REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Abatement of Taxes for Residential Dwellings Rendered Uninhabitable by Catastrophic Event
Bill Number(s): Proposed Amendment of HB 71

- [x] **Entire Bill**
- [ ] **Partial Bill**:

Sponsor(s): Rep. Woodson
Month/Year Impact Begins: Upon becoming law (potential impact to FY21-22)
Date of Analysis: December 17, 2021

Section 1: Narrative

a. Current Law: No law currently exists.

b. Proposed Change: Creates section 197.319, Florida Statutes, to provide abatement of taxes for residential dwellings rendered uninhabitable for more than 30 days by a catastrophic event. A residential dwelling can be homestead properties or nonhomestead properties with a residential unit count of nine or fewer, not including the value of the land or special features. To receive the abatement, the property must be rendered **uninhabitable** by a **catastrophic event** as defined by the bill:

"Uninhabitable" means the loss of use and occupancy of a residential improvement, determined by a governmental entity in accordance with federal, state, or local law.

"Catastrophic event" means an event of misfortune or calamity that renders one or more residential improvements uninhabitable. It does not include an event caused, directly or indirectly, by the property owner with the intent to damage or destroy the residential improvement.

If a property meets the above criteria, the owner must file an application with the property appraiser between 30 days after the dwelling becomes habitable again and March 1 of the year after the catastrophic event. The application must identify the parcel, the date of the catastrophic event, and the number of days the structure was uninhabitable during that calendar year and the applicant must verify its contents under oath. The property appraiser must investigate the statements in the application and determine if the applicant is eligible for an abatement. Denied applications or applicants filing after the March 1st deadline, but before 25 days after truth in millage (TRIM) notices are mailed, approximately September 18th, can file a petition with the value adjustment board.

If the property appraiser determines the applicant is eligible for an abatement, the property appraiser must issue an official written statement to the tax collector within 30 days but no later than April 1 of the year after the catastrophic event that must include:

1. the just value of the residential improvement as of January 1 of the year in which the catastrophic event took place [jv-lnd_val-spec_feat_val]
2. the number of days in that year in which the dwelling was uninhabitable as a result of the catastrophic event
3. the postcatastrophic event just value [lnd_val+spec_feat_val]
4. the percent change in value applicable to the residential parcel [(jv-lnd_val-spec_feat_val)/jv or (#1)/(#1+#3)]

The postcatastrophic event just value is the January 1 just value reduced to reflect the change in value resulting from the catastrophic event and is further defined to indicate that residential dwellings deemed uninhabitable have no value. The percent change in value is defined as the difference between the January 1 just value and the postcatastrophic just value, all divided by the January 1 just value. The tax collector then calculates the damage differential, applies it to the amount of timely taxes paid, and issues a refund. The damage differential is calculated as the percent change in value (previously defined) multiplied by the number of days in that year in which the dwelling was uninhabitable as a result of the catastrophic event divided by 365. The refund amount formula is:

$$\frac{JV_{Jan1} - JV_{postcatastrophic}}{JV_{Jan1}} \times \frac{\#DaysUninhabitable}{365} \times TimelyPaidTaxes$$

Section 2: Description of Data and Sources

2021 Preliminary and 2017-2020 Final Real Property Assessment Rolls
2021 Millage and Taxes Levied Report, 2021 Final Data Book published by Property Tax Oversight
Conference Package from the August 2, 2021 Ad Valorem Revenue Estimating Conference

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Abatement of Taxes for Residential Dwellings Rendered Uninhabitable by Catastrophic Event
Bill Number(s): Proposed Amendment of HB 71

Residential Fire Data from the U.S. Fire Administration

Section 3: Methodology (Include Assumptions and Attach Details)

To determine the impact on current and future years, we first assess how much abatement would have occurred over the last 4 years. To calculate the abatement for year X, the following process is applied:

1. Destruction occurring to a property in tax year X will appear as a deletion value in the year X+1 roll (the deletion value is an adjustment to just value). In the year X+1 roll, identify parcels of the appropriate use code (1,2,4,5,8) with a non-zero/blank deletion value. For those parcels, calculate the share remaining after the deletion as the current improvement value divided by what the improvement value would have been absent the deletion, or:

$$ShareRemain = \frac{JustValue - LandValue - SpecialFeatureValue}{JustValue - LandValue - SpecialFeatureValue + DeletionValue}$$

2. Match these parcels with the year X roll and remove all observations where the use code changed between years (unless it changed to vacant residential) or where the year X just value was less than or equal to the sum of the land and special feature values. This step is done to avoid situations where a previous commercial operation is destroyed to build a home and where the property was only land and special features and the special feature was destroyed. Additionally, parcels that change owner between years X and X+1 are dropped to remove the situation of new owners destroying an older home to build a new one on the site.

3. For the remaining parcels, taxes paid are calculated using taxable values and statewide millage rates as well as "Percent change in value." The percent change in value formula is found above in Section 1, but since only dwellings deemed uninhabitable receive an abatement and an uninhabitable dwelling has no value (see (1)(e) of the bill), the postcatastrophic just value is equal to the land value plus the special feature value. The percent change in value formula is then:

$$PercentChangeInValue = \frac{JV_{Jan1} - JV_{postcatastrophic}}{JV_{Jan1}} = \frac{JV_{Jan1} - LandValue - SpecialFeatureValue}{JV_{Jan1}}$$

4. Multiply the taxes paid by the percent change in value to represent the value of a refund of a property uninhabitable for 365 days. Choices can then be made of how low the share remaining from step 1 should be to be considered uninhabitable, what a reasonable estimate of the representative days uninhabitable would be, how much of the destruction results from catastrophic events, and what share of eligible homeowners will apply.

The numbers presented assume that parcels with 10/50/100% (high/middle/low) of an improvement destroyed are uninhabitable, the representative days uninhabitable is 182 (approximately half a year), that 90.7/55.2/19.7% of destruction is the result of a catastrophic event, and that 100/90/80% of eligible households will apply. The U.S. Fire Administration, an entity of the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA), publishes data regarding the cause of residential building fires resulting in deaths in 2019. In this data, 19.7% of such fires are identified as "Unintentional" and this is used for the low estimate for the share of destruction resulting from a catastrophic event. In the same data, 9.3% of such fires are identified as "Intentional" and this is used (as 90.7% unintentional) for the high estimate of this share, and the middle estimate assumes the average of the high and low shares.

Note that some amount of these properties, particularly those with use code 8, multi-family with fewer than 10 units, may have multiple buildings with multiple residential units in them. For those properties, it is possible for some units to be uninhabitable while others remain habitable. The analysis assumes that, if those parcels meet the damage threshold, they are all uninhabitable. Properties with use code 8, multiple buildings, and multiple residential units account for less than 1.5% of the parcels considered. The estimates for what the impact would have been in 2017 through 2020 appear in the table below.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Abatement of Taxes for Residential Dwellings Rendered Uninhabitable by Catastrophic Event
Bill Number(s): Proposed Amendment of HB 71

Calendar Year of Roll	High Amount Abated (if bill applied)	Mid Amount Abated (if bill applied)	Low Amount Abated (if bill applied)
2017	$(9.1 M)	$(2.2 M)	$(0.5 M)
2018	$(7.0 M)	$(2.5 M)	$(0.7 M)
2019	$(5.4 M)	$(1.8 M)	$(0.5 M)
2020	$(4.9 M)	$(1.6 M)	$(0.4 M)

A similar concept became law in 2018 (see s. 197.318, F.S., or CS/HB7087 from 2018) allowing for an abatement of taxes from damage due to Hurricanes Hermine, Matthew, and Irma. The abatement calculation for qualified applicants was effectively identical to the calculation from this bill. Language was included for the Legislature to appropriate money to offset the reduction in revenue for Monroe and fiscally constrained counties. The total abatement resulting from that law was $(0.4 M).

For determining a fiscal impact, the date the bill becomes law may be relevant. The earliest possible passing and signing would be January 11, 2022 (first day of session) and the latest would be May 11, 2022 (60 days after the last day of session). The application deadline for catastrophic events occurring in 2021 is June 1, 2022. Due to the 2018 law, forms and rules already exist for a similar refund process, so they should be in place quickly upon the signing of the bill. Property owners can apply as late as approximately September 18, 2022. The table in Section 4 assumes that, regardless of when the bill becomes law, all refunds related to catastrophic events in 2021 will be processed in Fiscal Year 2022-23.

The impacts below assumes that all abatement for a given Ad Valorem tax year will occur in the fiscal year beginning in that tax year. In reality, some may occur in the following fiscal year due to the late application period being open between July 1 and September 18. The estimates take the average of the amounts calculated as the low/middle/high estimate for the previous 4 years if the bill had applied to them and grows it by the appropriate statewide school and county taxable value growth rates from the Ad Valorem Revenue Estimating Conference held August 2, 2021.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	$(14.4 M)	$(7.4 M)	$(4.4 M)	$(2.3 M)	$(1.1 M)	$(0.6 M)
2023-24	$(7.9 M)	$(7.9 M)	$(2.4 M)	$(2.4 M)	$(0.6 M)	$(0.6 M)
2024-25	$(8.3 M)	$(8.3 M)	$(2.6 M)	$(2.6 M)	$(0.6 M)	$(0.6 M)
2025-26	$(8.7 M)	$(8.7 M)	$(2.7 M)	$(2.7 M)	$(0.7 M)	$(0.7 M)
2026-27	$(9.2 M)	$(9.2 M)	$(2.8 M)	$(2.8 M)	$(0.7 M)	$(0.7 M)

List of affected Trust Funds:
Ad Valorem

Section 5: Consensus Estimate (Adopted: 12/17/2021) The Conference adopted an average of the high and middle estimates.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	(3.7)	(1.9)	(5.8)	(3.0)	(9.5)	(4.9)
2023-24	(2.0)	(2.0)	(3.1)	(3.1)	(5.1)	(5.1)
2024-25	(2.1)	(2.1)	(3.3)	(3.3)	(5.4)	(5.4)
2025-26	(2.2)	(2.2)	(3.5)	(3.5)	(5.7)	(5.7)
2026-27	(2.3)	(2.3)	(3.7)	(3.7)	(6.0)	(6.0)

