

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Vacation Rentals

Bill Number(s): Proposed Language

Entire Bill

Partial Bill: Sections 1 & 2

Sponsor(s): N/A

Month/Year Impact Begins: Upon becoming Law

Date of Analysis: March 6, 2020

Section 1: Narrative

a. Current Law: Advertising platforms are not defined under current law.

Transient Rentals are currently taxable under Section 212.03 F.S.

Excerpted from Paragraph 212.03 (1) (a) F.S.: "It is hereby declared to be the legislative intent that every person is exercising a taxable privilege who engages in the business of renting, leasing, letting, or granting a license to use any living quarters or sleeping or housekeeping accommodations in, from, or a part of, or in connection with any hotel, apartment house, roominghouse, tourist or trailer camp, mobile home park, recreational vehicle park, condominium, or timeshare resort. For the exercise of such taxable privilege, a tax is hereby levied in an amount equal to 6 percent of and on the total rental charged for such living quarters or sleeping or housekeeping accommodations by the person charging or collecting the rental. Such tax shall apply to hotels, apartment houses, roominghouses, tourist or trailer camps, mobile home parks, recreational vehicle parks, condominiums, or timeshare resorts, whether or not these facilities have dining rooms, cafes, or other places where meals or lunches are sold or served to guests."

Excerpted from Subsection 212.03 (2) F.S.: "...The same duties imposed by this chapter upon dealers in tangible personal property respecting the collection and remission of the tax; the making of returns; the keeping of books, records, and accounts; and the compliance with the rules and regulations of the department in the administration of this chapter shall apply to and be binding upon all persons who manage or operate hotels, apartment houses, roominghouses, tourist and trailer camps, and the rental of condominium units, and to all persons who collect or receive such rents on behalf of such owner or lessor taxable under this chapter."

b. Proposed Change: The Proposed Language provides the new definition for "Advertising platform" replacing the current subsection 509.013(1) F.S.: "Advertising platform" means a person who:

(a) Provides an online application, software, website, or system through which a vacation rental located in this state is advertised or held out to the public as available to rent for transient occupancy;

(b) Provides or maintains a marketplace for the renting by transient occupancy of a vacation rental; and

(c) Provides a reservation or payment system that facilitates a transaction for the renting by transient occupancy of a vacation rental and for which the person collects or receives, directly or indirectly, a fee in connection with the reservation or payment service provided for such transaction.

Paragraph 212.03 (2) (b) is created: If a guest uses a payment system on or through an advertising platform, as defined in s. 509.013, to pay for the rental of a vacation rental located in this state, the advertising platform shall collect and remit taxes as provided in this paragraph.

1. An advertising platform, as defined in s. 509.013, that owns, operates or manages a vacation rental or that is related within the meaning of s. 1504, s. 267(b), or s. 707(b) of the Internal Revenue Code of 1986, to a person that owns, operates, or manages a vacation rental shall collect and remit all taxes due under this section and ss. 125.0104, 125.0108, 205.044, 212.0305, and 212.055 related to the rental.

2. An advertising platform to which subparagraph 1. does not apply shall collect and remit all taxes due under this section and ss. 125.0104, 125.0108, 205.044, 212.0305, and 212.055 on the total rental amount charged by the owner or operator for the use of the vacation rental under those sections.

In order to facilitate the remittance of such taxes, the department and counties that have elected to self-administer the taxes imposed under chapter 125 must allow advertising platforms to register, collect, and remit such taxes.

Section 2: Description of Data and Sources

Department of Revenue Annual Sales Tax Files

General Revenue Estimating Conference (1/2020)

2019 Local Government Financial Information (LGFI) Handbook

Market Research

Florida Administrative Code 12A-1.061

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Section 3: Methodology (Include Assumptions and Attach Details)

It is unclear in the proposed change whether or not vacation rentals would include all types of transient rental accommodations. Further, it is unclear how much of the businesses currently collecting tax on transient rentals would fall under the definition of an advertising platform. The starting point tax base is the total taxable transient rentals from the 2017 and 2018 annual sales data files. The tax base is grown by the Tourism and Recreation Growth rates from the 1/2020 General Revenue Estimating Conference. There is evidence that some businesses are currently operating in a manner consistent with the proposed changes.

The proposed language indicates that there will be two different categories of payments made on or through advertising platforms. The first treatment will be for payments made through an Advertising Platform that either owns the accommodations or is a related party of the owner. The second treatment will be for payments made through an Advertising Platform maintained by an entity unrelated to the owner or operator. In the first case, the related party Advertising Platform: “shall collect and remit all taxes due under this section ... related to the rental”. For the second case, the unrelated party Advertising Platform: “shall collect and remit all taxes due under this section ... on the total rental amount charged by the owner or operator for the use of the vacation rental under those sections.” It is unknown what other charges might be part of the total amount paid by customers renting transient accommodations. Currently, some portion of transient rentals tax base includes these other charges.

