REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Increase in Widows, Blind and Disabled Exemption from $500 to $5,000
Bill Number(s): HB 289

☐ **Entire Bill**
☒ **Partial Bill**: Section 14
Sponsor(s): Rep. Avila
Month/Year Impact Begins: January 1, 2018 and first impacting 2018-19 levies
Date of Analysis: 2/8/2017

Section 1: Narrative

a. Current Law : Article VII, Section 3(b) of the Florida Constitution provides: There shall be exempt from taxation, cumulatively, to the head of a family residing in this state, household goods and personal effects to the value fixed by general law, not less than one thousand dollars, and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than $500.

Section 196.202, Florida Statutes, Provides: Property of widows, widowers, blind persons, and persons totally and permanently disabled.—
(1) Property to the value of $500 of every widow, widower, blind person, or totally and permanently disabled person who is a bona fide resident of this state is exempt from taxation. As used in this section, the term "totally and permanently disabled person" means a person who is currently certified by a physician licensed in this state, by the United States Department of Veterans Affairs or its predecessor, or by the Social Security Administration to be totally and permanently disabled.
(2) An applicant for the exemption under this section may apply for the exemption before receiving the necessary documentation from the United States Department of Veterans Affairs or its predecessor, or the Social Security Administration. Upon receipt of the documentation, the exemption shall be granted as of the date of the original application, and the excess taxes paid shall be refunded. Any refund of excess taxes paid shall be limited to those paid during the 4-year period of limitation set forth in s. 197.182(1)(e).

b. Proposed Change: Increases the exemption amount for widows, widowers, blind persons, and persons totally and permanently disabled persons from $500 to $5000.

Section 2: Description of Data and Sources

2016 Final Tax Roll
Exemptions Fields 08- Totally and Permanently Disabled with income limitation (Total Exemption)
31 Blind
32 Widowers
33 Widows
34 Totally and Permanently Disabled $500
November 2016 Demographic Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

The 2016 Ad Valorem final tax rolls were used to identify those parcels for which an exemption under 196.202 was granted ($500 for Blind [31], Widower [32], Widow [33], and Totally and Permanently Disabled [34]). Those parcels that had multiple exemptions were identified. A Code was created to indicate the total number of exemptions. The total maximum potential exemption increase was calculated by multiplying the number of exemptions by the amount of increase ($4500). The impact was determined by then comparing the maximum potential increase to the total taxable value at the parcel level for school and non-school taxable values. If the maximum potential exemption increase was less than the respective taxable value, the impact was the maximum potential exemption increase. If the maximum potential exemption increase was greater than the respective taxable value, the impact would be equal to the respective school or non-school taxable value. This amount was used for the low impact. 2014 average school and non-school millage rates were applied to determine tax impact.

In order to develop the impact, exemption field 08 had to be scrutinized. There appeared to be certain instances where the section 196.202 exemption of $500 was reported in the exemption 08 field. This field was examined and those exemptions that appeared to be mischaracterized were either included or excluded from the analysis. If the exemption was in exemption 08 and was $1000 or less, it was included in the analysis. 95.3% of those included from exemption 08 were exactly $500 and 4.6% were exactly $1000.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Increase in Widows, Blind and Disabled Exemption from $500 to $5,000
Bill Number(s): HB 283

Future years were forecast based upon population growth from the November 1, 2016 Florida demographic Conference.

For the low estimate, the amounts from the roll were grossed up 2% to reflect that the value of the current $500 exemption is less than $10 on average and may not be enough to compel certain otherwise eligible homeowners to gather the necessary documentation and present it to the office of the property appraiser. For the middle, the roll values were grossed up 7% and for the high the roll values were grossed up 15%.

Section 4: Proposed Fiscal Impact

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$0	($17.8)	$0	($16.5)	$0	($15.8)
2018-19	($19.0 M)	($18.1)	($16.8)	($16.8)	($16.0)	($16.0)
2019-20	($19.2 M)	($18.4)	($17.1)	($17.1)	($16.3)	($16.3)
2020-21	($19.5 M)	($18.6)	($17.3)	($17.3)	($16.5)	($16.5)
2021-22	($19.8 M)	($18.9)	($17.6)	($17.6)	($16.8)	($16.8)

Non-School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$0	($24.7)	$0	($23.0)	$0	($21.9)
2018-19	($25.1)	($25.1)	($23.4)	($23.4)	($22.3)	($22.3)
2019-20	($25.5)	($25.5)	($23.7)	($23.7)	($22.6)	($22.6)
2020-21	($25.9)	($25.9)	($24.1)	($24.1)	($23.0)	($23.0)
2021-22	($26.3)	($26.3)	($24.5)	($24.5)	($23.3)	($23.3)

List of affected Trust Funds: Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	0.0	0.0	0.0	(37.7)	0.0	(37.7)
2018-19	0.0	0.0	0.0	0.0	(38.3)	(38.3)	(38.3)	(38.3)
2019-20	0.0	0.0	0.0	0.0	(38.9)	(38.9)	(38.9)	(38.9)
2020-21	0.0	0.0	0.0	0.0	(39.5)	(39.5)	(39.5)	(39.5)
2021-22	0.0	0.0	0.0	0.0	(40.1)	(40.1)	(40.1)	(40.1)

	A	B	C	D	E	F	G	H	I	J	K	L
1			Exemption 31 -Blind		Exemption 32 - Widowers		Exemption 33 - Widows		Exemption 34 - Disabled		Disabled with Income Limit - Exemption_08	
2	County #	County	Exemptions	Value	Exemptions	Value	Exemptions	Value	Exemptions	Value	Count	Taxable Value
3	11	Alachua	59	$29,500	399	$199,490	2,825	$1,411,940	579	$294,770		
4	12	Baker	4	$2,000	98	$49,000	436	$218,000	262	$138,066		
5	13	Bay	37	$18,500	549	$274,414	2,955	$1,478,835	763	$393,724		
6	14	Bradford	3	$1,500	93	$46,500	588	$293,223	256	$133,000		
7	15	Brevard	199	$100,000	3,125	$1,563,500	13,412	$6,715,000	3,969	$2,094,000		
8	16	Broward	178	$91,000	6,223	$3,112,700	30,124	$15,056,170	4,181	$2,133,760		
9	17	Calhoun	1	$500	31	$15,500	184	$91,389	28	$13,936		
10	18	Charlotte	88	$44,500	1,532	$765,142	5,440	$2,719,788	2,739	$1,440,127		
11	19	Citrus	77	$38,801	1,147	$572,184	4,797	$2,399,473	2,542	$1,332,010		
12	20	Clay	54	$27,000	620	$310,000	2,980	$1,492,680	1,330	$703,599		
13	21	Collier	76	$38,000	1,983	$991,500	7,226	$3,613,091	396	$202,500		
14	22	Columbia	21	$10,500	210	$104,635	1,085	$541,778	422	$217,148		
15	23	Dade	147	$73,500	3,559	$1,780,000	26,034	$13,023,000	5,433	$2,751,000		
16	24	Desoto	10	$5,000	145	$72,137	549	$274,644	332	$174,000		
17	25	Dixie			76	$39,000	311	$154,303	192	$102,671		
18	26	Duval	102	$51,000	1,838	$917,695	11,947	$5,970,151	3,520	$1,812,745		
19	27	Escambia			1,289	$643,747	6,450	$3,223,031	2,417	$1,258,789		
20	28	Flagler	55	$28,000	588	$294,000	2,591	$1,297,654	1,095	$583,128		
21	29	Franklin	2	$1,000	43	$21,500	247	$122,553	135	$67,075		
22	30	Gadsden	5	$2,144	105	$52,355	736	$367,838	120	$62,000		
23	31	Gilchrist	4	$2,000	90	$44,541	336	$168,008	152	$80,500		
24	32	Glades	2	$1,000	67	$33,500	230	$114,513	141	$73,631		
25	33	Gulf	1	$500	45	$22,500	294	$146,821	95	$48,000		
26	34	Hamilton	3	$1,500	21	$10,201	276	$137,656	118	$62,027		
27	35	Hardee	5	$2,500	79	$39,124	433	$216,449	186	$96,458		
28	36	Hendry			91	$45,500	449	$223,670	253	$129,520		
29	37	Hernando	36	$18,000	1,373	$685,858	5,430	$2,714,155	1,810	$966,796		
30	38	Highlands	50	$25,000	861	$430,500	3,169	$1,586,000	1,365	$718,500		
31	39	Hillsborough	220	$110,500	2,247	$1,123,500	13,712	$6,861,500			3829	$2,037,500
32	40	Holmes	3	$1,500	46	$23,000	389	$193,371	69	$35,500		
33	41	Indian River	1,622	$845,104	663	$331,500	3,395	$1,699,150				
34	42	Jackson	15	$7,500	188	$93,234	1,013	$505,738	383	$200,236		
35	43	Jefferson	7	$4,000	78	$39,000	357	$178,282	254	$127,288		
36	44	Lafayette	1	$500	31	$15,500	119	$58,939	17	$8,500		
37	45	Lake	176	$88,000	1,319	$658,288	6,235	$3,117,564	2,161	$1,132,840		
38	46	Lee	126	$65,000	2,335	$1,166,597	10,342	$5,167,526	2,213	$1,143,926		
39	47	Leon	61	$30,304	731	$365,305	3,413	$1,705,241	358	$179,620		
40	48	Levy	20	$10,000	209	$104,500	1,032	$519,000	547	$285,500	6	$6,000
41	49	Liberty	2	$1,000	17	$8,057	87	$43,500	18	$9,000		
42	50	Madison	9	$4,500	66	$33,000	439	$219,081	237	$122,807		
43	51	Manatee	107	$55,500	2,104	$1,049,785	7,732	$3,861,234	1,139	$590,692		
44	52	Marion	88	$44,000	1,878	$937,327	8,568	$4,280,565	2,378	$1,243,056		
45	53	Martin	67	$34,500	684	$341,707	3,619	$1,809,177	524	$271,147		
46	54	Monroe	7	$3,500	353	$176,500	1,196	$598,000	275	$142,000		
47	55	Nassau	28	$14,000	456	$228,000	1,594	$796,164	442	$229,000		
48	56	Okaloosa	15	$7,500	679	$339,086	3,114	$1,557,373	407	$208,456		
49	57	Okeechobee	3	$1,053	165	$82,216	687	$343,469	348	$189,839		
50	58	Orange	3	$1,500	1,911	$955,447	10,115	$5,053,762	2,697	$1,414,395		
51	59	Osceola	34	$17,000	527	$263,368	2,795	$1,398,942	2,007	$1,056,952		
52	60	Palm Beach	244	$121,534	5,152	$2,572,541	27,442	$13,713,854	3,094	$1,621,704		
53	61	Pasco	104	$52,000	2,755	$1,377,500	11,222	$5,611,000	2,576	$1,288,000		
54	62	Pinellas	419	$213,500	5,217	$2,603,470	22,864	$11,425,141	4,421	$2,302,111		
55	63	Polk	165	$82,709	2,265	$1,129,371	10,523	$5,249,349	3,754	$1,982,446		
56	64	Putnam	29	$14,500	386	$192,640	1,734	$864,280	654	$348,340		
57	65	Saint Johns	44	$22,500	867	$433,092	3,947	$1,975,679	738	$392,523		
58	66	Saint Lucie	106	$53,000	1,371	$685,500	6,155	$3,076,781			3726	$194,700
59	67	Santa Rosa	23	$11,500	535	$267,500	2,550	$1,273,861	1,069	$555,567		
60	68	Sarasota	157	$78,500	3,186	$1,592,414	12,886	$6,445,394	1	$779	844	$441,000
61	69	Seminole	129	$64,500	1,181	$590,404	5,830	$2,917,575	1,560	$807,996		
62	70	Sumter	89	$45,000	1,308	$654,000	4,750	$2,376,510	1,270	$676,000		
63	71	Suwannee	14	$7,000	144	$71,549	912	$455,314	502	$250,760		
64	72	Taylor	5	$2,500	43	$21,500	361	$180,500	142	$72,000		
65	73	Union	8	$4,000	30	$15,000	178	$89,000	153	$78,043		
66	74	Volusia	218	$111,500	2,209	$1,105,000	11,436	$5,727,000	5,430	$2,878,500		
67	75	Wakulla	7	$3,500	68	$34,000	423	$211,050	128	$64,500		
68	76	Walton	9	$4,500	184	$92,000	1,130	$565,458	639	$331,999		
69	77	Washington	5	$2,500	91	$45,500	581	$289,952	266	$140,360		
70		Statewide	5,608	$2,854,149	69,959	$34,954,621	336,411	$168,187,089	77,702	$40,465,862	8,405	$2,679,200

