

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Scholarship Funding Sales Tax Credits

Bill Number(s): Proposed Language – Hope Scholarships

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Rep. Donalds

Month/Year Impact Begins: Upon becoming a law

Date of Analysis: 2/23/2018

Section 1: Narrative

a. Current Law: Currently, there is no sales tax credit for this purpose.

b. Proposed Change: The proposed language creates section 1002.40, Florida Statutes, establishing the Hope Scholarship Program “to provide the parent of a public school student who was subjected to an incident listed in subsection (3) an opportunity to transfer the student to another public school or to request and receive from the state a scholarship for the student to enroll in and attend an eligible private school.” Subsection (3) lists the following incidents: “battery; harassment; hazing; bullying; kidnapping; physical attack; robbery; sexual offenses, harassment, assault, or battery; threat or intimidation; or fighting at school.” The proposed language also creates s. 212.1832, Florida Statutes, to “direct certain state sales and use tax revenue from the purchase of a motor vehicle to be transferred to a nonprofit scholarship-funding organizations for the Hope Scholarship Program.” The contribution “is limited to a single payment of \$20 per motor vehicle purchased at the time of purchase of a motor vehicle or a single payment of \$20 per motor vehicle purchased at the time of registration of a motor vehicle that was not purchased from a dealer.”

In the proposed language, “dealer” is defined as in s.212.06 and “motor vehicle” is defined as in s.320.01(1)(a) but excludes heavy trucks, truck tractors, trailers, and motorcycles. A “contribution” is defined as “a monetary contribution from a person purchasing a motor vehicle...” A purchase specifically excludes leases and rentals.

Section 2: Description of Data and Sources

House of Representatives Staff Analysis, PreK-12 Innovations Subcommittee, 11/8/2017.

1/25/2018 Highway Safety REC

Email and phone correspondence with staff from the Department of Highway Safety and Motor Vehicles

Department of Revenue, Tax Research and Technical Offices

Arizona Department of Revenue, School Tuition Organization Income Tax Credits In Arizona Summary of Activity: FY 2015/2016,

<https://www.azdor.gov/Portals/0/Reports/FY2016%20Private%20School%20Tuition%20Org%20Credit%20Report.pdf>

U.S. Department of Education, National Center for Education Statistics, December 2016, Student Reports of Bullying: Results from the 2015 School Crime Supplement to the National Crime Victimization Survey, <https://nces.ed.gov/pubs2017/2017015.pdf>.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis makes the following assumptions:

- **Person:** This analysis assumes that the definition of “person” has the same meaning as provided in s.212.02(12). This includes individuals and firms.
- **Motor vehicles:** The definition includes cars and light trucks, including antique cars and trucks.
- **Motor vehicle condition:** The estimate includes both new and used motor vehicles as the bill does not specify nor prohibit one or the other kind explicitly.
- **Motor vehicle use:** This analysis includes motor vehicles purchased for a personal or a commercial purpose by a person or a firm.

Several sources of information were considered in developing the number of eligible purchase transactions in Florida that will create the potential universe of contributions.

- The Florida Economic Estimating Conference adopts a forecast of the number of new light vehicle sales (cars and light trucks); however, this source does not have a complementing forecast of used car sales and therefore was not the ideal base data source.
- EDR requested registrations data from the DHSMV. Anecdotal evidence from private market research vendors suggests that private data vendors use registration data from departments of motor vehicles across the country to produce market estimates of new and used car sales. At the time of completing this analysis, DHSMV was not yet able to identify the exact process used to provide data to private data vendors, so this approach was not pursued further at this point. More

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importantly, however, DHSMV and EDR believe that true and unique car sales, especially used car sales, would be much harder to filter out from the registrations data than from title fees data.

- EDR used data on the \$21 title fee transactions from the Highway Safety REC (January 2018). The title fee is paid on all motor vehicle registrations and title issuances excluding for-hire vehicles. EDR ultimately chose to proceed with this method.

Estimates of Motor Vehicle Market Transactions

There were 5,200,610 base title fee transactions in FY 2016-17 according to the July 28, 2017 Highway Safety REC. The FY 2016-17 vehicle shares for base tag fee were used to calculate the number of base title fee transactions that are Private Autos (3,900,458 or 75%) and Other Eligible Motor Vehicles (76,449 or 1.5%). The remaining title transactions (23.5%) were excluded because they are for motor vehicles specifically excluded by the bill, such as heavy trucks, trailers, and motorcycles. Base title fees, however, include non-market transactions, such as inheritances, transfers, etc. that represent approximately 13 percent of all base title fees according to the Department of Highway Safety and Motor Vehicles. Thus, both Private Autos and Other Eligible Motor Vehicles, were multiplied by a factor of 0.87 to exclude inheritances and transfers. The remaining 3,459,908 in title transactions is the best representation of the total sales of new or used eligible motor vehicles in FY 2016-17 and serves as the universe of taxpayers that potentially may take advantage of the Hope Scholarship tax credit.

The estimate does not include for hire vehicle purchases to be rented or leased as these dealers do not pay sales tax at the time of purchase of the fleet. Even though the estimate should include the purchase of fleets by taxi cab companies, EDR was unable to isolate taxi cab companies' purchases from the total for-hire transactions. Yet, these transactions are assumed to be immaterial to the final estimate in this analysis.

Estimates of a Participation Rate

This analysis reviewed the following four approaches to develop estimates of potential contributions to the Hope Scholarship.

1. Florida voluntary contributions at the point of vehicle registration: Florida DHSMV asks persons if they want to make a voluntary contribution ranging from \$1 to \$4 to certain causes (depending on the cause). Based on the Highway Safety REC history files, approximately 1 percent of persons elect to make a voluntary \$1 to \$4 donation at the time of vehicle registration. Some of the causes that attract relatively larger contributions are: Prevent Child Sex Abuse, Support Our Troops, and Autism Programs.
2. IRS' Presidential Election Campaign Fund: The IRS has a voluntary contribution program that allows taxpayers to check a box on their annual tax returns if they want to make a contribution of \$3 for individual or \$6 for filing jointly. In tax year 2014, 4.3 percent of returns had this box checked. The first year the program was introduced (1999), 11.2 percent of returns had this box checked. The IRS explains the program as follows:

"This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. The fund also helps pay for pediatric medical research. If you want \$3 to go to this fund, check the box. If you are filing a joint return, your spouse can also have \$3 go to the fund. If you check a box, your tax or refund won't change."

3. Arizona School Income Tax Credits: Arizona has the oldest school tax credit program in the U.S. (1998). It currently has five school income tax credit programs, three of which are considered relevant to this analysis because they allow individuals (as opposed to corporations) to make contributions: Original Individual Income Tax Credit for private schools, Switcher Individual Income Tax Credit, and Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs in public schools. The switcher program is only for individuals who have already maxed out their contribution for the Original Individual Income Tax Credit for private schools, so it is duplicative and it is not used further in this analysis. In tax year 2015, 92,554 tax returns contributed to the Original Individual Income Tax Credit and 168,809 to the Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs in public schools program. This represents 8.8 percent of tax returns for that tax year.
4. Issue awareness of families of children who were bullied: It might be likely that family members of children who are subjected to bullying in school may be more likely to contribute to such a cause. The U.S. Department of Education reports that 20.8 percent of children in grades 6 through 12 were bullied in school year 2014-15. This represents 573,385 children

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enrolled in Florida public schools in grades K-12. This analysis assumes that the percentage applies to all grades and that this approach will only be relevant for families of public school children. To account for the fact that in practice not everyone gives even if it is at no cost, EDR assumes that only 67 percent of student families will participate (384,168 families) based on statistics from the Urban Institute's The Nonprofit Almanac. Further, EDR assumes that each student has a family of six who are aware of the bullying issue. Assuming that people purchase a car every six years, a sixth of these family members are likely to purchase a used or new motor vehicle each year. This results in 384,168 persons likely to purchase a motor vehicle and likely to contribute to the Hope Scholarship, accounting for 11.1 percent of eligible motor vehicle purchases in FY 2016-17.

Based on approaches #2, #3, and #4 above, on the proposed language's specification that the contribution is per vehicle, and on the assumption that participation rates remain constant over time, the table below shows the estimated number of participants and the corresponding reduction in sales tax collections from FY 2017-18 to FY 2022-23.

Update:

| | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of Participants | | | | | | |
| Participation rate of 4.3% based on IRS Presidential Campaign Fund | 150,204 | 152,282 | 153,956 | 154,676 | 154,991 | 156,302 |
| Participation rate of 8.8% based on Arizona Individual School Tax Credits | 306,530 | 310,772 | 314,187 | 315,657 | 316,301 | 318,975 |
| Participation rate of 11.1% based on families of bullied children | 386,760 | 392,113 | 396,422 | 398,277 | 399,089 | 402,463 |
| Sales Tax Collections | | | | | | |
| Participation rate of 4.3% based on IRS Presidential Campaign Fund | (3,004,080) | (3,045,640) | (3,079,120) | (3,093,520) | (3,099,820) | (3,126,040) |
| Participation rate of 8.8% based on Arizona Individual School Tax Credits | (6,130,600) | (6,215,440) | (6,283,740) | (6,313,140) | (6,326,020) | (6,379,500) |
| Participation rate of 11.1% based on families of bullied children | (7,735,200) | (7,842,260) | (7,928,440) | (7,965,540) | (7,981,780) | (8,049,260) |

The three approaches above form the high, the middle, and the low estimates. The analysis assumes the bill takes effect in June, resulting in a full year effect in FY 2018-19.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|-------|-----------|--------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | (7.8) | (7.8) | (6.2) | (6.2) | (3.0) | (3.0) |
| 2019-20 | (7.9) | (7.9) | (6.3) | (6.3) | (3.1) | (3.1) |
| 2020-21 | (8.0) | (8.0) | (6.3) | (6.3) | (3.1) | (3.1) |
| 2021-22 | (8.0) | (8.0) | (6.3) | (6.3) | (3.1) | (3.1) |
| 2022-23 | (8.0) | (8.0) | (6.4) | (6.4) | (3.1) | (3.1) |

List of affected Trust Funds: Only General Revenue is affected.

Section 5: Consensus Estimate (Adopted: 12/01/2017, UPDATED - 02/23/2018): The Conference adopted the high estimate as an at least as impact.

| | GR | | Trust | | Local/Other | | Total | |
|---------|-------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | (7.8) | (7.8) | 0.0 | 0.0 | 0.0 | 0.0 | (7.8) | (7.8) |
| 2019-20 | (7.9) | (7.9) | 0.0 | 0.0 | 0.0 | 0.0 | (7.9) | (7.9) |
| 2020-21 | (8.0) | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 | (8.0) | (8.0) |
| 2021-22 | (8.0) | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 | (8.0) | (8.0) |
| 2022-23 | (8.0) | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 | (8.0) | (8.0) |

| | A | B | C | D | E | F | G | H | I |
|----|---|---------------|---------------|---------------|---------------|---------------|------------|------------|---|
| 1 | | | | | | | | | |
| 2 | REVISED: 2/23/2018 | | | | | | | | |
| 3 | 1. Estimate of eligible motor vehicles | | | | | | | | |
| 4 | Personal and Commercial Purchases of New and Used Motor Vehicles | | | | | | | | |
| 5 | | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | |
| 6 | \$21 Base Title Fee Transactions (New and Used Motor Vehicles) | 5,200,610 | 5,235,703 | 5,308,162 | 5,366,497 | 5,391,601 | 5,402,593 | 5,448,272 | |
| 7 | Deduct assumed non-eligible motor vehicles | -1,223,704 | -1,231,961 | -1,249,011 | -1,262,737 | -1,268,644 | -1,271,230 | -1,281,978 | |
| 8 | Remaining eligible motor vehicles, of which: | 3,976,906 | 4,003,742 | 4,059,151 | 4,103,760 | 4,122,957 | 4,131,363 | 4,166,294 | |
| 9 | Private autos (cars and light trucks, 75%) | 3,900,458 | 3,926,777 | 3,981,122 | 4,024,873 | 4,043,701 | 4,051,945 | 4,086,204 | |
| 10 | Other assumed eligible motor vehicles (antique cars & trucks, 1.5%) | 76,449 | 76,965 | 78,030 | 78,888 | 79,257 | 79,418 | 80,090 | |
| 11 | Deduct transactions not related to sales (inheritance, transfers, etc., 13%) | 516,998 | 520,486 | 527,690 | 533,489 | 535,984 | 537,077 | 541,618 | |
| 12 | Remaining eligible motor vehicle market transactions | 3,459,908 | 3,483,256 | 3,531,461 | 3,570,271 | 3,586,973 | 3,594,286 | 3,624,676 | |
| 13 | Source: Highway Safety REC history file, January 2018. | | | | | | | | |
| 14 | | | | | | | | | |
| 15 | | | | | | | | | |
| 16 | 2. Estimate of participation rates | | | | | | | | |
| 17 | 2.1. Florida participation rates | | | | | | | | |
| 18 | | | | | | | | | |
| 19 | Florida Voluntary Contributions Participation Rates FY 2016-17 | | | | | | | | |
| 20 | | | | | | | | | |
| 21 | Voluntary donations - vehicle registrations | 1.0% | | | | | | | |
| 22 | Voluntary donations - driver's licenses | 4.5% | | | | | | | |
| 23 | Specialty tags | 7.5% | | | | | | | |
| 24 | Source: Highway Safety REC history file. | | | | | | | | |
| 25 | | | | | | | | | |
| 26 | 2.2. IRS Presidential Campaign Fund | | | | | | | | |
| 27 | | Tax Year 2010 | Tax Year 2011 | Tax Year 2012 | Tax Year 2013 | Tax Year 2014 | | | |
| 28 | All returns | 142,892,051 | 145,370,240 | 144,928,472 | 147,351,299 | 148,606,578 | | | |
| 29 | Returns with Presidential Election Campaign Fund check off: | 7,901,035 | 7,895,764 | 7,460,172 | 6,841,039 | 6,408,152 | | | |
| 30 | Participation rate | 5.5% | 5.4% | 5.1% | 4.6% | 4.3% | | | |
| 31 | Source: Internal Revenue Service. | | | | | | | | |
| 32 | | | | | | | | | |
| 33 | 2.3. Arizona participation rates | | | | | | | | |
| 34 | | | | | | | | | |
| 35 | Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs | 168,809 | | | | | | | |
| 36 | Original Individual Income Tax Credit of Private Schools | 92,554 | | | | | | | |
| 37 | Total contributions | 261,363 | | | | | | | |
| 38 | Arizona Individual Income Tax Returns Received | 2,970,000 | | | | | | | |
| 39 | Participation rate | 8.8% | | | | | | | |
| 40 | Source: Arizona Department of Revenue. | | | | | | | | |
| 41 | | | | | | | | | |
| 42 | 2.4 Families of victims of bullying or other types of threats/ intimidations | | | | | | | | |
| 43 | | | | | | | | | |
| 44 | Florida public school enrollment ¹ , school year 2016-17 | 2,756,658 | | | | | | | |
| 45 | Percent bullied ² | 20.8% | | | | | | | |
| 46 | Children bullied | 573,385 | | | | | | | |
| 47 | Children's families, likely to contribute (67%) ³ | 384,168 | | | | | | | |
| 48 | Adjustment for 6 family members per student and car purchase once every 6 years (multiply and divide by 6) ⁴ | 384,168 | | | | | | | |
| 49 | Number of family members of children, subjected to bullying, who are likely to contribute when purchasing a motor vehicle each year | 384,168 | | | | | | | |
| 50 | Percent of total purchases in 2016-17 | 11.1% | | | | | | | |
| 51 | ¹ Florida Department of Education, Public School Student Enrollment, K-12, School Year 2016-17, DOE Education Statistics Portal, https://edstats.fldoe.org/SASPortal/main.do | | | | | | | | |
| 52 | ² U.S. Department of Education, National Center for Education Statistics, December 2016, Student Reports of Bullying: Results from the 2015 School Crime Supplement to the National Crime Victimization Survey, https://nces.ed.gov/pubs2017/2017015.pdf . | | | | | | | | |
| 53 | ³ Charitable Giving in America: Some Facts and Figures, The Nonprofit Almanac, National Center for Charitable Statistics, http://nccs.urban.org/data-statistics/charitable-giving-america-some-facts-and-figures . | | | | | | | | |
| 54 | ⁴ Phil LeBeau, CNBC, Americans holding onto their cars longer than ever, July 2015, https://www.cnbc.com/2015/07/28/americans-holding-onto-their-cars-longer-than-ever.html . Note: An average of 6 years was assumed based on 6.5 years for a new car and 5.3 years for a used car. | | | | | | | | |