For the State Impact, an adjustment is made to remove the tax base that appears to be operating consistent with the proposed change. All estimates reduce the starting tax base by 10% to approximate this activity. The high, middle, and low estimates assume that 100% of the tax base could fall into the definition of an advertising platform. Of these advertising platforms some percentage will be Related Party Advertising Platforms (RPAP), and some will be Unrelated Party Advertising Platforms (UPAP). The high estimate assumes 100% of the taxable sales will be occurring on UPAP, the middle assumes 90%, and the low assumes 75%. The bill language specifically directs the unrelated party advertising platform to collect and remit taxes on, “the total rental amount charged by the owner or operator for the use of the vacation rental”. The split between the total amount paid by the customer and the amount charged by the owner for the use of the vacation rental is unknown. The high estimate assumes that 50% of the total paid by the customer are tied the amount charged by the owner, and 50% are other charges. The middle assumes that 40% are tied to these other charges and the low assumes 12.5% are tied to these other charges. As these other charges may no longer have the tax collected on them under the bill language this impact is negative to State revenues.

The local impact is broken into two pieces. The first piece shows the potential positive impact that might come from providers that are currently operating consistent with the proposed changes, but not collecting Local Tourist Development Taxes (TDT) for some of the self-administering counties. The effective local TDT rate, and the self-administering counties share of transient rental base were calculated based on information underlying the LGFI Handbook. The share of businesses that are operating consistently with the proposed changes is assumed to 10% for the high, middle, and low. It is unclear how much of these businesses are already collecting and remitting the Local TDT. The high estimate assumes 80% are currently collecting. The middle assumes 85% and the low assumes 100%.

The second piece of the local impact shows the potential negative impact consistent with the state level impact, but using the local TDT effective rate and self-administering split. The Section 4 Local Impact below is the sum of the positive and negative local impacts.

Sections 1 & 2 of the bill are effective upon becoming law, and the estimate assumes July 1, 2020 for the effective date. If the bill is effective before that date, then there may fiscal impact for the current fiscal year. The first-year cash values are equal to eleven months of the recurring due to a lag to collections.

Section 4: Proposed Fiscal Impact

State Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(509.4 M)	\$(555.7 M)	\$(362.2 M)	\$(395.2 M)	\$(99.1 M)	\$(108.1 M)
2021-22	\$(575.7 M)	\$(575.7 M)	\$(409.4 M)	\$(409.4 M)	\$(111.9 M)	\$(111.9 M)
2022-23	\$(596.4 M)	\$(596.4 M)	\$(424.1 M)	\$(424.1 M)	\$(116.0 M)	\$(116.0 M)
2023-24	\$(618.5 M)	\$(618.5 M)	\$(439.8 M)	\$(439.8 M)	\$(120.3 M)	\$(120.3 M)
2024-25	\$(642.6 M)	\$(642.6 M)	\$(457.0 M)	\$(457.0 M)	\$(125.0 M)	\$(125.0 M)

Local Impact

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	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(421.3 M)	\$(459.6 M)	\$(298.7 M)	\$(325.9 M)	\$(86.2 M)	\$(94.0 M)
2021-22	\$(476.2 M)	\$(476.2 M)	\$(337.6 M)	\$(337.6 M)	\$(97.4 M)	\$(97.4 M)
2022-23	\$(493.3 M)	\$(493.3 M)	\$(349.8 M)	\$(349.8 M)	\$(100.9 M)	\$(100.9 M)
2023-24	\$(511.5 M)	\$(511.5 M)	\$(362.7 M)	\$(362.7 M)	\$(104.6 M)	\$(104.6 M)
2024-25	\$(531.5 M)	\$(531.5 M)	\$(376.9 M)	\$(376.9 M)	\$(108.7 M)	\$(108.7 M)

List of affected Trust Funds: Sales tax Group

Section 5: Consensus Estimate (Adopted: 03/06/2020): The Conference adopted a modified high estimate that ramps up the cash impact starting at 10% in FY 2020-21, to 25% in FY 2021-22, then increasing 25% to 100% in the last year. There is a negative indeterminate impact on the current fiscal year (FY 2019-20).

State Sales Tax:

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(45.0)	(492.0)	(Insignificant)	(Insignificant)	(1.5)	(16.5)	(4.3)	(47.2)
2021-22	(127.4)	(509.7)	(Insignificant)	(Insignificant)	(4.3)	(17.1)	(12.2)	(48.9)
2022-23	(264.0)	(528.0)	(Insignificant)	(0.1)	(8.9)	(17.7)	(25.3)	(50.6)
2023-24	(410.7)	(547.5)	(Insignificant)	(0.1)	(13.8)	(18.4)	(39.4)	(52.5)
2024-25	(568.8)	(568.8)	(0.1)	(0.1)	(19.1)	(19.1)	(54.5)	(54.5)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(7.4)	(81.0)	(13.3)	(144.7)	(58.3)	(636.7)
2021-22	(21.0)	(83.9)	(37.5)	(149.9)	(164.9)	(659.6)
2022-23	(43.5)	(87.0)	(77.7)	(155.3)	(341.7)	(683.4)
2023-24	(67.6)	(90.2)	(120.8)	(161.1)	(531.5)	(708.7)
2024-25	(93.7)	(93.7)	(167.4)	(167.4)	(736.3)	(736.3)

