

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Educational Institution Exemption

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

**Entire Bill**

**Partial Bill: Sponsor(s):** Representative Clemons

**Month/Year Impact Begins:** July 1, 2017

**Date of Analysis:** 4/24/2017

### Section 1: Narrative

- a. Current Law:** Section 196.012 (5) defines “Educational Institution” to mean: a federal, state, parochial, church, or private school, college, or university conducting regular classes and courses of study required for eligibility to certification by, accreditation to, or membership in the State Department of Education of Florida, Southern Association of Colleges and Schools, or the Florida Council of Independent Schools; a nonprofit private school the principal activity of which is conducting regular classes and courses of study accepted for continuing postgraduate dental education credit by a board of the Division of Medical Quality Assurance; educational direct-support organizations created pursuant to ss. 1001.24, 1004.28, and 1004.70; facilities located on the property of eligible entities which will become owned by those entities on a date certain; and institutions of higher education, as defined under and participating in the Higher Educational Facilities Financing Act.

Section 196.192 reads: Exemptions from ad valorem taxation.—Subject to the provisions of this chapter:

- (1) All property owned by an exempt entity, *including educational institutions*, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation.
- (2) All property owned by an exempt entity, *including educational institutions*, and used predominantly for exempt purposes shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.
- (3) All tangible personal property loaned or leased by a natural person, by a trust holding property for a natural person, or by an exempt entity to an exempt entity for public display or exhibition on a recurrent schedule is exempt from ad valorem taxation if the property is loaned or leased for no consideration or for nominal consideration.

For purposes of this section, each use to which the property is being put must be considered in granting an exemption from ad valorem taxation, including any economic use in addition to any physical use. For purposes of this section, property owned by a limited liability company, the sole member of which is an exempt entity, shall be treated as if the property were owned directly by the exempt entity. This section does not apply in determining the exemption for property owned by governmental units pursuant to s. 196.199.

Section 196.198 reads: Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means

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environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.

- b. Proposed Change:** Amends the definition of “Educational Institution” in Section 196.012 (5) to add the following: a nonprofit entity that accredits training sponsors or assessment centers, that issues industry certifications identified by the Chancellor of Career and Adult Education as eligible for workforce education funding after approval by the State Board of Education or its successor, as set forth in s. 1008.44, and that has entered into a statewide articulation agreement with the State Board of Education for articulation of postsecondary credit for related degrees for approved industry certifications;

Also amends Section 196.198 to read (in part): Educational institutions within this state and their property used by them or by any other exempt entity or educational institution predominantly or exclusively for educational purposes are exempt from taxation in proportion to the extent of the exempt use of the property, as defined in 196.012.

### Section 2: Description of Data and Sources

Information from the State Department of Education

List of eligible entities received from the State Department of Education

2016 Ad Valorem Tax rolls

2016-17 Statewide Aggregate Millage Rates

March 2017 Ad Valorem Assessments Estimating Conference – Nonresidential Appreciation Rates

Alachua County 2016 Millage Rates applicable to parcels in the City of Alachua

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

Obtained Taxable Value, millage and taxes paid with respect to subject entity in Alachua County. For the low, used the amount from the subject parcel in Alachua and assumed there was at least 1 other entity that would benefit from the proposed language in a like manner to the subject entity.

For the high, the list of eligible entities obtained from the Department of Education was used. Assumed that all 26 entities on the list would be able to benefit from the language in a like manner to the subject entity. The middle is the 50% of the high. The low is two parcels.

For the change to Section 196.192, that section was amended in 2008 to add the language italicized above. The staff analysis for HB 475 (2008) indicates that this change was meant to address Attorney General Opinion 2007-20, issued to the Broward County Property appraiser which interpreted 196/192 and 196.198 to require when read together that an educational institution may only receive an ad valorem tax exemption pursuant to 196.198 and that to qualify for such exemption, the property must be used exclusively for educational purposes. Conversations with representatives of Property Appraisers indicated that the appraisers recognize the 2008 law change and there is not an awareness of any appraiser that requires the property be used exclusively for educational purposes. This results in the impact being \$0.

