

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Electric Vehicle Sales Tax Holiday

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N.A.

Month/Year Impact Begins: Upon Becoming Law

Date of Analysis: 04/02/2021 – Revised 04/16/2021

Section 1: Narrative

- a. Current Law:** Battery powered electric vehicles are subject to the 6% sales and use tax per chapter 212, F.S.
- b. Proposed Change:** The sales tax levied under chapter 212, F.S. may not be collected for the 34 day period beginning May 28, 2021 through June 30, 2021 on the sale of battery electric vehicles. A battery electric vehicle is a motor vehicle that has four wheels, was manufactured for use on public streets, has a powertrain that has not been modified from the original specifications, has a gross vehicle weight rating less than 8,500 pounds, has maximum speed of at least 55 miles per hour, and is propelled at least in part by an electric motor and associated power electronics capable of providing acceleration torque to the drive wheels during normal vehicle operation and which draws electricity from rechargeable storage batteries, fuel cells, or other sources of electrical current. A battery used as a source of electrical current must have a capacity of at least 4 kilowatt hours and be capable of being recharged from an external source of electricity.

Section 2: Description of Data and Sources

Phone and email contact with staff from HSMV and DOR

IBIS World US Industry Specialized Report: Hybrid and Electric Vehicle Manufacturing, January 2021

Highway Safety REC History

April 2021 Monthly REC

autoalliance.org

US Department of Energy: <https://afdc.energy.gov/data/>

Quartz via <https://www.caranddriver.com/research/a31544842/how-much-is-an-electric-car/>

Section 3: Methodology (Include Assumptions and Attach Details)

According to data collected by the US Department of Energy, there were 727,390 hybrid, plug-in hybrid, and battery electric vehicles sold in the United States in 2019. Of those, 11.64% were plug-in hybrid and 33.26% were battery electric - for a total of 326,644 vehicles sold. The 2019 US vehicles sold were grown by IBISWorld growth rates for 2020 and 2021 and reduced to 6.25% to capture the Florida share (per autoalliance.org). Based upon the fiscal year 2019-20 percentage share of registrations under 8,500 pounds, it is assumed that 96.14% of plug-in hybrid and battery electric vehicles are under 8,500 pounds. As a result, it is assumed that there will be 23,210 new or used plug-in hybrid or electric vehicles under 8,500 pounds sold in Florida in 2021. The calculated average price of \$50,671 was multiplied by the number of vehicles, then reduced by 10% for trade-in credit. The total annual 6% sales tax collections subject to the holiday was then reduced for the 34 day holiday. The middle and high scenarios pull 50% (middle) and 75% (high) of the May and July sales into the holiday period.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(13.2)	0.0	(10.5)	0.0	(6.2)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

List of affected Trust Funds:

Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

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Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(9.3)	0.0	(Insignificant)	0.0	(0.3)	0.0	(0.9)	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
2025-26	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
2021-22	(0.2)	0.0	(1.4)	0.0	(10.7)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I	J
1	Data Sources and Assumptions									
2	US Hybrid vs Plug-in Hybrid vs Battery Electric					Average Price				
3			US Sales 2019	%				Avg Price	Share	
4		Hybrid Electric	400,746	55.09%		Plug-in Hybrid		\$ 36,600	0.26	
5		Plug-in Hybrid	84,732	11.65%		Battery Electric		\$ 55,600	0.74	
6		Battery Electric	241,912	33.26%						\$ 50,671
7		Total	727,390							
8		Source: US DOE				Trade-In Reduction				
9						Assumed	10.0%			
10	FL Plug-In Hybrid and Electric Sales									
11			Vehicles	Growth (IBIS)		Sales Tax Estimate on Autos - 04/2021 Monthlies				
12		US 2019 Sales (DOE)	326,644				2018-19	2019-20	CY 2019	Rates
13		US 2020 Sales	313,513	-4.02%		JUL	\$ 380.6	\$ 393.7	\$ 398.0	8.20%
14		US 2021 Sales	386,248	23.20%		AUG	\$ 375.1	\$ 398.0	\$ 403.2	8.31%
15	FI % @ 6.25% per autoalliance.org		24,140			SEP	\$ 396.4	\$ 403.2	\$ 378.0	7.79%
16		Source: US DOE, autoalliance.org, and IBISWorld				OCT	\$ 369.3	\$ 378.0	\$ 399.9	8.24%
17						NOV	\$ 374.8	\$ 399.9	\$ 410.2	8.45%
18	FY 2019-20 Registration Transactions					DEC	\$ 376.4	\$ 410.2	\$ 433.7	8.94%
19		Auto less than 2,500 lbs	377,361			JAN	\$ 414.2	\$ 433.7	\$ 367.7	7.58%
20		Auto 2,500 - 3,499 lbs	5,739,526			FEB	\$ 367.7	\$ 409.2	\$ 384.4	7.92%
21		Auto 3,500 or more lbs	4,828,330			MAR	\$ 384.4	\$ 417.3	\$ 450.0	9.27%
22		Trucks - less than 2,000 lbs	593			APR	\$ 450.0	\$ 358.0	\$ 416.3	8.58%
23		Trucks - 2,000 - 2,999 lbs	58,115			MAY	\$ 416.3	\$ 299.2	\$ 417.3	8.60%
24		Trucks - 3,000 to 4,999 lbs	1,401,394			JUN	\$ 417.3	\$ 411.8	\$ 393.7	8.11%
25		Trucks - 5,001 to 7,999 lbs	907,316						\$ 4,852.4	
26		Trucks - 8,000 to 9,999 lbs	209,260					Low = 34 day holiday		9.83%
27		Trucks 10,000 lbs and above	379,031					Middle = plus 50% of May and July		16.52%
28		Total	13,900,926					High = plus 75% of May and July		20.84%
29		Total Under 8,500 lbs	13,364,950							
30		% Under 8,500 lbs	96.14%							
31										
32	Sales Tax Holiday Loss Calculations									
33		Annual Sales (#)	24,140							
34		Under 8,500 lbs	23,210							
35		Annual Sales (\$)	\$ 1,176,067,894							
36		Less Trade-in Credit	\$ (117,606,789)							
37		6% sales tax (year)	\$ 63,507,666							
38		Low	\$ (6,245,603)							
39		Middle	\$ (10,488,349)							
40		High	\$ (13,232,826)							
41										
42	Impacted Vehicles									
43			High	Middle	Low					
44		Impact Revenue (adjusted)	\$ 269,557,569	\$ 213,651,557	\$ 127,225,245					
45		Avg Price (adjusted)	\$ 45,604	\$ 45,604	\$ 45,604					
46		# of vehicles	4,836	3,833	2,283					
47		Local Option	0.2	0.2	0.1					

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: House of Worship Educational Property

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

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2021 (2021-22 Cash Impacts per Section 2)

Date of Analysis: April 16, 2021

Section 1: Narrative

a. Current Law:

Section 1. Section 196.198, Florida Statutes, reads: “Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.”

b. Proposed Change:

Section 1. Section 196.198, Florida Statutes, is amended to read: “Educational property exemption.—Educational institutions within this state and their property used by them or by any other exempt entity or educational institution exclusively for educational purposes are exempt from taxation. Sheltered workshops providing rehabilitation and retraining of individuals who have disabilities and exempted by a certificate under s. (d) of the federal Fair Labor Standards Act of 1938, as amended, are declared wholly educational in purpose and are exempt from certification, accreditation, and membership requirements set forth in s. 196.012. Those portions of property of college fraternities and sororities certified by the president of the college or university to the appropriate property appraiser as being essential to the educational process are exempt from ad valorem taxation. The use of property by public fairs and expositions chartered by chapter 616 is presumed to be an educational use of such property and is exempt from ad valorem taxation to the extent of such use. Property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the educational institution is owned by the identical persons who own the property, or if the entity owning 100 percent of the educational institution and the entity owning the property are owned by the identical natural persons. Land, buildings, and other improvements to real property used exclusively for educational purposes shall be deemed owned by an educational institution if the entity owning 100 percent of the land is a nonprofit entity and the land is used, under a ground lease or other contractual arrangement, by an educational institution that owns the buildings and other improvements to the real property, is a nonprofit entity under s. 501(c)(3) of the Internal Revenue Code, and provides education limited to students in prekindergarten through grade 8. Notwithstanding ss. 196.195 and 196.196, property owned by a house of public worship and

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: House of Worship Educational Property

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

used by an educational institution for educational purposes limited to students in pre-school through grade 8 shall be exempt from ad valorem taxes. If legal title to property is held by a governmental agency that leases the property to a lessee, the property shall be deemed to be owned by the governmental agency and used exclusively for educational purposes if the governmental agency continues to use such property exclusively for educational purposes pursuant to a sublease or other contractual agreement with that lessee. If the title to land is held by the trustee of an irrevocable inter vivos trust and if the trust grantor owns 100 percent of the entity that owns an educational institution that is using the land exclusively for educational purposes, the land is deemed to be property owned by the educational institution for purposes of this exemption. Property owned by an educational institution shall be deemed to be used for an educational purpose if the institution has taken affirmative steps to prepare the property for educational use. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate commitment of the property to an educational use.

Section 2. The amendment made by this act to s. 196.198, Florida Statutes, relating to certain property owned by a house of public worship, is intended to clarify existing law and shall apply to actions pending on the effective date of this act.

Section 3. This act shall take effect July 1, 2021.

Section 2: Description of Data and Sources

2020 Final Ad Valorem Tax rolls

Data from Miami-Dade County on pending cases

NonResidential Real Property Growth rates from the March 2021 Ad Valorem Assessments Estimating Conference

2020-21 Statewide Millage Rates

Section 3: Methodology (Include Assumptions and Attach Details)

Parcels with pending court cases were identified from conversations with staff of the Miami-Dade Property Appraiser’s Office and total value of pending cases were obtained. The total value of pending cases does not include additional interest accrued after the initial lien filing. The impact of these pending cases was assumed to be first year cash impacts. For the impact to each year of the forecast period, those church properties (use code 71) with taxable value were identified. For the high it was assumed 30% of the total church taxable value would be exempted under the proposed language. For the middle it was assumed 20% of the total church taxable value would be exempted, and for the low it was assumed 10% of the taxable value would be exempted. The exempt amount was grown at the nonresidential real property growth rates and the 2020-21 statewide millage rates were applied. Cash was set equal to recurring for all years except 2021-22, where the cash impact included the pending cases. 2020-21 school and non-school statewide millage rates were used to allocate the impact from the pending cases between school and non-school impacts.

This issue was presented to the conference during the 2020 session and was adopted on 02/14/2020. The section five note is as follows: “The Conference adopted half the low for all years except the first year’s cash impact. The first year’s cash impact is the low reduced by 0.5m.”

Section 4: Proposed Fiscal Impact

School Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$3.7 M)	(\$1.1 M)	(\$3.4 M)	(\$0.7 M)	(\$3.0 M)	(\$0.4 M)
2022-23	(\$1.1 M)	(\$1.1 M)	(\$0.7 M)	(\$0.7 M)	(\$0.4 M)	(\$0.4 M)
2023-24	(\$1.1 M)	(\$1.1 M)	(\$0.7 M)	(\$0.7 M)	(\$0.4 M)	(\$0.4 M)
2024-25	(\$1.1 M)	(\$1.1 M)	(\$0.8 M)	(\$0.8 M)	(\$0.4 M)	(\$0.4 M)
2025-26	(\$1.2 M)	(\$1.2 M)	(\$0.8 M)	(\$0.8 M)	(\$0.4 M)	(\$0.4 M)

REVENUE ESTIMATING CONFERENCE

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Non-School Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$6.2M)	(\$1.8 M)	(\$5.6 M)	(\$1.2 M)	(\$5.0 M)	(\$0.6 M)
2022-23	(\$1.8 M)	(\$1.8 M)	(\$1.2 M)	(\$1.2 M)	(\$0.6 M)	(\$0.6 M)
2023-24	(\$1.8 M)	(\$1.8 M)	(\$1.2 M)	(\$1.2 M)	(\$0.6 M)	(\$0.6 M)
2024-25	(\$1.9 M)	(\$1.9 M)	(\$1.2 M)	(\$1.2 M)	(\$0.6 M)	(\$0.6 M)
2025-26	(\$1.9 M)	(\$1.9 M)	(\$1.3 M)	(\$1.3 M)	(\$0.6 M)	(\$0.6 M)

List of affected Trust Funds: Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted half of the low estimate for all years except the first year's cash impact. The first year's cash impact is the low reduced by 0.5m.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(2.8)	(0.2)	(4.8)	(0.3)	(7.6)	(0.5)
2022-23	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)
2023-24	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)
2024-25	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)
2025-26	(0.2)	(0.2)	(0.3)	(0.3)	(0.5)	(0.5)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	(7.6)	(0.5)	(7.6)	(0.5)
2022-23	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2023-24	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2024-25	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2025-26	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)

