

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: First Responder Exemption
Bill Number(s): CS/HJR1009

- Entire Bill
Partial Bill:

Sponsor(s): Local and Federal Affairs Committee, Rep. Metz
Month/Year Impact Begins: January 1, 2017
Date of Analysis: 6/6/16

Section 1: Narrative

a. Current Law:

A discount from the Ad Valorem tax is applied to Veterans 65 years and older who are partially or totally permanently disabled in the line of duty and are honorably discharged. This further applies to the spouse of any deceased veteran of who pass away from service-connected causes while on active duty as a member of the armed forces, and to the spouses of first responders of who pass away from service-connected causes. In addition, under F.S. 196.202 (1), any Florida resident with a total and permanent disability a is given a \$500 property tax exemption.

b. Proposed Change:

Article VII, section (6) (f) reads (in part): By general law and subject to conditions and limitations specified therein, the Legislature may provide ad valorem tax relief to the total amount or a portion of the ad valorem tax otherwise owed on homestead property. The joint resolution adds a paragraph (3) to subsection (f) to read: "A first responder who is totally and permanently disabled as a result of an injury or injuries sustained in the line of duty. Causal connection between a disability and service in the line of duty shall not be presumed but must be determined as provided by general law. For purposes of this paragraph, the term "disability" does not include a chronic condition or chronic disease, unless the injury sustained in the line of duty was the sole cause of the chronic condition or chronic disease."

Section 2: Description of Data and Sources

- BLS.gov
Census.gov
FEMA.gov
Florida Retirement System Data
MyFloridacCFO.com
Office of Economic & Demographic Research
Department of Revenue – Ad Valorem Property Tax Rolls (2015)

Section 3: Methodology (Include Assumptions and Attach Details)

The Analysis is broken up into two separate sets of analyses. It would appear that the Census data does not include Volunteer Firefighters in their totals for Firefighters in Florida. Therefore, Analysis 1 and 2 are adjusted for Volunteers and Analysis 3 and 4 are not. Furthermore, Analysis 1 and 3 use all homesteads while Analysis 2 and 4 use the \$500 Disabled Homestead Exemption Taxable Values.

Table with 3 columns: Analysis Matrix, Volunteers, W/O Volunteers. Rows: All Homestead, Disabled Homestead Exemption.

For both sets of analyses, the structure remains the same:

The key values used are the Florida Population estimates, the portion of Florida population that are first responders, the estimated percentage of First Responders that are disabled from 'line-of-duty' events, and the percentage of homeownership in Florida. Using these values, we obtain our cohort, Disabled First Responders that are Homeowners in the State of Florida. School and Non-school millage rates are then applied to their respective Homestead taxable value to get respective impacts. The high impact estimates are determined at full value while the Middle and Low estimates are determined at 75% and 50% of the High impact values.

The first possible year with potential impact will occur during the 2017-18 Fiscal Year.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: First Responder Exemption

Bill Number(s): CS/HJR1009

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17			0	(Indeterminate)		
2017-18			(Indeterminate)	(Indeterminate)		
2018-19			(Indeterminate)	(Indeterminate)		
2019-20			(Indeterminate)	(Indeterminate)		
2020-21			(Indeterminate)	(Indeterminate)		

List of affected Trust Funds:

Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 06/16/2016): The REC adopted a zero impact because the amendment, if adopted, will need to be implemented by the Legislature.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2018-19	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2019-20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Analysis 1: Average Taxable Value for All Homesteads Including Volunteer Firefighters

Total	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (6,369,409)	\$ (4,777,057)	\$ (3,184,704)
2018-19	\$ (6,465,398)	\$ (4,849,049)	\$ (3,232,699)
2019-20	\$ (6,561,388)	\$ (4,921,041)	\$ (3,280,694)
2020-21	\$ (6,654,851)	\$ (4,991,138)	\$ (3,327,426)

Analysis 2: Average Taxable Value for Homesteads with \$500 Disability Exemption inclu

Total	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (3,325,231)	\$ (2,493,924)	\$ (1,662,616)
2018-19	\$ (3,375,344)	\$ (2,531,508)	\$ (1,687,672)
2019-20	\$ (3,425,456)	\$ (2,569,092)	\$ (1,712,728)
2020-21	\$ (3,474,250)	\$ (2,605,688)	\$ (1,737,125)

Analysis 3: Average Taxable Value for All Homesteads Excluding Volunteer Firefighters

Total	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (4,591,077)	\$ (3,443,308)	\$ (2,295,538)
2018-19	\$ (4,659,280)	\$ (3,494,460)	\$ (2,329,640)
2019-20	\$ (4,728,746)	\$ (3,546,560)	\$ (2,364,373)
2020-21	\$ (4,795,686)	\$ (3,596,765)	\$ (2,397,843)

Analysis 4: Average Taxable Value for Homesteads with \$500 Disability Exemption Exclu

