

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Municipal Property

Bill Number(s): Proposed Amendment – CS/SB 226

Entire Bill

Partial Bill:

Sponsor(s): Sen. Artilles

Month/Year Impact Begins: July 1, 2017

Date of Analysis: 4/13/2017

Section 1: Narrative

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

**Section 125.0104(3) (l) reads:** (l) In addition to any other tax which is imposed pursuant to this section, a county may impose up to an additional 1-percent tax on the exercise of the privilege described in paragraph (a) by majority vote of the governing board of the county in order to:

1. Pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a professional sports franchise facility, or the acquisition, construction, reconstruction, or renovation of a retained spring training franchise facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility, and to pay the planning and design costs incurred prior to the issuance of such bonds.
2. Pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center, and to pay the planning and design costs incurred prior to the issuance of such bonds.
3. Pay the operation and maintenance costs of a convention center for a period of up to 10 years. Only counties that have elected to levy the tax for the purposes authorized in subparagraph 2. may use the tax for the purposes enumerated in this subparagraph. Any county that elects to levy the tax for the purposes authorized in subparagraph 2. after July 1, 2000, may use the proceeds of the tax to pay the operation and maintenance costs of a convention center for the life of the bonds.
4. Promote and advertise tourism in the State of Florida and nationally and internationally; however, if tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event shall have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.

The provision of paragraph (b) which prohibits any county authorized to levy a convention development tax pursuant to s. 212.0305 from levying more than the 2-percent tax authorized by this section, and the provisions of paragraphs (4)(a)-(d), shall not apply to the additional tax authorized in this paragraph. The effective date of the levy and imposition of the tax authorized under this paragraph shall be the first day of the second month following approval of the ordinance by the governing board or the first day of any subsequent month as may be specified in the ordinance. A certified copy of such ordinance shall be furnished by the county to the Department of Revenue within 10 days after approval of such ordinance.

**Section 196.012 (6) reads:** Governmental, municipal, or public purpose or function shall be deemed to be served or performed when the lessee under any leasehold interest created in property of the United States, the state or any of its political subdivisions, or any municipality, agency, special district, authority, or other public body corporate of the state is demonstrated to perform a function or serve a governmental purpose which could properly be performed or served by an appropriate governmental unit or which is demonstrated to perform a function or serve a purpose which would otherwise be a valid subject for the allocation of public funds. For purposes of the preceding sentence, an activity undertaken by a lessee which is permitted under the terms of its lease of real property designated as an aviation area on an airport layout plan which has been approved by the Federal Aviation Administration and which real property is used for the administration, operation, business offices and activities related specifically thereto in connection with the conduct of an aircraft full service fixed base operation which provides goods and services to the general aviation public in the promotion of air commerce shall be deemed an activity which serves a governmental, municipal, or public purpose or function. Any activity undertaken by a lessee which is permitted under the terms of its lease of real property designated as a public airport as defined in s. 332.004(14) by municipalities, agencies,

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special districts, authorities, or other public bodies corporate and public bodies politic of the state, a spaceport as defined in s. 331.303, or which is located in a deepwater port identified in s. 403.021(9)(b) and owned by one of the foregoing governmental units, subject to a leasehold or other possessory interest of a nongovernmental lessee that is deemed to perform an aviation, airport, aerospace, maritime, or port purpose or operation shall be deemed an activity that serves a governmental, municipal, or public purpose. The use by a lessee, licensee, or management company of real property or a portion thereof as a convention center, visitor center, sports facility with permanent seating, concert hall, arena, stadium, park, or beach is deemed a use that serves a governmental, municipal, or public purpose or function when access to the property is open to the general public with or without a charge for admission. If property deeded to a municipality by the United States is subject to a requirement that the Federal Government, through a schedule established by the Secretary of the Interior, determine that the property is being maintained for public historic preservation, park, or recreational purposes and if those conditions are not met the property will revert back to the Federal Government, then such property shall be deemed to serve a municipal or public purpose. The term “governmental purpose” also includes a direct use of property on federal lands in connection with the Federal Government’s Space Exploration Program or spaceport activities as defined in s. 212.02(22). Real property and tangible personal property owned by the Federal Government or Space Florida and used for defense and space exploration purposes or which is put to a use in support thereof shall be deemed to perform an essential national governmental purpose and shall be exempt. “Owned by the lessee” as used in this chapter does not include personal property, buildings, or other real property improvements used for the administration, operation, business offices and activities related specifically thereto in connection with the conduct of an aircraft full service fixed based operation which provides goods and services to the general aviation public in the promotion of air commerce provided that the real property is designated as an aviation area on an airport layout plan approved by the Federal Aviation Administration. For purposes of determination of “ownership,” buildings and other real property improvements which will revert to the airport authority or other governmental unit upon expiration of the term of the lease shall be deemed “owned” by the governmental unit and not the lessee. Providing two-way telecommunications services to the public for hire by the use of a telecommunications facility, as defined in s. 364.02(14), and for which a certificate is required under chapter 364 does not constitute an exempt use for purposes of s. 196.199, unless the telecommunications services are provided by the operator of a public-use airport, as defined in s. 332.004, for the operator’s provision of telecommunications services for the airport or its tenants, concessionaires, or licensees, or unless the telecommunications services are provided by a public hospital.