| | A | B | C | D | E | F | G | H | I |
|----|---|--------------|--------------|--------------|--------------|--------------|--------------|---|---|
| 55 | | | | | | | | | |
| 56 | 3. Estimate of program participants and sales tax collections, assuming each vehicle sold is eligible for a \$20 credit & participation rates are constant. | | | | | | | | |
| 57 | | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | | |
| 58 | Number of Participants | | | | | | | | |
| 59 | Participation rate of 4.3% based on IRS Presidential Campaign Fund | 150,204 | 152,282 | 153,956 | 154,676 | 154,991 | 156,302 | | |
| 60 | Participation rate of 8.8% based on Arizona Individual School Tax Credits | 306,530 | 310,772 | 314,187 | 315,657 | 316,301 | 318,975 | | |
| 61 | Participation rate of 11.1% based on families of bullied children | 386,760 | 392,113 | 396,422 | 398,277 | 399,089 | 402,463 | | |
| 62 | Sales Tax Collections | | | | | | | | |
| 63 | Participation rate of 4.3% based on IRS Presidential Campaign Fund | (3,004,080) | (3,045,640) | (3,079,120) | (3,093,520) | (3,099,820) | (3,126,040) | | |
| 64 | Participation rate of 8.8% based on Arizona Individual School Tax Credits | (6,130,600) | (6,215,440) | (6,283,740) | (6,313,140) | (6,326,020) | (6,379,500) | | |
| 65 | Participation rate of 11.1% based on families of bullied children | (7,735,200) | (7,842,260) | (7,928,440) | (7,965,540) | (7,981,780) | (8,049,260) | | |
| 66 | | | | | | | | | |
| 67 | 4. Maximum participation rate | | | | | | | | |
| 68 | | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | | |
| 69 | Number of Participants | | | | | | | | |
| 70 | Participation rate of 100% | 3,483,256 | 3,531,461 | 3,570,271 | 3,586,973 | 3,594,286 | 3,624,676 | | |
| 71 | Sales Tax Collections | | | | | | | | |
| 72 | Participation rate of 100% | (69,665,120) | (70,629,220) | (71,405,420) | (71,739,460) | (71,885,720) | (72,493,520) | | |

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax, Insurance Premium Tax

Issue: Corporate Income Tax Piggyback

Bill Number(s): PCS for SB 502

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Sen. Stargel

Month/Year Impact Begins: May 2018

Date of Analysis: 2/15/2018

Section 1: Narrative

- a. Current Law:** Certain corporations doing business in Florida must pay tax of 5.5 percent on income earned in Florida. Florida “piggybacks” the federal income tax code in its determination of taxable income. Currently, the Internal Revenue Code of 1986, as amended and in effect on January 1, 2017, is the starting point for the Florida Corporate Income Tax calculation.
- b. Proposed Change:** The proposed legislation changes the starting point for the Florida Corporate Income Tax calculation to the Internal Revenue Code of 1986, as amended and in effect on January 1, 2018. This revision picks up both the federal law changes passed as part of the Tax Cuts and Jobs Act of 2017 and the Bipartisan Budget Act of 2018, with the following exception.

The Tax Cuts and Jobs Act of 2017 provides for 100% expensing for assets acquired and placed in service during the period September 27, 2017 and before 2023. It also provides for 80% expensing for property placed in service during 2023, 60% expensing for property placed in service during 2024, 40% expensing for property placed in service during 2025, and 20% expensing for property placed in service in 2026.

The Proposed Committee Substitute decouples from the Tax Cut and Jobs Act of 2017 with respect to bonus depreciation by requiring an addition to taxable income in an amount equal to 100% of any amount deducted for federal income tax purposes as bonus depreciation for the taxable year pursuant to s. 13201 of Public Law number 115-97 from property placed in service after September 26, 2017 and before January 1, 2027. Florida law provides for a subtraction of one-seventh of the amount of bonus depreciation added back in the first year and each of the subsequent six years, and this subtraction will apply to any amounts added back due to decoupling from bonus depreciation provided under the Tax Cuts and Jobs Act of 2017.

Section 2: Description of Data and Sources

- *Estimated Budget Effects Of The Conference Agreement For H.R.1, The "Tax Cuts And Jobs Act," As Passed By The House Of Representatives, And As Amended By The Senate* (Joint Committee on Taxation; 12/18/2017)
- *Estimated Budget Effects Of The Revenue Provisions Contained In The "Bipartisan Budget Act Of 2018"* (Joint Committee on Taxation; 2/08/2018)
- *Conference Agreement for HR 1 – Initial Observations* (KPMG; 12/20/17)
- Conversations between staff at the Department of Revenue and the Joint Committee on Taxation (JCT)

Section 3: Methodology (Include Assumptions and Attach Details)

To begin its review for Florida, the Revenue Estimating Conference (REC) used the Joint Committee on Taxation’s analysis of the Tax Cuts and Jobs Act. In that document, JCT segregated the Act’s specific tax provisions into three types: individual tax reform, business tax reform, and international tax reform. The REC concentrated on the business and international provisions since they were most likely to affect Corporate Income Tax (CIT) collections. The JCT allocated their estimates across federal fiscal years, indicating that the federal impacts reflect the expected timing of estimated payments, tentative payments and final returns. For some of the business tax reform items, the JCT staff further identified the expected split between CIT and Personal Income Tax (PIT). Where provided, those shares were used to adjust the JCT analysis.

The methodology for the preliminary review is as follows:

1. The JCT analysis was transformed from a display of federal fiscal impacts to tax base impacts. In order to identify the impact on the base, the newly authorized federal tax rate of 21% was used. In those instances where JCT had provided a split between CIT and PIT, an effective rate of 19% was used to convert the PIT portion.
2. Once converted to federal tax base impacts, the base impacts were shared to Florida by assuming that Florida has 3.6% of

the federal tax base. This share was calculated by using the following formula:

$$\frac{\text{Sum}(\frac{\text{Florida CIT Collections}_{1998-2017}}{5.5\% (\text{Florida Stated Rate})})}{\text{Sum}(\frac{\text{Federal CIT Collections}_{1999-2017}}{35\% (\text{Federal Stated Rate})})} \cdot \text{Over a}$$

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax, Insurance Premium Tax

Issue: Corporate Income Tax Piggyback

Bill Number(s): PCS for SB 502

twenty-year period, the result was 3.5%. However, the more recent years were all greater than 3.5%, prompting the REC to use 3.6% in its preliminary review.

3. Florida's CIT tax rate of 5.5% was then applied to Florida's share of the tax base.
4. As a general rule, the preliminary review assumed that Florida's specific impact reflected the same share of the state's tax base as JCT assumed for the federal tax base, effectively making 100% of the adjustment flow through to the state's portion of the federal tax base (the 3.6% adjustment described above). This assumption was relaxed when it was known to be unlikely. Many categories were left at 100% by default, meaning simply that there was no specific basis to adjust from 100% at this time. This should not be interpreted to mean that there is confidence in every instance that this will be the ultimate result. The known adjustments are identified below:
 - a. The impact affected partnerships. For those provisions, the scale factor was set at 2% to recognize the limited impact that would come in those instances where a corporation is a partner or where the partnership chooses to be treated as a corporation at the federal level.
 - b. New credits created at the federal level. The creation of a credit at the federal level is accompanied by a federal requirement to add back any deduction previously associated with those expenses. Florida picks up federal taxable income after this addition, meaning that the creation of a new federal credit typically generates additional revenue for Florida due to the elimination of the related deduction. These impacts were assumed to occur at -26% of the federal impact. The negative recognizes that this impact is positive to Florida, even though it is negative at the federal level. The 26% is derived from the relative stated rates of Florida and the federal government (5.5% and 21%, respectively).
 - c. Unique Florida circumstances. Examples include impacts related to citrus production, transportation fringe benefits, and craft beverage modernization.
 - d. Insurance Sector. In those instances where the impacts occurred within the insurance sector, a 15% scale factor was used. That factor was used to recognize that there would be at least a partial offset to the positive CIT impact from the associated credit against Florida's Insurance Premium Tax. That credit is limited, so the 15% factor was used under the assumption that only 85% of any increase would be credited against the Insurance Premium Tax due to the cap limit.
 - e. No state impact given Florida's tax structure. In those instances where there is no feed through to Florida because our specific tax structure does not allow it, the scale factor was set to zero.
 - f. Due to the proposed decoupling from Bonus Depreciation, the scale factor for Bonus Depreciation was set to zero.
5. The attributed Florida impacts were then converted from federal fiscal years to state fiscal years. To make this conversion, the Florida CIT collections by month were examined over the period covering the 2011 to 2016 calendar years. The percent of total annual collections for the months of July, August and September was calculated to be 21.07%. This share was used to convert federal fiscal years to state fiscal years under the assumption that federal receipts would have the same percentage share of total collections as Florida does for this three-month period.

The same assumptions and basic methodology were used to analyze the impacts of the tax extenders authorized in the Bipartisan Budget Act of 2018.

To adopt the Florida dollar impacts suggested by the preliminary review as point estimates, a series of overarching assertions would have to be made by the Conference. Specifically:

1. The JCT analysis reasonably estimates the impacts at the federal level and applied approximately the same standards that the REC would use.
2. The application of a 3.6% share of the federal CIT tax base provides a reasonably correct representation of Florida.
3. The tax provisions retained at a 100% flow-through from the federal tax base to the state's portion are, in fact 100%, and not something lower.
4. For those tax provisions affecting the treatment of foreign-related income, the impacts are appropriately shared to Florida. Moreover, there are no constitutional restrictions that prevent an impact from occurring in Florida.
5. There will be no material tax planning response to the CIT tax changes. In this regard, it is important to note that the federal changes will have behavioral ramifications at the federal level, across the multiple states that have CIT, and within Florida. Some of these effects will be interactive. As corporations consider strategies for tax minimization, it is unclear what changes will occur between states.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax, Insurance Premium Tax

Issue: Corporate Income Tax Piggyback

Bill Number(s): PCS for SB 502

6. For those instances where federal policies need to be developed but the development has not yet occurred, the final results will not materially alter the understanding the REC currently has of the new tax provisions.

Section 4: Proposed Fiscal Impact: The table below has intentionally been left blank.

| | High | | Middle | | Low | |
|---------|------|-----------|--------|-----------|------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | | | | | | |
| 2019-20 | | | | | | |
| 2020-21 | | | | | | |
| 2021-22 | | | | | | |
| 2022-23 | | | | | | |

List of affected Trust Funds:

CIT Group

IPT Group

Section 5: Consensus Estimate (Adopted: 02/23/2018): On February 16, 2018, The Conference adopted negative, indeterminate cash estimates for Fiscal Years 2017-2018 and 2018-2019; plus/minus, indeterminate cash for Fiscal Year 2019-20; positive, indeterminate cash for all years thereafter; and positive, recurring impacts for all years of the forecast for SB 502.

In its discussion of the overall estimate, the Conference expressly did not adopt any of the specific amounts or assumptions associated with the individual provisions that are shown in the accompanying documents. Since the Conference was unable—at this time—to accept the six overarching assertions (identified at the bottom of Section 3) that are considered critical to making point estimates, these documents are provided for illustration only. However, the Conference did determine that there was sufficient certainty to adopt directional impacts for each year in the forecast period.

This analysis of PCS for 502 incorporates the addition of decoupling to the bill and changes the impact to the following:

The Conference adopted plus/minus indeterminate cash estimates for Fiscal Years 2017-2018 and 2018-2019; positive, indeterminate cash for all years thereafter; and positive, recurring impacts for all years of the forecast.