Total	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (2,396,830)	\$ (1,797,623)	\$ (1,198,415)
2018-19	\$ (2,432,437)	\$ (1,824,328)	\$ (1,216,218)
2019-20	\$ (2,468,702)	\$ (1,851,527)	\$ (1,234,351)
2020-21	\$ (2,503,649)	\$ (1,877,737)	\$ (1,251,825)

Portion of Florida Pop. - First Responder (2015 Census est.)	0.55%
Certified Volunteer Firefighter	0.21%

Florida Retirement System Data

Number Disabled - special risk	1,630
Total Number - Special Risk	33,076
Estimated Percentage of Disabled First Responders	4.93%

Percentage of Homeownership In the state of Florida (2015)	64.80%
---	---------------

Population Estimates (000s)

2016	20,288
2017	20,602
2018	20,912
2019	21,219
2020	21,523
2021	21,819
2022	22,108

Portion of Florida Population that are First responders and Disabled in the line of duty

2016	4,967
2017	5,043
2018	5,119
2019	5,195
2020	5,269
2021	5,341
2022	5,412

	All Homesteads	Homesteads with \$500 Disability Exemption
2015 Median Homestead School Taxable Value	\$85,180	\$53,720
2015 Median Homestead Non-School Taxable Value	\$58,856	\$24,537

2015 Millage Rates

School	7.2946
NonSchool	10.9023
	18.1969

Analysis 1: Average Taxable Value for All Homesteads Including Volunteer Firefighters

School Impact	100% 75% 50%		
	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (3,133,488)	\$ (2,350,116)	\$ (1,566,744)
2018-19	\$ (3,180,711)	\$ (2,385,533)	\$ (1,590,356)
2019-20	\$ (3,227,934)	\$ (2,420,951)	\$ (1,613,967)
2020-21	\$ (3,273,914)	\$ (2,455,436)	\$ (1,636,957)

Non-School Impact	100% 75% 50%		
	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (3,235,920)	\$ (2,426,940)	\$ (1,617,960)
2018-19	\$ (3,284,687)	\$ (2,463,515)	\$ (1,642,344)
2019-20	\$ (3,333,454)	\$ (2,500,090)	\$ (1,666,727)
2020-21	\$ (3,380,937)	\$ (2,535,703)	\$ (1,690,468)

Analysis 2: Average Taxable Value for Homesteads with \$500 Disability Exemption including Volunteer Firefighters

School Impact	100% 75% 50%		
	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (1,976,180)	\$ (1,482,135)	\$ (988,090)
2018-19	\$ (2,005,962)	\$ (1,504,471)	\$ (1,002,981)
2019-20	\$ (2,035,743)	\$ (1,526,808)	\$ (1,017,872)
2020-21	\$ (2,064,741)	\$ (1,548,556)	\$ (1,032,371)

Non-School Impact	100% 75% 50%		
	High	Middle	Low
2016-17	\$ -	\$ -	\$ -
2017-18	\$ (1,349,052)	\$ (1,011,789)	\$ (674,526)
2018-19	\$ (1,369,382)	\$ (1,027,037)	\$ (684,691)
2019-20	\$ (1,389,713)	\$ (1,042,285)	\$ (694,857)
2020-21	\$ (1,409,509)	\$ (1,057,132)	\$ (704,754)

Portion of Florida Pop. - First Responder (2015 Census est.)	0.55%
---	--------------

Florida Retirement System Data

Number Disabled - special risk	1,630
Total Number - Special Risk	33,076
Number of Disabled Special Risk/Total Number of Special Risk	4.93%

Percentage of Homeownership In the state of Florida (2015)	64.80%
---	---------------

Population Estimates (000s)

2016	20,288
2017	20,602
2018	20,912
2019	21,219
2020	21,523
2021	21,819
2022	22,108

Portion of Florida Population that are First responders and Disabled in the Line of Duty

2016	3,579
2017	3,635
2018	3,689
2019	3,744
2020	3,797
2021	3,849
2022	3,900

		Homesteads with \$500 Disability Exemption
	All Homesteads	
2015 Median Homestead School Taxable Value	\$85,180	\$53,720
2015 Median Homestead Non-School Taxable Value	\$58,856	\$24,537
2015 Millage Rates		
School	7.2946	
NonSchool	10.9023	
	18.1969	

Analysis 3: Average Taxable Value for All Homesteads Excluding Volunteer Firefighters

School Impact	100%			75%			50%		
	High	Middle	Low	High	Middle	Low	High	Middle	Low
2016-17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017-18	\$ (2,258,622)	\$ (1,693,966)	\$ (1,129,311)	\$ (2,292,175)	\$ (1,719,131)	\$ (1,146,088)	\$ (2,326,349)	\$ (1,744,762)	\$ (1,163,175)
2018-19	\$ (2,292,175)	\$ (1,719,131)	\$ (1,146,088)	\$ (2,326,349)	\$ (1,744,762)	\$ (1,163,175)	\$ (2,359,281)	\$ (1,769,461)	\$ (1,179,641)
2019-20	\$ (2,326,349)	\$ (1,744,762)	\$ (1,163,175)	\$ (2,359,281)	\$ (1,769,461)	\$ (1,179,641)			
2020-21	\$ (2,359,281)	\$ (1,769,461)	\$ (1,179,641)						

