

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax (*EDR Analysis*)

**Issue:** Sales Tax Exemption for Feminine Hygiene Products

**Bill Number(s):** HB 63/SB 176

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Rep. Edwards, Rep. Plasencia and Senator Passidomo

**Month/Year Impact Begins:** January 1, 2018

**Date of Analysis:** 1/20/2017

**Section 1: Narrative**

**a. Current Law:** Currently there is no sales tax exemption for feminine hygiene products.

**b. Proposed Change:** Creates a sales tax exemption for the sale of feminine hygiene products where:

“Feminine hygiene product” means a product used to absorb or contain menstrual flow, including but not limited to, tampons, sanitary napkins, pant liners, and menstrual cups.

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

IBISWorld Industry Report 32229a Sanitary Paper Product Manufacturing in the US (May 2016)

Florida Demographic Estimating Conference, November 2016

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

The analysis uses national data on sanitary paper products manufacturing from IBISWorld report. Feminine Hygiene Products are 20.3% of the total industry revenue. The Florida share of feminine hygiene products is calculated given the Florida population of females ages 12 to 54. A 10% retail markup is applied to the estimated manufacturing industry revenue to calculate the middle estimate of the total Florida Sales Tax Revenue from feminine hygiene products. The growth in the Florida population of females ages 12 to 54 is used to calculate the future years revenue from feminine hygiene products. The (middle) estimated Florida sales tax revenue on feminine hygiene products using the IBISWorld industry data is provided on line 9. This analysis results in an average spending per female ages 12 to 54 of \$28.99 per year.

The high estimate uses the same analysis but assumes a 25% retail markup and results in an average spending per female ages 12 to 54 of \$32.95 per year.

For the low estimate, the analysis assumes an average spending per female ages 12 to 54 of \$17.60 per year. This estimate is based on a press article featuring a Euromonitor report (2016) citing that “the average American woman between the ages of 12 and 54 spent \$17.60 on tampons and pads last year.”

Similar legislation was proposed in California and New York in 2016 with an estimated impact of \$20 million and \$10 million, respectively. Based on adjustments for population and average sales tax rates, this analysis is consistent with the anticipated revenue loss in California and New York.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$4.8)	(\$11.5)		(\$10.1)	(\$2.5)	(\$6.1)
2018-19	(\$11.5)	(\$11.5)	(\$10.2)	(\$10.2)	(\$6.2)	(\$6.2)
2019-20	(\$11.6)	(\$11.6)	(\$10.2)	(\$10.2)	(\$6.2)	(\$6.2)
2020-21	(\$11.7)	(\$11.7)	(\$10.3)	(\$10.3)	(\$6.3)	(\$6.3)
2021-22	(\$11.9)	(\$11.9)	(\$10.4)	(\$10.4)	(\$6.3)	(\$6.3)

**List of affected Trust Funds:** General Sales and Use Tax Grouping

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax (*EDR Analysis*)

**Issue:** Sales Tax Exemption for Feminine Hygiene Products

**Bill Number(s):** HB 63/SB 176

**Section 5: Consensus Estimate (Adopted: 01/20/2017)** : The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(3.8)	(8.9)	(Insignificant)	(Insignificant)	(0.1)	(0.3)	(0.4)	(0.9)
2018-19	(9.0)	(9.0)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)
2019-20	(9.0)	(9.0)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)
2020-21	(9.1)	(9.1)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)
2021-22	(9.2)	(9.2)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(0.5)	(1.1)	(1.0)	(2.3)	(4.8)	(11.2)
2018-19	(1.1)	(1.1)	(2.3)	(2.3)	(11.3)	(11.3)
2019-20	(1.1)	(1.1)	(2.3)	(2.3)	(11.3)	(11.3)
2020-21	(1.2)	(1.2)	(2.4)	(2.4)	(11.5)	(11.5)
2021-22	(1.2)	(1.2)	(2.4)	(2.4)	(11.6)	(11.6)

	A	B	C	D	E	F	G	H
1		Sales Tax Exemption for Feminine Hygiene Products (EDR)						
2								
3	#1	<b>IBISWorld - US Sanitary Paper Product Manufacturing Data (May 2016)</b>						
4			FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
5		Total Industry Revenue in U.S.	12,104,300,000					
6		Feminine Hygiene Products* Industry Revenue (20.3% of total)	2,457,172,900					
7								
8		Florida Share of Revenue (6.2%) with <b>10% retail markup</b>	166,657,506					
9	MIDDLE	Florida Sales Tax Revenue - Feminine Hygiene Products	9,999,450	10,080,373	10,160,110	10,237,826	10,335,205	10,442,568
10								
11		Total Florida Population of Females Ages 12 to 54	5,748,291					
12								
13		<b>The middle estimate yields an average annual spending per females ages 12 to 54 of \$28.99 per year.</b>						
14								
15		Florida Share of Revenue (6.2%) with <b>25% retail markup</b>	189,383,530					
16	HIGH	Florida Sales Tax Revenue - Feminine Hygiene Products	11,363,012	11,454,970	11,545,579	11,633,893	11,744,551	11,866,555
17								
18		<b>The high estimate yields an average annual spending per females ages 12 to 54 of \$32.95 per year.</b>						
19		<i>*Feminine hygiene products include tampons and menstrual pads, but does not include alternative products such as menstrual cups. Because use of alternative products is still low, this analysis does not include the additional revenue from these products.</i>						
20								
21	#2	<b>Estimated Consumer Spending on Feminine Hygiene Products based on NPR/Euromonitor Report</b>						
22			FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
23		Annual Spending per Female Ages 12 to 54* based on NPR/Euromonitor report	17.60					
24		Total Florida Population of Females Ages 12 to 54	5,748,291					
25		Total Spending on Feminine Products	101,169,926					
26	LOW	Florida Sales Tax Revenue - Feminine Hygiene Products	6,070,196	6,119,320	6,167,724	6,214,902	6,274,016	6,339,191
27								
28		<b>The low estimate yields an average annual spending per females ages 12 to 54 of \$17.60 per year.</b>						

## REVENUE ESTIMATING CONFERENCE

**Tax:** Highway Safety Fees

**Issue:** Title Fee Exemption for Surviving Spouse

**Bill Number(s):** SB 164 and HB 97

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Senator Grimsley and Representative Pigman

**Month/Year Impact Begins:** 7/1/2017

**Date of Analysis:** 1/20/2017

### Section 1: Narrative

#### a. Current Law:

Section 319.32 F.S. provides for a \$70 fee charged for each original or duplicate certificate of title except for for-hire vehicles and salvaged vehicles. The \$70 fee is distributed as follows: \$21 into the State Transportation Trust Fund (STTF), \$47 into the STTF for the first \$200 million with the remainder into the General Revenue Fund (GR), and \$2 into the GR Fund. Section 319.32 F.S. also provides for a service charge of \$4.25 for each issuance, duplication, or transfer of any certificate of title to be kept by the collecting agency (Highway Safety Operating Trust Fund or Local Tax Collector). In addition, 319.324 F.S. provides for a \$1 fee for each original or duplicate certificate of title to be deposited into the Highway Safety Operating Trust Fund (HSOTF) for odometer fraud prevention.

#### b. Proposed Change:

Subsection 7 is added to 319.32 F.S. stating that notwithstanding any other law, the department may not charge a fee for a certificate of title issued for a motor vehicle solely to remove the deceased joint owner if the other joint owner is the surviving spouse.

### Section 2: Description of Data and Sources

Highway Safety Revenue Estimating Conference (12/2016)

Demographic Estimating Conference (11/2016)

US Census 2015 American Community Survey (ACS)

FHWA 2009 National Household Travel Survey (NHTS)

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

Exempting surviving spouses from the title fee for removing the name of the deceased spouse results in a negative impact to the forecasted title revenue for STTF, GR, HSOTF, and Local Trust Funds. For each applicable title, the impact to each trust fund is as follows: STTF - \$21; GR - \$49; HSOTF - \$1.0425; and Local - \$4.2075. Note that the \$47 portion of the base fee, for which STTF receives the first \$200 million, only impacts GR because there would need to be an unrealistically high number of applicable titles for the impact to reach into the \$200 million STTF portion. Also note that the impact of the \$4.25 fee is split between local tax collectors and HSOTF depending upon the ratio of which one collects the title fee.