| | GR | | Trust | | Local/Other | | Total | |
|---------|------|-----------|-------|-----------|-------------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | +/- | ** | 0.0 | 0.0 | 0.0 | 0.0 | +/- | ** |
| 2019-20 | ** | ** | 0.0 | 0.0 | 0.0 | 0.0 | ** | ** |
| 2020-21 | ** | ** | 0.0 | 0.0 | 0.0 | 0.0 | ** | ** |
| 2021-22 | ** | ** | 0.0 | 0.0 | 0.0 | 0.0 | ** | ** |
| 2022-23 | ** | ** | 0.0 | 0.0 | 0.0 | 0.0 | ** | ** |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|---------------|--------------|-------------|-------------|-------------|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|--------------|
| 1 | Florida Share | 3.6% | | | | | | | | | | | | | | |
| 2 | Florida CIT Rate | 5.5% | | | | | | | | | | | | | | |
| 3 | Estimated Florida Impact | | | Florida Scale | | | | | | | | | | | | |
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | | Federal Fiscal Year | | | | | | | |
| 5 | I. Tax Relief for California Wildfires [1] | | | | | | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 | 2018-27 |
| 6 | 1. Special disaster-related rules for use of retirement funds..... | individual | | | | | | | | | | | | | | |
| 7 | 2. Employee retention credit for employers affected by California wildfires | individual | | | | | | | | | | | | | | |
| 8 | 3. Additional disaster-related tax relief provisions: | individual | | | | | | | | | | | | | | |
| 9 | a. Temporary suspension of limitations on charitable contributions | individual | | | | | | | | | | | | | | |
| 10 | b. Special rules for qualified disaster-related personal casualty losses | individual | | | | | | | | | | | | | | |
| 11 | c. Special rule for determining earned income [4] | individual | | | | | | | | | | | | | | |
| 12 | Total of Tax Relief for California Wildfires | | | | | | | | | | | | | | | |
| 13 | II. Tax Relief for Hurricanes Harvey, Irma, and Maria [5] | | | | | | | | | | | | | | | |
| 14 | 1. Special disaster-related rules for use of retirement funds..... | | | | | | | | | | | | | | | |
| 15 | 2. Employee retention credit for employers affected by Hurricane Harvey and Hurricane Irma | | | | | | | | | | | | | | | |
| 16 | 3. Additional disaster-related tax relief provisions: | | | | | | | | | | | | | | | |
| 17 | a. Temporary suspension of limitations on charitable contributions | | | | | | | | | | | | | | | |
| 18 | b. Special rules for qualified disaster-related personal casualty losses | individual | | | | | | | | | | | | | | |
| 19 | c. Special rule for determining earned income [4] | individual | | | | | | | | | | | | | | |
| 20 | Total of Tax Relief for Additional Disaster Declarations With Respect to Hurricanes Harvey and Irma | | | | | | | | | | | | | | | |
| 21 | TOTAL OF DIVISION B | | | | | | | | | | | | | | | |
| 22 | I. Extension of Expiring Provisions | | | | | | | | | | | | | | | |
| 23 | A. Tax Relief for Families and Individuals | | | | | | | | | | | | | | | |
| 24 | 1. Extension of exclusion from gross income of discharge of indebtedness on qualified principal residence indebtedness (sunset 12/31/17) | individual | | | | | | | | | | | | | | |
| 25 | 2. Extension of mortgage insurance premiums treated as qualified residence interest (sunset 12/31/17) | individual | | | | | | | | | | | | | | |
| 26 | 3. Extension of above-the-line deduction for qualified tuition and related expenses (sunset 12/31/17) | Individual | | | | | | | | | | | | | | |
| 27 | B. Incentives for Growth, Jobs, Investment, and Innovation | | | | | | | | | | | | | | | |
| 28 | 1. Extension of Indian employment tax credit (sunset 12/31/17) | Business | 1 | -26% | \$72,072 | \$22,063 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$94,135 | \$94,135 |
| 29 | 2. Extension of railroad track maintenance credit (sunset 12/31/17) | Business | 1 | -26% | \$285,346 | \$53,931 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$339,278 | \$339,278 |
| 30 | 3. Extension of mine rescue team training credit (sunset sunset 12/31/17) | Business | 1 | -26% | \$1,471 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,471 | \$1,471 |
| 31 | 4. Extension of classification of certain race horses as 3-year property (sunset 12/31/17) | Business | 1 | 100% | -\$209,314 | -\$94,286 | \$47,143 | \$75,429 | \$103,714 | \$103,714 | \$75,429 | \$28,286 | \$0 | \$0 | -\$77,314 | \$130,114 |
| 32 | 5. Extension of 7-year recovery period for motorsports entertainment complexes (sunset 12/31/17) | Business | 1 | 100% | -\$73,543 | -\$94,286 | -\$66,000 | -\$37,714 | -\$28,286 | -\$28,286 | -\$18,857 | \$0 | \$9,429 | \$9,429 | -\$299,829 | -\$328,114 |
| 33 | 6. Extension of accelerated depreciation for business property on an Indian reservation (sunset 12/31/17) | Business | 1 | 100% | -\$927,771 | -\$396,000 | \$37,714 | \$216,857 | \$367,714 | \$292,286 | \$132,000 | -\$18,857 | -\$75,429 | -\$56,571 | -\$701,486 | -\$428,057 |
| 34 | 7. Extension of election to expense mine safety equipment (sunset 12/31/17) | Business | 1 | 100% | -\$33,943 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$0 | \$0 | \$13,200 | \$41,486 |
| 35 | 8. Extension of special expensing rules for certain film, television, and live theatrical production (sunset 12/31/17) | Business | 1 | 100% | -\$7,574,914 | \$2,658,857 | \$2,988,857 | \$1,659,429 | \$1,159,714 | \$999,429 | \$829,714 | \$660,000 | \$660,000 | \$660,000 | \$891,943 | \$4,701,086 |
| 36 | 9. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sunset 12/31/17) | Business | 1 | 100% | -\$379,029 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$379,029 | -\$379,029 |
| 37 | 10. Extension of special rate for certain timber gain (sunset 12/31/17) | Business | 1 | 100% | -\$181,029 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$181,029 | -\$181,029 |
| 38 | 11. Extension of empowerment zone tax incentives (sunset 12/31/17) | Business | 1 | 100% | -\$1,159,714 | -\$245,143 | \$9,429 | \$0 | -\$9,429 | -\$18,857 | -\$28,286 | -\$37,714 | -\$47,143 | -\$47,143 | -\$1,404,857 | -\$1,584,000 |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|--------|---------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|---------------|---------------|
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 | 2018-27 |
| 39 | 12. Extension of American Samoa economic development credit (sunset 12/31/17) | Business | 1 | 100% | -\$62,229 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$62,229 | -\$62,229 |
| 40 | C. Incentives for Energy Production and Conservation | | | | | | | | | | | | | | | |
| 41 | 1. Extension of credit for section 25C nonbusiness energy property (sunset 12/31/17) | Business | 1 | -26% | \$783,967 | \$12,257 | \$9,806 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$806,030 | \$806,030 |
| 42 | 2. Extension and modification of credit for residential energy efficient property | Business | 1 | -26% | \$1,665,010 | \$379,971 | \$509,897 | \$1,171,783 | \$1,122,754 | \$1,029,600 | \$438,806 | \$257,400 | \$98,057 | \$0 | \$4,849,416 | \$6,673,279 |
| 43 | 3. Extension of alternative motor vehicle credit for qualified fuel cell motor vehicles (sunset 12/31/17) | | | | | | | | | | | | | | | |
| 44 | 4. Extension of credit for alternative fuel vehicle refueling property (sunset 12/31/17) | Business | 1 | -26% | \$72,072 | \$9,806 | \$7,354 | \$7,354 | \$7,354 | \$7,354 | \$4,903 | \$0 | \$0 | \$0 | \$103,941 | \$116,198 |
| 45 | 5. Extension of credit for two-wheeled plug-in electric vehicles (sunset 12/31/17) | | | | | | | | | | | | | | | |
| 46 | 6. Extension of second generation biofuel producer credit (sunset 12/31/17) | Business | 1 | -26% | \$16,179 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$16,179 | \$16,179 |
| 47 | 7. Extension of biodiesel and renewable diesel incentives extend present-law income tax credits, excise tax credit, and outlay payments (sunset 12/31/17) | Business | 1 | 100% | -\$18,385,714 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$18,385,714 | -\$18,385,714 |
| 48 | 8. Extension of production credit for Indian coal facilities (sunset 12/31/17) | Business | 1 | -26% | \$32,359 | \$9,806 | \$7,354 | \$7,354 | \$7,354 | \$7,354 | \$2,451 | \$0 | \$0 | \$0 | \$64,227 | \$74,033 |
| 49 | 9. Extension of beginning-of-construction date for non-wind renewable power facilities eligible to claim the electricity production credit or investment credit in lieu of the production credit (sunset 12/31/17) | Business | 1 | 100% | -\$695,829 | -\$226,286 | -\$9,429 | -\$113,143 | -\$188,571 | -\$235,714 | -\$282,857 | -\$330,000 | -\$367,714 | -\$198,000 | -\$1,233,257 | -\$2,647,543 |
| 50 | 10. Extension of credit for construction of energy-efficient new homes (sunset 12/31/17) | Business | 1 | -26% | \$254,458 | \$71,091 | \$51,480 | \$51,480 | \$51,480 | \$51,480 | \$26,966 | \$4,903 | \$0 | \$0 | \$479,990 | \$563,338 |
| 51 | 11. Extension and phaseout of the section 48 energy investment tax credit (sunset 12/31/21) | Business | 1 | -26% | \$213,274 | \$335,846 | \$519,703 | \$554,023 | \$580,989 | \$372,617 | \$178,954 | \$142,183 | \$112,766 | \$93,154 | \$2,203,834 | \$3,103,509 |
| 52 | 12. Five-year cost recovery for certain energy property (sunset 12/31/21) | Business | 1 | 100% | -\$73,543 | -\$141,429 | -\$179,143 | -\$207,429 | -\$198,000 | -\$132,000 | -\$66,000 | -\$28,286 | \$9,429 | \$28,286 | -\$799,543 | -\$988,114 |
| 53 | 13. Extension of special depreciation allowance for second generation biofuel plant property (sunset 12/31/17) | Business | 1 | 100% | -\$56,571 | \$28,286 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$0 | \$0 | \$0 | \$9,429 | \$28,286 |
| 54 | 14. Extension of energy efficient commercial buildings deduction (sunset 12/31/17) | Business | 1 | 100% | -\$446,914 | \$18,857 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | -\$390,343 | -\$343,200 |
| 55 | 15. Extension of special rule for sales or dispositions to implement Federal Energy Regulatory Commission ("FERC") or State electric restructuring policy for qualified electric utilities (sunset 12/31/17) | Business | 1 | 100% | -\$848,571 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$75,429 | \$0 | \$0 | \$56,571 | \$584,571 |
| 56 | 16. Extension of excise tax credits and outlay payments for alternative fuel, and excise tax credits for alternative fuel mixtures (sunset 12/31/17) | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 57 | 17. Extension of Oil Spill Liability Trust Fund financing rate (sunset 12/31/18) | | | | | | | | | | | | | | | |
| 58 | D. Modifications of Energy Incentives | | | | | | | | | | | | | | | |
| 59 | 1. Modifications of credit for production from advanced nuclear power facilities | | | | | | | | | | | | | | | |
| 60 | Total of Extension of Expiring Provisions | | | | | | | | | | | | | | | |
| 61 | Miscellaneous Provisions | | | | | | | | | | | | | | | |
| 62 | 1. Extension of temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sunset 12/31/21) [4][9] | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 63 | 2. Extend the limitations period with respect to excluding amounts received by wrongfully incarcerated individuals | | | | | | | | | | | | | | | |
| 64 | 3. Individuals held harmless on improper levy on retirement plans | individual | | | | | | | | | | | | | | |
| 65 | 4. Modification of user fee requirements for installment agreements | individual | | | | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|-------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------------|--------------------|
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 | 2018-27 |
| 66 | 5. Simplified filing requirements for individuals 65 years of age and older | individual | | | | | | | | | | | | | | |
| 67 | 6. Unify the tax treatment of awards to whistleblowers | individual | | | | | | | | | | | | | | |
| 68 | 7. Clarification of whistleblower awards [4] | individual | | | | | | | | | | | | | | |
| 69 | 8. Excise tax on investment income of private colleges and universities limited to institutions with at least 500 tuition paying students | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70 | 9. Exception to private foundation excess business holding tax for independently-operated philanthropic business holdings | | | | | | | | | | | | | | | |
| 71 | 10. State beverage alcohol regulation (sunset 12/31/19) | | | | | | | | | | | | | | | |
| 72 | 11. Simplification of rules regarding records, statements, and returns (sunset 12/31/19) | | | | | | | | | | | | | | | |
| 73 | 12. Modification of rules relating to hardship withdrawals from cash or deferred arrangements | individual | | | | | | | | | | | | | | |
| 74 | 13. Modification of rules governing hardship distributions | | | | | | | | | | | | | | | |
| 75 | 15. All Puerto Rico low-income communities treated as qualified opportunity zone | Business | 1 | 100% | -\$599,657 | -\$1,367,143 | -\$1,348,286 | -\$1,386,000 | -\$1,282,286 | -\$1,244,571 | -\$1,244,571 | -\$1,320,000 | \$6,684,857 | \$2,225,143 | -\$5,983,371 | -\$882,514 |
| 76 | 16. Treatment of citizens or residents of the United States living abroad in support of Armed Forces in combat zone | individual | | | | | | | | | | | | | | |
| 77 | 17. Treatment of foreign persons for returns relating to payments made in settlement of payment card and third party network transactions | individual | | | | | | | | | | | | | | |
| | 18. Repeal the eight percent increase in the amount of any required installment of corporate estimated tax otherwise due in July, August, or September of 2020 | | | | | | | | | | | | | | | |
| 78 | for corporations with assets of at least \$1 billion | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 79 | 19. Enhancement of carbon dioxide sequestration credit. | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 80 | Total impacts - Federal Fiscal Year | | | | -\$28,312,077 | \$1,281,343 | \$2,859,309 | \$2,253,994 | \$1,949,074 | \$1,458,977 | \$303,223 | -\$547,800 | \$7,093,680 | \$2,723,726 | -\$19,968,357 | -\$8,936,551 |
| 81 | State Fiscal Year Conversion Factor | 21.07% | | | | | | | | | | | | | | |
| 82 | | | | State Fiscal Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2017-18 to 2021-22 | 2017-18 to 2026-27 |
| 83 | | | | | -\$22,346,722 | -\$4,953,991 | \$2,526,831 | \$2,381,534 | \$2,013,321 | \$1,562,241 | \$546,740 | -\$368,489 | \$5,483,620 | \$3,644,475 | -\$20,379,027 | -\$9,510,440 |