	A	B	C	D	E	F	G	H	I	J	K	L
71												
72		Impact - Current	Total School Impact	Total NonSchool Impact								
73		Taxable Valu	$249,140,921	$248,912,504								
74		Millage Rate	6.9550	10.8240								
75		Tax Impact	$1,732,775	$2,694,229								
76												
77			Exemptions 31-34		Certain Exemption _08							
78	County #	County	Taxable Value Impact School	Taxable Value Impact NonSchool	Taxable Value Impact School	Taxable Value Impact NonSchool						
79	11	Alachua	$17,211,077	$15,162,760								
80	12	Baker	$3,054,085	$2,281,625								
81	13	Bay	$17,536,060	$13,969,730								
82	14	Bradford	$3,924,110	$3,313,666								
83	15	Brevard	$87,232,316	$87,231,931								
84	16	Broward	$177,034,360	$151,801,830								
85	17	Calhoun	$687,688	$392,668								
86	18	Charlotte	$48,331,476	$48,329,890								
87	19	Citrus	$40,724,981	$40,714,842								
88	20	Clay	$21,970,209	$19,085,670								
89	21	Collier	$46,585,179	$44,387,890								
90	22	Columbia	$6,658,503	$5,386,119								
91	23	Dade	$129,709,823	$90,685,502								
92	24	Desoto	$3,847,787	$2,791,602								
93	25	Dixie	$2,561,597	$2,561,597								
94	26	Duval	$72,972,687	$61,880,549								
95	27	Escambia	$40,649,636	$32,113,386								
96	28	Flagler	$18,759,045	$15,593,481								
97	29	Franklin	$1,651,215	$1,343,707								
98	30	Gadsden	$4,431,190	$4,274,256								
99	31	Gilchrist	$2,596,859	$2,371,830								
100	32	Glades	$2,045,837	$1,954,360								
101	33	Gulf	$1,802,369	$1,506,305								
102	34	Hamilton	$1,464,081	$997,555								
103	35	Hardee	$2,569,967	$1,861,793								
104	36	Hendry	$2,878,710	$2,038,202								
105	37	Hernando	$33,205,738	$25,181,636								
106	38	Highlands	$24,522,232	$23,522,267								
107	39	Hillsborough	$66,593,366	$56,258,695	$17,439,224	$15,458,475						
108	40	Holmes	$1,467,181	$840,403								
109	41	Indian River	$25,711,460	$23,087,364								
110	42	Jackson	$6,888,945	$6,142,392								
111	43	Jefferson	$3,208,660	$3,071,131								
112	44	Lafayette	$794,003	$785,351								
113	45	Lake	$40,658,219	$33,431,900								
114	46	Lee	$66,352,977	$54,826,624								
115	47	Leon	$20,703,775	$18,667,489								
116	48	Levy	$6,043,849	$4,478,410	$23,456	$10,046						
117	49	Liberty	$388,321	$253,737								
118	50	Madison	$3,098,455	$2,646,732								
119	51	Manatee	$51,243,402	$47,300,393								
120	52	Marion	$63,300,126	$63,299,452								
121	53	Martin	$21,191,433	$18,663,684								
122	54	Monroe	$8,891,830	$8,578,964								
123	55	Nassau	$11,575,386	$10,514,885								
124	56	Okaloosa	$18,950,009	$16,751,090								
125	57	Okeechobee	$4,695,811	$3,616,748								
126	58	Orange	$66,026,786	$58,790,276								
127	59	Osceola	$22,408,783	$18,778,941								
128	60	Palm Beach	$165,419,355	$150,871,654								
129	61	Pasco	$78,565,578	$78,565,578								
130	62	Pinellas	$161,892,291	$161,865,988								
131	63	Polk	$63,453,423	$50,837,386								
132	64	Putnam	$9,869,729	$6,963,102								
133	65	Saint Johns	$24,627,621	$21,182,039								
134	66	Saint Lucie	$30,191,733	$23,453,884	$16,632,586	$14,902,705						
135	67	Santa Rosa	$16,998,653	$13,340,519								
136	68	Sarasota	$80,782,732	$80,710,412	$3,769,742	$3,762,413						
137	69	Seminole	$36,071,520	$28,875,967								
138	70	Sumter	$36,287,880	$35,891,337								
139	71	Suwannee	$6,878,021	$6,234,141								
140	72	Taylor	$2,675,366	$2,675,366								
141	73	Union	$1,577,410	$1,429,010								
142	74	Volusia	$94,119,312	$94,019,566								
143	75	Wakulla	$2,324,705	$1,748,862								
144	76	Walton	$7,919,649	$6,262,249								
145	77	Washington	$3,406,368	$2,360,923								
146		Statewide	$2,149,872,940	$1,920,809,294	$37,865,008	$34,133,639						

Row	Low Impact	Total School Impact	Total NonSchool Impact
149	Taxable Valu	$2,187,737,948	$1,954,942,933
150	Millage Rate	6.955	10.824
151	Tax Impact	$15,215,717	$21,160,302

Row	Population	Nov 1, 2016 Demographic Estimating Conference
154	Growth Rate	
155	2017	1.64%
156	2018	1.60%
157	2019	1.56%
158	2020	1.52%
159	2021	1.47%

Row	Gross up factor due to low value of Current law exemption	
155	Low	2%
156	Middle	7%
157	High	15%

Row	School	High	Middle	Low
162	2017	($17,785,043)	($16,547,823)	($15,774,560)
163	2018	($18,069,604)	($16,812,588)	($16,026,953)
164	2019	($18,351,490)	($17,074,865)	($16,276,974)
165	2020	($18,630,433)	($17,334,403)	($16,524,384)
166	2021	($18,904,300)	($17,589,218)	($16,767,292)

Row	NonSchool	High	Middle	Low
162	2017	($24,733,431)	($23,012,844)	($21,937,478)
163	2018	($25,129,166)	($23,381,050)	($22,288,478)
164	2019	($25,521,181)	($23,745,794)	($22,636,178)
165	2020	($25,909,103)	($24,106,730)	($22,980,248)
166	2021	($26,289,967)	($24,461,099)	($23,318,057)

REVENUE ESTIMATING CONFERENCE

Tax:Ad Valorem
Issue: Low Income Housing Ad Valorem Relief
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: First impacting levies in 2018-19 Local Fiscal Year
Date of Analysis: 2/1/2017

Section 1: Narrative

a. Current Law: Article VII, Section 3 (a) of the Florida Constitution provides: All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law from taxation.

Section 196.195, Florida Statutes, provides: Determining profit or nonprofit status of applicant. —

(1) Applicants requesting exemption shall supply such fiscal and other records showing in reasonable detail the financial condition, record of operation, and exempt and nonexempt uses of the property, where appropriate, for the immediately preceding fiscal year as are requested by the property appraiser or the value adjustment board.

(2) In determining whether an applicant for a religious, literary, scientific, or charitable exemption under this chapter is a nonprofit or profitmaking venture or whether the property is used for a profitmaking purpose, the following criteria shall be applied:

(a) The reasonableness of any advances or payment directly or indirectly by way of salary, fee, loan, gift, bonus, gratuity, drawing account, commission, or otherwise (except for reimbursements of advances for reasonable out-of-pocket expenses incurred on behalf of the applicant) to any person, company, or other entity directly or indirectly controlled by the applicant or any officer, director, trustee, member, or stockholder of the applicant;

(b) The reasonableness of any guaranty of a loan to, or an obligation of, any officer, director, trustee, member, or stockholder of the applicant or any entity directly or indirectly controlled by such person, or which pays any compensation to its officers, directors, trustees, members, or stockholders for services rendered to or on behalf of the applicant;

(c) The reasonableness of any contractual arrangement by the applicant or any officer, director, trustee, member, or stockholder of the applicant regarding rendition of services, the provision of goods or supplies, the management of the applicant, the construction or renovation of the property of the applicant, the procurement of the real, personal, or intangible property of the applicant, or other similar financial interest in the affairs of the applicant;

(d) The reasonableness of payments made for salaries for the operation of the applicant or for services, supplies and materials used by the applicant, reserves for repair, replacement, and depreciation of the property of the applicant, payment of mortgages, liens, and encumbrances upon the property of the applicant, or other purposes; and

(e) The reasonableness of charges made by the applicant for any services rendered by it in relation to the value of those services, and, if such charges exceed the value of the services rendered, whether the excess is used to pay maintenance and operational expenses in furthering its exempt purpose or to provide services to persons unable to pay for the services.

(3) Each applicant must affirmatively show that no part of the subject property, or the proceeds of the sale, lease, or other disposition thereof, will inure to the benefit of its members, directors, or officers or any person or firm operating for profit or for a nonexempt purpose.

(4) No application for exemption may be granted for religious, literary, scientific, or charitable use of property until the applicant has been found by the property appraiser or, upon appeal, by the value adjustment board to be nonprofit as defined in this section.

Section 196.196, Florida Statutes, provides in part:

REVENUE ESTIMATING CONFERENCE

Tax:Ad Valorem
Issue: Low Income Housing Ad Valorem Relief
Bill Number(s): Proposed Language

1) In the determination of whether an applicant is actually using all or a portion of its property predominantly for a charitable, religious, scientific, or literary purpose, the following criteria shall be applied:

(a) The nature and extent of the charitable, religious, scientific, or literary activity of the applicant, a comparison of such activities with all other activities of the organization, and the utilization of the property for charitable, religious, scientific, or literary activities as compared with other uses.

(b) The extent to which the property has been made available to groups who perform exempt purposes at a charge that is equal to or less than the cost of providing the facilities for their use. Such rental or service shall be considered as part of the exempt purposes of the applicant.

(2) Only those portions of property used predominantly for charitable, religious, scientific, or literary purposes shall be exempt. In no event shall an incidental use of property either qualify such property for an exemption or impair the exemption of an otherwise exempt property.

(4) Except as otherwise provided herein, property claimed as exempt for literary, scientific, religious, or charitable purposes which is used for profitmaking purposes shall be subject to ad valorem taxation. Use of property for functions not requiring a business or occupational license conducted by the organization at its primary residence, the revenue of which is used wholly for exempt purposes, shall not be considered profit making. In this connection the playing of bingo on such property shall not be considered as using such property in such a manner as would impair its exempt status.

Section 196.1978, Florida Statutes, provides:
Affordable housing property exemption.—Property used to provide affordable housing to eligible persons as defined by s. 159.603 and natural persons or families meeting the extremely-low-income, very-low-income, low-income, or moderate-income limits specified in s. 420.0004, which is owned entirely by a nonprofit entity that is a corporation not for profit, qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and in compliance with Rev. Proc. 96-32, 1996-1 C.B. 717, is considered property owned by an exempt entity and used for a charitable purpose, and those portions of the affordable housing property that provide housing to natural persons or families classified as extremely low income, very low income, low income, or moderate income under s. 420.0004 are exempt from ad valorem taxation to the extent authorized under s. 196.196. All property identified in this section must comply with the criteria provided under s. 196.195 for determining exempt status and applied by property appraisers on an annual basis. The Legislature intends that any property owned by a limited liability company which is disregarded as an entity for federal income tax purposes pursuant to Treasury Regulation 301.7701-3(b)(1)(ii) be treated as owned by its sole member.

b. Proposed Change: The proposed language creates a new subsection(2) to section 196.1978, which reads:

(2)(a) Notwithstanding ss. 196.195 and 196.196, property in a multifamily project that meets the requirements of subparagraphs 1. and 2. is considered property used for a charitable purpose and shall receive a 50-percent discount from the amount of ad valorem tax otherwise owed beginning in the 16th year of the term of the recorded agreement on those portions of the affordable housing property that provide housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004. The multifamily project must:

1. Contain more than 70 units that are used to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004; and persons.
2. Be subject to an agreement with the Florida Housing Finance Corporation recorded in the official records of the county in which the property is located to provide affordable housing to extremely-low-income, very-low-income, or low-income persons

This discount terminates if the property no longer serves extremely-low-income, very-low-income, or low-income persons pursuant to the recorded agreement.

(b) To receive the discount under paragraph (a), a qualified applicant must submit an application to the county property appraiser by March 1.

(c) The property appraiser shall apply the discount by reducing the taxable value before certifying the tax roll to the tax collector.

1. The property appraiser shall first ascertain all other applicable exemptions, including exemptions provided pursuant to local option, and deduct all other exemptions from the assessed value.
2. Fifty percent of the remaining value shall be subtracted to yield the discounted taxable value.
3. The resulting taxable value shall be included in the certification for use by taxing authorities in setting millage.

REVENUE ESTIMATING CONFERENCE

Tax:Ad Valorem
Issue: Low Income Housing Ad Valorem Relief
Bill Number(s): Proposed Language

4. The property appraiser shall place the discounted amount on the tax roll when it is extended.

Section 2: Description of Data and Sources

Data on affordable housing from Florida Housing Finance Corporation
2016 Real Property taxrolls
2016-17 Ad valorem Millage rates
NonResidential Appreciation rates from December 2, 2016 Ad Valorem Assessment Estimating Conference.

