

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Engineered Building Systems

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2018 (one month lag to collections)

Date of Analysis: 1/19/2018

Section 1: Narrative

a. Current Law: Section 212.08(6)(b) F.S., "The exemption provided under this subsection does not include sales of tangible personal property made to contractors employed directly to or as agents of any such government or political subdivision when such tangible personal property goes into or becomes a part of public works owned by such government or political subdivision. A determination of whether a particular transaction is properly characterized as an exempt sale to a government entity or a taxable sale to a contractor shall be based upon the substance of the transaction rather than the form in which the transaction is cast. However, for sales of tangible personal property that go into or become a part of public works owned by a governmental entity, other than the Federal Government, a governmental entity claiming the exemption provided under this subsection shall certify to the dealer and the contractor the entity's claim to the exemption by providing the dealer and the contractor a certificate of entitlement to the exemption for such sales. If the department later determines that such sales, in which the governmental entity provided the dealer and the contractor with a certificate of entitlement to the exemption, were not exempt sales to the governmental entity, the governmental entity shall be liable for any tax, penalty, and interest determined to be owed on such transactions. Possession by a dealer or contractor of a certificate of entitlement to the exemption from the governmental entity relieves the dealer from the responsibility of collecting tax on the sale and the contractor for any liability for tax, penalty, or interest related to the sale, and the department shall look solely to the governmental entity for recovery of tax, penalty, and interest if the department determines that the transaction was not an exempt sale to the governmental entity. The governmental entity may not transfer liability for such tax, penalty, and interest to another party by contract or agreement."

Section 212.08(6)(c) F.S., "The department shall adopt rules for determining whether a particular transaction is properly characterized as an exempt sale to a governmental entity or a taxable sale to a contractor which give special consideration to factors that govern the status of the tangible personal property before being affixed to real property. In developing such rules, assumption of the risk of damage or loss is of paramount consideration in the determination. The department shall also adopt, by rule, a certificate of entitlement to exemption for use as provided in paragraph (b). The certificate shall require the governmental entity to affirm that it will comply with the requirements of this subsection and the rules adopted under paragraph (b) in order to qualify for the exemption and that it acknowledges its liability for any tax, penalty, or interest later determined by the department to be owed on such transactions."

Rule 12A-1.094, F.A.C. Public Works Contracts.

(4)(a) The exemption in Section 212.08(6), F.S., is a general exemption for sales made directly to the government. A determination whether a particular transaction is properly characterized as an exempt sale to a governmental entity or a taxable sale to or use by a contractor shall be based on the substance of the transaction, rather than the form in which the transaction is cast. The Executive Director or the Executive Director's designee in the responsible program will determine whether the substance of a particular transaction is a taxable sale to or use by a contractor or an exempt direct sale to a governmental entity based on all of the facts and circumstances surrounding the transaction as a whole.

(b) The following criteria that govern the status of the tangible personal property prior to its affixation to real property will be considered in determining whether a governmental entity rather than a contractor is the purchaser of materials:

1. Direct Purchase Order. The governmental entity must issue its purchase order directly to the vendor supplying the materials the contractor will use and provide the vendor with a copy of the governmental entity's Florida Consumer's Certification of Exemption.
2. Direct Invoice. The vendor's invoice must be issued to the governmental entity, rather than to the contractor.
3. Direct Payment. The governmental entity must make payment directly to the vendor from public funds.
4. Passage of Title. The governmental entity must take title to the tangible personal property from the vendor at the time of purchase or delivery by the vendor.
5. Assumption of the Risk of Loss. Assumption of the risk of damage or loss by the governmental entity at the time of purchase is a paramount consideration. A governmental entity will be deemed to have assumed the risk of loss if the governmental entity bears the economic burden of obtaining insurance covering damage or loss or directly enjoys the economic benefit of the proceeds of such insurance.

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(c)1. To be entitled to purchase materials tax exempt for a public works project, a governmental entity is required to issue a Certificate of Entitlement to each vendor and to the governmental entity's contractor to affirm that the tangible personal property purchased from that vendor will go into or become a part of a public work. This requirement does not apply to any agency or branch of the United States government.

In addition, 501(c)(3) organizations are allowed a substantially similar process under Rule 12A-1.051 F.A.C. "Sales to or by Contractors Who Repair, Alter, Improve and Construct Real Property".

b. Proposed Change: Section 212.08(5)(t) F.S. is added, "Engineered building systems.—

1. As used in this paragraph, the term:

a. "Device" means heating, ventilation, and air conditioning equipment, alarms and related sensors, door locks and latches, cameras, microphones, card readers, and light fixtures.

b. "Engineered building system" means one or more functionally related devices that are monitored, controlled or coordinated centrally, remotely, or using automation technology, in order to optimize the performance of the devices for their designed purpose. The term also includes any computers and software, sensors, or other mechanisms, hardware and components necessary to monitor, control or coordinate the devices in the system. The term also includes tangible personal property necessary to attach the components of the system to real property.

c. "Qualifying contract" means a contract for the installation, programming, and commissioning of an engineered building system.

d. "Tax-exempt entity" means a nonprofit organization that is exempt from federal income tax under s. 501(c)(3) of the Internal Revenue Code, as amended, or a state, or any county, municipality, or political subdivision of a state.

2. Tangible personal property that becomes part of a real property improvement as a component of an engineered building system purchased by a tax-exempt entity is exempt from the tax imposed by this chapter when purchased by a contractor in the performance of a qualifying contract with a tax-exempt entity. The term "contractor" includes prime contractors and subcontractors. In the case of a contractor who manufactures and installs components of engineered building systems, this exemption extends to the purchase of component parts and all other manufacturing and fabrication costs of components of an engineered building system that are specified in the contract.

3. In order for the contractor to make exempt purchases under this paragraph, it must provide the selling dealer with the consumer's certificate of exemption for the tax-exempt entity under contract with the contractor and a letter of authorization issued by the tax-exempt entity to the contractor. The authorization letter must include all of the following information:

a. The project title.

b. The name of the contractor authorized to utilize the certificate of exemption.

c. The name of the entity issuing the authorization letter.

d. The circumstances under which the contractor may use the entity's consumer's certificate of exemption pursuant to the execution of a qualifying contract.

4. If the department later determines that tangible personal property purchased by a contractor using a governmental entity's consumer's certificate of exemption was not used for an exempt purpose, or that the contractor did not use the property under circumstances specified in the letter of authorization, the contractor shall be liable for any tax, penalty, and interest determined to be owed on such transactions unless the contractor can demonstrate to the department that it originally purchased the property with the good faith intent to use them as specified in the authorization letter. A consumer's certificate of exemption extended to a dealer by a contractor pursuant to a qualifying contract and letter of authorization relieves the dealer from the responsibility of collecting tax on the sale."

Section 2: Description of Data and Sources

Florida Economic Estimating Conference Total Public Construction Expenditures.