Non-School Impact		High	Middle	Low
2016-17		\$ -	\$ -	\$ -
2017-18		\$ (2,332,455)	\$ (1,749,341)	\$ (1,166,228)
2018-19		\$ (2,367,105)	\$ (1,775,329)	\$ (1,183,553)
2019-20		\$ (2,402,397)	\$ (1,801,797)	\$ (1,201,198)
2020-21		\$ (2,436,405)	\$ (1,827,304)	\$ (1,218,202)

Analysis 4: Average Taxable Value for Homesteads with \$500 Disability Exemption Excluding Volunteer Firefighters

School Impact	100%			75%			50%		
	High	Middle	Low	High	Middle	Low	High	Middle	Low
2016-17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017-18	\$ (1,424,433)	\$ (1,068,324)	\$ (712,216)	\$ (1,445,593)	\$ (1,084,195)	\$ (722,797)	\$ (1,467,146)	\$ (1,100,359)	\$ (733,573)
2018-19	\$ (1,445,593)	\$ (1,084,195)	\$ (722,797)	\$ (1,467,146)	\$ (1,100,359)	\$ (733,573)	\$ (1,487,915)	\$ (1,115,936)	\$ (743,957)
2019-20	\$ (1,467,146)	\$ (1,100,359)	\$ (733,573)	\$ (1,487,915)	\$ (1,115,936)	\$ (743,957)			
2020-21	\$ (1,487,915)	\$ (1,115,936)	\$ (743,957)						

Non-School Impact		High	Middle	Low
2016-17		\$ -	\$ -	\$ -
2017-18		\$ (972,398)	\$ (729,298)	\$ (486,199)
2018-19		\$ (986,843)	\$ (740,133)	\$ (493,422)
2019-20		\$ (1,001,556)	\$ (751,167)	\$ (500,778)
2020-21		\$ (1,015,734)	\$ (761,801)	\$ (507,867)

REVENUE ESTIMATING CONFERENCE

Tax: Alcoholic Beverage Tax and Tobacco Taxes

Issue: Cruise Line Per Berth Tax

Bill Number(s): HB7099

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: September 2016

Date of Analysis: June 16, 2016

Section 1: Narrative

a. Current Law:

Cruise Lines must pay beverage tax and cigarette tax for products sold to passengers while in Florida – i.e. while the ship is at port and while the ship is in Florida waters.

Specifically, s. 565.02, F.S., establishes requirements for licensing and selling alcohol for passenger vessels engaged exclusively in foreign commerce which have a cabin-berth capacity for at least 75 passengers. Passenger vessels may sell alcoholic beverages for consumption on board only:

- During a period not in excess of 24 hours prior to departure while the vessel is moored at a dock or wharf in a port in Florida;
- At any time while the vessel is located in Florida territorial waters and is in transit to or from international waters.

The permittee must pay to the state an excise tax for beverages sold pursuant to this section, if such excise tax has not previously been paid, in an amount equal to the tax which would be required to be paid on such sales by a licensed manufacturer or distributor.

Currently, 2 percent of beverage taxes are deposited into the Alcoholic Beverage and Tobacco Trust Fund (ABT) and the remainder are deposited to General Revenue (GR). Cigarette Surcharge revenue is deposited to the Health Care Trust Fund, after deducting the GR Service Charge. Cigarette Tax collections are distributed as follows, after first deducting 8 percent for the GR Service Charge and 0.9 percent for the ABT Trust Fund: 2.9 percent to County Revenue Sharing, 29.3 percent to the Public Medical Assistance Trust Fund, 4.04 percent to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, 1 percent to the Biomedical Research Trust Fund, and the remainder to General Revenue.

b. Proposed Change:

The proposed language would replace the beverage and tobacco taxes that cruise lines currently pay with a new tax based on ship capacity rather than volume of alcohol or tobacco sold at port.

Specifically, the excise tax due will be an amount equal to the base rate multiplied by the permittee's quarterly capacity during the calendar quarter. Where "base rate" means an amount equal to total taxes paid between January 1 and December 31, 2015, divided by the sum of the annual capacities of all permitted vessels. And "quarterly capacity" means an amount equal to the number of lower berths on a vessel multiplied by the number of embarkations of that vessel during a calendar quarter. Where "lower berth" means a bed which is: a. affixed to a vessel, b. not located above another bed in the same cabin, and c. located in a cabin not in use by employees. And "embarkation" means an instance where a vessel departs from a port in Florida.

The following formulas represent the calculations described above:

Excise Tax = Base Rate * Quarterly Capacity

Base Rate = CY2015 tax collections/sum of annual capacities for all vessels

Quarterly Capacity = Lower Berths * Embarkations

The new tax will be paid quarterly by each permit holder. Each permit holder must report the annual capacity for each of its vessels to the department by August 1, 2016. The department must calculate the base rate by September 1, 2016 and report it to each permit holder. Revenues from the new tax will be distributed to General Revenue, except for the 2 percent that will be deposited into the ABT Trust Fund.