Self-administered Tourist Development Tax:

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(42.1)	(459.6)	(42.1)	(459.6)	(42.1)	(459.6)
2021-22	(119.0)	(476.2)	(119.0)	(476.2)	(119.0)	(476.2)
2022-23	(246.6)	(493.3)	(246.6)	(493.3)	(246.6)	(493.3)
2023-24	(383.7)	(511.5)	(383.7)	(511.5)	(383.7)	(511.5)
2024-25	(531.5)	(531.5)	(531.5)	(531.5)	(531.5)	(531.5)

	A	B	C	D	E	F	G
1	Transient Rental data						
2		Years	Taxable	Sales Tax collections			
3		2017	\$ 19,471,005,266	\$ 1,348,226,282			
4		2018	\$ 21,037,583,367	\$ 1,456,664,418			
5		CY to FY	\$ 20,254,294,316	\$ 1,402,445,350			
6							
7	Tourism and Rec Growth rates (1/20 GR)						
8		2018-19	5.3%				
9		2019-20	3.4%				
10		2020 -21	3.7%				
11		2021-22	3.6%				
12		2022-23	3.6%				
13		2023-24	3.7%				
14		2024-25	3.9%				
15							
16	Taxable Transient Rental Base Grown into Forecast period (\$M)						
17		2018-19	\$ 21,327.8				
18		2019-20	\$ 22,052.9				
19		2020 -21	\$ 22,868.9				
20		2021-22	\$ 23,692.2				
21		2022-23	\$ 24,545.1				
22		2023-24	\$ 25,453.2				
23		2024-25	\$ 26,445.9				
24							
25	Percent of Current Tax Base Already Operating Consistent w/ Proposed Change						
26		High	Middle	Low			
27		10%	10%	10%			
28							
29	Percent of Remaining Tax Base That could Qualify as an Advertising Platform						
30		High	Middle	Low			
31	Ad Platform	100%	100%	100%			
32	Other Trans. Rental Providers	0%	0%	0%			

	A	B	C	D	E	F	G
33							
34	Percent of Taxable Transient Rentals Occuring on Unrelated Party Advertising Platforms (UPAP)						
35		High	Middle	Low			
36	UPAP %	90%	80%	70%			
37							
38	Amount Charged by the Owner for Use of the Vacation Rental as a Percent of Total Amount Paid by Customer						
39		High	Middle	Low			
40	Other Charges	50%	40%	12.5%			
41	Amount Received by the Owner for Use of the Rental	50%	60%	88%			
42							
43	Impact						
44		High		Middle		Low	
45	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
46	2020-21	\$ (509.4 M)	\$ (555.7 M)	\$ (362.2 M)	\$ (395.2 M)	\$ (99.1 M)	\$ (108.1 M)
47	2021-22	\$ (575.7 M)	\$ (575.7 M)	\$ (409.4 M)	\$ (409.4 M)	\$ (111.9 M)	\$ (111.9 M)
48	2022-23	\$ (596.4 M)	\$ (596.4 M)	\$ (424.1 M)	\$ (424.1 M)	\$ (116.0 M)	\$ (116.0 M)
49	2023-24	\$ (618.5 M)	\$ (618.5 M)	\$ (439.8 M)	\$ (439.8 M)	\$ (120.3 M)	\$ (120.3 M)
50	2024-25	\$ (642.6 M)	\$ (642.6 M)	\$ (457.0 M)	\$ (457.0 M)	\$ (125.0 M)	\$ (125.0 M)
51							
52							
53	Impact (Cash Ramp at 20% per year) Based on 3/4/2020 REC Adopted Estimates						
54		High		Middle		Low	
55	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
56	2020-21	\$ (50.9 M)	\$ (555.7 M)	\$ (36.2 M)	\$ (395.2 M)	\$ (9.9 M)	\$ (108.1 M)
57	2021-22	\$ (143.9 M)	\$ (575.7 M)	\$ (102.4 M)	\$ (409.4 M)	\$ (28.0 M)	\$ (111.9 M)
58	2022-23	\$ (298.2 M)	\$ (596.4 M)	\$ (212.1 M)	\$ (424.1 M)	\$ (58.0 M)	\$ (116.0 M)
59	2023-24	\$ (463.9 M)	\$ (618.5 M)	\$ (329.9 M)	\$ (439.8 M)	\$ (90.2 M)	\$ (120.3 M)
60	2024-25	\$ (642.6 M)	\$ (642.6 M)	\$ (457.0 M)	\$ (457.0 M)	\$ (125.0 M)	\$ (125.0 M)