	A	B	C	D	E	F	G
1	Miami-Dade - pending court cases						
2	Folio	Exemption	Tax Amount	Penalty & Interest @ issue	Total Lien Amount Due	2020 Taxable Value	
3					when issued	School	NonSchool
4	01-0210-030-1010	Religious	\$3,093,474.27	\$3,390,307.29	\$6,483,781.56*	\$28,286,110	\$26,335,094
5	01-3219-006-0110	Religious	\$35,514.61	\$44,945.83	\$80,460.44	\$0	\$0
6	30-4035-007-0020	Religious	\$49,742.39	\$35,067.97	\$84,810.36*	\$0	\$0
7	33-5035-002-0040	Religious	\$7,761.55	\$8,536.82	\$16,298.37	\$0	\$0
8	33-5035-002-0050	Religious	\$41,267.85	\$49,037.10	\$90,304.95	\$0	\$0
9	30-4925-000-0240	Religious	\$181,069.08	None	\$181,069.08		
10	30-4011-022-0010	Religious	\$37,631.11	None	\$37,631.11		
11	30-4924-001-2090	Religious	\$146,684.73	None	\$146,684.73		
12			\$3,593,145.59	\$3,527,895.01	\$7,121,040.60		
13	* Lien also includes portion of property rented for commercial use			School	\$2,655,313.12		
14				NonSchool	\$4,465,727.48		
15							
16	2020 roll Values						
17	Use code 71 (Churches) with no exemption 9 value						
18	Parcels with Taxable Value	Taxable Value - School	Taxable Value - NonSchool				
19	1340	\$498,796,730	\$485,608,502				
20							
21	Taxable Value for Use Code 71 (Churches) with Exemption 9 value						
22	Parcels with Taxable Value	Taxable Value - School	Taxable Value - NonSchool				
23	229	\$89,255,160	\$85,989,204				
24							
25	Total taxable value -Churches						
26	Parcels with Taxable Value	Taxable Value - School	Taxable Value - NonSchool				
27	1569	\$588,051,890	\$571,597,706				
28							
29		High	Middle	Low			
30		30% of Church TV	20% of Church TV	10% of Church TV			
31	School	\$176,415,567	\$117,610,378	\$58,805,189			
32	NonSchool	\$171,479,312	\$114,319,541	\$57,159,771			
33							
34	Non Residential Real Property Growth Rates						
35	2021	-3.10%					
36	2022	-1.58%					
37	2023	2.55%					
38	2024	3.74%					
39	2024	4.06%					
40							

	A	B	C	D	E	F	G
41	2020 Statewide School Millage			6.3996			
42	2020 Statewide NonSchool Millage			10.7629			
43				17.1625			
44	Impact						
45	Total	High	Middle	Low	recurring	cash	
46	2021-22	\$2,933,872	\$1,955,915	\$977,957	-\$0.5	-\$7.6	
47	2022-23	\$2,887,517	\$1,925,012	\$962,506	-\$0.5	-\$0.5	
48	2023-24	\$2,961,149	\$1,974,099	\$987,050	-\$0.5	-\$0.5	
49	2024-25	\$3,071,896	\$2,047,931	\$1,023,965	-\$0.5	-\$0.5	
50	2025-26	\$3,196,615	\$2,131,077	\$1,065,538	-\$0.5	-\$0.5	
51							
52	School	High	Middle	Low	recurring	cash	
53	2021-22	\$1,093,990	\$729,327	\$364,663	-\$0.2	-\$2.5	
54	2022-23	\$1,076,705	\$717,804	\$358,902	-\$0.2	-\$0.2	
55	2023-24	\$1,104,161	\$736,108	\$368,054	-\$0.2	-\$0.2	
56	2024-25	\$1,145,457	\$763,638	\$381,819	-\$0.2	-\$0.2	
57	2025-26	\$1,191,963	\$794,642	\$397,321	-\$0.2	-\$0.2	
58							
59	NonSchool	High	Middle	Low			
60	2021-22	\$1,788,401	\$1,192,267	\$596,134	-\$0.3	-\$4.6	
61	2022-23	\$1,760,144	\$1,173,429	\$586,715	-\$0.3	-\$0.3	
62	2023-24	\$1,805,028	\$1,203,352	\$601,676	-\$0.3	-\$0.3	
63	2024-25	\$1,872,536	\$1,248,357	\$624,179	-\$0.3	-\$0.3	
64	2025-26	\$1,948,561	\$1,299,040	\$649,520	-\$0.3	-\$0.3	
65							
66	School Y1 - Cash	\$3,749,304	\$3,384,640	\$3,019,977			
67	NonSchool Y1 - Cash	\$6,254,128	\$5,657,995	\$5,061,861			

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language – Computers 1st \$1,000

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senate

Month/Year Impact Begins: The sales tax holiday will affect July and August 2020 activity and, subsequently, August and September collections.

Date of Analysis: April 16, 2021

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

b. Proposed Change:

Duration: The sales tax holiday is proposed for a 8-day period beginning on Friday, July 31, through Sunday, August 7, 2021.

Clothing: The bill exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax as long as the sales price of the item does not exceed \$60. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, staplers and staples used to secure paper products, protractors, compasses, and calculators.”

Computers: Also exempt are the first \$1,000 of personal computers or personal computer-related accessories purchased for noncommercial home or personal use. Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals that are designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the legislation. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a conspicuous location at the place of business.

Section 2: Description of Data and Sources

- Impact for SB 598, 10-Day Sales Tax Holiday, Revenue Estimating Impact Conference, 2/26/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page67-73.pdf>
- Clothing and Shoes expenditures forecast, February 2021 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, February 2021 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, February 2021 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, November 2020 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, April 2021 K-12 Enrollment Estimating Conference.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language – Computers 1st \$1,000

- Estimates of Florida private school enrollment, Private School Annual Report 2019-2020 (Florida Department of Education). Available at <http://www.fldoe.org/schools/school-choice/private-schools/annual-reports.stml>. Last accessed 2/19/2021.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at www.nces.ed.gov/ipeds. Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the EASE or ABLE tuition assistance programs. Last accessed 2/24/2021.
- Tax collections by kind code, FY 2019-20, Form 10, Florida Department of Revenue.
- Department of Revenue. 2020 Back-to-School Sales Tax Holiday Tax Information Publication (TIP). Available at: https://revenue.law.floridarevenue.com/LawLibrary/Documents/2020/06/TIP-123084_TIP_20A01-04_FINAL_RLL.pdf. Last accessed 2/24/2021.

Section 3: Methodology (Include Assumptions and Attach Details)

NOTE: While the methodology below remains the same as in prior Back-to-School Sales Tax Holidays, the estimates below are updated with data from new Revenue Estimating Conferences, particularly the PreK-12 Enrollment Conference, the Florida Demographic Estimating Conference, and the Florida Economic Estimating Conference and others as data were available. Impacts in this analysis are not directly comparable to prior estimates that may use conference data from prior vintages.

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount and assume that 71% of the expenditures would be under the \$60 limit. For backpacks, it is assumed that 20% of students would purchase a backpack, and each backpack is assumed to cost \$25. Both the 71% and 20% assumptions are then decreased by 2.5 percentage points to reflect the dealer opt out provision. Using the base 10-day matrix (which is derived from a matrix developed to estimate the impact for a prior hurricane sales tax holiday) to spread expenditures levels by each day of the forecast period, the level of spending for a 8-day holiday is derived (=84% of the 10-day total). The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

School Supplies: For school supplies (including staplers), an amount of expenditures is assumed per student, by grade level, for 10 days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, public technical colleges/career centers, and private colleges/universities. The estimated total expenditure by students is increased for advantage business spending. It is assumed that 75% of expenditures would be under the \$15 limit. The 75% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of the calendar year (=23.6%) and for the percentage of total expenditures assumed to be exempt (=65%). The 65% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. It is assumed that 30% of third quarter purchases would be made during the 3-day holiday period. The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for FY 2021-22 only.

2020-21	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Clothing/Shoes/Backpacks			(34.2 M)			
School Supplies			(7.3 M)			
Computers			(9.2 M)			
Total			(50.7 M)			

List of affected Trust Funds: Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language – Computers 1st \$1,000

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(44.9)	0.0	(Insignificant)	0.0	(1.5)	0.0	(4.3)	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
2025-26	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
2021-22	(7.7)	0.0	(13.5)	0.0	(58.4)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

Proposed Language
Sales Tax Holiday - Clothing, School Supplies, Computers

8 Days, July 31 - August 7, 2021

(NONRECURRING)

		2021-22	
Expenditure Type		PROPOSED	
1	Clothing & Shoes - \$60 or Less	\$ (34.2)	
2	School Supplies - \$15 or Less	\$ (7.3)	
3	Personal Computers and Related Accessories - first \$1,000	\$ (9.2)	
4	Total Impact	\$ (50.7)	

**Estimates in millions of dollars*

Proposed Language
SALES TAX HOLIDAY - CLOTHING

8 Days, July 31 - August 7, 2021
\$60 Limit

2021-22	<u>Proposed</u>
1 National Personal Expenditure on Clothing and Shoes	406,418.3
2 Florida Share based on Population Forecast	27,137.1
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	25,988.4
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	23,389.5
5 Sales Tax at 6%	1,403.4
6 Exempted Amount (68.5% = 71% minus 2.5 dealer opt out)	961.3
Assumption (=71% - 71% - 66% minus opt out)	0.6850
7 Preliminary 10-day Fiscal Impact in Florida	(26.3)
8 Seasonal Factor set to 1 (no seasonal factor)	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(39.5)
11 Backpacks (17.5% = 20% minus 2.5 dealer opt out x \$25/backpack)	(1.2)
12 Total Impact 8 Day (84% Adjustment)	(\$34.2)

Proposed Language

SALES TAX HOLIDAY - SCHOOL SUPPLIES (Incl Staplers, Flash Drives)

8 Days, July 31 - August 7, 2021

\$15 Limit

2021-22

Row	Grade Level	Expenditures per Student	Number of Students	Total Expenditures
1	PreK	20.00	69,518	1.4
2	KG	20.00	256,393	5.1
3	1	20.00	230,764	4.6
4	2	20.00	239,598	4.8
5	3	25.00	248,106	6.2
6	4	27.00	232,547	6.3
7	5	27.00	253,018	6.8
8	6	32.00	247,808	7.9
9	7	32.00	254,986	8.2
10	8	32.00	262,703	8.4
11	9	35.00	263,557	9.2
12	10	35.00	255,747	9.0
13	11	35.00	237,323	8.3
14	12	35.00	226,120	7.9
15	Total PK-12		3,278,187	94.1
16	Total HigherEd	36.00	1,142,503	41.1
17	Total All Students		4,420,690	135.3
18	Advantage Buying by Business, General Public			
19	25% Factor + 10% for Expanded List			47.3
20	School Supplies			<u>Proposed</u>
21	Total Sales Tax for 10 Days (72.5% = 75% minus 2.5 dealer opt out)			(8.7)
	Assumption (85% - 75% - 65% minus opt out)			0.725
22	Total Impact 8 Day (84% Adjustment)			(\$7.3)

Proposed Language
SALES TAX HOLIDAY - COMPUTERS

8 Days, July 31 - August 7, 2021
First \$1,000

2021-22		<u>Proposed</u>
1	National Consumer Expenditures on Computers	68,770.4
2	Florida Share based on Population Forecast	4,591.9
3	Florida Expenditures on Computers (adjusted for 65+)	4,397.5
4	Estimated Florida-based Sales of Computers (7% e-commerce adj.)	4,089.7
5	Annual Sales Tax at 6%	245.4
6	CY Q1 Estimate (29.9%)	73.3
7	CY Q1 Estimate (17.5%)	43.1
8	CY Q1 Estimate (23.6%)	57.9
9	CY Q1 Estimate (29%)	71.2
10	Exempted Amount (62.5% = 65% minus 2.5 dealer opt out)	36.2
	Assumption (75% - 65% - 65% minus opt out)	0.625
11	Q3 Purchases Made During 10-Day Holiday (30%)	10.9
	Assumption (55% - 30% - 25%)	0.30
12	Total Impact 8 Day (84% Adjustment)	(\$9.2)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday for Disaster Preparedness

Bill Number(s): Proposed language - Governor's proposal

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Governor's proposal

Month/Year Impact Begins: The impact begins May 28, 2021 and ends on June 6, 2021 and will affect FY 2021-22 because of the one-month collection lag.

Date of Analysis: April 16, 2021

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. Proposed Change:** The bill provides an exemption from sales tax for the items listed below that are purchased during the time period from May 28 through June 6, 2021 (10 days, first day on a Friday, two weekends).

Portable self-powered light source	\$ 20 or less
Portable self-powered radio, two-way radio or weather band radio	\$ 50 or less
Tarpaulin or other flexible waterproof sheeting	\$ 50 or less
Ground anchor system or tie-down kit	\$ 50 or less
Gas or diesel fuel tank	\$ 25 or less
Package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries	\$ 30 or less
Non-electric food storage cooler	\$ 30 or less
Reusable ice	\$ 10 or less
Portable generator	\$ 750 or less

The tax exemption does not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

Section 2: Description of Data and Sources

- REC Impact for CS/HB7123 (Ch. 2019-42, L.O.F.), May 16, 2019.
- REC Impact for CS/SB1412, April 5, 2019.
- REC Impact for SB 524, Revenue Estimating Conference, 11/22/2019, Updated 2/3/2020, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page47-52.pdf.
- REC Impact for Proposed Language (HB 7097 (2020)), Laws of Florida Ch. 2020-10, Revenue Estimating Conference, 2/3/2020 http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page362-365.pdf
- REC Impact for SB 734, 2/12/2021, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/_pdf/page41-47.pdf.
- Final Report on Hurricane Claims from Florida Office of Insurance Regulation (August 2006) for reported claims and total loss claims from 2004 Hurricanes Charley, Frances, Ivan, and Jeanne and 2005 Hurricanes Dennis, Katrina, Rita, and Wilma and October 20, 2008 Tropical Storm Fay Report at <http://www.floir.com/office/hurricane/season/seasoninfo.aspx>.
- Submitted claims as of November 2020 for 2016 Hurricanes Hermine and Matthew; 2017 Hurricane Irma; and 2018 Hurricane Michael at <https://www.floir.com/Sections/PandC/ProductReview/CatastropheReporting.aspx> and <https://www.floir.com/Office/HurricaneSeason/HurricaneMichaelClaimsData.aspx>.
- Various websites for price comparisons: www.lowes.com; www.homedepot.com; www.bestbuy.com;
- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2019.
- U.S. Census Bureau, American Community Survey, 2019.
- Florida Demographic Estimating Conference, March 2021.
- Florida Economic Estimating Conference, March 2021.

Section 3: Methodology (See attached.)