Section 3: Methodology (Include Assumptions and Attach Details)

Obtained data from the Florida Housing Finance Corporation that provided those affordable housing complexes that were subject to agreements to provide affordable housing that were recorded in the public records. Data also provided for each affordable housing complex the number of total units, the number of affordable units, the number of market rate units, and the year in which the agreement to provide affordable housing began. The data also included the address of the property and in some cases the parcel number. Data was matched with the tax roll by identifying the properties by either name, address, or parcel number. 613 properties out of 735 were matched. Once matched, the TV for that portion that was affordable was calculated by dividing the number of affordable units by the total number of units. This percentage was applied to the school and taxable value for the matched parcels. In order to extrapolate to the population, the number of matched affordable units was divided by the total affordable units. The impacted taxable value was divided by the percent of total units that were matched to approximate statewide impact.

As any property that was beyond the 15th year of the agreement would be subject to the discount in the first year, the TV for properties that had entered into an agreement through 2001 was summed. This sum was then multiplied by 0.5 to obtain the discounted amount. This amount was grown to 2017-18 by using the non-residential real property appreciation rates from the December 2, 2016 Ad Valorem Assessment Estimating Conference. For future years, a newly eligible cohort was added to the prior year impact, again using the aforementioned appreciation rates. 2016-17 school and non-school millage rates were applied to obtain tax impacts.

The low impact assumed that those entities that were designated as non-profit (general partner non-profit and limited for profit partners) made a choice at the 16th year to restructure in such a way as they would be exempt under the current s. 196.1978 provision) This assumption was only made for those entities that entered the 16th year during the forecast period.

Section 4: Proposed Fiscal Impact

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$0	($10.4M)	$0	($10.4 M)
2018-19			($10.4 M)	($10.4 M)	($10.4 M)	($10.4 M)
2019-20			($12.4 M)	($12.4 M)	($12.4 M)	($12.4 M)
2020-21			($13.8 M)	($13.8 M)	($13.7 M)	($13.7 M)
2021-22			($14.8 M)	($14.8 M)	($14.8 M)	($14.8 M)

NonSchool

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$0	($15.4 M)	$0	($15.4 M)
2018-19			($15.4 M)	($15.4 M)	($15.4 M)	($15.4 M)
2019-20			($18.4 M)	($18.4 M)	($18.3 M)	($18.3 M)
2020-21			($20.6 M)	($20.6 M)	($20.4 M)	($20.4 M)
2021-22			($22.1 M)	($22.1 M)	($22.1 M)	($22.0 M)

List of affected Trust Funds: Ad Valorem Group

REVENUE ESTIMATING CONFERENCE

Tax:Ad Valorem
Issue: Low Income Housing Ad Valorem Relief
Bill Number(s): Proposed Language

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	0.0	0.0	0.0	(25.8)	0.0	(25.8)
2018-19	0.0	0.0	0.0	0.0	(15.4)	(25.8)	(15.4)	(25.8)
2019-20	0.0	0.0	0.0	0.0	(18.4)	(30.8)	(18.4)	(30.8)
2020-21	0.0	0.0	0.0	0.0	(20.6)	(34.5)	(20.6)	(34.5)
2021-22	0.0	0.0	0.0	0.0	(22.1)	(36.9)	(22.1)	(36.9)

	A	B	C	D	E	F	G	H	I	J	K	L	M
1													
2	2016-17 School Millage		6.955										
3	2016-17 Non-School Millage		10.824										
4													
5		Matched Data - FHFC and Taxrolls				Florida Housing Finance Corporation Data							
6	Date of Affordability agreement	Sum of TV Impact School	Sum of TV Impact - NonSchool	Number of properties		Date of Affordability agreement	Total Number of Properties	Total Affordable Units	Matched affordable units	Percent matched		Estimated Impact - School TV	Estimated Impact - NonSchool TV
7	1967	$1,507,000	$1,507,000	1		1967	1	100	100	100.0%		$1,507,000	$1,507,000
8	1969	$1,991,005	$1,991,005	1		1969	3	264	230	87.1%		$2,285,327	$2,285,327
9	1970	$5,778,554	$5,769,704	2		1970	2	301	301	100.0%		$5,778,554	$5,769,704
10	1971	$12,298,654	$11,256,582	4		1971	4	440	440	100.0%		$12,298,654	$11,256,582
11	1972	$14,248,880	$14,248,880	6		1972	7	1226	1007	82.1%		$17,347,693	$17,347,693
12	1973	$16,023,456	$14,971,432	6		1973	7	599	599	100.0%		$16,023,456	$14,971,432
13	1974	$15,811,669	$12,979,069	4		1974	5	500	500	100.0%		$15,811,669	$12,979,069
14	1977	$9,465,000	$9,350,000	1		1977	1	140	140	100.0%		$9,465,000	$9,350,000
15	1979	$5,681,873	$5,681,873	4		1979	4	419	419	100.0%		$5,681,873	$5,681,873
16	1980	$6,055,710	$6,055,710	2		1980	2	226	226	100.0%		$6,055,710	$6,055,710
17	1981	$2,950,600	$2,950,600	4		1981	4	501	501	100.0%		$2,950,600	$2,950,600
18	1982	$74,480	$74,480	2		1982	2	182	182	100.0%		$74,480	$74,480
19	1983	$26,345,900	$26,345,900	5		1983	5	753	753	100.0%		$26,345,900	$26,345,900
20	1984	$10,191,920	$7,608,838	2		1984	2	198	198	100.0%		$10,191,920	$7,608,838
21	1985	$30,076,876	$27,465,807	2		1985	3	1047	826	78.9%		$38,124,079	$34,814,407
22	1986	$2,534,450	$2,534,450	1		1986	1	116	116	100.0%		$2,534,450	$2,534,450
23	1988	$3,322,820	$3,322,820	3		1988	3	321	321	100.0%		$3,322,820	$3,322,820
24	1989	$21,916,282	$21,455,413	5		1989	5	629	629	100.0%		$21,916,282	$21,455,413
25	1990	$40,183,190	$37,123,811	8		1990	13	2048	1229	60.0%		$66,961,085	$61,862,949
26	1991	$53,045,748	$52,772,345	9		1991	13	2376	1448	60.9%		$87,041,918	$86,593,295
27	1992	$97,024,897	$95,366,422	15		1992	18	3655	3347	91.6%		$105,953,391	$104,142,298
28	1993	$188,091,738	$181,031,534	27		1993	39	7477	5774	77.2%		$243,568,051	$234,425,490
29	1994	$97,694,092	$93,662,174	22		1994	29	4916	3676	74.8%		$130,648,573	$125,256,596
30	1995	$97,717,960	$89,992,920	17		1995	19	3393	3184	93.8%		$104,132,235	$95,900,119
31	1996	$94,385,388	$88,918,350	18		1996	20	3414	2974	87.1%		$108,349,602	$102,073,721
32	1997	$249,656,345	$232,459,450	37		1997	42	8022	7284	90.8%		$274,951,016	$256,011,767
33	1998	$310,070,202	$294,399,340	43		1998	46	10086	9578	95.0%		$326,515,772	$310,013,755
34	1999	$366,759,314	$334,615,024	50		1999	56	12307	11225	91.2%		$402,111,971	$366,869,230
35	2000	$389,789,708	$380,377,947	54		2000	68	14778	11859	80.2%		$485,733,393	$474,005,000
36	2001	$281,109,305	$275,526,799	44		2001	53	11066	9240	83.5%		$336,661,858	$329,976,143
37	2002	$400,615,725	$390,443,383	66		2002	73	13748	12635	91.9%		$435,905,420	$424,837,010
38	2003	$264,764,380	$259,562,755	38		2003	45	8786	7531	85.7%		$308,885,917	$302,817,470
39	2004	$156,443,890	$148,009,805	37		2004	44	7573	6105	80.6%		$194,062,174	$183,600,041
40	2005	$166,650,951	$161,666,554	38		2005	48	6579	5587	84.9%		$196,240,667	$190,371,265
41	2006	$95,153,163	$91,401,696	34		2006	42	4892	3826	78.2%		$121,664,734	$116,868,033
42	2007	$98,140,560	$96,010,819	32		2007	32	3679	3235	87.9%		$111,610,238	$109,188,192
43	Grand Total	$3,633,571,685	$3,478,910,689	644		total	761	136757	113990			$4,238,713,483	$3,951,935,480

	A	B	C	D	E	F	G	H
44								
45	Affordability Restriction Expirations							
46	Cohort year	End Year	Adjusted School TV	Adjusted County TV	Total Units	Affordable Units	School TV	County TV
47	1990	2020	$4,713,600	$4,713,600	100	100	$4,713,600	$4,713,600
48	1990	2020	$7,575,438	$6,053,794	155	155	$7,575,438	$6,053,794
49	1990	2021	$4,906,690	$4,906,690	172	172	$4,906,690	$4,906,690
50	1991	2021	$8,300,014	$8,058,634	184	184	$8,300,014	$8,058,634
51	2002	2021	$9,142,676	$9,142,676	245	202	$11,088,890	$11,088,890
52								
53								
54								
55								
56								

	A	B	C
57	Non-Residential JV Appreciation Rates		Compound Appreciation Factor
58	2017	4.33	
59	2018	3.13	1.07596
60	2019	2.62	1.10415
61	2020	2.41	1.13076
62	2021	2.43	1.15823
63			
64	Impact - TV	School	Non-School
65	2017-18	0	0
66	2018-19	$1,497,315,121	$1,425,899,842
67	2019-20	$1,778,688,456	$1,699,083,322
68	2020-21	$1,989,033,121	$1,904,832,167
69	2021-22	$2,133,744,338	$2,041,738,871
70			

	A	B	C	D
71	Tax Impact	School	Non-School	total
72	2017-18	0	0	0
73	2018-19	$10,413,827	$15,433,940	$25,847,767
74	2019-20	$12,370,778	$18,390,878	$30,761,656
75	2020-21	$13,833,725	$20,617,903	$34,451,629
76	2021-22	$14,840,192	$22,099,782	$36,939,973
77				

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Credit for Hiring Felons
Bill Number(s): HB275 / SB276

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Representative Alexander / Senator Bracy
Month/Year Impact Begins: January 1, 2018
Date of Analysis: 2/6/2017

Section 1: Narrative

a. Current Law: There is currently no credit against corporate income tax for hiring felons.

b. Proposed Change: Section 2. Section 220.1893, Florida Statutes, is created to read:

220.1893 State work opportunity tax credit.— (1)(a) For taxable years beginning on or after January 1, 2018, there shall be allowed a credit against the corporate income tax imposed by this chapter to any business that hires a person who has been convicted of a felony if the person is hired within 3 years after release from a state prison, or to any business that hires a person who has been convicted of a felony and who is on community control or probation, as defined in s. 948.001.

(b)1. Except as provided in subparagraph 2., the credit shall equal 40 percent of the wages paid to the employee during each taxable period. A business may claim credits for no more than five eligible employees per taxable period and may receive up to $2,400 in credits per eligible employee in that period.

2. For a small business or minority business enterprise, as defined in s. 288.703, the credit shall equal 50 percent of the wages paid to the employee during each taxable period. The small business or minority business enterprise may claim a credit for no more than five eligible employees per taxable period and may receive up to $3,000 in credits per eligible employee in that period.

(2) Before filing for a credit under this section, a business must apply for and receive written notification from the Department of Economic Opportunity that certifies that each employee for whom the credit is claimed is a person as described in paragraph (1)(a).

(3) The department and the Department of Economic Opportunity shall adopt rules governing the manner and form of applications for the credit and may establish guidelines concerning the requisites for an affirmative showing of qualification for the credit under this section.

Note: We were instructed to assume that the language was amended to clarify that the felon had to be from Florida, had to have been incarcerated in Florida, and the job for which the felon was hired also had to be in Florida.

Section 2: Description of Data and Sources

Criminal Justice Estimating Conference: November, 2016
2014 CIT Returns
FDEC, Nov. 2016 – Population
BLS, Total private gross job gains and gross job losses: https://www.bls.gov/opub/ted/2017/gross-job-gains-totaled-seven-point-five-million-in-the-second-quarter-of-2016.htm

Section 3: Methodology (Include Assumptions and Attach Details)

A felony and parolee qualifying population is derived using estimates from the Criminal Justice Estimating Conference (Nov. 2016). Three year qualifying pools of released prisoners are constructed using the hiring assumptions listed below.

Assumptions:

- 15% job churn reduction factor for the eligible population.
- All qualifying entities would be for the $2400 credit per employee, as there is not a way to identify a small business or minority business enterprise in the return data.
- The high estimate assumes 10% of the estimated qualifying cohort would be hired and 100% would remain hired.
- The middle estimate assumes 5% of the estimated qualifying cohort would be hired and 50% would remain hired.
- The low estimate assumes 1% of the estimated qualifying cohort would be hired and 25% would remain.
- Note: We were instructed to assume that the language was amended to clarify that the felon had to be from Florida, had to have been incarcerated in Florida, and the job for which the felon was hired also had to be in Florida.

