

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Educational Institutions/ Late Application

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: Upon becoming law.

Date of Analysis: 4/5/2017

Section 1: Narrative

- a. **Current Law:** Section 196.011(1) (a) provides: Every person or organization who, on January 1, has the legal title to real or personal property, except inventory, which is entitled by law to exemption from taxation as a result of its ownership and use shall, on or before March 1 of each year, file an application for exemption with the county property appraiser, listing and describing the property for which exemption is claimed and certifying its ownership and use. The Department of Revenue shall prescribe the forms upon which the application is made. Failure to make application, when required, on or before March 1 of any year shall constitute a waiver of the exemption privilege for that year, except as provided in subsection (7) or subsection (8).

Section 196.011(8) provides: Any applicant who is qualified to receive any exemption under subsection (1) and who fails to file an application by March 1, must file an application for the exemption with the property appraiser on or before the 25th day following the mailing by the property appraiser of the notices required under s. 194.011(1). Upon receipt of sufficient evidence, as determined by the property appraiser, demonstrating the applicant was unable to apply for the exemption in a timely manner or otherwise demonstrating extenuating circumstances judged by the property appraiser to warrant granting the exemption, the property appraiser may grant the exemption. If the applicant fails to produce sufficient evidence demonstrating the applicant was unable to apply for the exemption in a timely manner or otherwise demonstrating extenuating circumstances as judged by the property appraiser, the applicant may file, pursuant to s. 194.011(3), a petition with the value adjustment board requesting that the exemption be granted. Such petition must be filed during the taxable year on or before the 25th day following the mailing of the notice by the property appraiser as provided in s. 194.011(1). Notwithstanding the provisions of s. 194.013, such person must pay a nonrefundable fee of \$15 upon filing the petition. Upon reviewing the petition, if the person is qualified to receive the exemption and demonstrates particular extenuating circumstances judged by the value adjustment board to warrant granting the exemption, the value adjustment board may grant the exemption for the current year.

Section 196.1983 provides: Charter school exemption from ad valorem taxes.—Any facility, or portion thereof, used to house a charter school whose charter has been approved by the sponsor and the governing board pursuant to s. 1002.33(7) shall be exempt from ad valorem taxes. For leasehold properties, the landlord must certify by affidavit to the charter school that the lease payments shall be reduced to the extent of the exemption received. The owner of the property shall disclose to a charter school the full amount of the benefit derived from the exemption and the method for ensuring that the charter school receives such benefit. The charter school shall receive the full benefit derived from the exemption through either an annual or monthly credit to the charter school's lease payments.

- b. **Proposed Change:**

Notwithstanding the application deadline stated in s. 196.011(1)(a), Florida Statutes, an educational institution that leased a facility that was exempt from ad valorem tax under s. 196.1983, Florida Statutes, for the 2015 ad valorem tax roll and purchased the facility may claim the exemption under s. 196.198, Florida Statutes, for the 2016 ad valorem tax roll by filing an application on or before August 1, 2017.

Section 2: Description of Data and Sources

2015 and 2016 Taxrolls

2016-17 Aggregate Millage Rate

Section 3: Methodology (Include Assumptions and Attach Details)

Matched the taxrolls for 2015 and 2016. Identified all parcels that received the exemption for charter schools authorized in section 196.1983 and that were sold in either 2015 or 2016. From this list of parcels further identified those parcels that received an exemption in 2015 but did not receive an exemption in 2016. This identified 19 parcels that had total taxable value of \$36,674,421. Applied the School and NonSchool millage rates of 6.955 mills and 10.824 mills, respectively, results in the high impact of \$255,071 for School impact and \$396,964 for NonSchool impact. The middle is 50% of this amount and the low is 21.5% of this amount.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Educational Institutions/ Late Application

Bill Number(s): Proposed Language

| | School | NonSchool |
|--------|-----------|-----------|
| High | \$255,071 | \$396,964 |
| Middle | \$127,536 | \$198,482 |
| Low | \$54,840 | \$85,347 |

Section 4: Proposed Fiscal Impact

School

| | High | | Middle | | Low | |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$0.3 M) | | (\$0.1 M) | | (\$0.1 M) | |
| 2018-19 | | | | | | |
| 2019-20 | | | | | | |
| 2020-21 | | | | | | |
| 2021-22 | | | | | | |

NonSchool

| | High | | Middle | | Low | |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$0.4 M) | | (\$0.2 M) | | (\$0.1 M) | |
| 2018-19 | | | | | | |
| 2019-20 | | | | | | |
| 2020-21 | | | | | | |
| 2021-22 | | | | | | |

List of affected Trust Funds:

Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 04/07/2017): 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 | (0.1) | 0.0 | (0.1) | 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: Ad Valorem

Issue: Heavy Equipment Rental Property / Inventory

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: Applies retroactively to January 1, 2017, first impacting levies in 2017-18

Date of Analysis: 4/5/2017

Section 1: Narrative

- a. Current Law: Current Law:** Section 4 of Article VII of the Florida Constitution provides (in part): Taxation; assessments.—By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided: (c) Pursuant to general law tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation.

Section 192.001(11)(c), Florida Statutes, defines "Inventory" to mean only those chattels consisting of items commonly referred to as goods, wares, and merchandise (as well as inventory) which are held for sale or lease to customers in the ordinary course of business. Supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business. Partially finished products which when completed will be held for sale or lease to customers in the ordinary course of business shall be deemed items of inventory. All livestock shall be considered inventory. Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items. For the purposes of this section, fuels used in the production of electricity shall be considered inventory.

Section 196.185 provides: Exemption of inventory.—All items of inventory are exempt from ad valorem taxation.

- b. Proposed Change:** Amends the definition of inventory to include this language: Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items except that heavy equipment rental property shall always be considered inventory.

Creates the following definition: (20) "Heavy equipment rental property" means any construction, earthmoving, or industrial equipment, including attachments or other ancillary equipment or tools, that is mobile and rented by a business within NAICS code 532412. For purposes of this subsection, "NAICS" means those classifications contained in the North American Industrial Classification System, as published in 2017 by the Office of Management and Budget, Executive Office of the President.

Section 2: Description of Data and Sources

2016 Tangible Personal Property taxrolls

March 2017 Ad Valorem Assessment Estimating Conference – Tangible Personal Property Growth rates

NAICS code information

Section 3: Methodology (Include Assumptions and Attach Details)

For the low - Identified those entities on the 2016 tangible personal property taxrolls that were on the taxroll as NAICS code 532412. Summed the total of all taxable value and applied 216 school and non-school millage rates.

For the middle – identified all the entities that were on the taxrolls as NAICS 532412. Then identified all accounts in all counties by those entities. Summed all the taxable value in all NAICS codes, on the assumption that they would switch their filings so that they would be included in NAICS 532412 and thus be exempt. Summed the total of all taxable value and applied 216 school and non-school millage rates.

The high is 1.5 times the middle on the assumption that additional entities would be able to successfully file as 532412 and become exempt.

Growth was estimated by applying the tangible personal property growth rates from the March 2016 Ad Valorem Assessment Estimating Conference.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Heavy Equipment Rental Property / Inventory

Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

School

| | High | | Middle | | Low | |
|---------|------------|------------|------------|------------|-----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$26.4 M) | (\$26.4 M) | (\$17.6 M) | (\$17.6 M) | (\$6.9 M) | (\$6.9 M) |
| 2018-19 | (\$27.1 M) | (\$27.1 M) | (\$18.0 M) | (\$18.0 M) | (\$7.1 M) | (\$7.1 M) |
| 2019-20 | (\$27.7 M) | (\$27.7 M) | (\$18.5 M) | (\$18.5 M) | (\$7.3 M) | (\$7.3 M) |
| 2020-21 | (\$28.4 M) | (\$28.4 M) | (\$19.0 M) | (\$19.0 M) | (\$7.4 M) | (\$7.4 M) |
| 2021-22 | (\$29.1 M) | (\$29.1 M) | (\$19.4 M) | (\$19.4 M) | (\$7.6 M) | (\$7.6 M) |

NonSchool

| | High | | Middle | | Low | |
|---------|------------|------------|------------|------------|------------|------------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$41.1 M) | (\$41.1 M) | (\$27.4 M) | (\$27.4 M) | (\$10.7 M) | (\$10.7 M) |
| 2018-19 | (\$42.1 M) | (\$42.1 M) | (\$28.1 M) | (\$28.1 M) | (\$11.0 M) | (\$11.0 M) |
| 2019-20 | (\$43.2 M) | (\$43.2 M) | (\$28.8 M) | (\$28.8 M) | (\$11.3 M) | (\$11.3 M) |
| 2020-21 | (\$44.2 M) | (\$44.2 M) | (\$29.5 M) | (\$29.5 M) | (\$11.6 M) | (\$11.6 M) |
| 2021-22 | (\$45.4 M) | (\$45.4 M) | (\$30.2 M) | (\$30.2 M) | (\$11.9 M) | (\$11.9 M) |

List of affected Trust Funds:

Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 04/07/17): The Conference adopted a modified estimate that includes all businesses under NAICS 523412 and NAICS 532490 as a proxy for other affected businesses.

| | School | | Non-School | | Total Local/Other | |
|---------|--------|-----------|------------|-----------|-------------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (12.0) | (12.0) | (18.6) | (18.6) | (30.6) | (30.6) |
| 2018-19 | (12.3) | (12.3) | (19.1) | (19.1) | (31.4) | (31.4) |
| 2019-20 | (12.6) | (12.6) | (19.6) | (19.6) | (32.2) | (32.2) |
| 2020-21 | (12.9) | (12.9) | (20.1) | (20.1) | (33.0) | (33.0) |
| 2021-22 | (13.2) | (13.2) | (20.6) | (20.6) | (33.8) | (33.8) |

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 0.0 | 0.0 | 0.0 | 0.0 | (30.6) | (30.6) | (30.6) | (30.6) |
| 2018-19 | 0.0 | 0.0 | 0.0 | 0.0 | (31.4) | (31.4) | (31.4) | (31.4) |
| 2019-20 | 0.0 | 0.0 | 0.0 | 0.0 | (32.2) | (32.2) | (32.2) | (32.2) |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | (33.0) | (33.0) | (33.0) | (33.0) |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (33.8) | (33.8) | (33.8) | (33.8) |

Heavy Equipment Rental Property/ Inventory

| | A | B | C | D | E | F | G |
|----|--|---|-----------------------|-----------------|--------------|--------------|---------|
| 1 | NAICS | Description | Value | Percent | | | |
| 2 | 237990 | Other Heavy and Civil Engineering Construction | \$117,559,623 | 5% | | | |
| 3 | 238990 | All Other Specialty Trade Contractors | \$13,349,594 | 1% | | | |
| 4 | 332410 | Power Boiler and Heat Exchanger Manufacturing | \$30,209,705 | 2% | | | |
| 5 | 522110 | Commercial Banking | \$129,531,876 | 7% | | | |
| 6 | 522190 | Other Depository Credit Intermediation | \$12,156,246 | 1% | | | |
| 7 | 522220 | Sales Financing | \$11,671,621 | 1% | | | |
| 8 | 532120 | Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing | \$11,352,106 | 1% | | | |
| 9 | 532299 | All Other Consumer Goods Rental | \$53,301,155 | 3% | | | |
| 10 | 532310 | General Rental Centers | \$65,834,272 | 1% | | | |
| 11 | 532412 | Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing | \$0 | 20% | | | |
| 12 | 532420 | Office Machinery and Equipment Rental and Leasing | \$343,647,008 | 18% | | | |
| 13 | 532490 | Other Commercial and Industrial Machinery and Equipment Rental and Leasing | \$712,370,960 | 36% | | | |
| 14 | Grand Total | | \$2,137,650,677 | | | | |
| 15 | total those NAICS greater than 1% | | \$1,500,984,166 | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| | | | Statewide | | | | |
| 18 | NAICS Code | NAICS Description | Number of Accounts | Taxable Value | | | |
| 19 | 238910 | Site Preparation Contractors | 1330 | \$155,187,201 | | | |
| 20 | 238990 | All Other Specialty Trade Contractors | 11614 | \$254,570,304 | | | |
| 21 | 532412 | Construction, Mining, & Forestry Machinery & Equipment Rental & Leasing | 949 | \$968,358,951 | | | |
| 22 | 532490 | Other Commercial & Industrial Machinery & Equipment Rental & Leasing | 29634 | \$2,633,005,379 | | | |
| 23 | | | | \$4,011,121,835 | | | |
| 24 | total - 532412 | | | | | | |
| 25 | | | 2016-17 Millage Rates | | | | |
| 26 | | | School | 6.955 | | | |
| 27 | | | Non-school | 10.824 | | | |
| 28 | | | Total | 18.1969 | | | |
| 29 | | | | | | | |
| 30 | TPP Growth rates - March 7, 2017 Ad Valorem Assessment Estimating Conference | | | | | | |
| 31 | | | School | High | Middle | Low | ADOPTED |
| 32 | | 2017 | 2.5% | \$26,405,458 | \$17,603,638 | \$6,903,310 | -\$12.0 |
| 33 | | 2018 | 2.5% | \$27,064,666 | \$18,043,110 | \$7,075,650 | -\$12.3 |
| 34 | | 2019 | 2.5% | \$27,740,331 | \$18,493,554 | \$7,252,292 | -\$12.6 |
| 35 | | 2020 | 2.5% | \$28,432,863 | \$18,955,242 | \$7,433,345 | -\$12.9 |
| 36 | | 2021 | 2.5% | \$29,142,685 | \$19,428,457 | \$7,618,917 | -\$13.2 |
| 37 | | | | | \$18,647,026 | | |
| 38 | | | Non-School | High | Middle | Low | ADOPTED |
| 39 | | 2017 | 2.5% | \$41,094,561 | \$27,396,374 | \$10,743,555 | -\$18.6 |
| 40 | | 2018 | 2.5% | \$42,120,480 | \$28,080,320 | \$11,011,766 | -\$19.1 |
| 41 | | 2019 | 2.5% | \$43,172,011 | \$28,781,341 | \$11,286,673 | -\$19.6 |
| 42 | | 2020 | 2.5% | \$44,249,794 | \$29,499,862 | \$11,568,443 | -\$20.1 |
| 43 | | 2021 | 2.5% | \$45,354,482 | \$30,236,322 | \$11,857,248 | -\$20.6 |

Heavy Equipment Rental Property/ Inventory

| | A | B | C | D |
|----|--------|--|---------------|---------|
| 1 | NAICS | Description | Value | Percent |
| 2 | 115113 | Crop Harvesting, Primarily by Machine | \$820,152 | 0% |
| 3 | 221210 | Natural Gas Distribution | \$6,888,931 | 0% |
| 4 | 221310 | Water Supply and Irrigation Systems | \$114,284 | 0% |
| 5 | 236115 | New Single-Family Housing Construction (except For-Sale Builders) | \$64,690 | 0% |
| 6 | 236210 | Industrial Building Construction | \$19,993 | 0% |
| 7 | 237310 | Highway, Street, and Bridge Construction | \$2,622,818 | 0% |
| 8 | 237990 | Other Heavy and Civil Engineering Construction | \$117,559,623 | 5% |
| 9 | 238190 | Other Foundation, Structure, and Building Exterior Contractors | \$688,559 | 0% |
| 10 | 238290 | Other Building Equipment Contractors | \$55,865 | 0% |
| 11 | 238310 | Drywall and Insulation Contractors | \$272,826 | 0% |
| 12 | 238390 | Other Building Finishing Contractors | \$30,836 | 0% |
| 13 | 238910 | Site Preparation Contractors | \$1,639,368 | 0% |
| 14 | 238990 | All Other Specialty Trade Contractors | \$13,349,594 | 1% |
| 15 | 311421 | Fruit and Vegetable Canning | \$485,641 | 0% |
| 16 | 312112 | Bottled Water Manufacturing | \$863,905 | 0% |
| 17 | 321920 | Wood Container and Pallet Manufacturing | \$627,963 | 0% |
| 18 | 324191 | Petroleum Lubricating Oil and Grease Manufacturing | \$2,035,352 | 0% |
| 19 | 325120 | Industrial Gas Manufacturing | \$183,718 | 0% |
| 20 | 325180 | Other Basic Inorganic Chemical Manufacturing | \$18,950 | 0% |
| 21 | 325998 | All Other Miscellaneous Chemical Product and Preparation Manufacturing | \$446,748 | 0% |
| 22 | 332410 | Power Boiler and Heat Exchanger Manufacturing | \$30,209,705 | 2% |
| 23 | 333111 | Farm Machinery and Equipment Manufacturing | \$1,447,592 | 0% |
| 24 | 333120 | Construction Machinery Manufacturing | \$1,038,852 | 0% |
| 25 | 333249 | Other Industrial Machinery Manufacturing | \$67,838 | 0% |
| 26 | 333318 | Other Commercial and Service Industry Machinery Manufacturing | \$60,147 | 0% |
| 27 | 334614 | Software and Other Prerecorded Compact Disc, Tape, and Record Reproducing | \$117,572 | 0% |
| 28 | 336111 | Automobile Manufacturing | \$4,307 | 0% |
| 29 | 339999 | All Other Miscellaneous Manufacturing | \$147,983 | 0% |
| 30 | 423110 | Automobile and Other Motor Vehicle Merchant Wholesalers | \$271,122 | 0% |
| 31 | 423390 | Other Construction Material Merchant Wholesalers | \$490,173 | 0% |
| 32 | 423810 | Construction and Mining (except Oil Well) Machinery and Equipment Merchant Wholesalers | \$8,527,100 | 0% |
| 33 | 423830 | Industrial Machinery and Equipment Merchant Wholesalers | \$1,599,339 | 0% |
| 34 | 423840 | Industrial Supplies Merchant Wholesalers | \$2,749,138 | 0% |
| 35 | 423850 | Service Establishment Equipment and Supplies Merchant Wholesalers | \$47,072 | 0% |
| 36 | 424690 | Other Chemical and Allied Products Merchant Wholesalers | \$1,562,282 | 0% |
| 37 | 424710 | Petroleum Bulk Stations and Terminals | \$7,701,960 | 0% |
| 38 | 424720 | Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals) | \$546,230 | 0% |