The November 2016 Demographic Estimating Conference was used forecast deaths above age 15. Per the 2015 American Community Survey, 45.5% of Americans above age 15 are married. Per the 2009 National Household Travel Survey, 8.7% of households do not own an automobile. All three of the above sources were used to forecast the number of married car-owner deaths. To get to applicable titles, this number needs to be further reduced for the following factors. First, surviving spouses who wish to sell their deceased spouse's vehicle are already exempt from titling the vehicle prior to sale per Section 319.28 F.S. A second deduction must be made for repossessed titles. Lastly, a third deduction must be made for certain titles owned jointly. Vehicles may be titled jointly using either the phrase "\_\_\_ or \_\_\_" or using "\_\_\_ and \_\_\_." If a joint title includes the word "or," there is no need for a surviving spouse to make revision to the title while such need exists if the joint title uses the word "and." According to the Department of Highway Safety and Motor vehicles, 22.63% of titles are jointly owned; however, it is unknown how many of these titles are jointly owned by spouses nor how many use "or" vs. "and." Further note that when preparing this analysis, it was assumed that the fee exemption would apply to surviving spouses when the vehicle is titled solely in the name of the deceased spouse. For the high analysis, applicable titles represents 40% of married car-owner deaths. For the middle analysis, applicable titles represents 25% of married car-owner deaths. For the low analysis, applicable titles represents 10% of married car-owner deaths. For all three scenarios, a half month lag was added to the first year's impact to account for the collection to cash lag.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Highway Safety Fees

**Issue:** Title Fee Exemption for Surviving Spouse

**Bill Number(s):** SB 164 and HB 97

**Section 4: Proposed Fiscal Impact**

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(1,570,883)	(1,639,183)	(981,802)	(1,024,489)	(392,721)	(409,796)
2018-19	(1,699,231)	(1,699,231)	(1,062,019)	(1,062,019)	(424,808)	(424,808)
2019-20	(1,755,745)	(1,755,745)	(1,097,341)	(1,097,341)	(438,936)	(438,936)
2020-21	(1,795,854)	(1,795,854)	(1,122,408)	(1,122,408)	(448,963)	(448,963)
2021-22	(1,830,254)	(1,830,254)	(1,143,909)	(1,143,909)	(457,564)	(457,564)

TRUST	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(706,657)	(737,381)	(441,661)	(460,863)	(176,664)	(184,345)
2018-19	(764,394)	(764,394)	(477,746)	(477,746)	(191,098)	(191,098)
2019-20	(789,817)	(789,817)	(493,635)	(493,635)	(197,454)	(197,454)
2020-21	(807,859)	(807,859)	(504,912)	(504,912)	(201,965)	(201,965)
2021-22	(823,334)	(823,334)	(514,584)	(514,584)	(205,834)	(205,834)

LOCAL	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(134,888)	(140,752)	(84,305)	(87,970)	(33,722)	(35,188)
2018-19	(145,908)	(145,908)	(91,193)	(91,193)	(36,477)	(36,477)
2019-20	(150,761)	(150,761)	(94,226)	(94,226)	(37,690)	(37,690)
2020-21	(154,205)	(154,205)	(96,378)	(96,378)	(38,551)	(38,551)
2021-22	(157,159)	(157,159)	(98,224)	(98,224)	(39,290)	(39,290)

**List of affected Trust Funds:**

- General Revenue Fund
- Highway Safety Operating Trust Fund
- State Transportation Trust Fund
- Local Trust Funds

**Section 5: Consensus Estimate (Adopted: 1/20/2017) The Conference adopted the middle estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(1.0)	(1.0)	(0.4)	(0.5)	(0.1)	(0.1)	(1.5)	(1.6)
2018-19	(1.1)	(1.1)	(0.5)	(0.5)	(0.1)	(0.1)	(1.6)	(1.6)
2019-20	(1.1)	(1.1)	(0.5)	(0.5)	(0.1)	(0.1)	(1.7)	(1.7)
2020-21	(1.1)	(1.1)	(0.5)	(0.5)	(0.1)	(0.1)	(1.7)	(1.7)
2021-22	(1.1)	(1.1)	(0.5)	(0.5)	(0.1)	(0.1)	(1.8)	(1.8)

<b>SB 164/HB 97 (Title Fee Exemption for Surviving Spouses)</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Deaths Aged 15 and Above (11/2016 DEC)	201,321	208,696	215,637	220,563	224,788
% Married Above Age 15 (ACS)	45.5%	45.5%	45.5%	45.5%	45.5%
# of Married Deaths	91,601	94,957	98,115	100,356	102,279
2009 NHTS % of Households with No Vehicles	8.7%	8.7%	8.7%	8.7%	8.7%
<b># of Married Deaths Owning a Vehicle</b>	<b>83,632</b>	<b>86,695</b>	<b>89,579</b>	<b>91,625</b>	<b>93,380</b>

### **High (60% reduction for sales, repossessions, and "or" joint titles)**

# of Applicable Titles (40% of Married Car-Owner Deaths)	33,453	34,678	35,832	36,650	37,352
Reduction to STTF	(702,507)	(728,242)	(752,462)	(769,652)	(784,395)
Reduction to GR	(1,639,183)	(1,699,231)	(1,755,745)	(1,795,854)	(1,830,254)
Reduction to HSOTF	(34,874)	(36,152)	(37,354)	(38,208)	(38,940)
Reduction to Local	(140,752)	(145,908)	(150,761)	(154,205)	(157,159)

### **Middle (75% reduction for sales, repossessions, and "or" joint titles)**

# of Applicable Titles (25% of Married Car-Owner Deaths)	20,908	21,674	22,395	22,906	23,345
Reduction to STTF	(439,067)	(455,151)	(470,289)	(481,032)	(490,247)
Reduction to GR	(1,024,489)	(1,062,019)	(1,097,341)	(1,122,408)	(1,143,909)
Reduction to HSOTF	(21,797)	(22,595)	(23,346)	(23,880)	(24,337)
Reduction to Local	(87,970)	(91,193)	(94,226)	(96,378)	(98,224)

### **Low (90% reduction for sales, repossessions, and "or" joint titles)**

# of Applicable Titles (10% of Married Car-Owner Deaths)	8,363	8,670	8,958	9,163	9,338
Reduction to STTF	(175,627)	(182,060)	(188,116)	(192,413)	(196,099)
Reduction to GR	(409,796)	(424,808)	(438,936)	(448,963)	(457,564)
Reduction to HSOTF	(8,719)	(9,038)	(9,339)	(9,552)	(9,735)
Reduction to Local	(35,188)	(36,477)	(37,690)	(38,551)	(39,290)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 10 Days, Computers First \$1,000

**Bill Number(s):** Proposed Legislation

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** The sales tax holiday will affect August 2017 activity and, subsequently, September collections.

**Date of Analysis:** January 20, 2017

### Section 1: Narrative

#### a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

#### b. Proposed Change:

Clothing: The proposed language exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax for a ten-day period beginning on Friday, August 4, and ending on Sunday, August 13, 2017, as long as the sales price of the item does not exceed \$100. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.”

Computers: Also exempt during the ten-day period is the first \$1,000 of the sales price of “personal computers or personal computer-related accessories purchased for noncommercial home or personal use.” Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the bill. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a prominent location at the place of business.

### Section 2: Description of Data and Sources

- Clothing and Shoes expenditures forecast, NOV 2016 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, NOV 2016 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, NOV 2016 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, NOV 2016 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, DEC 2016 K-12 Enrollment Estimating Conference.
- Estimates of Florida private school enrollment, Department of Education Office of K-12 School Choice.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at [www.nces.ed.gov/ipeds](http://www.nces.ed.gov/ipeds). Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the FRAG or ABLE tuition assistance programs. Last accessed 1/16/2017.
- Tax collections by kind code, Florida Department of Revenue. Available at [http://dor.myflorida.com/dor/taxes/colls\\_from\\_7\\_2003.html](http://dor.myflorida.com/dor/taxes/colls_from_7_2003.html). Accessed 1/17/2017.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 10 Days, Computers First \$1,000

**Bill Number(s):** Proposed Legislation

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

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount, with assumptions made for the percentage of expenditures that would be under the \$100 limit (High = 95%; Middle = 90%; and Low = 85%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. For backpacks, assumptions are made for the percentage of students who would purchase a backpack (High = 30%; Middle = 20%; Low = 10%), and each backpack is assumed to cost \$25. These assumed percentages are also decreased by 2.5 percentage points to reflect the dealer opt out provision.

School Supplies: For school supplies, an amount of expenditure is assumed per student, by grade level, for ten days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, career centers, and private colleges/universities. The estimated total expenditure by students is increased by a factor of 25% for business spending. An assumption is made for the percentage of expenditures that would be under the \$15 limit (High = 85%; Middle = 75%; and Low = 65%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2017 (=23%) and for the percentage of total expenditures assumed to be exempt (High = 75%; Middle and Low = 65%). These assumptions are five percentage points higher than the assumptions used for the first \$750 of sales price analysis. These assumed percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%.