REVENUE ESTIMATING CONFERENCE

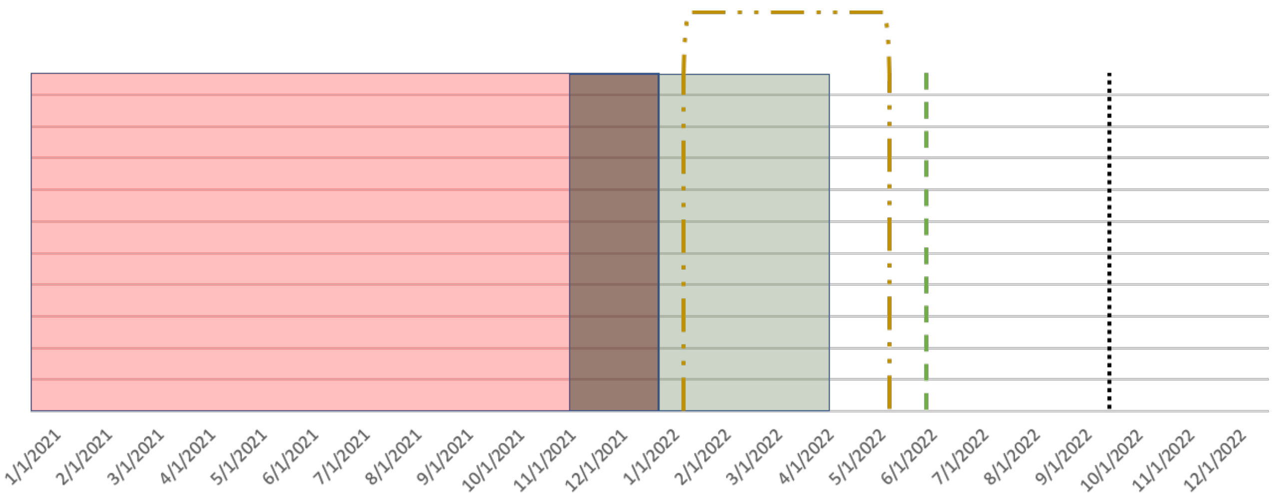
Tax: Ad Valorem
Issue: Abatement of Taxes for Residential Dwellings Rendered Uninhabitable by Catastrophic Event
Bill Number(s): Proposed Amendment of HB 71

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	0.0	0.0	0.0	(9.5)	(4.9)	(9.5)	(4.9)
2023-24	0.0	0.0	0.0	0.0	(5.1)	(5.1)	(5.1)	(5.1)
2024-25	0.0	0.0	0.0	0.0	(5.4)	(5.4)	(5.4)	(5.4)
2025-26	0.0	0.0	0.0	0.0	(5.7)	(5.7)	(5.7)	(5.7)
2026-27	0.0	0.0	0.0	0.0	(6.0)	(6.0)	(6.0)	(6.0)

	A	B	C	D	E	F	G	H	I
1									
2	**AV Tax Year**	**SD Growth**	**NSD Growth**						
3	2021	6.13%	6.66%						
4	2022	5.80%	6.36%						
5	2023	5.56%	5.91%						
6	2024	5.33%	5.60%						
7	2025	5.06%	5.28%						
8	2026	4.89%	5.08%						
9									
10–12	**Calendar Year of Roll**	**High SD Abated (if bill applied)**	**Mid SD Abated (if bill applied)**	**Low SD Abated (if bill applied)**					
13	2017	$(3.6 M)	$(0.9 M)	$(0.2 M)					
14	2018	$(2.7 M)	$(1.0 M)	$(0.3 M)					
15	2019	$(2.1 M)	$(0.7 M)	$(0.2 M)					
16	2020	$(1.9 M)	$(0.6 M)	$(0.2 M)					
17									
18–20	**Calendar Year of Roll**	**High NSD Abated (if bill applied)**	**Mid NSD Abated (if bill applied)**	**Low NSD Abated (if bill applied)**					
21	2017	$(5.5 M)	$(1.4 M)	$(0.3 M)					
22	2018	$(4.2 M)	$(1.5 M)	$(0.4 M)					
23	2019	$(3.3 M)	$(1.1 M)	$(0.3 M)					
24	2020	$(3.0 M)	$(1.0 M)	$(0.3 M)					
25									
26–28	**Calendar Year of Roll**	**High Total Abated (if bill applied)**	**Mid Total Abated (if bill applied)**	**Low Total Abated (if bill applied)**					
29	2017	$(9.1 M)	$(2.2 M)	$(0.5 M)					
30	2018	$(7.0 M)	$(2.5 M)	$(0.7 M)					
31	2019	$(5.4 M)	$(1.8 M)	$(0.5 M)					
32	2020	$(4.9 M)	$(1.6 M)	$(0.4 M)					
33									
34				**High**	**Middle**	**Low**			
35	**Share of Property Destroyed >= X%:**			10%	50%	100%			
36	**Number of Days Uninhabitable:**			182	182	182			
38	**hare of Destruction classified "Catastrophic Event**			90.7%	55.2%	19.7%			
39	**Participation Rate:**			100.0%	90.0%	80.0%			
40	**Same Owner Required:**			1	1	1			
41	**Share of 2021 Destruction in 21-22:**			0%	0%	0%			
42									
43			**s. 197.318, F.S.**	**High**	**Middle**	**Low**			
44	**Estimated Parcels Impacted (latest)**		**1,056**	**7,205**	**2,392**	**669**			
45									

	A	B	C	D	E	F	G	H	I
46	**Total Impact**								
47	**Year**	High		Middle		Low		Adopted	
48		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
49	21-22	$0	$(7.0 M)	$0	$(2.2 M)	$0	$(0.5 M)	$0	$(4.6 M)
50	22-23	$(14.4 M)	$(7.4 M)	$(4.4 M)	$(2.3 M)	$(1.1 M)	$(0.6 M)	$(9.5 M)	$(4.9 M)
51	23-24	$(7.9 M)	$(7.9 M)	$(2.4 M)	$(2.4 M)	$(0.6 M)	$(0.6 M)	$(5.1 M)	$(5.1 M)
52	24-25	$(8.3 M)	$(8.3 M)	$(2.6 M)	$(2.6 M)	$(0.6 M)	$(0.6 M)	$(5.4 M)	$(5.4 M)
53	25-26	$(8.7 M)	$(8.7 M)	$(2.7 M)	$(2.7 M)	$(0.7 M)	$(0.7 M)	$(5.7 M)	$(5.7 M)
54	26-27	$(9.2 M)	$(9.2 M)	$(2.8 M)	$(2.8 M)	$(0.7 M)	$(0.7 M)	$(6.0 M)	$(6.0 M)
55									
56	**Refund: School District**								
57	**Year**	High		Middle		Low		Adopted	
58		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
59	21-22	$0	$(2.7 M)	$0	$(0.8 M)	$0	$(0.2 M)	$0	$(1.8 M)
60	22-23	$(5.6 M)	$(2.9 M)	$(1.7 M)	$(0.9 M)	$(0.4 M)	$(0.2 M)	$(3.7 M)	$(1.9 M)
61	23-24	$(3.1 M)	$(3.1 M)	$(0.9 M)	$(0.9 M)	$(0.2 M)	$(0.2 M)	$(2.0 M)	$(2.0 M)
62	24-25	$(3.2 M)	$(3.2 M)	$(1.0 M)	$(1.0 M)	$(0.2 M)	$(0.2 M)	$(2.1 M)	$(2.1 M)
63	25-26	$(3.4 M)	$(3.4 M)	$(1.0 M)	$(1.0 M)	$(0.3 M)	$(0.3 M)	$(2.2 M)	$(2.2 M)
64	26-27	$(3.5 M)	$(3.5 M)	$(1.1 M)	$(1.1 M)	$(0.3 M)	$(0.3 M)	$(2.3 M)	$(2.3 M)
65									
66	**Refund: Non-School District**								
67	**Year**	High		Middle		Low		Adopted	
68		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
69	21-22	$0	$(4.3 M)	$0	$(1.3 M)	$0	$(0.3 M)	$0	$(2.8 M)
70	22-23	$(8.8 M)	$(4.5 M)	$(2.7 M)	$(1.4 M)	$(0.7 M)	$(0.3 M)	$(5.8 M)	$(3.0 M)
71	23-24	$(4.8 M)	$(4.8 M)	$(1.5 M)	$(1.5 M)	$(0.4 M)	$(0.4 M)	$(3.1 M)	$(3.1 M)
72	24-25	$(5.1 M)	$(5.1 M)	$(1.6 M)	$(1.6 M)	$(0.4 M)	$(0.4 M)	$(3.3 M)	$(3.3 M)
73	25-26	$(5.3 M)	$(5.3 M)	$(1.7 M)	$(1.7 M)	$(0.4 M)	$(0.4 M)	$(3.5 M)	$(3.5 M)
74	26-27	$(5.6 M)	$(5.6 M)	$(1.7 M)	$(1.7 M)	$(0.4 M)	$(0.4 M)	$(3.7 M)	$(3.7 M)

Timeline for Catastrophic Events That Occurred in 2021



Year of the Catastrophic Event

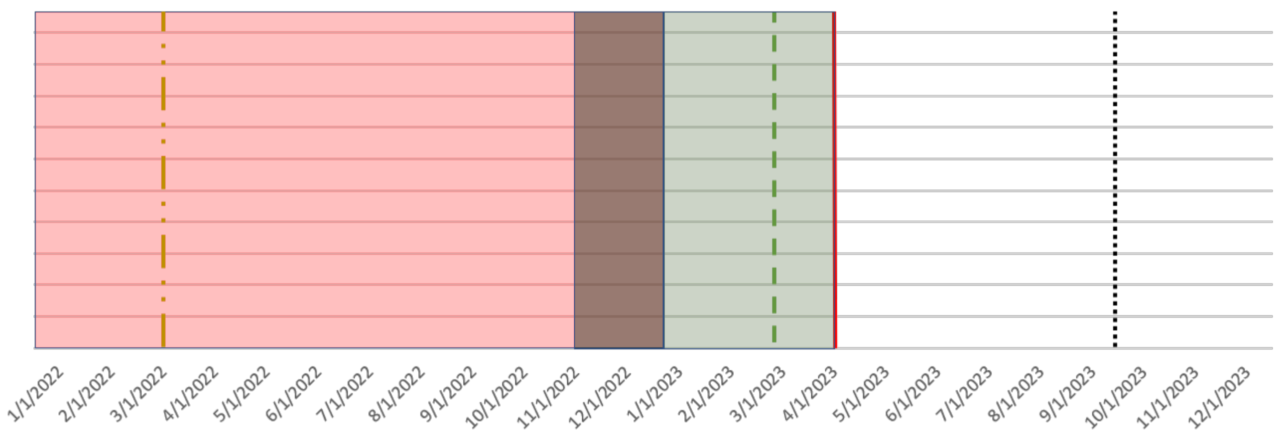
When “timely taxes” can be paid for the year of the Catastrophic Event