| | A | B | C | D | | | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | |
|----|----|---|----|--|--|--|------------------------|------------------|---|---------------------------|--|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|-------------|-------------|------------------|-------------|----|
| 1 | | ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT FOR H.R. THE "TAX CUTS AND JOBS ACT" | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | | Fiscal Years 2018 - 2027 | | Florida share of Taxable income | | | | 3.60% | | | | | | | | | | | | | | | >\$250M =1 | KPMG Feb | |
| 3 | | [Millions of Dollars] | | Florida Tax Rate | | | | 5.50% | | | | | | | | | | | | | | | >\$90M and <250M | 6 Report | |
| | | Provision | | | | | Multiple source impact | Source for Split | Florida Impact Scale Factor | Effective | Federal Fiscal Years | | | | | | | | | | | | < \$90 M =3 | Page Number | |
| | | | | | | | | | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | | | Five Year Impact | | |
| 4 | | | | | | | | | | | | | | | | | | | | | 2018 - 2022 | 2018 - 2027 | | | |
| 5 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | II | A. | 1 | Repeal of Alternative Minimum Tax on Corporations [2]... | | | | 100% | tyba | 12/31/17 | -\$64.11 | -\$65.06 | -\$62.23 | -\$64.11 | -\$66.00 | -\$12.26 | -\$12.26 | -\$12.26 | -\$11.31 | -\$10.37 | -\$321.51 | -\$379.97 | 1 | 40 | |
| 7 | II | B. | 2 | 21 Percent Corporate Tax Rate..... | | | | 0% | tyba | 12/31/17 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | |
| 8 | II | C. Small Business Reforms | 3 | 1. Increase section 179 expensing to \$1 million with aphaseout range beginning at \$2.5 million and expand definition of qualified property | | | JCT | 11% | ppisi tyba | 12/31/17 | -\$4.83 | -\$7.61 | -\$4.21 | -\$2.67 | -\$2.06 | -\$1.54 | -\$1.03 | -\$0.92 | -\$0.92 | -\$0.92 | -\$21.38 | -\$26.72 | 3 | 44 | |
| 9 | II | C. Small Business Reforms | 4 | 2. Simplified accounting for small business..... | | | JCT | 32% | [12] | | -\$23.00 | -\$22.70 | -\$9.99 | -\$6.36 | -\$5.15 | -\$4.54 | -\$4.84 | -\$5.15 | -\$5.15 | -\$5.45 | -\$67.19 | -\$92.31 | 3 | 58 | |
| 10 | II | D. Cost Recovery | 6 | 1. Extension, expansion, and phase down of bonus depreciation (sunset 12/31/26) [13]..... | | | JCT | 72% | paa 9/27/17 apisasd & sppoga 9/27/17 | | -\$220.94 | -\$248.13 | -\$167.23 | -\$96.53 | -\$78.86 | -\$33.31 | \$22.43 | \$57.10 | \$84.98 | \$93.13 | -\$811.68 | -\$587.35 | 1 | 44 | |
| 11 | II | D. Cost Recovery | 7 | 2. Limit net interest deductions to 30 percent of adjustedtaxable income, carryforward of denied deduction..... | | | JCT | 96% | tyba | 12/31/17 | \$75.64 | \$159.38 | \$177.38 | \$176.48 | \$224.21 | \$271.93 | \$266.53 | \$286.34 | \$312.45 | \$332.26 | \$813.09 | \$2,282.59 | 1 | 48 | |
| 12 | II | D. Cost Recovery | 8 | 3. Modify treatment of S corporation conversions into C Corporation | | | | 80% | DOE | | -\$3.77 | -\$3.77 | -\$4.53 | -\$4.53 | -\$4.53 | -\$4.53 | -\$4.53 | -\$5.28 | -\$5.28 | -\$5.28 | -\$21.12 | -\$46.01 | 3 | 83 | |
| 13 | II | D. Cost Recovery | 9 | 4. Modifications to depreciation limitations on luxury automobiles and personal use property | | | | 100% | ppisa | 12/31/17 | ----- Estimate Included in Item II.D.1. ----- | | | | | | | | | | | | | | |
| 14 | II | D. Cost Recovery | 10 | 5. Modifications of treatment of certain farm property..... | | | | 100% | ppisa | 12/31/17 | [3] | [3] | [3] | | -\$0.94 | -\$1.89 | -\$2.83 | -\$1.89 | -\$0.94 | [3] | [3] | -\$2.83 | -\$8.49 | 3 | 47 |
| 15 | II | D. Cost Recovery | 11 | 6. Modification of net operating loss deduction..... | | | JCT | 91% | lai tyba | 12/31/17 | \$54.85 | \$85.71 | \$95.13 | \$136.27 | \$215.98 | \$292.26 | \$308.54 | \$258.83 | \$178.27 | \$97.70 | \$587.94 | \$1,723.54 | 1 | 41 | |
| 16 | II | D. Cost Recovery | 12 | 7. Repeal like-kind exchanges except for real property..... | | | | 100% | generally eca | 12/31/17 | \$4.71 | \$8.49 | \$12.26 | \$16.03 | \$20.74 | \$27.34 | \$35.83 | \$44.31 | \$54.69 | \$67.89 | \$62.23 | \$292.29 | 3 | 53 | |
| 17 | II | D. Cost Recovery | 13 | 8. Applicable recovery period for real property..... | | | | 100% | ppisa | 12/31/17 | -\$0.94 | -\$0.94 | -\$2.83 | -\$3.77 | -\$4.71 | -\$6.60 | -\$5.66 | -\$6.60 | -\$8.49 | -\$5.66 | -\$13.20 | -\$46.20 | 3 | 47 | |
| 18 | II | D. Cost Recovery | 14 | 9. Amortization of research and experimental expenditures.... | | | JCT | 77% | apoi tyba | 12/31/21 | --- | --- | --- | --- | \$175.24 | \$238.23 | \$188.27 | \$136.86 | \$82.55 | \$45.62 | \$175.24 | \$866.76 | 2 | 46 | |
| 19 | II | D. Cost Recovery | 15 | 10. Expensing of certain costs of replacing citrus plants lost by reason of a casualty (sunset 12/22/27)..... | | | | 100% | apoi a DOE | | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$0.52 | -\$2.62 | -\$5.24 | 3 | 48 | |
| 20 | II | E. Business-Related Deductions | 16 | 1. Repeal of deduction for income attributable to domestic production activities | | | JCT | 77% | tyba | 12/31/17 | \$31.14 | \$64.45 | \$67.34 | \$69.51 | \$71.69 | \$74.58 | \$77.48 | \$80.38 | \$79.65 | \$88.34 | \$304.13 | \$704.56 | 1 | 52 | |
| 21 | II | E. Business-Related Deductions | 17 | 2. Limitation on deduction by employers of expenses for fringe benefits: | | | | 100% | | | | | | | | | | | | | | | | | |
| 22 | II | E. Business-Related Deductions | 18 | a. Meals and entertainment expenses, including meals for the convenience of the employer [14]..... | | | | 100% | apoi a | 12/31/17 & i | \$15.09 | \$20.74 | \$20.74 | \$21.69 | \$21.69 | \$22.63 | \$22.63 | \$23.57 | \$26.40 | \$26.40 | \$99.94 | \$221.57 | 2 | 54 | |
| 23 | II | E. Business-Related Deductions | 19 | b. Repeal deduction for qualified transportation fringes, including commuting except as necessary for employee's safety [15]..... | | | | 50% | apoi a | 12/31/17 | \$5.66 | \$7.54 | \$8.01 | \$8.01 | \$8.49 | \$8.49 | \$8.96 | \$8.96 | \$9.43 | \$9.43 | \$37.71 | \$82.97 | 3 | 55 | |
| 24 | II | E. Business-Related Deductions | 20 | c. Clarification of tangible personal property deductible as employee achievement award | | | | 100% | apoi a | 12/31/17 | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | | |
| 25 | II | E. Business-Related Deductions | 21 | 3. Eliminate deduction for member of Congress living expenses | | | | 100% | tyba | DOE | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | | |
| 26 | II | E. Business-Related Deductions | 22 | 4. UBTI increased by amount of certain fringe benefit expenses for which deduction is disallowed | | | | 100% | apoi a | 12/31/17 | ----- Estimate Included in Items II.E.2.b. ----- | | | | | | | | | | | | | | |
| 27 | II | E. Business-Related Deductions | 23 | 5. Repeal of rollover of publicly traded securities gain into specialized small business investment companies | | | | 100% | sa | 12/31/17 | \$0.94 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$8.49 | \$13.20 | 3 | 53 | |
| 28 | II | E. Business-Related Deductions | 24 | 6. Certain self-created property not treated as a capital asset.... | | | | 100% | Da | 12/31/17 tyba 12/31/17 | [3] | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$3.77 | \$8.49 | 3 | 52 | |
| 29 | II | F. Accounting Methods | 25 | 1. Certain special rules for taxable year of inclusion (in general) | | | | 100% | tyba | 12/31/17 | \$11.31 | \$16.03 | \$16.03 | \$16.03 | \$6.60 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$66.00 | \$75.43 | 3 | 56 | |
| 30 | II | F. Accounting Methods | 26 | 2. Certain special rules for taxable year of inclusion (related to original issue discount and other similar items)..... | | | | 100% | | [16] | \$0.00 | \$2.83 | \$6.60 | \$6.60 | \$6.60 | \$6.60 | \$6.60 | \$3.77 | \$1.89 | \$1.89 | \$22.63 | \$43.37 | 3 | 56 | |
| 31 | II | G. Business Credits | 27 | 1. Modification of credit for clinical testing expenses for certain drugs for rare diseases or conditions | | | | -26% | apoi tyba | 12/31/17 | -\$1.73 | -\$4.20 | -\$5.19 | -\$6.18 | -\$7.41 | -\$8.65 | -\$9.88 | -\$11.12 | -\$12.35 | -\$13.59 | -\$24.70 | -\$80.28 | 3 | 60 | |
| 32 | II | G. Business Credits | 28 | 2. Modify Rehabilitation credit to provide 20% historic credit ratably over 5 years, repeal credit for pre-1936 property | | | | -2% | | [17] | [5] | -\$0.06 | -\$0.11 | -\$0.11 | -\$0.09 | -\$0.06 | -\$0.04 | -\$0.04 | -\$0.04 | -\$0.04 | -\$0.38 | -\$0.58 | 3 | 60 | |
| 33 | II | G. Business Credits | 29 | 3. Provide a tax credit to certain employers who provide family and medical leave (sunset 12/31/19) | | | | -26% | tyba | 12/31/17 | \$1.73 | \$3.71 | \$2.72 | \$1.24 | \$0.74 | \$0.49 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$10.13 | \$10.62 | 3 | 60 | |
| 34 | II | H. Banks and Financial Instruments | 30 | 1. Limitation on deduction for FDIC premiums | | | | 100% | tyba | 12/31/17 | \$4.71 | \$14.14 | \$14.14 | \$14.14 | \$14.14 | \$15.09 | \$15.09 | \$16.03 | \$16.03 | \$16.03 | \$61.29 | \$139.54 | 3 | 87 | |
| 35 | II | H. Banks and Financial Instruments | 31 | 2. Repeal of advance refunding bonds | | | | 20% | ar bia | 12/31/17 | \$0.75 | \$2.07 | \$2.64 | \$3.21 | \$3.77 | \$3.96 | \$3.96 | \$4.15 | \$4.15 | \$4.15 | \$12.45 | \$32.81 | 3 | 90 | |
| 36 | II | H. Banks and Financial Instruments | 32 | 3. Repeal of tax credit bonds [2] | | | | 100% | bia | 12/31/17 | [5] | [5] | [5] | [5] | [5] | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$4.71 | | 3 | 89 |
| 37 | II | I. Compensation | 33 | 1. Modification of limitation on excessive employee remuneration, with transition rule [18] | | | | 100% | tyba | 12/31/17 | [5] | \$9.43 | \$9.43 | \$9.43 | \$9.43 | \$9.43 | \$9.43 | \$9.43 | \$10.37 | \$16.03 | \$37.71 | \$92.40 | 3 | 65 | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V |
|----|----|-----------------------------|----|---|------------------------------|---------------------|--------------------------------------|-----------------------------------|---|----------|----------|----------|----------|----------|----------|----------|---------|---------|----------------|----------------|------------------|-----|
| | | Provision | | | Multiple source impact | Source for Split | Florida Impact Scale Factor | Effective | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018 - 2022 | 2018 - 2027 | Five Year Impact | |
| 4 | II | I. Compensation | 34 | 2. 21-percent excise tax on excess tax-exempt organization executive compensation (certain exceptions provided to non-highly compensated employees, and for medical services) | | | 0% | | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 38 | | | | tyba 12/31/17 | | | | | | | | | | | | | | | | | | |
| 39 | II | I. Compensation | 35 | 3. Treatment of qualified equity grants | | | 100% | [19] | -\$1.89 | -\$1.89 | -\$1.89 | -\$1.89 | -\$0.94 | [3] | [3] | [3] | [3] | -\$0.94 | -\$8.49 | -\$9.43 | 3 | 66 |
| 39 | II | I. Compensation | 36 | 4. Increase the excise tax on stock compensation in an inversion from 15 percent to 20 percent..... | | | 0% | DOE | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 40 | | | | | | | | | | | | | | | | | | | | | | |
| 41 | II | J. Insurance | 37 | 1. Net operating losses of life insurance companies | CIT and IPT | | 15% | lai tyba 12/31/17 | ----- Estimate Included in Item II.D.6 ----- | | | | | | | | | | | | | |
| 42 | II | J. Insurance | 38 | 2. Repeal of small life insurance company deduction..... | CIT and IPT | | 15% | tyba 12/31/17 | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 43 | II | J. Insurance | 39 | 3. Adjustment for change in computing reserves.... | CIT and IPT | | 15% | tyba 12/31/17 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.71 | \$1.41 | 3 | 95 |
| 44 | II | J. Insurance | 40 | 4. Repeal of special rule for distributions to shareholders from pre-1984 policyholders surplus account..... | CIT and IPT | | 15% | tyba 12/31/17 | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 45 | II | J. Insurance | 41 | 5. Modification of proration rules for property and casualty insurance companies | CIT and IPT | | 15% | tyba 12/31/17 | \$0.14 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$0.28 | \$1.27 | \$2.69 | 3 | 96 |
| 46 | II | J. Insurance | 42 | 6. Repeal of special estimated tax payments | CIT and IPT | | 15% | tyba 12/31/17 | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 47 | II | J. Insurance | 43 | 7. Computation of life insurance reserves | CIT and IPT | | 15% | tyba 12/31/17 | \$1.27 | \$2.40 | \$2.40 | \$2.40 | \$2.55 | \$2.55 | \$2.55 | \$2.69 | \$1.70 | \$0.85 | \$11.03 | \$21.36 | 3 | 97 |
| 48 | II | J. Insurance | 44 | 8. Modification of rules for life insurance proration | CIT and IPT | | 0% | tyba 12/31/17 | [5] | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 49 | II | J. Insurance | 45 | 9. Capitalization of certain policy acquisition expenses | CIT and IPT | | 15% | tyba 12/31/17 | \$0.14 | \$0.57 | \$0.85 | \$0.99 | \$0.99 | \$1.13 | \$1.27 | \$1.27 | \$1.41 | \$1.56 | \$3.54 | \$10.18 | 3 | 98 |
| 50 | II | J. Insurance | 46 | 10. Tax reporting for life settlement transactions | CIT and IPT | | 15% | tyba 12/31/17 | [3] | [3] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | \$0.14 | \$0.14 | \$0.00 | \$0.28 | 99 |
| 51 | II | J. Insurance | 47 | 11. Clarification of tax basis of life insurance contracts | CIT and IPT | | 15% | teia 12/31/17 | ----- Estimate Included in Item II.J.8. ----- | | | | | | | | | | | | | |
| 52 | II | J. Insurance | 48 | 12. Exception to transfer for valuable consideration rule | CIT and IPT | | 15% | ta 12/31/17 | ----- Estimate Included in Item II.J.8. ----- | | | | | | | | | | | | | |
| 53 | II | J. Insurance | 49 | 13. Modification of property and casualty insurance company discounting rules | CIT and IPT | | 15% | tyba 12/31/18 | \$0.42 | \$2.55 | \$2.55 | \$2.55 | \$2.55 | \$1.13 | \$2.40 | \$1.98 | \$0.85 | \$0.42 | \$10.61 | \$17.40 | 3 | 101 |
| 54 | II | K. Partnerships | 50 | 1. Tax gain on the sale of a partnership interest on look-thru basis | | | 2% | seado/a 11/27/17 & seada 12/31/17 | [5] | \$0.04 | \$0.06 | \$0.06 | \$0.08 | \$0.09 | \$0.09 | \$0.09 | \$0.09 | \$0.11 | \$0.23 | \$0.72 | 3 | 76 |
| 55 | II | K. Partnerships | 51 | 2. Expand the definition of substantial built-in loss for purposes of partnership loss transfers | | | 2% | topia 12/31/17 | [3] | [3] | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.06 | \$0.15 | 3 | 79 |
| 56 | II | K. Partnerships | 52 | 3. Charitable contributions and foreign taxes taken into account in determining limitation on allowance of partner's share of loss | | | 2% | tyba 12/31/17 | [5] | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.04 | \$0.04 | \$0.04 | \$0.08 | \$0.23 | 3 | 80 |
| 57 | II | K. Partnerships | 53 | 4. Repeal of technical termination of partnerships of at least \$500,000 | | | 2% | ptyba 12/31/17 tyba 12/31/17 | \$0.02 | \$0.04 | \$0.02 | \$0.02 | \$0.04 | \$0.04 | \$0.04 | \$0.04 | \$0.04 | \$0.04 | \$0.13 | \$0.32 | 3 | 83 |
| 58 | II | L. Tax-Exempt Organizations | 54 | 1. Excise tax based on investment income of private colleges and universities with endowment per student of at least \$500,000..... | | | 0 | tyba 12/31/17 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 59 | II | L. Tax-Exempt Organizations | 55 | 2. Unrelated business taxable income separately computed for each trade or business activity | | | 100% | generally tyba 12/31/17 | \$1.89 | \$2.83 | \$2.83 | \$2.83 | \$3.77 | \$3.77 | \$3.77 | \$3.77 | \$3.77 | \$3.77 | \$14.14 | \$33.00 | 3 | 103 |
| 60 | II | L. Tax-Exempt Organizations | 56 | 3. Charitable deduction not allowed for amounts paid in exchange for college athletic event seating rights | | | 100% | cmi tyba 12/31/1 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$1.89 | \$9.43 | \$18.86 | 3 | 104 |
| 61 | II | L. Tax-Exempt Organizations | 57 | 4. Repeal substantiation exception for charitable contributions reported by donee organization | | | 100% | cmi tyba 12/31/1 | ----- Negligible Revenue Effect ----- | | | | | | | | | | | | | |
| 62 | II | M. Other Provisions | 58 | 1. Modify tax treatment of Alaska Native Corporations and Settlement Trusts | | | 100% | [20] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | | |
| 63 | II | M. Other Provisions | 59 | 2. Expansion of qualifying beneficiaries of an electing small business trust, and modify charitable contribution deduction for electing small business trust | | | 100% | 1/1/18 feoqb & tyb | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | | |
| 64 | II | M. Other Provisions | 60 | 3. Craft beverage modernization and tax reform (sunset 12/31/19) | | | 20% | generally 1/1/18 | -\$3.02 | -\$2.83 | -\$2.07 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | -\$7.92 | -\$7.92 | 3 | 137 |
| 65 | II | M. Other Provisions | 61 | 4. Exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air | | | 100% | apa DOE | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | | |
| 66 | II | M. Other Provisions | 62 | 5. Create qualified opportunity zones..... | | | 100% | DOEapoia DOE | -\$11.31 | -\$16.03 | -\$15.09 | -\$16.03 | -\$15.09 | -\$14.14 | -\$14.14 | -\$15.09 | \$76.37 | \$25.46 | -\$73.54 | -\$15.09 | 3 | 61 |
| 67 | II | M. Other Provisions | 63 | 6. Deny deduction for settlements subject to a nondisclosure agreement paid in connection with sexual harassment..... | | | 100% | | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 68 | II | M. Other Provisions | 64 | 7. Expand provision relating to the non-deductibility of fines and penalties | | | 100% | apoia/a DOE | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 69 | II | M. Other Provisions | 65 | 8. Repeal of deduction for local lobbying expenses..... | | | 100% | apoia/a DOE | [5] | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$3.77 | \$8.49 | 3 | 55 |
| 70 | II | M. Other Provisions | 66 | 9. Revision of treatment of contributions to capital..... | | | 100% | [21] | \$0.94 | \$1.89 | \$3.77 | \$6.60 | \$9.43 | \$9.43 | \$8.49 | \$7.54 | \$6.60 | \$5.66 | \$22.63 | \$60.34 | 3 | 162 |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V |
|----|-----|---|----|--|------------------------------|---------------------|-----------------------------------|------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|----------------|------------------|-----|
| | | Provision | | | Multiple source impact | Source for Split | Florida Impact Scale Factor | Effective | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018 - 2022 | 2018 - 2027 | Five Year Impact | |
| 4 | II | M. Other Provisions | 67 | 10. Recharacterization of certain gains on property held for fewer than 3 years in the case of partnership profits interest held in connection with performance of investment services | | | 2% | tyba 12/31/17 | \$0.04 | \$0.04 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.02 | \$0.13 | \$0.23 | 3 | ? |
| 71 | | | | | | | | | | | | | | | | | | | | | | |
| 72 | | | | | | | | | | | | | | | | | | | | | | |
| 73 | | Total of Business Tax Reform | | | | | | | -\$122.64 | \$37.23 | \$175.16 | \$296.58 | \$617.60 | \$908.22 | \$937.59 | \$897.24 | \$915.80 | \$802.14 | \$1,004.87 | \$5,464.92 | | |
| 74 | | III. International Tax Reform | | | | | | | | | | | | | | | | | | | | |
| 75 | | A. Establishment of Participation Exemption System for Taxation of Foreign Income | | | | | | | | | | | | | | | | | | | | |
| 76 | III | A. Establishment of Participation Exemption System for Taxation of Foreign Income | 1 | 1. Deduction for dividends received by domestic corporations from certain foreign corporations | | | 100% | [22] | -\$167.83 | -\$264.94 | -\$189.51 | -\$191.40 | -\$196.11 | -\$198.00 | -\$208.37 | -\$218.74 | -\$229.11 | -\$243.26 | -\$1,009.80 | -\$2,107.29 | 1 | 108 |
| 77 | III | A. Establishment of Participation Exemption System for Taxation of Foreign Income | 2 | 2. Special rules relating to sales or transfers involving certain foreign corporations | | | 100% | da 12/31/17 & T. | \$0.94 | \$1.89 | \$4.71 | \$7.54 | \$11.31 | \$13.20 | \$16.03 | \$15.09 | \$16.97 | \$22.63 | \$26.40 | \$110.31 | 3 | 109 |
| 78 | III | A. Establishment of Participation Exemption System for Taxation of Foreign Income | 3 | 3. Treatment of deferred foreign income upon transition to participation exemption system of taxation and mandatory inclusion at two-tier rate (8-percent rate for illiquid assets, 15.5-percent rate for liquid assets) | | | 0% | [23] | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 79 | III | B. Rules Related to Passive and Mobile Income | 4 | 1. Current year inclusion of global intangible low-taxed income, with deduction, by United States shareholders [24] | | | 100% | tyba 12/31/17 | \$72.60 | \$117.86 | \$90.51 | \$89.57 | \$87.69 | \$84.86 | \$86.74 | \$87.69 | \$151.80 | \$199.89 | \$458.23 | \$1,069.20 | 1 | 116 |