U.S. Census Data: State and Local Government Finances by Level of Government and by State: 2015

Buildings.com detailed construction expenses

IRS form 990 Revenue and Expense details, 2014

National Center for Charitable Statistics, Total Contributions National and State, 2011

Section 3: Methodology (Include Assumptions and Attach Details)

Total public construction expenditures adjusted for local expenditures is the starting point for the governmental entities impact. The Property, Plant and Equipment numbers for 501(c)(3) organizations come directly from IRS Form 990 and is allocated to

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Florida using the NCCS data. The expenditures numbers are reduced to reflect the portion of the total made on materials. The materials expenditures are further reduced using the share of total construction expenditures made for potentially qualifying categories of construction. The building cost detail includes lines for HVAC, Electrical, Fire Suppression, Specialties, and Openings. It is expected that, except for HVAC, some amount less than 100% of the total expenses in each category would qualify as an engineered building system. These adjusted percentages are used to find the amount of materials expenditures made on qualifying engineered building systems. The high estimate assumes that 90% of the contracts are not exempt today. The middle assumes 80% and the low assumes 70%. It is assumed that the contracts do not have flexible start dates, so the first-year impact is for eleven months of activity.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(201.1 M)	\$(219.4 M)	\$(151.9 M)	\$(165.7 M)	\$(109.4 M)	\$(119.3 M)
2019-20	\$(228.7 M)	\$(228.7 M)	\$(172.7 M)	\$(172.7 M)	\$(124.4 M)	\$(124.4 M)
2020-21	\$(237.8 M)	\$(237.8 M)	\$(179.6 M)	\$(179.6 M)	\$(129.3 M)	\$(129.3 M)
2021-22	\$(246.4 M)	\$(246.4 M)	\$(186.1 M)	\$(186.1 M)	\$(134.0 M)	\$(134.0 M)
2022-23	\$(254.6 M)	\$(254.6 M)	\$(192.3 M)	\$(192.3 M)	\$(138.5 M)	\$(138.5 M)

List of affected Trust Funds:

Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 01/19/2018): The Conference adopted a modified middle estimate that adjusts the “openings” category that would qualify as an engineered building system, and the % of public construction contracts that do not qualify for the current exemption was increased to 90% from 80%.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(126.5)	(137.9)	(Insignificant)	(Insignificant)	(4.2)	(4.6)	(12.1)	(13.2)
2019-20	(143.8)	(143.8)	(Insignificant)	(Insignificant)	(4.8)	(4.8)	(13.8)	(13.8)
2020-21	(149.6)	(149.6)	(Insignificant)	(Insignificant)	(5.0)	(5.0)	(14.4)	(14.4)
2021-22	(155.0)	(155.0)	(Insignificant)	(Insignificant)	(5.2)	(5.2)	(14.9)	(14.9)
2022-23	(160.1)	(160.1)	(Insignificant)	(Insignificant)	(5.3)	(5.3)	(15.4)	(15.4)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(16.1)	(17.5)	(32.4)	(35.4)	(158.9)	(173.3)
2019-20	(18.3)	(18.3)	(36.9)	(36.9)	(180.7)	(180.7)
2020-21	(19.0)	(19.0)	(38.3)	(38.3)	(187.9)	(187.9)
2021-22	(19.7)	(19.7)	(39.7)	(39.7)	(194.7)	(194.7)
2022-23	(20.4)	(20.4)	(41.1)	(41.1)	(201.2)	(201.2)

Proposed Language- Engineered Building Systems
Summary

	A	B	C	D	E	F	G
1							
2	Governmental Entities						
3		High		Middle		Low	
4		Cash	Recurring	Cash	Recurring	Cash	Recurring
5	2018-19	\$ (71.3 M)	\$ (77.7 M)	\$ (57.2 M)	\$ (62.4 M)	\$ (33.6 M)	\$ (36.6 M)
6	2019-20	\$ (80.1 M)	\$ (80.1 M)	\$ (64.3 M)	\$ (64.3 M)	\$ (37.8 M)	\$ (37.8 M)
7	2020-21	\$ (82.6 M)	\$ (82.6 M)	\$ (66.3 M)	\$ (66.3 M)	\$ (38.9 M)	\$ (38.9 M)
8	2021-22	\$ (85.1 M)	\$ (85.1 M)	\$ (68.4 M)	\$ (68.4 M)	\$ (40.1 M)	\$ (40.1 M)
9	2022-23	\$ (87.7 M)	\$ (87.7 M)	\$ (70.4 M)	\$ (70.4 M)	\$ (41.3 M)	\$ (41.3 M)
10							
11	501 C3						
12		High		Middle		Low	
13		Cash	Recurring	Cash	Recurring	Cash	Recurring
14	2018-19	\$ (106.6 M)	\$ (116.3 M)	\$ (85.6 M)	\$ (93.4 M)	\$ (50.3 M)	\$ (54.8 M)
15	2019-20	\$ (122.2 M)	\$ (122.2 M)	\$ (98.1 M)	\$ (98.1 M)	\$ (57.6 M)	\$ (57.6 M)
16	2020-21	\$ (127.7 M)	\$ (127.7 M)	\$ (102.5 M)	\$ (102.5 M)	\$ (60.2 M)	\$ (60.2 M)
17	2021-22	\$ (132.8 M)	\$ (132.8 M)	\$ (106.7 M)	\$ (106.7 M)	\$ (62.6 M)	\$ (62.6 M)
18	2022-23	\$ (137.5 M)	\$ (137.5 M)	\$ (110.4 M)	\$ (110.4 M)	\$ (64.8 M)	\$ (64.8 M)
19							
20	Total						
21		High		Middle		Low	
22		Cash	Recurring	Cash	Recurring	Cash	Recurring
23	2018-19	\$ (177.9 M)	\$ (194.1 M)	\$ (142.8 M)	\$ (155.8 M)	\$ (83.8 M)	\$ (91.5 M)
24	2019-20	\$ (202.3 M)	\$ (202.3 M)	\$ (162.4 M)	\$ (162.4 M)	\$ (95.3 M)	\$ (95.3 M)
25	2020-21	\$ (210.3 M)	\$ (210.3 M)	\$ (168.9 M)	\$ (168.9 M)	\$ (99.1 M)	\$ (99.1 M)
26	2021-22	\$ (218.0 M)	\$ (218.0 M)	\$ (175.0 M)	\$ (175.0 M)	\$ (102.7 M)	\$ (102.7 M)
27	2022-23	\$ (225.2 M)	\$ (225.2 M)	\$ (180.8 M)	\$ (180.8 M)	\$ (106.1 M)	\$ (106.1 M)