Earliest possible application (when bill signed and forms available – between Jan. 11 and May 11)

Deadline for applicant to apply for refund without late application

Deadline for applicant to late-apply for refund or petition VAB (25 days after TRIM notices – Sept. 18)

Timeline for Catastrophic Events Occurring in 2022 and After



Year of the Catastrophic Event

When "timely taxes" can be paid for the year of the Catastrophic Event

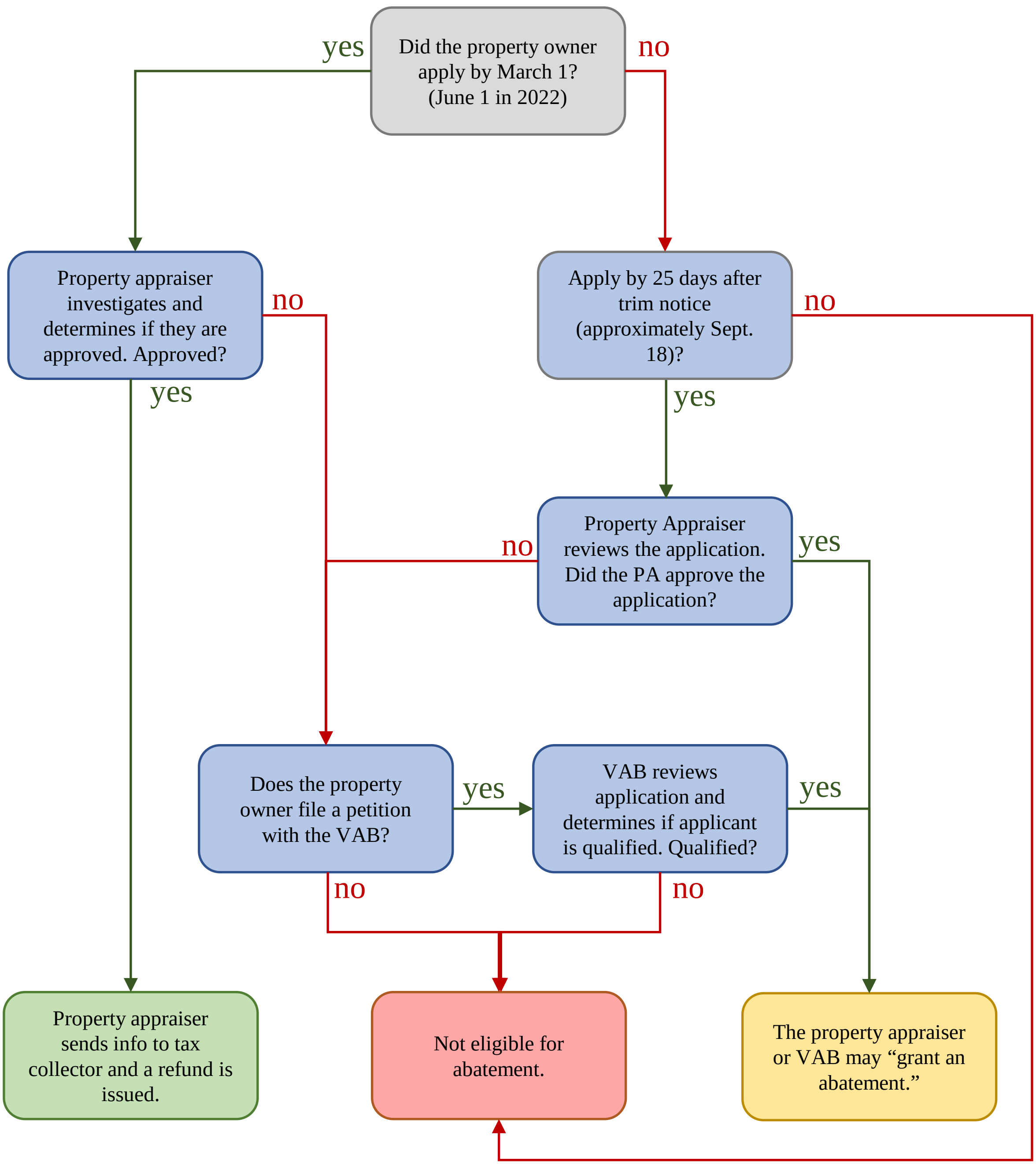
Earliest possible application (March 1)

Deadline for applicant to apply for refund without late application

Deadline for property appraiser to get approved applications for the catastrophic event year to the tax collector

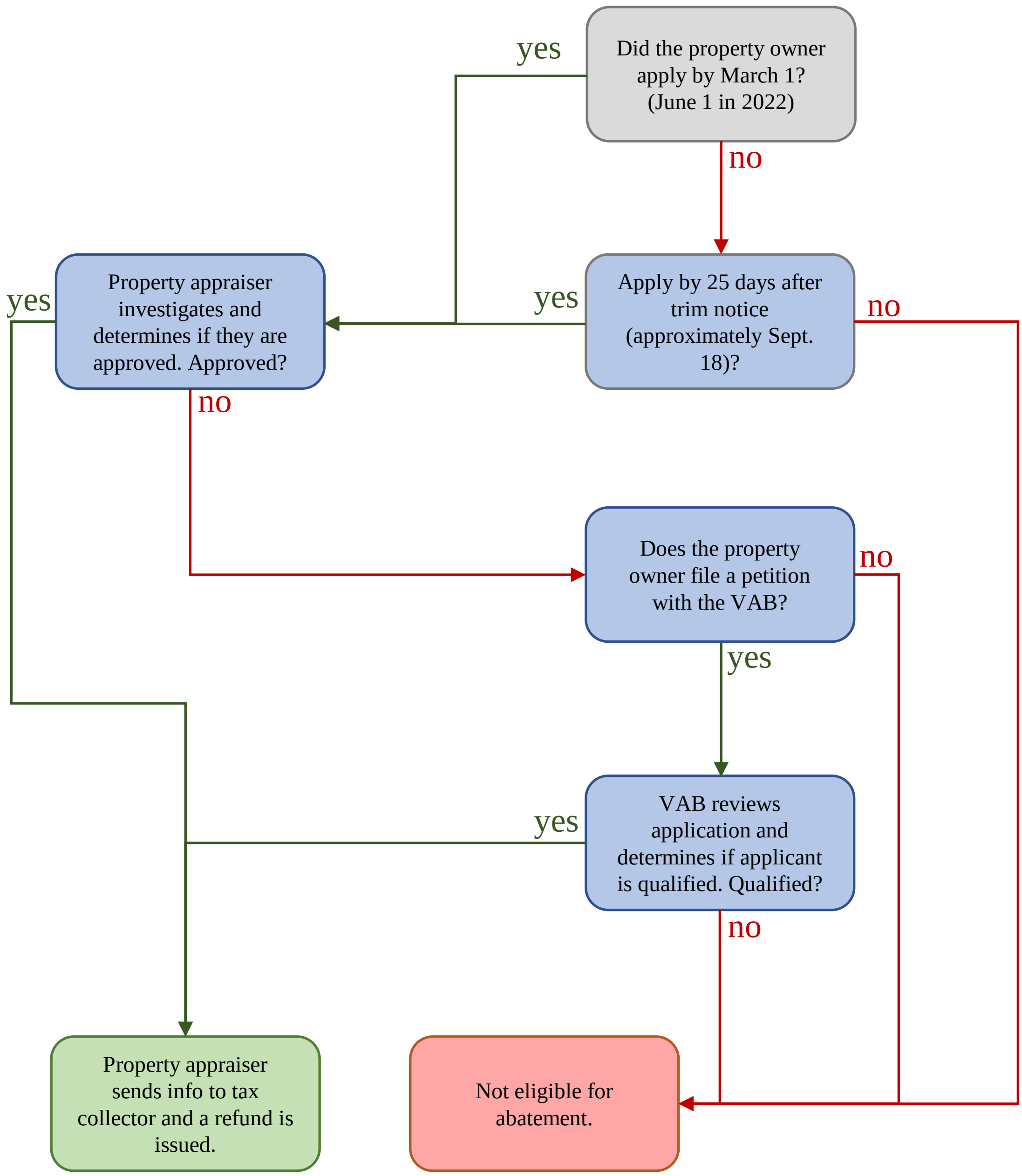
Deadline for applicant to late-apply for refund or petition VAB (25 days after TRIM notices – Sept. 18)

Flow Chart of Proposed Strike All Amendment to HB71 – as Written



When a property owner applies for the 2021 year after the June 1 deadline, the bill language indicates that if the property appraiser approves the late application the property appraiser “may approve the abatement.” If there is insufficient evidence demonstrating they couldn’t file in a timely manner, it goes to the VAB, and if the VAB determines the applicant qualifies, then the VAB “may approve the abatement for the current year.”

Flow Chart of Proposed Strike All Amendment to HB71 – Expected Execution



REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Relating to Property Appraisers—VAB Appeals
Bill Number(s): HB417/SB572

☐ **Entire Bill**
☒ **Partial Bill**: Section 2—VAB Appeals
Sponsor(s): Representative Fernandez-Barquin and Senator Garcia
Month/Year Impact Begins: July 1, 2022
Date of Analysis: December 16, 2021

Section 1: Narrative

a. Current Law:

Section 2: Subsection (1) of section 194.036, Florida Statutes, currently reads:

"194.036 Appeals.—Appeals of the decisions of the board shall be as follows:

(1) If the property appraiser disagrees with the decision of the board, he or she may appeal the decision to the circuit court if one or more of the following criteria are met:

(a) The property appraiser determines and affirmatively asserts in any legal proceeding that there is a specific constitutional or statutory violation, or a specific violation of administrative rules, in the decision of the board, except that nothing herein shall authorize the property appraiser to institute any suit to challenge the validity of any portion of the constitution or of any duly enacted legislative act of this state;

(b) There is a variance from the property appraiser's assessed value in excess of the following: 15 percent variance from any assessment of $50,000 or less; 10 percent variance from any assessment in excess of $50,000 but not in excess of $500,000; 7.5 percent variance from any assessment in excess of $500,000 but not in excess of $1 million; or 5 percent variance from any assessment in excess of $1 million; or

(c) There is an assertion by the property appraiser to the Department of Revenue that there exists a consistent and continuous violation of the intent of the law or administrative rules by the value adjustment board in its decisions. The property appraiser shall notify the department of those portions of the tax roll for which the assertion is made. The department shall thereupon notify the clerk of the board who shall, within 15 days of the notification by the department, send the written decisions of the board to the department, Within 30 days of the receipt of the decisions by the department, the department shall notify the property appraiser of its decision relative to further judicial proceedings. If the department finds upon investigation that a consistent and continuous violation of the intent of the law or administrative rules by the board has occurred, it shall so inform the property appraiser, who may thereupon bring suit in a circuit court against the value adjustment board for injunctive relief to prohibit continuation of the violation of the law or administrative rules and for a mandatory injunction to restore the tax roll to its just value in such amount as determined by the judicial proceeding. However, when a final judicial decision is rendered as a result of an appeal filed pursuant to this paragraph which alters or changes an assessment of a parcel of the property of any taxpayer not a party to such procedure, such taxpayer shall have 60 days from the date of the final judicial decision to file an action to contest such altered or changed assessment pursuant to s. 194.171 (1), and the provisions of s. 194.171 (2) shall not bar such action."