Section 4: Proposed Fiscal Impact

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Credit for Hiring Felons
Bill Number(s): HB275 / SB276

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18						
2018-19	($23.2m)	($57.9m)	($6.4m)	($15.9m)	($1.3m)	($3.2m)
2019-20	($94.7m)	($94.7m)	($18.7m)	($18.7m)	($3.8m)	($3.8m)
2020-21	($131.3m)	($131.3m)	($18.6m)	($18.6m)	($3.8m)	($3.8m)
2021-22	($167.7m)	($167.7m)	($18.5m)	($18.5m)	($3.7m)	($3.7m)

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	(2.6)	0.0	0.0	0.0	0.0	0.0	(2.6)
2018-19	(3.2)	(3.2)	0.0	0.0	0.0	0.0	(3.2)	(3.2)
2019-20	(3.8)	(3.8)	0.0	0.0	0.0	0.0	(3.8)	(3.8)
2020-21	(3.8)	(3.8)	0.0	0.0	0.0	0.0	(3.8)	(3.8)
2021-22	(3.7)	(3.7)	0.0	0.0	0.0	0.0	(3.7)	(3.7)

	A	B	C	D	E	F	G	H	I	J
1		Criminal Justice Estimating Conference: November, 2016								
2		1-Year Pools of Projected Prisoners Released	3-Year Pools of Qualifying Released Prisoners	Projected Supervised Offenders	Combined Population					
3	FY 14-15	32,484								
4	FY 15-16	31,965								
5	FY 16-17	30,406		100,685	High					
6	FY 17-18	29,895	29,895	99,238	129,133					
7	FY 18-19	29,808	56,714	97,999	154,713					
8	FY 19-20	29,388	83,121	97,205	180,326					
9	FY 20-21	29,162	82,438	96,811	179,249					
10	FY 21-22	29,120	81,815	96,615	178,430					
11										
12					Middle					
13	FY 17-18	29,895	29,895	99,238	129,133					
14	FY 18-19	29,808	58,208	97,999	156,207					
15	FY 19-20	29,388	86,106	97,205	183,311					
16	FY 20-21	29,162	85,398	96,811	182,209					
17	FY 21-22	29,120	84,743	96,615	181,358					
18										
19					Low					
20	FY 17-18	29,895	29,895	99,238	129,133					
21	FY 18-19	29,808	59,404	97,999	157,403					
22	FY 19-20	29,388	88,494	97,205	185,699					
23	FY 20-21	29,162	87,766	96,811	184,577					
24	FY 21-22	29,120	87,085	96,615	183,700					
25										
27	Maximum Impact Check									
28	Filers w/ tax due (2014 returns)			15,838						
29				Credit Per Employee	Eligible Employees Per Tax Period					
30	Max impact at $3K per employee			$3,000	5	$237,570,000				
31	Max impact at $2.4K per employee			$2,400	5	$190,056,000				
32										
33	# of felony hires for max impact given 2014 return filers			79,190						
34										
35	**$2.4K Credit**									
37	Not in the work force	15%		Qualifying Cohorts						
38										
39	2017-18		109,763	109,763	109,763					
40	2018-19		131,506	132,776	133,793					
41	2019-20		153,277	155,814	157,844					
42	2020-21		152,362	154,878	156,890					
43	2021-22		151,666	154,154	156,145					
44										
45		% hired	10%	5%	1%					
46										
47	2017-18		10,976	5,488	1,098					
48	2018-19		13,151	6,639	1,338					
49	2019-20		15,328	7,791	1,578					
50	2020-21		15,236	7,744	1,569					
51	2021-22		15,167	7,708	1,561					
52										
53		% that stays hired	100%	50%	25%					
54	2017-18		10,976	5,488	1,098					
55	2018-19		24,127	9,383	1,612					
56	2019-20		39,455	12,482	1,982					
57	2020-21		54,691	13,985	2,064					
58	2021-22		69,857	14,700	2,078					
59										
60			10%	5%	1%					
61	2017-18		$26,343,132	$13,171,566	$2,634,313		18-19 cash	$23.2	$6.4	$1.3
62	2018-19		$57,904,482	$15,933,140	$3,211,022		2018-19	$57.9	$15.9	$3.2
63	2019-20		$94,690,925	$18,697,707	$3,788,259		2019-20	$94.7	$18.7	$3.8
64	2020-21		$131,257,802	$18,585,338	$3,765,372		2020-21	$131.3	$18.6	$3.8
65	2021-22		$167,657,522	$18,498,465	$3,747,470		2021-22	$167.7	$18.5	$3.7

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium and Corporate Income Taxes
Issue: New Market Development Program
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Sections 30, 120, and 115-126
Sponsor(s): CCS Committee
Month/Year Impact Begins: July 1, 2017.
Date of Analysis: 2/7/17

Section 1: Narrative

a. Current Law:

Florida's New Markets Development Program (Florida NMDP) was established to encourage capital investment in low-income and rural community businesses to create and retain jobs. The program allows taxpayers to earn Insurance Premium or Corporate Income tax credits by investing in qualified Community Development Entities (CDEs) that make certain Qualified Low-Income Community Investments (QLICIs) in Qualified Active Low-Income Community Businesses (QALICBs). Tax credits are limited to 39 percent of the total leveraged Qualified Investment (QI). Leveraged QIs include equity generated from the sale of tax credits and additional funding from leveraged lenders (banks and other financial institutions, including CDE affiliates), QALICB business affiliates, and equity generated by Federal New Markets tax credits. Credits can be taken in the third year after approval at 7% of the qualified investment, years 4-7 can be taken at 8%.

Section 288.9916, F.S., caps the Florida NMDP tax credits at $216.34 million, with no more than $36.6 million of tax credits becoming eligible to claim for the first time in a single fiscal year. Staff of the Department of Economic Opportunity indicate that nearly all of the credits have been allocated. The program sunsets in 2022.

b. Proposed Change:

Section 120 repeals the NMDP tax credit (s. 288.9916, F.S.), section 30 is amended to remove a reference to the program (s. 220.13(1)(a), F.S.), and sections 115 – 119 and 121 – 126 repeal all other provisions relating to the program (ss. 288.991 – .9922, F.S.).

Section 2: Description of Data and Sources

Department of Economic Opportunity Master Tracking file for the Florida NMDP.

Section 3: Methodology (Include Assumptions and Attach Details)

DEO staff indicate that as of 2/6/17, $2.5m in tax credits (or $6.4 million in qualified investment) of the authorized $216.34 million was available for allocation, and CDEs have expressed an interest in applying for these funds. Tax certification notices are issued within 90 days if all conditions are met. The middle assumes that all credits are allocated prior to July 1, 2017. The High assumes that the credits are not allocated in time and $2.5m is never claimed. High assumes the allocation would have been granted FY2017-18, making the first year or credits available to be taken in FY2020-21. Between FY2011-12 through FY2014-15, 92.6% of the credits are taken in Insurance Premium, the rest in Corporate.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0	$0.5m	0	0		
2018-19	0	$0.5m	0	0		
2019-20	0	$0.5m	0	0		
2020-21	$0.5m	$0.5m	0	0		
2021-22	$0.5m	$0.5m	0	0		

List of affected Trust Funds: Insurance Premium Tax/Corporate Income Tax

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium and Corporate Income Taxes
Issue: New Market Development Program
Bill Number(s): PCB CCS 17-01

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Tax: CIT and IPT
Issue: Capital Investment Tax Credit
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill:**
☒ **Partial Bill**: Section 33
Sponsor(s): Careers & Competition Subcommittee
Month/Year Impact Begins: 07/01/2017
Date of Analysis: 02/08/2017

Section 1: Narrative

a. **Current Law**: Allows a qualifying project to take annual credits for the 20-year period immediately following the date it commences operations at the new or expanded facility. The business can use the credits to reduce its corporate income or insurance premium tax liability. However, the tax liability must arise out of the income generated by project. If the capital investment of the project is at least $100 million, the unused amounts of the credits may be used in any one year or years beginning with the 21st year after the commencement of operations of the project and ending the 30th year after the commencement of operations of the project.

b. **Proposed Change**: Repeals s.220.191, F.S., that provides for the tax credits for capital investment for qualifying projects.

Section 2: Description of Data and Sources
Florida DOR CITC tracking data based on final returns and audits and Florida DEO Economic Development Portal.

Section 3: Methodology (Include Assumptions and Attach Details)
The 2016 Florida Tax Handbook has an estimate of $7.2 million for the CITC for FY 2016-17; however, for CY 2015 returns DOR reports $30.7 million in credits, up from $22.7 million the prior year—the average for the last five years of returns has been $23.6 million. The following analysis relies on the historical averages reported by DOR and DEO for the following estimates. The estimate relies on a number of assumptions:

- The number of new projects per year (5.8 projects)
- The average capital investment per project ($125,000,000)
- The lag between the initiation date of the project and the commencement of operations (2 years)
- The fraction of allowable credits taken per year. (27.5% for the middle, 40.7% for the high)
- All businesses file corporate income tax on a calendar year basis

An additional assumption is that no projects take IPT credits; there have been none taken to date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$0.0m	$36.9m	$0.0m	$24.9m		
2018-19	$0.0m	$36.9m	$0.0m	$24.9m		
2019-20	$7.4m	$36.9m	$5.0m	$24.9m		
2020-21	$22.1m	$36.9m	$15.0m	$24.9m		
2021-22	$36.9m	$36.9m	$24.9m	$24.9m		

List of affected Trust Funds: Corporate and Insurance Premium

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted a five year average of the fraction of allowable credits taken per year.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	27.9	0.0	0.0	0.0	0.0	0.0	27.9
2018-19	0.0	27.9	0.0	0.0	0.0	0.0	0.0	27.9
2019-20	5.6	27.9	0.0	0.0	0.0	0.0	5.6	27.9
2020-21	16.7	27.9	0.0	0.0	0.0	0.0	16.7	27.9
2021-22	27.9	27.9	0.0	0.0	0.0	0.0	27.9	27.9

Active Projects with DEO Certification by Year

	Count of New Projects	# With Confirmed Investment	# With Credits Taken	Estimated Investment per Cert. Letter or DEO website	Confirmed Investment	Credits Taken
1998-2011	14	9	8	$2,141,301,000	$2,410,705,601	$211,126,578
2012	7	2	2	$1,182,500,000	$176,148,712	$6,088,991
2013	5	1	1	$739,750,000	$37,760,214	$3,861,100
2014	5	0	0	$569,100,000	$0	$0
2015	5	0	0	$795,833,000	$0	$0
2016	7	0	0	$405,626,000	$0	$0
2017	2	0	0	$158,000,000	$0	$0

Average per Year:

					Average per Project	
2012-2016	5.80			$127,338,241.38	$71,302,975	$3,316,697

Statistics for Eleven Projects Claiming Credit

Average Confirmed Investment	$234,365,467
Totals Credit Taken (to Date)	$221,076,669

CY Year	Projects	Average Credits Taken	Maximum Allowable Credits	% of Maximum	Total Credits Taken
2009	6	$3,753,757	$17,344,164	21.64%	$22,522,539
2010	6	$4,206,856	$18,288,000	23.00%	$25,241,136
2011	6	$4,354,474	$18,288,000	23.81%	$26,126,845
2012	5	$3,393,118	$11,665,600	29.09%	$16,965,589
2013	6	$3,493,416	$10,195,039	34.27%	$20,960,498
2014	8	$2,837,030	$8,375,955	33.87%	$22,696,241
2015	9	$3,414,274	$8,395,293	40.67%	$30,728,469
Average					
2009-2015	6.57	$3,636,132	$13,221,722	27.50%	
2011-2015	6.80	$3,498,463	$11,383,978	30.73%	

	A	B	C	D	E	F	G	H	I
1	**CY**	**# Projects**	**Avg Capital Investment**	**Total Capital Investment**	**Total Allowable Credits per Year**	**First CY Credits Can Be Claimed**	**Credits Actually Taken**	**Fiscal Year Impacted**	**Cumulative Credits Taken**
2	2017	2.9	$125,000,000	$362,500,000	$18,125,000	2019	$4,984,593	2020	$4,984,593
3	2018	5.8	$125,000,000	$725,000,000	$36,250,000	2020	$9,969,185	2021	$14,953,778
4	2019	5.8	$125,000,000	$725,000,000	$36,250,000	2021	$9,969,185	2022	**$24,922,963**
5	2020	5.8	$125,000,000	$725,000,000	$36,250,000	2022	$9,969,185	2023	$34,892,148
6	2021	5.8	$125,000,000	$725,000,000	$36,250,000	2023	$9,969,185	2024	$44,861,333
7	2022	5.8	$125,000,000	$725,000,000	$36,250,000	2024	$9,969,185	2025	$54,830,518
8									
9									
10									
11	**Assumptions**								
12	The average number of new projects per year (average from 2012-2016)						5.8		
13	The average capital investment per project						$125,000,000		
14	The lag between the initiation date of the project and the commencement of operations						2		
15	The fraction of allowable credits taken per year (average from 2009-2015)						27.5%		
16	**** Assumed recurring number***						**$24,922,963**		
17									