Heavy Equipment Rental Property/ Inventory

| | A | B | C | D |
|----|--------|--|---------------|---------|
| 1 | NAICS | Description | Value | Percent |
| 39 | 441110 | New Car Dealers | \$92,411 | 0% |
| 40 | 443141 | Household Appliance Stores | \$180,676 | 0% |
| 41 | 444110 | Home Centers | \$24,857 | 0% |
| 42 | 444190 | Other Building Material Dealers | \$2,620,031 | 0% |
| 43 | 444210 | Outdoor Power Equipment Stores | \$2,908,887 | 0% |
| 44 | 447110 | Gasoline Stations with Convenience Stores | \$543,243 | 0% |
| 45 | 447190 | Other Gasoline Stations | \$62,289 | 0% |
| 46 | 448120 | Women's Clothing Stores | \$42,035 | 0% |
| 47 | 452111 | Department Stores (except Discount Department Stores) | \$75,669 | 0% |
| 48 | 453998 | All Other Miscellaneous Store Retailers (except Tobacco Stores) | \$626,277 | 0% |
| 49 | 454210 | Vending Machine Operators | \$637,539 | 0% |
| 50 | 454310 | Fuel Dealers | \$5,259,570 | 0% |
| 51 | 454390 | Other Direct Selling Establishments | \$172,956 | 0% |
| 52 | 486210 | Pipeline Transportation of Natural Gas | \$864,429 | 0% |
| 53 | 486990 | All Other Pipeline Transportation | \$1,866,921 | 0% |
| 54 | 493190 | Other Warehousing and Storage | \$548,453 | 0% |
| 55 | 517919 | All Other Telecommunications | \$172,647 | 0% |
| 56 | 519190 | All Other Information Services | \$350,600 | 0% |
| 57 | 521110 | Monetary Authorities-Central Bank | \$701,713 | 0% |
| 58 | 522110 | Commercial Banking | \$129,531,876 | 7% |
| 59 | 522120 | Savings Institutions | \$112,939 | 0% |
| 60 | 522190 | Other Depository Credit Intermediation | \$12,156,246 | 1% |
| 61 | 522220 | Sales Financing | \$11,671,621 | 1% |
| 62 | 522291 | Consumer Lending | \$116,522 | 0% |
| 63 | 522310 | Mortgage and Nonmortgage Loan Brokers | \$6,057,912 | 0% |
| 64 | 522320 | Financial Transactions Processing, Reserve, and Clearinghouse Activities | \$2,703,873 | 0% |
| 65 | 522390 | Other Activities Related to Credit Intermediation | \$1,997,750 | 0% |
| 66 | 523110 | Investment Banking and Securities Dealing | \$29,010 | 0% |
| 67 | 523120 | Securities Brokerage | \$16,397 | 0% |
| 68 | 523930 | Investment Advice | \$40,400 | 0% |
| 69 | 523999 | Miscellaneous Financial Investment Activities | \$256,313 | 0% |
| 70 | 525990 | Other Financial Vehicles | \$4,579,519 | 0% |
| 71 | 531110 | Lessors of Residential Buildings and Dwellings | \$304,089 | 0% |
| 72 | 531120 | Lessors of Nonresidential Buildings (except Miniwarehouses) | \$284,932 | 0% |
| 73 | 531130 | Lessors of Miniwarehouses and Self-Storage Units | \$2,478,257 | 0% |
| 74 | 531312 | Nonresidential Property Managers | \$399,571 | 0% |
| 75 | 532111 | Passenger Car Rental | \$39,546 | 0% |