Section 3. This act shall take effect July 1, 2022.

b. Proposed Change:

Section 2: Paragraph (b) of Subsection (1) of section 194.036, Florida Statutes, is amended to read:

"(b) There is a variance from the property appraiser's assessed value in excess of the following: 25 ~~15~~ percent variance from any assessment of $50,000 or less; 20 ~~10~~ percent variance from any assessment in excess of $50,000 but not in excess of $500,000; 17.5 ~~7.5~~ percent variance from any assessment in excess of $500,000 but not in excess of $1 million; or 15 ~~5~~ percent variance from any assessment in excess of $1 million; or…"

Section 2: Description of Data and Sources

2018-2020 NAL Files
REC Ad Valorem Conference Package – August 2021
Discussions with Property Appraisers
Data from Miami-Dade Property Appraiser's office

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Relating to Property Appraisers—VAB Appeals
Bill Number(s): HB417/SB572

Section 3: Methodology (Include Assumptions and Attach Details)

The following JV Group naming convention is used throughout the analysis:

JV Group	Current Threshold	Proposed Threshold	JV Values
A	15%	25%	JV <= $50,000
B	10%	20%	$50,000 < JV <=$500,000
C	7.5%	17.5%	$500,000 < JV <= $1,000,000
D	5%	15%	$1,000,000 < JV

Miami-Dade data provided by the Miami-Dade Property Appraiser's office provided the following, both under Current and those eligible under Proposed Law, for each JV Group from 2018-2020:

- number of VAB reductions
- total initial JV
- total VAB JV
- frequency of PA appeals
- success rate of those appeals

Because Miami-Dade holds such a large share of these appeals, we assume it is an appropriate proxy for the entire state. The VAB's JV is subtracted from the PA's JV to determine the potential recovery amount, if the PA were to appeal and the JV were reverted to their initial valuation. The data showed that, on average, PAs appealed VAB decisions in 0.6% of Group A rulings, 3.9% of Group B, 4.9% of Group C, and 4.3% of Group D. These ratios were multiplied by the potential recovery amounts to determine the recovery amounts pursued by PAs in 2018-2020. The difference between these products is the amount that PAs would no longer be able to pursue under the Proposed Law.

Because the success rate of PAs varies so greatly between years, it is assumed that they prevail in 50% of cases in Group A, 50% in Group B, 15% in Group C, and 40% in Group D. The foregone potential recovery amounts were multiplied by these success rates to determine the estimated JV recovery impact.

To get from JV to TV, the 2018-2020 NAL Rolls were used to determine the average TV_SD:JV and TV_NSD:JV ratios. These TVs were multiplied by the appropriate 2021 Statewide Average Millage Rates to determine low estimate. The middle estimate includes an additional 50% to account for additional counties, and the high estimate is double the low to account for additional additional counties.

It is assumed that 2020 was an unusual year for VAB petitions, and therefore 2019 numbers were used, and grown forward using Miami-Dade's Certified Taxable Value and County Taxable Value growth rates from the Aug 21 AV REC Conference Package.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	$ -	$ (1.7 M)	$ -	$ (1.3 M)	$ -	$ (0.9 M)
2023-24	$ (1.8 M)	$ (1.8 M)	$ (1.4 M)	$ (1.4 M)	$ (0.9 M)	$ (0.9 M)
2024-25	$ (1.9 M)	$ (1.9 M)	$ (1.5 M)	$ (1.5 M)	$ (1.0 M)	$ (1.0 M)
2025-26	$ (2.0 M)	$ (2.0 M)	$ (1.5 M)	$ (1.5 M)	$ (1.0 M)	$ (1.0 M)
2026-27	$ (2.1 M)	$ (2.1 M)	$ (1.6 M)	$ (1.6 M)	$ (1.1 M)	$ (1.1 M)

List of affected Trust Funds:

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Relating to Property Appraisers—VAB Appeals
Bill Number(s): HB417/SB572

Section 5: Consensus Estimate (Adopted: 12/17/2021): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	(0.5)	0.0	(0.8)	0.0	(1.3)
2023-24	(0.5)	(0.5)	(0.9)	(0.9)	(1.4)	(1.4)
2024-25	(0.5)	(0.5)	(0.9)	(0.9)	(1.5)	(1.5)
2025-26	(0.6)	(0.6)	(1.0)	(1.0)	(1.5)	(1.5)
2026-27	(0.6)	(0.6)	(1.0)	(1.0)	(1.6)	(1.6)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	0.0	0.0	0.0	0.0	(1.3)	0.0	(1.3)
2023-24	0.0	0.0	0.0	0.0	(1.4)	(1.4)	(1.4)	(1.4)
2024-25	0.0	0.0	0.0	0.0	(1.5)	(1.5)	(1.5)	(1.5)
2025-26	0.0	0.0	0.0	0.0	(1.5)	(1.5)	(1.5)	(1.5)
2026-27	0.0	0.0	0.0	0.0	(1.6)	(1.6)	(1.6)	(1.6)

	A	B	C	D	E	F
1						
2	**AV PA Appeal Thresholds**					
3		**JV Group**	**Current Threshold**	**Proposed Threshold**	**JV Values**	
4		A	15%	25%	JV <= $50,000	
5		B	10%	20%	$50,000 < JV <=$500,000	
6		C	7.5%	17.5%	$500,000 < JV <= $1,000,000	
7		D	5%	15%	$1,000,000 < JV	
8						
9	**Miami-Dade Just Value**					
10			**CURRENT THRESHOLDS**			
11	**Year**	**JV GROUP**	**REDUCTIONS**	**INITIAL VALUE**	**VAB VALUE**	**POTENTIAL RECOVERY**
12	2018	A	229	$ 7,313,738	$ 4,732,304	$ 2,581,434
13	2018	B	7,552	$ 1,884,875,833	$ 1,553,850,964	$ 331,024,869
14	2018	C	3,222	$ 2,299,982,978	$ 1,932,325,625	$ 367,657,353
15	2018	D	8,272	$ 41,587,827,330	$ 35,649,541,717	$ 5,938,285,613
16		TOTAL	19,275	$ 45,779,999,879	$ 39,140,450,610	$ 6,639,549,269
17						
18	2019	A	142	$ 4,810,616	$ 2,821,078	$ 1,989,538
19	2019	B	5,591	$ 1,576,642,249	$ 1,304,443,426	$ 272,198,823
20	2019	C	4,149	$ 2,948,166,516	$ 2,511,080,276	$ 437,086,240
21	2019	D	8,671	$ 42,387,717,313	$ 36,507,893,475	$ 5,879,823,838
22		TOTAL	18,553	$ 46,917,336,694	$ 40,326,238,255	$ 6,591,098,439
23						
24	2020	A	38	$ 1,365,374	$ 951,677	$ 413,697
25	2020	B	5,665	$ 1,633,778,946	$ 1,373,964,714	$ 259,814,232
26	2020	C	4,349	$ 3,063,234,443	$ 2,609,959,679	$ 453,274,764
27	2020	D	9,163	$ 45,622,616,912	$ 39,307,193,745	$ 6,315,423,167
28		TOTAL	19,215	$ 50,320,995,675	$ 43,292,069,815	$ 7,028,925,860

	A	B	C	D	E	F
29						
30			**PROPOSED THRESHOLDS**			
31	**Year**	**JV GROUP**	**REDUCTIONS**	**INITIAL VALUE**	**VAB VALUE**	**POTENTIAL RECOVERY**
32	2018	A	187	$ 6,462,910	$ 4,053,065	$ 2,409,845
33	2018	B	1,447	$ 335,796,296	$ 215,994,001	$ 119,802,295
34	2018	C	801	$ 580,867,985	$ 414,589,372	$ 166,278,613
35	2018	D	2,765	$ 13,829,112,344	$ 10,354,432,931	$ 3,474,679,413
36		TOTAL	5,200	$ 14,752,239,535	$ 10,989,069,369	$ 3,763,170,166
37						
38	2019	A	89	$ 2,822,039	$ 1,152,012	$ 1,670,027
39	2019	B	794	$ 200,820,605	$ 125,607,434	$ 75,213,171
40	2019	C	903	$ 656,936,668	$ 467,708,858	$ 189,227,810
41	2019	D	2,661	$ 13,929,147,334	$ 10,577,504,455	$ 3,351,642,879
42		TOTAL	4,447	$ 14,789,726,646	$ 11,171,972,759	$ 3,617,753,887
43						
44	2020	A	18	$ 712,555	$ 409,059	$ 303,496
45	2020	B	629	$ 150,396,444	$ 98,159,984	$ 52,236,460
46	2020	C	1,070	$ 769,293,264	$ 573,429,905	$ 195,863,359
47	2020	D	2,988	$ 14,703,117,914	$ 11,222,634,353	$ 3,480,483,561
48		TOTAL	4,705	$ 15,623,520,177	$ 11,894,633,301	$ 3,728,886,876
49						
50			**Δ**			
51	**Year**	**JV GROUP**	**Δ REDUCTIONS**	**Δ INITIAL VALUE**	**Δ VAB VALUE**	**Δ POTENTIAL RECOVERY**
52	2018	A	-42	$ (850,828)	$ (679,239)	$ (171,589)
53	2018	B	-6,105	$ (1,549,079,537)	$ (1,337,856,963)	$ (211,222,574)
54	2018	C	-2,421	$ (1,719,114,993)	$ (1,517,736,253)	$ (201,378,740)
55	2018	D	-5,507	$ (27,758,714,986)	$ (25,295,108,786)	$ (2,463,606,200)
56		TOTAL	-14,075	$ (31,027,760,344)	$ (28,151,381,241)	$ (2,876,379,103)
57						
58	2019	A	-53	$ (1,988,577)	$ (1,669,066)	$ (319,511)
59	2019	B	-4,797	$ (1,375,821,644)	$ (1,178,835,992)	$ (196,985,652)
60	2019	C	-3,246	$ (2,291,229,848)	$ (2,043,371,418)	$ (247,858,430)
61	2019	D	-6,010	$ (28,458,569,979)	$ (25,930,389,020)	$ (2,528,180,959)
62		TOTAL	-14,106	$ (32,127,610,048)	$ (29,154,265,496)	$ (2,973,344,552)
63						
64	2020	A	-20	$ (652,819)	$ (542,618)	$ (110,201)
65	2020	B	-5,036	$ (1,483,382,502)	$ (1,275,804,730)	$ (207,577,772)
66	2020	C	-3,279	$ (2,293,941,179)	$ (2,036,529,774)	$ (257,411,405)
67	2020	D	-6,175	$ (30,919,498,998)	$ (28,084,559,392)	$ (2,834,939,606)
68		TOTAL	-14,510	$ (34,697,475,498)	$ (31,397,436,514)	$ (3,300,038,984)
69		*Source: Lazaro Solis, Property Appraiser, Miami-Dade County*				