**Section 196.199** reads: Government property exemption. —

(1) Property owned and used by the following governmental units shall be exempt from taxation under the following conditions:

(a)1. All property of the United States is exempt from ad valorem taxation, except such property as is subject to tax by this state or any political subdivision thereof or any municipality under any law of the United States.

2. Notwithstanding any other provision of law, for purposes of the exemption from ad valorem taxation provided in subparagraph 1., property of the United States includes any leasehold interest of and improvements affixed to land owned by the United States, any branch of the United States Armed Forces, or any agency or quasi-governmental agency of the United States if the leasehold interest and improvements are acquired or constructed and used pursuant to the federal Military Housing Privatization Initiative of 1996, 10 U.S.C. ss. 2871 et seq. As used in this subparagraph, the term “improvements” includes actual housing units and any facilities that are directly related to such housing units, including any housing maintenance facilities, housing rental and management offices, parks and community centers, and recreational facilities. Any leasehold interest and improvements described in this subparagraph, regardless of whether title is held by the United States, shall be construed as being owned by the United States, the applicable branch of the United States Armed Forces, or the applicable agency or quasi-governmental agency of the United States and are exempt from ad valorem taxation without the necessity of an application for exemption being filed or approved by the property appraiser. This subparagraph does not apply to a transient public lodging establishment as defined in s. 509.013 and does not affect any existing agreement to provide municipal services by a municipality or county.

(b) All property of this state which is used for governmental purposes shall be exempt from ad valorem taxation except as otherwise provided by law.

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(c) All property of the several political subdivisions and municipalities of this state or of entities created by general or special law and composed entirely of governmental agencies, or property conveyed to a nonprofit corporation which would revert to the governmental agency, which is used for governmental, municipal, or public purposes shall be exempt from ad valorem taxation, except as otherwise provided by law.

(d) All property of municipalities is exempt from ad valorem taxation if used as an essential ancillary function of a facility constructed with financing obtained in part by pledging proceeds from the tax authorized under s. 212.0305(4) which is upon exempt or immune federal, state, or county property.

(2) Property owned by the following governmental units but used by nongovernmental lessees shall only be exempt from taxation under the following conditions:

1(a) Leasehold interests in property of the United States, of the state or any of its several political subdivisions, or of municipalities, agencies, authorities, and other public bodies corporate of the state shall be exempt from ad valorem taxation and the intangible tax pursuant to paragraph (b) only when the lessee serves or performs a governmental, municipal, or public purpose or function, as defined in s. 196.012(6). In all such cases, all other interests in the leased property shall also be exempt from ad valorem taxation. However, a leasehold interest in property of the state may not be exempted from ad valorem taxation when a nongovernmental lessee uses such property for the operation of a multipurpose hazardous waste treatment facility.

(b) Except as provided in paragraph (c), the exemption provided by this subsection shall not apply to those portions of a leasehold or other interest defined by s. 199.023(1)(d), Florida Statutes 2005, subject to the provisions of subsection (7). Such leasehold or other interest shall be taxed only as intangible personal property pursuant to chapter 199, Florida Statutes 2005, if rental payments are due in consideration of such leasehold or other interest. All applicable collection, administration, and enforcement provisions of chapter 199, Florida Statutes 2005, shall apply to taxation of such leaseholds. If no rental payments are due pursuant to the agreement creating such leasehold or other interest, the leasehold or other interest shall be taxed as real property. Nothing in this paragraph shall be deemed to exempt personal property, buildings, or other real property improvements owned by the lessee from ad valorem taxation.