Heavy Equipment Rental Property/ Inventory

| | A | B | C | D |
|-----|-----------------------------------|---|-----------------|---------|
| 1 | NAICS | Description | Value | Percent |
| 76 | 532112 | Passenger Car Leasing | \$362,868 | 0% |
| 77 | 532120 | Truck, Utility Trailer, and RV (Recreational Vehicle) Rental and Leasing | \$11,352,106 | 1% |
| 78 | 532210 | Consumer Electronics and Appliances Rental | \$3,580,057 | 0% |
| 79 | 532230 | Video Tape and Disc Rental | \$571,419 | 0% |
| 80 | 532291 | Home Health Equipment Rental | \$1,107,777 | 0% |
| 81 | 532292 | Recreational Goods Rental | \$2,067,776 | 0% |
| 82 | 532299 | All Other Consumer Goods Rental | \$53,301,155 | 3% |
| 83 | 532310 | General Rental Centers | \$65,834,272 | 1% |
| 84 | 532411 | Commercial Air, Rail, and Water Transportation Equipment Rental and Leasing | \$1,302,331 | 0% |
| 85 | 532412 | Construction, Mining, and Forestry Machinery and Equipment Rental and Leasing | \$529,004,725 | 20% |
| 86 | 532420 | Office Machinery and Equipment Rental and Leasing | \$343,647,008 | 18% |
| 87 | 532490 | Other Commercial and Industrial Machinery and Equipment Rental and Leasing | \$712,370,960 | 36% |
| 88 | 533110 | Lessors of Nonfinancial Intangible Assets (except Copyrighted Works) | \$1,103,950 | 0% |
| 89 | 541611 | Administrative Management and General Management Consulting Services | \$470,690 | 0% |
| 90 | 541810 | Advertising Agencies | \$145,350 | 0% |
| 91 | 541850 | Outdoor Advertising | \$106,283 | 0% |
| 92 | 551111 | Offices of Bank Holding Companies | \$458,955 | 0% |
| 93 | 561431 | Private Mail Centers | \$139,895 | 0% |
| 94 | 561439 | Other Business Service Centers (including Copy Shops) | \$268,933 | 0% |
| 95 | 561499 | All Other Business Support Services | \$3,954,229 | 0% |
| 96 | 562211 | Hazardous Waste Treatment and Disposal | \$69,915 | 0% |
| 97 | 562991 | Septic Tank and Related Services | \$6,953 | 0% |
| 98 | 713930 | Marinas | \$153,905 | 0% |
| 99 | 811310 | Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance | \$1,036,203 | 0% |
| 100 | 812990 | All Other Personal Services | \$89,608 | 0% |
| 101 | Grand Total | | \$2,137,650,677 | |
| 102 | total those NAICS greater than 1% | | \$2,029,988,891 | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | |
|----|--------------------------------|--------------|--------------|--------------|---------------|--------------|-------------|-------------|-------------|--------------|---------------|--------------|--------------|------------------------------|---------------|----------------------|-----------------------------------|---|------|
| 1 | Row Labels | 237990 | 238990 | 332410 | 522110 | 522190 | 522220 | 532120 | 532299 | 532310 | 532412 | 532420 | 532490 | Total for NAICS with > 1% | Grand Total | Percent in 532412 | Percent of total for 532412 | Percent of grand total - more than 10 | |
| 2 | UNITED RENTALS | \$16,505,024 | | | | | | | \$2,620,128 | \$37,418,113 | \$138,978,680 | | \$20,979,373 | \$216,501,318 | \$225,360,172 | 61.7% | 14.4% | 10.5% | |
| 3 | RING POWER CORPORATION | \$44,032,486 | | | | | | | | \$0 | \$45,863,002 | \$34,306,685 | \$74,531,435 | \$198,733,608 | \$208,067,225 | 23.1% | 4.7% | 9.7% | |
| 4 | SUNBELT RENTALS INC | | | | | | | | | \$10,562,423 | \$140,383,152 | | \$54,134,002 | \$205,079,577 | \$207,699,608 | 68.5% | 14.5% | 9.7% | |
| 5 | DEERE CREDIT INC | \$33,360,714 | | | | | \$8,533,520 | | \$433,125 | \$1,071,659 | \$6,209,604 | \$17,802,974 | \$77,281,840 | \$144,693,436 | \$145,525,177 | 4.3% | 0.6% | 6.8% | |
| 6 | BANK OF AMERICA NA | | | | \$101,141,933 | \$12,156,246 | | | | | | \$1,344,626 | \$302,929 | \$114,945,734 | \$124,898,587 | 0.0% | 0.0% | 5.8% | |
| 7 | KELLY TRACTOR CO | \$250,778 | \$0 | | | | | | | | \$35,528,584 | \$199,377 | \$70,872,348 | \$106,851,087 | \$110,999,523 | 33.3% | 3.7% | 5.2% | |
| 8 | US BANK NATIONAL ASSOCIATION | | | | \$198,857 | | \$864,812 | | \$114,644 | | \$652,873 | \$50,472,929 | \$54,371,519 | \$106,675,634 | \$107,299,324 | 0.6% | 0.1% | 5.0% | |
| 9 | NEFF RENTAL LLC | \$12,755,127 | | | | | | | \$9,946,243 | \$9,399,799 | \$27,850,490 | | \$28,769,603 | \$88,721,262 | \$88,893,909 | 31.4% | 2.9% | 4.2% | |
| 10 | RING POWER CORP | \$3,904,151 | | | | | | | \$192,982 | | \$33,178,095 | \$14,076,974 | \$22,840,253 | \$74,192,455 | \$74,846,656 | 44.7% | 3.4% | 3.5% | |
| 11 | WELLS FARGO FINANCIAL LEASING | | | | | | \$54,200 | | \$1,083,118 | | \$278,408 | \$43,209,410 | \$19,243,942 | \$63,869,078 | \$65,330,375 | 0.4% | 0.0% | 3.1% | |
| 12 | PNC EQUIPMENT FINANCE LLC | | | | | | \$485,552 | | \$8,913,347 | | \$50,047 | \$15,431,829 | \$37,903,201 | \$62,783,976 | \$65,069,494 | 0.1% | 0.0% | 3.0% | |
| 13 | CATERPILLAR FINANCIAL SERVICES | \$943,853 | | | | | | | \$73,430 | \$4,672,440 | \$8,581,075 | \$6,119,078 | \$25,335,655 | \$45,725,531 | \$49,660,510 | 18.8% | 0.9% | 2.3% | |
| 14 | VFS LEASING CO | | | | | | | | \$1,843,738 | \$662,528 | \$4,737,387 | \$24,243,455 | \$14,013,555 | \$45,500,663 | \$45,557,078 | 10.4% | 0.5% | 2.1% | |
| 15 | RING LIFT | | | | | | | | \$2,852,358 | | \$35,365,410 | | \$38,217,768 | \$38,217,768 | \$38,217,768 | 7.5% | 0.3% | 1.8% | |
| 16 | AIR PRODUCTS & CHEMICALS INC | | | \$30,209,705 | | | | | \$0 | | \$2,009,454 | \$134,001 | \$271,979 | \$32,625,139 | \$33,353,886 | 6.2% | 0.2% | 1.6% | |
| 17 | LINDER INDUSTRIAL MACHINERY CO | \$2,161,436 | | | | | \$66,352 | | \$157,823 | | \$12,337,951 | \$3,711,450 | \$10,496,182 | \$28,931,194 | \$31,075,545 | 42.6% | 1.3% | 1.5% | |
| 18 | NORTRAX INC | | | | | | | \$4,284,314 | \$1,538,916 | | \$14,174,405 | | \$6,488,344 | \$26,485,979 | \$29,865,201 | 53.5% | 1.5% | 1.4% | |
| 19 | CHEP USA | | \$0 | | | | | | \$3,406,280 | | | | \$110,546 | \$2,219,819 | \$21,124,356 | \$26,861,001 | 0.4% | 0.0% | 1.3% |
| 20 | CNH CAPITAL AMERICA LLC | \$41,990 | | | | | | | | | \$23,469,124 | | \$842,471 | \$24,353,585 | \$27,090,802 | 96.4% | 2.4% | 1.3% | |
| 21 | FARM CREDIT LEASING SERVICES C | | | | | | | | \$215,749 | | | \$75,350 | \$24,873,417 | \$25,164,516 | \$25,667,157 | 0.9% | 0.0% | 1.2% | |
| 22 | AMERIGAS PROPANE LP | | | | | | | | \$26,357 | | \$261,626 | \$4,024,584 | \$3,099,510 | \$7,412,077 | \$23,068,571 | 3.5% | 0.0% | 1.1% | |
| 23 | SAFWAY SERVICES LLC | | \$11,819,718 | | | | | | \$3,256,405 | | \$472,372 | \$1,804,974 | \$4,454,320 | \$21,807,789 | \$22,495,066 | 2.2% | 0.0% | 1.1% | |
| 24 | BANK OF AMERICA | | | | \$17,550,372 | | \$0 | | | | \$500,000 | | | \$18,050,372 | \$18,815,094 | 2.8% | 0.1% | 0.9% | |
| 25 | MAXIM CRANE WORKS LP | | \$1,390,312 | | | | | | | | \$1,943,639 | \$299,218 | \$11,278,507 | \$14,911,676 | \$17,534,494 | 13.0% | 0.2% | 0.8% | |
| 26 | WILLIAMS SCOTSMAN INC | | | | | | | \$2,323,557 | \$853,715 | \$511,145 | \$530,738 | \$5,602,435 | \$4,036,164 | \$13,857,754 | \$16,868,162 | 3.8% | 0.1% | 0.8% | |
| 27 | TCF EQUIPMENT FINANCE INC | | | | \$2,234,132 | | | | \$4,926,370 | \$602,975 | \$104,367 | \$18,855,523 | \$5,017,634 | \$14,741,001 | \$16,101,884 | 0.7% | 0.0% | 0.8% | |
| 28 | ELEMENT FINANCIAL CORP | | | | | | \$0 | | \$2,379,835 | \$24,467 | \$585,402 | \$8,667,734 | \$3,766,609 | \$15,424,047 | \$15,529,327 | 3.8% | 0.1% | 0.7% | |
| 29 | NMHG FINANCIAL SERVICES INC | | | | | \$1,295 | | \$42,742 | | \$59,752 | \$2,956,278 | \$3,471,120 | \$7,133,933 | \$13,665,120 | \$13,749,739 | 21.6% | 0.3% | 0.6% | |
| 30 | TOYOTA INDUSTRIES COMMERCIAL F | \$164,753 | | | | | | \$709,899 | | | \$154,430 | \$51,870 | \$11,814,824 | \$12,895,776 | \$13,157,921 | 1.2% | 0.0% | 0.6% | |
| 31 | CHEP U S A | | | | | | | | | | \$257,538 | \$12,608,221 | | \$12,865,759 | \$12,941,428 | 2.0% | 0.0% | 0.6% | |
| 32 | MODULAR SPACE CORPORATION | | | | | | | \$2,179,022 | \$2,092,566 | | | | \$1,016,331 | \$5,975,539 | \$11,688,835 | \$11,908,810 | 3.6% | 0.0% | 0.6% |
| 33 | RAYMOND LEASING CORP | | | | | | | | | | \$1,192,303 | \$2,477,090 | \$7,346,711 | \$11,016,104 | \$11,016,104 | 10.8% | 0.1% | 0.5% | |
| 34 | CROWN CREDIT COMPANY | | | | | | | | \$16,830 | | \$459,577 | \$99,043 | \$10,401,596 | \$10,977,046 | \$10,977,046 | 4.2% | 0.0% | 0.5% | |
| 35 | TOYOTA INDUSTRIES COMMERCIAL | | | | | | | \$0 | \$413,075 | | \$50,083 | \$1,561,848 | \$8,590,632 | \$10,615,638 | \$10,825,454 | 0.5% | 0.0% | 0.5% | |
| 36 | RAYMOND LEASING CORPORATION | | | | | | | | \$386,691 | | \$0 | \$3,179,112 | \$5,967,393 | \$9,533,196 | \$9,673,528 | 0.0% | 0.0% | 0.5% | |
| 37 | CATERPILLAR FINANCIAL | | | | | | | | | | \$6,990,311 | \$902,555 | \$7,892,866 | \$7,934,319 | \$7,934,319 | 0.0% | 0.0% | 0.4% | |
| 38 | MOBILE MINI INC | | | | | | | \$723,434 | \$360,293 | | \$978,472 | \$3,087,994 | \$1,294,205 | \$6,444,398 | \$7,866,686 | 15.2% | 0.1% | 0.4% | |
| 39 | RING INVESTMENTS LLC | | | | | | | | | | \$1,721,234 | \$2,186,686 | \$3,471,062 | \$7,378,982 | \$7,635,295 | 23.3% | 0.2% | 0.4% | |
| 40 | MARATHON PETROLEUM COMPANY LP | | | | | | | \$0 | | | \$26,699 | \$0 | \$169,777 | \$196,476 | \$7,618,798 | 13.6% | 0.0% | 0.4% | |
| 41 | BANK OF AMERICA N A | | | | \$6,496,021 | | | | | | \$343,825 | | \$6,839,846 | \$6,917,041 | \$6,917,041 | 0.0% | 0.0% | 0.3% | |
| 42 | BARCELONA EQUIPMENT INC | | \$58,900 | | | | | | \$128,213 | | \$4,580,394 | \$1,344,631 | \$736,717 | \$6,848,855 | \$6,848,855 | 66.9% | 0.5% | 0.3% | |
| 43 | AGGREKO LLC | | | | | | | | \$219,188 | \$25,520 | \$1,620,383 | \$46,710 | \$1,521,819 | \$3,433,620 | \$6,707,419 | 47.2% | 0.2% | 0.3% | |
| 44 | D L PETERSON TRUST | \$455,005 | | | | | | | \$20,350 | | \$1,598,113 | \$2,945,800 | \$5,019,268 | \$6,627,853 | \$6,627,853 | 0.4% | 0.0% | 0.3% | |
| 45 | FINANCIAL PACIFIC LEASING LLC | | | | | | \$9,439 | | \$707,255 | | \$1,082 | \$1,916,997 | \$3,032,359 | \$5,667,132 | \$5,723,834 | 0.0% | 0.0% | 0.3% | |
| 46 | KOMATSU FINANCIAL LP | | | | | | | | | | \$615,686 | \$1,318,277 | \$1,038,928 | \$2,972,891 | \$5,651,023 | 20.7% | 0.1% | 0.3% | |
| 47 | TOYOTA INDUSTRIES COMMERCIAL F | | | | | | | | \$2,688,478 | | \$75,360 | \$2,743,882 | | \$5,507,720 | \$5,507,720 | 1.4% | 0.0% | 0.3% | |
| 48 | TOYOTA MOTOR CREDIT CORP | \$43,804 | | | | | | | | | \$0 | | \$5,318,137 | \$5,361,941 | \$5,361,941 | 0.0% | 0.0% | 0.3% | |
| 49 | STEARNS BANK NA | \$364,469 | | | \$111,052 | | | | | | \$99,535 | \$3,641,403 | \$1,051,772 | \$5,268,231 | \$5,274,833 | 1.9% | 0.0% | 0.2% | |
| 50 | ASCENTIUM CAPITAL LLC | | | | | | | | \$236,322 | \$111,976 | \$50,652 | \$1,482,969 | \$3,192,209 | \$5,074,128 | \$5,074,128 | 1.0% | 0.0% | 0.2% | |
| 51 | CROWN LIFT TRUCKS | | | | | | \$140,957 | | | | \$1,634,896 | \$1,434,681 | \$1,434,345 | \$4,644,879 | \$4,644,879 | 35.2% | 0.2% | 0.2% | |
| 52 | COMPACT POWER EQUIPMENT INC | | | | | | | | | | \$1,450,593 | \$1,651,245 | \$1,438,440 | \$4,540,278 | \$4,571,061 | 31.9% | 0.1% | 0.2% | |
| 53 | MOBILE MODULAR PORTABLE STORAG | | | | | | \$316,282 | \$430,370 | \$0 | | \$178,226 | \$1,938,844 | \$1,342,845 | \$4,206,567 | \$4,206,567 | 4.2% | 0.0% | 0.2% | |
| 54 | ONSET FINANCIAL INC | | | | | | | | | | \$627,500 | \$105,280 | \$2,909,012 | \$3,641,792 | \$3,955,542 | 17.2% | 0.1% | 0.2% | |
| 55 | DS SERVICES OF AMERICA INC | | | | | | | | \$943,515 | | \$17,493 | \$862,221 | | \$2,212,085 | \$3,950,576 | 0.8% | 0.0% | 0.2% | |
| 56 | AIRGAS USA LLC SOUTH DIVISION | | | | | | | | \$203,839 | | \$0 | | \$2,264,580 | \$2,468,419 | \$3,806,164 | 0.0% | 0.0% | 0.2% | |
| 57 | ALTUS GROUP | | | | | | | | | | \$2,131,848 | | \$3,627 | \$2,135,475 | \$3,547,660 | 99.8% | 0.2% | 0.2% | |
| 58 | AIRGAS USA LLC - SOUTH DIVISIO | | | | | | | | | | \$1,922,624 | | \$345 | \$1,922,969 | \$3,536,895 | 100.0% | 0.2% | 0.2% | |
| 59 | AVON LEASING INC | | | | | | \$241,290 | | \$725,169 | | \$5,960 | \$696,568 | \$1,401,050 | \$3,070,037 | \$3,070,037 | 0.2% | 0.0% | 0.1% | |
| 60 | BRASFIELD & GORRIE LLC | \$2,576,033 | \$67,631 | | | | | | | | \$13,645 | \$123,506 | \$119,109 | \$2,899,924 | \$3,040,472 | 0.5% | 0.0% | 0.1% | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | | |
|-----|--------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|------------------------------|-----------------|----------------------|-----------------------------------|---|------|------|
| 1 | Row Labels | 237990 | 238990 | 332410 | 522110 | 522190 | 522220 | 532120 | 532299 | 532310 | 532412 | 532420 | 532490 | Total for NAICS with > 1% | Grand Total | Percent in 532412 | Percent of total for 532412 | Percent of grand total - more than 10 | | |
| 61 | MOBILE MODULAR MGMT CORP | | | | | | | \$142,364 | | | | \$260,901 | \$47,965 | \$2,543,520 | \$2,994,750 | \$2,994,750 | 8.7% | 0.0% | 0.1% | |
| 62 | SAFETY KLEEN SYSTEMS INC | | | | | | | | \$0 | \$170,910 | | \$0 | \$132,795 | \$453,381 | \$757,086 | \$2,820,714 | 0.0% | 0.0% | 0.1% | |
| 63 | TIMEPAYMENT CORP LLC | | | | | | \$193,129 | | | | | \$374,553 | \$1,030,080 | \$1,220,381 | \$2,818,143 | \$2,818,143 | 13.3% | 0.0% | 0.1% | |
| 64 | DIRECT CAPITAL CORPORATION | | | | | | | | | | | \$47,024 | \$835,459 | \$1,555,160 | \$2,437,643 | \$2,506,797 | 1.9% | 0.0% | 0.1% | |
| 65 | NISSAN MOTOR ACCEPTANCE CORP | | | | | | \$270,290 | | \$159,807 | \$173,355 | | \$57,591 | \$1,036,853 | \$503,039 | \$2,200,935 | \$2,462,172 | 2.6% | 0.0% | 0.1% | |
| 66 | CONNELL FINANCE COMPANY INC | | | | | | | | \$584,074 | \$0 | | \$50,140 | \$881,355 | \$888,086 | \$2,403,655 | \$2,403,655 | 2.1% | 0.0% | 0.1% | |
| 67 | BRAND ENERGY & INFRASTRUCTURE | | | | | | | | \$9,955 | | | \$77,527 | \$132,813 | \$1,806,938 | \$2,027,233 | \$2,330,895 | 3.8% | 0.0% | 0.1% | |
| 68 | AZTEC FINANCIAL INC | | | | | | | | \$73,286 | \$0 | | \$34,920 | \$865,677 | \$1,233,978 | \$2,207,861 | \$2,284,405 | 1.6% | 0.0% | 0.1% | |
| 69 | SOMERSET CAPITAL GROUP LTD | | | | | | | | \$0 | | | \$29,219 | \$1,284,111 | \$946,666 | \$2,259,996 | \$2,259,996 | 1.3% | 0.0% | 0.1% | |
| 70 | NORTHERN LEASING SYSTEMS INC | | | | | | \$0 | | \$87,155 | \$49,943 | | \$0 | \$1,487,772 | \$612,180 | \$2,237,050 | \$2,249,342 | 0.0% | 0.0% | 0.1% | |
| 71 | BANK OF THE WEST | | | | \$0 | | | | | | | \$467,767 | \$713,828 | \$1,058,953 | \$2,240,548 | \$2,240,548 | 20.9% | 0.0% | 0.1% | |
| 72 | COMPACT POWER EQUIPMENT CENTER | | | | | | | | | | | \$234,222 | | \$1,870,067 | \$2,104,289 | \$2,192,543 | 11.1% | 0.0% | 0.1% | |
| 73 | WHEELS LT | \$0 | | | | | | | | \$232,460 | | \$0 | \$857,502 | \$1,081,626 | \$2,171,588 | \$2,171,588 | 0.0% | 0.0% | 0.1% | |
| 74 | FARM CREDIT LEASING SERVICES | | | | | | | | \$240,840 | \$210,288 | | \$266,584 | \$660,688 | \$606,577 | \$1,984,977 | \$1,984,977 | 13.4% | 0.0% | 0.1% | |
| 75 | DIRECT CAPITAL CORP | | | | | | | | | | | \$5,216 | \$692,458 | \$751,557 | \$1,449,231 | \$1,481,839 | 0.4% | 0.0% | 0.1% | |
| 76 | BRIGGS EQUIPMENT | | | | | | | | | | | \$0 | \$880,914 | \$322,073 | \$274,822 | \$1,477,809 | \$1,477,809 | 59.6% | 0.1% | 0.1% |
| 77 | AUTOMOTIVE RENTALS INC | | | | | | | | \$61,426 | \$0 | | \$13,594 | \$537,582 | \$738,454 | \$1,351,056 | \$1,379,033 | 1.0% | 0.0% | 0.1% | |
| 78 | BANK OF AMERICA, N.A. | | | | \$1,312,215 | | | | | | | | | | \$1,312,215 | \$1,312,215 | 0.0% | 0.0% | 0.1% | |
| 79 | AGCO FINANCE LLC | | | | | | | | | | | \$0 | \$123,052 | \$857,052 | \$980,104 | \$1,202,274 | 0.0% | 0.0% | 0.1% | |
| 80 | HOLLAND PUMP COMPANY | | | | | | | | \$76,370 | | | \$133,278 | \$334,155 | \$644,159 | \$1,187,962 | \$1,187,962 | 11.2% | 0.0% | 0.1% | |
| 81 | GM-DI LEASING CORPORATION | | | | | | | | \$0 | | | \$55,861 | \$517,210 | \$421,903 | \$994,974 | \$1,154,874 | 5.6% | 0.0% | 0.1% | |
| 82 | DAKOTA FINANCIAL LLC | | | | | | \$316,910 | | | | | \$354,200 | \$0 | \$347,108 | \$1,018,218 | \$1,018,218 | 34.8% | 0.0% | 0.0% | |
| 83 | BALBOA CAPITAL CORPORATION | | | | | | | | \$122,564 | | | \$0 | \$567,038 | \$223,992 | \$913,594 | \$938,818 | 0.0% | 0.0% | 0.0% | |
| 84 | SAFETY-KLEEN SYSTEMS INC | | | | | | | | \$5,668 | \$102,010 | | \$137,952 | \$205,535 | \$14,675 | \$465,840 | \$795,159 | 29.6% | 0.0% | 0.0% | |
| 85 | UNIFI EQUIPMENT FINANCE | | | | | | \$0 | | \$75,585 | | | \$0 | \$412,180 | \$264,528 | \$752,293 | \$752,293 | 0.0% | 0.0% | 0.0% | |
| 86 | ACTON MOBILE INDUSTRIES LLC | | | | | | | \$488,313 | \$13,354 | \$7,541 | | \$90 | \$0 | \$221,507 | \$730,805 | \$730,805 | 0.0% | 0.0% | 0.0% | |
| 87 | BANK OF AMERICA NA-ATM | | | | \$487,294 | | | | | | | | \$59,475 | | \$546,769 | \$546,769 | 0.0% | 0.0% | 0.0% | |
| 88 | GELCO CORPORATION | | | | | | | | \$232,249 | \$65 | | \$0 | \$30,813 | \$236,294 | \$499,421 | \$499,421 | 0.0% | 0.0% | 0.0% | |
| 89 | AMERICAN HONDA MOTOR CO INC | | | | | | | | \$33,126 | \$17,388 | | \$33,610 | \$46,072 | \$90,832 | \$221,028 | \$497,194 | 15.2% | 0.0% | 0.0% | |
| 90 | LINDE LLC | | | | | | | | | | | \$0 | \$299,993 | \$175,596 | \$475,589 | \$496,610 | 0.0% | 0.0% | 0.0% | |
| 91 | ADVANCED PROPERTY TAX COMPLIAN | | | | | | | | | | | \$102,506 | \$192,209 | \$164,950 | \$459,665 | \$459,665 | 22.3% | 0.0% | 0.0% | |
| 92 | STEARNS BANK N.A. | | | | | | \$144,057 | | \$0 | | | \$103,536 | \$89,220 | \$111,910 | \$448,723 | \$448,723 | 23.1% | 0.0% | 0.0% | |
| 93 | KEYSTONE EQUIPMENT FINANCE COR | | | | | | \$33,536 | | \$0 | | | \$54,120 | \$14,645 | \$273,423 | \$375,724 | \$375,724 | 14.4% | 0.0% | 0.0% | |
| 94 | CROWN EQUIPMENT CORP | | | | | | | | \$91,999 | \$5,817 | | \$33,677 | | \$236,937 | \$368,430 | \$368,430 | 9.1% | 0.0% | 0.0% | |
| 95 | NATIONAL CONSTRUCTION RENTALS | | \$13,033 | | | | | | \$112,390 | \$33,910 | | \$4,997 | \$0 | \$105,860 | \$270,190 | \$270,190 | 1.8% | 0.0% | 0.0% | |
| 96 | QUENCH USA INC | | | | | | | | \$79,850 | | | \$0 | \$48,248 | \$62,902 | \$191,000 | \$191,000 | 0.0% | 0.0% | 0.0% | |
| 97 | YES LEASING | | | | | | | | | | | \$18,970 | \$0 | \$162,115 | \$181,085 | \$181,085 | 10.5% | 0.0% | 0.0% | |
| 98 | NEW ACTON MOBILE INDUSTRIES | | | | | | | \$28,091 | \$0 | | | \$33,423 | \$65,132 | \$22,843 | \$149,489 | \$149,489 | 22.4% | 0.0% | 0.0% | |
| 99 | ANDERSON RENTALS INC | | | | | | | | \$0 | | | \$10,581 | \$45,695 | \$49,664 | \$105,940 | \$112,893 | 10.0% | 0.0% | 0.0% | |
| 100 | ADVANCE ACCEPTANCE/ALL LINES L | | | | | | | | \$61,355 | | | \$0 | \$9,897 | \$0 | \$71,252 | \$71,252 | 0.0% | 0.0% | 0.0% | |
| 101 | NBH BANK NA | | | | | | | | | | | \$406 | \$66,404 | \$0 | \$66,810 | \$66,810 | 0.6% | 0.0% | 0.0% | |
| 102 | GELCO CORP | | | | | | | | | | | \$0 | \$29,351 | \$0 | \$29,351 | \$29,351 | 0.0% | 0.0% | 0.0% | |
| 103 | MACQUARIE EQUIPMENT FINANCE | | | | | | | | \$0 | | | \$0 | \$25,060 | \$25,060 | \$25,060 | 0.0% | 0.0% | 0.0% | | |
| 104 | | | | | | | | | | | | | | | | | | | | |
| 105 | Grand Total | \$117,559,623 | \$13,349,594 | \$30,209,705 | \$129,531,876 | \$12,156,246 | \$11,671,621 | \$11,352,106 | \$53,301,155 | \$65,834,272 | \$529,004,725 | \$343,647,008 | \$712,370,960 | \$2,029,988,891 | \$2,137,650,677 | | 54.6% | | | |

REVENUE ESTIMATING CONFERENCE

Tax: Excise Tax on Alcoholic Beverages

Issue: Sake Reference in Chapter 564, F.S., Definition of Wine

Bill Number(s): Proposed Bill Language

Entire Bill

Partial Bill: Proposed Bill Language

Sponsor(s):

Month/Year Impact Begins: July 2017

Date of Analysis: 04/04/17

Section 1: Narrative

The proposed bill language adds “sake” as an expressly identified product type within the definition of “wine” in section 564.01, Florida Statutes.

a. Current Law:

Section 564.01, Florida Statutes, defines the term "wine." The statute provides, in part, that "wine" means all beverages made from fresh fruits, berries, or grapes, either by natural fermentation or by natural fermentation with brandy added, in the manner required by the laws and regulations of the United States, and includes all sparkling wines, champagnes, combination of the aforesaid beverages, vermouths, and like products.

b. Proposed Change:

The proposed bill language amends section 564.01, Florida Statutes, to add “sake” as an expressly identified product type within the definition of “wine” in section 564.01, Florida Statutes.

Section 2: Description of Data and Sources

N/A

Section 3: Methodology (Include Assumptions and Attach Details)

While the proposed bill language explicitly refers to “sake” in the definition of “wine,” the added reference provides clarity without creating a fiscal impact related to excise taxes on these products. Florida excise taxes on sake products are currently collected pursuant to section 564.06, Florida Statutes, relating to excise taxes on wines and beverages. Section 564.06(1), F.S., provides “[a]s to beverages including wines, except natural sparkling wines, cider and malt beverages, containing 0.5 percent or more alcohol by volume and less than 17.259 percent alcohol by volume, there shall be paid by all manufacturers and distributors a tax at the rate of \$2.25 per gallon.” A review of brand registration data in February 2017 reflected approximately 573 products with brand names referencing the term “sake,” all registered as vinous products in Florida.

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 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 |
| 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 |

List of affected Trust Funds: Alcoholic Beverages and Tobacco Trust Fund

Section 5: Consensus Estimate (Adopted: 04/07/2017): The Conference adopted the zero 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: Local Business Tax

Issues: Provides exemptions from the business tax, subject to certain conditions, to veterans, veterans' spouses, active duty military service members' spouses, or low-income persons.

Bill Number(s): CS/SB 330 (This bill is similar to Sections 3-4 of CS/HB 487)

Entire Bill

Partial Bill:

Sponsor(s): Senator Steube

Month/Year Impact Begins: Upon becoming law.

Date of Analysis: April 7, 2017

Section 1: Narrative

- a. **Current Law:** The local business tax represents the taxes charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. This tax does not refer to any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

Eligibility

County and municipal governments may levy, by appropriate resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction, pursuant to ss. 205.032 and 205.042, F.S. Additionally, pursuant to s. 205.033(6), F.S., a county, as defined in s. 125.011(1), F.S., (i.e., Miami-Dade County) or any adjacent county (i.e., Broward, Collier, and Monroe counties) is authorized to levy and collect an additional business tax up to 50 percent of the appropriate business tax imposed under s. 205.033(1), F.S., if adopted by ordinance prior to January 1, 1995.

Administrative Procedures

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction. Pursuant to ss. 205.032 and 205.042, F.S., the public notice must contain the proposed classifications and rates applicable to the business tax.