**Section 4: Proposed Fiscal Impact:** The impact is nonrecurring for FY 2017-18 only.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18						
Clothing/Shoes/Backpacks	(49.8 M)		(46.6 M)		(43.4 M)	
School Supplies	(8.7 M)		(7.9 M)		(7.2 M)	
Computers	<u>(19.7 M)</u>		<u>(9.2 M)</u>		<u>(7.7 M)</u>	
<b>Total</b>	<b>(78.2 M)</b>		<b>(63.7 M)</b>		<b>(58.3 M)</b>	

**List of affected Trust Funds:** Sales and Use Tax Grouping

**Section 5: Consensus Estimate (Adopted: 01/20/2017): The Conference adopted the middle estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(56.4)	0.0	(Insignificant)	0.0	(1.9)	0.0	(5.4)	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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(7.2)	0.0	(14.5)	0.0	(70.9)	0.0
2018-19	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
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0



**Proposed Legislation**

**Sales Tax Holiday - Clothing, School Supplies, Personal Computers First \$1,000**

**10 Days, August 4-13, 2017**

(NONRECURRING)

		<b>2017-18</b>		
<b>Expenditure Type</b>		<b>HIGH</b>	<b>MIDDLE</b>	<b>LOW</b>
1	Clothing & Shoes - \$100 or Less	\$ (49.8)	\$ (46.6)	\$ (43.4)
2	School Supplies - \$15 or Less	\$ (8.7)	\$ (7.9)	\$ (7.2)
3	Personal Computers and Related Accessories - First \$1,000	\$ (19.7)	\$ (9.2)	\$ (7.7)
4	<b>Total Impact</b>	<b>\$ (78.2)</b>	<b>\$ (63.7)</b>	<b>\$ (58.3)</b>

*\*Estimates in millions of dollars*

**Proposed Legislation**  
**SALES TAX HOLIDAY - CLOTHING**

**10 Days**  
**\$100 Limit**

<b>2017-18</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 National Personal Expenditure on Clothing and Shoes	389,819.6	389,819.6	389,819.6
2 Florida Share based on Population Forecast	24,548.8	24,548.8	24,548.8
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	23,419.3	23,419.3	23,419.3
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	21,077.4	21,077.4	21,077.4
5 Sales Tax at 6%	1,264.6	1,264.6	1,264.6
6 Exempted Amount (92.5% - 87.5% - 82.5%)	1,169.8	1,106.6	1,043.3
7 Preliminary 10-day Fiscal Impact in Florida	(32.0)	(30.3)	(28.6)
8 Seasonal Factor set to <b>1 (no seasonal factor)</b>	1.0	1.0	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5	1.5	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(48.1)	(45.5)	(42.9)
11 Backpacks (27.5% - 17.5% - 7.5% x Number of Students x \$25/backpack))	(1.7)	(1.1)	(0.5)
12 <b>Total Impact 10 Day</b>	<b>(\$49.8)</b>	<b>(\$46.6)</b>	<b>(\$43.4)</b>

**Proposed Legislation  
SALES TAX HOLIDAY - SCHOOL SUPPLIES**

**10 Days  
\$15 Limit**

**2017-18**

<b>Grade Level</b>	<b>Expenditures per Student</b>	<b>Number of Students</b>	<b>Total Expenditures</b>
PreK	20.00	68,787	1.4
KG	20.00	229,149	4.6
1	20.00	233,844	4.7
2	20.00	235,151	4.7
3	25.00	258,944	6.5
4	27.00	247,477	6.7
5	27.00	241,336	6.5
6	32.00	249,491	8.0
7	32.00	240,453	7.7
8	32.00	240,843	7.7
9	35.00	245,849	8.6
10	35.00	239,602	8.4
11	35.00	234,074	8.2
12	35.00	220,538	7.7
<b>Total PK-12</b>		<b>3,185,538</b>	<b>91.3</b>
<b>Total HigherEd</b>	<b>36.00</b>	<b>1,026,661</b>	<b>37.0</b>
<b>Total All Students</b>		<b>4,212,199</b>	<b>128.3</b>

**Advantage Buying by Business, General Public  
25% Factor + 10% for Expanded List**

44.9

	<u>High</u>	<u>Middle</u>	<u>Low</u>
Total Sales Tax for 10 Days ( $\{82.5\% - 72.5\% - 62.5\% \} \times 95.9\%$ )	(8.7)	(7.9)	(7.2)
<b>Total Impact 10 Day</b>	<b>(\$8.7)</b>	<b>(\$7.9)</b>	<b>(\$7.2)</b>

**Proposed Legislation  
SALES TAX HOLIDAY - COMPUTERS**

**10 Days  
First \$1,000**

<b>2017-18</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 National Consumer Expenditures on Computers	63,863.0	63,863.0	63,863.0
2 Florida Share based on Population Forecast	4,021.8	4,021.8	4,021.8
3 Florida Expenditures on Computers (adjusted for 65+)	3,836.7	3,836.7	3,836.7
4 Estimated Florida-based Sales of Computers (7% e-commerce adj.)	3,568.2	3,568.2	3,568.2
5 Annual Sales Tax at 6%	214.1	214.1	214.1
6 CY Q1 Estimate (27.80%)	59.5	59.5	59.5
7 CY Q2 Estimate (23.41%)	50.1	50.1	50.1
8 CY Q3 Estimate (23.04%)	49.3	49.3	49.3
9 CY Q4 Estimate (25.74%)	55.1	55.1	55.1
10 Exempted Amount (72.5% - 62.5% - 62.5%)	35.8	30.8	30.8
11 Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%)	19.7	9.2	7.7
12 <b>Total Impact 10 Day</b>	<b>(\$19.7)</b>	<b>(\$9.2)</b>	<b>(\$7.7)</b>

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 10 Days, Computers First \$750

**Bill Number(s):** Proposed Legislation

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** The sales tax holiday will affect August 2017 activity and, subsequently, September collections.

**Date of Analysis:** January 20, 2017

### Section 1: Narrative

#### a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

#### b. Proposed Change:

Clothing: The proposed language exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax for a ten-day period beginning on Friday, August 4, and ending on Sunday, August 13, 2017, as long as the sales price of the item does not exceed \$100. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.”

Computers: Also exempt during the ten-day period is the first \$750 of the sales price of “personal computers or personal computer-related accessories purchased for noncommercial home or personal use.” Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the bill. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a prominent location at the place of business.

### Section 2: Description of Data and Sources

- Clothing and Shoes expenditures forecast, NOV 2016 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, NOV 2016 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, NOV 2016 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, NOV 2016 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, DEC 2016 K-12 Enrollment Estimating Conference.
- Estimates of Florida private school enrollment, Department of Education Office of K-12 School Choice.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at [www.nces.ed.gov/ipeds](http://www.nces.ed.gov/ipeds). Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the FRAG or ABLE tuition assistance programs. Last accessed 1/16/2017.
- Tax collections by kind code, Florida Department of Revenue. Available at [http://dor.myflorida.com/dor/taxes/colls\\_from\\_7\\_2003.html](http://dor.myflorida.com/dor/taxes/colls_from_7_2003.html). Accessed 1/17/2017.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 10 Days, Computers First \$750

**Bill Number(s):** Proposed Legislation

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

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount, with assumptions made for the percentage of expenditures that would be under the \$100 limit (High = 95%; Middle = 90%; and Low = 85%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. For backpacks, assumptions are made for the percentage of students who would purchase a backpack (High = 30%; Middle = 20%; Low = 10%), and each backpack is assumed to cost \$25. These assumed percentages are also decreased by 2.5 percentage points to reflect the dealer opt out provision

School Supplies: For school supplies, an amount of expenditure is assumed per student, by grade level, for ten days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, career centers, and private colleges/universities. The estimated total expenditure by students is increased by a factor of 25% for business spending. An assumption is made for the percentage of expenditures that would be under the \$15 limit (High = 85%; Middle = 75%; and Low = 65%). Each of these assumed percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2017 (=23%) and for the percentage of total expenditures assumed to be exempt (High = 70%; Middle and Low = 60%). These assumed percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%.

**Section 4: Proposed Fiscal Impact:** The impact is nonrecurring for FY 2017-18 only.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18						
Clothing/Shoes/Backpacks	(49.8 M)		(46.6 M)		(43.4 M)	
School Supplies	(8.7 M)		(7.9 M)		(7.2 M)	
Computers	<u>(18.3 M)</u>		<u>(8.5 M)</u>		<u>(7.1 M)</u>	
<b>Total</b>	<b>(76.8 M)</b>		<b>(63.0 M)</b>		<b>(57.7 M)</b>	

**List of affected Trust Funds:** Sales and Use Tax Grouping

**Section 5: Consensus Estimate (Adopted: 01/20/2017): The Conference adopted the middle impact.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(55.8)	0.0	(Insignificant)	0.0	(1.9)	0.0	(5.3)	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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(7.1)	0.0	(14.3)	0.0	(70.1)	0.0
2018-19	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
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0

**Proposed Legislation**

**Sales Tax Holiday - Clothing, School Supplies, Personal Computers First \$750**

**10 Days, August 4-13, 2017**

(NONRECURRING)

		<b>2017-18</b>		
<b>Expenditure Type</b>		<b>HIGH</b>	<b>MIDDLE</b>	<b>LOW</b>
1	Clothing & Shoes - \$100 or Less	\$ (49.8)	\$ (46.6)	\$ (43.4)
2	School Supplies - \$15 or Less	\$ (8.7)	\$ (7.9)	\$ (7.2)
3	Personal Computers and Related Accessories - First \$750	\$ (18.3)	\$ (8.5)	\$ (7.1)
4	<b>Total Impact</b>	<b>\$ (76.8)</b>	<b>\$ (63.0)</b>	<b>\$ (57.7)</b>