	A	B	C	D	E	F	G	H
1	Taxable Transient Rental Base Grown into Forecast period (\$M)							
2		2018-19	\$ 21,327.8					
3		2019-20	\$ 22,052.9					
4		2020 -21	\$ 22,868.9					
5		2021-22	\$ 23,692.2					
6		2022-23	\$ 24,545.1					
7		2023-24	\$ 25,453.2					
8		2024-25	\$ 26,445.9					
9								
10	Self Administering Local Government Effective Local TDT Rate							5.2%
11	Self Administering Local Government Share of Transient Rental Base							99.5%
12								
13								
14	Positive Local Impact Analysis							
15								
16	Percent of Current Tax Base Already Operating Consistent w/ Proposed Change							
17		High	Middle	Low				
18		10%	10%	10%				
19								
20	% Currently Operating Consistent w/ Proposed Change already Collecting Local TDT Either at Platform or							
21		High	Middle	Low				
22	Currently Collecting TDT	80%	85%	100%				
23	Not Currently Collecting TDT	20%	15%	0%				
24								
25	Positive Impact							
26		High		Middle		Low		
27	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring	
28	2020-21	\$ 21.8 M	\$ 23.8 M	\$ 16.3 M	\$ 17.8 M	\$ -	\$ -	
29	2021-22	\$ 24.6 M	\$ 24.6 M	\$ 18.5 M	\$ 18.5 M	\$ -	\$ -	
30	2022-23	\$ 25.5 M	\$ 25.5 M	\$ 19.1 M	\$ 19.1 M	\$ -	\$ -	
31	2023-24	\$ 26.4 M	\$ 26.4 M	\$ 19.8 M	\$ 19.8 M	\$ -	\$ -	
32	2024-25	\$ 27.5 M	\$ 27.5 M	\$ 20.6 M	\$ 20.6 M	\$ -	\$ -	
33								
34								

	A	B	C	D	E	F	G	H
35	Negative Local Impact Analysis							
36								
37	Percent of Current Tax Base Already Operating Consistent w/ Proposed Change							
38		High	Middle	Low				
39		10%	10%	10%				
40								
41	Percent of Remaining Tax Base That could Qualify as an Advertising Platform							
42		High	Middle	Low				
43	Ad Platform	100%	100%	100%				
44	Other Trans. Rental Providers	0%	0%	0%				
45								
46	Percent of Taxable Transient Rentals Occuring on Unrelated Party Advertising Platforms (UPAP)							
47		High	Middle	Low				
48	UPAP %	90%	80%	70%				
49								
50	Amount Charged by the Owner for Use of the Vacation Rental as a Percent of Total Amount Paid by Customer							
51		High	Middle	Low				
52	Other Charges	50%	40%	13%				
53	Amount Received by the Owner for Use of the Rental	50%	60%	88%				
54								
55	Negative Impact							
56		High		Middle		Low		
57	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring	
58	2020-21	\$ (443.1 M)	\$ (483.4 M)	\$ (315.1 M)	\$ (343.7 M)	\$ (86.2 M)	\$ (94.0 M)	
59	2021-22	\$ (500.8 M)	\$ (500.8 M)	\$ (356.1 M)	\$ (356.1 M)	\$ (97.4 M)	\$ (97.4 M)	
60	2022-23	\$ (518.8 M)	\$ (518.8 M)	\$ (368.9 M)	\$ (368.9 M)	\$ (100.9 M)	\$ (100.9 M)	
61	2023-24	\$ (538.0 M)	\$ (538.0 M)	\$ (382.6 M)	\$ (382.6 M)	\$ (104.6 M)	\$ (104.6 M)	
62	2024-25	\$ (559.0 M)	\$ (559.0 M)	\$ (397.5 M)	\$ (397.5 M)	\$ (108.7 M)	\$ (108.7 M)	
63								
64								
65	Total Local Impact							
66		High		Middle		Low		
67	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring	
68	2020-21	\$ (421.3 M)	\$ (459.6 M)	\$ (298.7 M)	\$ (325.9 M)	\$ (86.2 M)	\$ (94.0 M)	
69	2021-22	\$ (476.2 M)	\$ (476.2 M)	\$ (337.6 M)	\$ (337.6 M)	\$ (97.4 M)	\$ (97.4 M)	
70	2022-23	\$ (493.3 M)	\$ (493.3 M)	\$ (349.8 M)	\$ (349.8 M)	\$ (100.9 M)	\$ (100.9 M)	
71	2023-24	\$ (511.5 M)	\$ (511.5 M)	\$ (362.7 M)	\$ (362.7 M)	\$ (104.6 M)	\$ (104.6 M)	
72	2024-25	\$ (531.5 M)	\$ (531.5 M)	\$ (376.9 M)	\$ (376.9 M)	\$ (108.7 M)	\$ (108.7 M)	
73								
74								
75	Impact (Cash Ramp at 20% per year) Based on 3/4/2020 REC Adopted Estimates							
76		High		Middle		Low		
77	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring	
78	2020-21	\$ (42.1 M)	\$ (459.6 M)	\$ (29.9 M)	\$ (325.9 M)	\$ (8.6 M)	\$ (94.0 M)	
79	2021-22	\$ (119.0 M)	\$ (476.2 M)	\$ (84.4 M)	\$ (337.6 M)	\$ (24.3 M)	\$ (97.4 M)	
80	2022-23	\$ (246.6 M)	\$ (493.3 M)	\$ (174.9 M)	\$ (349.8 M)	\$ (50.4 M)	\$ (100.9 M)	
81	2023-24	\$ (383.7 M)	\$ (511.5 M)	\$ (272.1 M)	\$ (362.7 M)	\$ (78.5 M)	\$ (104.6 M)	
82	2024-25	\$ (531.5 M)	\$ (531.5 M)	\$ (376.9 M)	\$ (376.9 M)	\$ (108.7 M)	\$ (108.7 M)	