(c) Any governmental property leased to an organization which uses the property exclusively for literary, scientific, religious, or charitable purposes shall be exempt from taxation.

(3) Nothing herein or in s. 196.001 shall require a governmental unit or authority to impose taxes upon a leasehold estate created, extended, or renewed prior to April 15, 1976, if the lease agreement creating such leasehold estate contains a covenant on the part of such governmental unit or authority as lessor to refrain from imposing taxes on the leasehold estate during the term of the leasehold estate; but any such covenant shall not prevent taxation of a leasehold estate by any such taxing unit or authority other than the unit or authority making such covenant.

(4) Property owned by any municipality, agency, authority, or other public body corporate of the state which becomes subject to a leasehold interest or other possessory interest of a nongovernmental lessee other than that described in paragraph (2)(a), after April 14, 1976, shall be subject to ad valorem taxation unless the lessee is an organization which uses the property exclusively for literary, scientific, religious, or charitable purposes.

(5) Leasehold interests in governmental property shall not be exempt pursuant to this subsection unless an application for exemption has been filed on or before March 1 with the property appraiser. The property appraiser shall review the application and make findings of fact which shall be presented to the value adjustment board at its convening, whereupon the board shall take appropriate action regarding the application. If the exemption in whole or in part is granted, or established by judicial proceeding, it shall remain valid for the duration of the lease unless the lessee changes its use, in which case the lessee shall again submit an application for exemption. The requirements set forth in s. 196.194 shall apply to all applications made under this subsection.

(6) No exemption granted before June 1, 1976, shall be revoked by this chapter if such revocation will impair any existing bond agreement.

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(7) Property which is originally leased for 100 years or more, exclusive of renewal options, or property which is financed, acquired, or maintained utilizing in whole or in part funds acquired through the issuance of bonds pursuant to parts II, III, and V of chapter 159, shall be deemed to be owned for purposes of this section.

(8)(a) Any and all of the aforesaid taxes on any leasehold described in this section shall not become a lien on same or the property itself but shall constitute a debt due and shall be recoverable by legal action or by the issuance of tax executions that shall become liens upon any other property in any county of this state of the taxpayer who owes said tax. The sheriff of the county shall execute the tax execution in the same manner as other executions are executed under chapters 30 and 56.

(b) Nonpayment of any such taxes by the lessee shall result in the revocation of any occupational license of such person or the revocation, upon certification hereunder by the property appraiser to the Department of State, of the corporate charter of any such domestic corporation or the revocation, upon certification hereunder by the property appraiser to the Department of State, of the authority of any foreign corporation to do business in this state, as appropriate, which such license, charter, or authority is related to the leased property.

(9) Improvements to real property which are located on state-owned land and which are leased to a public educational institution shall be deemed owned by the public educational institution for purposes of this section where, by the terms of the lease, the improvement will become the property of the public educational institution or the State of Florida at the expiration of the lease.

(10) Notwithstanding any other provision of law to the contrary, property held by a port authority and any leasehold interest in such property are exempt from ad valorem taxation to the same extent that county property is immune from taxation, provided such property is located in a county described in s. 9, Art. VIII of the State Constitution (1885), as restated in s. 6(e), Art. VIII of the State Constitution (1968).

Significant Court Cases - *Sebring Airport Authority v. McIntyre*, 718 So.2d 296 (Fla. 2nd. DCA 1998),  
*Sebring Airport Authority v. McIntyre*, 783 So.2d 238 (Fla. 2001)  
*Greater Orlando Aviation Authority, et al. v. Richard Crotty*, 775 So.2d 978 (Fla. 5th DCA  
November 17, 2000.)

### **b. Proposed Change:**

Creates a new paragraph (e) to section 196.199(1) to read: (e) All property of municipalities is exempt from ad valorem taxation if used for a facility constructed with financing obtained in part by pledging proceeds from a tax authorized under s. 125.0104(3)(l), if the municipality is otherwise liable for payment of such ad valorem taxation pursuant to a lease agreement entered into before April 5, 2001. This paragraph does not apply to property for which an operator of the facility or a tenant under the lease agreement is otherwise liable for payment of such ad valorem taxation.