Section 2: Description of Data and Sources

Historical data for beverage and tobacco taxes paid by cruise lines provided by Department of Business and Professional Regulation (DBPR) for fiscal years 2010-11 through 2014-15 and monthly collections for calendar years 2014 and 2015.

Lower Berth Capacity and Embarkations data for calendar year 2014 provided by industry representatives.

IBIS World Industry Report – Cruise and Travel Agency Franchises in the US, August 2014.

Florida Trend article, *Florida is the World's Port of Call*, April 2015.

REVENUE ESTIMATING CONFERENCE

Tax: Alcoholic Beverage Tax and Tobacco Taxes

Issue: Cruise Line Per Berth Tax

Bill Number(s): HB7099

Cruise Lines International Association, *2015 Cruise Industry Outlook*, February 2015.

Cruise Lines International Association, *2014 North American Cruise Market Profile*, January 2015.

Business Research and Economic Advisors, *The Contribution of the International Cruise Industry to the US Economy*, September 2014.

Statista North American Cruise Industry Lower Berth Capacity.

US Department of Transportation, Maritime Administration, North American Cruise Statistics, 2012 Report.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis forecasts taxes collected under current law and taxes that would be collected under the new law and compares the two to estimate the impact. The middle estimate provided below assumes that the same level of activity would occur under the old and new taxing methods, and would therefore result in a generally revenue-neutral impact.

The forecast of current law taxes estimates Fiscal Year 15-16 collections by first assuming one-half of calendar year 2015 collections are collected in the first half of FY 15-16. That amount is increased by 2.1% to produce the estimated collections for the second half of FY 15-16. The two amounts are summed to produce the FY 15-16 estimate. The 2.1% assumption is the average growth rate of cruise passengers in Florida for 2011, 2012 and 2013. The same 2.1% growth rate is then applied in fiscal years 2016-17 through 2020-21.

For the new tax, first, the annual capacity, base rate, and taxes are calculated. These initial calculations use data for lower berths and embarkations for calendar year 2014 and an estimate of total taxes paid between January 1 and December 31, 2015.

The new tax forecast uses projections for lower berths and a weighted average number of embarkations to calculate annual capacity. The capacity forecast is multiplied by the base rate to estimate the amount of taxes collected. The initial calculations are all based on calendar year information, so the numbers are adjusted to be fiscal year numbers before comparing the new forecast with the current law forecast. In the middle estimate provided below, berths are assumed to grow at the same rate as passengers (2.1%).

In addition, though total revenue collections are generally not expected to be different compared to current law there will be a very small change in the distribution of revenues. The portion of the new tax that replaces the current tobacco taxes and surcharges will be distributed mostly to GR, except for the 2 percent that will go to the ABT Trust Fund, rather than follow the existing distribution of cigarette tax and surcharge revenue as described in Section 1 above. Based on the data provided by the department, the total amount of revenues collected on cruise ships from cigarette taxes and surcharges is about \$24,000 per year on average. Under the new tax a portion of this amount will be shifted away from various trust funds and local government to GR, leading to negative insignificant impacts (cash and recurring) to state trust funds and local funds and a positive insignificant impact to GR. The distribution of beverage tax revenue being replaced by the new tax is the same under the old and new tax.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17			(0.1)	0		
2017-18			0	0		
2018-19			0	0		
2019-20			0	0		
2020-21			0	0		

List of affected Trust Funds:

- Alcoholic Beverage and Tobacco Trust Fund (ABT)
- Health Care Trust Fund (HCTF)
- Public Medical Assistance Trust Fund (PMATF)
- Biomedical Research Trust Fund

REVENUE ESTIMATING CONFERENCE

Tax: Alcoholic Beverage Tax and Tobacco Taxes

Issue: Cruise Line Per Berth Tax

Bill Number(s): HB7099

Section 5: Consensus Estimate (Adopted: 06/16/2016): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17	(0.1)	*	(*)	(*)	(*)	(*)	(0.1)	0.0
2017-18	*	*	(*)	(*)	(*)	(*)	0.0	0.0
2018-19	*	*	(*)	(*)	(*)	(*)	0.0	0.0
2019-20	*	*	(*)	(*)	(*)	(*)	0.0	0.0
2020-21	*	*	(*)	(*)	(*)	(*)	0.0	0.0

Beverage and Cigarette Taxes Paid by Cruise Lines - Current Law

	Beverage Taxes		Cigarette Taxes		Total	% change
	<u>Paid by Cruise Lines</u>	<u>% change</u>	<u>Paid by Cruise Lines</u>	<u>% change</u>		
2010-11	385,966		18,950		404,917	
2011-12	411,118	6.5%	17,257	-8.9%	428,375	5.8%
2012-13	423,716	3.1%	16,410	-4.9%	440,126	2.7%
2013-14	527,251	24.4%	11,270	-31.3%	538,521	22.4%
2014-15*	713,736	35.4%	10,891	-3.4%	724,627	34.6%
2015-16					758,113	4.6%
2016-17					774,034	2.1%
2017-18					790,289	2.1%
2018-19					806,885	2.1%
2019-20					823,829	2.1%
2020-21					841,130	2.1%

Source: Historical Data from Department of Business and Professional Regulation (DBPR)

Source: Forecast growth rates consistent with historical passenger data below (2.1%) and IBIS industry forecast (2.0%).