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax

Issue: Transfers within 180 days of Acquisition

Bill Number(s): [Proposed Language](#)

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: N/A, assumed to be July 1, 2020

Date of Analysis: 3/5/2020

Section 1: Narrative

Current Law: section 202.02(1) (a) reads:

201.02 Tax on deeds and other instruments relating to real property or interests in real property. —

(1)(a) On deeds, instruments, or writings whereby any lands, tenements, or other real property, or any interest therein, shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or any other person by his or her direction, on each \$100 of the consideration therefor the tax shall be 70 cents. When the full amount of the consideration for the execution, assignment, transfer, or conveyance is not shown in the face of such deed, instrument, document, or writing, the tax shall be at the rate of 70 cents for each \$100 or fractional part thereof of the consideration therefor. For purposes of this section, consideration includes, but is not limited to, the money paid or agreed to be paid; the discharge of an obligation; and the amount of any mortgage, purchase money mortgage lien, or other encumbrance, whether or not the underlying indebtedness is assumed. If the consideration paid or given in exchange for real property or any interest therein includes property other than money, it is presumed that the consideration is equal to the fair market value of the real property or interest therein.

Section 201.031 subsections (1) and (2) read: Discretionary surtax; administration and collection; Housing Assistance Loan Trust Fund; reporting requirements. —

(1) Each county, as defined by s. [125.011](#)(1), may levy, subject to the provisions of s. [125.0167](#), a discretionary surtax on documents taxable under the provisions of s. [201.02](#), except that there shall be no surtax on any document pursuant to which the interest granted, assigned, transferred, or conveyed involves only a single-family residence. The single-family residence may be a condominium unit, a unit held through stock ownership or membership representing a proprietary interest in a corporation owning a fee or a leasehold initially in excess of 98 years, or a detached dwelling.

(2) All provisions of chapter 201, except s. [201.15](#), apply to the surtax. The Department of Revenue shall pay to the governing authority of the county which levies the surtax all taxes, penalties, and interest collected under this section less any costs of administration.

a. Proposed Change:

Creates Subsection (12) of section 201.02 to read:

(12) In such instance in which the deed, instrument, or writing whereby any land, tenement, or other real property, or any interest therein, shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or any other person by his or her direction less than 180 days following a prior grant, assignment, transfer or vesting with respect to the same land, tenement, or other real property, or interest therein, where the consideration for the subsequent grant, assignment, transfer, conveyance or vesting is greater than the consideration for the prior grant, assignment, transfer, conveyance, or vesting and the difference between the subsequent and prior consideration does not exceed \$20,000, the tax imposed by this section shall apply only to the difference between the consideration for the subsequent grant, assignment, transfer, conveyance or vesting and the consideration for the prior grant, assignment, transfer, conveyance, or vesting.

Section 2: Description of Data and Sources

2019 Real Property Sales File

Miami-Dade County state Doc Stamp collections and Local Discretionary surtax collections

Doc Stamp Tax Growth rates from the January 15, 2020 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

The 2019 sales file was examined to identify those parcels that had more than one sale within a 180-day period. The sales file provides only sales month and sale year (does not provide sale day). Due to the absence of days, those parcels where the month of the second sale less the month of the first sale was 6 were included. For those parcels where multiple sales occurred within the same month, it was assumed the sale with the greater Official Record page number was the second sale. The difference between the

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Tax: Documentary Stamp Tax

Issue: Transfers within 180 days of Acquisition

Bill Number(s): [Proposed Language](#)

initial sale and subsequent sale was calculated for each parcel that sold more than once in the 6 month period. Due to the different state rate and the local discretionary surtax in Miami-Dade, those parcels that sold in Miami-Dade were separately identified.

Three types of impacts were identified – Little or No Planning Necessary, Short Term Planning, and Long Term Planning) The first group was considered to not have to take any efforts or minimal planning to take advantage of the proposed law. The sales prices of the two sales were then compared to identify those parcels that met the other requirements to receive the treatment under the bill - that the second sale be for an amount greater than the first sale and that the difference in the sale amounts cannot be greater than \$20,000. The amount of documentary stamp due under current law and under the proposed change were both calculated and the difference computed at the parcel level. All parcels that met the eligibility criteria were identified. This group also included those parcels where the second sale price was equal to the first sale price and the sale price was greater than \$100. These properties would have had to sell for only \$1 more in order to be eligible for treatment under the proposed language. It is assumed that if the law were in place, these properties would have sold for an additional \$1 to limit the Documentary stamp tax paid.