A number of other conditions for levy are imposed on counties and municipalities, pursuant to ss. 205.033 and 205.043, F.S., including the transfer of a business tax receipt to a new owner or new business location within the same jurisdiction upon payment of a transfer fee of up to 10 percent of the annual business tax, but not less than \$3 nor more than \$25.

Beginning October 1, 1995, a county or municipality that has not adopted a business tax ordinance or resolution may adopt a business tax ordinance, pursuant to s. 205.0315, F.S. The tax rate structure and classifications in the adopted ordinance must be reasonable and based upon the rate structure and classifications prescribed in ordinances adopted by adjacent local governments that have implemented s. 205.0535, F.S. If no adjacent local government has implemented s. 205.0535, F.S., or if the governing body of the county or municipality finds that the rate structures or classifications of adjacent local governments are unreasonable, then an alternative method is authorized. In such a case, the rate structure or classifications prescribed in the ordinance of the local government seeking to impose the tax may be based upon those prescribed in ordinances adopted by local governments that have implemented s. 205.0535, F.S., in counties or municipalities that have a comparable population.

Pursuant to s. 205.0535, F.S., by October 1, 2008, any municipality that adopted by ordinance a local business tax after October 1, 1995, could, by ordinance, reclassify businesses, professions, and occupations and establish new rate structures provided certain conditions were met. If such conditions were met, counties and municipalities could, every other year thereafter, increase or decrease by ordinance the rates of business taxes by up to 5 percent. Any subsequent increase must be enacted by at least a majority plus one vote of the governing body. A county or municipality is not prohibited from decreasing or repealing any authorized local business tax, and the governing body may adopt an ordinance by majority vote that repeals a local business tax or establishes new rates that decrease local business tax and do not result in an increase in local business taxes for a taxpayer without having to establish an equity study commission.

A municipality's governing body that levies the tax may request that the county in which the municipality is located issue the municipal receipt and collect the tax. A county's governing body that levies the tax may request that municipalities within the county issue the county receipt and collect the tax. However, before any local government issues any business receipts on behalf of another local government, appropriate agreements must be entered into by the affected local governments, pursuant

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Bill Number(s): CS/SB 330 (This bill is similar to Sections 3-4 of CS/HB 487)

to s. 205.045, F.S. All business tax receipts are sold by the appropriate tax collector beginning July 1st of each year. The taxes are due and payable on or before September 30th of each year, and the receipts expire on September 30th of the succeeding year. In several situations, administrative penalties are also imposed, pursuant to s. 205.053, F.S.

Several sections of Chapter 205, F.S., exempt, or allow local governments to exempt, certain individuals from all or some portion of local business taxes as well as regulate the issuance of tax receipts to certain individuals or businesses.

Distribution of Tax Proceeds

Pursuant to s. 205.033, F.S., the revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and credit given for municipal business taxes, are apportioned between the county's unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing their respective populations by the county's total population. Furthermore, within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority, pursuant to s. 205.033(5), F.S.

Authorized Uses

Local business tax proceeds are considered general revenue for the local government. The proceeds of a county-imposed local business tax may be used for overseeing and implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques, pursuant to s. 205.033(7), F.S. The proceeds of the additional county business tax imposed pursuant to s. 205.033(6), F.S., are distributed by the county's governing body to a designated organization or agency for the purpose of implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.

- b. Proposed Changes:** Section 1 creates s. 205.055, F.S., to provide that, on or after July 1, 2016, veterans, spouses of veterans and active service members, and low-income persons, as defined, are entitled to an exemption from the tax and any fees imposed under Chapter 205, F.S. Additionally, it specifies the procedure required to receive such exemption. Section 2 repeals s. 205.171, F.S., which addresses exemptions allowed for disabled veterans of any war or their unmarried spouses.

Section 2: Description of Data and Sources

Because the local business tax is a locally-authorized and locally-administered tax with no reporting requirement to any state agency, there is no current count on the number of county and municipal governments levying the tax and the amounts of tax collections in the most recently completed fiscal years. Historical Local Business Tax revenues (i.e., LFY 1992-93 through 2014-15) as reported by local governments are available from their respective Annual Financial Reports (AFRs) via Revenue Account #316.000 – Local Business Tax, which are posted on the EDR's website via the link below.

<http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm>

Another issue that complicates the analysis is the fact that local governments adopt classification schedules, which specify the local business tax rate applicable to certain types of businesses. There is no statutory requirement that such schedules and tax rates be identical from one jurisdiction to another. Consequently, the types of businesses taxed and the applicable tax rates can vary.

In February 2017, EDR surveyed county and municipal government in an effort to assess the impacts of the original bill (i.e., SB 330). This survey was facilitated by the Florida Association of Counties, Florida League of Cities, and Florida Association of Business Tax Officials. Numerous county and municipal respondents indicated the lack of available data needed to calculate the impact of the exemption changes in SB 330, which are identical to those in this bill.

Florida Population

Demographic Estimating Conference – Florida Demographic Forecast – February 13, 2017

<http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf>

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Number of Florida Veterans: Total and Employed in the Labor Force

U.S. Census Bureau, American Factfinder, 2015 American Community Survey 1-Year Estimates
Veteran Status by Employment Status for the Civilian Population 18 to 64 Years – Table C21005

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_C21005&prodType=table

Marital Status of U.S. Veterans

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics
Profile of Veterans: 2014 – Data from the American Community Survey – March 2016

https://www.va.gov/vetdata/docs/SpecialReports/Profile_of_Veterans_2014.pdf

Number of Active Duty Military in Florida

Defense Manpower Data Center

DoD Personnel, Workforce Reports & Publications

Military and Civilian Personnel by Service/Agency by State/Country - December 2016

https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp

Marital Status of Active Duty Members

U.S. Department of Defense

Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy
2015 Demographics – Profile of the Military Community (page 42)

<http://download.militaryonesource.mil/12038/MOS/Reports/2015-Demographics-Report.pdf>

Number of Florida Low-Income Persons: Total and Employed at 130% and 100% of Federal Poverty Level

EDR compilations of American Community Survey 2015 1-Year IPUMS data.

Section 3: Methodology (Include Assumptions and Attach Details)

See attached spreadsheet.

Section 4: Proposed Fiscal Impact (Millions)

| | High | | Middle | | Low | |
|---------|----------|-----------|----------|-----------|----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$70.2) | (\$70.2) | (\$60.4) | (\$60.4) | (\$21.1) | (\$21.1) |
| 2018-19 | (\$72.8) | (\$72.8) | (\$62.7) | (\$62.7) | (\$21.9) | (\$21.9) |
| 2019-20 | (\$75.5) | (\$75.5) | (\$65.0) | (\$65.0) | (\$22.7) | (\$22.7) |
| 2020-21 | (\$78.4) | (\$78.4) | (\$67.4) | (\$67.4) | (\$23.5) | (\$23.5) |
| 2021-22 | (\$81.2) | (\$81.2) | (\$69.9) | (\$69.9) | (\$24.4) | (\$24.4) |

List of Affected Trust Funds: Local funds only.

Section 5: Consensus Estimate (Adopted: 04/07/2017): The Conference adopted the low estimate with an additional 10% adjustment on top of the low to address ambiguity in the language that is subject to interpretation. No adjustment was made for the retroactive date in the bill.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 0.0 | 0.0 | 0.0 | 0.0 | (23.2) | (23.2) | (23.2) | (23.2) |
| 2018-19 | 0.0 | 0.0 | 0.0 | 0.0 | (24.1) | (24.1) | (24.1) | (24.1) |
| 2019-20 | 0.0 | 0.0 | 0.0 | 0.0 | (25.0) | (25.0) | (25.0) | (25.0) |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | (25.9) | (25.9) | (25.9) | (25.9) |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (26.8) | (26.8) | (26.8) | (26.8) |

| | A | B | C | D | E | F | G | H | I |
|----|--|---------------------------|-----------------|--------------------|------------------------------|------------------------------|--------------------|---------------|---|
| 1 | Fiscal Impact Analysis of CS/HB 487 & CS/SB 330 - Local Business Tax | | | | | | | | |
| 2 | Issue: New Tax Exemptions | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | I. Local Business Tax (LBT) Revenue Collections Reported in Annual Financial Reports (AFRs) | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | County Governments | | | | Municipal Governments | | | |
| 7 | Local FY | # Reporting | Revenue | % Chg. | | # Reporting | Revenue | % Chg. | |
| 8 | 1992-93 | 55 | \$ 26,163,869 | - | | 339 | \$ 75,015,739 | - | |
| 9 | 1993-94 | 56 | \$ 25,868,020 | -1.1% | | 348 | \$ 79,263,843 | 5.7% | |
| 10 | 1994-95 | 56 | \$ 31,882,531 | 23.3% | | 351 | \$ 83,089,405 | 4.8% | |
| 11 | 1995-96 | 53 | \$ 33,611,239 | 5.4% | | 349 | \$ 88,439,882 | 6.4% | |
| 12 | 1996-97 | 52 | \$ 37,389,633 | 11.2% | | 332 | \$ 86,365,240 | -2.3% | |
| 13 | 1997-98 | 54 | \$ 38,157,611 | 2.1% | | 355 | \$ 96,076,648 | 11.2% | |
| 14 | 1998-99 | 52 | \$ 41,070,208 | 7.6% | | 355 | \$ 104,065,179 | 8.3% | |
| 15 | 1999-00 | 54 | \$ 49,372,600 | 20.2% | | 368 | \$ 102,354,866 | -1.6% | |
| 16 | 2000-01 | 53 | \$ 49,791,778 | 0.8% | | 361 | \$ 106,664,098 | 4.2% | |
| 17 | 2001-02 | 53 | \$ 47,638,155 | -4.3% | | 359 | \$ 106,808,528 | 0.1% | |
| 18 | 2002-03 | 52 | \$ 37,278,372 | -21.7% | | 372 | \$ 114,472,063 | 7.2% | |
| 19 | 2003-04 | 52 | \$ 38,064,867 | 2.1% | | 361 | \$ 116,609,723 | 1.9% | |
| 20 | 2004-05 | 52 | \$ 39,004,250 | 2.5% | | 362 | \$ 125,376,485 | 7.5% | |
| 21 | 2005-06 | 52 | \$ 38,692,435 | -0.8% | | 365 | \$ 131,043,232 | 4.5% | |
| 22 | 2006-07 | 45 | \$ 36,907,051 | -4.6% | | 335 | \$ 120,566,643 | -8.0% | |
| 23 | 2007-08 | 33 | \$ 32,336,389 | -12.4% | | 270 | \$ 118,363,518 | -1.8% | |
| 24 | 2008-09 | 35 | \$ 31,819,544 | -1.6% | | 280 | \$ 120,745,390 | 2.0% | |
| 25 | 2009-10 | 36 | \$ 28,357,167 | -10.9% | | 291 | \$ 128,326,520 | 6.3% | |
| 26 | 2010-11 | 39 | \$ 28,916,033 | 2.0% | | 294 | \$ 137,201,808 | 6.9% | |
| 27 | 2011-12 | 37 | \$ 26,858,285 | -7.1% | | 296 | \$ 134,729,181 | -1.8% | |
| 28 | 2012-13 | 33 | \$ 26,697,476 | -0.6% | | 287 | \$ 130,355,611 | -3.2% | |
| 29 | 2013-14 | 33 | \$ 27,377,982 | 2.5% | | 292 | \$ 142,738,112 | 9.5% | |
| 30 | 2014-15 * | 30 | \$ 26,628,946 | -2.7% | | 243 | \$ 120,832,485 | -15.3% | |
| 31 | * Preliminary unpublished data | | | | | | | | |
| 32 | Data Source: Compiled from Annual Financial Reports (AFR) submitted by county and municipal governments to the Department of Financial Services (i.e., Revenue Account #316.000 Local Business Tax). | | | | | | | | |
| 33 | | | | | | | | | |
| 34 | II. Projected LBT Revenue Collections into the Forecast Period Using a Compound Annual Growth Rate (CAGR) Based on the Historical Collections | | | | | | | | |
| 35 | | | | | | | | | |
| 36 | | County Governments | | | Municipal Governments | | Total Local | | |
| 37 | State FY | | Revenue | % Chg. | Revenue | % Chg. | Revenue | % Chg. | |
| 38 | 2013-14 (adjust to SFY) | | \$ 27,207,856 | | \$ 139,642,487 | | | | |
| 39 | CAGR: 1992-93 to 2013-14 | | 0.2% | | 3.1% | | | | |
| 40 | CAGR: 2003-04 to 2013-14 | | -3.2% | | 2.0% | | | | |
| 41 | CAGR: 2009-10 to 2013-14 | | -0.9% | | 2.7% | | | | |
| 42 | CAGR: 2009-10 to 2014-15 | | -1.2% | | -1.2% | | | | |
| 43 | | | | | | | | | |
| 44 | 2013-14 | | \$ 27,207,856 | - | \$ 139,642,487 | - | \$ 166,850,342 | - | |
| 45 | 2014-15 | | \$ 26,969,877 | -0.9% | \$ 143,408,026 | 2.7% | \$ 170,377,902 | 2.1% | |
| 46 | 2015-16 | | \$ 26,733,979 | -0.9% | \$ 147,275,105 | 2.7% | \$ 174,009,084 | 2.1% | |
| 47 | 2016-17 | | \$ 26,500,145 | -0.9% | \$ 151,246,461 | 2.7% | \$ 177,746,607 | 2.1% | |
| 48 | 2017-18 | | \$ 26,268,357 | -0.9% | \$ 155,324,908 | 2.7% | \$ 181,593,265 | 2.2% | |
| 49 | 2018-19 | | \$ 26,038,595 | -0.9% | \$ 159,513,332 | 2.7% | \$ 185,551,928 | 2.2% | |
| 50 | 2019-20 | | \$ 25,810,844 | -0.9% | \$ 163,814,700 | 2.7% | \$ 189,625,544 | 2.2% | |
| 51 | 2020-21 | | \$ 25,585,084 | -0.9% | \$ 168,232,056 | 2.7% | \$ 193,817,140 | 2.2% | |
| 52 | 2021-22 | | \$ 25,361,299 | -0.9% | \$ 172,768,529 | 2.7% | \$ 198,129,828 | 2.2% | |
| 53 | | | | | | | | | |
| 54 | III. Calculation of LBT Revenue Per Labor Force Member | | | | | | | | |
| 55 | | | | | | | | | |
| 56 | Veterans Status by Employment Status for the Civilian Population 18 to 64 Years (U.S. Census Bureau, American Fact Finder) | | | | | | | | |
| 57 | Individuals in the Labor Force - 2015 | | | | | | | | |
| 58 | | | | | | | | | |
| 59 | | | Veterans | Nonveterans | Total | | | | |
| 60 | Total in the Labor Force | | 491,387 | 8,512,792 | 9,004,179 | | | | |
| 61 | Employed in the Labor Force | | 460,733 | 7,917,347 | 8,378,080 | | | | |
| 62 | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | |
|-----|--|--------------------------------------|-------------------------------------|---------------------------------|--|----------------------------------|-----------|---|---|--|
| 63 | State FY | Projected LBT Revenues | LBT Revenues Per Labor Force Member | | | | | | | |
| 64 | 2017-18 | \$ 181,593,265 | \$ 20.17 | | | | | | | |
| 65 | 2018-19 | \$ 185,551,928 | \$ 20.61 | | | | | | | |
| 66 | 2019-20 | \$ 189,625,544 | \$ 21.06 | | | | | | | |
| 67 | 2020-21 | \$ 193,817,140 | \$ 21.53 | | | | | | | |
| 68 | 2021-22 | \$ 198,129,828 | \$ 22.00 | | | | | | | |
| 69 | | | | | | | | | | |
| 70 | IV. Number of Persons Eligible for New LBT Exemptions | | | | | | | | | |
| 71 | | | | | | | | | | |
| 72 | Florida Population (Feb. 2017 FDEC) | | | | | | | | | |
| 73 | State FY | 3rd Q | 4th Q | 1st Q | 2nd Q | Average | | | | |
| 74 | 2016-17 | 20,271,900 | 20,353,200 | 20,434,300 | 20,515,200 | 20,393,650 | | | | |
| 75 | 2017-18 | 20,596,300 | 20,677,300 | 20,758,300 | 20,839,200 | 20,717,775 | | | | |
| 76 | 2018-19 | 20,919,800 | 21,000,300 | 21,080,500 | 21,160,500 | 21,040,275 | | | | |
| 77 | 2019-20 | 21,240,300 | 21,319,800 | 21,399,100 | 21,478,200 | 21,359,350 | | | | |
| 78 | 2020-21 | 21,557,100 | 21,635,700 | 21,714,000 | 21,791,900 | 21,674,675 | | | | |
| 79 | 2021-22 | 21,869,400 | 21,946,500 | 22,023,300 | 22,099,700 | 21,984,725 | | | | |
| 80 | | | | | | | | | | |
| 81 | Total # of Veterans in the Labor Force in 2015 | | | | | | 491,387 | | | |
| 82 | # of Employed Veterans in the Labor Force in 2015 | | | | | | 460,733 | | | |
| 83 | | | | | | | | | | |
| 84 | % of Veterans Who Are Married in 2014 | | | | | | 64.2% | | | |
| 85 | | | | | | | | | | |
| 86 | # of Active Duty Military in FL as of 12/31/2016 | | | | | | 54,232 | | | |
| 87 | % of FL Population Who Are Active Duty Military | | | | | | 0.3% | | | |
| 88 | | | | | | | | | | |
| 89 | % of Active Duty Military Who Are Married in 2015 | | | | | | 54.3% | | | |
| 90 | | | | | | | | | | |
| 91 | Total # of Low-Income Persons (130% of FPL) in the Labor Force in 2015 | | | | | | 2,588,870 | | | |
| 92 | # of Employed Low-Income Persons (130% of FPL) in the Labor Force in 2015 | | | | | | 2,161,860 | | | |
| 93 | # of Employed Low-Income Persons (100% to 130% of FPL) in the Labor Force in 2015 | | | | | | 242,735 | | | |
| 94 | | | | | | | | | | |
| 95 | # of Eligible Persons - Basis for the High Estimate | | | | | | | | | |
| 96 | State FY | Total Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 97 | 2017-18 | 499,197 | 320,484 | 29,916 | 2,630,016 | 3,479,613 | | | | |
| 98 | 2018-19 | 506,967 | 325,473 | 30,382 | 2,670,956 | 3,533,778 | | | | |
| 99 | 2019-20 | 514,656 | 330,409 | 30,842 | 2,711,461 | 3,587,368 | | | | |
| 100 | 2020-21 | 522,253 | 335,287 | 31,298 | 2,751,490 | 3,640,327 | | | | |
| 101 | 2021-22 | 529,724 | 340,083 | 31,745 | 2,790,849 | 3,692,401 | | | | |
| 102 | | | | | | | | | | |
| 103 | # of Eligible Persons - Basis for the Middle Estimate | | | | | | | | | |
| 104 | State FY | Employed Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Employed Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 105 | 2017-18 | 468,056 | 300,492 | 29,916 | 2,196,219 | 2,994,683 | | | | |
| 106 | 2018-19 | 475,342 | 305,169 | 30,382 | 2,230,406 | 3,041,299 | | | | |
| 107 | 2019-20 | 482,550 | 309,797 | 30,842 | 2,264,231 | 3,087,420 | | | | |
| 108 | 2020-21 | 489,674 | 314,371 | 31,298 | 2,297,657 | 3,132,999 | | | | |
| 109 | 2021-22 | 496,679 | 318,868 | 31,745 | 2,330,524 | 3,177,816 | | | | |
| 110 | | | | | | | | | | |
| 111 | # of Eligible Persons - Basis for the Low Estimate | | | | | | | | | |
| 112 | State FY | Employed Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Employed Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 113 | 2017-18 | 468,056 | 300,492 | 29,916 | 246,593 | 1,045,056 | | | | |
| 114 | 2018-19 | 475,342 | 305,169 | 30,382 | 250,431 | 1,061,324 | | | | |
| 115 | 2019-20 | 482,550 | 309,797 | 30,842 | 254,229 | 1,077,419 | | | | |
| 116 | 2020-21 | 489,674 | 314,371 | 31,298 | 257,982 | 1,093,325 | | | | |
| 117 | 2021-22 | 496,679 | 318,868 | 31,745 | 261,673 | 1,108,964 | | | | |