NOTE: While the methodology below remains the same as in prior Disaster Preparedness Sales Tax Holidays, the estimates below are updated with data from new Revenue Estimating Conferences, particularly the Florida Demographic Estimating Conference

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday for Disaster Preparedness

Bill Number(s): Proposed language - Governor's proposal

and the Florida Economic Estimating Conference and others as data were available. Impacts in this analysis are not directly comparable to prior estimates that may use conference data from prior vintages.

Household Purchases: A 10-day holiday impact is calculated using the forecast for Florida households for 2021q2, along with the percentage of households reporting losses in the major storms occurring in 2004, 2005, 2008, 2016, and 2017 = 4.4%. The percentage of households reporting losses in 2018 (1.0%) was excluded from the calculation because the storm was concentrated in an area of the state with fewer residents. The low estimate assumes 4.4% of all Florida households would participate in the holiday. The high estimate assumes 8.5% of households would participate based on the highest reported losses in 2005. The middle estimate assumes 6.5% of households would participate.

An amount of tax-free expenditures is assumed for each household: High = \$166; Middle = \$116; Low = \$77. Based on the 2019 Consumer Expenditure Survey and median Florida household income, it is estimated that Florida households spend approximately \$2,018 annually (average of approximately \$5.53 per day) for maintenance, repairs, & other expenses, and miscellaneous household equipment. The percentage assumed for maintenance and repairs is 1.77% of annual expenditures. The high estimate assumes that an amount equivalent to 30 days of expenditures would be spent during the holiday period. The middle and low estimates assume expenditures equivalent to 21 days and 14 days, respectively. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 10-day holiday (100%, no adjustment).

Portable Generators: It is assumed a certain number of portable generators will be purchased during the tax-free holiday: High = 87,385; Middle = 61,169; and Low = 38,449. These numbers represent approximately 1%, 0.7%, and 0.44% of Florida households. Additionally, a price per generator is assumed as follows: High = \$750; Middle = \$750; and Low = \$600. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 10-day holiday (100% adjustment).

Section 4: Proposed Fiscal Impact The proposed impact is nonrecurring for FY 2021-22.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(\$6.8)			
2022-23						
2023-24						
2024-25						
2025-26						

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted 04/16/2021): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(6.0)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.6)	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
2025-26	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
2021-22	(1.0)	0.0	(1.8)	0.0	(7.8)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

Proposed Language
2020 Sales Tax Holiday - Disaster Preparedness

10 Days
Friday, May 28 - Sunday, June 6

1. # HOUSEHOLD PURCHASING ASSUMPTIONS:	
2004 Indices based on FINAL REPORT (4 hurricanes)	
Reported Loss % HHs	3.2%
Total Loss % HHs	2.3%
2005 Indices based on FINAL REPORT (4 hurricanes)	
Reported Loss % HHs	8.5%
Total Loss % HHs	5.8%
2008 Index based on Oct 20 2008 Report for Fay (1 storm)	
Reported Loss % HHs	2.7%
2016 Index based on Claims Data as of Jan 2018 (2 hurricanes)	
Reported Loss % HHs	2.9%
2017 Index based on Claims Data as of Nov 2018 (1 hurricane)	
Reported Loss % HHs	4.8%
2018 Index based on Claims Data as of Nov 2020 (1 hurricane)	
Reported Loss % HHs	1.1%
Average Reported Loss (2004-2017) %	4.4%

2. AVAILABLE CASH FOR PURCHASES ASSUMPTIONS:					Methodology for HH Income	
Using Florida After-Tax Income per Household		2019	2020	2021	Florida Median HH income is based on the 2019 American Community Survey reported Florida median family income in the last 12 months (\$80,994). This value is grown by the Nov 2020 Florida Economic Estimating Conference growth in Personal Income. The growth rates are: 2019 5.3% 2020 5.1% 2021 4.9%	
(2019 American Community Survey: Florida)		FY 2018-19	FY 2019-20	FY 2020-21		
Median Florida Household After-Tax Income		\$54,283	\$57,042	\$59,814		
Using average annual expenditures from the 2019 Consumer Expenditure Survey, all consumer units:		Fla \$ per HH	Fla \$ per HH	Fla \$ per HH		
<u>Shares of expenditures:</u>						
Food & alcoholic beverage	13.9%	\$7,533	\$7,916	\$8,301		
Housing (includes * below)	32.81%	\$17,808	\$18,713	\$19,622		
Apparel & services	3.0%	\$1,622	\$1,704	\$1,787		
Transportation	17.04%	\$9,250	\$9,721	\$10,193		
Health care	8.24%	\$4,472	\$4,699	\$4,928		
Entertainment	4.90%	\$2,661	\$2,796	\$2,932		
All others	20.15%	\$10,937	\$11,493	\$12,052		
	100.00%	\$54,283	\$57,042	\$59,814		
					Ratio of Avg Annual Expendts to Income Before Taxes,	
*Maintenance & repairs	1.77%	\$963	\$1,012	\$1,061	2019 CES (76.08%) is used to produce after-tax income.	
*Miscellaneous household equipment	1.60%	\$869	\$913	\$957		
HIGH = Assume 8.5% of households purchase exempt items equivalent to approximately 30 days of spending.						
MIDDLE = Assume 6.5% of households purchase exempt items equivalent to approximately 21 days of spending.						
LOW = Assume 4.4% of households purchase exempt items equivalent to approximately 14 days of spending.						
					\$2,018	Annual Total
					\$5.53	Daily Total

3. PORTABLE GENERATOR ASSUMPTIONS:

Assume 1% of Florida households purchase a tax-exempt generator at \$750 per generator.
Assume 0.7% of Florida households purchase a tax-exempt generator at \$750 per generator.
Assume .44% of Florida households purchase a tax-exempt generator at \$600 per generator.

Estimate for 10-Day Holiday					
	Household Purchases				
	Prev. Adopted	High	Middle	Low	
TOTAL Amount Purchased/HH	\$116.00	\$166.00	\$116.00	\$77.00	
TOTAL Fla Households	8,738,486	8,738,486	8,738,486	8,738,486	
TOTAL HHs Purchasing	568,002	742,771	568,002	384,493	
TOTAL Expenditures (\$M)	\$ 65.9	\$ 123.3	\$ 65.9	\$ 29.6	
Sales Tax for 10-Day Holiday (Millions of \$)	\$ (4.0)	\$ (7.4)	\$ (4.0)	\$ (1.8)	
Sales Tax for 10-Day Holiday, 100% Adjustment	\$ (4.0)	\$ (7.4)	\$ (4.0)	\$ (1.8)	
	Portable Generators				
	Prev. Adopted	High	Middle	Low	
TOTAL Amount Purchased/HH	\$ 750	\$ 750	\$ 750	\$ 600	
TOTAL Generators Purchased	61,169	87,385	61,169	38,449	
TOTAL Expenditures (\$M)	\$ 45.9	\$ 65.5	\$ 45.9	\$ 23.1	
Sales Tax for 10-Day Holiday	\$ (2.8)	\$ (3.9)	\$ (2.8)	\$ (1.4)	
Sales Tax for 10-Day Holiday, 100% Adjustment	\$ (2.8)	\$ (3.9)	\$ (2.8)	\$ (1.4)	
Total Estimated Impact (10-day)	\$ (6.8)	\$ (11.3)	\$ (6.8)	\$ (3.2)	

Daily Factors - Hurricane Preparedness Sales Tax Holiday Analysis

Assume:

Depending upon what SET OF DAYS are included, the most impact will come from the weekend.

As long as an ENTIRE WEEKEND is included, the most impact will occur on Friday, Saturday, and Sunday.

Weekdays add less to the impact.

	123456789101112131415161718																					Calibrate to 12-day holiday	Calibrate to 10-day holiday
Example:	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON		
18-Day Holiday	X	X	X	5.0%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	1.0%	1.0%	2.5%	5.0%	2.5%	1.0%	111.5%	114.9%
17-Day Holiday	X	X	X	5.0%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	1.0%	1.0%	1.5%	7.5%	1.0%		110.5%	113.9%
16-Day Holiday	X	X	X	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	1.0%	1.0%	1.5%	5.0%			107.5%	110.8%
15-Day Holiday	2.0%	2.0%	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	X	X	X	X			103.8%	107.0%
14-Day Holiday	X	2.0%	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	X	X	X	X			102.0%	105.2%
13-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	1.0%	X	X	X	X			101.0%	104.1%
12-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	1.0%	X	X	X	X	X			100.0%	103.1%
11-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	X	X	X	X	X	X			99.0%	102.1%
10-Day Holiday	X	X	X	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	X	X	X	X	X	X			97.0%	100.0%
9-Day Holiday	X	X	X	X	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	10.0%	X	X	X	X	X	X			91.5%	94.3%
8-Day Holiday	X	X	X	X	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	2.5%	20.0%	X	X	X	X	X	X	X			81.5%	84.0%
7-Day Holiday	X	X	X	5.5%	35.0%	20.0%	1.0%	1.0%	1.0%	1.0%	X	X	X	X	X	X	X	X	X			64.5%	66.5%
6-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	1.0%	1.0%	X	X	X	X	X	X	X	X	X	X	X			64.5%	66.5%
5-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	1.0%	X	X	X	X	X	X	X	X	X	X	X	X			63.5%	65.5%
4-Day Holiday	X	X	2.0%	5.5%	35.0%	20.0%	X	X	X	X	X	X	X	X	X	X	X	X	X			62.5%	64.4%
3-Day Holiday	X	X	X	5.5%	35.0%	20.0%	X	X	X	X	X	X	X	X	X	X	X	X	X			60.5%	62.4%
2-Day Holiday	X	X	X	X	35.0%	20.0%	X	X	X	X	X	X	X	X	X	X	X	X	X			55.0%	56.7%
1-Day Holiday	X	X	X	X	35.0%	X	X	X	X	X	X	X	X	X	X	X	X	X	X			35.0%	36.1%

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday – Recreation

Bill Number(s): [PCB WMC 21-01](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 36

Sponsor(s): N/A

Month/Year Impact Begins: 07/2021

Date of Analysis: 04/16/2021

Section 1: Narrative

- a. **Current Law:** Chapter 212, F.S. authorizes of the collection of sales and use tax on admissions to ticketed events, gym memberships and outdoor equipment.
- b. **Proposed Change:** During the period of July 1, 2021 to July 7, 2021, the following products are exempt from sales and use tax: sales of tickets to live music events, state parks, live sporting events and movie tickets that are scheduled to be held between July 1, 2021 and December 31, 2021; use of or access to clubs providing physical fitness facilities between July 1, 2021 and December 31, 2021; the retail sale of qualified boating and water activity supplies, camping supplies, fishing supplies, and general outdoor supplies.

The retail sale exemption is subject to the following caps.

Boating and water activity supplies	<ul style="list-style-type: none">• life jackets and coolers having a sales price of \$75 or less• safety flares having a sales price of \$50 or less• recreational inflatable water tubes or floats capable of being towed having a sales price of \$150 or less• snorkels, goggles, and swimming masks having a sales price of \$25 or less
Camping supplies	<ul style="list-style-type: none">• tents having a sales price of \$100 or less• sleeping bags, portable hammocks, and camping stoves having a sales price of \$50 or less• collapsible camping chairs having a sales price of \$40 or less• and camping lanterns and flashlights having a sales price of \$30 or less
Fishing supplies	<ul style="list-style-type: none">• rods and reels having a sales price of \$75 or less per item if sold individually, or a sales price of \$150 or less if sold as a set• bait or fishing tackle having a sales price of \$5 or less per item if sold individually, or \$10 or less if multiple items are sold together.• <i>the term does not include supplies used for commercial fishing purposes</i>
General outdoor supplies	<ul style="list-style-type: none">• sunscreen or insect repellant having a sales price of \$15 or less• sunglasses and binoculars having a sales price of \$75 or less• water bottles having a sales price of \$30 or less• hydration packs having a sales price of \$50 or less

Section 2: Description of Data and Sources

- Florida Economic Estimating Conference, March 2021.
- Florida Demographic Estimating Conference, March 2021.
- IBISWorld reports
- US Bureau of Labor Statistics, Consumer Expenditures Survey, Average annual expenditures and characteristics, Table 1800, 2019.
- US Bureau of Labor Statistics, Consumer Expenditures Survey, Annual expenditure means and characteristics, Florida: Quintiles of income before taxes, 2017-2018.
- US Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Holiday – Recreation

Bill Number(s): [PCB WMC 21-01](#)

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis was split into two components, each using a separate methodology. The first methodology was used to estimate the sales and use tax impact on ticket sales and gym memberships. This methodology relied on IBISWorld Industry Reports to estimate the amount of ticket and membership revenue generated by the qualified industries in Florida. Next, the analysis led to an estimate of the portion of annual ticket and membership revenue that will be purchased during the sales tax holiday. Underlying the analysis is an expectation that the tax holiday will shift ticket and gym membership sales from later periods into the qualified week. Finally, the numbers were checked against sales tax collection data for Kind Code 59 for reasonableness.

The estimates for retail sales for boating and water activities, camping supplies, fishing supplies, and partially for outdoor supplies used average annual expenditures by consumer unit by category from the Consumer Expenditures Survey for the United States and applied their respective shares of total expenditures to Florida average annual expenditures for calendar years 2017-2018. The expenditures were grown by Florida personal income growth to 2021. The estimate for outdoor supplies used IBISWorld reports for US market size for sunscreen, insect repellent, and sunglasses. Other sports equipment expenditures from the Consumer Expenditures Survey were used as an estimate for spending on water bottles, hydration packs, and binoculars.

The estimate for sales tax on State Park entrance fees was based on FY 2018-19 annual pass and day pass fees (FY 2019-20 had atypical collections due to the pandemic) and assumptions made on the number of months' worth of annual passes and number of weeks' worth of single-day passes that would be sold during the tax exemption period.

Section 4: Proposed Fiscal Impact

Admissions...

