.5 M)		
2016-17			\$(236.0 M)	\$(236.0 M)		
2017-18			\$(234.2 M)	\$(234.2 M)		
2018-19			\$(234.1 M)	\$(234.1 M)		
2019-20			\$(234.5 M)	\$(234.5 M)		

Direct-to-Home Satellite at 8.8%

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16			\$(10.5 M)	\$(28.1 M)		
2016-17			\$(28.7 M)	\$(28.7 M)		
2017-18			\$(29.2 M)	\$(29.2 M)		
2018-19			\$(29.7 M)	\$(29.7 M)		
2019-20			\$(30.3 M)	\$(30.3 M)		

List of affected Trust Funds:

Sales and Use Tax Group

CST Group

Section 5: Consensus Estimate (Adopted: 01/16/2015) The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	(86.9)	(231.7)	(Insignificant)	(Insignificant)	(2.9)	(7.7)	(8.3)	(22.2)
2016-17	(234.3)	(234.3)	(Insignificant)	(Insignificant)	(7.8)	(7.8)	(22.5)	(22.5)
2017-18	(233.3)	(233.3)	(Insignificant)	(Insignificant)	(7.8)	(7.8)	(22.4)	(22.4)
2018-19	(233.6)	(233.6)	(Insignificant)	(Insignificant)	(7.8)	(7.8)	(22.4)	(22.4)
2019-20	(234.4)	(234.4)	(Insignificant)	(Insignificant)	(7.8)	(7.8)	(22.5)	(22.5)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	0.0	0.0	(11.2)	(29.9)	(98.1)	(261.6)
2016-17	0.0	0.0	(30.3)	(30.3)	(264.6)	(264.6)
2017-18	0.0	0.0	(30.2)	(30.2)	(263.5)	(263.5)
2018-19	0.0	0.0	(30.2)	(30.2)	(263.8)	(263.8)
2019-20	0.0	0.0	(30.3)	(30.3)	(264.7)	(264.7)

	A	B	C	D	E
1	Component breakdown				
2					
3	Current Rates				
4					
5	Direct-to-Home (DTH) Satellite				
6					
7	year	Additional State Tax on DTH Satellite	Implied Base for Additional State Tax on DTH Satellite (B8/4%)	DTH component of State Sales Tax Transfer from CST (C8*6.8%)	Total DTH Satellite Equal to tax at 10.8% rate
9	2015-16	\$ 56.21	\$ 1,405.3	\$ 95.56	\$ 151.8
10	2016-17	\$ 57.31	\$ 1,432.8	\$ 97.43	\$ 154.7
11	2017-18	\$ 58.48	\$ 1,462.0	\$ 99.42	\$ 157.9
12	2018-19	\$ 59.46	\$ 1,486.5	\$ 101.08	\$ 160.5
13	2019-20	\$ 60.54	\$ 1,513.5	\$ 102.92	\$ 163.5
14					
15	State Sales Tax Transfer from CST				
16					
17	year	State Sales Tax Transfer from CST Total (\$M) Less DTH component	Non-satellite Component of State Sales Tax Transfer from CST Base (B16/6.65%)		
19	2015-16	\$ 776.2	\$ 11,672.6		
20	2016-17	\$ 784.6	\$ 11,798.9		
21	2017-18	\$ 778.8	\$ 11,710.5		
22	2018-19	\$ 778.3	\$ 11,703.8		
23	2019-20	\$ 779.6	\$ 11,723.2		
24					
25					
26	New rates				
27					
28	DTH Satellite		8.80%		
29					
30	year	Implied Base for Additional State Tax on DTH Satellite (B8/4%)	Tax at new rate (B27*C26)	Change from Current Tax (C27-E8)	
32	2015-16	\$ 1,405.3	\$ 123.7	\$ (28.1)	
33	2016-17	\$ 1,432.8	\$ 126.1	\$ (28.7)	
34	2017-18	\$ 1,462.0	\$ 128.7	\$ (29.2)	
35	2018-19	\$ 1,486.5	\$ 130.8	\$ (29.7)	
36	2019-20	\$ 1,513.5	\$ 133.2	\$ (30.3)	
37					
38	State Sales Tax Transfer from CST		4.65%		
39					
40	year	Non-satellite Component of State Sales Tax Transfer from CST Base (B16/6.65%)	Tax at new rate (B37*C35)	Change from Current Tax(C37-B16)	Total Change (D28+D37)
42	2015-16	\$ 11,672.6	\$ 542.8	\$ (233.5)	\$ (261.6)
43	2016-17	\$ 11,798.9	\$ 548.7	\$ (236.0)	\$ (264.6)
44	2017-18	\$ 11,710.5	\$ 544.5	\$ (234.2)	\$ (263.5)
45	2018-19	\$ 11,703.8	\$ 544.2	\$ (234.1)	\$ (263.8)
46	2019-20	\$ 11,723.2	\$ 545.1	\$ (234.5)	\$ (264.7)