*\*Estimates in millions of dollars*

**Proposed Legislation**  
**SALES TAX HOLIDAY - CLOTHING**

**10 Days**  
**\$100 Limit**

<b>2017-18</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 National Personal Expenditure on Clothing and Shoes	389,819.6	389,819.6	389,819.6
2 Florida Share based on Population Forecast	24,548.8	24,548.8	24,548.8
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	23,419.3	23,419.3	23,419.3
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	21,077.4	21,077.4	21,077.4
5 Sales Tax at 6%	1,264.6	1,264.6	1,264.6
6 Exempted Amount (92.5% - 87.5% - 82.5%)	1,169.8	1,106.6	1,043.3
7 Preliminary 10-day Fiscal Impact in Florida	(32.0)	(30.3)	(28.6)
8 Seasonal Factor set to <b>1 (no seasonal factor)</b>	1.0	1.0	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5	1.5	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(48.1)	(45.5)	(42.9)
11 Backpacks (27.5% - 17.5% - 7.5% x Number of Students x \$25/backpack))	(1.7)	(1.1)	(0.5)
12 <b>Total Impact 10 Day</b>	<b>(\$49.8)</b>	<b>(\$46.6)</b>	<b>(\$43.4)</b>



**Proposed Legislation  
SALES TAX HOLIDAY - SCHOOL SUPPLIES**

**10 Days  
\$15 Limit**

**2017-18**

<b>Grade Level</b>	<b>Expenditures per Student</b>	<b>Number of Students</b>	<b>Total Expenditures</b>
PreK	20.00	68,787	1.4
KG	20.00	229,149	4.6
1	20.00	233,844	4.7
2	20.00	235,151	4.7
3	25.00	258,944	6.5
4	27.00	247,477	6.7
5	27.00	241,336	6.5
6	32.00	249,491	8.0
7	32.00	240,453	7.7
8	32.00	240,843	7.7
9	35.00	245,849	8.6
10	35.00	239,602	8.4
11	35.00	234,074	8.2
12	35.00	220,538	7.7
<b>Total PK-12</b>		<b>3,185,538</b>	<b>91.3</b>
<b>Total HigherEd</b>	<b>36.00</b>	<b>1,026,661</b>	<b>37.0</b>
<b>Total All Students</b>		<b>4,212,199</b>	<b>128.3</b>

**Advantage Buying by Business, General Public  
25% Factor + 10% for Expanded List**

44.9

	<u>High</u>	<u>Middle</u>	<u>Low</u>
Total Sales Tax for 10 Days ( $\{82.5\% - 72.5\% - 62.5\% \} \times 95.9\%$ )	(8.7)	(7.9)	(7.2)
<b>Total Impact 10 Day</b>	<b>(\$8.7)</b>	<b>(\$7.9)</b>	<b>(\$7.2)</b>

**Proposed Legislation**  
**SALES TAX HOLIDAY - COMPUTERS**

**10 Days**  
**First \$750**

<b>2017-18</b>		<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1	National Consumer Expenditures on Computers	63,863.0	63,863.0	63,863.0
2	Florida Share based on Population Forecast	4,021.8	4,021.8	4,021.8
3	Florida Expenditures on Computers (adjusted for 65+)	3,836.7	3,836.7	3,836.7
4	Estimated Florida-based Sales of Computers (7% e-commerce adj.)	3,568.2	3,568.2	3,568.2
5	Annual Sales Tax at 6%	214.1	214.1	214.1
6	CY Q1 Estimate (27.80%)	59.5	59.5	59.5
7	CY Q2 Estimate (23.41%)	50.1	50.1	50.1
8	CY Q3 Estimate (23.04%)	49.3	49.3	49.3
9	CY Q4 Estimate (25.74%)	55.1	55.1	55.1
10	Exempted Amount (67.5% - 57.5% - 57.5%)	33.3	28.4	28.4
11	Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%)	18.3	8.5	7.1
12	<b>Total Impact 10 Day</b>	<b>(\$18.3)</b>	<b>(\$8.5)</b>	<b>(\$7.1)</b>

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 3 Days

**Bill Number(s):** Proposed Legislation

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** The sales tax holiday will affect August 2017 activity and, subsequently, September collections.

**Date of Analysis:** January 20, 2017

### Section 1: Narrative

#### a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

#### b. Proposed Change:

Clothing: The proposed language exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax for a three-day period beginning on Friday, August 4, and ending on Sunday, August 6, 2017, as long as the sales price of the item does not exceed \$60. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.”

Computers: Also exempt during the three-day period is the first \$750 of the sales price of “personal computers or personal computer-related accessories purchased for noncommercial home or personal use.” Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the bill. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a prominent location at the place of business.

### Section 2: Description of Data and Sources

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- Consumer Computer expenditures forecast, NOV 2016 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, NOV 2016 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, NOV 2016 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, DEC 2016 K-12 Enrollment Estimating Conference.
- Estimates of Florida private school enrollment, Department of Education Office of K-12 School Choice.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at [www.nces.ed.gov/ipeds](http://www.nces.ed.gov/ipeds). Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the FRAG or ABLE tuition assistance programs. Last accessed 1/16/2017.
- Tax collections by kind code, Florida Department of Revenue. Available at [http://dor.myflorida.com/dor/taxes/colls\\_from\\_7\\_2003.html](http://dor.myflorida.com/dor/taxes/colls_from_7_2003.html). Accessed 1/17/2017.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 3 Days

**Bill Number(s):** Proposed Legislation

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

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount, with assumptions made for the percentage of expenditures that would be under the \$60 limit (High = 71%; Middle = 66%; and Low = 58.5%). The middle factor of 66% is derived from prior REC impacts for a \$50 limit and a \$75 limit and was the percentage adopted by the REC for the 2016 holiday. The high and low estimates include plus or minus 5 percentage points. Each of the assumed percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. For backpacks, assumptions are made for the percentage of students who would purchase a backpack (High = 30%; Middle = 20%; Low = 10%), and each backpack is assumed to cost \$25. These percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. Using the base 10-day matrix (which is derived from a 14-day matrix developed to estimate the impact for a prior hurricane sales tax holiday) to spread expenditures levels by each day of the forecast period, the level of spending for a 3-day weekend is derived (=62.4% of the 10-day total). The 62.4% factor is applied to the sales tax portion of ten days of spending to estimate the impact for the 3-day holiday.

School Supplies: For school supplies, an amount of expenditure is assumed per student, by grade level, for ten days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, career centers, and private colleges/universities. The estimated total expenditure by students is increased by a factor of 25% for business spending. An assumption is made for the percentage of expenditures that would be under the \$15 limit (High = 85%; Middle = 75%; and Low = 65%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. The 62.4% factor is applied to the sales tax portion of ten days of spending to estimate the impact for the 3-day holiday.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2017 (=23%) and for the percentage of total expenditures assumed to be exempt (High = 70%; Middle and Low = 60%). These assumed percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%. The 62.4% factor is applied to the sales tax portion of ten days of spending to estimate the impact for the 3-day holiday.

**Section 4: Proposed Fiscal Impact:** The impact is nonrecurring for FY 2017-18 only.

2017-18	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Clothing/Shoes/Backpacks	(23.3 M)		(21.3 M)		(19.3 M)	
School Supplies	(5.4 M)		(5.0 M)		(4.5 M)	
Computers	<u>(11.4 M)</u>		<u>(5.3 M)</u>		<u>(4.4 M)</u>	
<b>Total</b>	<b>(40.1 M)</b>		<b>(31.6 M)</b>		<b>(28.2 M)</b>	

**List of affected Trust Funds:** Sales and Use Tax Grouping

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** School Sales Tax Holiday, 3 Days

**Bill Number(s):** Proposed Legislation

**Section 5: Consensus Estimate (Adopted: 01/20/2017): The Conference adopted the middle estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(28.0)	0.0	(Insignificant)	0.0	(0.9)	0.0	(2.7)	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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(3.6)	0.0	(7.2)	0.0	(35.2)	0.0
2018-19	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
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0

**Proposed Legislation**  
**Sales Tax Holiday - Clothing, School Supplies, Personal Computers**

**3 Days, August 4-6, 2017**

(NONRECURRING)

		<b>2017-18</b>		
<b>Expenditure Type</b>		<b>HIGH</b>	<b>MIDDLE</b>	<b>LOW</b>
1	Clothing & Shoes - \$60 or Less	\$ (23.3)	\$ (21.3)	\$ (19.3)
2	School Supplies - \$15 or Less	\$ (5.4)	\$ (5.0)	\$ (4.5)
3	Personal Computers and Related Accessories - First \$750	\$ (11.4)	\$ (5.3)	\$ (4.4)
4	<b>Total Impact</b>	<b>\$ (40.1)</b>	<b>\$ (31.6)</b>	<b>\$ (28.2)</b>