	A	B	C	D	E	F	G	H	I
1	**CY**	**# Projects**	**Avg Capital Investment**	**Total Capital Investment**	**Total Allowable Credits per Year**	**First CY Credits Can Be Claimed**	**Credits Actually Taken**	**Fiscal Year Impacted**	**Cumulative Credits Taken**
2	2017	2.9	$125,000,000	$362,500,000	$18,125,000	2019	$7,371,240	2020	$7,371,240
3	2018	5.8	$125,000,000	$725,000,000	$36,250,000	2020	$14,742,480	2021	$22,113,720
4	2019	5.8	$125,000,000	$725,000,000	$36,250,000	2021	$14,742,480	2022	**$36,856,200**
5	2020	5.8	$125,000,000	$725,000,000	$36,250,000	2022	$14,742,480	2023	$51,598,680
6	2021	5.8	$125,000,000	$725,000,000	$36,250,000	2023	$14,742,480	2024	$66,341,160
7	2022	5.8	$125,000,000	$725,000,000	$36,250,000	2024	$14,742,480	2025	$81,083,640
8									
9									
10									
11	**Assumptions**								
12	The average number of new projects per year (average from 2012-2016)						5.8		
13	The average capital investment per project						$125,000,000		
14	The lag between the initiation date of the project and the commencement of operations						2		
15	The fraction of allowable credits taken per year (from 2015)						40.7%		
16	**** Assumed recurring number***						**$36,856,200**		
17									

	A	B	C	D	E	F	G	H	I
1	**CY**	**# Projects**	**Avg Capital Investment**	**Total Capital Investment**	**Total Allowable Credits per Year**	**First CY Credits Can Be Claimed**	**Credits Actually Taken**	**Fiscal Year Impacted**	**Cumulative Credits Taken**
2	2017	2.9	$125,000,000	$362,500,000	$18,125,000	2019	$5,570,077	2020	$5,570,077
3	2018	5.8	$125,000,000	$725,000,000	$36,250,000	2020	$11,140,154	2021	$16,710,232
4	2019	5.8	$125,000,000	$725,000,000	$36,250,000	2021	$11,140,154	2022	**$27,850,386**
5	2020	5.8	$125,000,000	$725,000,000	$36,250,000	2022	$11,140,154	2023	$38,990,541
6	2021	5.8	$125,000,000	$725,000,000	$36,250,000	2023	$11,140,154	2024	$50,130,695
7	2022	5.8	$125,000,000	$725,000,000	$36,250,000	2024	$11,140,154	2025	$61,270,849
8									
9									
10									
11	**Assumptions**								
12	The average number of new projects per year (average from 2012-2016)						5.8		
13	The average capital investment per project						$125,000,000		
14	The lag between the initiation date of the project and the commencement of operations						2		
15	The fraction of allowable credits taken per year (average from 2011-2015)						30.7%		
16	**** Assumed recurring number***						**$27,850,386**		
17									

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax/Corporate Income Tax
Issue: Repeal of the Urban-Crime Area Job Tax Credit Program
Bill Number(s): PCB CCS 17-01, Section 24, Section 31

☐ **Entire Bill**
☒ **Partial Bill**: Sections 24, 31
Sponsor(s):
Month/Year Impact Begins: July 1, 2017
Date of Analysis: 2/10/2017

Section 1: Narrative

a. **Current Law**: Urban High-Crime Tax Credit Program, F.S., 212.097, offers a job tax credit for eligible businesses located within one of the 13 designated urban areas in Florida. The tax credit ranges from $500 to $2,000 per qualified job and can be taken against the either the Florida corporate income tax or the Florida sales and use tax. Five million dollars of tax credits may be approved in each calendar year.

b. **Proposed Change**: The proposed bill repeals F.S., 212.097.

Section 2: Description of Data and Sources

Historical Urban High-Crime Tax Credit (UHCTC) Approvals 1999-2016, provided by Department of Economic Opportunity
Historical Urban High-Crime Tax Credits Taken, Sales and Use Tax and Corporate Income Tax Documents
EDR's Return on Investment for the Urban High-Crime Area Job Tax Credit Program

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

All estimates forecasted future UHCTC approvals based-on a 3-year average (CY2014-2016). A growth rate based-on the non-farm employment growth forecast developed at the November 18th Florida Economic Estimating Conference was applied to the middle and high estimates.

The analysis relied on internal data to estimate the rate at which the approved tax credits are claimed on either SUT or CIT returns. The internal data tracked UHCTC-approved companies over a 4-year period (CY2010-CY2014). Based-on the internal data, the analysis applied different claimed rates for the low, middle and high estimate. Historically, 92% of the credits are taken against the Sales and Use Tax.

The low estimate assumes that 69.1% of credits were claimed in the 1st year and 25% of the credits were claimed in the 2nd year and 3% in the 2 years after.

The middle estimate assumes that 89.0% of credits are claimed in the 1st year and 1% of the credits are claimed in the 2nd year. The amount remaining is claimed in the 3rd and 4th year.

The high estimate assumes a claim rate of 98.1% in the 1st year and 1.6% of credits were taken in the 2nd year. The remaining amount is claimed in the 3rd and 4th year.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$2.10m	$2.10m	$1.89m	$1.89m	$1.67m	$1.67m
2018-19	$2.15m	$2.15m	$1.99m	$1.99m	$1.95m	$1.95m
2019-20	$2.20m	$2.20m	$2.13m	$2.13m	$2.03m	$2.03m
2020-21	$2.23m	$2.23m	$2.22m	$2.22m	$2.05m	$2.05m
2021-22	$2.27m	$2.27m	$2.26m	$2.26m	$2.05m	$2.05m

List of affected Trust Funds: Sales and Use Tax

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax/Corporate Income Tax
Issue: Repeal of the Urban-Crime Area Job Tax Credit Program
Bill Number(s): PCB CCS 17-01, Section 24, Section 31

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the middle estimate. ($.2 of the GR impact is in CIT).

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	1.7	1.7	Insignificant	Insignificant	0.1	0.1	0.1	0.1
2018-19	1.8	1.8	Insignificant	Insignificant	0.1	0.1	0.1	0.1
2019-20	1.8	1.8	Insignificant	Insignificant	0.1	0.1	0.1	0.1
2020-21	1.8	1.8	Insignificant	Insignificant	0.1	0.1	0.2	0.2
2021-22	1.8	1.8	Insignificant	Insignificant	0.1	0.1	0.2	0.2

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.2	0.2	0.4	0.4	2.1	2.1
2018-19	0.2	0.2	0.4	0.4	2.2	2.2
2019-20	0.2	0.2	0.4	0.4	2.2	2.2
2020-21	0.2	0.2	0.5	0.5	2.3	2.3
2021-22	0.2	0.2	0.5	0.5	2.3	2.3

YEAR	APPROVED APPLICATIONS	NEW	EXISTING	JOBS	CREDITS APPROVED	CREDITS TAKEN	TAKEN/APPROVED
2010	11	7	4	893	$1,259,500	$1,363,123	1.08
2011	12	1	11	589	$790,500	$921,351	1.17
2012	5	1	4	1,672	$2,460,500	$2,750,852	1.12
2013	7	2	5	1,056	$1,172,500	$456,916	0.39
2014	13	6	7	1,487	$2,069,500	$2,324,850	1.12
2015	15	4	11	1,221	$1,644,500	$1,590,273	0.97
2016	8	1	7	1,707	$2,424,000	$2,442,267	1.01
	======	======	======	======	======	======	======
TOTALS	**71**	**22**	**49**	**8625**	**$11,821,000**	**$11,849,630**	**1.00**

3-Year Average TaxCredits (CY 2014-2016)	Approved
	$2,046,000

Estimate of Future Tax Credits Approved	
Calendar Year	Estimate
2017	$2,104,376
2018	$2,141,377
2019	$2,176,836
2020	$2,214,435
2021	$2,249,744
2022	$2,286,944

Non-Farm Employment Growth Rate	
FY2016-17	2.9%
FY2017-18	1.8%
FY2018-19	1.7%
FY2019-20	1.7%
FY2020-21	1.6%
FY2021-22	1.7%

Analysis of Credits Awarded and Credits Taken				
	Awarded			
	2010	2011	2012	2013
2010	89.0%	X	X	X
2011	1%	69.1%	X	X
2012	X	25%	98.1%	X
2013	X	X	1.6%	19.1%

	Low	Middle	High
1st Year	69.1%	89.0%	98.1%
2nd Year	24.6%	0.6%	1.6%
3rd Year	3.1%	5.2%	0.2%
4th Year	3.1%	5.2%	0.2%

Calendar Year	Low	Middle	High
2017	$1,414,277	$1,872,220	$2,064,098
2018	$1,917,545	$1,917,044	$2,133,801
2019	$1,981,773	$2,058,926	$2,169,168
2020	$2,046,000	$2,204,639	$2,213,539
2021	$2,046,000	$2,240,058	$2,248,888
2022	$2,046,000	$2,277,177	$2,286,056

Fiscal Year	Low	Middle	High
FY2017-18	$1,665,911	$1,894,632	$2,098,949
FY2018-19	$1,949,659	$1,987,985	$2,151,484
FY2019-20	$2,013,886	$2,131,783	$2,191,353
FY2020-21	$2,046,000	$2,222,349	$2,231,213
FY2021-22	$2,046,000	$2,258,618	$2,267,472

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax *(EDR Analysis)*
Issue: Redirects the State Economic Enhancement and Development (SEED) Trust Fund Distribution to the General Revenue Fund and Terminates the SEED Trust Fund
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Sections 18, 67, 68
Sponsor(s): Careers & Competition Subcommittee
Month/Year Impact Begins: July 1, 2017
Date of Analysis: 02/10/2017

Section 1: Narrative

a. Current Law: The State Economic Enhancement and Development (SEED) Trust Fund is created in s. 288.1201 F.S., to be used for infrastructure and job creation opportunities. The main source of revenue for the trust fund is the Documentary Stamp Tax, of which $150 million is distributed to the SEED Trust Fund annually. The detailed sources of the $150 million SEED funds are: after the required distributions to the Land Acquisition Trust Fund (LATF) and the deduction of the service charge, (1) s. 201.15 (4)(a) F.S. directs 24.18442 percent of the remainder of Documentary Stamp Tax collections into the State Transportation Trust Fund (STTF) and transfers $75 million of such funds for each fiscal year to the SEED Trust Fund; (2) s. 201.15 (4)(c) F.S. directs 11.24 percent of the remainder into the State Housing Trust Fund (SHTF) and transfers the first $35 million of such funds annually to the SEED Trust Fund; and (3) s. 201.15 (4)(d) F.S. directs 12.93 percent of the remainder into SHTF and transfers the first $40 million of such funds annually to the SEED Trust Fund. In addition, the SEED Trust Fund receives interest earnings and refunds of prior year expenditures.

b. Proposed Change: Section 18 redirects the current SEED distributions to the General Revenue Fund. Sections 67 and 68 of the bill terminate the SEED Trust Fund and direct all current balances and revenues of the trust fund to be transferred to the General Revenue Fund.

Section 2: Description of Data and Sources

- GR Conference/Documentary Stamp Tax Packages.
- FLAIR Central Accounts, January 2017 Trial Balance.
- Department of Economic Opportunity Schedule I, submitted October 2016, available at http://floridafiscalportal.state.fl.us/Document.aspx?ID=14654&DocType=PDF, accessed 2/6/2017.

Section 3: Methodology (Include Assumptions and Attach Details)

The $150 million distribution of Documentary Stamp Taxes that currently is made to the SEED Trust Fund would be distributed to the General Revenue Fund beginning July 2017.

Regarding the trust fund termination, the following table shows the total estimated revenues and expected expenditures from the trust fund in Fiscal Year 2016-17. It is assumed that the Department of Economic Opportunity will spend all of the Fiscal Year 2016-17 appropriations. The Department of Financial Services typically allows the affected agency to complete the certified forward process (which ends on September 30) before transferring the remaining balances to the General Revenue Fund. It is assumed the same practice will occur for this trust fund termination, and the remaining balance of approximately $81.8 million will be transferred in the fall of 2017. Because this fund includes appropriations for Fixed Capital Outlay, there may be additional transfers of ending balances in future fiscal years because, by law, agencies are given 19 months to spend, contract, or commit fixed capital outlay appropriations before they become subject to reversion.