	A	B	C	D	E	F	G
2	Gross receipts conference data 12/2014						
3							
4	Impacts to Distributions due to reduction of DTH Tax Rate						
5							
6	Current breakdown						
7	year	Total Collections at 10.8%	202.18(2) via 212.20(6) (63%)	202.18(2)(c) (25.9%)	202.18(2)(c) (11.1% Fiscally Constrained)		
9	2015-16	\$ 151.77	\$ 95.61	\$ 39.31	\$ 16.85		
10	2016-17	\$ 154.74	\$ 97.48	\$ 40.08	\$ 17.18		
11	2017-18	\$ 157.90	\$ 99.47	\$ 40.90	\$ 17.53		
12	2018-19	\$ 160.54	\$ 101.14	\$ 41.58	\$ 17.82		
13	2019-20	\$ 163.46	\$ 102.98	\$ 42.34	\$ 18.14		
14							
15	New Rate Breakdown						
16			54.5%				
17	year	Total Collections at 8.8%	202.18(2) via 212.20(6) [(B16*C15)]	202.18(2)(c) (27.16%) [(B15-C15)*0.7]	202.18(2)(c) (11.64% Fiscally Constrained) [(B15-C15)*0.3]		
19	2015-16	\$ 123.66	\$ 67.40	\$ 39.39	\$ 16.88		
20	2016-17	\$ 126.08	\$ 68.71	\$ 40.16	\$ 17.21		
21	2017-18	\$ 128.66	\$ 70.12	\$ 40.98	\$ 17.56		
22	2018-19	\$ 130.81	\$ 71.29	\$ 41.66	\$ 17.86		
23	2019-20	\$ 133.19	\$ 72.59	\$ 42.42	\$ 18.18		
24							
25	Net Change in Distributions						
26	year	Total collections	202.18(2) via 212.20(6)	202.18(2)(c)	202.18(2)(c) (Fiscally Constrained)		
29	2015-16	\$ (28.1)	\$ (28.22)	\$ 0.08	\$ 0.03		
30	2015-16 Cash	\$ (10.5)	\$ (10.58)	\$ 0.03	\$ 0.01		
31	2016-17	\$ (28.7)	\$ (28.77)	\$ 0.08	\$ 0.03		
32	2017-18	\$ (29.2)	\$ (29.36)	\$ 0.08	\$ 0.04		
33	2018-19	\$ (29.7)	\$ (29.85)	\$ 0.08	\$ 0.04		
34	2019-20	\$ (30.3)	\$ (30.39)	\$ 0.08	\$ 0.04		

	A	B	C	D	E	F	G
36	Total Impact						
37		High		Middle		Low	
38		Cash	Recurring	Cash	Recurring	Cash	Recurring
40	2015-16			\$ (98.1 M)	\$ (261.6 M)		
41	2016-17			\$ (264.6 M)	\$ (264.6 M)		
42	2017-18			\$ (263.5 M)	\$ (263.5 M)		
43	2018-19			\$ (263.8 M)	\$ (263.8 M)		
44	2019-20			\$ (264.7 M)	\$ (264.7 M)		
45							
46	State Sales Tax Transfer from CST(\$M)						
47		High		Middle		Low	
48		Cash	Recurring	Cash	Recurring	Cash	Recurring
50	2015-16			\$ (87.5 M)	\$ (233.5 M)		
51	2016-17			\$ (236.0 M)	\$ (236.0 M)		
52	2017-18			\$ (234.2 M)	\$ (234.2 M)		
53	2018-19			\$ (234.1 M)	\$ (234.1 M)		
54	2019-20			\$ (234.5 M)	\$ (234.5 M)		
55							
56	Direct-to-Home Satellite at 8.8%						
57		High		Middle		Low	
58		Cash	Recurring	Cash	Recurring	Cash	Recurring
60	2015-16			\$ (10.5 M)	\$ (28.1 M)		
61	2016-17			\$ (28.7 M)	\$ (28.7 M)		
62	2017-18			\$ (29.2 M)	\$ (29.2 M)		
63	2018-19			\$ (29.7 M)	\$ (29.7 M)		
64	2019-20			\$ (30.3 M)	\$ (30.3 M)		