| 80 | III | B. Rules Related to Passive and Mobile Income | 5 | 2. Deduction for foreign-derived intangible income received from trade or business within the United States | | | 100% | tyba 12/31/17 | -\$1.89 | \$45.26 | \$65.06 | \$62.23 | \$1.89 | -\$107.49 | -\$148.03 | -\$190.46 | -\$173.49 | -\$153.69 | \$172.54 | -\$600.60 | 2 | 121 |
| 81 | III | C. Other Modifications of Subpart F Provisions | 6 | 1. Elimination of inclusion of foreign base company oil related income | | | 0% | [24] | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 82 | III | C. Other Modifications of Subpart F Provisions | 7 | 2. Repeal of inclusion based on withdrawal of previously excluded subpart F income from qualified investment | | | 0% | [24] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | [3] | | |
| 83 | III | C. Other Modifications of Subpart F Provisions | 8 | 3. Modification of stock attribution rules for determining status as a controlled foreign corporation | | | 100% | [25] | ----- Estimate Included in Item III.A.1. ----- | | | | | | | | | | | | | |
| 84 | III | C. Other Modifications of Subpart F Provisions | 9 | 4. Modification of definition of United States shareholder.. | | | 0% | [24] | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 85 | III | C. Other Modifications of Subpart F Provisions | 10 | 5. Elimination of requirement that corporation must be controlled for 30 days before subpart F inclusions apply | | | 0% | [24] | [5] | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 86 | III | D. Prevention of Base Erosion | 11 | 1. Limitation on income shifting through intangible property transfers | | | 100% | ti tyba 12/31/17 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$1.89 | \$1.89 | \$1.89 | \$4.71 | \$12.26 | 3 | 124 |
| 87 | III | D. Prevention of Base Erosion | 12 | 2. Certain related party amounts paid or accrued in hybrid transactions or with hybrid entities | | | 100% | ti tyba 12/31/17 | ----- Estimate Included in Item III.A.1. ----- | | | | | | | | | | | | | |
| 88 | III | D. Prevention of Base Erosion | 13 | 3. Dividends received from post-enactment surrogate foreign corporations not qualified dividend income | | | 100% | dra DOE | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | [5] | | |
| 89 | III | E. Modifications Related to Foreign Tax Credit System | 14 | 1. Repeal of section 902 indirect foreign tax credits; determination of section 960 credit on current year basis | | | 100% | [24] | ----- Estimate Included in Item III.A.1. ----- | | | | | | | | | | | | | |
| 90 | III | E. Modifications Related to Foreign Tax Credit System | 15 | 2. Separate foreign tax credit limitation basket for Foreign branch income | | | 100% | ti tyba 12/31/17 | ----- Estimate Included in Item III.B.1. ----- | | | | | | | | | | | | | |
| 91 | III | E. Modifications Related to Foreign Tax Credit System | 16 | 3. Source of income from sales of inventory determined solely on basis of production activities | | | 100% | tyba 12/31/17 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$1.89 | \$1.89 | \$1.89 | \$4.71 | \$12.26 | 3 | 127 |
| 92 | III | E. Modifications Related to Foreign Tax Credit System | 17 | 4. Increase maximum overall domestic loss recapture to 100% for pre-2018 losses | | | 100% | tyba 12/31/17 | -\$5.66 | -\$10.37 | -\$9.43 | -\$0.94 | \$0.94 | \$3.77 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | -\$25.46 | -\$17.91 | 3 | 128 |
| 93 | III | F. Inbound Provisions | 18 | 1. Base erosion and anti-abuse tax | | | 0% | apoa 12/31/17 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | |
| 94 | III | G. Other Provisions | 19 | 1. Restriction on insurance business exception to passive foreign investment company rules | | | 100% | tyba 12/31/17 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$0.94 | \$1.89 | \$1.89 | \$1.89 | \$4.71 | \$12.26 | 3 | 132 |
| 95 | III | G. Other Provisions | 20 | 2. Repeal of fair market value method of interest expense apportionment | | | 0% | tyba 12/31/17 | [5] | \$0.00 | \$0.00 | \$0.00 | [5] | [5] | [5] | [5] | [5] | [5] | \$0.00 | \$0.00 | | |
| 96 | | | | | | | | | | | | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V |
|-----|---|---|---|---|------------------------------|---------------------|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|----------------|----------------|------------------|---|
| | | Provision | | | Multiple source impact | Source for Split | Florida Impact Scale Factor | Effective | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018 - 2022 | 2018 - 2027 | Five Year Impact | |
| 4 | | | | | | | | | | | | | | | | | | | | | | |
| 97 | | | | | | | | | | | | | | | | | | | | | | |
| 98 | | Total of International Tax Reform | | | | | | | -\$99.00 | -\$107.49 | -\$35.83 | -\$30.17 | -\$91.46 | -\$200.83 | -\$249.86 | -\$299.83 | -\$227.23 | -\$167.83 | -\$363.94 | -\$1,509.51 | | |
| 99 | | | | | | | | | | | | | | | | | | | | | | |
| 100 | | Total Impact | | | | | | | -\$221.64 | -\$70.26 | \$139.33 | \$266.41 | \$526.14 | \$707.39 | \$687.74 | \$597.41 | \$688.57 | \$634.31 | \$640.93 | \$3,955.40 | | |
| 101 | | | | | | | | | | | | | | | | | | | | | | |
| 102 | | | | | | | | | | | | | | | | | | | | | | |
| 103 | | | | | | | | | \$289.80 | \$578.78 | \$614.16 | \$662.39 | \$909.50 | \$1,101.85 | \$1,098.92 | \$1,064.53 | \$1,135.23 | \$1,074.03 | | | | |
| 104 | | | | | | | | | -\$511.44 | -\$649.04 | -\$474.83 | -\$395.98 | -\$383.35 | -\$394.46 | -\$411.18 | -\$467.11 | -\$446.66 | -\$439.72 | | | | |
| 105 | | | | | | | | | | | | | | | | | | | | | | |
| 108 | | | | | | | | | | | | | | | | | | | | | | |
| 109 | | | | | | | | | \$289.80 | \$578.78 | \$614.16 | \$662.39 | \$909.50 | \$1,101.85 | \$1,098.92 | \$1,064.53 | \$1,135.23 | \$1,074.03 | | | | |
| 110 | | | | | | | | | -\$511.44 | -\$649.04 | -\$474.83 | -\$395.98 | -\$383.35 | -\$394.46 | -\$411.18 | -\$467.11 | -\$446.66 | -\$439.72 | | | | |
| 111 | | | | | | | | | -\$221.64 | -\$70.26 | \$139.33 | \$266.41 | \$526.14 | \$707.39 | \$687.74 | \$597.41 | \$688.57 | \$634.31 | | | | |
| 112 | | | | | | | | | | | | | | | | | | | | | | |
| 113 | | State Fiscal Year | | | | | | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2018-2022 | 2018-2027 | | |
| 116 | | | | | | | | | -\$96.8 | \$3.54 | \$146.10 | \$271.00 | \$549.96 | \$846.99 | \$931.40 | \$905.74 | \$911.89 | \$826.09 | \$873.80 | \$5,295.91 | 169.0106793 | |
| 117 | | | | | | | | | | | | | | | | | | | | | | |
| 118 | | | | | | | | | | | | | | | | | | | | | | |
| 119 | | | | | | | | | | | | | | | | | | | | | | |
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| 132 | | | | | | | | | | | | | | | | | | | | | | |
| 133 | | | | | | | | | | | | | | | | | | | | | | |
| 134 | | | | | | | | | | | | | | | | | | | | | | |
| 135 | | | | | | | | | | | | | | | | | | | | | | |
| 136 | | | | | | | | | | | | | | | | | | | | | | |
| 137 | | | | | | | | | | | | | | | | | | | | | | |
| 138 | | | | | | | | | | | | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|---------------|--------------|-------------|-------------|-------------|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|--------------|
| 1 | Florida Share | 3.6% | | | | | | | | | | | | | | |
| 2 | Florida CIT Rate | 5.5% | | | | | | | | | | | | | | |
| 3 | Estimated Florida Impact | | | Florida Scale | | | | | | | | | | | | |
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | | Federal Fiscal Year | | | | | | | |
| 5 | I. Tax Relief for California Wildfires [1] | | | | | | | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 |
| 6 | 1. Special disaster-related rules for use of retirement funds..... | individual | | | | | | | | | | | | | | 2018-27 |
| 7 | 2. Employee retention credit for employers affected by California wildfires | individual | | | | | | | | | | | | | | |
| 8 | 3. Additional disaster-related tax relief provisions: | individual | | | | | | | | | | | | | | |
| 9 | a. Temporary suspension of limitations on charitable contributions | individual | | | | | | | | | | | | | | |
| 10 | b. Special rules for qualified disaster-related personal casualty losses | individual | | | | | | | | | | | | | | |
| 11 | c. Special rule for determining earned income [4] | individual | | | | | | | | | | | | | | |
| 12 | Total of Tax Relief for California Wildfires | | | | | | | | | | | | | | | |
| 13 | II. Tax Relief for Hurricanes Harvey, Irma, and Maria [5] | | | | | | | | | | | | | | | |
| 14 | 1. Special disaster-related rules for use of retirement funds..... | | | | | | | | | | | | | | | |
| 15 | 2. Employee retention credit for employers affected by Hurricane Harvey and Hurricane Irma | | | | | | | | | | | | | | | |
| 16 | 3. Additional disaster-related tax relief provisions: | | | | | | | | | | | | | | | |
| 17 | a. Temporary suspension of limitations on charitable contributions | | | | | | | | | | | | | | | |
| 18 | b. Special rules for qualified disaster-related personal casualty losses | individual | | | | | | | | | | | | | | |
| 19 | c. Special rule for determining earned income [4] | individual | | | | | | | | | | | | | | |
| 20 | Total of Tax Relief for Additional Disaster Declarations With Respect to Hurricanes Harvey and Irma | | | | | | | | | | | | | | | |
| 21 | TOTAL OF DIVISION B | | | | | | | | | | | | | | | |
| 22 | I. Extension of Expiring Provisions | | | | | | | | | | | | | | | |
| 23 | A. Tax Relief for Families and Individuals | | | | | | | | | | | | | | | |
| 24 | 1. Extension of exclusion from gross income of discharge of indebtedness on qualified principal residence indebtedness (sunset 12/31/17) | individual | | | | | | | | | | | | | | |
| 25 | 2. Extension of mortgage insurance premiums treated as qualified residence interest (sunset 12/31/17) | individual | | | | | | | | | | | | | | |
| 26 | 3. Extension of above-the-line deduction for qualified tuition and related expenses (sunset 12/31/17) | Individual | | | | | | | | | | | | | | |
| 27 | B. Incentives for Growth, Jobs, Investment, and Innovation | | | | | | | | | | | | | | | |
| 28 | 1. Extension of Indian employment tax credit (sunset 12/31/17) | Business | 1 | -26% | \$72,072 | \$22,063 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$94,135 | \$94,135 |
| 29 | 2. Extension of railroad track maintenance credit (sunset 12/31/17) | Business | 1 | -26% | \$285,346 | \$53,931 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$339,278 | \$339,278 |
| 30 | 3. Extension of mine rescue team training credit (sunset sunset 12/31/17) | Business | 1 | -26% | \$1,471 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,471 | \$1,471 |
| 31 | 4. Extension of classification of certain race horses as 3-year property (sunset 12/31/17) | Business | 1 | 100% | -\$209,314 | -\$94,286 | \$47,143 | \$75,429 | \$103,714 | \$103,714 | \$75,429 | \$28,286 | \$0 | \$0 | -\$77,314 | \$130,114 |
| 32 | 5. Extension of 7-year recovery period for motorsports entertainment complexes (sunset 12/31/17) | Business | 1 | 100% | -\$73,543 | -\$94,286 | -\$66,000 | -\$37,714 | -\$28,286 | -\$28,286 | -\$18,857 | \$0 | \$9,429 | \$9,429 | -\$299,829 | -\$328,114 |
| 33 | 6. Extension of accelerated depreciation for business property on an Indian reservation (sunset 12/31/17) | Business | 1 | 100% | -\$927,771 | -\$396,000 | \$37,714 | \$216,857 | \$367,714 | \$292,286 | \$132,000 | -\$18,857 | -\$75,429 | -\$56,571 | -\$701,486 | -\$428,057 |
| 34 | 7. Extension of election to expense mine safety equipment (sunset 12/31/17) | Business | 1 | 100% | -\$33,943 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$0 | \$0 | \$13,200 | \$41,486 |
| 35 | 8. Extension of special expensing rules for certain film, television, and live theatrical production (sunset 12/31/17) | Business | 1 | 100% | -\$7,574,914 | \$2,658,857 | \$2,988,857 | \$1,659,429 | \$1,159,714 | \$999,429 | \$829,714 | \$660,000 | \$660,000 | \$660,000 | \$891,943 | \$4,701,086 |
| 36 | 9. Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sunset 12/31/17) | Business | 1 | 100% | -\$379,029 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$379,029 | -\$379,029 |
| 37 | 10. Extension of special rate for certain timber gain (sunset 12/31/17) | Business | 1 | 100% | -\$181,029 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$181,029 | -\$181,029 |
| 38 | 11. Extension of empowerment zone tax incentives (sunset 12/31/17) | Business | 1 | 100% | -\$1,159,714 | -\$245,143 | \$9,429 | \$0 | -\$9,429 | -\$18,857 | -\$28,286 | -\$37,714 | -\$47,143 | -\$47,143 | -\$1,404,857 | -\$1,584,000 |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|--------|---------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|---------------|---------------|
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 | 2018-27 |
| 39 | 12. Extension of American Samoa economic development credit (sunset 12/31/17) | Business | 1 | 100% | -\$62,229 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$62,229 | -\$62,229 |
| 40 | C. Incentives for Energy Production and Conservation | | | | | | | | | | | | | | | |
| 41 | 1. Extension of credit for section 25C nonbusiness energy property (sunset 12/31/17) | Business | 1 | -26% | \$783,967 | \$12,257 | \$9,806 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$806,030 | \$806,030 |
| 42 | 2. Extension and modification of credit for residential energy efficient property | Business | 1 | -26% | \$1,665,010 | \$379,971 | \$509,897 | \$1,171,783 | \$1,122,754 | \$1,029,600 | \$438,806 | \$257,400 | \$98,057 | \$0 | \$4,849,416 | \$6,673,279 |
| 43 | 3. Extension of alternative motor vehicle credit for qualified fuel cell motor vehicles (sunset 12/31/17) | | | | | | | | | | | | | | | |
| 44 | 4. Extension of credit for alternative fuel vehicle refueling property (sunset 12/31/17) | Business | 1 | -26% | \$72,072 | \$9,806 | \$7,354 | \$7,354 | \$7,354 | \$7,354 | \$4,903 | \$0 | \$0 | \$0 | \$103,941 | \$116,198 |
| 45 | 5. Extension of credit for two-wheeled plug-in electric vehicles (sunset 12/31/17) | | | | | | | | | | | | | | | |
| 46 | 6. Extension of second generation biofuel producer credit (sunset 12/31/17) | Business | 1 | -26% | \$16,179 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$16,179 | \$16,179 |
| 47 | 7. Extension of biodiesel and renewable diesel incentives extend present-law income tax credits, excise tax credit, and outlay payments (sunset 12/31/17) | Business | 1 | 100% | -\$18,385,714 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$18,385,714 | -\$18,385,714 |
| 48 | 8. Extension of production credit for Indian coal facilities (sunset 12/31/17) | Business | 1 | -26% | \$32,359 | \$9,806 | \$7,354 | \$7,354 | \$7,354 | \$7,354 | \$2,451 | \$0 | \$0 | \$0 | \$64,227 | \$74,033 |
| 49 | 9. Extension of beginning-of-construction date for non-wind renewable power facilities eligible to claim the electricity production credit or investment credit in lieu of the production credit (sunset 12/31/17) | Business | 1 | 100% | -\$695,829 | -\$226,286 | -\$9,429 | -\$113,143 | -\$188,571 | -\$235,714 | -\$282,857 | -\$330,000 | -\$367,714 | -\$198,000 | -\$1,233,257 | -\$2,647,543 |
| 50 | 10. Extension of credit for construction of energy-efficient new homes (sunset 12/31/17) | Business | 1 | -26% | \$254,458 | \$71,091 | \$51,480 | \$51,480 | \$51,480 | \$51,480 | \$26,966 | \$4,903 | \$0 | \$0 | \$479,990 | \$563,338 |
| 51 | 11. Extension and phaseout of the section 48 energy investment tax credit (sunset 12/31/21) | Business | 1 | -26% | \$213,274 | \$335,846 | \$519,703 | \$554,023 | \$580,989 | \$372,617 | \$178,954 | \$142,183 | \$112,766 | \$93,154 | \$2,203,834 | \$3,103,509 |
| 52 | 12. Five-year cost recovery for certain energy property (sunset 12/31/21) | Business | 1 | 100% | -\$73,543 | -\$141,429 | -\$179,143 | -\$207,429 | -\$198,000 | -\$132,000 | -\$66,000 | -\$28,286 | \$9,429 | \$28,286 | -\$799,543 | -\$988,114 |
| 53 | 13. Extension of special depreciation allowance for second generation biofuel plant property (sunset 12/31/17) | Business | 1 | 100% | -\$56,571 | \$28,286 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$0 | \$0 | \$0 | \$9,429 | \$28,286 |
| 54 | 14. Extension of energy efficient commercial buildings deduction (sunset 12/31/17) | Business | 1 | 100% | -\$446,914 | \$18,857 | \$18,857 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | \$9,429 | -\$390,343 | -\$343,200 |
| 55 | 15. Extension of special rule for sales or dispositions to implement Federal Energy Regulatory Commission ("FERC") or State electric restructuring policy for qualified electric utilities (sunset 12/31/17) | Business | 1 | 100% | -\$848,571 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$226,286 | \$75,429 | \$0 | \$0 | \$56,571 | \$584,571 |
| 56 | 16. Extension of excise tax credits and outlay payments for alternative fuel, and excise tax credits for alternative fuel mixtures (sunset 12/31/17) | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 57 | 17. Extension of Oil Spill Liability Trust Fund financing rate (sunset 12/31/18) | | | | | | | | | | | | | | | |
| 58 | D. Modifications of Energy Incentives | | | | | | | | | | | | | | | |
| 59 | 1. Modifications of credit for production from advanced nuclear power facilities | | | | | | | | | | | | | | | |
| 60 | Total of Extension of Expiring Provisions | | | | | | | | | | | | | | | |
| 61 | Miscellaneous Provisions | | | | | | | | | | | | | | | |
| 62 | 1. Extension of temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sunset 12/31/21) [4][9] | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 63 | 2. Extend the limitations period with respect to excluding amounts received by wrongfully incarcerated individuals | | | | | | | | | | | | | | | |
| 64 | 3. Individuals held harmless on improper levy on retirement plans | individual | | | | | | | | | | | | | | |
| 65 | 4. Modification of user fee requirements for installment agreements | individual | | | | | | | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P |
|----|--|----------------|---|-------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------------|--------------------|
| 4 | | DOR Assignment | | Factor | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2018-22 | 2018-27 |
| 66 | 5. Simplified filing requirements for individuals 65 years of age and older | individual | | | | | | | | | | | | | | |
| 67 | 6. Unify the tax treatment of awards to whistleblowers | individual | | | | | | | | | | | | | | |
| 68 | 7. Clarification of whistleblower awards [4] | individual | | | | | | | | | | | | | | |
| 69 | 8. Excise tax on investment income of private colleges and universities limited to institutions with at least 500 tuition paying students | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70 | 9. Exception to private foundation excess business holding tax for independently-operated philanthropic business holdings | | | | | | | | | | | | | | | |
| 71 | 10. State beverage alcohol regulation (sunset 12/31/19) | | | | | | | | | | | | | | | |
| 72 | 11. Simplification of rules regarding records, statements, and returns (sunset 12/31/19) | | | | | | | | | | | | | | | |
| 73 | 12. Modification of rules relating to hardship withdrawals from cash or deferred arrangements | individual | | | | | | | | | | | | | | |
| 74 | 13. Modification of rules governing hardship distributions | | | | | | | | | | | | | | | |
| 75 | 15. All Puerto Rico low-income communities treated as qualified opportunity zone | Business | 1 | 100% | -\$599,657 | -\$1,367,143 | -\$1,348,286 | -\$1,386,000 | -\$1,282,286 | -\$1,244,571 | -\$1,244,571 | -\$1,320,000 | \$6,684,857 | \$2,225,143 | -\$5,983,371 | -\$882,514 |
| 76 | 16. Treatment of citizens or residents of the United States living abroad in support of Armed Forces in combat zone | individual | | | | | | | | | | | | | | |
| 77 | 17. Treatment of foreign persons for returns relating to payments made in settlement of payment card and third party network transactions | individual | | | | | | | | | | | | | | |
| | 18. Repeal the eight percent increase in the amount of any required installment of corporate estimated tax otherwise due in July, August, or September of 2020 | | | | | | | | | | | | | | | |
| 78 | for corporations with assets of at least \$1 billion | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 79 | 19. Enhancement of carbon dioxide sequestration credit. | Business | 1 | 0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 80 | Total impacts - Federal Fiscal Year | | | | -\$28,312,077 | \$1,281,343 | \$2,859,309 | \$2,253,994 | \$1,949,074 | \$1,458,977 | \$303,223 | -\$547,800 | \$7,093,680 | \$2,723,726 | -\$19,968,357 | -\$8,936,551 |
| 81 | State Fiscal Year Conversion Factor | 21.07% | | | | | | | | | | | | | | |
| 82 | | | | State Fiscal Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2017-18 to 2021-22 | 2017-18 to 2026-27 |
| 83 | | | | | -\$22,346,722 | -\$4,953,991 | \$2,526,831 | \$2,381,534 | \$2,013,321 | \$1,562,241 | \$546,740 | -\$368,489 | \$5,483,620 | \$3,644,475 | -\$20,379,027 | -\$9,510,440 |