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax *(EDR Analysis)*
Issue: Redirects the State Economic Enhancement and Development (SEED) Trust Fund Distribution to the General Revenue Fund and Terminates the SEED Trust Fund
Bill Number(s): PCB CCS 17-01

STATE ECONOMIC ENHANCEMENT AND DEVELOPMENT TRUST FUND			
TYPE	**ITEM**	**AMOUNT**	**NOTES**
Revenue	July 1 Starting Balance	116,509,644	from DFS Transparency website, includes funds in Treasury
Revenue	Estimated Doc Stamp Revenues	150,000,000	as of January, total $150M has been received
Revenue	Estimated Other Revenues	7,160,541	includes refunds of $4,432,047 thru 1/31/17 plus interest estimate of $2,728,494 from Sched I
Expenditure	Certified Forward Expenditures	(29,382,602)	spent by Sept 30
Claim on Revenue	Certified Forward Continuing Appropriations	(408,612)	not yet spent as of 2/6/17; Rural Commun Develop Revolving Loan Fund
Expenditure	Certified Forward FCO Expenditures	(846,209)	spent as of 2/6/17
Claim on Revenue	Certified Forward FCO Appropriations	(6,846,519)	not yet spent as of 2/6/17; Space, Defense, Rural Infrastructure
Claim on Revenue	Operating Appropriations	(150,193,139)	FY 16-17 approps; $59.6M spent as of 2/6/17
Claim on Revenue	FCO Appropriations	(3,200,000)	FY 16-17 approps; $0 spent as of 2/6/17
Claim on Revenue	Nonoperating Appropriations	(996,400)	Tfr to Admin TF, GR Svc Chg; $689,972 spent as of 2/6/17 of which $155,313 is svc chg
	Projected Transfer to General Revenue in 2017-18	**81,796,705**	

Section 4: Proposed Fiscal Impact

Section 18 of the Bill – Doc Stamp Tax Distribution

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$150/($150)	$150/($150)		
2018-19			$150/($150)	$150/($150)		
2019-20			$150/($150)	$150/($150)		
2020-21			$150/($150)	$150/($150)		
2021-22			$150/($150)	$150/($150)		

Sections of 67 and 68 of the Bill – SEED Trust Fund Termination

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$81.8/($81.8)			
2018-19						
2019-20						
2020-21						
2021-22						

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax *(EDR Analysis)*
Issue: Redirects the State Economic Enhancement and Development (SEED) Trust Fund Distribution to the General Revenue Fund and Terminates the SEED Trust Fund
Bill Number(s): PCB CCS 17-01

Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			\$231.8/(\$231.8)	\$150/(\$150)		
2018-19			\$150/(\$150)	\$150/(\$150)		
2019-20			\$150/(\$150)	\$150/(\$150)		
2020-21			\$150/(\$150)	\$150/(\$150)		
2021-22			\$150/(\$150)	\$150/(\$150)		

List of affected Trust Funds:
State Economic Enhancement and Development Trust Fund
General Revenue Fund

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the proposed estimate.

Section 18 – Doc Stamp Tax Distribution

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	150.0	150.0	(150.0)	(150.0)	0.0	0.0	0.0	0.0
2018-19	150.0	150.0	(150.0)	(150.0)	0.0	0.0	0.0	0.0
2019-20	150.0	150.0	(150.0)	(150.0)	0.0	0.0	0.0	0.0
2020-21	150.0	150.0	(150.0)	(150.0)	0.0	0.0	0.0	0.0
2021-22	150.0	150.0	(150.0)	(150.0)	0.0	0.0	0.0	0.0

Sections 67-68 – SEED Trust Fund Termination

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	81.8	0.0	(81.8)	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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Tax: Rental Car Surcharge
Issue: Trust Fund Transfers
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Sections 22, 69-70, 86-87
Sponsor(s): House Careers and Competition Subcommittee
Month/Year Impact Begins: July 1, 2017
Date of Analysis: February 10, 2017

Section 1: Narrative

a. **Current Law**: Section 288.122, F.S. created the Tourism Promotion Trust Fund. Section 288.826, F.S. created the Florida International Trade and Promotion Trust Fund. Section 212.0606, F.S. directs the distribution of proceeds from the $2 per day rental car surcharge as follows: after the general revenue service charge and administrative costs, 15.75% are distributed into the Tourism Promotion Trust Fund and 4.25% are distributed into the Florida International Trade and Promotion Trust Fund.

b. **Proposed Change:** Section 22 of the bill revises section 212.0606 F.S. so that the rental car surcharge proceeds currently distributed into the Tourism Promotion Trust Fund and the Florida International Trade and Promotion Trust Fund are instead distributed into the General Revenue Fund. Sections 69 and 70 of the bill terminate the Tourism Promotional Trust Fund and direct all current balances and revenues of the trust fund to be transferred to the General Revenue Fund. Sections 86 and 87 of the bill terminate the Florida International Trade and Promotion Trust Fund and direct all current balances and revenues of the trust fund to be transferred to the General Revenue Fund.

Section 2: Description of Data and Sources
December 2016 Transportation Revenue Estimating Conference.
FLAIR Central Accounts, January 2017 Trial Balance.
Department of Economic Opportunity Schedule I, submitted October 2016, available at:
http://floridafiscalportal.state.fl.us/Document.aspx?ID=14654&DocType=PDF, accessed 2/6/2017

Section 3: Methodology (Include Assumptions and Attach Details)
Section 22 – Rental Car Surcharge Distribution: The changing fund distributions per 212.0606, F.S. come from the December 2016 Transportation Revenue Estimating Conference. Fiscal year 2017-08 cash values are lagged by one month.

Sections 69, 70, 86, and 87 – Termination of Trust Funds: The attached table shows the total estimated revenues and expected expenditures from the Tourism Promotion Trust Fund and the Florida International Trade and Promotion Trust Fund in Fiscal Year 2016-17, along with the final distribution of rental car surcharge expected in July 2017. It is assumed that the Department of Economic Opportunity will spend all of the Fiscal Year 2016-17 appropriation. The Department of Financial Services typically allows the affected agency to complete the annual certified forward process (which ends on September 30) before transferring the remaining balances to the General Revenue Fund. It is assumed the same practice will occur for this trust fund termination, and the remaining balances of approximately $2.4 million (Florida International Trade and Promotion Trust Fund) and $4.1 million (Tourism Promotion Trust Fund) will be transferred in the fall of 2017. When added together, the total transfer will be $6.5 million.

Section 4: Proposed Fiscal Impact
Section 22 – Rental Car Surcharge Distribution

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			33.55	36.60		
2018-19			37.55	37.55		
2019-20			38.56	38.56		
2020-21			39.62	39.62		
2021-22			40.70	40.70		

REVENUE ESTIMATING CONFERENCE

Tax: Rental Car Surcharge
Issue: Trust Fund Transfers
Bill Number(s): PCB CCS 17-01

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			(33.55)	(36.60)		
2018-19			(37.55)	(37.55)		
2019-20			(38.56)	(38.56)		
2020-21			(39.62)	(39.62)		
2021-22			(40.70)	(40.70)		

Sections 69, 70, 86, and 87 – Termination of Trust Funds

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			6.5	0		
2018-19			0	0		
2019-20			0	0		
2020-21			0	0		
2021-22			0	0		

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			(6.5)	0		
2018-19			0	0		
2019-20			0	0		
2020-21			0	0		
2021-22			0	0		

List of affected Trust Funds:
Tourism Promotion Trust Fund
Florida International Trade and Promotion Trust Fund
General Revenue Fund

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the proposed estimate.

Section 22 – Rental Car Surcharge Distribution

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	33.6	36.6	(33.6)	(36.6)	0.0	0.0	0.0	0.0
2018-19	37.6	37.6	(37.6)	(37.6)	0.0	0.0	0.0	0.0
2019-20	38.6	38.6	(38.6)	(38.6)	0.0	0.0	0.0	0.0
2020-21	39.6	39.6	(39.6)	(39.6)	0.0	0.0	0.0	0.0
2021-22	40.7	40.7	(40.7)	(40.7)	0.0	0.0	0.0	0.0

Sections 69, 70, 86, and 87 – Termination of Trust Funds

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	6.5	0.0	(6.5)	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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Impact of Rental Car Surcharge Trust Fund Redirect (Section 22)

	2017-18	2018-19	2019-20	2020-21	2021-22
Current Law					
Total Collections	200.54	205.72	211.21	216.95	222.83
Admin Fee	1.49	1.49	1.49	1.49	1.49
GR Service Charge	16.04	16.46	16.90	17.36	17.83
Net to be Distr.	183.01	187.77	192.82	198.10	203.52
TPTF	28.82	29.57	30.37	31.20	32.05
FITPTF	7.78	7.98	8.19	8.42	8.65
STTF	146.41	150.22	154.26	158.48	162.81
PCB CCS 17-01					
Total Collections	200.54	205.72	211.21	216.95	222.83
Admin Fee	1.49	1.49	1.49	1.49	1.49
GR Service Charge	16.04	16.46	16.90	17.36	17.83
Net to be Distr.	183.01	187.77	192.82	198.10	203.52
GR	36.60	37.55	38.56	39.62	40.70
STTF	146.41	150.22	154.26	158.48	162.81
Fund Changes					
GR	**36.60**	**37.55**	**38.56**	**39.62**	**40.70**
Trust Funds	**(36.60)**	**(37.55)**	**(38.56)**	**(39.62)**	**(40.70)**

Sections 86 and 87 - Trust Fund Termination

FLORIDA INTERNATIONAL TRADE AND PROMOTION TRUST FUND			
TYPE	**ITEM**	**AMOUNT**	**NOTES**
Revenue	July 1 Starting Balance	4,078,787	from DFS Transparency website, includes funds in Treasury
Revenue	Estimated Rental Car Surcharge Revenues	7,570,000	$4,044,529.92 received as of 1/31/17
Revenue	Estimated Other Revenues	54,361	interest earnings estimate from Schedule I
Revenue	Estimated Rental Car Surcharge Revenues July 2017	648,000	estimated final distribution to the trust fund
Expenditure	Certified Forward Expenditures	(1,783,281)	spent by Sept 30
Claim on Revenue	Operating Appropriations	(8,130,678)	FY 16-17 approps; $2.1M spent as of 2/7/17
Claim on Revenue	Nonoperating Appropriations	(49,520)	TF to Admin TF, GR Svc Chg; $12,198 spent as of 2/7/17 of which $3,647 is svc chg
	Projected Transfer to General Revenue in 2017-18	**2,387,669**	

Sections 69 and 70 - Trust Fund Termination

TOURISM PROMOTIONAL TRUST FUND			
TYPE	**ITEM**	**AMOUNT**	**NOTES**
Revenue	July 1 Starting Balance	10,426,819	from DFS Transparency website, includes funds in Treasury
Revenue	Estimated Rental Car Surcharge Revenues	28,070,000	$14,989,407.01 received as of 1/31/17
Revenue	Estimated Other Revenues	95,222	interest earnings estimate from Schedule I
Revenue	Estimated Rental Car Surcharge Revenues July 2017	2,402,000	estimated final distribution to the trust fund
Expenditure	Certified Forward Expenditures	(8,005,410)	spent by Sept 30
Claim on Revenue	Operating Appropriations	(28,694,547)	FY 16-17 approps; $17.2M spent as of 2/7/17
Claim on Revenue	Nonoperating Appropriations	(173,080)	TF to Admin TF, GR Svc Chg; $37,530 spent as of 2/7/17 of which $4,447 is svc chg
	Projected Transfer to General Revenue in 2017-18	**4,121,004**	

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: College Textbooks Exemption, 1 Year
Bill Number(s): Proposed Legislation, Governor's Budget Recommendation Conforming Bill

- [x] **Entire Bill**
- [ ] **Partial Bill**:

Sponsor(s): N/A
Month/Year Impact Begins: The impact is to sales tax activity for July 2017 through June 2018, thus affecting August 2017 – July 2018 collections.
Date of Analysis: February 10, 2017

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., the sale and rental of college textbooks and instructional materials are subject to the 6% Sales and Use Tax. The 2015 Legislature, during Special Session A, approved a one-year exemption from the Sales and Use Tax for the 2015-16 fiscal year for certain college textbooks. The tax exemption was not extended for FY 2016-17.

b. Proposed Change:

The proposed language would recreate for the 2017-18 fiscal year the exemption from the Sales and Use Tax for "textbooks that are required or recommended for use in a course" offered by an eligible public or private postsecondary educational institution. Eligible postsecondary educational institutions are defined to include Florida College System institutions, State Universities, career centers, private institutions eligible to participate in the Florida Resident Access Grant (FRAG) Program, and private institutions eligible to participate in the Access to Better Learning and Education (ABLE) Grant Program.

The bill defines textbooks to mean "any required or recommended manual of instruction or any instructional materials for any field of study." Instructional materials are defined to mean "any educational materials, in printed or digital format, that are required or recommended for use in a course in any field of study." It is assumed the exemption would apply to both the sale and rental of textbooks.