| | A | B | C | D | E | F | G | H | I |
|-----|--|----------|-----------|----------|-----------|----------|-----------|----------|----------|
| 118 | | | | | | | | | |
| 119 | V. Proposed Fiscal Impact (Millions \$) | | | | | | | | |
| 120 | | | | | | | | | |
| 121 | | High | | Middle | | Low | | ADOPTED | |
| 122 | State FY | Cash | Recurring | Cash | Recurring | Cash | Recurring | | |
| 123 | 2017-18 | (\$70.2) | (\$70.2) | (\$60.4) | (\$60.4) | (\$21.1) | (\$21.1) | (\$23.2) | (\$23.2) |
| 124 | 2018-19 | (\$72.8) | (\$72.8) | (\$62.7) | (\$62.7) | (\$21.9) | (\$21.9) | (\$24.1) | (\$24.1) |
| 125 | 2019-20 | (\$75.5) | (\$75.5) | (\$65.0) | (\$65.0) | (\$22.7) | (\$22.7) | (\$25.0) | (\$25.0) |
| 126 | 2020-21 | (\$78.4) | (\$78.4) | (\$67.4) | (\$67.4) | (\$23.5) | (\$23.5) | (\$25.9) | (\$25.9) |
| 127 | 2021-22 | (\$81.2) | (\$81.2) | (\$69.9) | (\$69.9) | (\$24.4) | (\$24.4) | (\$26.8) | (\$26.8) |

REVENUE ESTIMATING CONFERENCE

Tax: Local Business Tax

Issues: Prohibits county and municipal governments from levying a local business tax that was not adopted before July 1, 2017, and provides exemptions from the business tax, subject to certain conditions, to veterans, veterans' spouses, active duty military service members' spouses or low-income persons.

Bill Number(s): CS/HB 487 (Sections 3-4 of this bill are similar to CS/SB 330)

Entire Bill

Partial Bill:

Sponsor(s): Representative Renner

Month/Year Impact Begins: July 1, 2017, except Sections 1-2 of the bill which would operate retroactively to January 1, 2017.

Date of Analysis: April 7, 2017

Section 1: Narrative

- a. **Current Law:** The local business tax represents the taxes charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. This tax does not refer to any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

Eligibility

County and municipal governments may levy, by appropriate resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction, pursuant to ss. 205.032 and 205.042, F.S. Additionally, pursuant to s. 205.033(6), F.S., a county, as defined in s. 125.011(1), F.S., (i.e., Miami-Dade County) or any adjacent county (i.e., Broward, Collier, and Monroe counties) is authorized to levy and collect an additional business tax up to 50 percent of the appropriate business tax imposed under s. 205.033(1), F.S., if adopted by ordinance prior to January 1, 1995.

Administrative Procedures

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction. Pursuant to ss. 205.032 and 205.042, F.S., the public notice must contain the proposed classifications and rates applicable to the business tax.

A number of other conditions for levy are imposed on counties and municipalities, pursuant to ss. 205.033 and 205.043, F.S., including the transfer of a business tax receipt to a new owner or new business location within the same jurisdiction upon payment of a transfer fee of up to 10 percent of the annual business tax, but not less than \$3 nor more than \$25.

Beginning October 1, 1995, a county or municipality that has not adopted a business tax ordinance or resolution may adopt a business tax ordinance, pursuant to s. 205.0315, F.S. The tax rate structure and classifications in the adopted ordinance must be reasonable and based upon the rate structure and classifications prescribed in ordinances adopted by adjacent local governments that have implemented s. 205.0535, F.S. If no adjacent local government has implemented s. 205.0535, F.S., or if the governing body of the county or municipality finds that the rate structures or classifications of adjacent local governments are unreasonable, then an alternative method is authorized. In such a case, the rate structure or classifications prescribed in the ordinance of the local government seeking to impose the tax may be based upon those prescribed in ordinances adopted by local governments that have implemented s. 205.0535, F.S., in counties or municipalities that have a comparable population.

Pursuant to s. 205.0535, F.S., by October 1, 2008, any municipality that adopted by ordinance a local business tax after October 1, 1995, could, by ordinance, reclassify businesses, professions, and occupations and establish new rate structures provided certain conditions were met. If such conditions were met, counties and municipalities could, every other year thereafter, increase or decrease by ordinance the rates of business taxes by up to 5 percent. Any subsequent increase must be enacted by at least a majority plus one vote of the governing body. A county or municipality is not prohibited from decreasing or repealing any authorized local business tax, and the governing body may adopt an ordinance by majority vote that repeals a local business tax or establishes new rates that decrease local business tax and do not result in an increase in local business taxes for a taxpayer without having to establish an equity study commission.

A municipality's governing body that levies the tax may request that the county in which the municipality is located issue the municipal receipt and collect the tax. A county's governing body that levies the tax may request that municipalities within the county issue the county receipt and collect the tax. However, before any local government issues any business receipts on

REVENUE ESTIMATING CONFERENCE

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Bill Number(s): CS/HB 487 (Sections 3-4 of this bill are similar to CS/SB 330)

behalf of another local government, appropriate agreements must be entered into by the affected local governments, pursuant to s. 205.045, F.S. All business tax receipts are sold by the appropriate tax collector beginning July 1st of each year. The taxes are due and payable on or before September 30th of each year, and the receipts expire on September 30th of the succeeding year. In several situations, administrative penalties are also imposed, pursuant to s. 205.053, F.S.

Several sections of Chapter 205, F.S., exempt, or allow local governments to exempt, certain individuals from all or some portion of local business taxes as well as regulate the issuance of tax receipts to certain individuals or businesses.

Distribution of Tax Proceeds

Pursuant to s. 205.033, F.S., the revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and credit given for municipal business taxes, are apportioned between the county's unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing their respective populations by the county's total population. Furthermore, within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority, pursuant to s. 205.033(5), F.S.

Authorized Uses

Local business tax proceeds are considered general revenue for the local government. The proceeds of a county-imposed local business tax may be used for overseeing and implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques, pursuant to s. 205.033(7), F.S. The proceeds of the additional county business tax imposed pursuant to s. 205.033(6), F.S., are distributed by the county's governing body to a designated organization or agency for the purpose of implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.

- b. Proposed Changes:** Section 1 amends s. 205.032, F.S., to provide that a county may continue to levy a local business tax if an appropriate resolution or ordinance was adopted before January 1, 2017, and eliminates the county's public noticing requirement.

Section 2 amends s. 205.042, F.S., to provide that a municipality may continue to levy a local business tax if an appropriate resolution or ordinance was adopted before January 1, 2017, and eliminates the municipality's public noticing requirement.

Section 3 amends s. 205.162, F.S., to exempt a person receiving public assistance, as defined in s. 409.2554, F.S., or whose household income is less than 130% of the federal poverty level based on the current year's federal poverty guidelines from paying a local business tax. Additionally, it specifies the procedure required to receive such exemption.

Section 4 amends s. 205.171, F.S., to expand the exemption for veterans, veterans' spouses, or active duty military service members' spouses, as defined, and specifies the procedures required to receive such exemption.

Section 2: Description of Data and Sources

Because the local business tax is a locally-authorized and locally-administered tax with no reporting requirement to any state agency, there is no current count on the number of county and municipal governments levying the tax and the amounts of tax collections in the most recently completed fiscal years. Historical Local Business Tax revenues (i.e., LFY 1992-93 through 2014-15) as reported by local governments are available from their respective Annual Financial Reports (AFRs) via Revenue Account #316.000 – Local Business Tax, which are posted on the EDR's website via the link below.

<http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm>

Another issue that complicates the analysis is the fact that local governments adopt classification schedules, which specify the local business tax rate applicable to certain types of businesses. There is no statutory requirement that such schedules and tax rates be identical from one jurisdiction to another. Consequently, the types of businesses taxed and the applicable tax rates can vary.

REVENUE ESTIMATING CONFERENCE

Tax: Local Business Tax

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Bill Number(s): CS/HB 487 (Sections 3-4 of this bill are similar to CS/SB 330)

In February 2017, EDR surveyed county and municipal government in an effort to assess the impacts of the original bill (i.e., SB 330). This survey was facilitated by the Florida Association of Counties, Florida League of Cities, and Florida Association of Business Tax Officials. Numerous county and municipal respondents indicated the lack of available data needed to calculate the impact of the exemption changes in HB 487, which are identical to those in this bill.

Florida Population

Demographic Estimating Conference – Florida Demographic Forecast – February 13, 2017

<http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf>

Number of Florida Veterans: Total and Employed in the Labor Force

U.S. Census Bureau, American Factfinder, 2015 American Community Survey 1-Year Estimates

Veteran Status by Employment Status for the Civilian Population 18 to 64 Years – Table C21005

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_C21005&prodType=table

Marital Status of U.S. Veterans

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics

Profile of Veterans: 2014 – Data from the American Community Survey – March 2016

https://www.va.gov/vetdata/docs/SpecialReports/Profile_of_Veterans_2014.pdf

Number of Active Duty Military in Florida

Defense Manpower Data Center

DoD Personnel, Workforce Reports & Publications

Military and Civilian Personnel by Service/Agency by State/Country - December 2016

https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp

Marital Status of Active Duty Members

U.S. Department of Defense

Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy

2015 Demographics – Profile of the Military Community (page 42)

<http://download.militaryonesource.mil/12038/MOS/Reports/2015-Demographics-Report.pdf>

Number of Florida Low-Income Persons: Total and Employed at 130% and 100% of Federal Poverty Level

EDR compilations of American Community Survey 2015 1-Year IPUMS data.

Section 3: Methodology (Include Assumptions and Attach Details)

See attached spreadsheet.

REVENUE ESTIMATING CONFERENCE

Tax: Local Business Tax

Issues: Prohibits county and municipal governments from levying a local business tax that was not adopted before July 1, 2017, and provides exemptions from the business tax, subject to certain conditions, to veterans, veterans’ spouses, active duty military service members’ spouses or low-income persons.

Bill Number(s): CS/HB 487 (Sections 3-4 of this bill are similar to CS/SB 330)

Section 4: Proposed Fiscal Impact (Millions)

Issue 1: No new county or municipal government tax levies after January 1, 2017. (i.e., Sections 1-2 of the bill)

Loss of future capacity (figures for the Section 5 note)

| | High | | Middle | | Low | |
|---------|------|-----------|----------|-----------|------------|------------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | | | (\$91.1) | (\$91.1) | \$0 / (**) | \$0 / (**) |
| 2018-19 | | | (\$92.6) | (\$92.6) | \$0 / (**) | \$0 / (**) |
| 2019-20 | | | (\$94.2) | (\$94.2) | \$0 / (**) | \$0 / (**) |
| 2020-21 | | | (\$95.8) | (\$95.8) | \$0 / (**) | \$0 / (**) |
| 2021-22 | | | (\$97.5) | (\$97.5) | \$0 / (**) | \$0 / (**) |

Issue 2: Creates an exemption for low-income persons and expands the existing exemption for disabled veterans to include veterans, veterans’ spouses, and active duty military service members’ spouses. (i.e., Sections 3-4 of the bill)

| | High | | Middle | | Low | |
|---------|----------|-----------|----------|-----------|----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (\$70.2) | (\$70.2) | (\$60.4) | (\$60.4) | (\$21.1) | (\$21.1) |
| 2018-19 | (\$72.8) | (\$72.8) | (\$62.7) | (\$62.7) | (\$21.9) | (\$21.9) |
| 2019-20 | (\$75.5) | (\$75.5) | (\$65.0) | (\$65.0) | (\$22.7) | (\$22.7) |
| 2020-21 | (\$78.4) | (\$78.4) | (\$67.4) | (\$67.4) | (\$23.5) | (\$23.5) |
| 2021-22 | (\$81.2) | (\$81.2) | (\$69.9) | (\$69.9) | (\$24.4) | (\$24.4) |

List of Affected Trust Funds: Local funds only.

Section 5: Consensus Estimate (Adopted: 04/07/2017):

For New Exemptions: The Conference adopted the low estimate with an additional 10% adjustment on top of the low to address ambiguity in the language that is subject to interpretation.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 0.0 | 0.0 | 0.0 | 0.0 | (23.2) | (23.2) | (23.2) | (23.2) |
| 2018-19 | 0.0 | 0.0 | 0.0 | 0.0 | (24.1) | (24.1) | (24.1) | (24.1) |
| 2019-20 | 0.0 | 0.0 | 0.0 | 0.0 | (25.0) | (25.0) | (25.0) | (25.0) |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | (25.9) | (25.9) | (25.9) | (25.9) |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | (26.8) | (26.8) | (26.8) | (26.8) |

For Loss of Future Capacity: The Conference adopted a negative indeterminate impact.