	A	B	C	D	E	F
70						
71	**Percent VAB Decisions Appealed by PA**					
72		**JV GROUP**	2018	2019	2020	
73		A	0.44%	1.41%	0.00%	
74		B	3.31%	5.33%	2.95%	
75		C	3.23%	5.50%	5.93%	
76		D	4.33%	5.58%	3.11%	
77						
78	**Potential Recovery Pursued by PA**					
79			**Current Law**			
80		**JV GROUP**	2018	2019	2020	
81		A	$ 11,273	$ 28,022	$ -	
82		B	$ 10,958,186	$ 14,508,183	$ 7,659,131	
83		C	$ 11,867,276	$ 24,019,200	$ 26,890,064	
84		D	$ 257,000,272	$ 328,201,446	$ 196,430,820	
85			**Proposed Law**			
86		A	$ 10,523	$ 23,522	$ -	
87		B	$ 3,965,913	$ 4,008,858	$ 1,539,892	
88		C	$ 5,367,156	$ 10,398,636	$ 11,619,394	
89		D	$ 150,379,017	$ 187,082,822	$ 108,254,700	
90			**Difference**			
91		A	$ (749)	$ (4,500)	$ -	
92		B	$ (6,992,273)	$ (10,499,325)	$ (6,119,239)	
93		C	$ (6,500,121)	$ (13,620,564)	$ (15,270,670)	
94		D	$ (106,621,255)	$ (141,118,623)	$ (88,176,120)	
95						
96	**Success Rates--M-D Folios Won by PA**					
97		**JV GROUP**	**2018**	**2019**	**Rate Used in Analysis**	
98		A	0%	100%	50%	
99		B	75%	22%	50%	
100		C	25%	4%	15%	
101		D	64%	17%	40%	
102		*Source: Lazaro Solis, Property Appraiser, Miami-Dade County*				
103						
104	**Estimated JV Recovery Impact**					
105		**JV GROUP**	**2018**	**2019**	**2020**	
106		A	$ (375)	$ (2,250)	$ -	
107		B	$ (3,496,136)	$ (5,249,662)	$ (3,059,619)	
108		C	$ (975,018)	$ (2,043,085)	$ (2,290,600)	
109		D	$ (42,648,502)	$ (56,447,449)	$ (35,270,448)	
110						

	A	B	C	D	E	F
111	**Impact Transformation: JV to TV**					
112	**Year**	**JV GROUP**	**TV_SD:JV Ratio**	**TV_SD**	**TV_NSD:JV Ratio**	**TV_NSD**
113	2018	A	71.0%	$ (266)	62.6%	$ (234)
114		B	74.4%	$ (2,601,125)	65.8%	$ (2,300,807)
115		C	82.6%	$ (805,170)	78.7%	$ (767,437)
116		D	78.0%	$ (33,274,361)	74.0%	$ (31,555,627)
117	2019	A	72.8%	$ (1,639)	61.7%	$ (1,389)
118		B	73.8%	$ (3,876,351)	64.5%	$ (3,388,132)
119		C	81.5%	$ (1,665,523)	77.2%	$ (1,577,874)
120		D	77.2%	$ (43,600,010)	72.5%	$ (40,901,822)
121	2020	A	75.6%	$ -	63.6%	$ -
122		B	73.2%	$ (2,238,112)	63.0%	$ (1,927,560)
123		C	80.2%	$ (1,836,145)	75.2%	$ (1,723,219)
124		D	76.0%	$ (26,816,122)	71.0%	$ (25,038,491)
125		*Source: NAL Rolls*				
126						
127	**2021P Statewide Millage Rates**					
128		School	6.2797			
129		Nonschool	10.8009			
130						
131	**Impact**					
132	**Year**	**JV GROUP**	**School**	**Non School**	**SUM**	
133	2018	A	$ (2)	$ (3)	$ (4)	
134		B	$ (16,334)	$ (24,851)	$ (41,185)	
135		C	$ (5,056)	$ (8,289)	$ (13,345)	
136		D	$ (208,953)	$ (340,829)	$ (549,782)	
137		**SUM**	**$ (230,345)**	**$ (373,971)**	**$ (604,317)**	
138	2019	A	$ (10)	$ (15)	$ (25)	
139		B	$ (24,342)	$ (36,595)	$ (60,937)	
140		C	$ (10,459)	$ (17,042)	$ (27,501)	
141		D	$ (273,795)	$ (441,776)	$ (715,571)	
142		**SUM**	**$ (308,607)**	**$ (495,429)**	**$ (804,035)**	
143	2020	A	$ -	$ -	$ -	
144		B	$ (14,055)	$ (20,819)	$ (34,874)	
145		C	$ (11,530)	$ (18,612)	$ (30,143)	
146		D	$ (168,397)	$ (270,438)	$ (438,835)	
147		**SUM**	**$ (193,982)**	**$ (309,870)**	**$ (503,852)**	
148						

	A	B	C	D	E	F
149	**Growth--Miami Dade**					
150			Certified School TV	County TV		
151		2018	5.6%	6.2%		
152		2019	5.4%	6.4%		
153		2020	4.0%	4.9%		
154		2021	3.7%	6.2%		
155		2022	4.1%	5.0%		
156		2023	5.8%	6.4%		
157		2024	5.7%	6.1%		
158		2025	5.5%	5.9%		
159		2026	5.4%	5.7%		
160		2027	5.3%	5.5%		
161		*Source: Aug 21 AV REC Conference Package*				
162						
163	**Accounting for Additional Counties' Appeals**					
164		High	Middle	Low		
165		100%	50%	0%		
166						
167	**School Impact**					
168		High	Middle	Low		
169	2020-21	$ (641,902)	$ (481,426)	$ (320,025)		
170	2021-22	$ (665,652)	$ (499,239)	$ (332,826)		
171	2022-23	$ (692,944)	$ (501,165)	$ (333,146)		
172	2023-24	$ (733,135)	$ (530,232)	$ (352,469)		
173	2024-25	$ (774,923)	$ (560,456)	$ (372,559)		
174	2025-26	$ (817,544)	$ (591,281)	$ (393,050)		
175	2026-27	$ (861,691)	$ (623,210)	$ (414,275)		
176						
177	**Non-School Impact**					
178		High	Middle	Low		
179	2020-21	$ (1,039,410)	$ (779,557)	$ (519,705)		
180	2021-22	$ (1,090,341)	$ (827,890)	$ (551,927)		
181	2022-23	$ (1,082,025)	$ (869,284)	$ (579,523)		
182	2023-24	$ (1,144,783)	$ (924,919)	$ (616,612)		
183	2024-25	$ (1,210,036)	$ (981,339)	$ (654,226)		
184	2025-26	$ (1,276,588)	$ (1,039,238)	$ (692,825)		
185	2026-27	$ (1,345,523)	$ (1,098,474)	$ (732,316)		
186						
187	**Total Impact**					
188		High	Middle	Low		
189	2020-21	$ (1,681,311)	$ (1,260,984)	$ (839,730)		
190	2021-22	$ (1,705,062)	$ (1,327,129)	$ (884,753)		
191	2022-23	$ (1,774,969)	$ (1,370,449)	$ (912,669)		
192	2023-24	$ (1,877,917)	$ (1,455,151)	$ (969,081)		
193	2024-25	$ (1,984,959)	$ (1,541,794)	$ (1,026,785)		
194	2025-26	$ (2,094,131)	$ (1,630,518)	$ (1,085,875)		
195	2026-27	$ (2,207,215)	$ (1,721,684)	$ (1,146,591)		

HB417/SB572: Property Appraisers
Section 2: VAB Appeals

Summary	A	B	C	D	E	F	G
1							
2							
3	**School Impact**						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2022-23	$ -	$ (0.7 M)	$ -	$ (0.5 M)	$ -	$ (0.3 M)
7	2023-24	$ (0.7 M)	$ (0.7 M)	$ (0.5 M)	$ (0.5 M)	$ (0.3 M)	$ (0.3 M)
8	2024-25	$ (0.7 M)	$ (0.7 M)	$ (0.5 M)	$ (0.5 M)	$ (0.4 M)	$ (0.4 M)
9	2025-26	$ (0.8 M)	$ (0.8 M)	$ (0.6 M)	$ (0.6 M)	$ (0.4 M)	$ (0.4 M)
10	2026-27	$ (0.8 M)	$ (0.8 M)	$ (0.6 M)	$ (0.6 M)	$ (0.4 M)	$ (0.4 M)
11							
12	**Non-School Impact**						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2022-23	$ -	$ (1.0 M)	$ -	$ (0.8 M)	$ -	$ (0.6 M)
16	2023-24	$ (1.1 M)	$ (1.1 M)	$ (0.9 M)	$ (0.9 M)	$ (0.6 M)	$ (0.6 M)
17	2024-25	$ (1.1 M)	$ (1.1 M)	$ (0.9 M)	$ (0.9 M)	$ (0.6 M)	$ (0.6 M)
18	2025-26	$ (1.2 M)	$ (1.2 M)	$ (1.0 M)	$ (1.0 M)	$ (0.7 M)	$ (0.7 M)
19	2026-27	$ (1.3 M)	$ (1.3 M)	$ (1.0 M)	$ (1.0 M)	$ (0.7 M)	$ (0.7 M)
20							
21	**Total Impact**						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2022-23	$ -	$ (1.7 M)	$ -	$ (1.3 M)	$ -	$ (0.9 M)
25	2023-24	$ (1.8 M)	$ (1.8 M)	$ (1.4 M)	$ (1.4 M)	$ (0.9 M)	$ (0.9 M)
26	2024-25	$ (1.9 M)	$ (1.9 M)	$ (1.5 M)	$ (1.5 M)	$ (1.0 M)	$ (1.0 M)
27	2025-26	$ (2.0 M)	$ (2.0 M)	$ (1.5 M)	$ (1.5 M)	$ (1.0 M)	$ (1.0 M)
28	2026-27	$ (2.1 M)	$ (2.1 M)	$ (1.6 M)	$ (1.6 M)	$ (1.1 M)	$ (1.1 M)