In order to obtain the tax exemption, a student must provide to the vendor a copy (physical or electronic) of the student's identification number and an applicable course syllabus or list of required and recommended textbooks and instructional materials that meet the criteria in s. 1004.085(3), F.S. The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

Section 2: Description of Data and Sources

- *Trends in College Pricing, 2016*. The College Board, Annual Survey of Colleges. Available at: http://trends.collegeboard.org/college-pricing (accessed 2/7/17).
- *Student Spending on Course Materials, 2015-16*. National Association of College Stores. Available at: http://www.nacs.org/research/industrystatistics/higheredfactsfigures.aspx (accessed 2/7/17).
- *Sales and Use Tax on Tangible Personal Property Rentals* (GT 800038). Florida Department of Revenue. Available at: http://dor.myflorida.com/dor/forms/current/gt800038.pdf (accessed 2/7/17).
- *Integrated Postsecondary Education Data System.* National Center for Education Statistics. Available at: http://www.nces.ed.gov/ipeds (accessed 2/7/17).
- Florida Population Growth Rates, November 2016 Demographic Estimating Conference.

Section 3: Methodology (Include Assumptions and Attach Details)

According to The College Board, the average annual cost for books and supplies is $1,250 at four-year postsecondary institutions (down from $1,298 in 2015) and $1,390 (up slightly from $1,364 in 2015) at two-year postsecondary institutions. For full-time students (i.e., 30 credit hours or approximately 10 courses per year), this equates to approximately $125 and $139 per course for four-year and two-year institutions, respectively. Various articles that were reviewed indicated many students do not purchase all of the required or recommended textbooks, mainly because of the cost. Where possible, students try to purchase used textbooks (typically offered at a 25 percent price discount to new books) or they try to rent textbooks. The textbook rental market has expanded in recent years, offering students a variety of short-term, lower-cost rental options. Rented books are typically discounted between 14 percent and 60 percent of the retail price for new books.

In fall 2015, the National Association of College Stores conducted an online survey of college student attitudes and behaviors toward course materials. In terms of formats of course materials, 70 percent of respondents indicated they acquired new print materials; 68 percent acquired used print materials; 21 percent acquired digital access codes; 15 percent acquired digital materials; and 14 percent acquired custom course packs. To obtain their course materials, 86 percent of respondents indicated they purchased some or all; 40 percent rented course materials; and 11 percent borrowed course materials. Approximately 80 percent of respondents indicated they acquired materials from the campus store and 50 percent reported acquiring them from online and other retailers. Average annual student spending was $602 in 2015.

To develop the estimate, enrollment information for the institutions qualifying for the exemption was obtained from the federal Integrated Postsecondary Education Data System (IPEDS). The most recent information available was FY 2015-16. The 2015-16 enrollments were increased by Florida population growth to project annual enrollment for FY 2017-18. It is assumed that full-time students enroll in 10 courses (30 credit hours) per year, and part-time students enroll in five courses (15 credit hours) per year.

The **High Estimate** assumes that students spend $125 per course at four-year institutions and $130 per course at two year-institutions (=$1,250/year full-time four-year; $1,300/year full-time two-year; $625/year part-time four-year; and $650/year part-time two-year). It is assumed that 85 percent of expenditures will be exempt.

The **Middle Estimate** assumes that students spend $95 per course at four-year institutions and $100 per course at two year-institutions (=$950/year full-time four-year; $1,000/year full-time two-year; $475/year part-time four-year; and $500/year part-time two-year). It is assumed that 80 percent of expenditures will be exempt.

The **Low Estimate** assumes that students spend $65 per course at four-year institutions and $70 per course at two year-institutions (=$650/year full-time four-year; $700/year full-time two-year; $325/year part-time four-year; and $350/year part-time two-year). It is assumed that 75 percent of expenditures will be exempt.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for one year. It is assumed that the full impact will be in FY 2017-18.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	($52.4 M)	---	($37.6 M)	---	($24.4 M)	---
2018-19						
2019-20						
2020-21						
2021-22						

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(33.3)	0.0	(Insignificant)	0.0	(1.1)	0.0	(3.2)	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	(4.2)	0.0	(8.5)	0.0	(41.8)	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

Sales Tax Exemption -- College Textbooks

Proposed Legislation, Governor's Budget Recommendation Conforming Bill, 1-Year Exemption

	2017-18			
		High	**Middle**	**Low**
1	**Estimated Number of Postsecondary Students**			
2	Full-Time Four-Year Students	399,829	399,829	399,829
3	Full-Time Two-Year Students	188,363	188,363	188,363
4	Part-Time Four-Year Students	124,228	124,228	124,228
5	Part-Time Two-Year Students	314,240	314,240	314,240
6	**Total Courses per Year**			
7	Full-Time Four-Year Students	3,998,290	3,998,290	3,998,290
8	Full-Time Two-Year Students	1,883,630	1,883,630	1,883,630
9	Part-Time Four-Year Students	621,140	621,140	621,140
10	Part-Time Two-Year Students	1,571,200	1,571,200	1,571,200
11	**Expenditures on Textbooks per Course**			
12	Four-Year Institutions	$125.00	$95.00	$65.00
13	Two-Year Institutions	$130.00	$100.00	$70.00
14	**Total Estimated Exempt Expenditures (85% - 80% - 75%)**			
15	Four-Year Institutions	$490,814,438	$351,076,680	$225,197,213
16	Two-Year Institutions	$381,758,715	$276,386,400	$181,378,575
17	Total Estimated Exempt Expenditures	$872,573,153	$627,463,080	$406,575,788
18	Estimated Sales Tax Collections (6%)	$52,354,389	$37,647,785	$24,394,547
19	**TOTAL ESTIMATED IMPACT TO SALES TAX (millions)**	**-$52.4**	**-$37.6**	**-$24.4**

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Entertainment Industry Sales Tax Exemption
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Sections 19, 20, 21, 23, 78
Sponsor(s): Careers & Competition Subcommittee
Month/Year Impact Begins: 07/01/2017
Date of Analysis: 02/08/2017

Section 1: Narrative

a. Current Law: A qualified production company may be exempt from sales tax on certain purchases and leases:

- s.212.06 (1)(b), F.S.: Fabrication Labor used in the production of qualified motion pictures;
- s.212.08 (5)(f),F.S.: Motion picture or video equipment and sound recording equipment that is purchased or leased for use in this state for certain entertainment production activities;
- s.212.08(12), F.S.: The sale of master tapes, records, films, or video tapes; and
- s.212.031(1)(a)9, F.S.: The lease or rental of real property used as an integral part of the performance of qualified motion picture production services.

s.288.1258, F.S,: Provides for the mechanism in which qualified production companies may apply and receive a sales tax exemption.

b. Proposed Change: Repeals the sales tax exemption for qualified productions.

Section 2: Description of Data and Sources

Florida Office of Film and Entertainment - Annual Reports (There is no subsequent validation of purchases than the estimate submitted on the application)
OFE – Raw Sales Tax Exemption Data 2010-2013

Section 3: Methodology (Include Assumptions and Attach Details)

For the tax credit program: OFE has certified $296m in tax credits (Pre-production approval). After the production is over, the production company submits their expenses which is independently audited by a CPA. The approved expenses are then submitted to DEO who awards a corporate or sales tax credit (notifying DOR) which the company may use or transfer. As of 02/06/2017, DOR has received notification of approved amounts of credits of $256.8m, of which $216.1m that has been taken on a return, 90% of which is in the sales tax credits.
For the exemption program, a production company applies to DEO and based on the length of their production and location, will received a 90 day exemption certificate or a 12 month certificate. At the time of application, the production company estimates the amount of purchases it will use the certificate for. These are estimates and are not verified after the certificate is issued. DEO notifies DOR of approved certificates which DOR will create.
Historically, production companies have availed themselves to both the tax credit and exemption programs. If 15/16, 1/3 of exemption certificate recipients also received the tax credit. As the tax credit program was repealed effective 07/01/2016, it is assumed that some of the companies receiving both are companies that were incentivized to create productions in Florida based on the tax credit alone and would no longer be in the state because of the repeal of the tax credit. The out of state production companies' percentage is used as a proxy of those companies that would no longer avail themselves to the exemption program.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$16.0m	$16.0m		
2018-19			$17.2m	$17.2m		
2019-20			$17.7m	$17.7m		
2020-21			$18.3m	$18.3m		
2021-22			$19.0m	$19.0m		

List of affected Trust Funds: Sales and Use Tax

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Entertainment Industry Sales Tax Exemption
Bill Number(s): PCB CCS 17-01

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	14.1	14.1	Insignificant	Insignificant	0.5	0.5	1.4	1.4
2018-19	15.2	15.2	Insignificant	Insignificant	0.5	0.5	1.5	1.5
2019-20	15.7	15.7	Insignificant	Insignificant	0.5	0.5	1.5	1.5
2020-21	16.2	16.2	Insignificant	Insignificant	0.5	0.5	1.6	1.6
2021-22	16.8	16.8	Insignificant	Insignificant	0.6	0.6	1.6	1.6

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	1.8	1.8	3.7	3.7	17.8	17.8
2018-19	1.9	1.9	3.9	3.9	19.1	19.1
2019-20	2.0	2.0	4.0	4.0	19.7	19.7
2020-21	2.1	2.1	4.2	4.2	20.4	20.4
2021-22	2.1	2.1	4.3	4.3	21.1	21.1

Source: DEO Annual Reports

Type of Exempt Purchases	Estimates from Sales Tax Exemption Application				Forecast					
	13/14	14/15	15/16	Annual Growth - EST	16/17	17/18	18/19	19/20	20/21	21/22
Production Equipment	$ 137,640,554	$ 149,292,632	$ 156,132,896	4.6%	$ 163,286,567	$ 170,768,003	$ 178,592,222	$ 186,774,930	$ 195,332,552	$ 204,282,265
Set design and construction	$ 33,760,588	$ 40,032,048	$ 40,388,537	0.0%	$ 40,388,537	$ 40,388,537	$ 40,388,537	$ 40,388,537	$ 40,388,537	$ 40,388,537
Props and wardrobe	$ 22,689,009	$ 26,262,893	$ 26,932,127	0.0%	$ 26,932,127	$ 26,932,127	$ 26,932,127	$ 26,932,127	$ 26,932,127	$ 26,932,127
Real Property	$ 43,835,415	$ 49,844,593	$ 54,724,619	5.0%	$ 57,460,850	$ 60,333,893	$ 63,350,588	$ 66,518,117	$ 69,844,023	$ 73,336,224
Other Exempt (computers, software)	$ 38,918,165	$ 28,044,886	$ 28,828,816	0.0%	$ 28,828,816	$ 28,828,816	$ 28,828,816	$ 28,828,816	$ 28,828,816	$ 28,828,816
Total Purchases	$ 276,843,730	$ 293,477,052	$ 307,006,996		$ 316,896,897	$ 327,251,376	$ 338,092,290	$ 349,442,527	$ 361,326,055	$ 373,767,969
Sales and Use Tax @6%	$ 16,610,624	$ 17,608,623	$ 18,420,420		$ 19,013,814	$ 19,013,814	$ 20,285,537	$ 20,966,552	$ 21,679,563	$ 22,426,078
Growth		6.0%	4.6%		3.2%	3.3%	3.3%	3.4%	3.4%	3.4%

	13/14	14/15	15/16		16/17	17/18	18/19	19/20	20/21	21/22
Sales and Use Tax Exemption for credit recipients	$ 4,354,795	$ 5,147,479	$ 6,159,449							
2010-2013 Percentage of Out-of-State Productions with a 90 Day Certificate	46.2%	46.2%	46.2%							
Sales and Use Tax Exemption for credit recipients that wouldn't return without tax credit incentive	$ 2,011,915	$ 2,378,135	$ 2,845,665		$ 2,937,336	$ 3,033,312	$ 3,133,797	$ 3,239,003	$ 3,349,152	$ 3,464,477
Sales Tax Impact					$ 16,076,478	$ 15,980,502	$ 17,151,741	$ 17,727,549	$ 18,330,411	$ 18,961,601

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Entertainment Industry Sales Tax Exemption – Film Schools
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Section 21
Sponsor(s): Careers & Competition Subcommittee
Month/Year Impact Begins: 07/01/2017
Date of Analysis: 02/07/2017

Section 1: Narrative

a. **Current Law**: Under s. 212.0602, F.S., the purchase or lease of materials, equipment, or the license in or lease of real property or entities, institutions or organizations PRIMARILY engaged in teaching students to perform activities described under 212.031(1)(a)(9) [Qualified production services – any activity or service performed in connection with the production of a qualified motion picture as defined in s. 212.06(1)(b)] are exempt from sales tax. The school must conduct classes in the state at a fixed location, be licensed under chapter 1005, and have at least 500 enrolled students. This allows them to qualify for purchases or leases of materials, equipment, and other items used for education or demonstration of the school's curriculum and the following exemptions:

- s.212.031(1)(a)9, F.S.: The lease or rental of real property used as an integral part of the performance of qualified motion picture production services.
- s.212.08 (5)(f),F.S.: Motion picture or video equipment and sound recording equipment that is purchased or leased for use in this state for certain entertainment production activities.
- s.212.08(12), F.S.: The sale of master tapes, records, films, or video tapes.

