

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Motor Fuel Tax - Refunds

**Issue:** Refund for motor fuel used in agricultural shipments after Hurricane Michael

**Bill Number(s):** CS/HB7123 - Section 22

**Entire Bill**

**Partial Bill:** Section 22

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

**Month/Year Impact Begins:** July 1, 2019

**Date of Analysis:** June 20, 2019 -- Technical UPDATE to separate the motor fuel impact from the sales tax impact adopted March 22, 2019

**Section 1: Narrative**

- a. **Current Law:** Florida law currently allows any person who purchased tax-paid fuel from September 10, 2017 through June 30, 2018 and used the fuel to transport agricultural products to an agricultural processing or storage facility to apply for a refund.
- b. **Proposed Change:** The proposed language would also apply the same current law refund on fuel used for agricultural shipments to motor fuel purchases made from October 10, 2018 through June 30, 2019. But the motor fuel refund would be restricted to: "Agricultural shipment" means the transport of any agricultural product from a farm, nursery, forest, grove, orchard, vineyard, garden, or apiary located in Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Gadsden, Liberty, Franklin, Leon, or Wakulla County to an agricultural processing or storage facility. The motor fuel refund has also been extended to include: "Hurricane debris removal" means the transport of Hurricane Michael debris from a farm, nursery, forest, grove, orchard, vineyard, or apiary located in Okaloosa, Walton, Holmes, Washington, Bay, Jackson, Calhoun, Gulf, Gadsden, Liberty, Franklin, Leon or Wakulla County. The refund operates similarly to the Hurricane Irma Refund otherwise.

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

Department of Revenue Refund Data:  
 Form DR-26IF                      Application for Refund - Fuel Used for Agricultural Shipments  
 2018 Ad Valorem Tax Roll Data

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

This estimate was able to use the data from the refunds that were in effect under the current law provisions to estimate the expected refunds under the proposed language. All counties in the state placed into 5 groups; Individual Assistance, Public Assistance, Panhandle, Irma SUT Refund, and Rest of State. The Motor Fuel Tax refund data only provides total refund amounts requested and total amounts approved.

**Motor Fuel Tax Refund Based Impact:**

The Motor Fuel Tax Refund will be applied statewide as is the case in current law. The total refunds requested and approved are used as the high and low starting points, respectively. The Hurricane Irma refunds do not appear to include refunds for affected Timber operations. The timber acreage relative to farm acreage was used to approximate what the statewide fuel refund would look like if had been used for timber operations at the same rate it was used for other farming operations. The relationship between the listed counties farm and timber acreages and Florida Farm and timber acreages was used to apportion the Hurricane Irma refund amounts to the smaller area. The high estimate assumes that 75% of the timber acreage was affected in the listed counties, the middle estimate assumes 50%, and the low estimate assumes 25%. The effective period of the current law was 293 days and the effective period of the proposed language is 263 days. The total refunds applied for is reduced by the ratio of current law days to proposed language days. The impact is increased to reflect the possibility of increased participation or awareness due to prior experience with the current law refund. The impact is further increased to reflect the inclusion of motor fuel used to remove debris from farms in the listed counties. The high assumes an additional 90% increase in refunds, the middle assumes 60%, and the low assumes 30%.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	\$(0.7 M)	\$(0.7 M)	\$(0.4 M)	\$(0.4 M)	\$(0.2 M)	\$(0.2 M)
2020-21						
2021-22						
2022-23						
2023-24						

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**List of affected Trust Funds:** Motor Fuel Tax

**Section 5: Consensus Estimate (June 20, 2019 -- Technical UPDATE to separate the motor fuel impact from the sales tax impact adopted March 22, 2019):** The Conference adopted the high estimate for motor fuel but with a 45% discount factor to account for the time restraint of completing by June 30<sup>th</sup>.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	(0.3)	0.0	(0.1)	0.0	(0.4)	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2022-23	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2023-24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Motor Fuel Tax Refund

	A	B	C	D	E	F	G
1	<b>Summary of Refunds for Fuel Used for Agricultural Shipments</b>						
2	<b>2018 Refund Applied to Fuel Used for Agricultural Shipments from 9/10/2017 through 6/30/2018</b>						
3		<b>Refund Amounts</b>					
4	Amount of Refunds requested	\$ 938,000					
5	Amount of Refunds Approved	\$ 836,172					
6	Average Amount Requested	\$ 21,318					
7	Average Amount Approved	\$ 19,004					
8	Number of Refunds	44					
9	Number of Eligible Days	293					
10							
11	<b>Refund Period for Proposed Language 10/10/2018 through 6/30/2019</b>						
12	Number of Eligible Days	263					
13							
14							
15	<b>Lack of timber Refunds in Historic data</b>	2017					
16	Florida Farm Acreage (Non-timber)	9,450,000					
17	Florida Timber Acreage	15,409,000					
18	Timber Acreage as a % of Farm Acreage	163%					
19	Potential refunds Requested for Timber	1,529,486					
20	Potential Refunds approved For Timber	1,363,448					
21							
22	<b>2017 Refunds w/ added Timber Fuel Refunds Statewide simulation</b>						
23	Amount of Refunds requested	\$ 2,467,486					
24	Amount of Refunds Approved	\$ 2,199,620					
25							
26	<b>Adjustments</b>	High	Middle	Low			
27	Listed Counties % of total Farm Acreage	9.1%	9.1%	9.1%			
28	Listed Counties Farm and Timber % Total F. and T.	22.0%	22.0%	22.0%			
29	Timber losses	75.0%	50.0%	25.0%			
30	Increased Awareness/Participation	20.0%	20.0%	20.0%			
31	Shorter Eligible Period	89.8%	89.8%	89.8%			
32	Farm Debris	90.0%	60.0%	30.0%			

Motor Fuel Tax Refund

	A	B	C	D	E	F	G
33							
34	<b>Impact Estimate</b>						
35		High Estimate (Requested)	Middle Estimate (Approved)	Low Estimate (Approved)	<b>ADOPTED</b>		
36	Motor Fuel Refunds	\$ 691,406	\$ 389,913	\$ 211,896	\$ 380,274		
37							
38							
39							
40	<b>Proposed Revenue Impact</b>						
41		<b>High</b>		<b>Middle</b>		<b>Low</b>	
42	<b>Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
43	2019-20	\$ (0.7 M)	\$ (0.7 M)	\$ (0.4 M)	\$ (0.4 M)	\$ (0.2 M)	\$ (0.2 M)
44	2020-21						
45	2021-22						
46	2022-23						
47	2023-24						