HB417/SB572: Property Appraisers

Section 2: VAB Appeals

Summary

	A	B	C	D	E	F	G	H	I	J	K
1	**TAX YEAR**	**JV GROUP**	**FOLIOS PETITIONED**	**FOLIOS REDUCED**	**FOLIOS APPEALED BY PA to CIRCUIT COURT**	**FOLIOS WON BY PA**	***% Won***	**FOLIOS CLOSED WITHOUT INCREASE IN VALUE**	***% Lost***	**FOLIOS STILL IN LITIGATION**	***% Unresolved***
2	2018	A	1,520	948	1		*0%*		*0%*	1	*100%*
3	2018	B	25,871	12,960	250	187	*75%*	61	*25%*	2	*1%*
4	2018	C	10,437	5,497	104	1	*25%*	3	*75%*	100	*96%*
5	2018	D	16,799	10,141	358	84	*64%*	48	*36%*	226	*63%*
6		SUM	54,627	29,546	713	272	*71%*	113	*29%*	328	*46%*
7											
8	**TAX YEAR**	**JV GROUP**	**FOLIOS PETITIONED**	**FOLIOS REDUCED**	**FOLIOS APPEALED BY PA to CIRCUIT**	**FOLIOS WON BY PA**	***% Won***	**FOLIOS CLOSED WITHOUT INCREASE IN**	***% Lost***	**FOLIOS STILL IN LITIGATION**	***% Unresolved***
9	2019	A	1,247	861	2	1	*100%*		*0%*	1	*50%*
10	2019	B	23,938	11,644	298	54	*22%*	197	*78%*	47	*16%*
11	2019	C	10,753	6,266	228	4	*4%*	91	*96%*	133	*58%*
12	2019	D	16,587	10,488	484	66	*17%*	327	*83%*	91	*19%*
13		SUM	52,525	29,259	1,012	124	*17%*	617	*83%*	271	*27%*

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Tax Discount Percentages
Bill Number(s): HB839/SB1152

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Representative Fischer and Senator Rodriguez
Month/Year Impact Begins: July 1, 2022
Date of Analysis: December 14, 2021

Section 1: Narrative

a. Current Law:

b. Section 1. Subsections (1) and (3) of section 197.162, Florida Statutes, currently read:

197.162 Tax discount payment periods.—

(1) For all taxes assessed on the county tax rolls and collected by the county tax collector, discounts for payments made before delinquency shall be at the rate of 4 percent in the month of November or at any time within 30 days after the sending of the original tax notice; 3 percent in the following month of December; 2 percent in the following month of January; 1 percent in the following month of February; and zero percent in the following month of March or within 30 days before the date of delinquency if the date of delinquency is after April 1.

(3) A discount rate of 4 percent applies for 30 days after the sending of a tax notice resulting from the action of a value adjustment board when a corrected tax notice is issued before the taxes become delinquent pursuant to s. 197.333. Thereafter, the regular discount periods apply.

c. Proposed Change:

Section 1. Subsections (1) and (3) of section 197.162, Florida Statutes, are amended to read:

197.162 Tax discount payment periods.—

(1) For all taxes assessed on the county tax rolls and collected by the county tax collector, discounts for payments made before delinquency shall be at the rate of 6 ~~4~~ percent in the month of November or at any time within 30 days after the sending of the original tax notice; 5 ~~3~~ percent in the following month of December; 4 ~~2~~ percent in the following month of January; 3 ~~1~~ percent in the following month of February; 1 ~~and zero~~ percent within the first 10 days in the following month of March; and zero percent after the first 10 days in the following month of March or within 30 days before the date of delinquency if the date of delinquency is after April 1.

(3) A discount rate of 6 ~~4~~ percent applies for 30 days after the sending of a tax notice resulting from the action of a value adjustment board when a corrected tax notice is issued before the taxes become delinquent pursuant to s. 197.333. Thereafter, the regular discount periods apply.

Section 2. This act shall take effect July 1, 2022.

Section 2: Description of Data and Sources

2019F NAP and NAL Files
REC Ad Valorem Conference Package – August 2021
Information on payment timing and delinquency data: W Dale Summerford, Tax Collector, Gadsden County
Office of Property Tax Oversight data

Section 3: Methodology (Include Assumptions and Attach Details)

The Gadsden County Tax Collector used the following sample of 5 of each small, medium, and large counties based on 2019 Real Estate Roll values to calculate the percent of property taxes paid in each month, November-January, for both Real Property (RP) and Tangible Personal Property (TPP):

- Large: Duval, Hillsborough, Miami-Dade, Palm Beach, and Pinellas
- Medium: Alachua, Charlotte, Escambia, Monroe, and St. Johns
- Small: Gadsden, Hardee, Okeechobee, Suwannee, and Taylor

The percent paid in each month was averaged within these size groups. For example, the average taxes collected in large counties in November accounted for 66% of the RP taxes due. By the end of December, 81% had been collected. By the end of January, 85%. The remaining 15% of those counties' taxes were either paid in February or March, or became delinquent.

The Gadsden County Tax Collector also produced the total Face Amounts of Tax Certificates offered on delinquent accounts for each county from 2020, the year in which the 2019 taxes would have become delinquent. The Face Amount is the sum of the unpaid taxes, interest, a 5% Tax Collector's commission, and other costs. It is assumed that the interest rate for all counties is 3%, and that other costs equate to 1%. Subtracting out the 3% interest, 5% commission, and 1% other costs leaves the original tax liability for each county. Dividing this amount by the total Non-School District Tax Liability for each county yields the delinquency rate. It is assumed that these delinquency ratios hold true for both RP and TPP.

All 67 counties were grouped by Non-School District Taxable Value (TV_NSD) according to the following values:

- Large: TV_NSD > $50B

Tax: Ad Valorem
Issue: Tax Discount Percentages
Bill Number(s): HB839/SB1152

- Medium: $2.5B < TV_NSD < $50B
- Small: TV_NSD < $2.5B

It is assumed that counties of similar taxable value sizes will behave similarly. Subtracting the percent of payments made through January, and the average delinquency rate, from 100% for each size group leaves the percent that was paid in February and March. It is assumed that payments were split equally between these two months, and equally on each day of the month. Using this method, a Payment Behavior table was created for both RP and TPP.

Real Property Payment Behavior

		Nov	Dec	Jan	Feb	1st 10 Days of March	Last 21 Days of March	Delinquent	*Sum*
County Size	Small	55.35%	14.79%	4.71%	11.05%	3.57%	7.49%	3.04%	*100.00%*
	Medium	72.04%	12.83%	3.01%	4.30%	1.39%	2.91%	3.51%	*100.00%*
	Large	65.70%	15.06%	4.60%	5.46%	1.76%	3.70%	3.71%	*100.00%*

Tangible Personal Property Payment Behavior

		Nov	Dec	Jan	Feb	1st 10 Days of March	Last 21 Days of March	Delinquent	*Sum*
County Size	Small	39.12%	51.25%	0.71%	2.94%	0.95%	1.99%	3.04%	*100.00%*
	Medium	45.53%	43.82%	2.74%	2.19%	0.71%	1.49%	3.51%	*100.00%*
	Large	54.75%	28.91%	8.28%	2.17%	0.70%	1.47%	3.71%	*100.00%*

Increasing the discount for early property tax payment would affect Real Property (RP) taxes, Non-Ad Valorem (NAV) fees, and Tangible Personal Property (TPP) taxes.

1. Real Property:
   The TV_SD was summed for each county size group. These amounts were multiplied by the 2019 Statewide Average School District Millage Rate to determine each size group's Tax Liability (TL). Using the RP Payment Behavior percentages, the amount paid in each month was calculated for the three county sizes. The current discount rate was multiplied by each month's sum to find the current amount discounted. The sums were also multiplied by the proposed discount rates, and the difference between these two products equals the School District impact for each month. These impacts were summed and grown forward using the Certified School Taxable Value growth rates from the August 2021 AV REC.
   This process was repeated for the TV_NSD, using the Non-School District Millage Rate, and growing it forward with the County Taxable Value growth rates from the same REC.

2. Non-Ad Valorem Assessments:
   The Property Tax Oversight office provided Non-Ad Valorem Assessments by Function Type data for FY 2020-21. The total assessments were summed for each county size group. The same Payment Behavior ratios were used to estimate the total fees collected each month. The current discount rate was multiplied by each month's sum to find the current amount discounted. The sums were also multiplied by the proposed discount rates, and the difference between these two products equals the NAV impact for each month. These impacts were summed and grown forward using the New Construction (residential + non-residential) growth rates from the August 2021 AV REC.

3. Tangible Personal Property:
   Using the same county size groups, the total TPP Taxable Value (TV) for each group was calculated. These totals were multiplied by the 2019 Statewide Average Millage Rate to determine the TL. Using the TPP Payment Behavior percentages, the amount paid in each month was calculated for the three county sizes. The current discount rate was multiplied by each month's sum to find the current amount discounted. The sums were also multiplied by the proposed discount rates, and the difference between these two products equals TPP impact for each month. These impacts were summed and grown forward using the County Taxable Value—Personal Property growth rates from the August 2021 AV REC.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Tax Discount Percentages
Bill Number(s): HB839/SB1152

The high estimates assume a 20% participation increase due to increased incentive to pay early. The middle estimates assume a 10% increase, and the lows assume no increase. The School District, Non-School District, Non-Ad Valorem, and TPP impacts were summed to find the total impact.