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

| | A | B | C | D | E | F | G | H |
|----|--|----------------------------------|----------------------|---------------|------------------------------|-----------------------------------|----------------------|---------------|
| 1 | Fiscal Impact Analysis of CS/HB 487 - Local Business Tax | | | | | | | |
| 2 | Issue: No New County or Municipal Government Tax Levies after January 1, 2017 | | | | | | | |
| 3 | | | | | | | | |
| 4 | I. Local Business Tax (LBT) Revenue Collections Reported in Annual Financial Reports (AFRs) | | | | | | | |
| 5 | | | | | | | | |
| 6 | County Governments | | | | Municipal Governments | | | |
| 7 | Local FY | # Reporting | Revenue | % Chg. | | # Reporting | Revenue | % Chg. |
| 8 | 1992-93 | 55 | \$ 26,163,869 | - | | 339 | \$ 75,015,739 | - |
| 9 | 1993-94 | 56 | \$ 25,868,020 | -1.1% | | 348 | \$ 79,263,843 | 5.7% |
| 10 | 1994-95 | 56 | \$ 31,882,531 | 23.3% | | 351 | \$ 83,089,405 | 4.8% |
| 11 | 1995-96 | 53 | \$ 33,611,239 | 5.4% | | 349 | \$ 88,439,882 | 6.4% |
| 12 | 1996-97 | 52 | \$ 37,389,633 | 11.2% | | 332 | \$ 86,365,240 | -2.3% |
| 13 | 1997-98 | 54 | \$ 38,157,611 | 2.1% | | 355 | \$ 96,076,648 | 11.2% |
| 14 | 1998-99 | 52 | \$ 41,070,208 | 7.6% | | 355 | \$ 104,065,179 | 8.3% |
| 15 | 1999-00 | 54 | \$ 49,372,600 | 20.2% | | 368 | \$ 102,354,866 | -1.6% |
| 16 | 2000-01 | 53 | \$ 49,791,778 | 0.8% | | 361 | \$ 106,664,098 | 4.2% |
| 17 | 2001-02 | 53 | \$ 47,638,155 | -4.3% | | 359 | \$ 106,808,528 | 0.1% |
| 18 | 2002-03 | 52 | \$ 37,278,372 | -21.7% | | 372 | \$ 114,472,063 | 7.2% |
| 19 | 2003-04 | 52 | \$ 38,064,867 | 2.1% | | 361 | \$ 116,609,723 | 1.9% |
| 20 | 2004-05 | 52 | \$ 39,004,250 | 2.5% | | 362 | \$ 125,376,485 | 7.5% |
| 21 | 2005-06 | 52 | \$ 38,692,435 | -0.8% | | 365 | \$ 131,043,232 | 4.5% |
| 22 | 2006-07 | 45 | \$ 36,907,051 | -4.6% | | 335 | \$ 120,566,643 | -8.0% |
| 23 | 2007-08 | 33 | \$ 32,336,389 | -12.4% | | 270 | \$ 118,363,518 | -1.8% |
| 24 | 2008-09 | 35 | \$ 31,819,544 | -1.6% | | 280 | \$ 120,745,390 | 2.0% |
| 25 | 2009-10 | 36 | \$ 28,357,167 | -10.9% | | 291 | \$ 128,326,520 | 6.3% |
| 26 | 2010-11 | 39 | \$ 28,916,033 | 2.0% | | 294 | \$ 137,201,808 | 6.9% |
| 27 | 2011-12 | 37 | \$ 26,858,285 | -7.1% | | 296 | \$ 134,729,181 | -1.8% |
| 28 | 2012-13 | 33 | \$ 26,697,476 | -0.6% | | 287 | \$ 130,355,611 | -3.2% |
| 29 | 2013-14 | 33 | \$ 27,377,982 | 2.5% | | 292 | \$ 142,738,112 | 9.5% |
| 30 | 2014-15 * | 30 | \$ 26,628,946 | -2.7% | | 243 | \$ 120,832,485 | -15.3% |
| 31 | * Preliminary unpublished data | | | | | | | |
| 32 | Data Source: Compiled from Annual Financial Reports (AFR) submitted by county and municipal governments to the Department of Financial Services (i.e., Revenue Account #316.000 Local Business Tax). | | | | | | | |
| 33 | | | | | | | | |
| 34 | II. Estimated Loss of County and Municipal LBT Capacity in FY 2013-14 | | | | | | | |
| 35 | | | | | | | | |
| 36 | 2013-14 | 33 | \$ 27,377,982 | | | 119 | \$ 58,170,669 | |
| 37 | | | | | | | | |
| 38 | | Formula Note: ((C29*66)/B29)-C29 | | | | Formula Note: ((G29*411)/F29)-G29 | | |
| 39 | | | | | | | | |
| 40 | III. Loss of County and Municipal LBT Capacity Projected into the Forecast Period Using a Compound Annual Growth Rate (CAGR) Based on the Historical Collections | | | | | | | |
| 41 | | | | | | | | |
| 42 | | County Governments | | | | Municipal Governments | | |
| 43 | State FY | | Revenue | % Chg. | | | Revenue | % Chg. |
| 44 | CAGR: 1992-93 to 2013-14 | | 0.2% | | | | 3.1% | |
| 45 | CAGR: 2003-04 to 2013-14 | | -3.2% | | | | 2.0% | |
| 46 | CAGR: 2009-10 to 2013-14 | | -0.9% | | | | 2.7% | |
| 47 | CAGR: 2009-10 to 2014-15 | | -1.2% | | | | -1.2% | |
| 48 | | | | | | | | |
| 49 | 2013-14 | | \$ (27,377,982) | - | | | \$ (58,170,669) | - |
| 50 | 2014-15 | | \$ (27,138,515) | -0.9% | | | \$ (59,739,274) | 2.7% |
| 51 | 2015-16 | | \$ (26,901,143) | -0.9% | | | \$ (61,350,177) | 2.7% |
| 52 | 2016-17 | | \$ (26,665,847) | -0.9% | | | \$ (63,004,520) | 2.7% |
| 53 | 2017-18 | | \$ (26,432,609) | -0.9% | | | \$ (64,703,472) | 2.7% |
| 54 | 2018-19 | | \$ (26,201,411) | -0.9% | | | \$ (66,448,238) | 2.7% |
| 55 | 2019-20 | | \$ (25,972,235) | -0.9% | | | \$ (68,240,053) | 2.7% |

| | A | B | C | D | E | F | G | H |
|----|---|-------------|------------------|---------------|------------------------------|-------------|------------------|------------|
| 1 | Fiscal Impact Analysis of CS/HB 487 - Local Business Tax | | | | | | | |
| 2 | Issue: No New County or Municipal Government Tax Levies after January 1, 2017 | | | | | | | |
| 3 | | | | | | | | |
| 56 | 2020-21 | | \$ (25,745,064) | -0.9% | | | \$ (70,080,185) | 2.7% |
| 57 | 2021-22 | | \$ (25,519,879) | -0.9% | | | \$ (71,969,937) | 2.7% |
| 58 | | | | | | | | |
| 59 | IV. Estimated Loss of Future LBT Capacity (Millions \$) | | | | | | | |
| 60 | | | | | | | | |
| 61 | County Governments | | | | Municipal Governments | | | |
| 62 | State FY | High | Middle | Low | | High | Middle | Low |
| 63 | 2017-18 | | (\$26.4) | | | | (\$64.7) | |
| 64 | 2018-19 | | (\$26.2) | | | | (\$66.4) | |
| 65 | 2019-20 | | (\$26.0) | | | | (\$68.2) | |
| 66 | 2020-21 | | (\$25.7) | | | | (\$70.1) | |
| 67 | 2021-22 | | (\$25.5) | | | | (\$72.0) | |
| 68 | | | | | | | | |
| 69 | V. Estimated Loss of Future LBT Capacity (Millions \$) - Sum of County and Municipal Gov't Figures | | | | | | | |
| 70 | | | | | | | | |
| 71 | | High | | Middle | | Low | | |
| 72 | State FY | Cash | Recurring | Cash | Recurring | Cash | Recurring | |
| 73 | 2017-18 | | | (\$91.1) | (\$91.1) | \$0 / (**) | \$0 / (**) | |
| 74 | 2018-19 | | | (\$92.6) | (\$92.6) | \$0 / (**) | \$0 / (**) | |
| 75 | 2019-20 | | | (\$94.2) | (\$94.2) | \$0 / (**) | \$0 / (**) | |
| 76 | 2020-21 | | | (\$95.8) | (\$95.8) | \$0 / (**) | \$0 / (**) | |
| 77 | 2021-22 | | | (\$97.5) | (\$97.5) | \$0 / (**) | \$0 / (**) | |

| | A | B | C | D | E | F | G | H | I |
|----|--|---------------------------|-----------------|--------------------|------------------------------|------------------------------|--------------------|---------------|---|
| 1 | Fiscal Impact Analysis of CS/HB 487 & CS/SB 330 - Local Business Tax | | | | | | | | |
| 2 | Issue: New Tax Exemptions | | | | | | | | |
| 3 | | | | | | | | | |
| 4 | I. Local Business Tax (LBT) Revenue Collections Reported in Annual Financial Reports (AFRs) | | | | | | | | |
| 5 | | | | | | | | | |
| 6 | | County Governments | | | | Municipal Governments | | | |
| 7 | Local FY | # Reporting | Revenue | % Chg. | | # Reporting | Revenue | % Chg. | |
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| 13 | 1997-98 | 54 | \$ 38,157,611 | 2.1% | | 355 | \$ 96,076,648 | 11.2% | |
| 14 | 1998-99 | 52 | \$ 41,070,208 | 7.6% | | 355 | \$ 104,065,179 | 8.3% | |
| 15 | 1999-00 | 54 | \$ 49,372,600 | 20.2% | | 368 | \$ 102,354,866 | -1.6% | |
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| 20 | 2004-05 | 52 | \$ 39,004,250 | 2.5% | | 362 | \$ 125,376,485 | 7.5% | |
| 21 | 2005-06 | 52 | \$ 38,692,435 | -0.8% | | 365 | \$ 131,043,232 | 4.5% | |
| 22 | 2006-07 | 45 | \$ 36,907,051 | -4.6% | | 335 | \$ 120,566,643 | -8.0% | |
| 23 | 2007-08 | 33 | \$ 32,336,389 | -12.4% | | 270 | \$ 118,363,518 | -1.8% | |
| 24 | 2008-09 | 35 | \$ 31,819,544 | -1.6% | | 280 | \$ 120,745,390 | 2.0% | |
| 25 | 2009-10 | 36 | \$ 28,357,167 | -10.9% | | 291 | \$ 128,326,520 | 6.3% | |
| 26 | 2010-11 | 39 | \$ 28,916,033 | 2.0% | | 294 | \$ 137,201,808 | 6.9% | |
| 27 | 2011-12 | 37 | \$ 26,858,285 | -7.1% | | 296 | \$ 134,729,181 | -1.8% | |
| 28 | 2012-13 | 33 | \$ 26,697,476 | -0.6% | | 287 | \$ 130,355,611 | -3.2% | |
| 29 | 2013-14 | 33 | \$ 27,377,982 | 2.5% | | 292 | \$ 142,738,112 | 9.5% | |
| 30 | 2014-15 * | 30 | \$ 26,628,946 | -2.7% | | 243 | \$ 120,832,485 | -15.3% | |
| 31 | * Preliminary unpublished data | | | | | | | | |
| 32 | Data Source: Compiled from Annual Financial Reports (AFR) submitted by county and municipal governments to the Department of Financial Services (i.e., Revenue Account #316.000 Local Business Tax). | | | | | | | | |
| 33 | | | | | | | | | |
| 34 | II. Projected LBT Revenue Collections into the Forecast Period Using a Compound Annual Growth Rate (CAGR) Based on the Historical Collections | | | | | | | | |
| 35 | | | | | | | | | |
| 36 | | County Governments | | | Municipal Governments | | Total Local | | |
| 37 | State FY | | Revenue | % Chg. | Revenue | % Chg. | Revenue | % Chg. | |
| 38 | 2013-14 (adjust to SFY) | | \$ 27,207,856 | | \$ 139,642,487 | | | | |
| 39 | CAGR: 1992-93 to 2013-14 | | 0.2% | | 3.1% | | | | |
| 40 | CAGR: 2003-04 to 2013-14 | | -3.2% | | 2.0% | | | | |
| 41 | CAGR: 2009-10 to 2013-14 | | -0.9% | | 2.7% | | | | |
| 42 | CAGR: 2009-10 to 2014-15 | | -1.2% | | -1.2% | | | | |
| 43 | | | | | | | | | |
| 44 | 2013-14 | | \$ 27,207,856 | - | \$ 139,642,487 | - | \$ 166,850,342 | - | |
| 45 | 2014-15 | | \$ 26,969,877 | -0.9% | \$ 143,408,026 | 2.7% | \$ 170,377,902 | 2.1% | |
| 46 | 2015-16 | | \$ 26,733,979 | -0.9% | \$ 147,275,105 | 2.7% | \$ 174,009,084 | 2.1% | |
| 47 | 2016-17 | | \$ 26,500,145 | -0.9% | \$ 151,246,461 | 2.7% | \$ 177,746,607 | 2.1% | |
| 48 | 2017-18 | | \$ 26,268,357 | -0.9% | \$ 155,324,908 | 2.7% | \$ 181,593,265 | 2.2% | |
| 49 | 2018-19 | | \$ 26,038,595 | -0.9% | \$ 159,513,332 | 2.7% | \$ 185,551,928 | 2.2% | |
| 50 | 2019-20 | | \$ 25,810,844 | -0.9% | \$ 163,814,700 | 2.7% | \$ 189,625,544 | 2.2% | |
| 51 | 2020-21 | | \$ 25,585,084 | -0.9% | \$ 168,232,056 | 2.7% | \$ 193,817,140 | 2.2% | |
| 52 | 2021-22 | | \$ 25,361,299 | -0.9% | \$ 172,768,529 | 2.7% | \$ 198,129,828 | 2.2% | |
| 53 | | | | | | | | | |
| 54 | III. Calculation of LBT Revenue Per Labor Force Member | | | | | | | | |
| 55 | | | | | | | | | |
| 56 | Veterans Status by Employment Status for the Civilian Population 18 to 64 Years (U.S. Census Bureau, American Fact Finder) | | | | | | | | |
| 57 | Individuals in the Labor Force - 2015 | | | | | | | | |
| 58 | | | | | | | | | |
| 59 | | | Veterans | Nonveterans | Total | | | | |
| 60 | Total in the Labor Force | | 491,387 | 8,512,792 | 9,004,179 | | | | |
| 61 | Employed in the Labor Force | | 460,733 | 7,917,347 | 8,378,080 | | | | |
| 62 | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | |
|-----|--|--------------------------------------|-------------------------------------|---------------------------------|--|----------------------------------|-----------|---|---|--|
| 63 | State FY | Projected LBT Revenues | LBT Revenues Per Labor Force Member | | | | | | | |
| 64 | 2017-18 | \$ 181,593,265 | \$ 20.17 | | | | | | | |
| 65 | 2018-19 | \$ 185,551,928 | \$ 20.61 | | | | | | | |
| 66 | 2019-20 | \$ 189,625,544 | \$ 21.06 | | | | | | | |
| 67 | 2020-21 | \$ 193,817,140 | \$ 21.53 | | | | | | | |
| 68 | 2021-22 | \$ 198,129,828 | \$ 22.00 | | | | | | | |
| 69 | | | | | | | | | | |
| 70 | IV. Number of Persons Eligible for New LBT Exemptions | | | | | | | | | |
| 71 | | | | | | | | | | |
| 72 | Florida Population (Feb. 2017 FDEC) | | | | | | | | | |
| 73 | State FY | 3rd Q | 4th Q | 1st Q | 2nd Q | Average | | | | |
| 74 | 2016-17 | 20,271,900 | 20,353,200 | 20,434,300 | 20,515,200 | 20,393,650 | | | | |
| 75 | 2017-18 | 20,596,300 | 20,677,300 | 20,758,300 | 20,839,200 | 20,717,775 | | | | |
| 76 | 2018-19 | 20,919,800 | 21,000,300 | 21,080,500 | 21,160,500 | 21,040,275 | | | | |
| 77 | 2019-20 | 21,240,300 | 21,319,800 | 21,399,100 | 21,478,200 | 21,359,350 | | | | |
| 78 | 2020-21 | 21,557,100 | 21,635,700 | 21,714,000 | 21,791,900 | 21,674,675 | | | | |
| 79 | 2021-22 | 21,869,400 | 21,946,500 | 22,023,300 | 22,099,700 | 21,984,725 | | | | |
| 80 | | | | | | | | | | |
| 81 | Total # of Veterans in the Labor Force in 2015 | | | | | | 491,387 | | | |
| 82 | # of Employed Veterans in the Labor Force in 2015 | | | | | | 460,733 | | | |
| 83 | | | | | | | | | | |
| 84 | % of Veterans Who Are Married in 2014 | | | | | | 64.2% | | | |
| 85 | | | | | | | | | | |
| 86 | # of Active Duty Military in FL as of 12/31/2016 | | | | | | 54,232 | | | |
| 87 | % of FL Population Who Are Active Duty Military | | | | | | 0.3% | | | |
| 88 | | | | | | | | | | |
| 89 | % of Active Duty Military Who Are Married in 2015 | | | | | | 54.3% | | | |
| 90 | | | | | | | | | | |
| 91 | Total # of Low-Income Persons (130% of FPL) in the Labor Force in 2015 | | | | | | 2,588,870 | | | |
| 92 | # of Employed Low-Income Persons (130% of FPL) in the Labor Force in 2015 | | | | | | 2,161,860 | | | |
| 93 | # of Employed Low-Income Persons (100% to 130% of FPL) in the Labor Force in 2015 | | | | | | 242,735 | | | |
| 94 | | | | | | | | | | |
| 95 | # of Eligible Persons - Basis for the High Estimate | | | | | | | | | |
| 96 | State FY | Total Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 97 | 2017-18 | 499,197 | 320,484 | 29,916 | 2,630,016 | 3,479,613 | | | | |
| 98 | 2018-19 | 506,967 | 325,473 | 30,382 | 2,670,956 | 3,533,778 | | | | |
| 99 | 2019-20 | 514,656 | 330,409 | 30,842 | 2,711,461 | 3,587,368 | | | | |
| 100 | 2020-21 | 522,253 | 335,287 | 31,298 | 2,751,490 | 3,640,327 | | | | |
| 101 | 2021-22 | 529,724 | 340,083 | 31,745 | 2,790,849 | 3,692,401 | | | | |
| 102 | | | | | | | | | | |
| 103 | # of Eligible Persons - Basis for the Middle Estimate | | | | | | | | | |
| 104 | State FY | Employed Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Employed Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 105 | 2017-18 | 468,056 | 300,492 | 29,916 | 2,196,219 | 2,994,683 | | | | |
| 106 | 2018-19 | 475,342 | 305,169 | 30,382 | 2,230,406 | 3,041,299 | | | | |
| 107 | 2019-20 | 482,550 | 309,797 | 30,842 | 2,264,231 | 3,087,420 | | | | |
| 108 | 2020-21 | 489,674 | 314,371 | 31,298 | 2,297,657 | 3,132,999 | | | | |
| 109 | 2021-22 | 496,679 | 318,868 | 31,745 | 2,330,524 | 3,177,816 | | | | |
| 110 | | | | | | | | | | |
| 111 | # of Eligible Persons - Basis for the Low Estimate | | | | | | | | | |
| 112 | State FY | Employed Veterans in the Labor Force | Spouses of Such Veterans | Spouses of Active Duty Military | Employed Low-Income Persons in the Labor Force | Total Number of Eligible Persons | | | | |
| 113 | 2017-18 | 468,056 | 300,492 | 29,916 | 246,593 | 1,045,056 | | | | |
| 114 | 2018-19 | 475,342 | 305,169 | 30,382 | 250,431 | 1,061,324 | | | | |
| 115 | 2019-20 | 482,550 | 309,797 | 30,842 | 254,229 | 1,077,419 | | | | |
| 116 | 2020-21 | 489,674 | 314,371 | 31,298 | 257,982 | 1,093,325 | | | | |
| 117 | 2021-22 | 496,679 | 318,868 | 31,745 | 261,673 | 1,108,964 | | | | |

| | A | B | C | D | E | F | G | H | I |
|-----|--|----------|-----------|----------|-----------|----------|-----------|----------|-----------|
| 118 | | | | | | | | | |
| 119 | V. Proposed Fiscal Impact (Millions \$) | | | | | | | | |
| 120 | | | | | | | | | |
| 121 | | High | | Middle | | Low | | ADOPTED | |
| 122 | State FY | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 123 | 2017-18 | (\$70.2) | (\$70.2) | (\$60.4) | (\$60.4) | (\$21.1) | (\$21.1) | (\$23.2) | (\$23.2) |
| 124 | 2018-19 | (\$72.8) | (\$72.8) | (\$62.7) | (\$62.7) | (\$21.9) | (\$21.9) | (\$24.1) | (\$24.1) |
| 125 | 2019-20 | (\$75.5) | (\$75.5) | (\$65.0) | (\$65.0) | (\$22.7) | (\$22.7) | (\$25.0) | (\$25.0) |
| 126 | 2020-21 | (\$78.4) | (\$78.4) | (\$67.4) | (\$67.4) | (\$23.5) | (\$23.5) | (\$25.9) | (\$25.9) |
| 127 | 2021-22 | (\$81.2) | (\$81.2) | (\$69.9) | (\$69.9) | (\$24.4) | (\$24.4) | (\$26.8) | (\$26.8) |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, Computers \$1,000 or Less

Bill Number(s): SB 490

Entire Bill

Partial Bill:

Sponsor(s): Senator Perry

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

Date of Analysis: April 7, 2017

Section 1: Narrative

a. Current Law:

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

b. Proposed Change:

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

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

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

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

Section 2: Description of Data and Sources

- Clothing and Shoes expenditures forecast, FEB 2017 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, FEB 2017 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, FEB 2017 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, FEB 2017 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, FEB 2017 K-12 Enrollment Estimating Conference.
- Estimates of Florida private school enrollment, Department of Education Office of K-12 School Choice.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at www.nces.ed.gov/ipeds. Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the FRAG or ABLE tuition assistance programs. Last accessed 1/16/2017.
- Tax collections by kind code, Florida Department of Revenue. Available at http://dor.myflorida.com/dor/taxes/colls_from_7_2003.html. Accessed 3/21/2017.