Proposed Language-Engineered Building Systems

501 C3 Organizations

	A	B	C	D	E	F	G
1	Per NCCS 2011 Data Itemized deductions (\$1,000)						
2	Total Donations U.S.	174,517,353					
3	Total Florida Donations	9,674,105					
4	% FL	5.54%					
5							
6	2014 501(c)3 data Form 990 (\$M)						
7	Total Revenue	1,838,055					
8	Total Expenses	1,688,704					
9	Property, Plant, & Equipment	373,553					
10	Share of PP&E in materials	40%					
11	Materials PP&E	149,421.28					
12	shared to FL	8,282.94					
13							
14	% Engineered Building System						
15				19.68%	15.80%	11.92%	
16							
17	Calendar Year	Donations Growth Rate	FL Materials	High	Middle	Low	
18	2014	7.78%	\$ 8,282.94	\$ 1,630.08	\$ 1,308.87	\$ 987.66	
19	2015	7.28%	\$ 8,885.56	\$ 1,748.68	\$ 1,404.10	\$ 1,059.51	
20	2016	6.78%	\$ 9,487.59	\$ 1,867.16	\$ 1,499.23	\$ 1,131.30	
21	2017	6.28%	\$ 10,082.97	\$ 1,984.33	\$ 1,593.31	\$ 1,202.29	
22	2018	5.78%	\$ 10,665.30	\$ 2,098.93	\$ 1,685.33	\$ 1,271.73	
23	2019	5.28%	\$ 11,227.93	\$ 2,209.66	\$ 1,774.24	\$ 1,338.82	
24	2020	4.78%	\$ 11,764.11	\$ 2,315.18	\$ 1,858.96	\$ 1,402.75	
25	2021	4.28%	\$ 12,267.06	\$ 2,414.16	\$ 1,938.44	\$ 1,462.72	
26	2022	3.78%	\$ 12,730.19	\$ 2,505.30	\$ 2,011.62	\$ 1,517.95	
27	2023	3.28%	\$ 13,147.15	\$ 2,587.36	\$ 2,077.51	\$ 1,567.67	
28							
29	% of public construction expenditures contracts that do not follow the guidelines in Rule 12A-1.051, F.A.C.						
30	Convert from CY to FY	90%		90%		70%	
31	and Apply 6% Sales tax	High		Middle		Low	
32		Cash	Recurring	Cash	Recurring	Cash	Recurring
33	2018-19	\$ (106.6 M)	\$ (116.3 M)	\$ (85.6 M)	\$ (93.4 M)	\$ (50.3 M)	\$ (54.8 M)
34	2019-20	\$ (122.2 M)	\$ (122.2 M)	\$ (98.1 M)	\$ (98.1 M)	\$ (57.6 M)	\$ (57.6 M)

Proposed Language-Engineered Building Systems

501 C3 Organizations

	A	B	C	D	E	F	G
35	2020-21	\$ (127.7 M)	\$ (127.7 M)	\$ (102.5 M)	\$ (102.5 M)	\$ (60.2 M)	\$ (60.2 M)
36	2021-22	\$ (132.8 M)	\$ (132.8 M)	\$ (106.7 M)	\$ (106.7 M)	\$ (62.6 M)	\$ (62.6 M)
37	2022-23	\$ (137.5 M)	\$ (137.5 M)	\$ (110.4 M)	\$ (110.4 M)	\$ (64.8 M)	\$ (64.8 M)

Proposed Language - Engineered Building Systems
Government Entities

	A	B	C	D	E	F	G	
1	U.S. Census Data	State and Local Government Finances by Level of Government and by State: 2015						
2	Direct general expenditures							
3		total		2015	142,935,819			
4		capital outlay		2015	14,192,607			
5		excluding capital outlay		2015	128,743,212			
6								
7	Florida Economic Estimating Conference 1/2018							
8		State Public Construction Expenditures		2015	9,365,715			
9		State Expenditures % of Total outlay			66%			
10								
11								
12	FY	Public Construction Expenditures	Share of Materials in Pub. Const. Expend.	Materials Expense Pub. Const. Expend.	Sales tax Materials	Asphalt Manufactured Use Tax Phase out	Sales Tax Materials after Asphalt phase out	
13	2015-16	\$ 13,419.5	50%	\$ 6,709.75	\$ 402.58		\$ 402.58	
14	2016-17	\$ 13,778.3	50%	\$ 6,889.14	\$ 413.35	\$ (1.04)	\$ 412.31	
15	2017-18	\$ 14,298.0	50%	\$ 7,148.98	\$ 428.94	\$ (2.13)	\$ 426.80	
16	2018-19	\$ 14,741.6	50%	\$ 7,370.78	\$ 442.25	\$ (3.32)	\$ 438.93	
17	2019-20	\$ 15,196.3	50%	\$ 7,598.15	\$ 455.89	\$ (3.43)	\$ 452.46	
18	2020-21	\$ 15,666.2	50%	\$ 7,833.08	\$ 469.99	\$ (3.56)	\$ 466.43	
19	2021-22	\$ 16,143.3	50%	\$ 8,071.64	\$ 484.30	\$ (3.68)	\$ 480.62	
20	2022-23	\$ 16,635.6	50%	\$ 8,317.80	\$ 499.07	\$ (3.81)	\$ 495.26	
21								

Proposed Language - Engineered Building Systems
Government Entities

	A	B	C	D	E	F	G
22	% Engineered Building System						
23			19.68%		15.80%		11.92%
24							
25	% of public construction expenditures contracts that do not follow the guidelines in Rule 12A-1.094, F.A.C.						
26		90%		90%		70%	
27		High		Middle		Low	
28		Cash	Recurring	Cash	Recurring	Cash	Recurring
29	2018-19	\$ (71.3 M)	\$ (77.7 M)	\$ (57.2 M)	\$ (62.4 M)	\$ (33.6 M)	\$ (36.6 M)
30	2019-20	\$ (80.1 M)	\$ (80.1 M)	\$ (64.3 M)	\$ (64.3 M)	\$ (37.8 M)	\$ (37.8 M)
31	2020-21	\$ (82.6 M)	\$ (82.6 M)	\$ (66.3 M)	\$ (66.3 M)	\$ (38.9 M)	\$ (38.9 M)
32	2021-22	\$ (85.1 M)	\$ (85.1 M)	\$ (68.4 M)	\$ (68.4 M)	\$ (40.1 M)	\$ (40.1 M)
33	2022-23	\$ (87.7 M)	\$ (87.7 M)	\$ (70.4 M)	\$ (70.4 M)	\$ (41.3 M)	\$ (41.3 M)