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Reduce state tax rate from 6% to 5% for commercial rentals

Bill Number(s): SB 140

Entire Bill

Partial Bill:

Sponsor(s): Senator Hukill

Month/Year Impact Begins: February 2016

Date of Analysis:

Section 1: Narrative

- a. **Current Law:** Section 212.031 Provides for a tax levied in an amount equal to 6% of and on the total rent or license fee charged for the exercise of the taxable privilege of engaging in the business of renting, leasing, letting, or granting a license for the use of any real property unless the property is one of 13 specifically identified types of property.
- b. **Proposed Change:** Reduces the tax levied on the taxable privilege of engaging in the business of renting, leasing, letting, or granting a license for the use of any real property from 6% to 5%.

Section 2: Description of Data and Sources

DOR Sales Tape for 2011, 2012, and 2013 Calendar Years

DR-15 Line 3.C. (Taxable Commercial Rent) or 4.C. (Tax on Commercial Rent).

DR-15EZ line 3 (Total Taxable Sales) and line 4 (Total Tax Collected)

Instructions for DR-15EZ read in part: "If you only report tax collected for the lease or rental of commercial property, you may file a DR-15EZ return."

Section 3: Methodology (Include Assumptions and Attach Details)

For 2013, those dealers who either were identified as Kind Code 82 – Lease or Rental of Real Property or as having positive amounts inform DR15 line 3.C. (Taxable Commercial Rent) or 4.C. (Tax on Commercial Rent). Those dealers that indicated Kind Code 82 were further broken into 5 groups:

KindCode 82 - Form DR15 With line 4C > 0

KindCode 82 - Form DR15 with line 4C = 0

Kindcode 82 - Form DR15EZ

Kind Code 82 - No form ID with line 4C > 0

Kind Code 82 - No form ID with line 4C = 0

For those dealers that were Kind Code 82 and filed using form DR-15, taxable sales amounts for commercial rent were used to calculate the state 6% sales tax on commercial rent where the dealer had reported some amount on line 3.C. For those dealers in Kindcode 82 that either filed form DR-15EZ or filed DR-15 but did not report any tax on line 4.C., line 3 (Taxable Sales/Purchases) or line 3.A. (Taxable Sales) multiplied by the state 6% rate to calculate the state 6% sales tax collected on commercial rent. For those dealers that were not in Kindcode 82 the amount reported on line 3.C. was multiplied by the state 6% rate to calculate the sales tax on commercial rent.

For 2012 and 2011, the dataset used for analysis did not provide data on type of form used by the dealer. Those dealers that either were identified as Kind Code 82 – Lease or Rental of Real Property or as having positive amounts inform DR15 line 3.C. were identified. This set was broken into three groups:

KindCode 82 - Amount on Commercial rental line

Kindcode 82 - No amount on Commercial rental line

Dealers with Commercial rental tax not in Kindcode 82

For those identified as "KindCode 82 - Amount on Commercial rental line" or "Dealers with Commercial rental tax not in Kindcode 82", the reported taxable sales of Commercial Rent was multiplied by 6% to get state sales tax on commercial rent. For those identified as "Kindcode 82 - No amount on Commercial rental line", the amount in the Taxable Sales Line was multiplied by 6% to calculate the state sales tax on commercial rent.

For the low estimate, Nonresidential Real Property Growth rates from the December 5, 2014 Ad Valorem Assessments estimating Conference were used to estimate 6% sales tax for future years. For the Middle estimate, the growth rates for Sales Tax on Business

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Reduce state tax rate from 6% to 5% for commercial rentals

Bill Number(s): SB 140

Investments from the December 15, 2014 General Revenue Estimating Conference were used. The High estimate is 10% higher than the middle, upon the assumption that there is some commercial rental activity outside kind code 82 that is due to commercial rental activity that is either by entities filing the DR-15EZ or that are not appropriately filling out line 3.C. or 4.C. on DR-15.