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$76.0)		(\$41.8)		(\$17.1)	
2022-23						
2023-24						
2024-25						
2025-26						

List of affected Trust Funds: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted the low for movie theaters and state parks, the middle for fitness clubs and a modified middle for concerts and live sports. For outdoor expenditures the Conference adopted a modified low.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(33.7)	0.0	(Insignificant)	0.0	(1.1)	0.0	(3.2)	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
2025-26	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
2021-22	(5.8)	0.0	(10.1)	0.0	(43.8)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I	J	K	L	
1	Proposed Language - Recreation Sales Tax Holiday - Retail Sales Tax Exemption												
2	1 week, July 1 - 7, 2021												
3	ADMISSIONS												
4													
5													
6							LOW	MIDDLE	HIGH				
7	Industry	Total Industry Revenue (2021)	US Ticket Revenue (Est.)	Florida Ticket Revenue (Est.)			Number of Weeks Worth of Movie Tickets Sold During the Tax-Exempt Period						
8	Movie Theaters in the US	\$6,256,000,000	\$3,960,048,000	\$194,042,352			2	4	8				
9	Exempt Ticket Revenue:						7,463,167	14,926,335	29,852,670				
10	Expected Sales Tax Impact (6%):						447,790	895,580	1,791,160				
11													
12							Number of Months Worth of Gym Memberships Sold During the Tax-Exempt Period						
13	Gym, Health & Fitness Club:	\$33,971,000,000	\$23,100,280,000	\$1,409,117,080			1	3	6				
14	Exempt Membership Revenue:						117,426,423	352,279,270	704,558,540				
15	Expected Sales Tax Impact (6%):						7,045,585	21,136,756	42,273,512				
16													
17													
18							Number of Months Worth of Concert Tickets Sold During the Tax-Exempt Period						
19	Concert & Event Promotion	\$17,056,000,000	\$5,082,688,000	\$376,118,912			1	1.5	3				
20	Exempt Ticket Revenue:						31,343,243	47,014,864	94,029,728				
21	Expected Sales Tax Impact (6%):						1,880,595	2,820,892	5,641,784				
22													
23													
24							Number of Months Worth of Sporting Event Tickets Sold During the Tax-Exempt Period						
25	Live Sports Industry	\$44,974,000,000	\$11,636,352,000	\$1,425,432,624			1	1.75	3				
26	Exempt Ticket Revenue:						118,786,052	207,875,591	356,358,156				
27	Expected Sales Tax Impact (6%):						7,127,163	12,472,535	21,381,489				
28													
29													
30	Government	Total Individual and Family Annual Pass Revenue (FY18-19)	Total Daily Entrance Pass Revenue (FY18-19)			Number of Months Worth of Annual Passes Sold During the Tax-Exempt Period						Number of Weeks Worth of Single-Day Passes Sold During the Tax-Exempt Period	
31	Florida Parks	4,306,865	25,241,198			1	2	3	2		4	8	
32	Exempt Pass Revenue:						358,905	717,811	1,076,716	970,815	1,941,631	3,883,261	
33	Source: State Park Trust Fund	Expected Sales Tax Impact (6%):				21,534	43,069	64,603	58,249	116,498	232,996		
34													
35													
36	ANNUAL REVENUE (5 sectors)												
37	Implied Annual Sales Tax (5 Sectors)												
38	CY 2019 Kind Code 59 Collections												
39	CY 2020 Kind Code 59 Collections												
40													
41													
42	Total Sales Tax Impact	LOW	MIDDLE	HIGH									
43	FY2021-22	\$16,580,916	\$36,957,757	\$71,385,544									
44	FY2022-23	\$0	\$0	\$0									
45	FY2023-24	\$0	\$0	\$0									
46	FY2025-26	\$0	\$0	\$0									
47	FY2026-27	\$0	\$0	\$0									
48	Implied Share of Annual Sale	8.0%	17.9%	34.6%									
49	Implied Share of CY 2019 KC	1.6%	3.5%	6.7%									
50	Implied Share of CY 2020 KC	2.7%	6.0%	11.5%									

	A	B	C	D	E	F	
3	Proposed Language - Recreation Sales Tax Holiday - Retail Sales Tax Exemption						
4	1 week, July 1 - 7, 2021						
5	SUMMARY						
6							
7	<u>Annual expenditures (millions of \$)</u>						
8	Boating and water activity supplies	\$	44.4				
9	Camping supplies	\$	227.9				
10	Fishing supplies	\$	293.0				
11	General outdoor supplies	\$	262.2				
12	Florida Expenditures	\$	827.6				
13	% of Category that falls below price cap						
14	% of Category that falls below price cap		Low	Middle	High	Adopted	
15	Boating and water activity supplies	\$	44.4	25%	40%	50%	25%
16	Camping supplies	\$	227.9	30%	40%	50%	30%
17	Fishing supplies	\$	293.0	25%	30%	60%	25%
18	General outdoor supplies	\$	262.2	30%	60%	70%	30%
19	Florida Expenditures	\$	827.6				
20							
21							
22	Annual expenditures (millions of \$)		Low	Middle	High	Adopted	
23	Boating and water activity supplies	\$	44.4	11.11	17.77	22.22	11.11
24	Camping supplies	\$	227.9	68.38	91.18	113.97	68.38
25	Fishing supplies	\$	293.0	73.26	87.91	175.82	73.26
26	General outdoor supplies	\$	262.2	78.66	157.32	183.54	78.66
27	Florida Expenditures	\$	827.6	\$ 231.4	\$ 354.2	\$ 495.5	\$ 231.4
28							
29							
30	<u>Weekly expenditures (millions of \$)</u>						
31	Weekly Expenditures		Low	Middle	High	Adopted	
32	Boating and water activity supplies	\$ 0.9	\$ 0.21	\$ 0.34	\$ 0.43	\$ 0.21	
33	Camping supplies	\$ 4.4	\$ 1.32	\$ 1.75	\$ 2.19	\$ 1.32	
34	Fishing supplies	\$ 5.6	\$ 1.41	\$ 1.69	\$ 3.38	\$ 1.41	
35	General outdoor supplies	\$ 5.0	\$ 1.51	\$ 3.03	\$ 3.53	\$ 1.51	
36	Florida Expenditures	\$ 15.9	\$ 4.5	\$ 6.8	\$ 9.5	\$ 4.5	
37							
38							
39	<u>Spending Behavior</u>	July 2021 Purchases	Low	Middle	High	Adopted	
40	# weeks		2	4	8	4	
41	Boating and water activity supplies	\$	0.4	\$ 1.4	\$ 3.4	\$ 0.9	
42	Camping supplies	\$	2.6	\$ 7.0	\$ 17.5	\$ 5.3	
43	Fishing supplies	\$	2.8	\$ 6.8	\$ 27.0	\$ 5.6	
44	General outdoor supplies	\$	3.0	\$ 12.1	\$ 28.2	\$ 6.1	
45	Florida Expenditures	\$	8.9	\$ 27.2	\$ 76.2	\$ 17.8	
46							
47							
48	Sales Tax at 6%		\$ 0.5	\$ 1.6	\$ 4.6	\$ 1.1	

	A	B	C	D	E	F	G	H	I
1	Proposed Language - Recreation Sales Tax Holiday - Retail Sales Tax Exemption								
2	1 week, July 1 - 7, 2021								
3	Outdoor items								
4									
5	Florida share of US population								
6									
7	July 1, 2020 Population								
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	A	B	C	D	E	F	G	H	I	J	K
1	Proposed Language - Recreation Sales Tax Holiday - Retail Sales Tax Exemption										
2	1 week, July 1 - 7, 2021										
3	Camping, boating, fishing, water sports, and other sports equipment										
4											
5	Consumer Expenditures by Category						Estimates				
6		2019	2019	CYs 2017-18			FL population growth, FY ending				
7											
8		United States	South	Florida	FTE Visitors (converted to CUs)		2018	2019	2020	2021	
9	Number of Consumer Units	132,242,000	50,977,000	8,831,200	697,260		1.7	1.8	1.8	1.6	
10	Average number in consumer unit:	2.5	2.4	2.4		FL Pers. Income grc	7.2	5.3	5.1	4.9	
11	Income after taxes per Consumer Unit (\$)	71,487	68,669	66,955							
12	Average annual expenditures per Consumer Unit (\$)	63,036	58,622	53,892							
13											
14	Average annual expenditures per Consumer Unit (Household)										
15											
16	Camping equipment	18.17	20.93	19.24			183,339,695	196,460,897	206,871,840	217,386,256	227,948,651
17	% of average annual expenditures	0.03%	0.04%	0.04%							
18											
19	Hunting and fishing equipment	37.64	55.8	51.30			488,789,057	523,770,571	551,526,454	579,558,199	607,717,856
20	% of average annual expenditures	0.06%	0.10%	0.10%							
21	Fishing only (share from FW survey)						235,682,878.52	252,550,163	265,933,413	279,449,678	293,027,619
22											
23											
24	Water sports equipment	8.59	4.08	3.75			35,739,415	38,297,203	40,326,665	42,376,298	44,435,284
25	% of average annual expenditures	0.01%	0.01%	0.01%							
26											
27											
28	Other sports equipment	6.86	6.19	5.69			54,222,299	58,102,864	61,181,877	64,291,492	67,415,296
29	% of average annual expenditures	0.01%	0.01%	0.01%							
30											
31	Source: US Bureau of Labor Statistics, Table 1800. Region of residence: Average annual expenditures and characteristics, Consumer Expenditure Survey, 2019.										

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax and Sales and Use Tax

Issue: Capital Investment Tax Credit for Intellectual Property

Bill Number(s): CS/CS/SB1390

☐ **Entire Bill**

☒ **Partial Bill:** Section 2

Sponsor(s): Senator Gruters

Month/Year Impact Begins: July 1, 2021

Date of Analysis: April 15, 2021

Section 1: Narrative

a. Current Law: The Capital Investment Tax Credit (CITC) is a credit against corporate income or insurance premium tax, for up to 20 years of a qualifying project. Qualifying project includes one or more of the following criteria:

- New or expanding facility which creates at least 100 new jobs in the state and is in a high-impact sector (aviation, automotive, aerospace and silicon) (high impact waived for Disproportionally Affected Counties).
- New or expanded facility in a target industry that creates at least 1,000 jobs in the state or which 100 are new and pay at least 130 percent average private wage AND make a cumulative capital investment of at least \$100 million.
- New or expanded headquarters located in an enterprise zone and brownfield area and creates at least 1,500 jobs which pay at least 200 percent of average private wage AND make a cumulative capital investment of at least \$250 million.

Eligible capital costs (excludes cost of any property previously owned or leased by the qualifying business):

- Acquisition, construction, installation, equipping and development and development of a qualifying project including obligations for labor, contractors and builders.
- Cost of acquiring land or rights to land.
- Costs of architectural and engineering services.
- Costs of installation of fixtures and equipment; surveys, site test and inspections, and various site work.

Credits:

5% of eligible capital costs generated by qualifying project beginning at commencement, not exceeding 20 years against the business's corporate income tax (CIT) or insurance premium tax (IPT) liability, up to 100% of the eligible capital costs.

- 100% for qualifying project with cumulative capital investment of at least \$100 million.
- 75% for qualifying project with cumulative capital investment of at least \$50 million but less than \$100 million.
- 50% for qualifying project with cumulative capital investment of at least \$25 million but less than \$50 million.

Since the CITC program's inception, fifty-six projects have applied, been approved, and are active CITC projects. Of the 56 projects, 22 have confirmed capital investment of at least the \$25 million threshold, with a total confirmed capital investment over the life of the program of over \$4.1 billion. According to the FY 2019-20 report, there were 16 projects expected to have been able to utilize the credit within the review period based on potential job and capital investment milestones. Only twelve of the sixteen businesses had taken the credit since its inception. Of the over \$1.84 billion in potential credits that could have been taken by qualifying businesses to date, only \$269,074,090 has been taken, or 14.6 percent of the total potential. That is, there are still approximately \$1.57 billion in outstanding credits that could be claimed in future years

The Florida Entertainment Industry Financial Incentive Program began July 1, 2010, and expired June 30, 2016. The program offered tax credits for qualified expenditures related to film and digital media production (motion pictures, commercials, music videos, industrial or educational films, infomercials, documentary films, television series, and digital media projects) in Florida. The program was administered by the Office of Film and Entertainment (OFE). The program was allocated \$296 million in credits over its entire existence, which could be taken against sales and use tax or corporate income tax. Qualified expenditures included production expenditures for goods or services purchased or leased from Florida vendors and salary and wages paid to Florida residents (up to a maximum of \$400,000). Eligible production goods and services included:

- Sound stages, back lots, production editing, digital effects, sound recordings, sets, and set construction;
- Entertainment-related rental equipment, including cameras and grip or electrical equipment;
- Newly purchased computer software and hardware, up to \$300,000; and
- Meals, travel, and accommodations.

Up to 30% of the qualified purchases were eligible for a tax credit. The credits were allocated on first-come, first-serve basis.

b. Proposed Change: Allows projects that create intellectual property to qualify for the Capital Investment Tax Credit (CITC).

"Intellectual property" means a copyrightable project for which the eligible capital costs are principally paid directly or indirectly for the creation of the project. The term "copyrightable project" includes, but is not limited to:

- A copyrightable software or multimedia application and its expansion content made available to an end user;
- Internal development platforms that support the production of multiple applications:

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax and Sales and Use Tax

Issue: Capital Investment Tax Credit for Intellectual Property

Bill Number(s): CS/CS/SB1390

- Cloud-based services that support the functionality of multiple applications; and
- Copyrightable projects which include digital visualization and sound synchronization technologies

For intellectual property projects, the eligible capital costs means all expenses incurred in connection with a qualifying project for the development or creation of intellectual property during the period from the start date to the completion of the project. It includes wages, salaries, employer-paid taxes and benefits or other compensation paid to legal residents of Florida, including amounts paid to a loan-out company, employee leasing company or a payroll service company and the direct productions costs paid to any business authorized to do business in Florida.