Proposed Language-Engineered Building Systems

	A	B	C
1	Data From Buildings.com		
2		Smaller Building	Larger Building
3	Openings	7.34%	10.38%
4	Fire suppression	2.71%	0.71%
5	HVAC	6.46%	2.75%
6	Electrical	13.39%	3.79%
7	Specialties	0.99%	1.25%
8	% of Potential Engineered building systems	30.89%	18.88%
9			
10	% of Categories that would qualify as an Engineered building system		
11		Smaller Building	Larger Building
12	Openings	60.00%	60.00%
13	Fire suppression	60.00%	60.00%
14	HVAC	100.00%	100.00%
15	Electrical	50.00%	50.00%
16	Specialties	50.00%	50.00%
17			
18	% of Spending on Qualified Engineered building systems		
19		Smaller Building	Larger Building
20	Openings	4.40%	6.23%
21	Fire suppression	1.63%	0.43%
22	HVAC	6.46%	2.75%
23	Electrical	6.70%	1.90%
24	Specialties	0.50%	0.63%
25	% of Potential Engineered building systems	19.68%	11.92%

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Tax: Sales and Use Tax

Issue: Government Contractors/Exemption Certificate

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2018 (one-month delay to impact)

Date of Analysis: 1/19/2018

Section 1: Narrative

a. **Current Law:** Section 212.08(6)(b) F.S., "The exemption provided under this subsection does not include sales of tangible personal property made to contractors employed directly to or as agents of any such government or political subdivision when such tangible personal property goes into or becomes a part of public works owned by such government or political subdivision. A determination of whether a particular transaction is properly characterized as an exempt sale to a government entity or a taxable sale to a contractor shall be based upon the substance of the transaction rather than the form in which the transaction is cast. However, for sales of tangible personal property that go into or become a part of public works owned by a governmental entity, other than the Federal Government, a governmental entity claiming the exemption provided under this subsection shall certify to the dealer and the contractor the entity's claim to the exemption by providing the dealer and the contractor a certificate of entitlement to the exemption for such sales. If the department later determines that such sales, in which the governmental entity provided the dealer and the contractor with a certificate of entitlement to the exemption, were not exempt sales to the governmental entity, the governmental entity shall be liable for any tax, penalty, and interest determined to be owed on such transactions. Possession by a dealer or contractor of a certificate of entitlement to the exemption from the governmental entity relieves the dealer from the responsibility of collecting tax on the sale and the contractor for any liability for tax, penalty, or interest related to the sale, and the department shall look solely to the governmental entity for recovery of tax, penalty, and interest if the department determines that the transaction was not an exempt sale to the governmental entity. The governmental entity may not transfer liability for such tax, penalty, and interest to another party by contract or agreement."

Section 212.08(6)(c) F.S., "The department shall adopt rules for determining whether a particular transaction is properly characterized as an exempt sale to a governmental entity or a taxable sale to a contractor which give special consideration to factors that govern the status of the tangible personal property before being affixed to real property. In developing such rules, assumption of the risk of damage or loss is of paramount consideration in the determination. The department shall also adopt, by rule, a certificate of entitlement to exemption for use as provided in paragraph (b). The certificate shall require the governmental entity to affirm that it will comply with the requirements of this subsection and the rules adopted under paragraph (b) in order to qualify for the exemption and that it acknowledges its liability for any tax, penalty, or interest later determined by the department to be owed on such transactions."

Rule 12A-1.094, F.A.C. Public Works Contracts.

(1)(a)1. "Contractor" is one that supplies and installs tangible personal property that is incorporated into or becomes a part of a public facility pursuant to a public works contract with a governmental entity exercising its authority in regard to the public property or facility. Contractors include, but are not limited to, persons engaged in building, electrical, plumbing, heating, painting, decorating, ventilating, paperhanging, sheet metal, roofing, bridge, road, waterworks, landscape, pier, or billboard work. This definition includes subcontractors.

2. "Contractor" does not include a person that furnishes tangible personal property that is not affixed or appended in such a manner that it is incorporated into or becomes a part of the public property or public facility to which a public works contract relates. A person that provides and installs tangible personal property that is freestanding and can be relocated with no tools, equipment, or need for adaptation for use elsewhere is not a contractor within the scope of this rule.

3. "Contractor" does not include a person that provides tangible personal property that will be incorporated into or become part of a public facility if such property will be installed by another party.

4. Examples.

d. A vendor agrees to provide and install the computer terminals, monitors, keyboards, servers, and related equipment for a county tax collector's office in central Florida. The job includes connecting the equipment to the structural cabling system that has been installed by an electrical contractor. The cables running to the computer terminals are held in place by screws that fit into the back of the terminal units. The vendor is not a contractor within the scope of this rule. The computer equipment has not been affixed in such a way as to become a part of the facility. The equipment has not been attached to any structural element of the building.

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(1)(c) "Public works" are defined as projects for public use or enjoyment, financed and owned by the government, in which private persons undertake the obligation to do a specific piece of work that involves installing tangible personal property in such a manner that it becomes a part of a public facility. For purposes of this rule, a public facility includes any land, improvement to land, building, structure, or other fixed site and related infrastructure thereon owned or operated by a governmental entity where governmental or public activities are conducted. The term "public works" is not restricted to the repair, alteration, improvement, or construction of real property and fixed works, although such projects are included within the term.

(4)(a) The exemption in Section 212.08(6), F.S., is a general exemption for sales made directly to the government. A determination whether a particular transaction is properly characterized as an exempt sale to a governmental entity or a taxable sale to or use by a contractor shall be based on the substance of the transaction, rather than the form in which the transaction is cast. The Executive Director or the Executive Director's designee in the responsible program will determine whether the substance of a particular transaction is a taxable sale to or use by a contractor or an exempt direct sale to a governmental entity based on all of the facts and circumstances surrounding the transaction as a whole.

(b) The following criteria that govern the status of the tangible personal property prior to its affixation to real property will be considered in determining whether a governmental entity rather than a contractor is the purchaser of materials:

1. Direct Purchase Order. The governmental entity must issue its purchase order directly to the vendor supplying the materials the contractor will use and provide the vendor with a copy of the governmental entity's Florida Consumer's Certification of Exemption.
2. Direct Invoice. The vendor's invoice must be issued to the governmental entity, rather than to the contractor.
3. Direct Payment. The governmental entity must make payment directly to the vendor from public funds.
4. Passage of Title. The governmental entity must take title to the tangible personal property from the vendor at the time of purchase or delivery by the vendor.
5. Assumption of the Risk of Loss. Assumption of the risk of damage or loss by the governmental entity at the time of purchase is a paramount consideration. A governmental entity will be deemed to have assumed the risk of loss if the governmental entity bears the economic burden of obtaining insurance covering damage or loss or directly enjoys the economic benefit of the proceeds of such insurance.

(c)1. To be entitled to purchase materials tax exempt for a public works project, a governmental entity is required to issue a Certificate of Entitlement to each vendor and to the governmental entity's contractor to affirm that the tangible personal property purchased from that vendor will go into or become a part of a public work. This requirement does not apply to any agency or branch of the United States government.