The calendar year values are converted to state fiscal year. The tax that would be collected at 5% is calculated and compared to the estimate for the tax at 6% to determine recurring impact. The first year cash is 5/12th of the recurring impact due to the January 1, 2016 effective date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	(\$127.6 M)	(\$306.2 M)	(\$116.0 M)	(\$278.4 M)	(\$110.8 M)	(\$265.9 M)
2016-17	(\$323.0 M)	(\$323.0 M)	(\$293.7 M)	(\$293.7 M)	(\$277.9 M)	(\$277.9 M)
2017-18	(\$344.3 M)	(\$344.3 M)	(\$313.0 M)	(\$313.0 M)	(\$289.3 M)	(\$289.3 M)
2018-19	(\$364.9 M)	(\$364.9 M)	(\$331.8 M)	(\$331.8 M)	(\$300.6 M)	(\$300.6 M)
2019-20	(\$381.5 M)	(\$381.5 M)	(\$346.8 M)	(\$346.8 M)	(\$312.3 M)	(\$312.3 M)

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 01/16/2015) The Conference adopted the growth rate for commercial properties and reduced by half the impact from filers who were under kind code 82 but did not indicate commercial rental collections on their tax return.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	(97.1)	(233.0)	(Insignificant)	(Insignificant)	(3.2)	(7.7)	(9.3)	(22.4)
2016-17	(243.5)	(243.5)	(Insignificant)	(Insignificant)	(8.1)	(8.1)	(23.4)	(23.4)
2017-18	(253.5)	(253.5)	(Insignificant)	(Insignificant)	(8.4)	(8.4)	(24.3)	(24.3)
2018-19	(263.4)	(263.4)	(Insignificant)	(Insignificant)	(8.8)	(8.8)	(25.3)	(25.3)
2019-20	(273.6)	(273.6)	(Insignificant)	(Insignificant)	(9.1)	(9.1)	(26.3)	(26.3)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2014-15	0.0	0.0	(12.5)	(30.1)	(109.6)	(263.1)
2015-16	0.0	0.0	(31.5)	(31.5)	(275.0)	(275.0)
2016-17	0.0	0.0	(32.7)	(32.7)	(286.2)	(286.2)
2017-18	0.0	0.0	(34.1)	(34.1)	(297.5)	(297.5)
2018-19	0.0	0.0	(35.4)	(35.4)	(309.0)	(309.0)

	A	B	C	D	E	F
3						
4	Calendar Year 2013	Total Sales Tax - Line 5 DR-15 or Line 4 DR-15EZ	Tax Reported on line 4C- Commercial Rentals			Number of Accounts
5	KindCode 82 - Form DR15 With line 4C > 0	\$657,646,338	\$605,604,349			31,313
6	KindCode 82 - Form DR15 with line 4C = 0	\$33,919,942	\$0			2,954
7	Kindcode 82 - Form DR15EZ	\$673,207,983	0			88,350
8	Kind Code 82 - No form ID with line 4C > 0	\$181,523,526	\$173,774,754			10,001
9	Kind Code 82 - No form ID with line 4C = 0	\$5,484,683	\$0			2,435
10	Dealers with Commercial rental tax not in kindcode 82	\$1,427,896,233	\$77,888,864			7,699
11						
12	Statewide 2013					142,752
13						
14						
15	Calendar Year 2012	Total Sales Tax - Line 5 DR-15 or Line 4 DR-15EZ	Tax Reported on line 4C- Commercial Rentals			Number of Accounts
16	KindCode 82 - Amount on Commercial rental line	\$750,687,770	\$707,300,371			33,311
17	Kindcode 82 - No amount on Commercial rental line	\$716,786,311				100,168
18	Dealers with Commercial rental tax not in kindcode 82	\$1,427,896,233	\$57,215,368			6,274
19						
20	Statewide 2012					139,753
21						
22	Calendar Year 2011	Total Sales Tax - Line 5 DR-15 or Line 4 DR-15EZ	Tax Reported on line 4C- Commercial Rentals			Number of Accounts
23	KindCode 82 - Amount on Commercial rental line	\$753,766,839	\$701,063,519			34,036
24	Kindcode 82 - No amount on Commercial rental line	\$702,409,728				97,876
25	Dealers with Commercial rental tax not in kindcode 82	\$1,438,655,438	\$66,678,201			6,612
26						
27	Statewide 2011					138,524
28						
29	Note - for Calendar year 2013 data file had variable denoting form used by dealer. This data was not a part of the 2012 or 2011 data sets.					
30						