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**Section 4: Proposed Fiscal Impact**

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$0.6 M)	(\$0.6 M)	\$ (0.3M)	\$ (0.3M)	(\$0.1 M)	(\$0.1 M)
2018-19	(\$0.7 M)	(\$0.7 M)	\$ (0.3M)	\$ (0.3M)	(\$0.1 M)	(\$0.1 M)
2019-20	(\$0.7 M)	(\$0.7 M)	\$ (0.4M)	\$ (0.4M)	(\$0.1 M)	(\$0.1 M)
2020-21	(\$0.7 M)	(\$0.7 M)	\$ (0.4M)	\$ (0.4M)	(\$0.1 M)	(\$0.1 M)
2021-22	(\$0.8 M)	(\$0.8 M)	\$ (0.4M)	\$ (0.4M)	(\$0.1 M)	(\$0.1 M)

Non-school

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$1.0 M)	(\$1.0 M)	(\$0.5 M)	(\$0.5 M)	(\$0.1 M)	(\$0.1 M)
2018-19	(\$1.1 M)	(\$1.1 M)	(\$0.5 M)	(\$0.5 M)	(\$0.1 M)	(\$0.1 M)
2019-20	(\$1.1 M)	(\$1.1 M)	(\$0.6 M)	(\$0.6 M)	(\$0.1 M)	(\$0.1 M)
2020-21	(\$1.1 M)	(\$1.1 M)	(\$0.6 M)	(\$0.6 M)	(\$0.1 M)	(\$0.1 M)
2021-22	(\$1.2 M)	(\$1.2 M)	(\$0.6 M)	(\$0.6 M)	(\$0.1 M)	(\$0.1 M)

**List of affected Trust Funds:**

Ad Valorem Group

**Section 5: Consensus Estimate (Adopted: 04/25/2017): The Conference adopted the middle estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	0.0	0.0	(0.8)	(0.8)	(0.8)	(0.8)
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	(1.0)	(1.0)	(1.0)	(1.0)

Proposed Amendment - Educational Institution Definition

	A	B	C	D	E	F	G
1							
2		Parcel #	Taxable Value	Taxes Paid	Millage	School	NonSchool
3	Parcel	24-08-18-03956010029	\$3,089,300	\$76,233	24.6764	\$22,437	\$53,796
4		24-08-18-03956010025	\$261,300	\$6,448	24.6764	\$1,898	\$4,550
5				\$82,681		\$24,335	\$58,346
6	Low			\$165,362		\$48,670	\$116,692
7							
8		Taxable Value					
9	High	Total potentially eligible entities	26				
10		Assumed Taxable Value per entity	\$3,350,600				
11		Total Taxable Value Impact	\$87,115,600				
12							
13		2016-17 Millage Rates					
14		School	6.955				
15		Non-school	10.824				
16		Total	17.779				
17							
18							
19		School	Non-residential Appreciation Growth	High	Middle	Low	
20		2017	6.59	\$645,817	\$322,909	\$51,877	
21		2018	5.13	\$678,947	\$339,474	\$54,539	
22		2019	4.25	\$707,803	\$353,901	\$56,857	
23		2020	3.89	\$735,336	\$367,668	\$59,068	
24		2021	3.75	\$762,911	\$381,456	\$61,283	
25							
26		Non-School	Non-residential Appreciation Growth	High	Middle	Low	
27		2017	6.59	\$1,005,079	\$502,539	\$124,381	
28		2018	5.13	\$1,056,640	\$528,320	\$130,762	
29		2019	4.25	\$1,101,547	\$550,773	\$136,320	
30		2020	3.89	\$1,144,397	\$572,198	\$141,622	
31		2021	3.75	\$1,187,312	\$593,656	\$146,933	