Section 4: Proposed Fiscal Impact

Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	$ -	$ (932.0 M)	$ -	$ (854.3 M)	$ -	$ (776.6 M)
2023-24	$ (985.4 M)	$ (985.4 M)	$ (903.3 M)	$ (903.3 M)	$ (821.1 M)	$ (821.1 M)
2024-25	$ (1,043.1 M)	$(1,043.1 M)	$ (956.1 M)	$ (956.1 M)	$ (869.2 M)	$ (869.2 M)
2025-26	$ (1,097.9 M)	$(1,097.9 M)	$(1,006.4 M)	$(1,006.4 M)	$ (914.9 M)	$ (914.9 M)
2026-27	$ (1,154.5 M)	$(1,154.5 M)	$(1,058.3 M)	$(1,058.3 M)	$ (962.1 M)	$ (962.1 M)

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 12/17/2021) The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	(317.3)	0.0	(404.1)	0.0	(854.3)
2023-24	(334.9)	(334.9)	(431.5)	(431.5)	(903.3)	(903.3)
2024-25	(352.7)	(352.7)	(460.2)	(460.2)	(956.1)	(956.1)
2025-26	(370.6)	(370.6)	(489.5)	(489.5)	(1,006.4)	(1,006.4)
2026-27	(388.7)	(388.7)	(518.4)	(518.4)	(1,058.3)	(1,058.3)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	0.0	0.0	0.0	0.0	(854.3)	0.0	(854.3)
2023-24	0.0	0.0	0.0	0.0	(903.3)	(903.3)	(903.3)	(903.3)
2024-25	0.0	0.0	0.0	0.0	(956.1)	(956.1)	(956.1)	(956.1)
2025-26	0.0	0.0	0.0	0.0	(1,006.4)	(1,006.4)	(1,006.4)	(1,006.4)
2026-27	0.0	0.0	0.0	0.0	(1,058.3)	(1,058.3)	(1,058.3)	(1,058.3)

HB 839 / SB 1152 Tax Discount Percentages
Summary

	A	B	C	D	E	F	G
1	**School Impact**						
2		High		Middle		Low	
3	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
4	2022-23	$ -	$ (346.1 M)	$ -	$ (317.3 M)	$ -	$ (288.4 M)
5	2023-24	$ (365.3 M)	$ (365.3 M)	$ (334.9 M)	$ (334.9 M)	$ (304.4 M)	$ (304.4 M)
6	2024-25	$ (384.8 M)	$ (384.8 M)	$ (352.7 M)	$ (352.7 M)	$ (320.7 M)	$ (320.7 M)
7	2025-26	$ (404.3 M)	$ (404.3 M)	$ (370.6 M)	$ (370.6 M)	$ (336.9 M)	$ (336.9 M)
8	2026-27	$ (424.0 M)	$ (424.0 M)	$ (388.7 M)	$ (388.7 M)	$ (353.4 M)	$ (353.4 M)
9							
10	**Non-School Impact**						
11		High		Middle		Low	
12	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
13	2022-23	$ -	$ (440.8 M)	$ -	$ (404.1 M)	$ -	$ (367.3 M)
14	2023-24	$ (470.7 M)	$ (470.7 M)	$ (431.5 M)	$ (431.5 M)	$ (392.3 M)	$ (392.3 M)
15	2024-25	$ (502.1 M)	$ (502.1 M)	$ (460.2 M)	$ (460.2 M)	$ (418.4 M)	$ (418.4 M)
16	2025-26	$ (534.0 M)	$ (534.0 M)	$ (489.5 M)	$ (489.5 M)	$ (445.0 M)	$ (445.0 M)
17	2026-27	$ (565.6 M)	$ (565.6 M)	$ (518.4 M)	$ (518.4 M)	$ (471.3 M)	$ (471.3 M)
18							
19	**Non-AV Impact**						
20		High		Middle		Low	
21	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
22	2022-23	$ -	$ (88.2 M)	$ -	$ (80.8 M)	$ -	$ (73.5 M)
23	2023-24	$ (90.7 M)	$ (90.7 M)	$ (83.1 M)	$ (83.1 M)	$ (75.6 M)	$ (75.6 M)
24	2024-25	$ (95.8 M)	$ (95.8 M)	$ (87.8 M)	$ (87.8 M)	$ (79.8 M)	$ (79.8 M)
25	2025-26	$ (97.4 M)	$ (97.4 M)	$ (89.3 M)	$ (89.3 M)	$ (81.2 M)	$ (81.2 M)
26	2026-27	$ (100.7 M)	$ (100.7 M)	$ (92.3 M)	$ (92.3 M)	$ (83.9 M)	$ (83.9 M)
27							
28	**TPP Impact**						
29		High		Middle		Low	
30	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
31	2022-23	$ -	$ (56.9 M)	$ -	$ (52.2 M)	$ -	$ (47.4 M)
32	2023-24	$ (58.6 M)	$ (58.6 M)	$ (53.7 M)	$ (53.7 M)	$ (48.9 M)	$ (48.9 M)
33	2024-25	$ (60.4 M)	$ (60.4 M)	$ (55.4 M)	$ (55.4 M)	$ (50.3 M)	$ (50.3 M)
34	2025-26	$ (62.2 M)	$ (62.2 M)	$ (57.1 M)	$ (57.1 M)	$ (51.9 M)	$ (51.9 M)
35	2026-27	$ (64.1 M)	$ (64.1 M)	$ (58.8 M)	$ (58.8 M)	$ (53.4 M)	$ (53.4 M)
36							
37	**Total Impact**						
38		High		Middle		Low	
39	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
40	2022-23	$ -	$ (932.0 M)	$ -	$ (854.3 M)	$ -	$ (776.6 M)
41	2023-24	$ (985.4 M)	$ (985.4 M)	$ (903.3 M)	$ (903.3 M)	$ (821.1 M)	$ (821.1 M)
42	2024-25	$ (1,043.1 M)	$ (1,043.1 M)	$ (956.1 M)	$ (956.1 M)	$ (869.2 M)	$ (869.2 M)
43	2025-26	$ (1,097.9 M)	$ (1,097.9 M)	$ (1,006.4 M)	$ (1,006.4 M)	$ (914.9 M)	$ (914.9 M)
44	2026-27	$ (1,154.5 M)	$ (1,154.5 M)	$ (1,058.3 M)	$ (1,058.3 M)	$ (962.1 M)	$ (962.1 M)

HB 839 / SB 1152 Tax Discount Percentages
Real Property

	A	B	C	D	E	F	G	H	I	J
1										
2	**Sum of Taxable Value**									
3	County Size	Size Range	School District	Non School District	*Sum*					
4	Small	TV_NSD < $2.5B	$ 24,875,099,067	$ 22,255,045,746	*$ 47,130,144,813*					
5	Medium	$2.5B < TV_NSD < $50B	$ 623,686,822,341	$ 563,593,853,387	*$ 1,187,280,675,728*					
6	Large	TV_NSD > $50B	$ 1,368,278,548,357	$ 1,261,978,812,272	*$ 2,630,257,360,629*					
7										
8	**2019 Average Statewide Millage Rates**									
9			School District	Non School District	*Sum*					
10			6.5223	10.8014	*17.3237*					
11										
12	**AV Tax Liability**									
13	County Size	Size Range	School District	Non School District	*Sum*					
14	Small	TV_NSD < $25m	$ 162,242,859	$ 240,385,651	*$ 402,628,510*					
15	Medium	$25m < TV_NSD < $500m	$ 4,067,872,561	$ 6,087,602,648	*$ 10,155,475,209*					
16	Large	TV_NSD < $500m	$ 8,924,323,176	$ 13,631,137,943	*$ 22,555,461,119*					
17										
18	**Real Property Payment Behavior**									
19		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
20		Small	55.35%	14.79%	4.71%	11.05%	3.57%	7.49%	3.04%	100.00%
21	County Size	Medium	72.04%	12.83%	3.01%	4.30%	1.39%	2.91%	3.51%	100.00%
22		Large	65.70%	15.06%	4.60%	5.46%	1.76%	3.70%	3.71%	100.00%
23										
24					**SCHOOL DISTRICT**					
25										
26	**School District Tax Collected**									
27		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
28		Small	$ 89,794,935	$ 23,999,461	$ 7,640,838	$ 17,935,396	$ 5,785,611	$ 12,149,784	$ 4,936,834	$ 162,242,859
29	County Size	Medium	$ 2,930,562,616	$ 522,082,253	$ 122,537,525	$ 174,896,727	$ 56,418,299	$ 118,478,428	$ 142,896,715	$ 4,067,872,561
30		Large	$ 5,863,105,676	$ 1,344,435,164	$ 410,531,051	$ 487,643,300	$ 157,304,290	$ 330,339,010	$ 330,964,685	$ 8,924,323,176
31		**Sum**	**$ 8,883,463,226**	**$ 1,890,516,877**	**$ 540,709,414**	**$ 680,475,422**	**$ 219,508,201**	**$ 460,967,222**	**$ 478,798,234**	**$ 13,154,438,596**
32										
33	**School District Tax Liability Discounts**									
34		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	
35		Current Discount	4%	3%	2%	1%	0%	0%	0%	
36		Proposed Discount	6%	5%	4%	3%	1%	0%	0%	
37										
38		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
39		Current Discount	$ 355,338,529	$ 56,715,506	$ 10,814,188	$ 6,804,754	$ -	$ -	$ -	$ 429,672,978
40		Proposed Discount	$ 533,007,794	$ 94,525,844	$ 21,628,377	$ 20,414,263	$ 2,195,082	$ -	$ -	$ 671,771,359
41		**Difference**	**$ (177,669,265)**	**$ (37,810,338)**	**$ (10,814,188)**	**$ (13,609,508)**	**$ (2,195,082)**	**$ -**	**$ -**	**$ (242,098,381)**