- b. Proposed Change:** Section 212.08(6)(e) F.S. is added, "(e) Notwithstanding the provisions of paragraph (b), the sale of tangible personal property to a contractor employed directly to or as an agent of any governmental entity that goes into or becomes a part of public works owned by such governmental entity shall be exempt if the governmental entity authorizes the contractor to use the entity's consumer's certificate of exemption and the contractor is subsequently reimbursed by the entity. A governmental entity that uses this option must issue a letter of authorization to the contractor specifying the circumstances under which the contractor may use the entity's consumer's certificate of exemption. The authorization letter must include all of the following information:
1. The project title.
 2. The name of the contractor or subcontractor authorized to utilize the certificate of entitlement.
 3. The name of the governmental entity issuing the authorization letter.
 4. A list of the materials, equipment, furnishings, and fixtures approved for purchase.
 5. Whether the entity or the contractor assumes the risk of damage or loss to property purchased."

Section 2: Description of Data and Sources

Florida Economic Estimating Conference Total Public Construction Expenditures.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Government Contractors/Exemption Certificate

Bill Number(s): Proposed Language

U.S. Census Data: State and Local Government Finances by Level of Government and by State: 2015

Section 3: Methodology (Include Assumptions and Attach Details)

Total Public Construction Expenditures are used as the starting point for this analysis, and an adjustment is made for local expenditures based on the State and Local Government Finances data from the U.S. Census. It is assumed that half of the expenditures will be for materials. Most contracts that are awarded for public works projects do not appear to take advantage of the exemption(s) available under Section 212.08(6) F.S. The manufactured use tax for asphalt is phasing out, so this amount was removed from the impact. The manufactured use tax on asphalt was previously heard by the conference on October 29, 2015. This analysis was updated to reflect the most recent data available and then removed from the impact for this proposed language. The high estimate assumes that 90% of the contracts are not exempt today. The middle assumes 80% and the low assumes 70%. It is assumed that the contracts do not have flexible start dates, so the first-year impact is for eleven months of activity.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(362.1 M)	\$(395.0 M)	\$(321.9 M)	\$(351.1 M)	\$(281.6 M)	\$(307.3 M)
2019-20	\$(407.2 M)	\$(407.2 M)	\$(362.0 M)	\$(362.0 M)	\$(316.7 M)	\$(316.7 M)
2020-21	\$(419.8 M)	\$(419.8 M)	\$(373.1 M)	\$(373.1 M)	\$(326.5 M)	\$(326.5 M)
2021-22	\$(432.6 M)	\$(432.6 M)	\$(384.5 M)	\$(384.5 M)	\$(336.4 M)	\$(336.4 M)
2022-23	\$(445.7 M)	\$(445.7 M)	\$(396.2 M)	\$(396.2 M)	\$(346.7 M)	\$(346.7 M)

List of affected Trust Funds:

Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 01/19/2018): The Conference adopted the high estimate, assuming that the language only applies to public works contractors.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(320.7)	(349.8)	(Insignificant)	(Insignificant)	(10.7)	(11.6)	(30.8)	(33.6)
2019-20	(360.6)	(360.6)	(Insignificant)	(Insignificant)	(12.0)	(12.0)	(34.6)	(34.6)
2020-21	(371.8)	(371.8)	(Insignificant)	(Insignificant)	(12.4)	(12.4)	(35.7)	(35.7)
2021-22	(383.1)	(383.1)	(Insignificant)	(Insignificant)	(12.7)	(12.7)	(36.8)	(36.8)
2022-23	(394.7)	(394.7)	(Insignificant)	(Insignificant)	(13.1)	(13.1)	(37.9)	(37.9)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(40.8)	(44.5)	(82.2)	(89.7)	(402.9)	(439.5)
2019-20	(45.8)	(45.8)	(92.4)	(92.4)	(453.0)	(453.0)
2020-21	(47.3)	(47.3)	(95.3)	(95.3)	(467.1)	(467.1)
2021-22	(48.7)	(48.7)	(98.2)	(98.2)	(481.3)	(481.3)
2022-23	(50.2)	(50.2)	(101.2)	(101.2)	(495.9)	(495.9)

Proposed Language - Government Contractors Local Expenditures Adjustment

	A	B	C	D	E	F	G
1	U.S. Census Data	State and Local Government Finances by Level of Government and by State: 2015					
2	Direct general expenditures						
3		total		2015	142,935,819		
4		capital outlay		2015	14,192,607		
5		excluding capital outlay		2015	128,743,212		
6							
7	Florida Economic Estimating Conference 1/2018						
8		State Public Construction Expenditures		2015	9,365,715		
9		State Expenditures % of Total outlay			66%		
10							
11							
12	FY	Public Construction Expenditures	Share of Materials in Pub. Const. Expend.	Materials Expense Pub. Const. Expend.	Sales tax Materials	Asphalt Manufactured Use Tax Phase out	Sales Tax Materials after Asphalt phase out
13	2015-16	\$ 13,419.5	50%	\$ 6,709.75	\$ 402.58		\$ 402.58
14	2016-17	\$ 13,778.3	50%	\$ 6,889.14	\$ 413.35	\$ (1.04)	\$ 412.31
15	2017-18	\$ 14,298.0	50%	\$ 7,148.98	\$ 428.94	\$ (2.13)	\$ 426.80
16	2018-19	\$ 14,741.6	50%	\$ 7,370.78	\$ 442.25	\$ (3.32)	\$ 438.93
17	2019-20	\$ 15,196.3	50%	\$ 7,598.15	\$ 455.89	\$ (3.43)	\$ 452.46
18	2020-21	\$ 15,666.2	50%	\$ 7,833.08	\$ 469.99	\$ (3.56)	\$ 466.43
19	2021-22	\$ 16,143.3	50%	\$ 8,071.64	\$ 484.30	\$ (3.68)	\$ 480.62
20	2022-23	\$ 16,635.6	50%	\$ 8,317.80	\$ 499.07	\$ (3.81)	\$ 495.26
21							
22	% of public construction expenditures contracts that do not follow the guidelines in Rule 12A-1.094, F.A.C.						
23		90%		80%		70%	
24		High		Middle		Low	
25		Cash	Recurring	Cash	Recurring	Cash	Recurring
26	2018-19	\$ (362.1 M)	\$ (395.0 M)	\$ (321.9 M)	\$ (351.1 M)	\$ (281.6 M)	\$ (307.3 M)
27	2019-20	\$ (407.2 M)	\$ (407.2 M)	\$ (362.0 M)	\$ (362.0 M)	\$ (316.7 M)	\$ (316.7 M)
28	2020-21	\$ (419.8 M)	\$ (419.8 M)	\$ (373.1 M)	\$ (373.1 M)	\$ (326.5 M)	\$ (326.5 M)
29	2021-22	\$ (432.6 M)	\$ (432.6 M)	\$ (384.5 M)	\$ (384.5 M)	\$ (336.4 M)	\$ (336.4 M)
30	2022-23	\$ (445.7 M)	\$ (445.7 M)	\$ (396.2 M)	\$ (396.2 M)	\$ (346.7 M)	\$ (346.7 M)