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax, Gross Receipts

Issue: Aquaculture Exemptions

Bill Number(s): Proposed Language

☐ **Entire Bill**

☒ **Partial Bill:** Section 2.

Sponsor(s): N/A

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

Date of Analysis: 2/23/2018

Section 1: Narrative

- a. Current Law:** Subparagraph 212.08(5)(e)1 F.S. "Butane gas, propane gas, natural gas, and all other forms of liquefied petroleum gases are exempt from the tax imposed by this chapter if used in any tractor, vehicle, or other farm equipment which is used exclusively on a farm or for processing farm products on the farm and no part of which gas is used in any vehicle or equipment driven or operated on the public highways of this state."

Subparagraph 212.08(5)(e)2 F.S. "Electricity used directly or indirectly for production, packing, or processing of agricultural products on the farm, or used directly or indirectly in a packinghouse, is exempt from the tax imposed by this chapter."

Currently, there are no exemptions limited solely to manufacturing machinery and equipment used in aquacultural activities. However, food manufacturing machinery and equipment can be exempt from sales tax under either 212.08(5)(b) F.S., or 212.08(7)(jjj) F.S. Production processes do not include natural processes occurring before raw material is delivered to the receiving operation or after the packaging operation. The end of production for food products is extended until the food product has been packaged for sale.

- b. Proposed Change:** The proposed language inserts: , or if used in any tractor, vehicle, or other farm equipment which is used directly or indirectly for the production, packing, or processing of aquacultural products as defined in s. 597.0015. to subparagraph 212.08(5)(e)1 F.S. after "highways of this state".

subparagraph 212.08(5)(e)2 F.S. is modified: "Electricity used directly or indirectly for production, packing, or processing of agricultural products on the farm, inclusive of the raising of aquaculture products as defined in s. 597.0015, or used directly or indirectly in a packinghouse, is exempt from the tax imposed by this chapter. As used in this subsection, the term "packinghouse" means any building or structure where fruits, vegetables, or meat from cattle or hogs or fish is packed or otherwise prepared for market or shipment in fresh form for wholesale distribution. The exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail. This exemption applies only if the electricity used for the exempt purposes is separately metered. If the electricity is not separately metered, it is conclusively presumed that some portion of the electricity is used for a nonexempt purpose, and all of the electricity used for such purposes is taxable. For purposes of this subparagraph the term "fish" means any of numerous cold-blooded aquatic vertebrates of the superclass Pisces, characteristically having fins, gills, and a streamlined body raised through aquaculture."

Paragraph 212.08(5)(t) is added: "1. Industrial machinery and equipment purchased for use in aquacultural activities at fixed locations are exempt from the tax imposed by this chapter.

2. For the purposes of the exemptions provided in subparagraph 1., these terms have the following meanings:

a. "Industrial machinery and equipment" means tangible personal property or other property that has a depreciable life of 3 years or more and that is used as an integral part in the manufacturing, processing, compounding, or production of tangible personal property for sale. A building and its structural components, including heating and air-conditioning systems, are industrial machinery and equipment. The term includes parts and accessories only to the extent that the exemption thereof is consistent with the provisions of this paragraph.

b. "Aquacultural activities" means the business of the cultivation of aquatic organisms and certification under s. 597.004. Aquacultural activities must produce an "aquaculture product." "Aquaculture product" means aquatic organisms and any product derived from aquatic organisms that are owned and propagated, grown, or produced under controlled conditions. Such products do not include organisms harvested from the wild for depuration, wet storage, or relay for purification."

Paragraph 212.08(7)(jjj) is modified to include NAICS code **112511** - finfish farming and fish hatcheries.

Section 2: Description of Data and Sources

Department of Revenue 2016 Sales Tax Data

Real Property Ad Valorem Rolls 2017 Final

Tangible Personal Property Tax Roll 2017 Preliminary

Section 3: Methodology (Include Assumptions and Attach Details)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax, Gross Receipts

Issue: Aquaculture Exemptions

Bill Number(s): Proposed Language

Lines 30-43 Propane, Butane, Natural Gas, and all other Liquefied Petroleum Gases.