* In FY2014-15, total collections were actually \$1,809,757, but a large portion of those collections were from an audit settlement payment from one of the cruise lines. The amount shown in the table is the amount collected from regular activity in FY2014-15.

Florida and US Passenger Embarkations

	<u>Florida</u>	<u>FL growth</u>	<u>US</u>	<u>US growth</u>	<u>FL % of US</u>
2011	5,920,000	2.4%	9,834,000	2.7%	60.2%
2012	6,074,000	2.6%	10,095,000	2.7%	60.2%
2013	6,150,000	1.3%	9,964,000	-1.3%	61.7%
2014	6,891,000	12.0%	11,065,000	11.0%	62.3%
avg 2011-2013		2.1%		1.4%	60.7%

Source: Business Research and Economic Advisors report prepared for Cruise Lines International Association

Middle Estimate

Calendar Year Forecast								
	<u>Lower Berths</u>	<u>% chg.</u>	<u>Embarkations</u>	<u>Capacity</u>	<u>% chg.</u>	<u>Base Rate</u>	<u>Excise Tax</u>	<u>% chg.</u>
2015	182,138		30.3	5,509,691		13.6%	750,236	
2016	185,963	2.1%	30.3	5,625,395	2.1%	13.6%	765,991	2.1%
2017	189,868	2.1%	30.3	5,743,528	2.1%	13.6%	782,077	2.1%
2018	193,855	2.1%	30.3	5,864,142	2.1%	13.6%	798,500	2.1%
2019	197,926	2.1%	30.3	5,987,289	2.1%	13.6%	815,269	2.1%
2020	202,083	2.1%	30.3	6,113,022	2.1%	13.6%	832,390	2.1%
2021	206,327	2.1%	30.3	6,241,395	2.1%	13.6%	849,870	2.1%

Fiscal Year Forecast								
	<u>Lower Berths</u>	<u>% chg.</u>	<u>Embarkations</u>	<u>Capacity</u>	<u>% chg.</u>	<u>Base Rate</u>	<u>Excise Tax</u>	<u>% chg.</u>
2015-16	184,050		30.3	5,567,543		13.6%	758,113	
2016-17	187,916	2.1%	30.3	5,684,461	2.1%	13.6%	774,034	2.1%
2017-18	191,862	2.1%	30.3	5,803,835	2.1%	13.6%	790,289	2.1%
2018-19	195,891	2.1%	30.3	5,925,715	2.1%	13.6%	806,885	2.1%
2019-20	200,005	2.1%	30.3	6,050,155	2.1%	13.6%	823,829	2.1%
2020-21	204,205	2.1%	30.3	6,177,209	2.1%	13.6%	841,130	2.1%

Impact								
	Current Tax				Difference			
	<u>Proposed</u>	<u>% chg.</u>	<u>REC</u>		<u>New Tax</u>	<u>% chg.</u>	<u>REC</u>	
			<u>12/18/15</u>	<u>% chg.</u>			<u>12/18/15</u>	<u>Proposed</u>
2014-15	724,627		724,627					
2015-16	758,113	4.6%	752,920	3.9%	758,113	4.6%	5,193	0
2016-17	774,034	2.1%	768,731	2.1%	774,034	2.1%	5,303	0
2017-18	790,289	2.1%	784,875	2.1%	790,289	2.1%	5,414	0
2018-19	806,885	2.1%	801,357	2.1%	806,885	2.1%	5,528	0
2019-20	823,829	2.1%	818,186	2.1%	823,829	2.1%	5,644	0
2020-21	841,130	2.1%	835,367	2.1%	841,130	2.1%	5,762	0

High Estimate

Calendar Year Forecast

	<u>Lower Berths</u>	<u>% chg.</u>	<u>Embarkations</u>	<u>Capacity</u>	<u>% chg.</u>	<u>Base Rate</u>	<u>Excise Tax</u>	<u>% chg.</u>
2015	182,138		30.3	5,509,691		13.6%	750,236	
2016	189,241	3.9%	30.3	5,724,569	3.9%	13.6%	779,495	3.9%
2017	196,622	3.9%	30.3	5,947,827	3.9%	13.6%	809,896	3.9%
2018	204,290	3.9%	30.3	6,179,792	3.9%	13.6%	841,481	3.9%
2019	212,257	3.9%	30.3	6,420,804	3.9%	13.6%	874,299	3.9%
2020	220,535	3.9%	30.3	6,671,216	3.9%	13.6%	908,397	3.9%
2021	229,136	3.9%	30.3	6,931,393	3.9%	13.6%	943,824	3.9%