The Short Term Planning group included those parcels where the second sale was less than the first sale, but by an amount less than the doc stamp savings had the price been above the initial sale price. This group was assumed to have the incentive to pay more for the property to receive the larger benefit of the doc stamp savings under the bill. Also in this group were properties where the second sale was \$40,000 more than the first and the underlying property sold for \$300,000 or more. It was assumed these properties would allocate some part of the consideration to TPP so as to meet the sale difference threshold and realize doc stamp savings. This was assumed to only take place with higher valued properties as there is some risk.

The long term planning group included all properties that sold not as part of a multiparcel sale and had a sale price over \$1,000,000. The assumption for this group is that the property owner would have an incentive to perpetually keep the property in a state where Doc stamps would be limited to the sale difference by selling to related parties for \$100 more than the previous sale once every 180 days.

The Miami-Dade local surtax amount was estimated by taking the ratio of state tax collections for June to December 2019 to the local discretionary surtax and applying the ratio to the Miami-Dade state estimates.

For the high it was assumed to consist 100% of Little or No Planning Necessary Group, 100% of the Short term planning group, and 12% of the Long term planning group.

For the middle it was assumed to consist 100% of Little or No Planning Necessary Group, 80% of the Short term planning group, and 6% of the Long term planning group.

For the Low it was assumed to consist 100% of Little or No Planning Necessary Group, 50% of the Short term planning group, and 2% of the Long term planning group.

Impacts were grown into the forecast period using the Documentary Stamp Tax Growth rates from the January 15, 2020 General Revenue Estimating Conference.

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax

Issue: Transfers within 180 days of Acquisition

Bill Number(s): [Proposed Language](#)

Section 4: Proposed Fiscal Impact

State Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$238.9 M)	(\$238.9 M)	(\$130.2 M)	(\$130.2 M)	(\$57.1 M)	(\$57.1 M)
2021-22	(\$244.9M)	(\$244.9M)	(\$133.4 M)	(\$133.4 M)	(\$58.5 M)	(\$58.5 M)
2022-23	(\$251.3M)	(\$251.3M)	(\$136.9 M)	(\$136.9 M)	(\$60.1 M)	(\$60.1 M)
2023-24	(\$258.3 M)	(\$258.3 M)	(\$140.7M)	(\$140.7M)	(\$61.8 M)	(\$61.8 M)
2024-25	(\$266.3 M)	(\$266.3 M)	(\$145.1 M)	(\$145.1 M)	(\$63.7 M)	(\$63.7 M)

Local Discretionary Surtax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$2.8 M)	(\$2.8 M)	(\$1.5 M)	(\$1.5 M)	(\$0.6 M)	(\$0.6 M)
2021-22	(\$3.0 M)	(\$3.0 M)	(\$1.6 M)	(\$1.6 M)	(\$0.7 M)	(\$0.7 M)
2022-23	(\$3.0 M)	(\$3.0M)	(\$1.6 M)	(\$1.6 M)	(\$0.7 M)	(\$0.7 M)
2023-24	(\$3.1 M)	(\$3.1 M)	(\$1.7 M)	(\$1.7 M)	(\$0.7 M)	(\$0.7 M)
2024-25	(\$3.2 M)	(\$3.2 M)	(\$1.7 M)	(\$1.7 M)	(\$0.7 M)	(\$0.7 M)

List of affected Trust Funds:

Documentary Stamp Tax Group

Section 5: Consensus Estimate (Adopted: 03/06/2020): The Conference adopted a modified high estimate that reduced the long term planning to 6%.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(48.5)	(48.5)	(82.3)	(82.3)	(1.6)	(1.6)	(132.4)	(132.4)
2021-22	(49.8)	(49.8)	(84.4)	(84.4)	(1.6)	(1.6)	(135.8)	(135.8)
2022-23	(51.1)	(51.1)	(86.6)	(86.6)	(1.6)	(1.6)	(139.3)	(139.3)
2023-24	(52.5)	(52.5)	(89.0)	(89.0)	(1.7)	(1.7)	(143.2)	(143.2)
2024-25	(54.1)	(54.1)	(91.7)	(91.7)	(1.7)	(1.7)	(147.5)	(147.5)