The annual average wage of project jobs must be at least 150 percent of the average private sector wage in the area. For intellectual property projects, the qualifying project may be made up of one or more projects with different start and completion dates.

Also creates a strategic priority project that means a qualifying project (creates intellectual property with an annual average wage of at least 150% of average private sector wage) that demonstrates the potential for value to the state such as marketing the state improved infrastructure and technology skills.

A credit against corporate income tax and/or sales and use tax will be granted when the cumulative capital investment for multiple projects total 1.) at least \$50 million per year over three years, 2.) \$150 million cumulatively over three years or 3.) the aggregate of \$500 million over a three year period.

The amount of the tax credit for 1 and 2 is equal to 20 percent of a qualified project's eligible capital costs. For 3, the tax credit must be granted in an amount equal to 26% of 1.) eligible wages, salaries, employer paid taxes and benefits or other compensation paid to any individual including through an employee leasing company and 2.) direct production costs paid to any business, regardless of location, generated by the qualifying project. Direct production costs means direct expenses related to the preproduction, development or filming and postproduction of intellectual property. Does not include marketing and distribution.

Creates an annual credit against sales and corporate income tax or a combination of the two that incurs production infrastructure costs in Florida that exceed \$100 million over, at most, ten years. The sum of all tax credits may not exceed 100% of eligible production infrastructure costs of the project. Any unused credits can be used after the 10th year after the commencement of operations of the project and ending the 20th year. Production infrastructure costs are costs of property intended to be used for the development of multiple intellectual property projects. Includes buildings, facilities, studios, soundstages, ancillary machinery and equipment used to develop intellectual property, affixed or not. Doesn't include direct productions costs related to a specific intellectual property project.

Creates a credit against sales and corporate or a combination of the two to a qualifying business that establishes a strategic priority project as defined in (1)(i) for which eligible capital costs are at least \$75 million. Tax credit must be equal to 20% of the eligible capital costs generated by the qualifying project. Must be transferred within a year and can only be taken in the year received.

Section 2: Description of Data and Sources

USASpending.com (Federal Contracts)

Average salary from BLS 2019

Film data from OFE for Film Tax Credit

Return on Investment for Select State Economic Development Incentive Programs 2020 Report EDR

Section 3: Methodology (Include Assumptions and Attach Details)

Bill expands the time frame that is used to calculate the cumulative capital investment and eligible capital costs in connection with all CITC projects, not just intellectual property projects. This expansion could lead to additional costs before the construction of the project commences or after the commencement of operations and could have a negative impact. Can projects that have started before the effective date qualify? Would theme park expansions qualify?

The Department of Revenue bill analysis addresses additional implementation issues:

- Unclear if all projects of "one or more" projects must pay 150% of the average wage.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax and Sales and Use Tax

Issue: Capital Investment Tax Credit for Intellectual Property

Bill Number(s): CS/CS/SB1390

- If eligible costs of \$50 million for one or more projects per year for 3 years is for one whole qualifying project of all qualifying projects.
- Unclear how credit would be calculated and when it would be calculated for different multiple projects with different start dates
- If a business has more than one qualifying project, is business allowed to claim a credit for each qualifying project? Can a business with two qualifying projects claim 40%?
- How do you measure “value to the state” and who measures it?
- It’s unclear if the sum of the tax credits granted is equal to 20% of eligible capital costs and how long the credit can be granted.
- Section 220.191(1)(c)2.e. (Lines 73-80): Language does not specify if the wages and salaries included are limited to wages and salaries of the project jobs.

The analysis assumes that the new credits can be taken as such:

Type	Paragraph	Project Cost	Time-period	Years	Credit for Capital Costs
Intellectual Property Investment	1(a)	\$50,000,000	per year (consecutive)	3	20%
s. 220.191(3)	1(b)	\$150,000,000	aggregate	3	20%
	1(c)	\$500,000,000	aggregate	3	26%
Production Infrastructure Costs					
s. 220.191(4)	n/a	\$100,000,000	total cost from start	up to 10	annual credit up to 100%
Strategic Priority Projects					
s. 220.191(5)	(a)	\$75,000,000	n/a	n/a	20%

Granted Against: Corporate income, sales, or combination of the two

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			0	(\$1,187.4)		
2022-23			(\$296.8)	(\$1,187.4)		
2023-24			(\$593.7)	(\$1,187.4)		
2024-25			(\$1,187.4)	(\$1,187.4)		
2025-26			(\$1,187.4)	(\$1,187.4)		

List of affected Trust Funds: State Taxes under 212 and Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted the proposed estimate with half granted against corporate income tax and half against sales and use tax.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	(1,119.3)	0.0	(Insignificant)	0.0	(17.7)	0.0	(50.4)
2022-23	(262.7)	(1,119.3)	(Insignificant)	(Insignificant)	(8.8)	(17.7)	(25.2)	(50.4)
2023-24	(559.6)	(1,119.3)	(Insignificant)	(Insignificant)	(8.8)	(17.7)	(25.2)	(50.4)
2024-25	(1,119.3)	(1,119.3)	(Insignificant)	(Insignificant)	(17.7)	(17.7)	(50.4)	(50.4)
2025-26	(1,119.3)	(1,119.3)	(Insignificant)	(Insignificant)	(17.7)	(17.7)	(50.4)	(50.4)

REVENUE ESTIMATING CONFERENCE**Tax:** Corporate Income Tax and Sales and Use Tax**Issue:** Capital Investment Tax Credit for Intellectual Property**Bill Number(s):** CS/CS/SB1390

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	(89.9)	0.0	(158.0)	0.0	(1,277.3)
2022-23	(44.9)	(89.9)	(79.0)	(158.0)	(341.7)	(1,277.3)
2023-24	(44.9)	(89.9)	(79.0)	(158.0)	(638.6)	(1,277.3)
2024-25	(89.9)	(89.9)	(158.0)	(158.0)	(1,277.3)	(1,277.3)
2025-26	(89.9)	(89.9)	(158.0)	(158.0)	(1,277.3)	(1,277.3)

Federal Contracts Assumptions
Federal Contracts to Florida Businesses
Federal Fiscal Years 2016-17 through 2019-20
Source: USASpending.gov

Assume all wages meet threshold.

	NAICS
Custom Computer Programming Services	541511
Motion Picture And Video Production	512110

Excluded equipment repair/maintenance support, Administrative, etc.

Total of Potential Total Value of Award of Contracts over \$150 million for three years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Average</u>
Total Value of Contracts	\$ 2,368,127,379	\$ 4,525,285,541	\$ 11,335,257,986	\$ 682,988,810	\$ 4,727,914,929
Number of businesses	9	12	10	8	9.75
Average Value per Contract	\$ 263,125,264	\$ 377,107,128	\$ 1,133,525,799	\$ 85,373,601	\$ 484,914,352

Number of contracts that exceed \$500,000,000

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Average</u>
Total Value of Contracts	\$ 1,984,821,096	\$ 3,423,543,114	\$ 10,694,718,839	\$ 14,793,496	\$ 4,029,469,136
Number of businesses	2	5	4	3	3.50
Average Value per Contract	\$ 992,410,548	\$ 684,708,623	\$ 2,673,679,710	\$ 4,931,165	\$ 1,151,276,896

Number of contracts that are \$150,000,000 but less than \$500,000,000

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Average</u>
Total Value of Contracts	\$ 383,306,283	\$ 1,101,742,426	\$ 640,539,147	\$ 668,195,314	\$ 698,445,793
Number of businesses	7	7	6	5	6.25
Average Value per Contract	\$ 54,758,040	\$ 157,391,775	\$ 106,756,525	\$ 133,639,063	\$ 111,751,327

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Average</u>
Credits for \$500+ mil Contracts	\$ 516,053,485	\$ 890,121,210	\$ 2,780,626,898	\$ 3,846,309	\$ 1,047,661,975
Credits for \$150 mil to \$500 mil Contracts	\$ 76,661,257	\$ 220,348,485	\$ 128,107,829	\$ 133,639,063	\$ 139,689,159
Total Credits	\$ 592,714,741	\$ 1,110,469,695	\$ 2,908,734,727	\$ 137,485,372	\$ 1,187,351,134

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/\$1,000 or Less Computers

Bill Number(s): Proposed Language - Governor

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Governor DeSantis

Month/Year Impact Begins: The sales tax holiday will affect July and August 2020 activity and, subsequently, August and September collections.

Date of Analysis: April 16, 2021

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

b. Proposed Change:

Duration: The sales tax holiday is proposed for a 8-day period beginning on Friday, July 31, through Sunday, August 7, 2021.

Clothing: The bill exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax as long as the sales price of the item does not exceed \$60. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, staplers and staples used to secure paper products, protractors, compasses, and calculators.”

Computers: Also exempt are personal computers or personal computer-related accessories purchased for noncommercial home or personal use with a sales price of \$1,000 or less. Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals that are designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The bill allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the legislation. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a conspicuous location at the place of business.

Section 2: Description of Data and Sources

- Impact for SB 598, 10-Day Sales Tax Holiday, Revenue Estimating Impact Conference, 2/26/2021, <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/pdf/page67-73.pdf>
- Clothing and Shoes expenditures forecast, February 2021 National Economic Estimating Conference.
- Consumer Computer expenditures forecast, February 2021 National Economic Estimating Conference.
- U.S. Population (total and 65+), 3rd Quarter estimates, February 2021 National Economic Estimating Conference.
- Florida Population (total and 65+), 3rd Quarter estimates, November 2020 Demographic Estimating Conference.
- Estimates of Florida public school enrollment, April 2021 K-12 Enrollment Estimating Conference.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/\$1,000 or Less Computers

Bill Number(s): Proposed Language - Governor

- Estimates of Florida private school enrollment, Private School Annual Report 2019-2020 (Florida Department of Education). Available at <http://www.fldoe.org/schools/school-choice/private-schools/annual-reports.stml>. Last accessed 2/19/2021.
- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at www.nces.ed.gov/ipeds. Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the EASE or ABLE tuition assistance programs. Last accessed 2/24/2021.
- Tax collections by kind code, FY 2019-20, Form 10, Florida Department of Revenue.
- Department of Revenue. 2020 Back-to-School Sales Tax Holiday Tax Information Publication (TIP). Available at: https://revenue.law.floridarevenue.com/LawLibrary/Documents/2020/06/TIP-123084_TIP_20A01-04_FINAL_RLL.pdf. Last accessed 2/24/2021.

Section 3: Methodology (Include Assumptions and Attach Details)

NOTE: While the methodology below remains the same as in prior Back-to-School Sales Tax Holidays, the estimates below are updated with data from new Revenue Estimating Conferences, particularly the PreK-12 Enrollment Conference, the Florida Demographic Estimating Conference, and the Florida Economic Estimating Conference and others as data were available. Impacts in this analysis are not directly comparable to prior estimates that may use conference data from prior vintages.

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount and assume that 71% of the expenditures would be under the \$60 limit. For backpacks, it is assumed that 20% of students would purchase a backpack, and each backpack is assumed to cost \$25. Both the 71% and 20% assumptions are then decreased by 2.5 percentage points to reflect the dealer opt out provision. Using the base 10-day matrix (which is derived from a matrix developed to estimate the impact for a prior hurricane sales tax holiday) to spread expenditures levels by each day of the forecast period, the level of spending for a 8-day holiday is derived (=84% of the 10-day total). The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

School Supplies: For school supplies (including staplers), an amount of expenditures is assumed per student, by grade level, for 10 days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, public technical colleges/career centers, and private colleges/universities. The estimated total expenditure by students is increased for advantage business spending. It is assumed that 75% of expenditures would be under the \$15 limit. The 75% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of the calendar year (=23.6%) and for the percentage of total expenditures assumed to be exempt (=54%). The 54% assumption is then decreased by 2.5 percentage points to reflect the dealer opt out provision. It is assumed that 30% of third quarter purchases would be made during the 3-day holiday period. The 84% factor is applied to the sales tax portion of 10 days of spending to estimate the impact for the 8-day holiday.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for FY 2021-22 only.