Fiscal Year Forecast

	<u>Lower Berths</u>	<u>% chg.</u>	<u>Embarkations</u>	<u>Capacity</u>	<u>% chg.</u>	<u>Base Rate</u>	<u>Excise Tax</u>	<u>% chg.</u>
2015-16	185,690		30.3	5,617,130		13.6%	764,866	
2016-17	192,932	3.9%	30.3	5,836,198	3.9%	13.6%	794,695	3.9%
2017-18	200,456	3.9%	30.3	6,063,810	3.9%	13.6%	825,688	3.9%
2018-19	208,274	3.9%	30.3	6,300,298	3.9%	13.6%	857,890	3.9%
2019-20	216,396	3.9%	30.3	6,546,010	3.9%	13.6%	891,348	3.9%
2020-21	224,836	3.9%	30.3	6,801,304	3.9%	13.6%	926,111	3.9%

Impact

	Current Tax				Difference			
	<u>Proposed</u>		<u>REC</u>		<u>New Tax</u>	<u>% chg.</u>	<u>REC</u>	
	<u>% chg.</u>	<u>12/18/15</u>	<u>% chg.</u>	<u>12/18/15</u>			<u>Proposed</u>	
2014-15	724,627		724,627					
2015-16	758,113	4.6%	752,920	3.9%	764,866	5.6%	11,946	6,752
2016-17	774,034	2.1%	768,731	2.1%	794,695	3.9%	25,964	20,662
2017-18	790,289	2.1%	784,875	2.1%	825,688	3.9%	40,814	35,400
2018-19	806,885	2.1%	801,357	2.1%	857,890	3.9%	56,533	51,006
2019-20	823,829	2.1%	818,186	2.1%	891,348	3.9%	73,163	67,519
2020-21	841,130	2.1%	835,367	2.1%	926,111	3.9%	90,743	84,981

North American Cruise Industry

Lower Berth Capacity

2010	308,000	
2011	318,000	3.2%
2012	329,000	3.5%
2013	339,000	3.0%
2014	355,000	4.7%
2015	364,000	2.5%
2016	388,000	6.6%
	avg growth	3.9%

Source: Statista graphic - Lower Berth Capacity of North American Cruise Industry

Port	Cruise Line	Ship	Lower Berths Per Ship	2014 Embarkations	Total Lower Berths	
Port Everglades	Carnival Cruise Line	Carnival Freedom	2,984	51	152,184	
	Celebrity Cruise Line	Celebrity Century	1,810	7	12,670	
		Celebrity Constellation	2,170	33	71,610	
		Celebrity Eclipse	2,852	8	22,816	
		Celebrity Equinox	2,852	15	42,780	
		Celebrity Infinity	2,170	3	6,510	
		Celebrity Silhouette	2,886	24	69,264	
	Cunard Line	Queen Victoria	1,990	1	1,990	
	Holland America Line	ms Amsterdam	1,380	3	4,140	
		ms Eurodam	2,104	24	50,496	
		ms Maasdam	1,266	11	13,926	
		ms Noordam	1,972	15	29,580	
		ms Nieuw Amsterdam	2,106	22	46,332	
		ms Prinsendam	793	4	3,172	
		ms Statendam	1,260	1	1,260	
		ms Veendam	1,350	4	5,400	
		ms Westerdam	1,848	25	46,200	
		ms Zuiderdam	1,848	18	33,264	
	Princess Cruises	Caribbean Princess	3,080	43	132,440	
		Coral Princess	1,970	19	37,430	
		Crown Princess	3,082	7	21,574	
		Emerald Princess	3,080	11	33,880	
		Island Princess	1,970	12	23,640	
		Ocean Princess	672	1	672	
		Pacific Princess	680	1	680	
		Regal Princess	3,560	9	32,040	
		Royal Princess	3,560	24	85,440	
		Ruby Princess	3,084	33	101,772	
		Royal Caribbean International	Allure of the Seas	5,408	52	281,216
	Independence of the Seas		3,648	25	91,200	
	Liberty of the Seas		3,648	38	138,624	
	Legend of the Seas		1,826	12	21,912	
	Oasis of the Seas		5,402	46	248,492	
	Vision of the Seas		1,816	40	72,640	
	Seabourn	Seabourn Quest	450	2	900	
	Port Canaveral	Carnival Cruise Line	Carnival Dream	3,646	15	54,690
			Carnival Ecstasy	2,056	10	20,560
			Carnival Liberty	2,974	36	107,064
			Carnival Sensation	2,056	104	213,824
			Carnival Sunshine	3,002	35	105,070
		Disney Cruise Line	Disney Dream	2,500	104	260,000
			Disney Fantasy	2,500	52	130,000
			Disney Wonder	1,754	4	7,016
Disney Magic			1,754	50	87,700	
Royal Caribbean International		Freedom of the Seas	3,634	52	188,968	
		Explorer of the Seas	3,112	8	24,896	
		Enchantment of the Seas	1,996	104	207,584	
Port Miami		AIDA	Vita	1,266	3	3,798
	Azamara Club Cruises	Azamara Journey	686	3	2,058	
	Carnival Cruise Line	Carnival Breeze	3,690	52	191,880	
		Carnival Conquest	2,974	52	154,648	
		Carnival Ecstasy	2,974	99	294,426	
		Carnival Glory	2,974	52	154,648	
		Carnival Imagination	2,056	2	4,112	
		Carnival Liberty	2,974	18	53,532	
		Carnival Victory	2,758	78	215,124	
		Carnival Splendor	3,006	9	27,054	
	Celebrity Cruise Line	Celebrity Reflection	3,046	26	79,196	
		Celebrity Infinity	2,170	2	4,340	
		Celebrity Eclipse	2,852	3	8,556	
	Costa Cruises	Costa Luminosa	2,260	11	24,860	
		Costa Mediterranea	2,114	2	4,228	
	Crystal Cruises	Crystal Serenity	922	1	831	
		Crystal Symphony	1,070	4	3804	
	Disney Cruise Line	Disney Wonder	1,754	1	1,754	
		Disney Magic	1,754	41	71,914	
	Norwegian Cruise Line	Norwegian Sun	1,936	12	23,232	
	Royal Caribbean International	Adventure of the Seas	3,112	3	9,336	
		Majesty of the Seas	2,386	104	248,144	
	Jacksonville	Carnival Cruise Line	Carnival Fascination	2,052	78	160,056
Port of Tampa	Royal Caribbean International	Brilliance of the Seas	2,143	38	81,434	
		Vision of the Seas	1,816	7	12,712	
	Carnival Cruise Line	Carnival Paradise	2,052	78	160,056	
		Carnival Pride	2,124	9	19,116	
		Carnival Legend	2,124	33	70,092	
	Norwegian Cruise Line	Norwegian Dawn	2,336	17	39,712	
		Norwegian Sun	1,936	10	19,360	
	Holland America Line	Ryndam	1,260	16	20,160	
Industry Totals:			892	182,138	2,082	5,509,691