A DOR TAA (06A-030) advises "…Taxpayer is not construed to be "primarily engaged" in teaching students to perform work in a job that is directly connected with the production of "qualified motion pictures." ….Taxpayer offers multiple degree programs with a broad curriculum that would be advantageous to students wishing to perform work in a number of different positions for different industries. Consequently, it cannot be said that Taxpayer is primarily engaged in teaching students to perform activities or services directly connected to motion picture production…"

b. **Proposed Change**: Repeals s. 212.0602, F.S.

Section 2: Description of Data and Sources
https://app2.fldoe.org/cie/CieOpen/SchoolSearch.aspx - List of independent schools certified under chapter 1005
https://nces.ed.gov/collegenavigator/ - Enrollment data
Research of each website of schools to verify that film production was primary instruction
DOR Technical Assistance Advisement 06A-030
DOR data
IBIS – Fine Arts Industry Data

Section 3: Methodology (Include Assumptions and Attach Details)
One film school appears to qualify under this statute.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			\$0.4m	\$0.4m		
2018-19			\$0.4m	\$0.4m		
2019-20			\$0.4m	\$0.4m		
2020-21			\$0.4m	\$0.4m		
2021-22			\$0.4m	\$0.4m		

List of affected Trust Funds: Sales and Use Tax

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Entertainment Industry Sales Tax Exemption – Film Schools
Bill Number(s): PCB CCS 17-01

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.4	0.4	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
2018-19	0.4	0.4	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
2019-20	0.4	0.4	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
2020-21	0.4	0.4	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant
2021-22	0.4	0.4	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	Insignificant	Insignificant	0.0	0.0	0.4	0.4
2018-19	Insignificant	Insignificant	0.0	0.0	0.4	0.4
2019-20	Insignificant	Insignificant	0.0	0.0	0.4	0.4
2020-21	Insignificant	Insignificant	0.0	0.0	0.4	0.4
2021-22	Insignificant	Insignificant	0.0	0.0	0.4	0.4

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Repeal 288.11631 – Spring Training Baseball Franchises Distribution
Bill Number(s): PCB CCS 17-01 – Section 65

☐ **Entire Bill**
☒ **Partial Bill**: Section 65. Repeal 288.11631
Sponsor(s):
Month/Year Impact Begins: July 1, 2017
Date of Analysis: 2/9/2017

Section 1: Narrative

a. Current Law: s. 288.11631 F.S., allows certified applicants to receive funds provided under s. 212.20(6)(d)6.e. F.S. The certified applicants may use these funds for approved uses as specified in s. 288.11631(3) F.S.

b. Proposed Change: the proposed language repeals s. 288.11631 F.S.

Section 2: Description of Data and Sources
Department of Revenue Pro Sports Summary by Fiscal Year data

Section 3: Methodology (Include Assumptions and Attach Details)
The current language allows for new and existing spring training franchises to receive higher distributions under s. 212.20(6)(d) 6.e. F.S. compared to facilities certified under s. 288.11621 F.S. For the purposes of this estimate, we only look at the incremental difference between the distribution under s. 288.11621 F.S. and s. 288.11631(3) F.S. for any existing facilities that switch sections.

The high assumes that the first two applicants that would qualify under current law are already certified under s. 288.11621 F.S. and receiving funds under s. 212.20(6)(d)6.b. F.S. The high estimate also assumes there is one new applicant each year for the first three years.

The middle assumes that the first two applicants that would qualify under current law are already certified under s. 288.11621 F.S. and receiving funds under s. 212.20(6)(d)6.b. F.S. The middle estimate also assumes there would be one new applicant in the first year.

The low assumes one applicant that qualifies under current law, that is not already certified under s. 288.1621 F.S., would apply in the first year.

Cash values are 10 months of recurring for each instance of a new certified applicant.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$1.2 M	$1.5 M	$1.2 M	$1.5 M	$0.8 M	$1.0 M
2018-19	$2.3 M	$2.5 M	$2.3 M	$2.5 M	$1.0 M	$1.0 M
2019-20	$2.9 M	$3.0 M	$2.5 M	$2.5 M	$1.0 M	$1.0 M
2020-21	$3.4 M	$3.5 M	$2.5 M	$2.5 M	$1.0 M	$1.0 M
2021-22	$3.5 M	$3.5 M	$2.5 M	$2.5 M	$1.0 M	$1.0 M

List of affected Trust Funds: Sales Tax Trust Fund Group – General Revenue only

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.8	1.0	0.0	0.0	0.0	0.0	0.8	1.0
2018-19	1.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0
2019-20	1.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0
2020-21	1.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0
2021-22	1.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0

Summary Table

	A	B	C	D	E	F	G
1							
2	**Spring Training Baseball Franchises**						
3		High					
4		Cash	Recurring				
5	2017-18	$	$				
6	2018-19	$	$				
7	2019-20	$ 0.4M	$ 0.5M				
8	2020-21	$ 0.5M	$ 0.5M				
9	2021-22	$ 0.9M	$ 1.0M				
10							
11							
12							
13							
14							
15							

Spring Training Baseball Franchises

	Current
Distribution monthly to application certified as facility	$ 41,667

High Scenario One new entrant fills in a space made by an existing franchise switching to s. 288.11631 F.S.

	High	
	Applicants	
2017-18	0	$ -
2018-19	0	$ -
2019-20	1	$ 0.50
2020-21	1	$ 0.50
2021-22	2	$ 1.00

	High	
	Cash	Recurring
2017-18	$	$
2018-19	$	$
2019-20	$ 0.4M	$ 0.5M
2020-21	$ 0.5M	$ 0.5M
2021-22	$ 0.9M	$ 1.0M

Retention of Baseball Spring Training Franchises

	Current	After bill
Monthly Distribution to each applicant for Facility used in Spring Training	$ 41,667	$ 83,333
Monthly Distribution to each applicant for Facility used in Spring Training and capped at 166,667	$ 166,667	$ 166,667

	2017-18				2021-22
	41,666	41,666	83,333	83,333	83,333
12 months	499,992	499,992	499,992	499,992	499,992
		499,992	499,992	499,992	499,992
			999,996	999,996	999,996
				999,996	999,996
					999,996
Total	499,992	999,984	1,999,980	2,999,976	3,999,972
	999,996	3,000,000	3,999,996	4,999,992	5,999,988

	High		Middle		Low	
	New	Existing	New	Existing	New	Existing
2017-18	1	1	1	1	1	
2018-19	1	2	1	2	1	
2019-20	2	2	1	2	1	
2020-21	3	2	1	2	1	
2021-22	3	2	1	2	1	

	High		Middle		Low	
	Applicants		Applicants		Applicants	Value
2017-18	2	$ 1.50	2	$ 1.50	1	$ 1.0
2018-19	3	$ 2.5	3	$ 2.5	1	$ 1.0
2019-20	4	$ 3.0	3	$ 2.5	1	$ 1.0
2020-21	5	$ 3.5	3	$ 2.5	1	$ 1.0
2021-22	5	$ 3.5	3	$ 2.5	1	$ 1.0

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$ 1.2 M	$ 1.5 M	$ 1.2 M	$ 1.5 M	$ 0.8 M	$ 1.0 M
2018-19	$ 2.3 M	$ 2.5 M	$ 2.3 M	$ 2.5 M	$ 1.0 M	$ 1.0 M
2019-20	$ 2.9 M	$ 3.0 M	$ 2.5 M	$ 2.5 M	$ 1.0 M	$ 1.0 M
2020-21	$ 3.4 M	$ 3.5 M	$ 2.5 M	$ 2.5 M	$ 1.0 M	$ 1.0 M
2021-22	$ 3.5 M	$ 3.5 M	$ 2.5 M	$ 2.5 M	$ 1.0 M	$ 1.0 M

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Repeal 288.11621
Bill Number(s): PCB CCS 17-01 - Section 63

☐ **Entire Bill**
☒ **Partial Bill**: Section 63. Repeal 288.11621
Sponsor(s):
Month/Year Impact Begins: July 1, 2017
Date of Analysis: 2/9/2017

Section 1: Narrative

a. **Current Law**: s. 288.11621 F.S., allows up to 10 certified applicants to receive funds provided under s. 212.20(6)(d)6.b. F.S. The certified applicants may use these funds for approved uses as specified in s. 288.11621(3) F.S.

b. **Proposed Change**: the proposed language repeals s. 288.11621 F.S.

Section 2: Description of Data and Sources

Department of Revenue Pro Sports Summary by Fiscal Year data

Section 3: Methodology (Include Assumptions and Attach Details)

There are two open slots, the high assumes they are both filled.

Cash values are 10 months of recurring for each instance of a new certified applicant.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	$	$				
2018-19	$	$				
2019-20	$0.8M	$1.0M				
2020-21	$1.0M	$1.0M				
2021-22	$1.8M	$2.0M				

List of affected Trust Funds: Sales Tax Trust Fund Group

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted a zero impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Tax: State Trust Fund
Issue: Transfer of Escrow to State Accounts
Bill Number(s): PCB CCS 17-01

☐ **Entire Bill**
☒ **Partial Bill**: Section 7
Sponsor(s): Careers & Competition Subcommittee
Month/Year Impact Begins: July 1, 2017
Date of Analysis: February 10, 2017

Section 1: Narrative

a. Current Law: Enterprise Florida has created an escrow account in a commercial bank to hold Quick Action Closing Funds that are obligated to businesses via contract. The contracts include specific dates at which time the business's performance will be measured. Typically, the business provides data in support of meeting performance requirements within a few months after the expected performance date. Then, a third-party auditor verifies the data. The payment to the company is typically made in the fiscal year following the performance date (e.g., December 2015 performance date = Fiscal Year 2016-17 payment).

As of January 2017, the total funds held in the escrow account are approximately $115.3 million. The funds are deposited outside of the State Treasury. Enterprise Florida returns escrow funds to the Department of Economic Opportunity (DEO) when incentive recipients do not meet contract deliverables. These funds are deposited in the fund from which the appropriation originated—either the General Revenue Fund or the SEED Trust Fund. Further, on a quarterly basis, Enterprise Florida remits interest payments earned on escrow funds to DEO which are deposited in the General Revenue Fund or the SEED Trust Fund, based on the source of the original appropriation. Currently, the commercial account earns 0.25% interest.

b. Proposed Change: Section 7 of the bill provides for a type two transfer of Enterprise Florida's duties, functions, records, pending issues, existing contracts, administrative authority, administrative rules, and unexpended balances of appropriations, allocations, and other public funds to DEO. Pursuant to section 20.02(2), F.S., a type two transfer provides for the merging of an abolished unit, program, activity, or function into an existing agency. The type two transfer covers all statutory powers, duties, functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds. The transfer of segregated funds must be done such that the relation between program and revenue source as provided by law is retained. In effect, this legislation provides for the transfer of the EFI escrow account balances from the commercial bank to DEO for deposit in the State Treasury.

Section 2: Description of Data and Sources

- December 2016 Escrow Activity Monthly Status Report, provided by DEO as required by proviso attached to Specific Appropriation 2229 of the 2016-17 General Appropriations Act.
- Expected escrow payments by fiscal year, provided by DEO staff.

Section 3: Methodology (Include Assumptions and Attach Details)

The table on the following page shows the anticipated payments from the escrow accounts, assuming all of the companies meet the required performance expectations and subsequent data validation by external auditors. If the full $11.5 million is released by June 30, approximately $103.8 million would be available for transfer to DEO for deposit in the State Treasury. It is unknown in which state trust fund the transferred escrow funds will be deposited; however, the existing Economic Development Trust Fund, created in s. 288.095, F.S., would be a possibility.

REVENUE ESTIMATING CONFERENCE

Tax: State Trust Fund
Issue: Transfer of Escrow to State Accounts
Bill Number(s): PCB CCS 17-01

Performance Date	Payment Year	Amount	GR	SEED
2015 December	2016-17	$11,470,615	$449,111	$11,021,504
2016 December	2017-18	$17,602,274	$6,095,553	$11,506,721
2017 December	2018-19	$21,556,954	$4,224,222	$17,332,732
2018 December	2019-20	$15,357,111	$2,677,111	$12,680,000
2019 December	2020-21	$10,176,111	$2,031,111	$8,145,000
2020 December	2021-22	$10,811,667	$1,376,667	$9,435,000
2021 December	2022-23	$7,087,778	$627,778	$6,460,000
2022 December	2023-24	$6,358,887	$553,887	$5,805,000
2023 December	2024-25	$5,835,000	$2,750,000	$3,085,000
2024 December	2025-26	$2,595,000	$0	$2,595,000
2025 December	2026-27	$2,000,000	$0	$2,000,000
2026 December	2027-28	$2,175,000	$0	$2,175,000
2027 December	2028-29	$0	$0	$0
2028 December	2029-30	$2,250,000	$2,250,000	$0
	TOTAL	**$115,276,397**	**$23,035,440**	**$92,240,957**

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			$103.8M	---		
2018-19						
2019-20						
2020-21						
2021-22						

List of affected Trust Funds:
State Trust Fund

Section 5: Consensus Estimate (Adopted: 02/10/2017): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	103.8	0.0	0.0	0.0	103.8	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