2020-21	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Clothing/Shoes/Backpacks			(34.2 M)			
School Supplies			(7.3 M)			
Computers			(7.5 M)			
Total			(49.0 M)			

List of affected Trust Funds: Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 8 Days, \$60 Clothing/\$15 Supplies/\$1,000 or Less Computers

Bill Number(s): Proposed Language - Governor

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(43.4)	0.0	(Insignificant)	0.0	(1.5)	0.0	(4.2)	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
2025-26	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
2021-22	(7.4)	0.0	(13.0)	0.0	(56.4)	0.0
2022-23	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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

Proposed Language
Sales Tax Holiday - Clothing, School Supplies, Computers

8 Days, July 31 - August 7, 2021

(NONRECURRING)

		2021-22	
Expenditure Type		PROPOSED	
1	Clothing & Shoes - \$60 or Less	\$ (34.2)	
2	School Supplies - \$15 or Less	\$ (7.3)	
3	Personal Computers and Related Accessories - \$1,000 or Less	\$ (7.5)	
4	Total Impact	\$ (49.0)	

**Estimates in millions of dollars*

Proposed Language
SALES TAX HOLIDAY - CLOTHING

8 Days, July 31 - August 7, 2021
\$60 Limit

2021-22	<u>Proposed</u>
1 National Personal Expenditure on Clothing and Shoes	406,418.3
2 Florida Share based on Population Forecast	27,137.1
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	25,988.4
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	23,389.5
5 Sales Tax at 6%	1,403.4
6 Exempted Amount (68.5% = 71% minus 2.5 dealer opt out)	961.3
Assumption (=71% - 71% - 66% minus opt out)	0.6850
7 Preliminary 10-day Fiscal Impact in Florida	(26.3)
8 Seasonal Factor set to 1 (no seasonal factor)	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(39.5)
11 Backpacks (17.5% = 20% minus 2.5 dealer opt out x \$25/backpack)	(1.2)
12 Total Impact 8 Day (84% Adjustment)	(\$34.2)

Proposed Language

SALES TAX HOLIDAY - SCHOOL SUPPLIES (Incl Staplers, Flash Drives)

8 Days, July 31 - August 7, 2021

\$15 Limit

2021-22

Row	Grade Level	Expenditures per Student	Number of Students	Total Expenditures
1	PreK	20.00	69,518	1.4
2	KG	20.00	256,393	5.1
3	1	20.00	230,764	4.6
4	2	20.00	239,598	4.8
5	3	25.00	248,106	6.2
6	4	27.00	232,547	6.3
7	5	27.00	253,018	6.8
8	6	32.00	247,808	7.9
9	7	32.00	254,986	8.2
10	8	32.00	262,703	8.4
11	9	35.00	263,557	9.2
12	10	35.00	255,747	9.0
13	11	35.00	237,323	8.3
14	12	35.00	226,120	7.9
15	Total PK-12		3,278,187	94.1
16	Total HigherEd	36.00	1,142,503	41.1
17	Total All Students		4,420,690	135.3
18	Advantage Buying by Business, General Public			
19	25% Factor + 10% for Expanded List			47.3
20	School Supplies		<u>Proposed</u>	
21	Total Sales Tax for 10 Days (72.5% = 75% minus 2.5 dealer opt out)		(8.7)	
	Assumption (85% - 75% - 65% minus opt out)		0.725	
22	Total Impact 8 Day (84% Adjustment)		(\$7.3)	

Proposed Language
SALES TAX HOLIDAY - COMPUTERS

8 Days, July 31 - August 7, 2021
\$1,000 or Less

2021-22		<u>Proposed</u>
1	National Consumer Expenditures on Computers	68,770.4
2	Florida Share based on Population Forecast	4,591.9
3	Florida Expenditures on Computers (adjusted for 65+)	4,397.5
4	Estimated Florida-based Sales of Computers (7% e-commerce adj.)	4,089.7
5	Annual Sales Tax at 6%	245.4
6	CY Q1 Estimate (29.9%)	73.3
7	CY Q1 Estimate (17.5%)	43.1
8	CY Q1 Estimate (23.6%)	57.9
9	CY Q1 Estimate (29%)	71.2
10	Exempted Amount (51.5% = 54% minus 2.5 dealer opt out)	29.8
	Assumption (64% - 54% - 54% minus opt out)	0.515
11	Q3 Purchases Made During 10-Day Holiday (30%)	8.9
	Assumption (55% - 30% - 25%)	0.30
12	Total Impact 8 Day (84% Adjustment)	(\$7.5)

REVENUE ESTIMATING CONFERENCE - DRAFT

Tax: Sales Tax

Issue: Leased Vehicles

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

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): NA

Month/Year Impact Begins: 07/01/2021

Date of Analysis: 04/16/2021

Section 1: Narrative

a. Current Law: Section 1. Paragraph (c) of subsection (1) of section 212.05, Florida Statutes reads:

3. The tax imposed by this chapter does not apply to the lease or rental of a commercial motor vehicle as defined in s. 316.003(13)(a) to one lessee or rentee, for a period of not less than 12 months when tax was paid on the purchase price of such vehicle by the lessor. To the extent tax was paid with respect to the purchase of such vehicle in another state, territory of the United States, or the District of Columbia, the Florida tax payable shall be reduced in accordance with the provisions of s. 212.06(7). This subparagraph shall only be available when the lease or rental of such property is an established business or part of an established business or the same is incidental or germane to such business. (d) At the rate of 6 percent of the lease or rental price paid by a lessee or rentee, or contracted or agreed to be paid by a lessee or rentee, to the owner of the tangible personal property.

b. Proposed Change: Section 1. Paragraph (c) of subsection (1) of section 212.05, Florida Statutes, is amended to read:

3. The tax imposed by this chapter does not apply to the lease or rental of a commercial motor vehicle as defined in s. 316.003(13)(a) to one lessee or rentee, or of a motor vehicle as defined in s. 316.003(44) which is to be used primarily in the trade or established business of the lessee or rentee, for a period of not less than 12 months when tax was paid on the purchase price of such vehicle by the lessor. To the extent tax was paid with respect to the purchase of such vehicle in another state, territory of the United States, or the District of Columbia, the Florida tax payable shall be reduced in accordance with the provisions of s. 212.06(7). This subparagraph shall only be available when the lease or rental of such property is an established business or part of an established business or the same is incidental or germane to such business.

Section 2: Description of Data and Sources

March 2021 Highway Safety REC and Conference History

Phone and email contact with DHSMV staff

Section 3: Methodology (Include Assumptions and Attach Details)

The Department of Highway Safety provided the number of vehicles currently titled with a use code of "long term lease" or "lease" with an active registration. Based upon the fiscal year 2019-20 percentage share of registrations under 10,000 pounds, it is assumed that 86.39% of leased vehicles are under 10,000 pounds. This number was grown by the \$1 title security fee growth rates from the most recent Highway Safety REC. The percentage of new titles, as represented by \$1 title security fee forecasted transactions, was divided by active registrations, calculated by added annual and biennial forecasted transactions for the STTF registration surcharge. The result is assumed new leased vehicles under 10,000 pounds ranging from 442,840 in FY 2020-21 to 473,831 in FY 2025-26.

High, middle, and low impacts were created by using different assumptions for purchase price, profit/interest rate, length of term, depreciation expense, and residual value. The three scenarios were applied to different shares of the new leases under 10,000 pounds. It is not possible to determine, definitively, the exact size of the expected pool of participants. Interested parties have suggested that this optional language would make business sense for less than 5,000 vehicles per year. One percent of the new leases under 10,000 pounds creates a potential pool of participant vehicles of 4,428 for the first year. The middle estimate uses two percent and the high estimate uses three percent. The scenarios are very sensitive in respect to the length of the lease and interest rate. The low impact uses a term length at the inflection point where taxes paid under the lease are more than the taxes paid on the purchase price. Ultimately, this new treatment is optional under the proposed language.

The effective date of the proposed language is July 1, 2021. The first-year cash value equal to eleven months of the recurring impact. The proposed changes have a ramp up period in all scenarios, and, for this reason, the recurring impact is set to the seventh-year recurring value as calculated in the attached spreadsheet.

This estimate assumes that the current law restriction of one lessee or rentee for a period of not less than 12 months applies to the newly included motor vehicles.

REVENUE ESTIMATING CONFERENCE - DRAFT

Tax: Sales Tax

Issue: Leased Vehicles

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

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$29.44 M	\$(5.62 M)	\$19.67 M	\$(1.90 M)	\$9.86 M	\$0.16 M
2022-23	\$23.01 M	\$(5.62 M)	\$15.43 M	\$(1.90 M)	\$7.76 M	\$0.16 M
2023-24	\$16.19 M	\$(5.62 M)	\$10.92 M	\$(1.90 M)	\$5.53 M	\$0.16 M
2024-25	\$9.18 M	\$(5.62 M)	\$6.30 M	\$(1.90 M)	\$3.24 M	\$0.16 M
2025-26	\$2.35 M	\$(5.62 M)	\$1.79 M	\$(1.90 M)	\$1.01 M	\$0.16 M

List of affected Trust Funds: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted an adjusted middle impact that assumes 1% of total leased vehicles are impact.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	8.7	(0.8)	Insignificant	(Insignificant)	0.3	(Insignificant)	0.8	(0.1)
2022-23	6.8	(0.8)	Insignificant	(Insignificant)	0.2	(Insignificant)	0.7	(0.1)
2023-24	4.8	(0.8)	Insignificant	(Insignificant)	0.2	(Insignificant)	0.5	(0.1)
2024-25	2.8	(0.8)	Insignificant	(Insignificant)	0.1	(Insignificant)	0.3	(0.1)
2025-26	0.8	(0.8)	Insignificant	(Insignificant)	Insignificant	(Insignificant)	0.1	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	1.5	(0.1)	2.6	(0.2)	11.3	(1.0)
2022-23	1.2	(0.1)	2.1	(0.2)	8.9	(1.0)
2023-24	0.8	(0.1)	1.5	(0.2)	6.3	(1.0)
2024-25	0.5	(0.1)	0.8	(0.2)	3.6	(1.0)
2025-26	0.1	(0.1)	0.2	(0.2)	1.0	(1.0)

	A	B	C	D	E	F	G
1	DRAFT						
2	Florida Leased Vehicles						
3		Titles \$1 Security Fee			Leased Vehicles		
4		Revenue	Growth Rates		Total	Under 10k lbs	New
5	FY 2020-2021	\$ 6.2			1,772,136	1,530,924	442,840
6	FY 2021-2022	\$ 6.3	1.90%		1,805,790	1,559,997	451,495
7	FY 2022-2023	\$ 6.3	1.26%		1,828,558	1,579,667	456,389
8	FY 2023-2024	\$ 6.4	0.87%		1,844,520	1,593,455	459,642
9	FY 2024-2025	\$ 6.5	1.18%		1,866,270	1,612,245	466,430
10	FY 2025-2026	\$ 6.6	1.18%		1,888,277	1,631,257	473,831
11							
12							
13	Heavy Trucks and Passenger Cars Under 10,000 lbs (2019-20 data)						
14	Private Autos	12,405,319					
15	Heavy Trucks	1,501,734					
16	Other Vehicles	2,760,428					
17	Total	16,667,481					
18	Under 10,000 lbs	14,398,809					
19	Percent of Total	86.39%					
20	Note: total does not include For-Hire because no weight data						
21							
22	New Titles % of Active Regs						
23		New Titles (\$1 Security Fee)	STTF Surcharge (FY #)	STTF Surcharge (PY B)	STTF Surcharge (Total)	New Titles % of Active Regs	
24	FY 2020-2021	6,127,035	18,378,188	2,803,313	21,181,500	28.93%	
25	FY 2021-2022	6,243,390	18,737,234	2,834,826	21,572,060	28.94%	
26	FY 2022-2023	6,322,111	18,992,059	2,890,209	21,882,267	28.89%	
27	FY 2023-2024	6,377,297	19,178,862	2,929,515	22,108,377	28.85%	
28	FY 2024-2025	6,452,497	19,345,129	2,958,330	22,303,458	28.93%	
29	FY 2025-2026	6,528,584	19,491,945	2,983,976	22,475,921	29.05%	

	A	B	C	D	E	F	G	H	I	J	K
2	Term	Description									
3	<i>Term</i>	Expected length of Vehicle lease									
4	<i>Residual Value</i>	Value at end of lease less Depreciation									
5	<i>Depreciation expense</i>	Percent of depreciation by lease term									
6	<i>Interest Rate/ fees share</i>	% additional amount of interest and other fees on top of base payment									
7	<i>Monthly Base Payment</i>	Payment without interest (Depreciation Cost)									
8	<i>Monthly Payment with Interest</i>	Payment with interest									
9	<i>Sales Tax on Monthly Payment</i>	6% Sales Tax on monthly payment with interest									
10	<i>Total Sales Tax on Lease</i>	Total Amount of Sales Tax Paid on the Lease									
11											
12		Taxpayer 1	Taxpayer 2	Taxpayer 3							
13	Purchase Price	\$ 45,000	\$ 45,000	\$ 45,000							
14	Sales tax paid on purchase price	\$ 2,700	\$ 2,700	\$ 2,700							
15	Term (months)	72	68	63							
16	Depreciation expense	68%	65%	62%							
17	Residual value	14,400	15,600	17,100							
18	Interest Rate/ fees share	20.0%	20.0%	20.0%							
19	Monthly Base Payments	\$ 331	\$ 432	\$ 443							
20	Monthly Payment w/ Interest	\$ 733	\$ 726	\$ 719							
21	Sales Tax on Monthly Payment	\$ 44.0	\$ 43.6	\$ 43.1							
22	Total Sales Tax on Lease	\$ 3,166	\$ 2,962	\$ 2,717							
23	Tax Paid Difference	\$ (466)	\$ (262)	\$ (17)							
24											
25	Sales Tax Paid on Monthly Lease Payments and at End of Lease					Lease months					
26	FY 2021-22	\$ 484	\$ 479	\$ 474		11	11	11			
27	FY 2022-23	\$ 528	\$ 523	\$ 517		12	12	12			
28	FY 2023-24	\$ 528	\$ 523	\$ 517		12	12	12			
29	FY 2024-25	\$ 528	\$ 523	\$ 517		12	12	12			
30	FY 2025-26	\$ 528	\$ 523	\$ 517		12	12	12			
31	FY 2026-27	\$ 528	\$ 392	\$ 172		12	9	4			
32		\$ 44	\$ -			1					
33						72	68	63			
34											
35											
36	Sales Tax Paid on purchase Price Up-Front and at End of Lease less Refund										
37	FY 2021-22	\$ 2,700	\$ 2,700	\$ 2,700							
38	FY 2022-23	\$ -	\$ -	\$ -							
39	FY 2023-24	\$ -	\$ -	\$ -							
40	FY 2024-25	\$ -	\$ -	\$ -							
41	FY 2025-26	\$ -	\$ -	\$ -							
42											
43	Difference										
44	FY 2021-22	\$ 2,216	\$ 2,221	\$ 2,226							
45	FY 2022-23	\$ (528)	\$ (523)	\$ (517)							
46	FY 2023-24	\$ (528)	\$ (523)	\$ (517)							
47	FY 2024-25	\$ (528)	\$ (523)	\$ (517)							
48	FY 2025-26	\$ (528)	\$ (523)	\$ (517)							
49	FY 2026-27	\$ (528)	\$ (392)	\$ (172)							
50	FY 2027-28	\$ (44)	\$ -	\$ -							
51	Total	\$ (466)	\$ (262)	\$ (17)							