A	B	C
1	<b>CERTIFYING AGENCIES WITH ARTICULATION AGREEMENTS AND/OR ELIGIBLE FOR DISTRICT PERFORMANCE-BASED INCENTIVE FUNDS</b>	
2		
3	<b>CERTIFYING AGENCY/ISSUING ENTITY</b>	<b>QUALIFYING FACTOR</b>
4	Adobe Systems	Entity offers a certification that has a SBE approved statewide articulation agreement
5	Agricultural Education Services and Technology Inc.	Entity offers a certification that has a SBE approved statewide articulation agreement
6	1 American Association of Medical Assistants	Entity offers a certification that has a SBE approved statewide articulation agreement
7	2 American Boat & Yacht Council	Entity offers a certification that has a SBE approved statewide articulation agreement
8	American Congress on Surveying and Mapping - National Society of Professional Surveyors	Entity offers a certification that has a SBE approved statewide articulation agreement
9	American Culinary Federation	Entity offers a certification that has a SBE approved statewide articulation agreement
10	3 American Design Drafting Association	Entity offers a certification that has a SBE approved statewide articulation agreement
11	American Institute of Professional Bookkeepers	Entity offers a certification that has a SBE approved statewide articulation agreement
12	4 American Medical Technologists (AMT)	Entity offers a certification that has a SBE approved statewide articulation agreement
13	American Society of Phlebotomy Technicians	Entity offers a certification that has a SBE approved statewide articulation agreement
14	American Society of Transportation & Logistics	Entity offers a certification that has a SBE approved statewide articulation agreement
15	Apple, Inc.	Entity offers a certification that has a SBE approved statewide articulation agreement
16	Association for Healthcare Documentation Integrity (AHDl)	Entity offers a certification that has a SBE approved statewide articulation agreement
17	5 Autodesk	Entity offers a certification that has a SBE approved statewide articulation agreement
18	Center for Excellence for Regenerative Health Biotechnology at University of Florida	Entity offers a certification that has a SBE approved statewide articulation agreement
19	6 Certification Partners	Entity offers a certification that has a SBE approved statewide articulation agreement
20	Chief Architect, Inc.	Entity offers a certification that has a SBE approved statewide articulation agreement
21	7 Cisco Systems, Inc.	Entity offers a certification that has a SBE approved statewide articulation agreement
22	8 Computing Technology Industry Association (CompTIA)	Entity offers a certification that has a SBE approved statewide articulation agreement
23	Council for Professional Recognition	Entity offers a certification that has a SBE approved statewide articulation agreement
24	9 CWNP	Entity offers a certification that has a SBE approved statewide articulation agreement
25	10 Dassault Systems Solidworks Corporation	Entity offers a certification that has a SBE approved statewide articulation agreement
26	11 Dental Assisting National Board	Entity offers a certification that has a SBE approved statewide articulation agreement
27	Fabricators & Manufacturers Association, International (FMA)	Entity offers a certification that has a SBE approved statewide articulation agreement
28	12 Federal Aviation Administration	Entity offers a certification that has a SBE approved statewide articulation agreement
29	13 Florida Department of Health	Entity offers a certification that has a SBE approved statewide articulation agreement
30	Florida Nursery Growers and Landscape Association	Entity offers a certification that has a SBE approved statewide articulation agreement
31	Florida Veterinary Medical Association	Entity offers a certification that has a SBE approved statewide articulation agreement
32	Green Building Certification Institute	Entity offers a certification that has a SBE approved statewide articulation agreement
33	14 HVAC Excellence	Entity offers a certification that has a SBE approved statewide articulation agreement
34	15 IHK-Bildungszentrum	Entity offers a certification that has a SBE approved statewide articulation agreement
35	International Society for Certified Electronics Technicians	Entity offers a certification that has a SBE approved statewide articulation agreement
36	Intuit	Entity offers a certification that has a SBE approved statewide articulation agreement
37	16 Manufacturing Skills Standards Council (MSSC)	Entity offers a certification that has a SBE approved statewide articulation agreement
38	17 Microsoft Corporation	Entity offers a certification that has a SBE approved statewide articulation agreement
39	NALS...the Association for Legal Professionals	Entity offers a certification that has a SBE approved statewide articulation agreement
40	18 National Center for Construction Education & Research (NCCER)	Entity offers a certification that has a SBE approved statewide articulation agreement
41	National Center for Simulation	Entity offers a certification that has a SBE approved statewide articulation agreement
42	19 National Council of State Boards of Nursing	Entity offers a certification that has a SBE approved statewide articulation agreement
43	20 National Healthcareer Association	Entity offers a certification that has a SBE approved statewide articulation agreement
44	21 National Institute for Automotive Service Excellence	Entity offers a certification that has a SBE approved statewide articulation agreement
45	22 National Institute for Metalworking Skills (NIMS)	Entity offers a certification that has a SBE approved statewide articulation agreement
46	23 National Registry of Emergency Medical Technicians	Entity offers a certification that has a SBE approved statewide articulation agreement
47	National Registry of Food Safety Professionals	Entity offers a certification that has a SBE approved statewide articulation agreement
48	National Restaurant Association Educational Foundation	Entity offers a certification that has a SBE approved statewide articulation agreement
49	24 North American Technician Excellence	Entity offers a certification that has a SBE approved statewide articulation agreement
50	25 Oracle Corporation	Entity offers a certification that has a SBE approved statewide articulation agreement
51	26 Pharmacy Technician Certification Board	Entity offers a certification that has a SBE approved statewide articulation agreement
52	Sun Microsystems, Inc.	Entity offers a certification that has a SBE approved statewide articulation agreement
53	Unmanned Safety Institute	Entity offers a certification that has a SBE approved statewide articulation agreement
54	Amazon	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
55	American Academy of Professional Coders	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
56	American Association of Bioanalysts (AAB)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
57	1 American Association of Medical Assistants	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
58	2 American Boat & Yacht Council	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
59	3 American Design Drafting Association	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
60	American Health Information Management Association	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding

A	B	C
61	4 American Medical Technologists (AMT)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
62	American Production and Inventory Control Society (APICS)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
63	American Society for Quality	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
64	American Welding Society	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
65	5 Autodesk	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
66	Board of Nephrology Examiners Inc. Nursing and Technology	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
67	6 Certification Partners	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
68	Check Point Software Technologies Ltd.	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
69	7 Cisco Systems, Inc.	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
70	Citrix Systems Incorporated	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
71	CNC Software Inc.	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
72	8 Computing Technology Industry Association (CompTIA )	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
73	9 CWNP	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
74	10 Dassault Systems Solidworks Corporation	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
75	11 Dental Assisting National Board	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
76	EC-Council	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
77	Electronics Technician Association International	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
78	EMC	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
79	Entertainment Technician Certification Program (ETCP)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
80	12 Federal Aviation Administration	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
81	Florida Department of Financial Services, State Fire Marshal, Bureau of Fire Standards & Training	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
82	13 Florida Department of Health	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
83	Florida Department of Law Enforcement, Criminal Justice Standards and Training Commission	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
84	Global Information Assurance Certification	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
85	14 HVAC Excellence	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
86	15 IHK-Bildungszentrum	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
87	Independent Electrical Contractors	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
88	International Information Systems Security Certification Consortium, Inc.	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
89	International Society of Automation	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
90	Manufacturing Skills Institute (MSI)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
91	16 Manufacturing Skills Standards Council (MSSC)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
92	17 Microsoft Corporation	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
93	National Board for Certification of Orthopaedic Technologists	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
94	National Board of Surgical Technologist and Surgical Assisting	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
95	National Center for Aerospace and Transportation Technologies (NCATT)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
96	18 National Center for Construction Education & Research (NCCER)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
97	19 National Council of State Boards of Nursing	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
98	20 National Healthcareer Association	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
99	21 National Institute for Automotive Service Excellence	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
100	22 National Institute for Metalworking Skills (NIMS)	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
101	National Joint Apprenticeship and Training Committee	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
102	23 National Registry of Emergency Medical Technicians	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
103	Nephrology Nursing Certification Commission	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
104	24 North American Technician Excellence	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
105	25 Oracle Corporation	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
106	26 Pharmacy Technician Certification Board	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
107	Society for Maintenance and Reliability Professionals	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
108	Society of Manufacturing Engineers	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding
109	SpaceTec	Entity offers a certification on the CAPE Postsecondary Industry Certification List (16-17) and eligible for district performance funding

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Charter Schools/Exemption Clarification

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

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative Abruzzo

**Month/Year Impact Begins:** Retroactively to January 1, 2017

**Date of Analysis:** 4/24/2017

### Section 1: Narrative

#### a. Current Law:

Section 196.98 reads: Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.