	A	B	C	D	E	F	G
1							
2							
3	2019 Sales File data						
4	No or little Planning	Subsequent Sales	Total Sale Price - subsequent sales	Total Doc Stamp on Subsequent sales	Doc stamp under proposed law	State Impact	Local Impact
5	Total sales where the parcel sold more than once -other than Miami-dade	285,818	\$68,183,922,319	\$477,287,456			
6	Total sales where the parcel sold more than once -Miami-dade	16,486	\$3,862,897,412	\$23,177,384			
7							
8	Subsequent sales where all conditions of proposed law are met - Other than Miami-Dade	22,227	\$1,224,803,338	\$8,573,623	\$1,131,046	\$7,535,886	
9	Subsequent sales where all conditions of proposed law are met - Miami-Dade	938	\$93,309,017	\$559,854	\$40,096	\$519,758	\$103,634
10	Subsequent sales where second sale equaled first sale and sale was greater than \$100 - other than Miami-Dade	5,486	\$1,317,113,589	\$9,219,795	\$3,840	\$9,215,955	
11	Subsequent sales where second sale equaled first sale and sale greater than \$100 - Miami-Dade	196	\$53,029,933	\$318,180	\$118	\$318,062	\$63,418
12	Total Impact - Low					\$17,589,661	\$167,053
13	Short term planning						
14	Properties where the second sale was less than the first sale but doc stamp savings under proposed law exceeded additional amount of consideration necessary to meet conditions of proposed law	226	\$59,696,624	\$417,876	\$158	\$417,718	
15	Properties where the second sale was greater than \$300,000 and less than \$40,000 more than the first sale - assumed to allocate some additional sale amount to TPP to meet conditions of new law	886	\$394,614,716	\$2,762,303	\$124,040	\$2,638,263	
16	Total - Easy Planning Impact					\$3,055,981	\$29,023
17	Long Term Planning Impact		Total Sale Price	Total Doc Stamp - Current Law	Doc stamp under proposed law	State Impact	
18	All properties over \$1,000,000 are sold to related party (LLC) at least once every 180 days to maintain status as max possible \$140 Doc Stamp Tax - other than Miami - Dade (excluding multi-parcel sales)	33,319	\$219,421,050,773	\$1,535,947,355	\$4,664,660	\$1,531,282,695	
19	All properties over \$1,000,000 are sold to related party (LLC) at least once every 180 days to maintain status as max possible \$140 Doc Stamp Tax - Miami - Dade	5,341	\$16,960,791,689	\$101,764,750	\$640,920	\$101,123,830	\$20,163,052
20	Total Long Term Planning Impact					\$1,632,406,526	\$20,163,052
21							
22	Miami-Dade Local Discretionary Surtax	Collections					
23	Miami-Dade total Doc on Deeds - July 2019 to December 2019	\$109,994,844					
24	Miami-Dade Surtax - July 2019 to December 2019	\$21,931,841					
25	Miami-Dade surtax as a percent of total Doc on Deeds	19.94%					
26							
27							
28	Assumed share in impact	High	Middle	Low			
29	No or little Planning	100%	100%	100%			
30	Short term planning	100%	80%	50%			
31	Long Term Planning Impact	6%	6%	2%			
32							
33	Impact - state	\$118,590,034	\$117,978,838	\$51,765,783			
34	Impact - local	\$1,405,859	\$1,400,054	\$584,825			
35							

	A	B	C	D	E	F	G
36	Doc Stamp Growth Rates						
37	2019-20	8.40%					
38	2020-21	1.80%					
39	2021-22	2.50%					
40	2022-23	2.60%					
41	2023-24	2.80%					
42	2024-25	3.10%					
43							
44	Impact - State	High	Middle	Low			
45	2020-21	\$130,865,526	\$130,191,063	\$57,124,162			
46	2021-22	\$134,137,164	\$133,445,840	\$58,552,266			
47	2022-23	\$137,624,730	\$136,915,432	\$60,074,625			
48	2023-24	\$141,478,223	\$140,749,064	\$61,756,715			
49	2024-25	\$145,864,047	\$145,112,285	\$63,671,173			
50							
51	Impact - Local Discretionary Surtax	High	Middle	Low			
52	2020-21	\$1,551,382	\$1,544,977	\$645,362			
53	2021-22	\$1,590,167	\$1,583,601	\$661,496			
54	2022-23	\$1,631,511	\$1,624,775	\$678,695			
55	2023-24	\$1,677,194	\$1,670,269	\$697,698			
56	2024-25	\$1,729,187	\$1,722,047	\$719,327			

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Mobile Home Rate Reduction to 5.5% (New Home Sales)

Bill Number(s) [Proposed Language](#)

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2020.

Date of Analysis: March 6, 2020

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., mobile home sales, delivery, and installation are subject to the 6 percent Sales and Use Tax. Delivery and installation are required with the purchase.

b. Proposed Change: The proposed language reduces the sales tax on new mobile homes from 6 percent to 5.5 percent. The bill is silent on the tax rate for delivery and installation.

Section 2: Description of Data and Sources

- Revenue Estimating Conference on CS/SB 818 dated 2/7/2020, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/pdf/page329-336.pdf>.
- 2017 Manufactured Housing Facts: Industry Overview published March 2018 by the Manufactured Housing Institute, <https://www.manufacturedhousing.org/wp-content/uploads/2017/10/2017-MHI-Quick-Facts.pdf>, last accessed 2/6/2020.
- Cost of delivery and installation, <https://homeguides.sfgate.com/average-cost-deliver-set-up-mobile-home-96554.html>

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis uses the adopted methodology from the Revenue Estimating Conference on CS/SB 818 dated 2/7/2020 (Method II of the analysis presented at the conference).