	A	B	C	D	E	F	G	H	I	J	K
52											
53	Potential Impact - High (millions)										
54		Leases Vehicles < 10k lbs	1.0%	FY 22 leases	FY 23 leases	FY 24 leases	FY 25 leases	FY 26 leases	FY 27 leases	FY 28 leases	Total
55	FY 2021-22	442,840	4,428	9.8							9.8
56	FY 2022-23	451,495	4,515	(2.3)	10.0						7.7
57	FY 2023-24	456,389	4,564	(2.3)	(2.4)	10.1					5.4
58	FY 2024-25	459,642	4,596	(2.3)	(2.4)	(2.4)	10.2				3.1
59	FY 2025-26	466,430	4,664	(2.3)	(2.4)	(2.4)	(2.4)	10.3			0.8
60	FY 2026-27	473,831	4,738	(2.3)	(2.4)	(2.4)	(2.4)	(2.5)	10.5		(1.5)
61	FY 2027-28	473,831	4,738	(0.2)	(2.4)	(2.4)	(2.4)	(2.5)	(2.5)	10.5	(1.9)
62	FY 2028-29				(0.2)	(2.4)	(2.4)	(2.5)	(2.5)	(2.5)	
63	FY 2029-30					(0.2)	(2.4)	(2.5)	(2.5)	(2.5)	
64	FY 2030-31						(0.2)	(2.5)	(2.5)	(2.5)	
65	FY 2031-32							(0.2)	(2.5)	(2.5)	
66									(0.2)	(2.5)	
67										(0.2)	
68											
69	Potential Impact - Middle (millions)										
70		Leases Vehicles < 10k lbs	1.0%	FY 22 leases	FY 23 leases	FY 24 leases	FY 25 leases	FY 26 leases	FY 27 leases	FY 28 leases	Total
71	FY 2021-22	442,840	4,428	9.8							9.8
72	FY 2022-23	451,495	4,515	(2.3)	10.0						7.7
73	FY 2023-24	456,389	4,564	(2.3)	(2.4)	10.1					5.5
74	FY 2024-25	459,642	4,596	(2.3)	(2.4)	(2.4)	10.2				3.1
75	FY 2025-26	466,430	4,664	(2.3)	(2.4)	(2.4)	(2.4)	10.4			0.9
76	FY 2026-27	473,831	4,738	(1.7)	(2.4)	(2.4)	(2.4)	(2.4)	10.5		(0.8)
77	FY 2027-28	473,831	4,738		(1.8)	(2.4)	(2.4)	(2.4)	(2.5)	10.5	(0.9)
78	FY 2028-29					(1.8)	(2.4)	(2.4)	(2.5)	(2.5)	
79	FY 2029-30						(1.8)	(2.4)	(2.5)	(2.5)	
80	FY 2030-31							(1.8)	(2.5)	(2.5)	
81	FY 2031-32								(1.9)	(2.5)	
82										(1.9)	
83											
84											
85	Potential Impact - Low (millions)										
86		Leases Vehicles < 10k lbs	1.0%	FY 22 leases	FY 23 leases	FY 24 leases	FY 25 leases	FY 26 leases	FY 27 leases		Total
87	FY 2021-22	442,840	4,428	9.9							9.9
88	FY 2022-23	451,495	4,515	(2.3)	10.0						7.8
89	FY 2023-24	456,389	4,564	(2.3)	(2.3)	10.2					5.5
90	FY 2024-25	459,642	4,596	(2.3)	(2.3)	(2.4)	10.2				3.2
91	FY 2025-26	466,430	4,664	(2.3)	(2.3)	(2.4)	(2.4)	10.4			1.0
92	FY 2026-27	473,831	4,738	(0.8)	(2.3)	(2.4)	(2.4)	(2.4)	10.5		0.3
93	FY 2027-28	473,831	4,738		(0.8)	(2.4)	(2.4)	(2.4)	(2.5)	10.5	0.2
94	FY 2028-29					(0.8)	(2.4)	(2.4)	(2.5)	(2.5)	
95	FY 2029-30						(0.8)	(2.4)	(2.5)	(2.5)	
96	FY 2030-31							(0.8)	(2.5)	(2.5)	
97	FY 2031-32								(0.8)	(2.5)	
98										(0.8)	

	A	B	C	D	E	F	G	H	I	J	K
99											
100		High		Middle		Low					
101		Cash	Recurring	Cash	Recurring	Cash	Recurring				
102	2021-2022	\$ 9.81 M	\$ (1.87 M)	\$ 9.84 M	\$ (0.95 M)	\$ 9.86 M	\$ 0.16 M				
103	2022-2023	\$ 7.67 M	\$ (1.87 M)	\$ 7.71 M	\$ (0.95 M)	\$ 7.76 M	\$ 0.16 M				
104	2023-2024	\$ 5.40 M	\$ (1.87 M)	\$ 5.46 M	\$ (0.95 M)	\$ 5.53 M	\$ 0.16 M				
105	2024-2025	\$ 3.06 M	\$ (1.87 M)	\$ 3.15 M	\$ (0.95 M)	\$ 3.24 M	\$ 0.16 M				
106	2025-2026	\$ 0.78 M	\$ (1.87 M)	\$ 0.90 M	\$ (0.95 M)	\$ 1.01 M	\$ 0.16 M				
107	2026-2027	\$ (1.51 M)		\$ (0.80 M)		\$ 0.29 M					
108	2027-2028	\$ (1.87 M)		\$ (0.95 M)		\$ 0.16 M					

REVENUE ESTIMATING CONFERENCE

Tax: Sales & Use Tax

Issue: Movie Theater Collection Allowance

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: July 1, 2021

Date of Analysis: April 16, 2021

Section 1: Narrative

a. Current Law:

Section F.S. 212.12 (1)(a)1 Notwithstanding any other law and for the purpose of compensating persons granting licenses for and the lessors of real and personal property taxed hereunder, for the purpose of compensating dealers in tangible personal property, for the purpose of compensating dealers providing communication services and taxable services, for the purpose of compensating owners of places where admissions are collected, and for the purpose of compensating remitters of any taxes or fees reported on the same documents utilized for the sales and use tax, as compensation for the keeping of prescribed records, filing timely tax returns, and the proper accounting and remitting of taxes by them, such seller, person, lessor, dealer, owner, and remitter (except dealers who make mail order sales) who files the return required pursuant to s. 212.11 only by electronic means and who pays the amount due on such return only by electronic means shall be allowed 2.5 percent of the amount of the tax due, accounted for, and remitted to the department in the form of a deduction. However, if the amount of the tax due and remitted to the department by electronic means for the reporting period exceeds \$1,200, an allowance is not allowed for all amounts in excess of \$1,200. For purposes of this subparagraph, the term "electronic means" has the same meaning as provided in s. 213.755(2)(c).

Section 212.12 (2)(d)1. A dealer entitled to the collection allowance provided in this section may elect to forego the collection allowance and direct that the amount be transferred into the Educational Enhancement Trust Fund. Such an election must be made with the timely filing of a return and may not be rescinded once made. If a dealer who makes such an election files a delinquent return, underpays the tax, or files an incomplete return, the amount transferred into the Educational Enhancement Trust Fund shall be the amount of the collection allowance remaining after resolution of liability for all of the tax, interest, and penalty due on that return or underpayment of tax. The Department of Education shall distribute the remaining amount from the trust fund to the school districts that have adopted resolutions stating that those funds will be used to ensure that up-to-date technology is purchased for the classrooms in the district and that teachers are trained in the use of that technology. Revenues collected in districts that do not adopt such a resolution shall be equally distributed to districts that have adopted such resolutions.

b. Proposed Change:

Paragraphs (a) and (d) of Section F.S. 212.12 (1)(a)1. Notwithstanding any other law and for the purpose of compensating persons granting licenses for and the lessors of real and personal property taxed hereunder, for the purpose of compensating dealers in tangible personal property, for the purpose of compensating dealers providing communication services and taxable services, for the purpose of compensating owners of places where admissions are collected, and for the purpose of compensating remitters of any taxes or fees reported on the same documents utilized for the sales and use tax, as compensation for the keeping of prescribed records, filing timely tax returns, and the proper accounting and remitting of taxes by them, such seller, person, lessor, dealer, owner, and remitter (except dealers who make mail order sales) who files the return required pursuant to s. 212.11 only by electronic means and who pays the amount due on such return only by electronic means shall be allowed 2.5 percent of the amount of the tax due, accounted for, and remitted to the department in the form of a deduction. However, except as provided in subparagraph (a)2., if the amount of the tax due and remitted to the department by electronic means for the reporting period exceeds \$1,200, an allowance is not allowed for all amounts in excess of \$1,200. For purposes of this subparagraph, the term "electronic means" has the same meaning as provided in s. 213.755(2)(c).

2. The \$1,200 limitation in subparagraph (a)1. does not apply to returns filed by motion picture theaters classified under NAICS codes 512131 and 512132, from July 1, 2021, through June 30, 2023. As used in this subparagraph, the term "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President.

Section 212.12 (2)(d)1. A dealer entitled to the collection allowance provided in this section may elect to forego the collection allowance and direct that the amount be transferred into the Educational Enhancement Trust Fund. Such an election must be made with the timely filing of a return and may not be rescinded once made; provided, however, that for any

REVENUE ESTIMATING CONFERENCE

Tax: Sales & Use Tax

Issue: Movie Theater Collection Allowance

Bill Number(s): Proposed Language

business eligible for an increased collection allowance under subparagraph (a)2., which previously elected to forego the collection allowance under this paragraph, such business can elect to retain the collection allowance allowable under subparagraph (a)2., less the amount that is transferred pursuant to this section. If the business does not retain the increased collection allowance allowable under subparagraph (a)2., the transfer to the Education Enhancement Trust Fund under this paragraph is still limited to the standard transfer amount and is not increased by the additional allowance under subparagraph (a)2. If a dealer If a dealer who makes such an election files a delinquent return, underpays the tax, or files an incomplete return, the amount transferred into the Educational Enhancement Trust Fund shall be the amount of the collection allowance remaining after resolution of liability for all of the tax, interest, and penalty due on that return or underpayment of tax. The Department of Education shall distribute the remaining amount from the trust fund to the school districts that have adopted resolutions stating that those funds will be used to ensure that up-to-date technology is purchased for the classrooms in the district and that teachers are trained in the use of that technology. Revenues collected in districts that do not adopt such a resolution shall be equally distributed to districts that have adopted such resolutions.

Section 2: Description of Data and Sources

General Revenue - Tourism & Rec. Growth Rates from April 6, 2021

DOR Sales and Use Tax Monthly Rolls 2017-2020

DOR Sales Tax Annual Files 2018 & 2019 – NAICS code 722511

Section 3: Methodology (Include Assumptions and Attach Details)

Sales and Use Tax Collection Allowance and Tax Due were obtained from the Department's monthly tax rolls for kind code 87 from the annual file for NAICS code 512131 & 512132 – Motion Picture & Drive-in Picture Theatres respectively. The proportion of those NAICS Code entities in kind code 87 were found in the annual data and applied to the monthly data to approximate the NAICS cohort for the monthly data.

Using the percentage and the monthly totals, the adjusted collection allowance and adjusted tax due were calculated and totaled to find the total adjusted tax due before collection allowance is removed. From the total adjusted tax due, a calculated adjusted collection allowance was found and used to find the difference between the calculated adjusted collection allowance and the original adjusted collection allowance. The difference for 2020 was approximated by taking the proportions for NAICS 512131 & 512132 in Kind code 87 in the annual data and averaging them for 2020, then applied to the 2020 totals

The monthly and the annual differences were averaged to convert to FY in 2018-19 and grown by the Tourism & Rec. Growth rates from the General Revenue Estimating Conference held April 6, 2021. The monthly data's growth begins with FY 2019-2020 as the monthly data was available for use in the analysis.

The High impact uses the grown annual data, the low impact uses the grown monthly data, and the middle impact uses an average of the high and the low.

First year cash is 11/12ths as the limitation removal begins July 1, 2021 and the last year of the impact in cash is at 1/12ths of the final recurring year. The uncapped collection allowance ends June 30, 2023.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$(1.2 M)	\$(1.3 M)	\$(1.0 M)	\$(1.1 M)	\$(0.7 M)	\$(0.8 M)
2022-23	\$(1.5 M)	\$(1.5 M)	\$(1.2 M)	\$(1.2 M)	\$(0.9 M)	\$(0.9 M)
2023-24	\$(0.1 M)	\$(1.6 M)	\$(0.1 M)	\$(1.3 M)	\$(0.1 M)	\$(0.9 M)
2024-25	\$-	\$-	\$-	\$-	\$-	\$-
2025-26	\$-	\$-	\$-	\$-	\$-	\$-