*\*Estimates in millions of dollars*

**Proposed Legislation**  
**SALES TAX HOLIDAY - CLOTHING**

**3 Days**  
**\$60 Limit**

<b>2017-18</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 National Personal Expenditure on Clothing and Shoes	389,819.6	389,819.6	389,819.6
2 Florida Share based on Population Forecast	24,548.8	24,548.8	24,548.8
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	23,419.3	23,419.3	23,419.3
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	21,077.4	21,077.4	21,077.4
5 Sales Tax at 6%	1,264.6	1,264.6	1,264.6
6 Exempted Amount (68.5% - 63.5% - 58.5%)	866.3	803.0	739.8
7 Preliminary 10-day Fiscal Impact in Florida	(23.7)	(22.0)	(20.3)
8 Seasonal Factor set to <b>1 (no seasonal factor)</b>	1.0	1.0	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5	1.5	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(35.6)	(33.0)	(30.4)
11 Backpacks (27.5% - 17.5% - 7.5% x Number of Students x \$25/backpack))	(1.7)	(1.1)	(0.5)
<b>12 Total Impact 3 Day (62.4% Adjustment)</b>	<b>(\$23.3)</b>	<b>(\$21.3)</b>	<b>(\$19.3)</b>

**Proposed Legislation  
SALES TAX HOLIDAY - SCHOOL SUPPLIES**

**3 Days  
\$15 Limit**

**2017-18**

<b>Grade Level</b>	<b>Expenditures per Student</b>	<b>Number of Students</b>	<b>Total Expenditures</b>
PreK	20.00	68,787	1.4
KG	20.00	229,149	4.6
1	20.00	233,844	4.7
2	20.00	235,151	4.7
3	25.00	258,944	6.5
4	27.00	247,477	6.7
5	27.00	241,336	6.5
6	32.00	249,491	8.0
7	32.00	240,453	7.7
8	32.00	240,843	7.7
9	35.00	245,849	8.6
10	35.00	239,602	8.4
11	35.00	234,074	8.2
12	35.00	220,538	7.7
<b>Total PK-12</b>		<b>3,185,538</b>	<b>91.3</b>
<b>Total HigherEd</b>	<b>36.00</b>	<b>1,026,661</b>	<b>37.0</b>
<b>Total All Students</b>		<b>4,212,199</b>	<b>128.3</b>

**Advantage Buying by Business, General Public  
25% Factor + 10% for Expanded List**

44.9

	<u>High</u>	<u>Middle</u>	<u>Low</u>
Total Sales Tax for 10 Days ((82.5% - 72.5% - 62.5%) x 95.9%)	(8.7)	(7.9)	(7.2)
<b>Total Impact 3 Day (62.4% Adjustment)</b>	<b>(\$5.4)</b>	<b>(\$5.0)</b>	<b>(\$4.5)</b>



**Proposed Legislation**  
**SALES TAX HOLIDAY - COMPUTERS**

**3 Days**  
**First \$750**

<b>2017-18</b>		<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1	National Consumer Expenditures on Computers	63,863.0	63,863.0	63,863.0
2	Florida Share based on Population Forecast	4,021.8	4,021.8	4,021.8
3	Florida Expenditures on Computers (adjusted for 65+)	3,836.7	3,836.7	3,836.7
4	Estimated Florida-based Sales of Computers (7% e-commerce adj.)	3,568.2	3,568.2	3,568.2
5	Annual Sales Tax at 6%	214.1	214.1	214.1
6	CY Q1 Estimate (27.80%)	59.5	59.5	59.5
7	CY Q2 Estimate (23.41%)	50.1	50.1	50.1
8	CY Q3 Estimate (23.04%)	49.3	49.3	49.3
9	CY Q4 Estimate (25.74%)	55.1	55.1	55.1
10	Exempted Amount (67.5% - 57.5% - 57.5%)	33.3	28.4	28.4
11	Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%)	18.3	8.5	7.1
12	<b>Total Impact 3 Day (62.4% Adjustment)</b>	<b>(\$11.4)</b>	<b>(\$5.3)</b>	<b>(\$4.4)</b>

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax (*EDR Analysis*)

**Issue:** Sales Tax Exemption for Diapers, Incontinence Products and Baby Wipes

**Bill Number(s):** Proposed Language

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** January 1, 2018

**Date of Analysis:** 1/20/2017

### Section 1: Narrative

- a. Current Law:** Currently there is no sales tax exemption for diapers, incontinence products and baby wipes.
- b. Proposed Change:** Creates a sales tax exemption for the sales for human consumption of diapers, incontinence undergarments, incontinence pads, incontinence liners, and baby wipes.

### Section 2: Description of Data and Sources

IBISWorld Industry Report OD5652 Diaper Manufacturing (March 2016)

IBISWorld Industry Report OD5695 Online Baby Product Sales in the US (October 2016)

Retail pricing and product information from retailers such as Babies R Us, Target, etc.

Florida Demographic Estimating Conference, November 2016

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

This analysis uses two different methodologies to calculate the estimated Florida sales tax revenue from diapers and incontinence products. The first methodology uses national data on diaper manufacturing from IBISWorld report. Baby diapers are 68.8% of the industry total and adult diapers are 31.2% of the industry total. Baby diapers includes disposable diapers, training pants and cloth diapers. Adult diapers includes incontinence products such as adult diapers and pads for incontinence. The Florida share of baby diapers and adult diapers is calculated given the population of children under 4 and the population of adults ages 65 and over. A 5% retail markup is applied to the estimated manufacturing industry revenue to calculate the total Florida Sales Tax Revenue from diapers and incontinence products. The growth in the population of children ages 0 to 4 and the growth in the adult population 65 and over is used to calculate the future years revenue from diapers and incontinence products. The estimated Florida sales tax revenue on diapers and incontinence products using the first methodology is provided on line 15.

The second methodology assumes an estimated level of baby diapers consumed per day and an average cost per baby diaper to calculate the average annual spending per child for years 0 to 3 for disposable diapers (95% of the total baby diaper industry). The analysis assumes reusable diapers (5% of the total baby diaper industry) are half the annual cost of disposable diapers. Using population estimates for the different age groups, the total Florida sales tax revenue from baby diapers is calculated. The growth in the population of children ages 0 to 4 is used to estimate future year revenue from baby diapers. To calculate the Florida sales tax revenue from adult diapers and incontinence products, the analysis assumes a 31.2% market share of adult diapers and incontinence products based on the IBIS World report. The estimated Florida sales tax revenue on diapers and incontinence products using the second methodology is provided on line 34.

To calculate the estimated Florida sales tax revenue from baby wipes, the analysis assumes an average annual spending amount of \$240 per child (approximately \$20 per month) given the total population of given ages 0 to 3. The estimated Florida sales tax revenue on baby wipes is provided on line 37.

The high estimate sums the total estimated Florida sales tax revenue on diapers and incontinence products using the first methodology (line 15) and the estimated Florida sales tax revenue from baby wipes (line 37). The low estimate sums the estimated Florida sales tax revenue on diapers and incontinence products using the second methodology (line 34) and the estimated Florida sales tax revenue from baby wipes (line 37).

Some analysts, such as Euromonitor International (Bloomberg, 2016) are forecasting a 48 percent increase in sales of adult diapers from 2015 to 2020. To the extent that manufacturers of adult diapers and incontinence products market to a broader audience of consumers, the estimated impact from adult diapers may be larger.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax (*EDR Analysis*)

**Issue:** Sales Tax Exemption for Diapers, Incontinence Products and Baby Wipes

**Bill Number(s):** Proposed Language

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$24.5)	(\$58.8)			(\$14.9)	(\$35.8)
2018-19	(\$59.9)	(\$59.9)			(\$36.4)	(\$36.4)
2019-20	(\$61.0)	(\$61.0)			(\$37.0)	(\$37.0)
2020-21	(\$62.3)	(\$62.3)			(\$37.7)	(\$37.7)
2021-22	(\$63.6)	(\$63.6)			(\$38.4)	(\$38.4)

**List of affected Trust Funds:** General Sales and Use Tax Grouping

**Section 5: Consensus Estimate (Adopted: 01/20/2017): The Conference adopted the high estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(21.7)	(52.1)	(Insignificant)	(Insignificant)	(0.7)	(1.7)	(2.1)	(5.0)
2018-19	(53.0)	(53.0)	(Insignificant)	(Insignificant)	(1.8)	(1.8)	(5.1)	(5.1)
2019-20	(54.0)	(54.0)	(Insignificant)	(Insignificant)	(1.8)	(1.8)	(5.2)	(5.2)
2020-21	(55.2)	(55.2)	(Insignificant)	(Insignificant)	(1.8)	(1.8)	(5.3)	(5.3)
2021-22	(56.3)	(56.3)	(Insignificant)	(Insignificant)	(1.9)	(1.9)	(5.4)	(5.4)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(2.8)	(6.6)	(5.6)	(13.3)	(27.3)	(65.4)
2018-19	(6.7)	(6.7)	(13.6)	(13.6)	(66.6)	(66.6)
2019-20	(6.9)	(6.9)	(13.9)	(13.9)	(67.9)	(67.9)
2020-21	(7.0)	(7.0)	(14.1)	(14.1)	(69.3)	(69.3)
2021-22	(7.2)	(7.2)	(14.5)	(14.5)	(70.8)	(70.8)