Section 196.1983 reads: 196.1983 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.

Section 212.08(7)(o) reads: Schools, colleges, and universities.—Also exempt from the tax imposed by this chapter are sales or leases to state tax-supported schools, colleges, or universities.

**b. Proposed Change:** Revises the language to read: 196.1983 Charter school exemption from ad valorem taxes.—Any facility, or portion thereof, used to house a a K-12 Public School or a K-12 public charter school whose charter has been approved by the sponsor and the governing board pursuant to s. 1002.33(7), regardless of ownership of property or lease arrangement, is a public educational facility and shall be exempt from ad valorem taxes and sales tax on lease payments. For leasehold properties, the landlord must certify by affidavit to the charter school that the school's payment obligations under the lease, whether in the form of base rent, additional rent, common area charges, or otherwise, ~~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

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**Tax:** Ad Valorem

**Issue:** Charter Schools/Exemption Clarification

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

~~exemption at least annually. Any facility, or portion thereof, that would otherwise satisfy the provision of this part shall not be denied exemption solely on the basis of such facility, or portion thereof, being subject to a triple net lease, 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.~~

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

2016 Ad Valorem Tax rolls

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

Through conversations with representatives of Property Appraisers, identified that the issue underlying the proposed language is a charter school leasing a facility in Flagler County.

Conversations with DOE and the Miami-Dade County School District identified three school facilities that are leased and for which Ad Valorem tax is paid.

The department understands charter schools to meet the conditions to be exempt from sales tax pursuant to 212.08(7)(o). the proposed impact for this language is zero.

**Section 4: Proposed Fiscal Impact**

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$2.72 M)	(\$2.72 M)	(\$0.54 M)	(\$0.54 M)	(\$0.11 M)	(\$0.11 M)
2018-19	(\$2.86 M)	(\$2.86 M)	(\$0.57 M)	(\$0.57 M)	(\$0.11 M)	(\$0.11 M)
2019-20	(\$2.98 M)	(\$2.98 M)	(\$0.60 M)	(\$0.60 M)	(\$0.12 M)	(\$0.12 M)
2020-21	(\$3.09 M)	(\$3.09 M)	(\$0.62 M)	(\$0.62 M)	(\$0.12 M)	(\$0.12 M)
2021-22	(\$3.18 M)	(\$3.18 M)	(\$0.64 M)	(\$0.64 M)	(\$0.13 M)	(\$0.13 M)

NonSchool

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(\$5.34 M)	(\$5.34 M)	(\$1.07 M)	(\$1.07 M)	(\$0.21 M)	(\$0.21 M)
2018-19	(\$5.61 M)	(\$5.61 M)	(\$1.12 M)	(\$1.12 M)	(\$0.22 M)	(\$0.22 M)
2019-20	(\$5.85 M)	(\$5.85 M)	(\$1.17 M)	(\$1.17 M)	(\$0.23 M)	(\$0.23 M)
2020-21	(\$6.08 M)	(\$6.08 M)	(\$1.22 M)	(\$1.22 M)	(\$0.24 M)	(\$0.24 M)
2021-22	(\$6.24 M)	(\$6.24 M)	(\$1.25 M)	(\$1.25 M)	(\$0.25 M)	(\$0.25 M)