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

2016 Final Tax Roll data

List of professional sports distributions

Tax bill data from various Tax Collector Websites

NonResidential Real Property Appreciation rate from the March 2017 Ad Valorem Assessments Estimating Conference

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

Using a variety of sources (Pro Sports Distributions list, MLB, NBA, NFL and NHL franchise stadiums and arenas, other known sports facilities) identified sports stadiums and arenas that were municipally owned and for which there was taxable value on the tax rolls. This method identified four possible facilities. Only those facilities that were in existence in 2001 were considered. The analyst was not able to determine anything regarding the eligibility regarding the financing source. For the low, it was assumed the four identified facilities would be exempted. The middle was five times the low and the high is five times the middle, as there is not any certainty that all eligible facilities were identified. Growth was assumed to be equal to the NonResidential Real Property Appreciation rate from the March 2017 Ad Valorem Assessments Estimating Conference

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**Section 4: Proposed Fiscal Impact**

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$6.7 M)	(\$6.7 M)	(\$1.3 M)	(\$1.3 M)	(\$0.3 M)	(\$0.3 M)
2018-19	(\$7.0 M)	(\$7.0 M)	(\$1.4 M)	(\$1.4 M)	(\$0.3 M)	(\$0.3 M)
2019-20	(\$7.2 M)	(\$7.2 M)	(\$1.4 M)	(\$1.4 M)	(\$0.3 M)	(\$0.3 M)
2020-21	(\$7.4 M)	(\$7.4 M)	(\$1.5 M)	(\$1.5 M)	(\$0.3 M)	(\$0.3 M)
2021-22	(\$7.5 M)	(\$7.5 M)	(\$1.5 M)	(\$1.5 M)	(\$0.3 M)	(\$0.3 M)

NonSchool

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$13.5 M)	(\$13.5 M)	(\$2.7 M)	(\$2.7 M)	(\$0.5 M)	(\$0.5 M)
2018-19	(\$14.0 M)	(\$14.0 M)	(\$2.8 M)	(\$2.8 M)	(\$0.6 M)	(\$0.6 M)
2019-20	(\$14.4 M)	(\$14.4 M)	(\$2.9 M)	(\$2.9 M)	(\$0.6 M)	(\$0.6 M)
2020-21	(\$14.7 M)	(\$14.7 M)	(\$2.9 M)	(\$2.9 M)	(\$0.6 M)	(\$0.6 M)
2021-22	(\$15.1 M)	(\$15.1 M)	(\$3.0 M)	(\$3.0 M)	(\$0.6 M)	(\$0.6 M)

**List of affected Trust Funds:**

Ad Valorem Group

**Section 5: Consensus Estimate (Adopted: 04/14/2017):** The Conference adopted a (\$0.3m) school and (\$0.6m) non-school impact, except for the first year’s cash impact, which is zero.

	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	(0.9)	0.0	(0.9)
2018-19	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(0.9)	(0.9)
2019-20	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(0.9)	(0.9)
2020-21	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(0.9)	(0.9)
2021-22	0.0	0.0	0.0	0.0	(0.9)	(0.9)	(0.9)	(0.9)

Proposed Amendment to CS/SB 226 - Municipal Property

	A	B	C	D	E
1	Facility	County	Taxable Value	School Impact	NonSchool Impact
2	Spectrum Field	Pinellas	\$5,279,855	\$38,638	\$70,767
3	Florida Auto Exchange Stadium	Pinellas	\$2,823,642	\$20,663	\$34,965
4	McKechnie Field	Manatee	\$603,826	\$4,586	\$7,751
5	Homestead Speedway	Miami-Dade	\$27,769,854	\$203,331	\$420,899
6	Total		\$36,477,177	\$267,219	\$534,382
7					
8	less - 4% discount			\$256,530	\$513,007
9					
10	Impact School	NonResidential Real Property Appreciation Rate	High	Middle	Low
11	2017	5.00%	\$6,733,907	\$1,346,781	\$269,356
12	2018	3.61%	\$6,977,001	\$1,395,400	\$279,080
13	2019	2.92%	\$7,180,729	\$1,436,146	\$287,229
14	2020	2.58%	\$7,365,992	\$1,473,198	\$294,640
15	2021	2.45%	\$7,546,459	\$1,509,292	\$301,858
16	2022	2.30%	\$7,720,028	\$1,544,006	\$308,801
17					
18	Impact NonSchool	NonResidential Real Property Appreciation Rate	High	Middle	Low
19	2017	5.00%	\$13,466,423	\$2,693,285	\$538,657
20	2018	3.61%	\$13,952,561	\$2,790,512	\$558,102
21	2019	2.92%	\$14,359,976	\$2,871,995	\$574,399
22	2020	2.58%	\$14,730,463	\$2,946,093	\$589,219
23	2021	2.45%	\$15,091,359	\$3,018,272	\$603,654
24	2022	2.30%	\$15,438,460	\$3,087,692	\$617,538