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Department of Juvenile Justice – Detention Costs

Bill Number(s): CS/SB 1322 (Ch. 2016-152, L.O.F.)

Entire Bill

Partial Bill:

Sponsor(s): Appropriations Committee and Senator Latvala

Month/Year Impact Begins: July 1, 2016

Date of Analysis: June 16, 2016

Section 1: Narrative

a. Current Law: Section 985.686, F.S., enacted in 2014, sets forth a mechanism for the state and counties to share the costs of juvenile detention. The statute requires counties that are not “fiscally constrained” to pay for detention costs incurred prior to a final court disposition. The state pays for the costs incurred post-disposition, for all the costs incurred in fiscally constrained counties, and for the costs incurred for out-of-state youths. Section 38 of SB 2502-A (the FY 2015-16 Implementing Bill) required the Department of Revenue to deduct the amount of unpaid detention costs from the revenue sharing accounts provided under S. 218.23, F.S. A similar provision is included in Section 62 of HB 5003 (the 2016-17 Implementing Bill).

Disputes between counties and DJJ led to counties filing a number of legal challenges to DJJ’s methodology for determining the amounts counties should pay. The legal challenges applied to years before Section 985.686, F.S. was enacted and to years after.

b. Proposed Change: The bill creates s. 985.6865, F.S., to provide an alternative cost-sharing mechanism for detention costs. Under the bill, each non-fiscally constrained county that has dismissed all actions against the state and has executed releases and waivers of any claims arising from activities prior to July 1, 2016 is required to pay DJJ its proportionate share of \$42.5 million in FY 2016-2017. For FY 2016-2017, payments are to be made in 12 equal monthly installments, beginning July 1, 2016. For FY 2017-2018 and thereafter, each of these counties will pay its proportionate share of 50 percent of the total shared detention costs. The phrase “total shared detention costs” means the amount of funds expended by DJJ for the costs of detention care for the prior fiscal year, including certify forward amounts, and excluding expenditures for juveniles residing in fiscally constrained counties or out of state. Payments for FY 2017-2018 and thereafter are to be made beginning August 1, in 12 equal monthly installments.

Section 2: Description of Data and Sources

House and Senate Staff analyses

Information from DJJ and discussions with DJJ

Section 3: Methodology (Include Assumptions and Attach Details)

DJJ provided total expenditure data from FY 2012-13 to FY 2016-17 and amounts billed to counties from FY 2012-13 to FY 2015-16.

The fiscal impact to the state is the difference in the detention costs billed to non-fiscally constrained counties under current law and the new law.