	A	B	C	D	E	F
31						
32	Calendar Year 2013	Sales/Services Taxable Sales (Line 3A DR-15 or Line 3 DR-15EZ)	Taxable Sales Reported on line 3C- Commercial Rentals	Sales Tax at 6% rate applied to Taxable Sales (Line 3A DR-15 or Line 3 DR-15EZ)	Sales Tax at 6% rate applied to line 3C- Commercial Rentals	Number of Accounts
33	KindCode 82 - Form DR15 With line 4C > 0	\$668,576,684	\$9,187,064,349		\$551,223,861	31,248
34	KindCode 82 - Form DR15 with line 4C = 0	\$411,980,060		\$24,718,804		2,954
35	Kindcode 82 - Form DR15EZ	\$10,219,270,436		\$613,156,226		90,719
36	Kind Code 82 - No form ID with line 4C > 0	\$120,898,245	\$2,626,883,968		\$157,613,038	10,001
37	Kind Code 82 - No form ID with line 4C = 0	\$84,173,669		\$5,050,420		2,435
38	Dealers with Commercial rental tax not in kindcode 82	\$20,940,595,250	\$1,166,438,863		\$69,986,332	7,699
39						
40	Statewide 2013			\$642,925,450	\$778,823,231	145,056
41						
42						
43	Calendar Year 2012	Sales/Services Taxable Sales (Line 3A)	Taxable Sales Reported on line 3C- Commercial Rentals	Sales Tax at 6% rate applied to Taxable Sales (Line 3A DR-15 or Line 3 DR-15EZ)	Sales Tax at 6% rate applied to line 3C- Commercial Rentals	Number of Accounts
44	KindCode 82 - Amount on Commercial rental line	\$43,504,345	\$10,721,712,227		\$643,302,734	33,311
45	Kindcode 82 - No amount on Commercial rental line	\$10,844,225,989		\$650,653,559		100,168
46	Dealers with Commercial rental tax not in kindcode 82	\$18,828,894,116	\$856,395,403		\$51,383,724	6,274
47						
48	Statewide 2012			\$650,653,559	\$694,686,458	139,753
49						
50	Calendar Year 2011	Sales/Services Taxable Sales (Line 3A)	Taxable Sales Reported on line 3C- Commercial Rentals	Sales Tax at 6% rate applied to Taxable Sales (Line 3A DR-15 or Line 3 DR-15EZ)	Sales Tax at 6% rate applied to line 3C- Commercial Rentals	Number of Accounts
51	KindCode 82 - Amount on Commercial rental line	\$78,813,932	\$10,578,070,012	\$634,684,201		34,036
52	Kindcode 82 - No amount on Commercial rental line	\$10,569,099,439			\$634,145,966	97,876
53	Dealers with Commercial rental tax not in kindcode 82	\$18,867,994,443	\$997,194,450	\$59,831,667		6,612
54						
55	Statewide 2011			\$694,515,868	\$634,145,966	138,524
56						
57			Sales Tax @ Business Investment Growth Rate	Sales Tax @ Commercial Property Growth Rate	Business Investment Growth Rate (GR-REC 12/04)	Commercial Property Growth Rate
58	Total Estimated State Sales Tax - Commercial Rent	2011	\$1,328,661,834	\$1,328,661,834		
59		2012	\$1,345,340,017	\$1,345,340,017		
60		2013	\$1,421,748,681	\$1,421,748,681		
61		2014	\$1,519,849,340	\$1,479,756,027	6.90	4.08
62		2015	\$1,626,238,793	\$1,557,147,267	7.00	5.23
63		2016	\$1,714,055,688	\$1,633,603,198	5.40	4.91
64		2017	\$1,810,042,807	\$1,701,724,451	5.60	4.17
65		2018	\$1,945,796,017	\$1,769,282,912	7.50	3.97
66		2019	\$2,035,302,634	\$1,837,931,089	4.60	3.88
67		2020	\$2,126,891,253	\$1,909,242,815	4.50	3.88
68						