This method takes shipments of new single-section and multi-section manufactured homes for Florida for calendar 2017 from the Manufactured Housing Institute's 2017 annual report and grows them by growth rate of titles from the REC. Shipments data reflect units sold better than administrative counts of titles because each section of a mobile home is required to have a title and a registration under Florida law. For example, a buyer of a double-section mobile home must pay for two titles and two registrations. Administrative data will record each section of the multi-section mobile home as a new title, resulting in over counting of the number of homes sold if it is assumed that each title or registration represents a home.

The price used is the adopted price of \$80,000 from the January 31, 2020 REC on this proposed language. It is assumed that shipments equal sales. No adjustment was made to the growth rate of titles to account for potentially changing composition of single-section versus multi-section homes. To illustrate, if in year 1 there were 100 sales of single-section mobile homes then there would be 100 titles issued. If in year 2 there were 100 sales of double-section mobile homes, then there would be 200 titles issued. The growth in sales equals zero but the growth in titles issued equals 100%.

Delivery and installation: Delivery and installation charges vary depending on the size and type of home. Delivery may be included in the sales price. DMHSMV requires a licensed installer and delivery company to be used. Internet search suggests that delivery might be between \$2,000 and \$5,000 and installation might be between \$1,000 and \$5,000. A mobile home sold in Florida must meet the wind zone requirements of the local government. This analysis does not estimate sales tax on delivery and installation separately. The delivery and installation will also be subject to the rate reduction as per s. 212.02(16), F.S.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Mobile Home Rate Reduction to 5.5% (New Home Sales)

Bill Number(s) [Proposed Language](#)

Section 4: Proposed Fiscal Impact:

The proposed impact has 11 months of impact for the first fiscal year (2020-21).

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21			(2.2)	(2.4)		
2021-22			(2.4)	(2.4)		
2022-23			(2.5)	(2.5)		
2023-24			(2.5)	(2.5)		
2024-25			(2.5)	(2.5)		

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 03/06/2020): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(1.9)	(2.1)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2021-22	(2.1)	(2.1)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2022-23	(2.2)	(2.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2023-24	(2.2)	(2.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)
2024-25	(2.2)	(2.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.2)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	(0.3)	(0.3)	(2.2)	(2.4)
2021-22	0.0	0.0	(0.3)	(0.3)	(2.4)	(2.4)
2022-23	0.0	0.0	(0.3)	(0.3)	(2.5)	(2.5)
2023-24	0.0	0.0	(0.3)	(0.3)	(2.5)	(2.5)
2024-25	0.0	0.0	(0.3)	(0.3)	(2.5)	(2.5)

	A	B	C	D	E
1	Proposed Language				
2	Sales Tax Rate Reduction from 6% to 5.5% for New Mobile Home Sales				
3	3/6/2020				
4					
5	Method II - Manufactured Housing Institute Data				
6					
7	Information presented on 2/7/2020				
8	Florida NEW Single Section and Multi Section Manufactured Home Shipments				
9		Single	Multi	Total	
10	CY 2017	1,718	4,137	5,855	
11	Source: 2017 Manufactured Housing Facts: Industry Overview published March 2018 by the Manufactured Housing Institute				
12					
13	Unit Sales of New Mobile Homes				
14		UNITS Sold of NEW Mobile Homes (Assumed to be ≡ Unduplicated Titles)		1/7/20 REC Titles Growth Rates	
15	FY 2017	5,855			
16	FY 2018	5,949	Forecast	1.61%	
17	FY 2019	5,975	Forecast	0.44%	
18	FY 2020	6,020	Forecast	0.76%	
19	FY 2021	6,059	Forecast	0.65%	
20	FY 2022	6,117	Forecast	0.96%	
21	FY 2023	6,176	Forecast	0.97%	
22	FY 2024	6,241	Forecast	1.06%	
23	FY 2025	6,308	Forecast	1.07%	
24					
25					
26					
27	Adopted average sale price of a new mobile home:			80,000	
28					
29	FY	Sales of NEW Mobile Homes (\$)	Sales Tax Collections at 6% (\$)	Sales Tax Collections at 5.5% (\$)	Reduction in Sales Tax Collections (\$)
30	FY 2020	481,600,000	28,896,000		
31	FY 2021	484,720,000	29,083,200	26,659,600	-2,423,600
32	FY 2022	489,360,000	29,361,600	26,914,800	-2,446,800
33	FY 2023	494,080,000	29,644,800	27,174,400	-2,470,400
34	FY 2024	499,280,000	29,956,800	27,460,400	-2,496,400
35	FY 2025	504,640,000	30,278,400	27,755,200	-2,523,200