This analysis begins with the total expenditures for FY 2013-14 and estimates the amount of expenditures attributed to non-fiscally constrained counties. The department indicated that an appropriation of \$3.9 million offsets the cost of detention for the fiscally constrained counties each fiscal year. The total expenditures grow by a constant 2.0 percent in FY 2017-18 and onward, which is the average growth of expenditures from FY 2012-13 to 2016-17. (Expenditures for FY 2015-16 and FY 2016-17 are department estimates.)

The detention costs attributable to counties in a given fiscal year (the Current Law column) are billed the following fiscal year. For instance, the detention costs of \$54.3 million in FY 2015-16 are the detention costs created in FY 2014-15 and billed in FY 2015-16.

Dividing the detention costs billed to non-fiscally constrained counties in FY 2014-15 by the expenditures attributable to non-fiscally constrained counties in FY 2013-14 (matching the costs incurred to the expenditure year) allows us to identify the non-fiscally constrained counties share. We use the average of the ratios for FY 2014-15 and FY 2015-16 to project the ‘Current Law’ detention costs (59 percent) billed throughout the forecast period.

The bill provides that the county-state contribution ratio is 50 percent beginning in FY 2017-18. For FY 2016-17, the bill requires counties to pay \$42.5 million. In FY 2017-18 and onward, the counties will pay 50 percent of the previous year’s actual detention

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees

Issue: Department of Juvenile Justice – Detention Costs

Bill Number(s): CS/SB 1322 (Ch. 2016-152, L.O.F.)

costs. For example, in FY 2017-18 counties will pay 47.1 million, which is half of \$94.2 million, the expenditure amount attributed to non-fiscally constrained counties in FY 2016-17.

Due to collection timing, in FY 2017-18, DJJ will collect 11/12 of the billed amount. Beginning in FY 2018-19, DJJ will collect 11/12 of the billed amount and 1/12 of the previous years billed amount. The analysis makes this adjustment under the heading “Detention Costs New Law Collections” and then subtracts the ‘Current Law’ amount to obtain the fiscal impact of the legislation.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17			(13.7)			
2017-18			(12.3)	(12.3)		
2018-19			(8.6)	(8.6)		
2019-20			(8.9)	(8.9)		
2020-21			(9.0)	(9.0)		

List of affected Trust Funds:

Shared County/State Juvenile Detention Trust Fund

Section 5: Consensus Estimate (Adopted: 06/16/2016): The Conference adopted the proposed estimate, adjusting the recurring impact to assume FY 18-19 as the base year (as it reflects a complete year) and using the growth rate to re-calculate FY’s 16-17 and 17-18.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2016-17	0.0	0.0	(13.7)	(8.2)	0.0	0.0	(13.7)	(8.2)
2017-18	0.0	0.0	(12.3)	(8.4)	0.0	0.0	(12.3)	(8.4)
2018-19	0.0	0.0	(8.6)	(8.6)	0.0	0.0	(8.6)	(8.6)
2019-20	0.0	0.0	(8.9)	(8.9)	0.0	0.0	(8.9)	(8.9)
2020-21	0.0	0.0	(9.0)	(9.0)	0.0	0.0	(9.0)	(9.0)

Department of Juvenile Justice

	A	B	C	D	E	F	G	H	I
1		Detention Cost Non-Fiscally Constrained Counties			Expenditures				
2	FY	Current Law	New Law Billings	Difference	Total	Growth	Non-Fiscally Constrained Counties		Non-Fiscally Constrained County Share
3	2012-13	\$ 70.8			\$ 90.6		\$ 86.7		
4	2013-14	\$ 30.5			\$ 94.7	4.5%	\$ 90.8		35%
5	2014-15	\$ 51.1			\$ 92.2	-2.6%	\$ 88.3		56%
6	2015-16	\$ 54.3	No Impact		\$ 95.3	3.4%	\$ 91.4		61%
7	2016-17	\$ 56.2	\$ 42.5	\$ (13.7)	\$ 98.0	2.8%	\$ 94.1		59%
8	2017-18	\$ 55.4	\$ 47.1	\$ (8.4)	\$ 100.0	2.0%	\$ 96.1		59%
9	2018-19	\$ 56.6	\$ 48.0	\$ (8.5)	\$ 102.4	2.0%	\$ 98.5		59%
10	2019-20	\$ 58.0	\$ 49.3	\$ (8.8)	\$ 104.5	2.0%	\$ 100.6		59%
11	2020-21	\$ 59.2	\$ 50.3	\$ (8.9)	\$ 106.6	2.0%	\$ 102.7		59%
12									
13			Fiscal Impact						
14	FY	Detention Costs New Law Collections	Cash	Recurring					
15	2016-17	\$ 42.5	\$ (13.7)	\$ (8.2)					
16	2017-18	\$ 43.1	\$ (12.3)	\$ (8.4)					
17	2018-19	\$ 48.0	\$ (8.6)	\$ (8.6)					
18	2019-20	\$ 49.2	\$ (8.9)	\$ (8.9)					
19	2020-21	\$ 50.2	\$ (9.0)	\$ (9.0)					