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Purchases by Governments/Golf Courses

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

**Entire Bill**

**Partial Bill:**

**Sponsor(s):**

**Month/Year Impact Begins:** July 1, 2017 (one month lag to collections)

**Date of Analysis:** April 14, 2017

### Section 1: Narrative

- a. **Current Law:** Purchases made by political sub-division are exempt from sales tax. Purchases made on behalf of a political subdivision can be exempt if the purchase complies with the certificate of entitlement to exemption.
- b. **Proposed Change:** F.S. 212.08 (6) (d) is added: Payment is considered made directly to the dealer by the governmental entity if an entity under contract with a municipality to maintain and operate a golf course owned by the municipality pays for a purchase or lease required for the operation or maintenance of the golf course using the golf course revenues or other funds provided by the municipality to or for the use of the entity under contract. The provisions of this paragraph apply to a municipally-owned golf course that is:
1. Located in a county with a population of at least two million residents; and
  2. The site at which youth education programs are delivered on an ongoing basis by a nonprofit organization that is exempt from federal income tax under s. 501(c)(3) of the Internal Revenue Code.

This change makes the purchase by the contractor on behalf of the governmental entity the same as a purchase by the governmental entity and focuses in on courses in counties with greater than 2 Million residents and courses that host 501(c)(3) entities providing ongoing youth education programs. The certificate of entitlement to exemption criteria no longer applies.

### Section 2: Description of Data and Sources

State of Florida.com - Quick Facts

[www.golflink.com](http://www.golflink.com)

Office of Economic & Demographic Research – Florida Population by County, 1970-2040

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

The population of municipal courses was found from an online list and refined down to counties that met the total residential population requirement. Several counties were considered however only one currently meets the 2 Million population requirement within the window of analysis, Miami-Dade. No other county meets the requirement.

The list of municipal courses in Miami-Dade County includes one entity with two 18 Hole courses, two entities with 9 hole courses, and three entities with 18 hole courses. The known amount of taxable activity was attributed to an 18-hole course. The list, which including both 9 Hole and 18 Hole courses, was converted so that all municipal courses would be evaluated as 9 hole courses and attributed half of the 18 Hole course taxable activity. Of this group, 5 courses are currently running youth education programs.

The high assumes that twelve total 9-hole courses run by 7 business entities are paying currently. Of those 7 entities, 2 will begin youth education program immediately to meet the requirements.

The middle assumes 5 of municipal courses running ten total 9-hole courses comprised of five 18-hole courses are paying currently.

The low assumes the 5 municipal courses running eight 9-hole courses currently comprised of three 18 hole courses and two 9-hole courses meet the criteria are currently paying.

The cash value for 2017-18 is equal to eleven months of collections.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Purchases by Governments/Golf Courses

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

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	\$(0.24 M)	\$(0.26 M)	\$(0.20 M)	\$(0.21 M)	\$(0.16 M)	\$(0.17 M)
2018-19	\$(0.26 M)	\$(0.26 M)	\$(0.21 M)	\$(0.21 M)	\$(0.17 M)	\$(0.17 M)
2019-20	\$(0.26 M)	\$(0.26 M)	\$(0.21 M)	\$(0.21 M)	\$(0.17 M)	\$(0.17 M)
2020-21	\$(0.26 M)	\$(0.26 M)	\$(0.21 M)	\$(0.21 M)	\$(0.17 M)	\$(0.17 M)
2021-22	\$(0.26 M)	\$(0.26 M)	\$(0.21 M)	\$(0.21 M)	\$(0.17 M)	\$(0.17 M)

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

**Section 5: Consensus Estimate (Adopted: 04/14/2017): The Conference adopted the middle estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.2)	(0.2)
2018-19	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.2)	(0.2)
2019-20	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.2)	(0.2)
2020-21	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.2)	(0.2)
2021-22	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.2)	(0.2)