	A	B	C	D	E	F	G	H	I
1		Sales Tax Exemption for Diapers, Incontinence Products and Baby Wipes							
2									
3	#1	<b>IBISWorld - US Manufacturing Diaper Industry Data</b>							
4			FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	
5		Total Industry Revenue in U.S.	12,517,900,000						
6									
7		Baby Diapers* Industry Revenue (68.8% of total)	8,612,315,200						
8		Florida Share of Revenue (5.3%)	479,275,341						
9		Florida Sales Tax Revenue - Baby Diapers**	28,756,520	29,133,324	29,506,870	29,874,641	30,271,362	30,680,053	
10									
11		Adult Diapers* Industry Revenue (31.2% of total)	3,905,584,800						
12		Florida Share of Revenue (7.7%)	315,766,531						
13		Florida Sales Tax Revenue - Adult Diapers & Incontinence Products**	18,945,992	19,579,084	20,210,541	20,838,497	21,546,705	22,300,023	
14									
15		<b>Total Estimated Florida Sales Tax Revenue on Diapers &amp; Incontinence Products</b>	<b>47,702,512</b>	<b>48,712,409</b>	<b>49,717,411</b>	<b>50,713,138</b>	<b>51,818,068</b>	<b>52,980,075</b>	
16		<i>*Baby diapers includes disposable diapers, training pants and cloth diapers. Adult diapers includes incontinence products such as adult diapers and pads for incontinence.</i>							
17		<i>**Estimated Sales Tax Revenue assumes a 5.0% retail markup on diapers. Based on IBISWorld report, the average profit margin in the baby product market is 5.0%. The baby product market includes retailers who sell baby products."</i>							
18									
19									
20	#2	<b>Estimated consumer spending on baby diapers given assumptions about diaper usage and cost</b>							
21				Diapers per day	Diapers per year	Average cost per diaper	Average annual spending - disposable (95%)	Average annual spending - reusable (5%)	Average annual spending - Baby Wipes
22		Spending per year per child	ages 0-1	7	2555	0.20	\$511	\$256	\$240
23			ages 1-2	5	1825	0.25	\$456	\$228	\$240
24			ages 2-3	3	1095	0.30	\$329	\$164	\$240
25									
26		FY16-17 FDEC Population ages 0-3		688,380					
27		Total Population of Children	ages 0-1	229,231					
28			ages 1-2	229,231					
29			ages 2-3	229,231					
30									
31			FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	
32		Florida Sales Tax Revenue Baby Diapers	17,375,995	17,603,677	17,829,390	18,051,614	18,291,331	18,538,280	
33		Florida Sales Tax Revenue Adult Diapers & Incontinence Products*	7,879,812	8,143,120	8,405,749	8,666,922	8,961,472	9,274,784	
34		<b>Total Estimated Florida Sales Tax Revenue on Diapers &amp; Incontinence Products</b>	<b>25,255,806</b>	<b>25,746,797</b>	<b>26,235,139</b>	<b>26,718,536</b>	<b>27,252,803</b>	<b>27,813,064</b>	
35		<i>*The IBISWorld industry data on the market share of children's diapers (68.8%) to adult diapers (31.2%) is used to calculate the estimate for adult diapers.</i>							
36									
37		<b>Baby Wipes</b>	<b>9,912,675</b>	<b>10,042,563</b>	<b>10,171,328</b>	<b>10,298,102</b>	<b>10,434,857</b>	<b>10,575,736</b>	
38									
39			FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	
40	TOTAL	Total Estimates Sales Tax Revenue Diapers, Incontinence Products & Wipes (Methodology #1)	57,615,187	58,754,972	59,888,739	61,011,240	62,252,924	63,555,812	
41		Total Estimates Sales Tax Revenue Diapers, Incontinence Products & Wipes (Methodology #2)	35,168,481	35,789,360	36,406,467	37,016,638	37,687,660	38,388,801	

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Annual Sales Tax Holiday for Veterans, Nov 1- Dec 31

**Bill Number(s):** HB 25

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative McGhee

**Month/Year Impact Begins:** The effective date of the bill is July 1, 2017. The holiday is a recurring annual holiday that would begin in November/December 2017.

**Date of Analysis:** January 20, 2017

### Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. Proposed Change:** The bill provides an exemption from sales tax for veterans purchasing the items listed below during the time period from November 1 – December 31 of each year, beginning in 2017.

Clothing and Footwear	\$ 100 or less
Personal Computers	\$ 1,500 or less
Books	\$ 50 or less
Sports, Fitness, and Recreational Equipment	\$ 100 or less
Televisions	\$ 1,000 or less
Game Tables, Billiard Tables, and Related Accessories	\$ 500 or less

The tax exemption includes items that are placed on layaway during the tax holiday even if paid after the end of the holiday period. Likewise, mail-order, catalog, or Internet sales for eligible items are exempt if the order is accepted during the holiday period for immediate shipment, even if the delivery takes place after the holiday.

A veteran is defined to be any “person who served in the active military, naval, or air service who was honorably discharged or released or who later received an upgraded honorable discharge or release. To be eligible for the sales tax holiday, a veteran must show proof of military status at the time he or she purchases the eligible items.”

### Section 2: Description of Data and Sources

- Veteran Population Data from U.S. Census Bureau, American Community Surveys (2009-2015)
- Military Retiree Data from U.S. Department of Defense, Office of the Actuary, Statistical Reports on the Military Retirement System (2009-2015)
- Florida Median Income for Veterans from U.S. Census Bureau, American Community Survey (2015)
- US Bureau of Labor Statistics, Consumer Expenditure Survey (2015): Shares of average annual expenditures
- Demographic Estimating Conference (Nov 2016): Florida Population Growth

### Section 3: Methodology (Include Assumptions and Attach Details) See attached.

**Total Number of Veterans:** The 2015 American Community Survey estimates the total number of veterans in Florida. For this analysis, the 2015 population is adjusted each year using the following growth rates: High = Florida population growth rates; Middle = no growth over 2015 veteran population; Low = 2015 veteran population growth rate of -0.05 percent.

**Purchases at Military Stores:** An adjustment is made to reflect assumed percentages of tax-free expenditures at military stores. The adjustment is made as follows: High = deduct 10%; Middle = deduct 15%; Low = deduct 20%. Approximately 24 percent of veterans reside in a county that has a military exchange store.

**Out-of-State Veterans:** An adjustment is made to factor in veterans who may be visiting the state or coming from bordering states to shop during the tax holiday. This adjustment is as follows: High = add 20,000 veterans; Middle = add 15,000; and Low = add 10,000.

**Number of Veterans Purchasing Tax-Exempt Items:** Assumptions are made on the number of veterans who will make tax-exempt purchases during the tax-free holiday period (High = 95%; Middle = 85%; Low = 75%).

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Annual Sales Tax Holiday for Veterans, Nov 1- Dec 31

**Bill Number(s):** HB 25

Amount Spent per Veteran: Assumptions are made on how much each veteran would spend on tax-exempt items during the holiday period (High = \$1,256; Middle = \$942; Low = \$314). These amounts were determined by reviewing the 2015 median veteran income (\$35,896) and the 2015 Consumer Expenditures Survey. These data sources were used to calculate an average amount spent annually for the categories of items included in the tax exemption (i.e., apparel and services; audio and visual equipment and services; other entertainment supplies, equipment, and services; miscellaneous household equipment; and reading). Because the categories included in the expenditures survey are broader than the items included in the tax exemption, it is assumed that 70% (\$1,885) of the estimated \$2,693 annual expenditures would be for those items qualifying for the tax exemption. Based on the annual amount, expenditures would be approximately \$157/month or \$314/two months if spread evenly throughout 12 months of the year. For the high estimate, it is assumed a veteran would spend four times the typical amount for 2 months (= \$1,256 or 8 months' worth of expenditures) during the holiday period. For the middle estimate, it is assumed expenditures would be three times the typical amount (= \$942, or 6 months' worth of expenditures). For the low estimate, it is assumed expenditures would be the same as a typical 2 months' worth of expenditures = \$314. It is assumed the expenditure level would remain constant in subsequent years.