Proposed Language - Government Contractors

	A	B	C	D	E	F	G
1							
2	FY	Public Construction Expenditures	Share of Materials in Pub. Const. Expend.	Materials Expense Pub. Const. Expend.	Sales tax Materials	Asphalt Manufactured Use Tax Phase out	Sales Tax Materials after Asphalt phase out
3	2015-16	\$ 10,013.8	50%	\$ 5,006.91	\$ 300.41		\$ 300.41
4	2016-17	\$ 10,281.5	50%	\$ 5,140.77	\$ 308.45	\$ (1.04)	\$ 307.41
5	2017-18	\$ 10,669.3	50%	\$ 5,334.66	\$ 320.08	\$ (2.13)	\$ 317.95
6	2018-19	\$ 11,000.4	50%	\$ 5,500.18	\$ 330.01	\$ (3.32)	\$ 326.70
7	2019-20	\$ 11,339.7	50%	\$ 5,669.84	\$ 340.19	\$ (3.43)	\$ 336.76
8	2020-21	\$ 11,690.3	50%	\$ 5,845.15	\$ 350.71	\$ (3.56)	\$ 347.15
9	2021-22	\$ 12,046.3	50%	\$ 6,023.17	\$ 361.39	\$ (3.68)	\$ 357.71
10	2022-23	\$ 12,413.7	50%	\$ 6,206.85	\$ 372.41	\$ (3.81)	\$ 368.60
11							
12	% of public construction expenditures contracts that do not follow the guidelines in Rule 12A-1.094, F.A.C.						
13		90%		80%		70%	
14		High		Middle		Low	
15		Cash	Recurring	Cash	Recurring	Cash	Recurring
16	2018-19	\$ (269.5 M)	\$ (294.0 M)	\$ (239.6 M)	\$ (261.4 M)	\$ (209.6 M)	\$ (228.7 M)
17	2019-20	\$ (303.1 M)	\$ (303.1 M)	\$ (269.4 M)	\$ (269.4 M)	\$ (235.7 M)	\$ (235.7 M)
18	2020-21	\$ (312.4 M)	\$ (312.4 M)	\$ (277.7 M)	\$ (277.7 M)	\$ (243.0 M)	\$ (243.0 M)
19	2021-22	\$ (321.9 M)	\$ (321.9 M)	\$ (286.2 M)	\$ (286.2 M)	\$ (250.4 M)	\$ (250.4 M)
20	2022-23	\$ (331.7 M)	\$ (331.7 M)	\$ (294.9 M)	\$ (294.9 M)	\$ (258.0 M)	\$ (258.0 M)

	A	B	C	D	E	F	G	H	I	J	K	L
1												
2												
3	Asphalt production in Florida											
4		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
5	m tonnage	13.16	12.29	12.92								
6	DOT usage		3.42	2.73	2.13	2.18	2.23	2.29	2.35	2.40	2.46	2.53
7	add local and federal govts			4.06	3.16	3.24	3.32	3.40	3.49	3.58	3.67	3.76
8	Florida DOT asphalt usage in 2012, 2013 and 2014											
9	grow the production by 2.5%					0.73	0.75	0.76	0.78	0.80	0.81	0.83
10	index rate			0.70	0.72	0.73	0.74	0.76	0.78	0.80	0.81	0.83
11	index rate cut			40%	40%	40%	40%	40%	40%	40%	40%	40%
12	tax rate			0.42	0.43	0.44	0.45	0.46	0.47	0.48	0.49	0.50
13	revenue \$m				1.36	1.42	1.48	1.56	1.63	1.71	1.79	1.87
14	grow the index rate by the average of last three years' growth rate, 2.23%											
15												
16	proposed index rate cut							60%	80%	100%	100%	100%
17	proposed tax rate							0.30	0.16	0.00	0.00	0.00
18	revised \$m							1.04	0.54	0.00	0.00	0.00
19	impact \$m							-0.52	-1.09	-1.71	-1.79	-1.87
20												
21	Florida Statistical Abstract Table 13.20					0.0262	0.0201	0.021				
22	expenditure (\$m)											
23				federal	state	local	total					
24	1994-95			0.2	2,513.7	1,275.9	3,789.8					
25	1995-96			0.3	2,604.2	1,283.2	3,887.7					
26	1996-97			3.1	2,524.4	1,326.6	3,854.1					
27	1997-98			0.7	2,851.5	1,361.6	4,213.9					
28	1998-99			0.2	2,973.4	1,290.5	4,264.1					
29	1999-00			1.8	3,059.0	1,378.1	4,438.9					
30	2001-02			6.2	3,678.3	1,999.4	5,683.8					
31	2002-03			6.2	4,195.6	1,961.3	6,163.0					
32	average			2.3	3,050.0	1,484.6						
33	ratio of local to state					48.75%						
34	this report stopped after 2003											

	M	N	O	P	Q	R	S	T	U	V
1										
2										
3										
4		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
5										
6	DOT usage	4.33	4.84	4.67	4.78	4.90	5.03	5.15	5.28	5.41
7	add local and federal govts	6.44	7.19	6.94	7.12	7.29	7.48	7.66	7.85	8.05
8										
9										
10	index rate	0.73	0.74	0.75	0.75	0.76	0.77	0.77	0.78	0.79
11	index rate cut	40%	40%	40%	40%	40%	40%	40%	40%	40%
12	tax rate	0.44	0.44	0.45	0.45	0.45	0.46	0.46	0.47	0.47
13	revenue \$m	2.82	3.19	3.12	3.20	3.32	3.43	3.56	3.68	3.81
14	grow the index rate by the average of last 4 years' growth rate					1.03%				
15										
16	proposed index rate cut			60%	80%	100%	100%	100%	100%	100%
17	proposed tax rate			0.30	0.15	0.00	0.00	0.00	0.00	0.00
18	revised \$m			2.08	1.07	0.00	0.00	0.00	0.00	0.00
19	impact \$m			-1.04	-2.13	-3.32	-3.43	-3.56	-3.68	-3.81
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32										
33										
34										

REVENUE ESTIMATING CONFERENCE

Tax: Sales & Use Tax and Gross Receipts Tax

Issue: Recycling Roll-off Containers

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2018

Date of Analysis: January 18, 2018

Section 1: Narrative

- a. **Current Law:** 212.08 (7) (ff) F.S., applies an electricity exemption only to industries classified under SIC Industry Major Group Numbers 10, 12, 13, 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, and 39 and Industry Group Number 212.

NAICS Code 423930 – Recyclable Material Merchant Wholesalers: This industry comprises establishments primarily engaged in the merchant wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials. Included in this industry are auto wreckers primarily engaged in dismantling motor vehicles for the purpose of wholesaling scrap.