Proposed Language

Purchases by Governments/Golf Courses

	A	B	C	D	E	F	G	H	I
1									
2		Counties Meeting Population Requirement				1			
3		Number of Listed Municipal Courses				7			
4		Courses with s. 501 (c )(3) Youth education Programs				5			
5									
6		Multiple Course Facilities				# courses per Entity			
7		18-hole			1	2			
8									
9		Single Course Structure Entities							
10			9 holes		2				
11			18 Holes		3				
12		Total of Municipal GC Entities			6				
13									
14		<b>9 Hole Course Conversion</b>							
15		Multiple Course Facilities							
16		18-hole			4				
17					4				
18		Single Course Structure Entities							
19		9 Hole			2				
20		18 Hole			6				
21									
22		Total of Municipal GC Entities			12				
23									
24		Taxable activity per 18 Holes			714,286				
25		Sales Tax Collections per 18 Holes			42,857				
26		Sales Tax Collections per 9 Holes			21,429				
27		Sales Tax Collections			257,143				
28									
29		<b>Total Entities</b>		7		5		5	
30		<b>18 Hole Courses</b>		5		5		3	
31		<b>9 Hole Courses</b>		2		0		2	
32		<b>9 Hole Equivalent</b>		12		10		8	
33									
34		<b>Total</b>							
35			High	Middle	Low				
36			Cash	Recurring	Cash	Recurring	Cash	Recurring	
37		2017-18	\$ (0.24 M)	\$ (0.26 M)	\$ (0.20 M)	\$ (0.21 M)	\$ (0.16 M)	\$ (0.17 M)	
38		2018-19	\$ (0.26 M)	\$ (0.26 M)	\$ (0.21 M)	\$ (0.21 M)	\$ (0.17 M)	\$ (0.17 M)	
39		2019-20	\$ (0.26 M)	\$ (0.26 M)	\$ (0.21 M)	\$ (0.21 M)	\$ (0.17 M)	\$ (0.17 M)	
40		2020-21	\$ (0.26 M)	\$ (0.26 M)	\$ (0.21 M)	\$ (0.21 M)	\$ (0.17 M)	\$ (0.17 M)	
41		2021-22	\$ (0.26 M)	\$ (0.26 M)	\$ (0.21 M)	\$ (0.21 M)	\$ (0.17 M)	\$ (0.17 M)	
42									

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use, Gross Receipts

**Issue:** Tire Retreaders

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

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** N/A

**Month/Year Impact Begins:** July 1, 2017 (one month lag to collections)

**Date of Analysis:** April 14, 2017

**Section 1: Narrative**

- a. **Current Law:** Section 212.08 (7) (ff) F.S., provides an exemption for sales tax due on electricity used by industries classified under certain Standard Industrial Classification Manual (SIC) codes.  
Section 212.08 (7) (xx) F.S., provides an exemption for sales tax due on labor charges, parts, and materials used to repair certain industrial machinery and equipment for industries classified under certain SIC codes.
- b. **Proposed Change:** The proposed language adds the North American Industry Classification System (NAICS) code 326212 – Tire Retreading to the industries eligible for the exemptions under 212.08 (7) (ff) F.S. and 212.08 (7) (xx) F.S.

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

2016 Tangible Personal Property (TPP) Tax Rolls

Publicly available utility bill information for businesses potentially affected by the proposed language.

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

**212.08 (7) (ff) Impact-** The electricity bill information was used to calculate a State sales tax dollars per \$1,000 of TPP Just Value for both the 4.35% and 2.6% rates. This tax dollars per \$1,000 number was multiplied by the Just Value in \$1,00 to generate the estimate. The estimate is held steady throughout the impact period.

**212.08 (7) (xx) Impact-** It is assumed that the TPP roll Just Value data is halfway depreciated on average. The Just Value amounts are doubled for this reason to generate the total price of installed equipment. The estimates are based on the eligible equipment’s service life. It is expected that for a given purchase of depreciable equipment some percentage of the equipment cost will be spent over time replacing items consumed as part of manufacturing processes. The low estimate is based on a 20-year service life and the high estimate is based on a 10-year service life. The expenditures for repairs is equal to a 5% of the just value per year in the low and 10% in the high.

The cash is equal to eleven months of the recurring in the first year for both changes.