Behavioral Factor: In the back-to-school sales tax holiday, a behavioral factor of 1.5 is used to account for additional purchases made because of the holiday. For this analysis, a behavioral factor of 1.75 is used.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(175.5)	(175.5)	(105.7)	(105.7)	(29.1)	(29.1)
2018-19	(178.2)	(178.2)	(105.7)	(105.7)	(29.1)	(29.1)
2019-20	(180.8)	(180.8)	(105.7)	(105.7)	(29.1)	(29.1)
2020-21	(183.5)	(183.5)	(105.7)	(105.7)	(29.1)	(29.1)
2021-22	(186.0)	(186.0)	(105.7)	(105.7)	(29.0)	(29.0)

**List of affected Trust Funds:** Sales and Use Tax Grouping

**Section 5: Consensus Estimate (Adopted 01/20/2017): The Conference adopted the middle estimate.**

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(93.6)	(93.6)	(Insignificant)	(Insignificant)	(3.1)	(3.1)	(9.0)	(9.0)
2018-19	(93.6)	(93.6)	(Insignificant)	(Insignificant)	(3.1)	(3.1)	(9.0)	(9.0)
2019-20	(93.6)	(93.6)	(Insignificant)	(Insignificant)	(3.1)	(3.1)	(9.0)	(9.0)
2020-21	(93.6)	(93.6)	(Insignificant)	(Insignificant)	(3.1)	(3.1)	(9.0)	(9.0)
2021-22	(93.6)	(93.6)	(Insignificant)	(Insignificant)	(3.1)	(3.1)	(9.0)	(9.0)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(11.9)	(11.9)	(24.0)	(24.0)	(117.6)	(117.6)
2018-19	(11.9)	(11.9)	(24.0)	(24.0)	(117.6)	(117.6)
2019-20	(11.9)	(11.9)	(24.0)	(24.0)	(117.6)	(117.6)
2020-21	(11.9)	(11.9)	(24.0)	(24.0)	(117.6)	(117.6)
2021-22	(11.9)	(11.9)	(24.0)	(24.0)	(117.6)	(117.6)

**HB 25**  
**ANNUAL SALES TAX HOLIDAY - VETERANS**

**Nov 1 -  
Dec 31**

<b>2017-18</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,533,981	1,460,919	1,458,512
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-153,398	-219,138	-291,702
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	20,000	15,000	10,000
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,400,583	1,256,781	1,176,810
5 Estimated Number Purchasing Tax-Exempt Items (95% / 85% / 75%)	1,330,554	1,068,264	882,608
6 Estimated Amount Spent per Veteran on Tax-Exempt Items	1,256	942	314
7 Total Exempt Sales	1,671,175,824	1,006,304,688	277,138,912
8 Sales Tax (6.0%)	100,270,549	60,378,281	16,628,335
9 Behavioral Factor	1.75	1.75	1.75
10 <b>Total Fiscal Impact</b>	<b>(175.5)</b>	<b>(105.7)</b>	<b>(29.1)</b>

**HB 25**  
**ANNUAL SALES TAX HOLIDAY - VETERANS**

**Nov 1 -  
Dec 31**

<b>2018-19</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,557,911	1,460,919	1,457,711
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-155,791	-219,138	-291,542
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	20,000	15,000	10,000
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,422,120	1,256,781	1,176,169
5 Estimated Number Purchasing Tax-Exempt Items (95% / 85% / 75%)	1,351,014	1,068,264	882,127
6 Estimated Amount Spent per Veteran on Tax-Exempt Items	1,256	942	314
7 Total Exempt Sales	1,696,873,584	1,006,304,688	276,987,878
8 Sales Tax (6.0%)	101,812,415	60,378,281	16,619,273
9 Behavioral Factor	1.75	1.75	1.75
<b>10 Total Fiscal Impact</b>	<b>(178.2)</b>	<b>(105.7)</b>	<b>(29.1)</b>



**HB 25**  
**ANNUAL SALES TAX HOLIDAY - VETERANS**

**Nov 1 -  
 Dec 31**

<b>2019-20</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,581,591	1,460,919	1,456,910
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-158,159	-219,138	-291,382
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	20,000	15,000	10,000
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,443,432	1,256,781	1,175,528
5 Estimated Number Purchasing Tax-Exempt Items (95% / 85% / 75%)	1,371,260	1,068,264	881,646
6 Estimated Amount Spent per Veteran on Tax-Exempt Items	1,256	942	314
7 Total Exempt Sales	1,722,302,560	1,006,304,688	276,836,844
8 Sales Tax (6.0%)	103,338,154	60,378,281	16,610,211
9 Behavioral Factor	1.75	1.75	1.75
10 <b>Total Fiscal Impact</b>	<b>(180.8)</b>	<b>(105.7)</b>	<b>(29.1)</b>

**HB 25**  
**ANNUAL SALES TAX HOLIDAY - VETERANS**

**Nov 1 -  
 Dec 31**

<b>2020-21</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,604,840	1,460,919	1,456,110
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-160,484	-219,138	-291,222
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	20,000	15,000	10,000
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,464,356	1,256,781	1,174,888
5 Estimated Number Purchasing Tax-Exempt Items (95% / 85% / 75%)	1,391,138	1,068,264	881,166
6 Estimated Amount Spent per Veteran on Tax-Exempt Items	1,256	942	314
7 Total Exempt Sales	1,747,269,328	1,006,304,688	276,686,124
8 Sales Tax (6.0%)	104,836,160	60,378,281	16,601,167
9 Behavioral Factor	1.75	1.75	1.75
10 <b>Total Fiscal Impact</b>	<b>(183.5)</b>	<b>(105.7)</b>	<b>(29.1)</b>

**HB 25**  
**ANNUAL SALES TAX HOLIDAY - VETERANS**

**Nov 1 -  
Dec 31**

<b>2021-22</b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
1 Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,627,468	1,460,919	1,455,310
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-162,747	-219,138	-291,062
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	20,000	15,000	10,000
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,484,721	1,256,781	1,174,248
5 Estimated Number Purchasing Tax-Exempt Items (95% / 85% / 75%)	1,410,485	1,068,264	880,686
6 Estimated Amount Spent per Veteran on Tax-Exempt Items	1,256	942	314
7 Total Exempt Sales	1,771,569,160	1,006,304,688	276,535,404
8 Sales Tax (6.0%)	106,294,150	60,378,281	16,592,124
9 Behavioral Factor	1.75	1.75	1.75
10 <b>Total Fiscal Impact</b>	<b>(186.0)</b>	<b>(105.7)</b>	<b>(29.0)</b>

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Annual Sales Tax Holiday for Veterans, Nov 10-12

**Bill Number(s):** HB 263

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative Ponder

**Month/Year Impact Begins:** The effective date of the bill is July 1, 2017. The holiday is a recurring annual holiday that would begin in November 2017.

**Date of Analysis:** January 20, 2017

### Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. Proposed Change:** The bill provides an exemption from sales tax for veterans purchasing clothing with a sales price of \$60 or less during the time period from November 10 – November 12 of each year, beginning in 2017. Veteran’s Day is November 11 of each year. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs [and] all footwear, excluding skis, swim fins, roller blades, and skates.”

The bill allows a retailer to “opt out” of the sales tax holiday if “less than five percent of the retailer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the bill. If the qualifying retailer chooses not to participate in the tax holiday, the retailer must notify the Department of Revenue in writing and post a copy of that notice in a prominent location at the place of business.

A veteran is defined to be any “person who served in the active military, naval, or air service who was honorably discharged or released or who later received an upgraded honorable discharge or release. To be eligible for the sales tax holiday, a veteran must show proof of military status at the time he or she purchases the eligible items.” The bill provides examples of types of documents that may be used as proof of military status, including the DD Form 2, DD Form 2765, DD Form 214, veteran identification card, or valid driver license containing the word “veteran.”

### Section 2: Description of Data and Sources

- Veteran Population Data from U.S. Census Bureau, American Community Surveys (2009-2015)
- Military Retiree Data from U.S. Department of Defense, Office of the Actuary, Statistical Reports on the Military Retirement System (2009-2015)
- Florida Median Income for Veterans from U.S. Census Bureau, American Community Survey (2015)
- US Bureau of Labor Statistics, Consumer Expenditure Survey (2015): Shares of average annual expenditures
- Demographic Estimating Conference (Nov 2016): Florida Population Growth

### Section 3: Methodology (Include Assumptions and Attach Details) See attached.

**Total Number of Veterans:** The 2015 American Community Survey estimates the total number of veterans in Florida. For this analysis, the 2015 population is adjusted each year using the following growth rates: High = Florida population growth rates; Middle = no growth over 2015 veteran population; Low = 2015 veteran population growth rate of -0.05 percent.

**Purchases at Military Stores:** An adjustment is made to reflect assumed percentages of tax-free expenditures at military stores. The adjustment is made as follows: High = deduct 10%; Middle = deduct 15%; Low = deduct 20%. Approximately 24 percent of veterans reside in a county that has a military exchange store.

**Out-of-State Veterans:** An adjustment is made to factor in veterans who may be visiting the state or coming from bordering states to shop during the tax holiday. Using the adjustment for the November – December sales tax holiday for veterans (High = add 20,000 veterans; Middle = add 15,000; and Low = add 10,000), a number of veterans per day is derived (approximately 328, 246, 164 per day, respectively). Those numbers are then multiplied by 3 to calculate a 3-day total as follows: High = 984; Middle = 738; Low = 492).

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Annual Sales Tax Holiday for Veterans, Nov 10-12

**Bill Number(s):** HB 263

Number of Veterans Purchasing Tax-Exempt Items: Assumptions are made on the number of veterans who will make tax-exempt purchases during the tax-free holiday period. This assumption varies based on whether the holiday falls on a weekend. The holiday periods for the next five fiscal years are as follows:

FY 2017-18	Friday - Sunday
FY 2018-19	Saturday - Monday
FY 2019-20	Sunday - Tuesday
FY 2020-21	Tuesday - Thursday
FY 2021-22	Wednesday - Friday

For those years with the holiday including Saturday and Sunday (FY 2017-18 and FY 2018-19), the assumed percentages are as follows: High = 70%; Middle = 50%; Low = 30%. For those years with just one weekend day (FY 2019-20), the assumed percentages are High = 65%; Middle = 45%; and Low = 25%. For those years where the entire holiday falls on weekdays (FY 2020-21 and FY 2021-22), the assumed percentages are High = 60%; Middle = 40%; and Low = 20%.