**List of affected Trust Funds:** Ad Valorem Group



**REVENUE ESTIMATING CONFERENCE**

**Tax:** Ad Valorem

**Issue:** Charter Schools/Exemption Clarification

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

**Section 5: Consensus Estimate (Adopted: 04/25/2017): The Conference adopted 2x the low estimate.**

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(0.2)	(0.2)	(0.4)	(0.4)	(0.6)	(0.6)
2018-19	(0.2)	(0.2)	(0.4)	(0.4)	(0.7)	(0.7)
2019-20	(0.2)	(0.2)	(0.5)	(0.5)	(0.7)	(0.7)
2020-21	(0.2)	(0.2)	(0.5)	(0.5)	(0.7)	(0.7)
2021-22	(0.3)	(0.3)	(0.5)	(0.5)	(0.8)	(0.8)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	0.0	0.0	0.0	0.0	(0.6)	(0.6)	(0.6)	(0.6)
2018-19	0.0	0.0	0.0	0.0	(0.7)	(0.7)	(0.7)	(0.7)
2019-20	0.0	0.0	0.0	0.0	(0.7)	(0.7)	(0.7)	(0.7)
2020-21	0.0	0.0	0.0	0.0	(0.7)	(0.7)	(0.7)	(0.7)
2021-22	0.0	0.0	0.0	0.0	(0.8)	(0.8)	(0.8)	(0.8)

Proposed Language - Charter Schools/Exemption Clarification

	Flagler County	Miami-Dade County	
Parcel	05-12-31-5855-00000-0030	01-4102-005-3290	2 additional parcels
2016 Taxable Value	\$5,241,279	\$4,277,418	
Millage - Total	20.3887	21.8256	
Millage - School	6.9532	7.322	
Millage - NonSchool	13.4355	14.5036	
Tax Impact - School	\$36,444	\$31,319	\$34,219
Tax Impact- NonSchool	\$70,419	\$62,038	\$67,781
Total Impact	\$106,863	\$93,357	\$102,000

School	Growth - NonResidential	High (5 times Middle)	Middle (5 times low)	Low
2017	6.59	\$2,717,556	\$543,511	\$108,702
2018	5.13	\$2,856,966	\$571,393	\$114,279
2019	4.25	\$2,978,387	\$595,677	\$119,135
2020	3.89	\$3,094,246	\$618,849	\$123,770
2021	2.75	\$3,179,338	\$635,868	\$127,174

NonSchool		High	Middle	Low
2017	6.59	\$5,335,854	\$1,067,171	\$213,434
2018	5.13	\$5,609,583	\$1,121,917	\$224,383
2019	4.25	\$5,847,991	\$1,169,598	\$233,920
2020	3.89	\$6,075,477	\$1,215,095	\$243,019
2021	2.75	\$6,242,553	\$1,248,511	\$249,702

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales Tax

**Issue:** Exempt New Construction Building Materials in RAOs

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

**Entire Bill**

**Partial Bill:**

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

**Month/Year Impact Begins:** July 1, 2017

**Date of Analysis:**4/24/2017

**Section 1: Narrative**

- a. **Current Law:** No sales tax exemption for building materials, rental of tangible personal property and pest control fees for new construction in designated rural areas of opportunity exists.
- b. **Proposed Change:** Creates section 212.08(5)(r). this section provides an exemption through a refund of previously paid taxes for building materials, rental of tangible personal property and pest control services used to build new construction located in a rural area of opportunity. Limits the refund to the lesser of 97.5% of the total sales tax paid or \$10,000. Requires the refund to exceed \$500 in order to be granted. Provides that the Department of Revenue deduct 10% of each refund from the amount transferred into the Local Government Half Cent Sales Tax Clearing Trust Fund and be transferred to the General Revenue Fund.

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

There are 32 counties including 3 counties with partial areas are designated as rural areas of opportunity.  
 8 areas have effective date through 6/27/2021  
 14 areas have effective date through 6/12/2018  
 10 areas have effective date through 7/8/2020.  
 2016 Ad Valorem Tax rolls  
 March 2017 General Revenue Estimating Conference Building Investment growth rates

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

Ad valorem methodology: Identified those counties and cities that would be eligible as Designated Rural Areas of Opportunity in the 2016 tax rolls. Further identified those that had new construction. Calculated improvement value by subtracting land value from just value. Calculated percent new construction of improvement value and included only those where new construction was 80% or more of the improvements value. At the parcel level calculated the maximum potential refund by multiplying new construction by 40% and by the state 6% sales tax rate. Local option was applied for that respective county by number of parcels, assuming each parcel met the \$50 or \$75 cap. Compared this result at the parcel level and constrained those over \$10,000, respectively, to get the simulated impact using the 2016 rolls. Eliminated those parcels where the refund would be less than \$500. Grew at Building Investment growth rates.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18			(Indeterminant)			
2018-19			(\$5.8 M)			
2019-20			(\$3.9 M)			
2020-21			(\$4.1 M)			
2021-22			(\$1.7 M)			