**Section 4: Proposed Fiscal Impact**

**Total Impact 212.08 (7) (ff) - Electricity**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	\$(0.10 M)	\$(0.10 M)	\$(0.08 M)	\$(0.09 M)	\$(0.07 M)	\$(0.08 M)
2018-19	\$(0.10 M)	\$(0.10 M)	\$(0.09 M)	\$(0.09 M)	\$(0.08 M)	\$(0.08 M)
2019-20	\$(0.10 M)	\$(0.10 M)	\$(0.09 M)	\$(0.09 M)	\$(0.08 M)	\$(0.08 M)
2020-21	\$(0.10 M)	\$(0.10 M)	\$(0.09 M)	\$(0.09 M)	\$(0.08 M)	\$(0.08 M)
2021-22	\$(0.10 M)	\$(0.10 M)	\$(0.09 M)	\$(0.09 M)	\$(0.08 M)	\$(0.08 M)

**Total Impact 212.08 (7) (xx) - Parts and Labor**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	\$(0.06 M)	\$(0.07 M)	\$(0.04 M)	\$(0.05 M)	\$(0.03 M)	\$(0.04 M)
2018-19	\$(0.07 M)	\$(0.07 M)	\$(0.05 M)	\$(0.05 M)	\$(0.04 M)	\$(0.04 M)
2019-20	\$(0.07 M)	\$(0.07 M)	\$(0.05 M)	\$(0.05 M)	\$(0.04 M)	\$(0.04 M)
2020-21	\$(0.07 M)	\$(0.07 M)	\$(0.05 M)	\$(0.05 M)	\$(0.04 M)	\$(0.04 M)
2021-22	\$(0.07 M)	\$(0.07 M)	\$(0.05 M)	\$(0.05 M)	\$(0.04 M)	\$(0.04 M)

**List of affected Trust Funds:**

Sales and Use Tax, Gross Receipts

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use, Gross Receipts

**Issue:** Tire Retreaders

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

**Section 5: Consensus Estimate (Adopted: 04/14/2017):** The Conference adopted the middle estimate for both the **212.08 (7) (ff)** – **Electricity** and **212.08 (7) (xx)** - **Parts and Labor** issues.

**212.08 (7) (ff) - Electricity**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(*)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2018-19	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2019-20	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2020-21	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2021-22	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)

**212.08 (7) (xx) - Parts and Labor**

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

Proposed Language

Tire Retreaders - Electricity 212.08 (7) (ff)

	A	B	C	D	E	F	G
1	Naics Codes used						
2	326211	Tire Manufacturing (except Retreading)					
3	326212	Tire Retreading					
4							
5	Just Value	\$ 529,048	\$ 338,939				
6	Gross Receipt tax Due Month	\$ 289	\$ 139				
7	Gross Receipt tax Due Annual	\$ 3,467	\$ 1,667				
8	Utilities tax base	\$ 135,304	\$ 65,036				
9	Florida State Sales Tax @ 4.35%	\$ 5,886	\$ 2,829				
10	Gross Receipts transfer from sales @ 2.6%	\$ 3,518	\$ 1,691				
11	Florida State Sales Tax per \$1,000 Just value	\$ 11.13	\$ 8.35				
12	Gross Receipts transfer from sales per \$1,000 Just value	\$ 6.65	\$ 4.99				
13							
14							
15	Just Value 326211		\$ 2,568,439				
16	Just Value 326212		\$ 3,330,787				
17	Total Just Value		\$ 5,899,226				
18							
19	Just Value (\$1,000)		\$ 5,899				
20	Florida State Sales Tax @ 4.35%	\$ 65,630	\$ 49,240				
21	Gross Receipts transfer from sales @ 2.6%	\$ 39,227	\$ 29,431				
22							
29							

Proposed Language

Tire Retreaders - Electricity 212.08 (7) (ff)