Section 3: Methodology (Include Assumptions and Attach Details)

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount, with assumptions made for the percentage of

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, Computers \$1,000 or Less

Bill Number(s): SB 490

expenditures that would be under the \$100 limit (High = 95%; Middle = 90%; and Low = 85%). For backpacks, assumptions are made for the percentage of students who would purchase a backpack (High = 30%; Middle = 20%; Low = 10%), and each backpack is assumed to cost \$25.

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

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2017 (=23%) and for the percentage of total expenditures assumed to be exempt (High = 62%; Middle and Low = 52%). An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%.

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

| | High | | Middle | | Low | |
|--------------------------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | | | | | | |
| Clothing/Shoes/Backpacks | (50.3 M) | | (47.2 M) | | (44.0 M) | |
| School Supplies | (8.8 M) | | (8.1 M) | | (7.4 M) | |
| Computers | (17.4 M) | | (8.0 M) | | (6.6 M) | |
| Total | (76.5 M) | | (63.3 M) | | (58.0 M) | |

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 04/07/2017):The Conference adopted the middle estimate.

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---------|--------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (56.0) | 0.0 | (Insignificant) | 0.0 | (1.9) | 0.0 | (5.4) | 0.0 |
| 2018-19 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2019-20 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2020-21 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2021-22 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | (7.1) | 0.0 | (14.4) | 0.0 | (70.4) | 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 |

SB 490

Sales Tax Holiday - Clothing, School Supplies, Personal Computers \$1,000 or Less

10 Days, August 4-13, 2017

(NONRECURRING)

| | | 2017-18 | | |
|-------------------------|--|------------------|------------------|------------------|
| Expenditure Type | | HIGH | MIDDLE | LOW |
| 1 | Clothing & Shoes - \$100 or Less | \$ (50.3) | \$ (47.2) | \$ (44.0) |
| 2 | School Supplies - \$15 or Less | \$ (8.8) | \$ (8.1) | \$ (7.4) |
| 3 | Personal Computers and Related Accessories - \$1,000 or Less | \$ (17.4) | \$ (8.0) | \$ (6.6) |
| 4 | Total Impact | \$ (76.5) | \$ (63.3) | \$ (58.0) |

**Estimates in millions of dollars*

SB 490
SALES TAX HOLIDAY - CLOTHING

10 Days
\$100 Limit

| 2017-18 | <u>High</u> | <u>Middle</u> | <u>Low</u> |
|--|--------------------|----------------------|-------------------|
| 1 National Personal Expenditure on Clothing and Shoes | 382,603.5 | 382,603.5 | 382,603.5 |
| 2 Florida Share based on Population Forecast | 24,087.8 | 24,087.8 | 24,087.8 |
| 3 Florida Expenditures on Apparel & Shoes (adjusted for 65+) | 22,979.5 | 22,979.5 | 22,979.5 |
| 4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.) | 20,681.6 | 20,681.6 | 20,681.6 |
| 5 Sales Tax at 6% | 1,240.9 | 1,240.9 | 1,240.9 |
| 6 Exempted Amount (95% - 90% - 85%) | 1,178.9 | 1,116.8 | 1,054.8 |
| 7 Preliminary 10-day Fiscal Impact in Florida | (32.3) | (30.6) | (28.9) |
| 8 Seasonal Factor set to 1 (no seasonal factor) | 1.0 | 1.0 | 1.0 |
| 9 Behavioral Factor based on New York History and Florida Experience | 1.5 | 1.5 | 1.5 |
| 10 Adjusted 10-day Fiscal Impact in Florida | (48.4) | (45.9) | (43.3) |
| 11 Backpacks (30% - 20% - 10% x Number of Students x \$25/backpack)) | (1.9) | (1.3) | (0.6) |
| 12 Total Impact 10 Day | (\$50.3) | (\$47.2) | (\$44.0) |

**SB 490
SALES TAX HOLIDAY - SCHOOL SUPPLIES**

**10 Days
\$15 Limit**

2017-18

| Grade Level | Expenditures per Student | Number of Students | Total Expenditures |
|---------------------------|-------------------------------------|-------------------------------|-------------------------------|
| PreK | 20.00 | 68,906 | 1.4 |
| KG | 20.00 | 229,985 | 4.6 |
| 1 | 20.00 | 235,295 | 4.7 |
| 2 | 20.00 | 236,475 | 4.7 |
| 3 | 25.00 | 259,906 | 6.5 |
| 4 | 27.00 | 246,993 | 6.7 |
| 5 | 27.00 | 240,763 | 6.5 |
| 6 | 32.00 | 248,433 | 7.9 |
| 7 | 32.00 | 239,343 | 7.7 |
| 8 | 32.00 | 239,897 | 7.7 |
| 9 | 35.00 | 245,338 | 8.6 |
| 10 | 35.00 | 239,146 | 8.4 |
| 11 | 35.00 | 233,620 | 8.2 |
| 12 | 35.00 | 220,509 | 7.7 |
| Total PK-12 | | 3,184,609 | 91.2 |
| Total HigherEd | 36.00 | 1,026,358 | 36.9 |
| Total All Students | | 4,210,967 | 128.2 |

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

44.9

| | <u>High</u> | <u>Middle</u> | <u>Low</u> |
|---|----------------|----------------|----------------|
| Total Sales Tax for 10 Days ((85% - 75% - 65%) x 95.9%) | (8.8) | (8.1) | (7.4) |
| Total Impact 10 Day | (\$8.8) | (\$8.1) | (\$7.4) |

SB 490
SALES TAX HOLIDAY - COMPUTERS

10 Days
\$1,000 or Less

| 2017-18 | High | Middle | Low |
|---|-----------------|----------------|----------------|
| 1 National Consumer Expenditures on Computers | 66,097.6 | 66,097.6 | 66,097.6 |
| 2 Florida Share based on Population Forecast | 4,161.3 | 4,161.3 | 4,161.3 |
| 3 Florida Expenditures on Computers (adjusted for 65+) | 3,969.9 | 3,969.9 | 3,969.9 |
| 4 Estimated Florida-based Sales of Computers (7% e-commerce adj.) | 3,692.0 | 3,692.0 | 3,692.0 |
| 5 Annual Sales Tax at 6% | 221.5 | 221.5 | 221.5 |
| 6 CY Q1 Estimate (27.80%) | 61.6 | 61.6 | 61.6 |
| 7 CY Q2 Estimate (23.41%) | 51.9 | 51.9 | 51.9 |
| 8 CY Q3 Estimate (23.04%) | 51.0 | 51.0 | 51.0 |
| 9 CY Q4 Estimate (25.74%) | 57.0 | 57.0 | 57.0 |
| 10 Exempted Amount (62% - 52% - 52%) | 31.6 | 26.5 | 26.5 |
| 11 Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%) | 17.4 | 8.0 | 6.6 |
| 12 Total Impact 10 Day | (\$17.4) | (\$8.0) | (\$6.6) |

REVENUE ESTIMATING CONFERENCE

Tax: Delivery Device Tax Exemption Amendment (Marijuana)

Issue: Sales tax

Bill number(s): HB 1397 – Proposed Amendment

Entire Bill

Partial Bill:

Sponsor(s): Committee/Subcommittee

Month/Year Impact Begins: Upon becoming a law, except as otherwise specified

Date of Analysis: April 7, 2017

Section 1: Narrative

- a. Current Law:** Under current law, delivery devices for medical marijuana are taxable. The Revenue Estimating Conference met on March 2, 2017 and adopted a Sales Tax Baseline Impact, Absent Law Change, for s. 381.986, F.S. and article X, section 29 of the Florida Constitution (Amendment 2). The Sales Tax Baseline Impact did not include a separate dollar impact for delivery devices.
- i. The delivery devices currently offered by marijuana Dispensing Organizations (DOs) include vaporizers and vaporizer pens. Some of these devices vaporize oil, while others vaporize dry plant matter.
 - ii. Under current law, users suffering from any of the authorized conditions can use a vaporizer.

The analysis for the Baseline Impact assumed that the impact from the sale of delivery devices, when there is a sale and when dispensing organizations (Dos) charge for them, will be insignificant because these devices are for longer-term use, may be given for free, or are sold for a minimal charge. Thus, the analysis assumed that the delivery devices are priced in the product itself or the sales tax collected from their sales is otherwise insignificant.

- b. Proposed Change:** The proposed amendment exempts marijuana delivery devices from sales tax. Marijuana delivery devices include devices, such as a vaporizer or a vaporizer pen. It is not specified whether the battery is considered a part of the delivery device.

Section 2: Description of Data and Sources

The analysis relied on the following data sources in addition to others:

- Medical Marijuana: Sales Tax Baseline Absent Law Changes, March 2, 2017, http://edr.state.fl.us/Content/conferences/generalrevenue/Marijuana_A2_SB1030_HB307_Special-Impact_2017Pre-Session_final.pdf
- Financial Impact Estimating Conference on proposed constitutional amendment “Use of Marijuana for Debilitating Medical Conditions” 15-01, Florida Legislature, Office of Economic and Demographic Research, October 21, 2015, <http://edr.state.fl.us/Content/constitutional-amendments/2016Ballot/MedicalMarijuanaFinancialInformationStatement.cfm>.
- Emails from Dispensing Organizations dated February 16, 2017, February 24, 2017, April 3, 2017.

REVENUE ESTIMATING CONFERENCE

Tax: Delivery Device Tax Exemption Amendment (Marijuana)

Issue: Sales tax

Bill number(s): HB 1397 – Proposed Amendment

Section 3: Methodology

The sale of delivery devices appears to be insignificant for several reasons:

- Only some patients may use a delivery device, such as a vaporizer.
- Vaporizers appear to be for long-term use, e.g. at least one year.
- Some companies charge for a vaporizer with the first purchase and then would replace the vaporizer, if it breaks, at no charge. Some companies give the vaporizer for free and only charge for the battery.
- The batteries are expected to last for a year with daily use and replacement batteries can be purchased. They cost approximately \$15 to \$20.
- At this point, if DOs do charge for a delivery device, they charge a minimal amount of between \$20 to \$50 per device.

Thus, the Baseline analysis assumed that the delivery devices are priced in the product and no separate delivery device estimate was produced. As mentioned, devices are often given for free but DOs charge for batteries. This analysis does not assume that batteries are tax-exempt as the bill or the amendment do not address that explicitly.

Scenario I uses the Baseline patient numbers and assumes the devices are primarily given at no charge, so there is no sales tax impact or the impact is otherwise insignificant. Since HB 1397 is more limiting than the adopted Baseline, it might push patients into using a vaporizer rather than smoking and the latter is potentially included as an outcome under the assumptions of the adopted Baseline. So, while the redirection of patients from smoking to vaporizing might produce a positive sales tax impact, this impact will be negated by the proposed sales tax exemption.

Scenario II modifies the Baseline with the relevant requirements for patients in HB 1397, which limits the baseline to 105,509 users. Based on the conditions assumed to be needing delivery devices, 10 percent of all patients are expected to use a delivery device. This produces a sales tax impact of \$12,401 at full market adoption in FY 2021-22.

Scenario III also uses the Baseline patient numbers and assumes an average price of \$20 per device and not more than an annual purchase of a new device. This produces an impact of \$40,925 at full market adoption in FY 2021-22.

Table 1
Estimated Sales Tax Collections from Delivery Devices at Full Market Adoption in FY 2021-22

| | Scenario I | Scenario II | Scenario III |
|------------------------------------|--------------------------------------|---|--|
| | Baseline Impact, Free Devices | Baseline Impact Modified by HB 1397 Requirements | Baseline Impact, Low Device Use, Average Device Price |
| Total users | 349,503 | 105,905 | 349,503 |
| Users with delivery devices | 34,104 | 10,334 | 34,104 |
| % of total | 10% | 10% | 10% |
| Cancer | | 9,270 | |
| Terminal | | 1,064 | |
| Average price of a delivery device | 0 | 20 | 20 |
| Sales | 0 | 206,680 | 682,080 |
| Sales tax | 0 / -Insignificant | 12,401 | 40,925 |

REVENUE ESTIMATING CONFERENCE

Tax: Delivery Device Tax Exemption Amendment (Marijuana)

Issue: Sales tax

Bill number(s): HB 1397 – Proposed Amendment

Table 2
Estimates of Medical Marijuana Patients Who Use Delivery Devices

| Year | Month | Scenario I | Scenario II | Scenario III |
|---------|----------|-------------------------------|--|---|
| | | Baseline Impact, Free Devices | Baseline Impact Modified by HB 1397 Requirements | Baseline Impact, Low Device Use, Average Device Price |
| 2016-17 | 6/1/2017 | 683 | 683 | 683 |
| 2017-18 | 6/1/2018 | 2,712 | 2,500 | 2,712 |
| 2018-19 | 6/1/2019 | 6,165 | 4,940 | 6,165 |
| 2019-20 | 6/1/2020 | 14,012 | 9,763 | 14,012 |
| 2020-21 | 6/1/2021 | 31,847 | 10,334 | 31,847 |
| 2021-22 | 6/1/2022 | 34,104 | 10,334 | 34,104 |

Table 3
Estimated Sales of Marijuana Delivery Devices

| Year | Scenario I | Scenario II | Scenario III |
|---------|-------------------------------|--|---|
| | Baseline Impact, Free Devices | Baseline Impact Modified by HB 1397 Requirements | Baseline Impact, Low Device Use, Average Device Price |
| 2016-17 | 0 | 60 | 60 |
| 2017-18 | 0 | 19,580 | 19,580 |
| 2018-19 | 0 | 56,000 | 62,200 |
| 2019-20 | 0 | 110,680 | 141,380 |
| 2020-21 | 0 | 206,680 | 321,340 |
| 2021-22 | 0 | 206,680 | 682,080 |

Table 4
Estimates of Sales Tax Collections (Month Collected)

| Year | Scenario I | Scenario II | Scenario III |
|---------|-------------------------------|--|---|
| | Baseline Impact, Free Devices | Baseline Impact Modified by HB 1397 Requirements | Baseline Impact, Low Device Use, Average Device Price |
| 2016-17 | 0 | 4 | 4 |
| 2017-18 | 0 | 1,175 | 1,175 |
| 2018-19 | 0 | 3,360 | 3,732 |
| 2019-20 | 0 | 6,641 | 8,483 |
| 2020-21 | 0 | 12,401 | 19,280 |
| 2021-22 | 0 | 12,401 | 40,925 |

Section 4: Proposed Fiscal Impact

Sales Tax: Delivery Devices for Medical Marijuana

| | High | | Middle | | Low | |
|---------|--------|-----------|--------|-----------|-----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2016-17 | (0.00) | (0.04) | (0.00) | (0.01) | 0 / - ins | 0 / - ins |
| 2017-18 | (0.00) | (0.04) | (0.00) | (0.01) | 0 / - ins | 0 / - ins |
| 2018-19 | (0.00) | (0.04) | (0.00) | (0.01) | 0 / - ins | 0 / - ins |
| 2019-20 | (0.01) | (0.04) | (0.01) | (0.01) | 0 / - ins | 0 / - ins |
| 2020-21 | (0.02) | (0.04) | (0.01) | (0.01) | 0 / - ins | 0 / - ins |
| 2021-22 | (0.04) | (0.04) | (0.01) | (0.01) | 0 / - ins | 0 / - ins |

REVENUE ESTIMATING CONFERENCE

Tax: Delivery Device Tax Exemption Amendment (Marijuana)