	A	B	C	D	E	F
69			Sales Tax @ Business Investment Growth Rate	Sales Tax @ Commercial Property Growth Rate		
70	Estimated Sales tax at 5% rate	2015	\$1,355,198,994	\$1,297,622,723		
71		2016	\$1,428,379,740	\$1,361,335,998		
72		2017	\$1,508,369,006	\$1,418,103,709		
73		2018	\$1,621,496,681	\$1,474,402,427		
74		2019	\$1,696,085,528	\$1,531,609,241		
75		2020	\$1,772,409,377	\$1,591,035,679		
76						
77	Calendar Year to Fiscal Year conversion		Sales Tax @ Business Investment Growth Rate	Sales Tax @ Commercial Property Growth Rate		
78		Sales Tax @ 6%				
79		2015-16	\$1,670,147,241	\$1,595,375,232		
80		2016-17	\$1,762,049,247	\$1,667,663,825		
81		2017-18	\$1,877,919,412	\$1,735,503,682		
82		2018-19	\$1,990,549,326	\$1,803,607,000		
83		2019-20	\$2,081,096,943	\$1,873,586,952		
84						
85		Sales Tax @ 5% for recurring Impact	Sales Tax @ Business Investment Growth Rate	Sales Tax @ Commercial Property Growth Rate		
86		2015-16	\$1,391,789,367	\$1,329,479,360		
87		2016-17	\$1,468,374,373	\$1,389,719,854		
88		2017-18	\$1,564,932,843	\$1,446,253,068		
89		2018-19	\$1,658,791,105	\$1,503,005,834		
90		2019-20	\$1,734,247,453	\$1,561,322,460		
91						
92			Middle	Low		
93			Sales Tax @ Business Investment Growth Rate	Sales Tax @ Commercial Property Growth Rate		
94	Recurring Impact	2015-16	\$278,357,873	\$265,895,872		
95		2016-17	\$293,674,875	\$277,943,971		
96		2017-18	\$312,986,569	\$289,250,614		
97		2018-19	\$331,758,221	\$300,601,167		
98		2019-20	\$346,849,491	\$312,264,492		
99						
100	2015-16 Cash @ 5/12	2015-16	\$115,982,447	\$110,789,947		
101						
102						
103	High Impact -110% of Impact at Business Investment growth	2015-16	\$306,193,661			
104		2016-17	\$323,042,362			
105		2017-18	\$344,285,226			
106		2018-19	\$364,934,043			
107		2019-20	\$381,534,440			
108						
109		2015-16 cash	\$127,580,692			

	A	B	C	D	E	F
110						
111	NAICS code for those dealers within Kind Code 82					
112	North American Industrial Classification Code	Description			Frequency	Percent
113	531120	Lessors of Nonresidential Buildings (except Miniwarehouses)			129,346	97.9
114	531190	Lessors of Other Real Estate Property			1,232	.9
115	531210	Offices of Real estate Agents and Brokers			327	.2
116	531312	Nonresidential Property Managers			533	.4
117	531320	Offices of Real Estate Appraisers			1	.0
118	531390	Other Activities Related to Real Estate			405	.3
119	561431	Private Mail Centers			97	.1
120	561920	Convention and Trade Show Organizers			54	.0
121	711310	Promoters of Performing arts, Sports, and Similar Events with Facilities			66	.0
122	812220	Cemeteries and Crematoriums			3	.0
123	813990	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations)			35	.0
124	Total				132,099	100.0

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Works of Art

Bill Number(s): HB 89 & SB 188

Entire Bill

Partial Bill:

Sponsor(s): Representative Richardson & Senator Margolis

Month/Year Impact Begins: July 1, 2015

Date of Analysis: January 12, 2015

Section 1: Narrative

a. Current Law: Under Section 212.08(7) there is currently no exemption for original works of art.