	A	B	C	D	E	F	G
30	<b>4.35% Impact 212.08 (7) (ff) - Electricity</b>						
31		<b>High</b>		<b>Middle</b>		<b>Low</b>	
32	<b>Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
33	2017-18	\$ (0.060 M)	\$ (0.066 M)	\$ (0.053 M)	\$ (0.057 M)	\$ (0.045 M)	\$ (0.049 M)
34	2018-19	\$ (0.066 M)	\$ (0.066 M)	\$ (0.057 M)	\$ (0.057 M)	\$ (0.049 M)	\$ (0.049 M)
35	2019-20	\$ (0.066 M)	\$ (0.066 M)	\$ (0.057 M)	\$ (0.057 M)	\$ (0.049 M)	\$ (0.049 M)
36	2020-21	\$ (0.066 M)	\$ (0.066 M)	\$ (0.057 M)	\$ (0.057 M)	\$ (0.049 M)	\$ (0.049 M)
37	2021-22	\$ (0.066 M)	\$ (0.066 M)	\$ (0.057 M)	\$ (0.057 M)	\$ (0.049 M)	\$ (0.049 M)
38							
39	<b>2.6% Impact 212.08 (7) (ff) - Electricity</b>						
40		<b>High</b>		<b>Middle</b>		<b>Low</b>	
41	<b>Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
42	2017-18	\$ (0.036 M)	\$ (0.039 M)	\$ (0.031 M)	\$ (0.034 M)	\$ (0.027 M)	\$ (0.029 M)
43	2018-19	\$ (0.039 M)	\$ (0.039 M)	\$ (0.034 M)	\$ (0.034 M)	\$ (0.029 M)	\$ (0.029 M)
44	2019-20	\$ (0.039 M)	\$ (0.039 M)	\$ (0.034 M)	\$ (0.034 M)	\$ (0.029 M)	\$ (0.029 M)
45	2020-21	\$ (0.039 M)	\$ (0.039 M)	\$ (0.034 M)	\$ (0.034 M)	\$ (0.029 M)	\$ (0.029 M)
46	2021-22	\$ (0.039 M)	\$ (0.039 M)	\$ (0.034 M)	\$ (0.034 M)	\$ (0.029 M)	\$ (0.029 M)
47							
48	<b>Total Impact 212.08 (7) (ff) - Electricity</b>						
49		<b>High</b>		<b>Middle</b>		<b>Low</b>	
50	<b>Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
51	2017-18	\$ (0.096 M)	\$ (0.105 M)	\$ (0.084 M)	\$ (0.092 M)	\$ (0.072 M)	\$ (0.079 M)
52	2018-19	\$ (0.105 M)	\$ (0.105 M)	\$ (0.092 M)	\$ (0.092 M)	\$ (0.079 M)	\$ (0.079 M)
53	2019-20	\$ (0.105 M)	\$ (0.105 M)	\$ (0.092 M)	\$ (0.092 M)	\$ (0.079 M)	\$ (0.079 M)
54	2020-21	\$ (0.105 M)	\$ (0.105 M)	\$ (0.092 M)	\$ (0.092 M)	\$ (0.079 M)	\$ (0.079 M)
55	2021-22	\$ (0.105 M)	\$ (0.105 M)	\$ (0.092 M)	\$ (0.092 M)	\$ (0.079 M)	\$ (0.079 M)

Proposed Language

Tire Retreaders - Parts and Labor 212.08 (7) (xx)

	A	B	C	D	E	F	G
1	Naics Codes used						
2	326211	Tire Manufacturing (except Retreading)					
3	326212	Tire Retreading					
4							
5	Just Value 326211	\$ 2,568,439					
6	Just Value 326212	\$ 3,330,787					
7	Total Just Value	\$ 5,899,226					
8	Correction for 50% depreciation	\$ 11,798,452					
9	Equipment service life (years)	10	15	20			
10							
11	Annual Parts and Labor repair expense	\$ 1,179,845	\$ 786,563	\$ 589,923			
12	State Sales tax 6%	\$ 70,791	\$ 47,194	\$ 35,395			
13							
21	<b>Total Impact 212.08 (7) (xx) - Parts and Labor</b>						
22		<b>High</b>		<b>Middle</b>		<b>Low</b>	
23	<b>Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
24	2017-18	\$ (0.065 M)	\$ (0.071 M)	\$ (0.043 M)	\$ (0.047 M)	\$ (0.032 M)	\$ (0.035 M)
25	2018-19	\$ (0.071 M)	\$ (0.071 M)	\$ (0.047 M)	\$ (0.047 M)	\$ (0.035 M)	\$ (0.035 M)
26	2019-20	\$ (0.071 M)	\$ (0.071 M)	\$ (0.047 M)	\$ (0.047 M)	\$ (0.035 M)	\$ (0.035 M)
27	2020-21	\$ (0.071 M)	\$ (0.071 M)	\$ (0.047 M)	\$ (0.047 M)	\$ (0.035 M)	\$ (0.035 M)
28	2021-22	\$ (0.071 M)	\$ (0.071 M)	\$ (0.047 M)	\$ (0.047 M)	\$ (0.035 M)	\$ (0.035 M)