Issue: Sales tax

Bill number(s): HB 1397 – Proposed Amendment

Section 5: Consensus Estimate (Adopted: 04/07/2017): The Conference adopted the middle estimate. There is a (*) recurring impact in FY 2016-17.

| | GR | | Trust | | Revenue Sharing | | Local Half Cent | |
|---------|------|-----------|-------|-----------|-----------------|-----------|-----------------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) |
| 2018-19 | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) |
| 2019-20 | (*) | (*) | (*) | (*) | (*) | (*) | (*) | (*) |
| 2020-21 | (*) | (*) | (*) | (*) | (*) | (*) | (*) | (*) |
| 2021-22 | (*) | (*) | (*) | (*) | (*) | (*) | (*) | (*) |

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) |
| 2018-19 | 0.0 | (*) | 0.0 | (*) | 0.0 | (*) |
| 2019-20 | (*) | (*) | (*) | (*) | (*) | (*) |
| 2020-21 | (*) | (*) | (*) | (*) | (*) | (*) |
| 2021-22 | (*) | (*) | (*) | (*) | (*) | (*) |

REVENUE ESTIMATING CONFERENCE

Tax: Compassionate Use of Low-THC Cannabis and Marijuana

Issue: Sales tax

Bill number(s): CS/SB 406

Entire Bill

Partial Bill:

Sponsor(s): Bradley, Young, & Hutson

Month/Year Impact Begins: Upon becoming a law

Date of Analysis: April 7, 2017

Section 1: Narrative

a. Current Law: Under current law, sales of medical marijuana are taxable. The Revenue Estimating Conference met on March 2, 2017 and adopted a Sales Tax Baseline Impact, Absent Law Change, for s. 381.986, F.S. and article X, section 29 of the Florida Constitution (Amendment 2). The Conference adopted the middle cash estimate, with the recurring impact equal to the 2021-22 middle recurring impact.

i. The adopted Middle impact for FY 2016-17 to FY 2021-22 is listed in the table below:

| | Middle (Scenario II) | |
|---------|-------------------------|-----------|
| | Cash | Recurring |
| 2016-17 | 0.4 | 24.3 |
| 2017-18 | 2.6 | 24.3 |
| 2018-19 | 4.2 | 24.3 |
| 2019-20 | 7.7 | 24.3 |
| 2020-21 | 15.6 | 24.3 |
| 2021-22 | 24.3 | 24.3 |

b. Proposed Change: CS/SB 406 implements Amendment 2 "Use of Marijuana for Debilitating Medical Conditions" (article X, section 29 of the Florida Constitution) and is effective upon becoming a law. The bill makes some changes to the medical marijuana program relative to what the conference assumed on March 2, 2017. The most pertinent changes to the adopted impact analysis include:

- i. CS/SB 406 adopts Amendment 2's definition of a debilitating condition, including "other debilitating medical conditions of the same kind or class as or comparable to those enumerated, and for which a physician believes that the medical use of marijuana would likely outweigh the potential health risks for a patient." As a result, the users envisioned by the bill include:
 - ⇒ Current low-THC users with epilepsy and muscle spasms.
 - ⇒ Terminally ill (s. 499.0295).
 - ⇒ Patients suffering from a debilitating medical condition, as defined in Amendment 2.
- ii. In addition, the bill allows a physician to write a certification to a patient "suffering from chronic nonmalignant pain, if the physician has diagnosed an underlying debilitating medical condition as the cause of the pain, which allows the patient to receive marijuana for the patient's medical use to alleviate the patient's pain."
- iii. The bill allows physicians to write certifications to a patient "who is not a resident of this state; who qualifies under subparagraph 1., subparagraph 2., subparagraph 3., or subparagraph 4.; and who can lawfully obtain marijuana through a medical marijuana program in the state that he or she resides in."¹

The bill further allows the Department of Health to "issue a compassionate use registry identification card to a patient who is not a resident of this state only after the department has verified that the patient can lawfully obtain marijuana through a medical marijuana program in the state that he or she resides in."²

¹ Amendment bar code 882270, <http://www.flsenate.gov/Session/Bill/2017/406/Amendment/882270/PDF>.

² Amendment bar code 415864, <http://www.flsenate.gov/Session/Bill/2017/406/Amendment/415864/PDF>.

REVENUE ESTIMATING CONFERENCE

Tax: Compassionate Use of Low-THC Cannabis and Marijuana

Issue: Sales tax

Bill number(s): CS/SB 406

- iv. CS/SB 406 removes the current three-month wait before a physician may write an order.
- v. The bill limits patients with seizures and muscle spasms to having access to low-THC only. However, the bill also allows high-THC marijuana for debilitating medical conditions, which include epilepsy (which is associated with seizures) and ALS, Parkinson's and Multiple Sclerosis (which are associated with muscle spasms). This appears to give physicians writing certifications to patients with muscle spasms multiple venues under which to write the certification and multiple product options (low-THC or high-THC). EDR's analysis assumes that this limitation will not have a material impact on the number of users or the quantity of marijuana used because these two venues are assumed to coexist. Also, the price of low-THC and high-THC cannabis appears to be similar in Florida at the present.

Section 2: Description of Data and Sources

The analysis relied on the following data sources in addition to others:

- Staff Analysis, Senate Committee on Health Policy, Compassionate Use of Low-THC Cannabis and Marijuana, March 31, 2017, <http://www.flsenate.gov/Session/Bill/2017/406/Analyses/2017s00406.pre.hp.PDF>
- Staff Analysis, Senate Committee on Health Policy, Compassionate Use of Low-THC Cannabis and Marijuana, April 4, 2017, <http://www.flsenate.gov/Session/Bill/2017/406/Analyses/2017s00406.hp.PDF>.
- Medical Marijuana: Sales Tax Baseline Absent Law Changes, March 2, 2017, http://edr.state.fl.us/Content/conferences/generalrevenue/Marijuana_A2_SB1030_HB307_Special-Impact_2017Pre-Session_final.pdf
- Senate Health Policy Committee, Workshop on SB 406 (Compassionate Use of low-THC Cannabis and Marijuana), and other filed Senate bills to implement Amendment 2 - Use of Marijuana for Debilitating Medical Conditions, March 22, 2017, http://www.flsenate.gov/PublishedContent/Committees/2016-2018/HP/MeetingRecords/MeetingPacket_3773_5.pdf.
- Financial Impact Estimating Conference on proposed constitutional amendment "Use of Marijuana for Debilitating Medical Conditions" 15-01, Florida Legislature, Office of Economic and Demographic Research, October 21, 2015, <http://edr.state.fl.us/Content/constitutional-amendments/2016Ballot/MedicalMarijuanaFinancialInformationStatement.cfm>.
- Impact Analysis of CS/CS/SB 1030, Revenue Estimating Conference, May 29, 2014, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2014/pdf/page656-667.pdf>.
- Impact Analysis of CS/CS/CS/HB 307, Revenue Estimating Conference, May 10, 2016, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2016/pdf/page791-803.pdf>.
- Florida Department of Health, rule 64-4.011, proposed rule 64-4.012, and emails dated March 15 & 16, 2017.

Section 3: Methodology

a. User Estimates

In terms of the number of users, the regulatory structure proposed by CS/SB 406 appears to be very similar to the structure assumed by the Baseline adopted on March 2, 2017. The Baseline assumed the proposed DOH rule is challenged or modified to allow a more expansive interpretation of the amendment. The reason that CS/SB 406 and the Baseline are considered to have the same regulatory effect comes mainly from the fact that both include "other debilitating medical conditions of the same kind or class as or comparable to those enumerated, and for which a physician believes that the medical use of marijuana would likely outweigh the potential health risks for a patient." This analysis assumes that allowing "other conditions..." without any qualifications increases the number of patients substantially. For example, the adopted Baseline estimate assumes that approximately 30 percent of users come from specified conditions, be it in current statute or in the constitutional amendment, while 70 percent of users come from "other conditions..." In that respect, this analysis interprets CS/SB 406 to allow physicians to write certifications for "other conditions" without significant limitations.

In addition, CS/SB 406 allows non-residents of Florida to receive medical marijuana under certain conditions. This is expected to expand further the expected pool of users. This analysis uses snowbirds (the temporary visitors who come for extended stay in the winter months) as a proxy for non-residents. The snowbird population is estimated to be approximately 1.4 million in 2017. The number of potential medical marijuana users was estimated assuming that snowbirds will have usage rates similar to the resident population. Estimate A uses the percent of medical marijuana users in Colorado in 2016 (post-recreational marijuana legalization) to

REVENUE ESTIMATING CONFERENCE

Tax: Compassionate Use of Low-THC Cannabis and Marijuana

Issue: Sales tax

Bill number(s): CS/SB 406

estimate the share of snowbirds who might use medical marijuana, while estimate B uses Colorado data from 2014 (pre-recreational marijuana legalization when only the medical marijuana program existed). For a reference, the Baseline used 2016 Colorado data to estimate the Florida resident population potential pool.

Operating under the Cole memo, the federal government is so far not enforcing federal law in states with medical marijuana programs. However, the federal government has always enforced federal law against transporting marijuana across state lines. So, patients cannot carry any marijuana, medical or otherwise, out of the state they have acquired it in. For this reason, some states have considered allowing reciprocity. Because of the length of their stay in Florida, snowbirds would be the most likely group to take advantage of reciprocity while they are in the state.

Table 1³

**Estimated Medical Use of Low-THC Cannabis and Marijuana
by Non-Residents of Florida at Full Market Adoption in FY 2021-22**

| | |
|---|------------|
| Florida resident population | 20,474,715 |
| Snowbirds (all ages) ¹ | 1,418,785 |
| | |
| A. Assumes same use rate as resident population (1.7%) | |
| Snowbird users of medical marijuana | 24,219 |
| B. Assumes higher use rate than resident population (2.2%) | |
| Snowbird users of medical marijuana | 30,588 |

Scenario I uses the Baseline due to the assumed similarities in CS/SB 406 and the assumptions behind the Baseline and produces an estimated 349,503 users in FY 2021-22 at full market adoption. As discussed, the inclusion of “other conditions” without any further restrictions, is expected to result in a pool of users similar to those in the Baseline. This scenario assumes that very few snowbirds will take advantage of the non-resident program and for those who do, their use is assumed to be already incorporated in the estimate. The low usage is assumed to be due to the fact that snowbirds may not be suffering to the same extent from “debilitating medical conditions” as the resident population. People with debilitating medical conditions are assumed to be more likely to stay permanently in one location, to stay close to their network of doctors as they are presumed to make multiple and more frequent doctor’s visits and to have established networks of doctors.

Scenario II adds estimate A from Table 1 to the Baseline estimate. It assumes that snowbirds will use medical marijuana at the same rate as Florida residents. Florida’s resident usage rate is assumed to equal the rate in Colorado in 2016. This produces 24,219 snowbird users and 373,722 total users at full market adoption.

Scenario III assumes that the proposed legislation allows an even more expanded interpretation of Amendment 2 than the adopted Baseline. Since the conditions are identical for residents and non-residents, both groups will increase at the same rate by assumption. One example is the addition of chronic pain as a condition. Chronic pain is typically one of the largest, if not the largest reported condition by other states with medical marijuana programs. CS/SB 406 requires chronic pain to be a result of a debilitating condition on the list but it also allows the chronic pain to persist beyond the course of the debilitating condition itself. When chronic pain is combined with “other debilitating conditions” to allow physicians to write certifications for chronic pain ensuing from “other conditions,” the potential pool of users may expand even more. This scenario uses data from the medical marijuana program in Colorado in 2014, prior to the legalization of recreational marijuana. In comparison to today, Colorado’s medical program in 2014 had approximately 10 percent more registrants. It appears that some of the medical marijuana registrants have switched to the recreational market. Scenario III results in 30,588 snowbird users and 91,911 users with expanded chronic pain or other conditions for a total of 472,002 users in FY 2021-22.

³ The snowbird population was calculated by using an estimate of snowbirds 55 and older in 2005 from a study done by the University of Florida’s Bureau of Economic and Business Research, Smith, Stanley K.; House, Mark, Snowbirds, Sunbirds, and Stayers: Seasonal migration of elderly adults in Florida, Journal of Gerontology: Social Sciences, v. 61B, No 5, S232-S239, 2006, e-mail correspondence from BEBR dated 10/23/2013, <http://www.bebbr.ufl.edu/content/snowbirds>.

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Tax: Compassionate Use of Low-THC Cannabis and Marijuana

Issue: Sales tax

Bill number(s): CS/SB 406

Table 2
Medical Marijuana (Including low-THC) Users at Full Market Adoption
FY 2021-22

| | Scenario I (Baseline, Minimal Snowbirds) | Scenario II (Same Proportion of Snowbirds as of Residents, 1.7%) | Scenario III (Residents and Snowbirds Maximize Use, 2.2%) |
|-------------------------------------|--|---|--|
| Adopted Baseline | 349,503 | 349,503 | 349,503 |
| Snowbirds | Minimal, included in Baseline | 24,219 | 30,588 |
| Chronic pain, combined with "other" | | | 91,911 |
| Total users | 349,503 | 373,722 | 472,002 |

Table 3
Estimates of Medical Marijuana Users

| Year | Month | Scenario I (Baseline, Minimal Snowbirds) | Scenario II (Same Proportion of Snowbirds as of Residents, 1.7%) | Scenario III (Residents and Snowbirds Maximize Use, 2.2%) |
|---------|----------|--|---|--|
| 2016-17 | 6/1/2017 | 7,000 | 7,000 | 7,000 |
| 2017-18 | 6/1/2018 | 27,796 | 28,095 | 29,157 |
| 2018-19 | 6/1/2019 | 63,178 | 65,037 | 71,932 |
| 2019-20 | 6/1/2020 | 143,595 | 150,549 | 177,457 |
| 2020-21 | 6/1/2021 | 326,379 | 348,495 | 437,791 |
| 2021-22 | 6/1/2022 | 349,503 | 373,722 | 472,002 |

Table 4
Marijuana for Medical Use Sales Estimates

| Fiscal Year | Scenario I (Baseline, Minimal Snowbirds) | Scenario II (Same Proportion of Snowbirds as of Residents, 1.7%) | Scenario III (Residents and Snowbirds Maximize Use, 2.2%) |
|-------------|---|---|--|
| 2016-17 | 9,643,511 | 9,643,511 | 9,643,511 |
| 2017-18 | 44,773,327 | 46,580,077 | 53,918,767 |
| 2018-19 | 73,336,585 | 82,069,210 | 117,539,545 |
| 2019-20 | 135,478,382 | 151,438,007 | 216,263,102 |
| 2020-21 | 276,719,512 | 299,906,137 | 394,085,992 |
| 2021-22 | 407,223,255 | 433,743,060 | 541,359,660 |

REVENUE ESTIMATING CONFERENCE

Tax: Compassionate Use of Low-THC Cannabis and Marijuana

Issue: Sales tax

Bill number(s): CS/SB 406

Table 5

Estimated Sales Tax Collections (Month Collected)

| Fiscal Year | Adopted Baseline Tax Estimate | Scenario I (Baseline, Minimal Snowbirds) | | Scenario II (Same Proportion of Snowbirds as of Residents, 1.7%) | | Scenario III (Residents and Snowbirds Maximize Use, 2.2%) | |
|-------------|----------------------------------|---|--------------------------|---|--------------------------|--|--------------------------|
| | | Tax Estimate | Difference from Baseline | Tax Estimate | Difference from Baseline | Tax Estimate | Difference from Baseline |
| 2016-17 | 437,898 | 437,898 | 0 | 437,898 | 0 | 437,898 | 0 |
| 2017-18 | 2,552,342 | 2,552,342 | 0 | 2,636,657 | 84,315 | 2,979,129 | 426,787 |
| 2018-19 | 4,206,479 | 4,206,479 | 0 | 4,694,301 | 487,823 | 6,675,747 | 2,469,269 |
| 2019-20 | 7,688,420 | 7,688,420 | 0 | 8,609,862 | 921,443 | 12,352,594 | 4,664,174 |
| 2020-21 | 15,602,428 | 15,602,428 | 0 | 16,957,491 | 1,355,063 | 22,461,508 | 6,859,080 |
| 2021-22 | 24,306,791 | 24,306,791 | 0 | 25,897,876 | 1,591,084 | 32,354,959 | 8,048,168 |

The bill appears to allow marijuana to be used in food products. This analysis assumes that this usage would not materially affect the amount of marijuana consumed, rather it would influence the potential formulations for consumption. As such, there would not be an impact on the volume of active substance sold and thus no impact on the sales tax collected.

Section 4: Proposed Fiscal Impact

Sales Tax: Compassionate Use of Low-THC Cannabis and Marijuana

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2016-17 | 0.0 | 8.0 | 0.0 | 1.6 | 0.0 | 0.0 |
| 2017-18 | 0.4 | 8.0 | 0.1 | 1.6 | 0.0 | 0.0 |
| 2018-19 | 2.5 | 8.0 | 0.5 | 1.6 | 0.0 | 0.0 |
| 2019-20 | 4.7 | 8.0 | 0.9 | 1.6 | 0.0 | 0.0 |
| 2020-21 | 6.9 | 8.0 | 1.4 | 1.6 | 0.0 | 0.0 |
| 2021-22 | 8.0 | 8.0 | 1.6 | 1.6 | 0.0 | 0.0 |

Section 5: Consensus Estimate (Adopted: 04/07/2017): The Conference adopted a positive indeterminate impact. There is a recurring indeterminate impact in FY 2016-17.

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

| | Local Option | | Total Local | | Total | |
|---------|--------------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2017-18 | ** | ** | ** | ** | ** | ** |
| 2018-19 | ** | ** | ** | ** | ** | ** |
| 2019-20 | ** | ** | ** | ** | ** | ** |
| 2020-21 | ** | ** | ** | ** | ** | ** |
| 2021-22 | ** | ** | ** | ** | ** | ** |