**List of affected Trust Funds:** Sales Tax Group

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales Tax

**Issue:** Exempt New Construction Building Materials in RAOs

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

**Section 5: Consensus Estimate (Adopted: 04/25/2017):** The Conference adopted the proposed cash estimate and adopted the recurring impact to be at least the fifth year cash estimate. However, if the Governor reauthorizes the RAOs in 2018 and 2020, the recurring impact would be \$6.0m, including the local option impact.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(**)	(1.3)	(**)	(Insignificant)	(**)	(0.1)	(**)	(0.3)
2018-19	(4.5)	(1.3)	(Insignificant)	(Insignificant)	(0.2)	(0.1)	(1.1)	(0.3)
2019-20	(3.1)	(1.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.7)	(0.3)
2020-21	(3.2)	(1.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.8)	(0.3)
2021-22	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18	(**)	(0.2)	(**)	(0.6)	(**)	(1.9)
2018-19	(0.2)	(0.2)	(1.5)	(0.6)	(6.0)	(1.9)
2019-20	(0.2)	(0.2)	(1.0)	(0.6)	(4.1)	(1.9)
2020-21	(0.2)	(0.2)	(1.1)	(0.6)	(4.3)	(1.9)
2021-22	(0.2)	(0.2)	(0.6)	(0.6)	(1.9)	(1.9)