List of affected Trust Funds: General Revenue Fund

REVENUE ESTIMATING CONFERENCE

Tax: Sales & Use Tax

Issue: Movie Theater Collection Allowance

Bill Number(s): Proposed Language

Section 5: Consensus Estimate (Adopted: 04/16/2021): The Conference adopted a revised middle with no recurring. The revised middle uses industry data for movie theatre growth rates.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(0.5)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(0.1)	0.0
2022-23	(0.9)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(0.1)	0.0
2023-24	(0.1)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(Insignificant)	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	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
2021-22	(0.1)	0.0	(0.2)	0.0	(0.7)	0.0
2022-23	(0.1)	0.0	(0.2)	0.0	(1.1)	0.0
2023-24	(Insignificant)	0.0	(Insignificant)	0.0	(0.1)	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I
1									
2		Collection Allowance Tables							
3		Kind Code 87 - Monthly Table							
4		Kind Codes	Coll. Allow.	Tax Due Total	Adj. Coll. Allow	Adj. Tax Due	Total Adj Tax Due	Calc. Adj. Coll. Allow.	Difference
5		2018	\$ 72,809	\$ 54,165,768	\$ 65,934	\$ 49,051,124	\$ 49,117,057	\$ 1,227,926	\$ (1,161,993)
6		2019	\$ 68,215	\$ 51,889,091	\$ 61,689	\$ 46,925,100	\$ 46,986,789	\$ 1,174,670	\$ (1,112,981)
7		2020	\$ 41,911	\$ 16,160,914	\$ 37,928	\$ 14,624,891	\$ 14,662,818	\$ 366,570	\$ (328,643)
8									
9		Kind Code 87 - Annual Data (NAICS 512131 & 512132)							
10		Year	Coll. Allow.	Tax Due Total	Total Tax Due	Calc. Coll. Allow.	Difference		
11		2018	\$ 27,534	\$ 54,515,746	\$ 54,543,281	1,363,582	(1,336,048)		
12		2019	\$ 26,999	\$ 53,791,495	\$ 53,818,494	1,345,462	(1,318,464)		
13									
14		Proportion of Naics 512131 & 512131 in Kind code 87 Annual Data							
15		2018	90.6%						
16		2019	90.4%						
17		2020*	90.5%						
18		*average of 2018 & 2019 %'s							
19									
20		Growth Rates From General Revenue Estimating Conference - April 6, 2021				Revenue	Growth Rates		
21		IBIS Growth Rates Movies			2018-19	18.1365			
22		2019-20	-39.5%		2019-20	10.9735	-39%	2017	17.133
23		2020-21	-52.9%		2020-21	5.165	-53%	2018	18.4
24		2021-22	107.6%		2021-22	10.724	108%	2019	17.873
25		2022-23	44.7%		2022-23	15.514	45%	2020	4.074
26		2023-24	3.1%		2023-24	15.996	3%	2021	6.256
27		2024-25	1.9%		2024-25	16.3065	2%	2022	15.192
28		2025-26	1.8%		2025-26	16.6015	2%	2023	15.836

	A	B	C	D	E	F	G	H	I
29								2024	16.156
30		Converted to FY and grown Tourism & Rec growth Rates						2025	16.457
31		8 - Annual		8 - Monthly				2026	16.746
32		2018-19	(1,327,256)	2018-19	\$ (1,137,487)				
33		2019-20	(803,057)	2019-20	\$ (720,812)				
34		2020-21	(377,982)	2020-21	\$ (339,271)				
35		2021-22	(784,798)	2021-22	\$ (704,423)				
36		2022-23	(1,135,337)	2022-23	\$ (1,019,062)				
37		2023-24	(1,170,611)	2023-24	\$ (1,050,723)				
38		2024-25	(1,193,334)	2024-25	\$ (1,071,118)				
39		2025-26	(1,214,922)	2025-26	\$ (1,090,496)				
40									
41		Impact Window (in \$M)							
42		8 - Annual		8 -Monthly					
43		2021-22	\$ (0.8)	\$ (0.7)					
44		2022-23	\$ (1.1)	\$ (1.0)					
45		2023-24	\$ (1.2)	\$ (1.1)					
46		2024-25	\$ (1.2)	\$ (1.1)					
47		2025-26	\$ (1.2)	\$ (1.1)					
48									
49		Impact							
50		High		Middle		Low			
51		Cash	Recurring	Cash	Recurring	Cash	Recurring		
52		2021-2022	\$ (0.7 M)	\$ (0.8 M)	\$ (0.7 M)	\$ (0.7 M)	\$ (0.6 M)	\$ (0.7 M)	
53		2022-2023	\$ (1.1 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (1.0 M)	\$ (1.0 M)	
54		2023-2024	\$ (0.1 M)	\$ (1.2 M)	\$ (0.1 M)	\$ (1.1 M)	\$ (0.1 M)	\$ (1.1 M)	
55		2024-2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
56		2025-2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax

Issue: Piggyback – QIP Decouple

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N/A

Month/Year Impact Begins: Upon Becoming Law

Date of Analysis: 4/16/2021

Section 1: Narrative

a. Current Law:

JCT Analysis (encompasses Charity, Meals Expensing, Net Operating Loss, Business Interest Expense, Qualified Improvement Property):

Section 220.03(1)(n) defines “Internal Revenue Code” to mean the United States Internal Revenue Code of 1986, as amended and in effect on January 1, 2020, except as provided in subsection (3).

Section 220.03((2)(c) provides: Any term used in this code has the same meaning as when used in a comparable context in the Internal Revenue Code and other statutes of the United States relating to federal income taxes, as such code and statutes are in effect on January 1, 2020. However, if subsection (3) is implemented, the meaning of a term shall be taken at the time the term is applied under this code.

Section 220.13(1)(b)3. provides: In computing “adjusted federal income” for taxable years beginning after December 31, 1976, there shall be allowed as a deduction the amount of wages and salaries paid or incurred within this state for the taxable year for which no deduction is allowed pursuant to s. 280C(a) of the Internal Revenue Code (relating to credit for employment of certain new employees).

b. Proposed Change: Section 220.03(1)(n) defines “Internal Revenue Code” to mean the United States Internal Revenue Code of 1986, as amended and in effect on January 1, 2021 ~~2020~~, except as provided in subsection (3).

Section 220.03(1)(c) provides: Any term used in this code has the same meaning as when used in a comparable context in the Internal Revenue Code and other statutes of the United States relating to federal income taxes, as such code and statutes are in effect on January 1, 2021 ~~2020~~. However, if subsection (3) is implemented, the meaning of a term shall be taken at the time the term is applied under this code.

Section 220.03 (1) Except as provided below, the amendments to s. 220.03, Florida Statutes, made by this act operate retroactively to January 1, 2021.

(2) Notwithstanding subsection (1), for any qualified improvement property, as defined in section 168(e)(6) of the Internal Revenue Code, placed in service between January 1, 2018, and December 31, 2021, the provisions of section 168 as it existed and applied immediately before the enactment of the Coronavirus Aid, Relief, and Economic Security Act of 2020, Pub. L. No. 116-136 shall apply.

Section 2: Description of Data and Sources

IRS.gov – Form 4562 – Depreciation Schedule Summary by Industry Publication

IRS Data from Forms 1120 and 4562 for Tax Year 2013

December 21, 2020 General Revenue Consensus Estimating Conference- CIT Growth Rates

Schedule of Bonus depreciation allowed under the Tax Cuts and Jobs Act

Section 3: Methodology (Include Assumptions and Attach Details)

NOTE: Any changes made to the prior methodology for QIP under the analysis of the proposed language for the general piggyback have been bolded.

Qualified Improvement Property – Retail Glitch

To formulate an impact, the Mandatory Electronic Filing (MEF) Corporate Tax rolls were used to identify Bonus depreciation for Florida taxpayers. Each taxpayer’s current year depreciation was apportioned by their individual apportionment factor and then

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax

Issue: Piggyback – QIP Decouple

Bill Number(s): Proposed Language

summed to a total. The total was doubled to account for the Bonus Depreciation rate of 50% during that period. The total was then grossed up using the ratio of the MEF tax due to the CIT tax rolls tax due values.

The 15-year property share of Bonus Depreciation was found using the ratio of 15-year property depreciation to the depreciation for all properties of 20 years or less from IRS Form 4562. This ratio was then recalculated to reflect the special depreciation allowance for qualified property. This ratio was used to formulate the High. **The middle was formulated using the same approach but applying additional assumed allocation factors which drive the ratio down for a given industry.**

The adjusted ratio was then applied to the gross up to get the 15-year property share of Florida bonus depreciation. To find the impact, 1/39th, 1/15th, and 1/7th depreciation values were calculated. The 15-year property share of Florida Bonus Depreciation taxable value. The bonus depreciation for 1/7th follows the federal sunset period. The property not depreciated under a 15-year straight line follows the inverse of the bonus depreciation sunset. By example, for 2023 property, the 15-year depreciation schedule is modified by 20%, and 2024 property is modified to 40% and so on until reaching 100% where it is fully applied each year. The 15-year and 7-year numbers are combined and netted out against the 39-year straight line to generate the impact.

For the decouple, the depreciation schedules were adjusted such that years 2018 through 2021 were zeroed out in the 39-year, 15-year, and 7-year schedules. This adjustment reflects the non-impact period created by the decoupling.

First year cash is 15% of the 2022 impact estimate. The following years are 85% of the prior year and 15% of the current year.

Section 4: Proposed Fiscal Impact

Qualified Improvement Property – Effect of Partially Decoupling QIP

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$176.7 M	\$25.2 M	\$178.6 M	\$75.4 M		
2022-23	\$71.1 M	\$25.2 M	\$84.9 M	\$75.4 M		
2023-24	\$71.1 M	\$25.2 M	\$95.8 M	\$75.4 M		
2024-25	\$68.3 M	\$25.2 M	\$102.8 M	\$75.4 M		
2025-26	\$48.7 M	\$25.2 M	\$91.9 M	\$75.4 M		

List of affected Trust Funds:

General Revenue Trust Fund

Section 5: Consensus Estimate (Adopted: 04/16/21): The Conference adopted the high estimate with the sixth year amount becoming the recurring impact. This is the impact of partially decoupling from 100% piggyback adoption.

Qualified Improvement Property – Retail Glitch

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	176.7	25.2	0.0	0.0	0.0	0.0	176.7	25.2
2022-23	71.1	25.2	0.0	0.0	0.0	0.0	71.1	25.2
2023-24	71.1	25.2	0.0	0.0	0.0	0.0	71.1	25.2
2024-25	68.3	25.2	0.0	0.0	0.0	0.0	68.3	25.2
2025-26	48.7	25.2	0.0	0.0	0.0	0.0	48.7	25.2

	A	B	C	D	E	F	G
1	DOR Data				IRS Form 4562 (in 000s) (OLD)		
2	MEF Apprt. Bns. Depr.	MEF Taxdue	Tax due	Ratio	15-year property share of bonus depreciation	Bonus Depreciation 4562 Total	Ratio
3	\$ 11,175,322,048	\$ 1,843,683,760	\$ 1,987,505,152	92.76%	\$ 37,387,791	\$ 386,102,441	9.68%
4	IRS Form 4562 (in 000s) (NEW)						
5					15-year property share of bonus depreciation	Bonus Depreciation 4562 Total	Ratio
6					\$ 14,339,995	\$ 386,102,441	3.71%
7							
8	High (Old Analysis)						
9	\$ 22,350,644,095	MEF FL Apportioned Bonus Depreciation (2x)*					
10	\$ 24,094,164,766	Gross up					
11	\$ 2,333,131,058	15 Year property share of FL Bonus depreciation					
12							
13	Middle (New Analysis)						
14	\$ 22,350,644,095	MEF FL Apportioned Bonus Depreciation (2x)*					
15	\$ 24,094,164,766	Gross up					
16	\$ 894,866,664	15 Year property share of FL Bonus depreciation					
17							
18	*FL MEF Apportioned doubled to account for the Bonus Depreciation rate of 50%						
19	Florida CIT Tax Rate	5.50%					
20	15 Year Property Share of FL Bonus Depreciation Grown Forward						
21	CIT Growth Rates (December 21, 2020)	Growth Rates	Depreciation Grown (High)	Depreciation Grown (Low)			
22	2018	2.0%	\$ 2,379,793,679	\$ 894,866,664			
23	2019	30.1%	\$ 3,096,111,576	\$ 1,164,221,530			
24	2020	-21.2%	\$ 2,439,735,922	\$ 917,406,565			
25	2021	27.5%	\$ 3,110,663,301	\$ 1,169,693,371			
26	2022	-3.2%	\$ 3,011,122,075	\$ 1,132,263,183			
27	2023	5.0%	\$ 3,161,678,179	\$ 1,188,876,342			
28	2024	6.7%	\$ 3,373,510,617	\$ 1,268,531,057			
29	2025	6.5%	\$ 3,592,788,807	\$ 1,350,985,576			
30	2026	6.3%	\$ 3,819,134,502	\$ 1,436,097,667			
31							
32	New Impact of QIP with the Partial Decoupling						
33		High		Middle		Low	
34		Cash	Recurring	Cash	Recurring	Cash	Recurring
35	2021-2022	\$ (2.9 M)	\$ (80.5 M)	\$ (1.1 M)	\$ (30.3 M)		
36	2022-2023	\$ (22.1 M)	\$ (80.5 M)	\$ (8.3 M)	\$ (30.3 M)		
37	2023-2024	\$ (39.6 M)	\$ (80.5 M)	\$ (14.9 M)	\$ (30.3 M)		
38	2024-2025	\$ (55.4 M)	\$ (80.5 M)	\$ (20.8 M)	\$ (30.3 M)		
39	2025-2026	\$ (69.1 M)	\$ (80.5 M)	\$ (26.0 M)	\$ (30.3 M)		
40							
41	Previously adopted QIP impact						
42		High		Middle		Low	
43		Cash	Recurring	Cash	Recurring	Cash	Recurring
44	2021-2022	\$ (179.6 M)	\$ (105.7 M)	\$ (179.6 M)	\$ (105.7 M)		
45	2022-2023	\$ (93.2 M)	\$ (105.7 M)	\$ (93.2 M)	\$ (105.7 M)		
46	2023-2024	\$ (110.6 M)	\$ (105.7 M)	\$ (110.6 M)	\$ (105.7 M)		
47	2024-2025	\$ (123.6 M)	\$ (105.7 M)	\$ (123.6 M)	\$ (105.7 M)		
48	2025-2026	\$ (117.9 M)	\$ (105.7 M)	\$ (117.9 M)	\$ (105.7 M)		
49							
50	Impact of Partially Decoupling QIP						
51		High		Middle		Low	
52		Cash	Recurring	Cash	Recurring	Cash	Recurring
53	2021-2022	\$ 176.7 M	\$ 25.2 M	\$ 178.6 M	\$ 75.4 M		
54	2022-2023	\$ 71.1 M	\$ 25.2 M	\$ 84.9 M	\$ 75.4 M		
55	2023-2024	\$ 71.1 M	\$ 25.2 M	\$ 95.8 M	\$ 75.4 M		
56	2024-2025	\$ 68.3 M	\$ 25.2 M	\$ 102.8 M	\$ 75.4 M		
57	2025-2026	\$ 48.7 M	\$ 25.2 M	\$ 91.9 M	\$ 75.4 M		