The proposed language exempts: use for packing on site, use for production, packing, or processing off site, and removes exclusively used on a farm when used for aquacultural products. The liquefied gases provisions are applicable to all forms of aquaculture. The total sales for all aquaculture is used as the starting point for this analysis. Total expenditures are calculated based on a 10% profit margin. It is assumed that 2% of total expenditures are for these types of fuels, the middle assumes 1%, and the low assumes 0.5%. Only a portion of these expenses should be taxable today. The high assumes 75% taxable, the middle assumes 50% and the low assumes 25%.

Lines 44-62 Electricity used for an Off-site Fish Packinghouse.

The proposed language exempts the electricity used in fish packing houses. Electricity used for packing on a farm is currently exempt. Net expenditures for fish only aquaculture is used as the starting point. Total packing electricity is assumed to be a 2% of net expenditures, the middle assumes 1%, and the low assumes 0.5%. The off-site packinghouse electricity is estimated at 30% in the high, 15% in the middle, and 10% in the low.

Lines 63-87 Aquacultural Manufacturing Machinery and Equipment.

The proposed language dictates that all buildings and structures, including heating and air-conditioning (HVAC) systems are exempt industrial machinery equipment when purchased for use in aquacultural activities. The eligible groups for this exemption would include items on the Tangible Personal Property Roll (TPP), and buildings from the Real Property Rolls. For the TPP data it is assumed that all items on the roll are halfway through their respective depreciable lives. Some portion of the equipment on the TPP roll is already exempt, and the high assumes 90% taxable, the middle assumes 50% taxable, and the low assumes 25% taxable. It is expected that the cost of acquiring the TPP is under-reported on the TPP roll. All estimates assume a 15% reduction from the cost of acquisition. The depreciable life for the TPP is assumed to be 15 years.

Both residential and non-residential farm buildings might be included under the expanded definition of industrial machinery and equipment for the Real Property data. Currently, if the building and HVAC systems are integral to the manufacturing process they would be included in the extant manufacturing machinery equipment exemptions. The Real Property analysis is broken into three pieces, residential farm buildings, non-residential farm buildings, and new construction. All three pieces use the same construction to value discount of 15%, the same 50% labor to materials share. The residential and non-residential pieces both use a 25-year depreciable life. The residential building materials are assumed to be 100% taxable in the high, middle, and low under current law. If some of the non-residential building are integrated manufacturing facilities today, then only a portion of those building materials should be taxable today. The high assumes 100% taxable, the middle assumes 50% taxable, and the low assumes 25% taxable. The new construction estimate assumes that all new construction building materials would be taxable under current law.

Line 123 NAICS code 112511 added to Paragraph 212.08(7)(jjj).

Any NAICS code 112511 entity would still need to manufacture, process, compound, or produce tangible personal property for sale. Food manufacturing is already exempt under the current law. There may be some impact for facilities that are not primarily engaged in food manufacturing. Market research indicates that some \$350 million will be spent over the next 7 years on operations that would seem to be primarily finfish farms. This number is evenly allocated across seven years, adjusted for depreciable life, materials expense, and % currently taxable.

The effective date of the proposed language is July 1, 2018, and there are eleven months of activity in the first year cash value.

Section 4: Proposed Fiscal Impact

| | High | | Middle | | Low | |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | \$(0.8 M) | \$(0.5 M) | \$(0.4 M) | \$(0.3 M) | \$(0.2 M) | \$(0.1 M) |
| 2019-20 | \$(0.9 M) | \$(0.5 M) | \$(0.4 M) | \$(0.3 M) | \$(0.2 M) | \$(0.1 M) |
| 2020-21 | \$(0.9 M) | \$(0.5 M) | \$(0.4 M) | \$(0.3 M) | \$(0.2 M) | \$(0.2 M) |
| 2021-22 | \$(0.9 M) | \$(0.5 M) | \$(0.4 M) | \$(0.3 M) | \$(0.2 M) | \$(0.2 M) |
| 2022-23 | \$(0.9 M) | \$(0.6 M) | \$(0.4 M) | \$(0.3 M) | \$(0.2 M) | \$(0.2 M) |

List of affected Trust Funds:

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax, Gross Receipts

Issue: Aquaculture Exemptions

Bill Number(s): Proposed Language

Section 5: Consensus Estimate (Adopted: 02/23/2018): The Conference adopted the low impact.

| | GR | | Trust | | Local/Other | | Total | |
|---------|-------|-----------|-----------------|-----------------|-----------------|-----------------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | (0.2) | (0.1) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (0.2) | (0.1) |
| 2019-20 | (0.2) | (0.1) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (0.2) | (0.1) |
| 2020-21 | (0.2) | (0.2) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (0.2) | (0.2) |
| 2021-22 | (0.2) | (0.2) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (0.2) | (0.2) |
| 2022-23 | (0.2) | (0.2) | (Insignificant) | (Insignificant) | (Insignificant) | (Insignificant) | (0.2) | (0.2) |

Proposed Language - Section 2.
Aquaculture Exemptions

Summary

| | A | B | C | D | E | F | G |
|----|---|------------|------------|------------|------------|--------------|--------------|
| 1 | Aquaculture Liquefied Gases | | | | | | |
| 2 | | High | | Middle | | Low | |
| 3 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 4 | 2018-19 | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.005 M) | \$ (0.005 M) |
| 5 | 2019-20 | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.005 M) | \$ (0.005 M) |
| 6 | 2020-21 | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.005 M) | \$ (0.005 M) |
| 7 | 2021-22 | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.005 M) | \$ (0.005 M) |
| 8 | 2022-23 | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.005 M) | \$ (0.005 M) |
| 9 | | | | | | | |
| 10 | Electricity at Fish Packinghouses | | | | | | |
| 11 | | High | | Middle | | Low | |
| 12 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 13 | 2018-19 | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) |
| 14 | 2019-20 | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) |
| 15 | 2020-21 | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) |
| 16 | 2021-22 | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) |
| 17 | 2022-23 | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) | \$ (0.0 M) |
| 18 | | | | | | | |
| 19 | Building and Structures for Aquaculture | | | | | | |
| 20 | | High | | Middle | | Low | |
| 21 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 22 | 2018-19 | \$ (0.4 M) | \$ (0.4 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) |
| 23 | 2019-20 | \$ (0.4 M) | \$ (0.4 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) |
| 24 | 2020-21 | \$ (0.4 M) | \$ (0.4 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) |
| 25 | 2021-22 | \$ (0.4 M) | \$ (0.4 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) |
| 26 | 2022-23 | \$ (0.4 M) | \$ (0.4 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) |
| 27 | | | | | | | |
| 28 | NAICS 112511 | | | | | | |
| 29 | | High | | Middle | | Low | |
| 30 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 31 | 2018-19 | \$ (0.3 M) | \$ - | \$ (0.1 M) | \$ - | \$ (0.1 M) | \$ - |
| 32 | 2019-20 | \$ (0.4 M) | \$ (0.0 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.1 M) | \$ (0.0 M) |
| 33 | 2020-21 | \$ (0.4 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.1 M) | \$ (0.0 M) |
| 34 | 2021-22 | \$ (0.5 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.1 M) | \$ (0.0 M) |
| 35 | 2022-23 | \$ (0.5 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.1 M) | \$ (0.0 M) |
| 36 | | | | | | | |
| 37 | Total | | | | | | |
| 38 | | High | | Middle | | Low | |
| 39 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 40 | 2018-19 | \$ (0.8 M) | \$ (0.5 M) | \$ (0.4 M) | \$ (0.3 M) | \$ (0.2 M) | \$ (0.1 M) |
| 41 | 2019-20 | \$ (0.9 M) | \$ (0.5 M) | \$ (0.4 M) | \$ (0.3 M) | \$ (0.2 M) | \$ (0.1 M) |
| 42 | 2020-21 | \$ (0.9 M) | \$ (0.5 M) | \$ (0.4 M) | \$ (0.3 M) | \$ (0.2 M) | \$ (0.2 M) |
| 43 | 2021-22 | \$ (0.9 M) | \$ (0.5 M) | \$ (0.4 M) | \$ (0.3 M) | \$ (0.2 M) | \$ (0.2 M) |
| 44 | 2022-23 | \$ (0.9 M) | \$ (0.6 M) | \$ (0.4 M) | \$ (0.3 M) | \$ (0.2 M) | \$ (0.2 M) |

| | A | B | C | D | E | F |
|----|--|--------------|---------------|------------------|---|---|
| 1 | Florida Seafood and Aquaculture Overview and Statistics | | | | | |
| 2 | Florida Product Sales 2012 | | | | | |
| 3 | | | | | | |
| 4 | Summary Statistics | | | | | |
| 5 | Products | Producers | Total Sales | Percent of Total | | |
| 6 | Ornamental Fish | 101 | \$27,269,000 | 39 | | |
| 7 | Mollusks | 139 | \$11,889,000 | 17 | | |
| 8 | Alligators | 10 | \$7,995,000 | 11 | | |
| 9 | Aquatic plants | 19 | \$5,327,000 | 8 | | |
| 10 | Other Food Fish | 31 | \$2,978,000 | 5 | | |
| 11 | Tilapia | 47 | \$1,227,000 | 2 | | |
| 12 | Catfish | 17 | \$390,000 | 0.5 | | |
| 13 | Live Rock | 12 | \$373,000 | 0.5 | | |
| 14 | Catfish | 54 | \$979,000 | 1 | | |
| 15 | Other Aquaculture | | \$11,303,000 | 16 | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | 10% | | | |
| 19 | Products | Total Sales | Profit Margin | Net Expenditures | | |
| 20 | Ornamental Fish | \$27,269,000 | \$2,726,900 | \$24,542,100 | | |
| 21 | Mollusks/Alligators | \$19,884,000 | \$1,988,400 | \$17,895,600 | | |
| 22 | Aquatic Plants | \$5,327,000 | \$532,700 | \$4,794,300 | | |
| 23 | Food Fish | \$5,574,000 | \$557,400 | \$5,016,600 | | |
| 24 | Live Rock | \$373,000 | \$37,300 | \$335,700 | | |
| 25 | Other Aquaculture | \$11,303,000 | \$1,130,300 | \$10,172,700 | | |
| 26 | | \$69,730,000 | \$6,973,000 | \$62,757,000 | | |

Proposed Language - Section 2.
 Liquefied Gases for Aquaculture.
 Electricity for Fish Packing Houses.

Lines 30-43 44-62

| | A | B | C | D | E | F |
|----|--|---------------|---------------|---------------|---|---|
| 27 | Lines 30-43 | | | | | |
| 28 | Propane, Butane, other liquefied petroleum gases are now exempt when used for: | | | | | |
| 29 | on-site packing; off-site packing, processing, and production; not exclusively used on a farm. | | | | | |
| 30 | | | | | | |
| 31 | Propane/Butane % of total expenditures | | | | | |
| 32 | | | | | | |
| 33 | Aquaculture Exp. | \$ 62,757,000 | \$ 62,757,000 | \$ 62,757,000 | | |
| 34 | % Propane/Butane | 2% | 1% | 0.5% | | |
| 35 | Propane/Butane Exp. | \$ 1,255,140 | \$ 627,570 | \$ 313,785 | | |
| 36 | % Taxable | 75% | 50% | 25% | | |
| 37 | \$ Taxable | \$ 941,355 | \$ 313,785 | \$ 78,446 | | |
| 38 | Sales tax 6% | \$ 56,481 | \$ 18,827 | \$ 4,707 | | |
| 39 | | | | | | |
| 40 | Total 2016 Use Tax NAICS code 11251 | | | 9629.67 | | |
| 41 | | | | | | |
| 42 | Lines 44-62 | | | | | |
| 43 | Electricity used for off-site packing of fish as defined. (includes food fish and tropical fish) | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | Total Fish Exp. | \$ 29,558,700 | \$ 29,558,700 | \$ 29,558,700 | | |
| 47 | % Packing Exp. | 2.0% | 1.0% | 0.50% | | |
| 48 | Packing Exp. | \$ 591,174 | \$ 295,587 | \$ 147,794 | | |
| 49 | % Off Site* | 30% | 15% | 10% | | |
| 50 | \$ Off Site | \$ 177,352 | \$ 44,338 | \$ 14,779 | | |
| 51 | Sales tax 6.95% | \$ 12,326 | \$ 3,081 | \$ 1,027 | | |
| 52 | *Electricity used on the Farm is already exempt. | | | | | |

Equipment and Buildings used for Aquaculture

| | A | B | C | D |
|----|---|-----------------|-----------------|-----------------|
| 1 | Tangible Personal Property | \$ 23,742,884 | | |
| 2 | Half way through Depreciable life | 50% | | |
| 3 | Acquisition/Construction cost | \$ 47,485,768 | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | High | Middle | Low |
| 7 | Depreciable life | 15 | 15 | 15 |
| 8 | Repair | \$ 3,165,717.87 | \$ 3,165,717.87 | \$ 3,165,717.87 |
| 9 | Replacement | \$ 3,165,717.87 | \$ 3,165,717.87 | \$ 3,165,717.87 |
| 10 | TPP expense (Repair & Replace) | \$ 6,331,436 | \$ 6,331,436 | \$ 6,331,436 |
| 11 | % Taxable Today | 90% | 50% | 25% |
| 12 | Taxable Expense | \$ 5,698,292 | \$ 3,165,718 | \$ 1,582,859 |
| 13 | | | | |
| 14 | | | | |
| 15 | Residential Farm Buildings (RP) | \$ 10,909,319 | \$ 10,909,319 | \$ 10,909,319 |
| 16 | Construction to value discount | 15% | 15% | 15% |
| 17 | Acquisition/Construction cost | \$ 12,834,493 | \$ 12,834,493 | \$ 12,834,493 |
| 18 | | | | |
| 19 | | High | Middle | Low |
| 20 | Labor Share | 50% | 50% | 50% |
| 21 | Materials Share | 50% | 50% | 50% |
| 22 | Nonres Farm bldg \$ Materials | \$ 6,417,246 | \$ 6,417,246.35 | \$ 6,417,246 |
| 23 | | | | |
| 24 | Depreciable life | 25 | 25 | 25 |
| 25 | Materials Expense (Repairs) | \$ 513,379.71 | \$ 513,379.71 | \$ 513,379.71 |
| 26 | % Taxable Today | 100% | 100% | 100% |
| 27 | Taxable Expense | \$ 513,380 | \$ 513,380 | \$ 513,380 |
| 28 | | | | |
| 29 | | | | |
| 30 | Nonresidential Farm Buildings (RP) | \$ 1,388,063 | \$ 1,388,063 | \$ 1,388,063 |
| 31 | Construction to value discount | 15% | 15% | 15% |
| 32 | Acquisition/Construction cost | \$ 1,633,016 | \$ 1,633,016 | \$ 1,633,016 |
| 33 | | | | |
| 34 | | High | Middle | Low |
| 35 | Labor Share | 50% | 50% | 50% |
| 36 | Materials Share | 50% | 50% | 50% |
| 37 | Nonres Farm bldg \$ Materials | \$ 816,508 | \$ 816,507.77 | \$ 816,508 |
| 38 | | | | |
| 39 | Depreciable life | 25 | 25 | 25 |
| 40 | Materials Expense (Repairs) | \$ 32,660.31 | \$ 32,660 | \$ 32,660 |
| 41 | % Taxable Today | 100% | 50% | 25% |
| 42 | Taxable Expense | \$ 32,660 | \$ 16,330 | \$ 8,165 |
| 43 | | | | |
| 44 | | | | |