b. Proposed Change: Create Subsection 212.08(7) (nnn) F.S. to exempt certain sales of original works of art. "The sale of an original work of art that is signed and sold by the artist is exempt from the tax imposed by this chapter if the work is not numbered and the sales price equals or exceeds \$1,000. As used in this paragraph, the term "original work of art" means the expression or application of human creative skill and imagination in the form of a one-of-a-kind piece to be appreciated primarily for its beauty or emotional power, the value of which is attributable predominantly to its artistic importance. The term is limited to framed or unframed paintings, sculptures, traditional and fine crafts, etchings, pottery, ceramics, silkscreens, hand-blown glass art, and installation art. The term does not include architecture; literature, including books and other writings; music, including musical compositions, recordings, and the performance of musical compositions; theater, including plays and the performance of play; films, including the creation of films and acting in films; dance, including the creation and performance of dance; performance arts; posters; lithographs; numbered prints; artist proofs; photographs; jewelry; artifacts of joint historical and artistic importance; furniture; designer clothing and other wearable art; plants; food products; floral arrangements; light installations; and other collectibles not specifically included in this paragraph.

The effective date of the change is July 1, 2015.

Section 2: Description of Data and Sources

Department of Revenue Annual Sales Data

Revenue Estimating Conference General Revenue Fund

Section 3: Methodology (Include Assumptions and Attach Details)

The annual sales data for the NAICS code 453920, which contains art auctions, art dealers, and art galleries, and NAICS code 711510, which contains independent artists, writers and performers, were used as the starting point. In NAICS 453920 code it is assumed that virtually all sales are over \$1,000, but it is also expected that qualifying sales would occur outside of this industry code. For the high estimate it is assumed that 75% of all purchases in this group are of signed originals sold by the artist. For the middle estimate it is assumed that the qualifying purchases are 65% of total purchases, and the low estimate assumes 55% of total purchases would qualify.

The businesses that are captured in NAICS code 711510 are a little different from those that we have been able to identify in NAICS code 453920. There are three different kind codes represented in this NAICS code. They are kind codes 59, 87, and 92. Of these kind codes we have eliminated the sales from kind code 59, admissions from the total as it is expected that these sales would most likely fall into the exclusion from the exemption for performance arts. The remaining population of independent artists fall into kind code 87 (listed as not used), or kind code 92 (other professional services). The mixture of businesses in the remaining group has less of a clear connection to sales of original art than is apparent in the group from the other NAICS code. For this reason lower percentages are used to approximate the share of qualifying sales within this group. It is assumed that 65% of all purchases in this group are of signed originals sold by the artist. For the middle estimate it is assumed that the qualifying purchases are 45% of total purchases, and the low estimate assumes 25% of total purchases would qualify.

Cash impact for 2015-16 includes one month from 2014-15. It is expected that art purchases will be postponed by a one-month window prior to the effective date.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Works of Art

Bill Number(s): HB 89 & SB 188

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	\$(6.56 M)	\$(6.07 M)	\$(5.65 M)	\$(5.23 M)	\$(4.74 M)	\$(4.39 M)
2016-17	\$(6.35 M)	\$(6.35 M)	\$(5.47 M)	\$(5.47 M)	\$(4.59 M)	\$(4.59 M)
2017-18	\$(6.63 M)	\$(6.63 M)	\$(5.71 M)	\$(5.71 M)	\$(4.79 M)	\$(4.79 M)
2018-19	\$(6.92 M)	\$(6.92 M)	\$(5.96 M)	\$(5.96 M)	\$(5.00 M)	\$(5.00 M)
2019-20	\$(7.21 M)	\$(7.21 M)	\$(6.21 M)	\$(6.21 M)	\$(5.21 M)	\$(5.21 M)

List of affected Trust Funds: Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 01/16/2015) The Conference adopted an estimate that assumed 65% of NAICS code 453920 and 25% of NAICS code 711510 sales.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	(4.8)	(4.6)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.4)
2016-17	(4.7)	(4.7)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2017-18	(5.0)	(5.0)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2018-19	(5.2)	(5.2)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2019-20	(5.4)	(5.4)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	(0.5)	(0.4)	(1.2)	(1.0)	(6.0)	(5.6)
2016-17	(0.5)	(0.5)	(1.2)	(1.2)	(5.9)	(5.9)
2017-18	(0.5)	(0.5)	(1.2)	(1.2)	(6.2)	(6.2)
2018-19	(0.5)	(0.5)	(1.2)	(1.2)	(6.4)	(6.4)
2019-20	(0.5)	(0.5)	(1.2)	(1.2)	(6.6)	(6.6)