Exempt New Construction Building Materials in RAOs

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Rural Areas of Opportunity - \$10,000 Refund											Including additional 4% for Rental of TPP and Pest Control	
2			RAO Designation Expiration	Parcels	Local Option Sales Tax Rate	New Construction value	40% deemed Materials	6% Sales Tax - \$10,000 Refund	6% Sales Tax refund plus 4% for other items	Excluding 2018 Expiration date	Excluding 2020 Expiration date	Excluding 2018 Expiration date	Excluding 2020 Expiration date
3	12	Baker	2018	50	1.0%	\$3,945,258	\$1,578,103	\$91,864	\$95,539	\$0	\$0	\$0	\$0
4	14	Bradford	2018	65	1.0%	\$5,323,076	\$2,129,230	\$114,653	\$119,240	\$0	\$0	\$0	\$0
5	17	Calhoun	2020	37	1.5%	\$913,738	\$365,495	\$19,578	\$20,361	\$19,578	\$0	\$20,361	\$0
6	22	Columbia	2018	285	1.0%	\$24,683,900	\$9,873,560	\$501,676	\$521,743	\$0	\$0	\$0	\$0
7	24	Desoto	2021	83	1.5%	\$4,187,772	\$1,675,109	\$94,544	\$98,326	\$94,544	\$98,326	\$98,326	\$98,326
8	25	Dixie	2018	65	1.0%	\$3,848,650	\$1,539,460	\$57,100	\$59,384	\$0	\$0	\$0	\$0
9	29	Franklin	2020	56	1.0%	\$9,587,363	\$3,834,945	\$226,212	\$235,260	\$226,212	\$0	\$235,260	\$0
10	30	Gadsden	2020	99	1.5%	\$8,096,415	\$3,238,566	\$190,344	\$197,958	\$190,344	\$0	\$197,958	\$0
11	31	Gilchrist	2018	95	1.0%	\$5,983,903	\$2,393,561	\$126,268	\$131,319	\$0	\$0	\$0	\$0
12	32	Glades	2021	43	1.0%	\$10,932,173	\$4,372,869	\$65,694	\$68,322	\$65,694	\$68,322	\$68,322	\$68,322
13	33	Gulf	2020	138	1.0%	\$22,771,666	\$9,108,666	\$520,060	\$540,862	\$520,060	\$0	\$540,862	\$0
14	34	Hamilton	2018	80	1.0%	\$3,485,338	\$1,394,135	\$71,075	\$73,918	\$0	\$0	\$0	\$0
15	35	Hardee	2021	45	1.0%	\$6,363,310	\$2,545,324	\$82,303	\$85,595	\$82,303	\$85,595	\$85,595	\$85,595
16	36	Hendry	2021	80	1.0%	\$4,002,480	\$1,600,992	\$90,128	\$93,734	\$90,128	\$93,734	\$93,734	\$93,734
17	38	Highlands	2021	213	1.5%	\$30,970,664	\$12,388,266	\$543,913	\$565,669	\$543,913	\$565,669	\$565,669	\$565,669
18	40	Holmes	2020	42	1.0%	\$4,230,631	\$1,692,252	\$99,426	\$103,403	\$99,426	\$0	\$103,403	\$0
19	42	Jackson	2020	72	1.5%	\$10,365,268	\$4,146,107	\$218,561	\$227,303	\$218,561	\$0	\$227,303	\$0
20	43	Jefferson	2018	43	1.0%	\$3,227,937	\$1,291,175	\$76,092	\$79,136	\$0	\$0	\$0	\$0
21	44	Lafayette	2018	24	1.0%	\$1,674,675	\$669,870	\$37,948	\$39,466	\$0	\$0	\$0	\$0
22	48	Levy	2018	156	1.0%	\$8,179,939	\$3,271,976	\$186,854	\$194,328	\$0	\$0	\$0	\$0
23	49	Liberty	2020	45	2.0%	\$1,774,785	\$709,914	\$33,766	\$35,117	\$33,766	\$0	\$35,117	\$0
24	50	Madison	2018	82	1.5%	\$3,822,503	\$1,529,001	\$85,075	\$88,478	\$0	\$0	\$0	\$0
25	57	Okeechobee	2021	110	1.0%	\$10,825,011	\$4,330,004	\$189,177	\$196,744	\$189,177	\$196,744	\$196,744	\$196,744
26	64	Putnam	2018	154	1.0%	\$14,531,864	\$5,812,746	\$257,605	\$267,909	\$0	\$0	\$0	\$0
27	71	Suwannee	2018	208	1.0%	\$11,668,606	\$4,667,442	\$255,483	\$265,703	\$0	\$0	\$0	\$0
28	72	Taylor	2018	99	1.0%	\$3,396,032	\$1,358,413	\$71,531	\$74,393	\$0	\$0	\$0	\$0
29	73	Union	2018	20	1.0%	\$1,368,678	\$547,471	\$32,692	\$34,000	\$0	\$0	\$0	\$0
30	75	Wakulla	2020	127	1.0%	\$14,046,707	\$5,618,683	\$333,649	\$346,995	\$333,649	\$0	\$346,995	\$0
31	77	Washington	2020	46	1.0%	\$2,744,718	\$1,097,887	\$64,088	\$66,651	\$64,088	\$0	\$66,651	\$0
32		Cities in Palm Beach	2021	4	1.0%	\$1,174,705	\$469,882	\$18,431	\$19,168	\$18,431	\$19,168	\$19,168	\$19,168
33		Freeport	2020	94	1.5%	\$15,269,565	\$6,107,826	\$366,219	\$380,868	\$366,219	\$0	\$380,868	\$0
34		Immokalee	2021	70	0.0%	\$9,771,341	\$3,908,536	\$226,417	\$235,474	\$226,417	\$235,474	\$235,474	\$235,474
35		Statewide		2830		\$263,168,671	\$105,267,468	\$5,348,427	\$5,562,364	\$3,382,510	\$1,363,033	\$3,517,810	\$1,363,033
36				Growth rate	6% impact	Local Option Impact	Additional Local Impact	Additional GR				Expiration year	Expiration date
37				2017-18									
38				2018-19	7.90%	-\$5,770,953	-\$203,000	-\$597,395	\$597,395			2018	Ends 6/12/201
39				2019-20	6.50%	-\$3,886,960	-\$136,728	-\$402,369	\$402,369			2020	Ends 7/8/2020
40				2020-21	5.40%	-\$4,096,856	-\$144,112	-\$424,097	\$424,097			2021	Ends 6/27/202
41				2021-22	5.30%	-\$1,738,386	-\$61,150	-\$179,954	\$179,954				
42													