- b. **Proposed Change:** 212.08 (7) (ff) F.S., 2. This exemption applies only to industries classified under SIC Industry Major Group Numbers 10, 12, 13, 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, and 39 and Industry Group Number 212 and industries classified under NAICS code 423930. As used in this paragraph, "SIC" means those classifications contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President. As used in this paragraph, "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President. This change affects both sales and use tax and gross receipts tax.

And adds to 212.08 (7) (ooo) F.S. to read "Recycling roll off containers. — Recycling roll off containers purchased by a business whose primary business activity is within the industry classified under NAICS code 423930 and which are used exclusively for business activities within the industry classified under NAICS code 423930 are exempt from the tax imposed by this chapter. As used in this paragraph, "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President."

Section 2: Description of Data and Sources

Sales tax rolls 2011-2016

<https://www.equipmenttrader.com>

www.ebay.com

EDR - Gross Receipts Conference results (July 27, 2017)

NAICS code definitions

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis is broken into two parts. The first part is the calculation of the electricity usage tax associated with NAICS code 423930. In the high estimate, we pulled the growth rates from the Collections on Electricity from the latest Gross Receipts Conference and applied them to the Forecasted Exemption on Manufacturing Electricity Usage from the Tax Handbook. Then we backed out the 4.35% tax rate to obtain an Electricity Usage base, divided the base by the gross revenue earned by the manufacturing industry groups (31-33) to get a percentage portion for Manufacturing and applied this proportion to the gross revenue earned specifically for NAICS code group 423930. Once we have that portion of the recycling groups proportionate of the manufacturing electricity usage base, we apply the 4.35% tax to get the high estimate. The Low estimate uses two previously adopted analyses for Metal Recycling and Permanent Exemption to determine a proportion of the Metal Recycler to the Permanent Exemption and applies that proportion to the Gross Receipts on Electricity base then applies the 4.35% tax to that proportion. The middle is the average between the high and the low estimate.

For the purchase of Recycling Roll-off containers, market data was obtained and an average price per container was calculated. Using DOR Sales tax rolls data for 2016, the total number of entities in 423930 was obtained and a depreciation rate on the containers was determined to be 20 Years. Without a specific definition for recycling roll-off containers there may be some other types of wheeled containers that would qualify for this exemption. For example, recycling receptacles with wheels and 55-gallon drums with wheels used by businesses in this NAICS code group, used exclusively for related activities, might qualify, but should not contribute a material amount to the final total. It is assumed that recycling businesses own their roll-off containers; that 85% of the

REVENUE ESTIMATING CONFERENCE

Tax: Sales & Use Tax and Gross Receipts Tax

Issue: Recycling Roll-off Containers

Bill Number(s): Proposed Language

businesses in the category use roll-off containers for recycling; and that 5% of containers are replaced every year. The high estimate assumes entities possess 60 roll-off containers on average, the middle assumes an average 40 containers are owned by an entity, and the low assumes on average, there are 20 containers owned by an entity. We use these values to get the total number of roll-off containers for each estimate, then apply the 5% replacement rate to get the taxable value on replaced containers and then apply the sales tax rate.

The first year is adjusted by 11/12 to reflect the timing of collections.

Section 4: Proposed Fiscal Impact

Electricity Tax Exemption Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(0.44 M)	\$(0.44 M)	\$(0.35 M)	\$(0.35 M)	\$(0.257 M)	\$(0.26 M)
2019-20	\$(0.41 M)	\$(0.41 M)	\$(0.34 M)	\$(0.34 M)	\$(0.265 M)	\$(0.27 M)
2020-21	\$(0.39 M)	\$(0.39 M)	\$(0.33 M)	\$(0.33 M)	\$(0.273 M)	\$(0.27 M)
2021-22	\$(0.37 M)	\$(0.37 M)	\$(0.32 M)	\$(0.32 M)	\$(0.281 M)	\$(0.28 M)
2022-23	\$(0.35 M)	\$(0.35 M)	\$(0.32 M)	\$(0.32 M)	\$(0.290 M)	\$(0.29 M)

Roll off Container Purchase Exemption Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(0.43 M)	\$(0.46 M)	\$(0.28 M)	\$(0.31 M)	\$(0.14 M)	\$(0.15 M)
2019-20	\$(0.46 M)	\$(0.46 M)	\$(0.31 M)	\$(0.31 M)	\$(0.15 M)	\$(0.15 M)
2020-21	\$(0.46 M)	\$(0.46 M)	\$(0.31 M)	\$(0.31 M)	\$(0.15 M)	\$(0.15 M)
2021-22	\$(0.46 M)	\$(0.46 M)	\$(0.31 M)	\$(0.31 M)	\$(0.15 M)	\$(0.15 M)
2022-23	\$(0.46 M)	\$(0.46 M)	\$(0.31 M)	\$(0.31 M)	\$(0.15 M)	\$(0.15 M)

List of affected Trust Funds: Sales and Use Tax, Gross Receipts Tax

Section 5: Consensus Estimate (Adopted: 01/19/2018): The Conference adopted the low estimate (corrected in the table for the gross receipts and sales tax rate) for electricity and the middle estimate for the roll-off containers impact.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.7)	(0.7)	(0.3)	(0.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2019-20	(0.7)	(0.7)	(0.3)	(0.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2020-21	(0.6)	(0.6)	(0.3)	(0.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2021-22	(0.6)	(0.6)	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2022-23	(0.6)	(0.6)	(0.2)	(0.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.1)	(0.1)	(0.2)	(0.2)	(1.2)	(1.2)
2019-20	(0.1)	(0.1)	(0.2)	(0.2)	(1.2)	(1.2)
2020-21	(0.1)	(0.1)	(0.2)	(0.2)	(1.1)	(1.1)
2021-22	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)
2022-23	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)