Amount Spent per Veteran: Assumptions are made on how much each veteran would spend on tax-exempt items during the holiday period (High = \$52; Middle = \$26; Low = \$13). These amounts were determined by reviewing the 2015 median veteran income (\$35,896) and the 2015 Consumer Expenditures Survey. These data sources were used to calculate an average amount spent annually for apparel and services. Based on the \$60/item maximum, it is assumed that 60% (\$625) of the estimated \$1,041 annual expenditures would be for those items qualifying for the tax exemption. Based on the annual amount, expenditures would be approximately \$52/month or approximately \$12/week if spread evenly throughout 12 months/52 weeks of the year. For the high estimate, it is assumed a veteran would spend \$52, or 1 month of expenditures during the 3-day holiday period. For the middle estimate, it is assumed expenditures would be \$24, or 2 weeks of expenditures. For the low estimate, it is assumed expenditures would be \$12, or 1 week of expenditures. It is assumed the expenditure level would remain constant in subsequent years.

Behavioral Factor: In the back-to-school sales tax holiday, a behavioral factor of 1.5 is used to account for additional purchases made because of the holiday; the same factor of 1.5 is used for this analysis.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(4.5)	(4.5)	(1.3)	(1.3)	(0.4)	(0.4)
2018-19	(4.6)	(4.6)	(1.3)	(1.3)	(0.4)	(0.4)
2019-20	(4.3)	(4.3)	(1.2)	(1.2)	(0.3)	(0.3)
2020-21	(4.1)	(4.1)	(1.1)	(1.1)	(0.3)	(0.3)
2021-22	(4.1)	(4.1)	(1.1)	(1.1)	(0.3)	(0.3)

**List of affected Trust Funds:** Sales and Use Tax Grouping

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Annual Sales Tax Holiday for Veterans, Nov 10-12

**Bill Number(s):** HB 263

**Section 5: Consensus Estimate (Adopted 01/20/2017):** The Conference adopted the middle estimate except for the number of weeks of spending on exempt items (the REC adopted the high) and the number purchasing exempt items (the REC adopted 40%).

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2018-19	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2019-20	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2020-21	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2021-22	(2.0)	(2.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(0.3)	(0.3)	(0.6)	(0.6)	(2.6)	(2.6)
2018-19	(0.3)	(0.3)	(0.6)	(0.6)	(2.6)	(2.6)
2019-20	(0.3)	(0.3)	(0.6)	(0.6)	(2.6)	(2.6)
2020-21	(0.3)	(0.3)	(0.6)	(0.6)	(2.6)	(2.6)
2021-22	(0.3)	(0.3)	(0.6)	(0.6)	(2.6)	(2.6)

**HB 263**

**ANNUAL SALES TAX HOLIDAY - VETERANS, THREE DAYS, CLOTHING \$60 OR LESS**

**Nov 10 -  
Nov 12**

<b>2017-18</b>	<b><u>ADOPTED</u></b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
<sup>1</sup> Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,460,919	1,533,981	1,460,919	1,458,512
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-219,138	-153,398	-219,138	-291,702
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	738	984	738	492
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,242,519	1,381,567	1,242,519	1,167,302
5 Estimated Number Purchasing Tax-Exempt Items (40% / 70% / 50% / 30%)	497,008	967,097	621,260	350,191
<sup>6</sup> Estimated Amount Spent on Tax-Exempt Items (1 Month/ 1 Month / 2 Weeks / 1 Week)	52	52	24	12
7 Total Exempt Sales	25,844,416	50,289,044	14,910,240	4,202,292
8 Sales Tax (6.0%)	1,550,665	3,017,343	894,614	252,138
9 Behavioral Factor	1.50	1.50	1.50	1.50
<b>10 Total Fiscal Impact</b>	<b>(2.3)</b>	<b>(4.5)</b>	<b>(1.3)</b>	<b>(0.4)</b>

**HB 263**

**ANNUAL SALES TAX HOLIDAY - VETERANS, THREE DAYS, CLOTHING \$60 OR LESS**

**Nov 10 -  
Nov 12**

<b>2018-19</b>	<b><u>ADOPTED</u></b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
<sup>1</sup> Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,460,919	1,557,911	1,460,919	1,457,711
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-219,138	-155,791	-219,138	-291,542
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	738	984	738	492
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,242,519	1,403,104	1,242,519	1,166,661
5 Estimated Number Purchasing Tax-Exempt Items (40% / 70% / 50% / 30%)	497,008	982,173	621,260	349,998
<sup>6</sup> Estimated Amount Spent on Tax-Exempt Items (1 Month/ 1 Month / 2 Weeks / 1 Week)	52	52	24	12
7 Total Exempt Sales	25,844,416	51,072,996	14,910,240	4,199,976
8 Sales Tax (6.0%)	1,550,665	3,064,380	894,614	251,999
9 Behavioral Factor	1.50	1.50	1.50	1.50
<b>10 Total Fiscal Impact</b>	<b>(2.3)</b>	<b>(4.6)</b>	<b>(1.3)</b>	<b>(0.4)</b>



**HB 263****ANNUAL SALES TAX HOLIDAY - VETERANS, THREE DAYS, CLOTHING \$60 OR LESS****Nov 10 -  
Nov 12**

<b>2019-20</b>	<b><u>ADOPTED</u></b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
<sup>1</sup> Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,460,919	1,581,591	1,460,919	1,456,910
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-219,138	-158,159	-219,138	-291,382
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	738	984	738	492
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,242,519	1,424,416	1,242,519	1,166,020
5 Estimated Number Purchasing Tax-Exempt Items (40% / 65% / 45% / 25%)	497,008	925,870	559,134	291,505
<sup>6</sup> Estimated Amount Spent on Tax-Exempt Items (1 Month/ 1 Month / 2 Weeks / 1 Week)	52	52	24	12
7 Total Exempt Sales	25,844,416	48,145,240	13,419,216	3,498,060
8 Sales Tax (6.0%)	1,550,665	2,888,714	805,153	209,884
9 Behavioral Factor	1.50	1.50	1.50	1.50
<b>10 Total Fiscal Impact</b>	<b>(2.3)</b>	<b>(4.3)</b>	<b>(1.2)</b>	<b>(0.3)</b>

**HB 263**

**ANNUAL SALES TAX HOLIDAY - VETERANS, THREE DAYS, CLOTHING \$60 OR LESS**

**Nov 10 -  
Nov 12**

<b>2020-21</b>	<b><u>ADOPTED</u></b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
<sup>1</sup> Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,460,919	1,604,840	1,460,919	1,456,110
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-219,138	-160,484	-219,138	-291,222
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	738	984	738	492
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,242,519	1,445,340	1,242,519	1,165,380
5 Estimated Number Purchasing Tax-Exempt Items (40% / 60% / 40% / 20%)	497,008	867,204	497,008	233,076
<sup>6</sup> Estimated Amount Spent on Tax-Exempt Items (1 Month/ 1 Month / 2 Weeks / 1 Week)	52	52	24	12
7 Total Exempt Sales	25,844,416	45,094,608	11,928,192	2,796,912
8 Sales Tax (6.0%)	1,550,665	2,705,676	715,692	167,815
9 Behavioral Factor	1.50	1.50	1.50	1.50
<b>10 Total Fiscal Impact</b>	<b>(2.3)</b>	<b>(4.1)</b>	<b>(1.1)</b>	<b>(0.3)</b>

**HB 263**

**ANNUAL SALES TAX HOLIDAY - VETERANS, THREE DAYS, CLOTHING \$60 OR LESS**

**Nov 10 -  
Nov 12**

<b>2021-22</b>	<b><u>ADOPTED</u></b>	<b><u>High</u></b>	<b><u>Middle</u></b>	<b><u>Low</u></b>
<sup>1</sup> Total Number of Veterans Residing in Florida (Grown by Fla Pop Growth / 2015 Veteran Pop Level / 2015 Veteran Pop Growth)	1,460,919	1,627,468	1,460,919	1,455,310
2 Adjustment for Purchases at Military Stores (10% / 15% / 20%)	-219,138	-162,747	-219,138	-291,062
3 Adjustment for Neighboring States/Visiting Veterans During Holiday Period	738	984	738	492
4 Total Estimated Number of Veterans in Florida During Holiday Period	1,242,519	1,465,705	1,242,519	1,164,740
5 Estimated Number Purchasing Tax-Exempt Items (40% / 60% / 40% / 20%)	497,008	879,423	497,008	232,948
<sup>6</sup> Estimated Amount Spent on Tax-Exempt Items (1 Month/ 1 Month / 2 Weeks / 1 Week)	52	52	24	12
7 Total Exempt Sales	25,844,416	45,729,996	11,928,192	2,795,376
8 Sales Tax (6.0%)	1,550,665	2,743,800	715,692	167,723
9 Behavioral Factor	1.50	1.50	1.50	1.50
<b>10 Total Fiscal Impact</b>	<b>(2.3)</b>	<b>(4.1)</b>	<b>(1.1)</b>	<b>(0.3)</b>