Equipment and Buildings used for Aquaculture

| | A | B | C | D |
|----|--|--------------|--------------|--------------|
| 45 | Ag. Class New Construction (RP) | \$ 200,767 | \$ 200,767 | \$ 200,767 |
| 46 | Construction to value discount | 15% | 15% | 15% |
| 47 | Acquisition/Construction cost | \$ 236,196 | \$ 236,196 | \$ 236,196 |
| 48 | | | | |
| 49 | | High | Middle | Low |
| 50 | Labor Share | 50% | 50% | 50% |
| 51 | Materials Share | 50% | 50% | 50% |
| 52 | Materials expense (Replace) | \$ 118,098 | \$ 118,098 | \$ 118,098 |
| 53 | | | | |
| 54 | | | | |
| 55 | | | | |
| 56 | Total Expense | High | Middle | Low |
| 57 | Combined Repair & Replace | \$ 6,362,430 | \$ 3,829,856 | \$ 2,246,997 |
| 58 | Sales Tax 6% | \$ 381,746 | \$ 229,791 | \$ 134,820 |

Equipment and Buildings used for Aquaculture

| | A | B | C | D | E | F | G |
|----|-------------------------------|----------------|-----------------|--------------|------------|---------------|---------------|
| 1 | NAICS 112511 Spending | \$ 350,000,000 | | | | | |
| 2 | Years of investment | 7 | | | | | |
| 3 | Acquisition/Construction cost | \$ 50,000,000 | | | | | |
| 4 | Materials and Equip. Share | 50% | | | | | |
| 5 | Materials and Equipment (\$) | \$ 25,000,000 | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | High | Middle | Low | | | |
| 9 | Depreciable life | 25 | 25 | 25 | | | |
| 10 | Repair | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 | | | |
| 11 | Replacement | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 | | | |
| 12 | Materials and Equip. Share | 50% | 50% | 50% | | | |
| 13 | 112511 expense (R & R) | \$ 2,000,000 | \$ 2,000,000.00 | \$ 2,000,000 | | | |
| 14 | % Taxable Today | 25% | 10% | 5% | | | |
| 15 | Taxable Expense | \$ 500,000 | \$ 200,000 | \$ 100,000 | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | High | | Middle | | Low | |
| 19 | | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 20 | 2018-19 | \$ (0.3 M) | | \$ (0.1 M) | | \$ (0.0688 M) | |
| 21 | 2019-20 | \$ (0.4 M) | \$ (0.0 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.0810 M) | \$ (0.0060 M) |
| 22 | 2020-21 | \$ (0.4 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.0870 M) | \$ (0.0120 M) |
| 23 | 2021-22 | \$ (0.5 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.0930 M) | \$ (0.0180 M) |
| 24 | 2022-23 | \$ (0.5 M) | \$ (0.1 M) | \$ (0.2 M) | \$ (0.0 M) | \$ (0.0990 M) | \$ (0.0240 M) |
| 25 | 2023-24 | \$ (0.5 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1050 M) | \$ (0.0300 M) |
| 26 | 2024-25 | \$ (0.6 M) | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1110 M) | \$ (0.0360 M) |
| 27 | 2025-26 | \$ (0.2 M) | \$ (0.2 M) | \$ (0.1 M) | \$ (0.1 M) | \$ (0.0420 M) | \$ (0.0420 M) |

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax/Corporate Income Tax

Issue: Florida Sales Tax Credit Scholarship Program

Bill Number(s): PCS for HB 7087

☐ **Entire Bill**

☒ **Partial Bill:** Section 23 of the PCS for HB 7087

Sponsor(s): House Ways and Means Committee

Month/Year Impact Begins: July 1, 2018

Date of Analysis: February 19, 2018

Section 1: Narrative

a. Current Law: The *Florida Tax Credit Scholarship Program* (FTC) was established in 2001 through the provision of tax credits for corporate income tax payers that contribute money to nonprofit Scholarship-Funding Organizations (SFOs). The SFOs award scholarships to students, with the greatest benefit going to families with limited financial resources. In 2009, the program was expanded to provide credits against the insurance premium tax. In 2010, the program was expanded again to provide tax credits against severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits. The applicable authorizing statutes are:

- s. 211.0251, F.S., for Severance Taxes on oil and gas
- s. 212.1831, F.S., for Sales and Use Taxes due from direct pay permit holders
- s. 220.1875, F.S., for Corporate Income Tax
- s. 561.1211, F.S., for Beverage Taxes on malt, wine, and liquor
- s. 624.51055, F.S., for Insurance Premium Tax

For Fiscal Year 2017-18, the maximum allocation of credits that can be authorized under the existing FTC program is \$698.9 million. Assuming at least 90 percent of this amount is approved in FY 2017-18, the cap will grow to \$873.6 million in Fiscal Year 2018-19; however, the Revenue Estimating Conference has projected that approved credits will only reach \$699.3 million in FY 2018-19 or 80% of the cap available in that year.

The *Gardiner Scholarship Program* provides scholarships to eligible students with disabilities that can be used to purchase approved services or products in order to design a customized educational program for the student. Examples of how the scholarships can be used include specialized services such as speech or occupational therapy, instructional materials, tuition at eligible private schools, and contributions to college prepaid accounts. The program is administered by SFOs and does not have any income limitations. Currently, the funding for the scholarship awards is appropriated.

b. Proposed Change: The bill establishes a new program designated as the *Florida Sales Tax Credit Scholarship Program*. Any dealer as defined in chapter 212 may receive a sales tax credit equal to his or her monetary contribution to an SFO, where the contributions are made in increments of whole scholarships as defined in the authorizing tax law. Total credits are capped at \$154 million per year. Any reduction in tax revenue caused by the new credits must be apportioned in its entirety to the General Revenue Fund.

Section 2: Description of Data and Sources

- a. <http://www.fldoe.org/schools/school-choice/k-12-scholarship-programs/ftc/ftc-faqs.html>
- b. <http://www.fldoe.org/schools/school-choice/k-12-scholarship-programs/gardiner/gardiner-faqs.html>
- c. <http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&Committeeld=2892&Session=2017A&DocumentType=General%20Publications&FileName=2017A%20FEFP%20.pdf>
- d. <http://edr.state.fl.us/Content/conferences/generalrevenue/grscholarshiptaxcreditestimates.pdf>

Section 3: Methodology (Include Assumptions and Attach Details)

- a. **Participation Rate...**The bill distinguishes the tax provisions from ongoing program operations. Contributions are authorized to be used for any eligible purpose under either the FTC or Gardiner programs, but—for the sole purpose of calculating the tax credit—they are grouped and characterized as scholarships that are linked to the FTC's maximum award level for a student enrolled in grade 9 through grade 12. This FTC maximum becomes the minimum contribution level to receive a credit. If this program had been in place for Fiscal Year 2017-18, the scholarship level would have been ninety-six percent of the unweighted FTE funding amount or \$7004.38. [see 1st Calculation = \$7,296.23]

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax/Corporate Income Tax

Issue: Florida Sales Tax Credit Scholarship Program

Bill Number(s): PCS for HB 7087

In FY 2016-17, the FTC had 319 approved applicants for tax credits. For the 2016 calendar year (the most recent available annual dataset), the total number of sales tax dealers was 728,353; of this total, there were 610,522 designated as business partners. [Note: The number of dealers represents each unique location where taxable activities are conducted, while the business partners may have multiple or consolidated sales tax accounts.]

The analysis assumes that program participation by businesses will be high and fully use the available credit allocation of \$154 million per year. There are three major reasons for this assumption: (1) the bill would allow small and non-corporate entities registered under Chapter 212 as dealers to participate who are not eligible to do so today, thereby broadening the pool; (2) the feasible contribution levels are relatively low and offset by the full credit, making them ultimately costless to the contributor; and (3) participating dealers would be able to advertise the number of their sponsored scholarships to their local communities, even if the business sponsors only one or a limited number.

- b. Cannibalization from the Existing FTC...Relative to the Corporate Income Tax (CIT) portion of the FTC, this program will likely reduce the time period significantly from contribution to credit actualization. Because of this feature, there will likely be a negative impact on the existing forecast for the FTC. In the 2015 calendar year (the most recent available annual dataset), there were 20,681 CIT entities that had liabilities greater than zero. Of this group, 8,039 were also sales tax remitters with business partner identification numbers that matched to the 2016 Calendar Year Sales Tape. In Fiscal Year 2016-17, there were 174 approved applications for FTC-CIT credits, with an average contribution of \$577,996. The analysis assumes that the CIT portion of the FTC will decline as some corporate participants (either existing or anticipated to become involved in the future) switch to the new program. This will reduce the current estimate for the FTC, thereby restoring tax dollars that would then be used for the new program. The higher the cannibalization rate is from the FTC, the lower the effective cost of the new program will be. The analysis also assumes diverted FTC contributors will be the first to participate.

Section 4: Proposed Fiscal Impact

Florida Sales Tax Credit Scholarship Program...

| | High | | Middle | | Low | |
|---------|--------|-----------|--------|-----------|--------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | -86.9 | -154.0 | -99.5 | -154.0 | -112.2 | -154.0 |
| 2019-20 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 |
| 2020-21 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 |
| 2021-22 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 |
| 2022-23 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 | -154.0 |

Florida Tax Credit Scholarship Program...

| | High | | Middle | | Low | |
|---------|-------|-----------|--------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | +19.8 | +29.5 | +45.0 | +54.8 | +70.4 | +80.1 |
| 2019-20 | +28.6 | +29.5 | +53.8 | +54.8 | +79.1 | +80.1 |
| 2020-21 | +29.5 | +29.5 | +54.8 | +54.8 | +80.1 | +80.1 |
| 2021-22 | +29.5 | +29.5 | +54.8 | +54.8 | +80.1 | +80.1 |
| 2022-23 | +29.5 | +29.5 | +54.8 | +54.8 | +80.1 | +80.1 |

Net Impact to General Revenue...

| | High | | Middle | | Low | |
|---------|--------|-----------|--------|-----------|-------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | -67.1 | -124.5 | -54.5 | -99.2 | -41.8 | -73.9 |
| 2019-20 | -125.4 | -124.5 | -100.2 | -99.2 | -74.9 | -73.9 |
| 2020-21 | -124.5 | -124.5 | -99.2 | -99.2 | -73.9 | -73.9 |
| 2021-22 | -124.5 | -124.5 | -99.2 | -99.2 | -73.9 | -73.9 |
| 2022-23 | -124.5 | -124.5 | -99.2 | -99.2 | -73.9 | -73.9 |

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax/Corporate Income Tax

Issue: Florida Sales Tax Credit Scholarship Program

Bill Number(s): PCS for HB 7087

List of affected Trust Funds:

None; General Revenue Fund only.

Section 5: Consensus Estimate (Adopted: 02/21/2018, UPDATED 02/23/2018): The conference adopted a modified high impact that adjusted the cannibalization factor to 19.4% and assumed that 100% of scholarships would be taken in the first year of the program. The impact shown below is the net effect on General Revenue after incorporating the cannibalization factor.

| | GR | | Trust | | Local/Other | | Total | |
|---------|---------|-----------|-------|-----------|-------------|-----------|---------|-----------|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2018-19 | (144.1) | (139.2) | 0.0 | 0.0 | 0.0 | 0.0 | (144.1) | (139.2) |
| 2019-20 | (139.7) | (139.2) | 0.0 | 0.0 | 0.0 | 0.0 | (139.7) | (139.2) |
| 2020-21 | (139.2) | (139.2) | 0.0 | 0.0 | 0.0 | 0.0 | (139.2) | (139.2) |
| 2021-22 | (139.2) | (139.2) | 0.0 | 0.0 | 0.0 | 0.0 | (139.2) | (139.2) |
| 2022-23 | (139.2) | (139.2) | 0.0 | 0.0 | 0.0 | 0.0 | (139.2) | (139.2) |

Adopted Tax Credit Scholarship Forecast (February 2018)

| | FY 2017-18 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beverage | 425.0 | 425.0 | 425.0 | 425.0 | 425.0 | 425.0 |
| Sales | 14.0 | 15.0 | 18.0 | 21.1 | 21.1 | 21.1 |
| IPT | 65.0 | 76.8 | 78.3 | 79.9 | 79.9 | 79.9 |
| Severance | 1.0 | 1.5 | 1.8 | 2.0 | 2.0 | 2.0 |
| CIT | 130.0 | 181.0 | 203.5 | 206.0 | 206.0 | 206.0 |
| Totals | 635.0 | 699.3 | 726.6 | 734.0 | 734.0 | 734.0 |

Part 1: Cannibalization Factor

| | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| a. Total CIT Estimates | 181.0 | 203.5 | 206.0 | 206.0 | 206.0 |
| b. Cit Growth Over 2017-18 | 51.0 | 73.5 | 76.0 | 76.0 | 76.0 |

Dealers also Paying CIT 8,039
 CIT filers with liability > 0 20,681
 Percentage 38.9%

| | Factor | | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|--------|---------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Low | 38.9% | Factor x Total "a" | 70.4 | 79.1 | 80.1 | 80.1 | 80.1 |
| Middle | | Avg High & Low | 40.1 | 46.7 | 47.4 | 47.4 | 47.4 |
| High | 19.4% | Factor x Growth "b" | 9.9 | 14.3 | 14.8 | 14.8 | 14.8 |

Part 2: New Participants (= Net GR Impact)

| | Total Program | Yr 1 Share of \$154 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|--------|----------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Low | 154.00 | 54% | 83.6 | 74.9 | 73.9 | 73.9 | 73.9 |
| Middle | 154.00 | 74% | 113.9 | 107.3 | 106.6 | 106.6 | 106.6 |
| High | 154.00 | 94% | 144.1 | 139.7 | 139.2 | 139.2 | 139.2 |

Part 3: First Year Adjustment

| | | Low | Middle | High |
|--------------------------|-------------------------------|------------|---------------|-------------|
| 100% CIT Cannibalization | 1.00 | 70.357 | 40.135 | 9.912 |
| 50% New Participants | 1.00 | 83.643 | 113.865 | 144.088 |
| | Total | 154.000 | 154.000 | 154.000 |
| | Share of Total Program | 100.0% | 100.0% | 100.0% |

Check #1: Number of newly participating businesses, assuming each generated one scholarship (Grades 9-12)

\$7,004.38

Note: The calculations below make no adjustment for the first (implementation) year.

| | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of Newly Participating... | | | | | |
| Low | 11,941 | 10,693 | 10,554 | 10,554 | 10,554 |
| Middle | 16,256 | 15,320 | 15,216 | 15,216 | 15,216 |
| High | 20,571 | 19,947 | 19,877 | 19,877 | 19,877 |
| Assuming No Cannibalization | 21,986 | 21,986 | 21,986 | 21,986 | 21,986 |

| | 610,522 | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Share of Sales Tax Dealers... | | | | | | |
| Low | | 2.0% | 1.8% | 1.7% | 1.7% | 1.7% |
| Middle | | 2.7% | 2.5% | 2.5% | 2.5% | 2.5% |
| High | | 3.4% | 3.3% | 3.3% | 3.3% | 3.3% |
| Assuming No Cannibalization | | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |

Check #2: Number of newly participating businesses, assuming each generated typical # of scholarships (K-5)

\$7,004.38

| | FY 2016-17 | Applications | Dollars | Avg Per App | Scholarships |
|--|-------------------|---------------------|----------------|--------------------|---------------------|
| | | 319 | \$552,553,583 | \$1,732,143 | 247 |

| | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Low | 48 | 43 | 43 | 43 | 43 |
| Middle | 66 | 62 | 62 | 62 | 62 |
| High | 83 | 81 | 80 | 80 | 80 |
| Assuming No Cannibalization | 89 | 89 | 89 | 89 | 89 |