	A	B	C	D	E	F	G	H
1	Low Estimate - Gross Receipts tax on Electricity applied to Portion of Manufacturing engaged in Recycling							
2	Gross receipts Tax on Electricity Adopted Forecast (7/2017)			Forecasted Exemption on Manufacturing Electricity Usage	Back out the 4.35% tax to obtain Base	Portion of Base to Manufacturing Gross Revenue	Applying Portion to Recycler Gross Revenue	Applying 6.95% Electricity Tax Rate
3	2016-17	631.3	2.81%	\$ 43,599,662	\$ 1,002,291,074	0.86%	12,462,514	866,144.71
4	2017-18	600.8	2.98%	\$ 44,400,000	\$ 1,020,689,655	0.84%	11,606,888	806,678.71
5	2018-19	621.4	3.43%	\$ 45,922,920	\$ 1,055,699,310	0.84%	10,979,248	763,057.75
6	2019-20	640.2	3.02%	\$ 47,309,792	\$ 1,087,581,430	0.83%	10,344,379	718,934.36
7	2020-21	658.7	2.89%	\$ 48,677,045	\$ 1,119,012,533	0.82%	9,733,923	676,507.63
8	2021-22	678.0	2.93%	\$ 50,103,283	\$ 1,151,799,600	0.81%	9,163,052	636,832.12
9	2022-23	698.0	2.96%	\$ 51,586,340	\$ 1,185,892,868	0.80%	8,628,176	599,658.20
10								
11	Manufacturing NAICS Group (31-33)			NAICS 423930 (Recyclers)				
12	Gross Revenue		Growth %	Gross Revenue		Growth %		
13	2003-04	\$ 70,723,661,672						
14	2004-05	\$ 77,440,665,652	9.50%					
15	2005-06	\$ 92,391,537,443	19.31%					
16	2006-07	\$ 100,292,613,940	8.55%					
17	2007-08	\$ 94,665,826,086	-5.61%					
18	2008-09	\$ 84,260,457,096	-10.99%	\$ 1,729,844,016				
19	2009-10	\$ 76,732,341,854	-8.93%	\$ 1,631,658,373	3.21%			
20	2010-11	\$ 81,242,965,593	5.88%	\$ 2,329,411,632	3.21%			
21	2011-12	\$ 87,643,811,471	7.88%	\$ 2,404,213,434	3.21%			
22	2012-13	\$ 91,400,560,320	4.29%	\$ 2,154,345,335	-10.39%			
23	2013-14	\$ 96,237,495,046	5.29%	\$ 2,153,361,850	-0.05%			
24	2014-15	\$ 105,041,729,909	9.15%	\$ 1,878,258,095	-12.78%			
25	2015-16	\$ 111,389,755,148	6.04%	\$ 1,514,421,455	-19.37%			
26	2016-17	\$ 116,063,141,600	4.20%	\$ 1,443,132,190	-4.71%			
27	2017-18	\$ 120,932,601,209	4.20%	\$ 1,375,198,766	-4.71%			
28	2018-19	\$ 126,006,360,276	4.20%	\$ 1,310,463,214	-4.71%			
29	2019-20	\$ 131,292,990,238	4.20%	\$ 1,248,774,996	-4.71%			
30	2020-21	\$ 136,801,422,150	4.20%	\$ 1,189,990,665	-4.71%			
31	2021-22	\$ 142,540,961,770	4.20%	\$ 1,133,973,524	-4.71%			
32	2022-23	\$ 148,521,305,283	4.20%	\$ 1,080,593,311	-4.71%			
33								

	A	B	C	D	E	F	G	H
34	High Estimate							
35	Previously Adopted Machinery & Equipment - Metal Recyclers & Permanent Exemption for Manufacturing							
36		Metal Recycler: (Middle)	Permanent Exemption: (Middle)			Applied Proportion of Met. Recy. To Perm. Exempt. & apply to Electricity Tax base		
37								
38	2015-16	\$ (2.0 M)	\$ (67.4 M)				Taxable Activity	Electricity Tax Collections
39	2016-17	\$ (2.0 M)	\$ (67.4 M)			2.967%		
40	2017-18	\$ (2.1 M)	\$ (70.9 M)			2.967%		
41	2018-19	\$ (2.2 M)	\$ (74.5 M)			2.962%	\$ 29,687,042	\$ 2,063,249
42	2019-20	\$ (2.3 M)	\$ (78.4 M)			2.953%	\$ 30,141,171	\$ 2,094,811
43	2020-21	\$ (2.4 M)	\$ (82.4 M)			2.934%	\$ 30,970,771	\$ 2,152,469
44	2021-22	\$ -	\$ -			2.934%	\$ 31,906,088	\$ 2,217,473
45	2022-23	\$ -	\$ -			2.934%	\$ 32,828,174	\$ 2,281,558
46						2.934%	\$ 33,790,039	\$ 2,348,408
47	Total Electrical Tax Impact							
48				Low		Middle		High
49				cash	Recurring	cash	Recurring	cash
50	2018-19		\$ (0.76 M)	\$ (0.76 M)	\$ (1.43 M)	\$ (1.43 M)	\$ (2.095 M)	\$ (2.09 M)
51	2019-20		\$ (0.72 M)	\$ (0.72 M)	\$ (1.44 M)	\$ (1.44 M)	\$ (2.152 M)	\$ (2.15 M)
52	2020-21		\$ (0.68 M)	\$ (0.68 M)	\$ (1.45 M)	\$ (1.45 M)	\$ (2.217 M)	\$ (2.22 M)
53	2021-22		\$ (0.64 M)	\$ (0.64 M)	\$ (1.46 M)	\$ (1.46 M)	\$ (2.282 M)	\$ (2.28 M)
54	2022-23		\$ (0.60 M)	\$ (0.60 M)	\$ (1.47 M)	\$ (1.47 M)	\$ (2.348 M)	\$ (2.35 M)

Proposed Language - Recycling Roll-off Container Purchases

Recycling Roll-off Container Prices:		
\$ 4,190	\$ 2,800	\$ 3,200
\$ 4,410	\$ 4,500	\$ 3,500
\$ 4,830	\$ 2,395	\$ 3,900
\$ 4,960	\$ 2,965	\$ 3,350
\$ 5,270	\$ 4,999	\$ 3,100
\$ 5,820	\$ 3,000	\$ 3,400
\$ 5,900	\$ 4,300	\$ 4,250
\$ 6,140	\$ 5,500	\$ 3,765

Pricing	
\$ 2,395	Min
\$ 6,140	Max
\$ 100,444	Total
\$ 4,185	Mean

of entities in NAICS code group 423930 in 2016 725
 Assume 85% of the business use Roll Off Containers for recycling 616.25
 Depreciation on containers: 20 years

	High	Middle	Low
Average Number of Containers owned by an Entity:	60	40	20
	36,975	24,650	12,325
Total Taxable Value if 100% purchase new Recycling Roll-off Containers:	\$ 154,746,538	\$ 103,164,358	\$ 51,582,179
Assumed 5% replaced every year:	\$ 7,737,327	\$ 5,158,218	\$ 2,579,109
Total Sales Tax (6%)	\$ 464,240	\$ 309,493	\$ 154,747

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$ (0.43 M)	\$ (0.46 M)	\$ (0.28 M)	\$ (0.31 M)	\$ (0.14 M)	\$ (0.15 M)
2019-20	\$ (0.46 M)	\$ (0.46 M)	\$ (0.31 M)	\$ (0.31 M)	\$ (0.15 M)	\$ (0.15 M)
2020-21	\$ (0.46 M)	\$ (0.46 M)	\$ (0.31 M)	\$ (0.31 M)	\$ (0.15 M)	\$ (0.15 M)
2021-22	\$ (0.46 M)	\$ (0.46 M)	\$ (0.31 M)	\$ (0.31 M)	\$ (0.15 M)	\$ (0.15 M)
2022-23	\$ (0.46 M)	\$ (0.46 M)	\$ (0.31 M)	\$ (0.31 M)	\$ (0.15 M)	\$ (0.15 M)