	A	B	C	D	E	F	G	H
1	Option 1	Based on Sales Tax Collections by NAICS code						
2								
3	NAICS	453920	Auctions, dealers, galleries.		6%	75%	65%	55%
4		Sales Tax Liability Forecasts REC December 2014 Consumer Non Durables	Gross	Taxable	6% Sales Tax on Taxable	75% of Sales are First-Time Sales by the Artist	65% of Sales are First- Time Sales by the Artist	55% of Sales are First-Time Sales by the Artist
5	2012-2013		\$374,750,229	\$113,312,519	\$6,798,751	\$5,099,063	\$4,419,188	\$3,739,313
6	2013-2014	5.0%	\$393,487,741	\$118,978,145	\$7,138,689	\$5,354,017	\$4,640,148	\$3,926,279
7	2014-2015	5.3%	\$414,342,591	\$125,283,987	\$7,517,039	\$5,637,779	\$4,886,075	\$4,134,372
8	2015-2016	4.5%	\$432,988,008	\$130,921,766	\$7,855,306	\$5,891,479	\$5,105,949	\$4,320,418
9	2016-2017	4.6%	\$452,905,456	\$136,944,167	\$8,216,650	\$6,162,488	\$5,340,823	\$4,519,158
10	2017-2018	4.4%	\$472,833,296	\$142,969,711	\$8,578,183	\$6,433,637	\$5,575,819	\$4,718,000
11	2018-2019	4.3%	\$493,165,128	\$149,117,408	\$8,947,045	\$6,710,283	\$5,815,579	\$4,920,874
12	2019-2020	4.2%	\$513,878,063	\$155,380,340	\$9,322,820	\$6,992,115	\$6,059,833	\$5,127,551
13								
14	NAICS	711510	Independen Artists, Writers, and Performers		6%	65%	45%	25%
15		Sales Tax Liability Forecasts REC December 2014 Consumer Non Durables	Gross	Taxable	6% Sales Tax on Taxable	75% of Sales are First-Time Sales by the Artist	65% of Sales are First- Time Sales by the Artist	55% of Sales are First-Time Sales by the Artist
16	2012-2013		\$9,088,849	\$4,034,352	\$242,061	\$157,340	\$108,928	\$60,515
17	2013-2014	5.0%	\$9,543,292	\$4,236,070	\$254,164	\$165,207	\$114,374	\$63,541
18	2014-2015	5.3%	\$10,049,086	\$4,460,581	\$267,635	\$173,963	\$120,436	\$66,909
19	2015-2016	4.5%	\$10,501,295	\$4,661,308	\$279,678	\$181,791	\$125,855	\$69,920
20	2016-2017	4.6%	\$10,984,355	\$4,875,728	\$292,544	\$190,153	\$131,645	\$73,136
21	2017-2018	4.4%	\$11,467,666	\$5,090,260	\$305,416	\$198,520	\$137,437	\$76,354
22	2018-2019	4.3%	\$11,960,776	\$5,309,141	\$318,548	\$207,056	\$143,347	\$79,637
23	2019-2020	4.2%	\$12,463,129	\$5,532,125	\$331,927	\$215,753	\$149,367	\$82,982
24								
25	Impact							
26		High		Middle		Low		
27		Cash	Recurring	Cash	Recurring	Cash	Recurring	
29	2015-16	\$ (6.56 M)	\$ (6.07 M)	\$ (5.65 M)	\$ (5.23 M)	\$ (4.74 M)	\$ (4.39 M)	
30	2016-17	\$ (6.35 M)	\$ (6.35 M)	\$ (5.47 M)	\$ (5.47 M)	\$ (4.59 M)	\$ (4.59 M)	
31	2017-18	\$ (6.63 M)	\$ (6.63 M)	\$ (5.71 M)	\$ (5.71 M)	\$ (4.79 M)	\$ (4.79 M)	
32	2018-19	\$ (6.92 M)	\$ (6.92 M)	\$ (5.96 M)	\$ (5.96 M)	\$ (5.00 M)	\$ (5.00 M)	
33	2019-20	\$ (7.21 M)	\$ (7.21 M)	\$ (6.21 M)	\$ (6.21 M)	\$ (5.21 M)	\$ (5.21 M)	