	A	B	C	D	E	F	G	H	I	J
42										
43	**NON SCHOOL DISTRICT**									
44										
45	**Non School District Tax Collected**									
46		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
47	County Size	Small	$ 133,043,846	$ 35,558,582	$ 11,320,978	$ 26,573,815	$ 8,572,198	$ 18,001,617	$ 7,314,615	$ 240,385,651
48		Medium	$ 4,385,609,546	$ 781,300,116	$ 183,378,351	$ 261,734,300	$ 84,430,419	$ 177,303,880	$ 213,846,035	$ 6,087,602,648
49		Large	$ 8,955,390,865	$ 2,053,509,360	$ 627,050,956	$ 744,833,301	$ 240,268,807	$ 504,564,494	$ 505,520,160	$ 13,631,137,943
50		**Sum**	**$ 13,474,044,257**	**$ 2,870,368,058**	**$ 821,750,285**	**$ 1,033,141,416**	**$ 333,271,425**	**$ 699,869,992**	**$ 726,680,810**	**$ 19,959,126,242**
51										
52	**Non School District Tax Liability Discounts**									
53		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	
54		Current Discount	4%	3%	2%	1%	0%	0%	0%	
55		Proposed Discount	6%	5%	4%	3%	1%	0%	0%	
56										
57		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
58		Current Discount	$ 538,961,770	$ 86,111,042	$ 16,435,006	$ 10,331,414	$ -	$ -	$ -	$ 651,839,232
59		Proposed Discount	$ 808,442,655	$ 143,518,403	$ 32,870,011	$ 30,994,242	$ 3,332,714	$ -	$ -	$ 1,019,158,026
60		**Difference**	**$ (269,480,885)**	**$ (57,407,361)**	**$ (16,435,006)**	**$ (20,662,828)**	**$ (3,332,714)**	**$ -**	**$ -**	**$ (367,318,795)**
61										
62	**NON AD VALOREM**									
63										
64	**Non AV Fees**									
65	County Size	Size Range								
66	Small	TV_NSD < $25m	$ 64,289,994							
67	Medium	$25m < TV_NSD < $500m	$ 1,506,805,827							
68	Large	TV_NSD < $500m	$ 2,416,376,551							
69		**Sum**	**$ 3,987,472,372**							
70										
71	**Non Ad Valorem Fees Collected**									
72		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
73	County Size	Small	$ 35,581,941	$ 9,509,973	$ 3,027,741	$ 7,107,040	$ 2,292,594	$ 4,814,446	$ 1,956,259	$ 64,289,994
74		Medium	$ 1,085,527,818	$ 193,387,715	$ 45,389,882	$ 64,784,578	$ 20,898,251	$ 43,886,327	$ 52,931,256	$ 1,506,805,827
75		Large	$ 1,587,512,105	$ 364,023,303	$ 111,156,620	$ 132,035,765	$ 42,592,182	$ 89,443,583	$ 89,612,992	$ 2,416,376,551
76		**Sum**	**$ 2,708,621,864**	**$ 566,920,992**	**$ 159,574,244**	**$ 203,927,383**	**$ 65,783,027**	**$ 138,144,356**	**$ 144,500,507**	**$ 3,987,472,372**
77										
78	**Non Ad Valorem Fee Discounts**									
79		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	
80		Current Discount	4%	3%	2%	1%	0%	0%	0%	
81		Proposed Discount	6%	5%	4%	3%	1%	0%	0%	
82										
83		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
84		Current Discount	$ 108,344,875	$ 17,007,630	$ 3,191,485	$ 2,039,274	$ -	$ -	$ -	$ 130,583,263
85		Proposed Discount	$ 162,517,312	$ 28,346,050	$ 6,382,970	$ 6,117,821	$ 657,830	$ -	$ -	$ 204,021,983
86		**Difference**	**$ (54,172,437)**	**$ (11,338,420)**	**$ (3,191,485)**	**$ (4,078,548)**	**$ (657,830)**	**$ -**	**$ -**	**$ (73,438,720)**

	A	B	C	D	E	F	G	H	I	J
87										
88										
89										
90	**Growth Rates**									
91		**Year**	**Certified School Taxable Value**		**County Taxable Value**		**New Construction (Res + Non Res)**			
92		2019	$ 2,169,716		$ 1,987,279		$ 49,725,914,504			
93		2020	$ 2,301,973	6.10%	$ 2,122,234	6.79%	$ 54,611,902,084	9.83%		
94		2021	$ 2,443,188	6.13%	$ 2,263,635	6.66%	$ 54,650,445,733	0.07%		
95		2022	$ 2,584,787	5.80%	$ 2,407,687	6.36%	$ 56,206,542,136	2.85%		
96		2023	$ 2,728,432	5.56%	$ 2,549,931	5.91%	$ 59,357,498,275	5.61%		
97		2024	$ 2,873,748	5.33%	$ 2,692,697	5.60%	$ 60,353,488,237	1.68%		
98		2025	$ 3,019,169	5.06%	$ 2,834,998	5.28%	$ 62,420,106,126	3.42%		
99		2026	$ 3,166,863	4.89%	$ 2,978,886	5.08%	$ 64,529,806,784	3.38%		
100		2027	$ 3,318,138	4.78%	$ 3,125,942	4.94%	$ 66,708,767,548	3.38%		
101		*Source: Aug 21 AV REC*								
102										
103	**Estimated Discount**									
104		**Year**	**School District**	**Non School District**	**Non Ad Valorem**					
105		2019	$ (242,098,381)	$ (367,318,795)						
106		2020	$ (256,855,706)	$ (392,263,207)	$ (73,438,720)					
107		2021	$ (272,612,572)	$ (418,399,067)	$ (73,490,551)					
108		2022	$ (288,412,284)	$ (445,024,924)	$ (75,583,094)					
109		2023	$ (304,440,290)	$ (471,316,600)	$ (79,820,305)					
110		2024	$ (320,654,748)	$ (497,704,759)	$ (81,159,651)					
111		2025	$ (336,880,922)	$ (524,006,970)	$ (83,938,711)					
112		2026	$ (353,360,718)	$ (550,602,515)	$ (86,775,707)					
113		2027	$ (370,240,085)	$ (577,783,616)	$ (89,705,839)					
114										
115	**Participation Increase**									
116		20%	10%	0%						

	A	B		C		D	E	F	G	H	I	J
117												
118	**School Impact**											
119		High		Middle		Low						
120	2021-22	$	(327,135,086)	$	(299,873,829)	$ (272,612,572)						
121	2022-23	$	(346,094,741)	$	(317,253,513)	$ (288,412,284)						
122	2023-24	$	(365,328,349)	$	(334,884,320)	$ (304,440,290)						
123	2024-25	$	(384,785,698)	$	(352,720,223)	$ (320,654,748)						
124	2025-26	$	(404,257,106)	$	(370,569,014)	$ (336,880,922)						
125	2026-27	$	(424,032,862)	$	(388,696,790)	$ (353,360,718)						
126												
127	**Non-School Impact**											
128		High		Middle		Low						
129	2021-22	$	(440,782,553)	$	(404,050,674)	$ (367,318,795)						
130	2022-23	$	(470,715,849)	$	(431,489,528)	$ (392,263,207)						
131	2023-24	$	(502,078,880)	$	(460,238,974)	$ (418,399,067)						
132	2024-25	$	(534,029,909)	$	(489,527,417)	$ (445,024,924)						
133	2025-26	$	(565,579,920)	$	(518,448,260)	$ (471,316,600)						
134	2026-27	$	(597,245,711)	$	(547,475,235)	$ (497,704,759)						
135												
136	**Non-AV Impact**											
137		High		Middle		Low						
138	2021-22	$	(88,188,661)	$	(80,839,606)	$ (73,490,551)						
139	2022-23	$	(90,699,712)	$	(83,141,403)	$ (75,583,094)						
140	2023-24	$	(95,784,366)	$	(87,802,336)	$ (79,820,305)						
141	2024-25	$	(97,391,581)	$	(89,275,616)	$ (81,159,651)						
142	2025-26	$	(100,726,454)	$	(92,332,583)	$ (83,938,711)						
143	2026-27	$	(104,130,848)	$	(95,453,278)	$ (86,775,707)						
144												
145	**Total Impact**											
146		High		Middle		Low						
147	2021-22	$	(856,106,301)	$	(784,764,109)	$ (713,421,917)						
148	2022-23	$	(907,510,302)	$	(831,884,444)	$ (756,258,585)						
149	2023-24	$	(963,191,595)	$	(882,925,629)	$ (802,659,663)						
150	2024-25	$	(1,016,207,188)	$	(931,523,256)	$ (846,839,324)						
151	2025-26	$	(1,070,563,480)	$	(981,349,856)	$ (892,136,233)						
152	2026-27	$	(1,125,409,421)	$	(1,031,625,303)	$ (937,841,184)						

HB 839 / SB 1152 Tax Discount Percentages
Tangible Personal Property

	A	B	C	D	E	F	G	H	I	J
1										
2	**Sum of Taxable Value**									
3	County Size	Size Range	TPP							
4	Small	TV_NSD < $2.5B	$ 7,930,839,827							
5	Medium	$2.5B < TV_NSD < $50B	$ 49,762,034,127							
6	Large	TV_NSD > $50B	$ 74,468,836,871							
7										
8	**2019 Average Statewide Millage Rates**									
9			TPP							
10			17.3237							
11										
12	**Tax Liability**									
13	County Size	Size Range	TPP							
14	Small	TV_NSD < $25m	$ 137,391,490							
15	Medium	$25m < TV_NSD < $500m	$ 862,062,551							
16	Large	TV_NSD < $500m	$ 1,290,075,789							
17										
18										
19	**Tangible Personal Property Payment Behavior**									
20		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
21		Small	39.12%	51.25%	0.71%	2.94%	0.95%	1.99%	3.04%	100.00%
22	County Size	Medium	45.53%	43.82%	2.74%	2.19%	0.71%	1.49%	3.51%	100.00%
23		Large	54.75%	28.91%	8.28%	2.17%	0.70%	1.47%	3.71%	100.00%
24										
25	**Tax Collected**									
26		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
27		Small	$ 53,751,843	$ 70,417,748	$ 973,318	$ 4,033,971	$ 1,301,281	$ 2,732,690	$ 4,180,640	$ 137,391,490
28	County Size	Medium	$ 392,534,122	$ 377,760,260	$ 23,649,725	$ 18,917,904	$ 6,102,550	$ 12,815,354	$ 30,282,637	$ 862,062,551
29		Large	$ 706,292,728	$ 372,980,279	$ 106,843,863	$ 28,057,784	$ 9,050,898	$ 19,006,886	$ 47,843,351	$ 1,290,075,789
30		**Sum**	**$ 1,152,578,693**	**$ 821,158,287**	**$ 131,466,906**	**$ 51,009,658**	**$ 16,454,728**	**$ 34,554,930**	**$ 82,306,628**	**$ 2,289,529,830**
31										
32	**TPP Tax Liability Discounts**									
33		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	
34		Current Discount	4%	3%	2%	1%	0%	0%	0%	
35		Proposed Discount	6%	5%	4%	3%	1%	0%	0%	
36										
37		Month	Nov	Dec	Jan	Feb	1st 10 Days of Mar	Last 21 Days of Mar	Delinquent	Sum
38		Current Discount	$ 46,103,148	$ 24,634,749	$ 2,629,338	$ 510,097	$ -	$ -	$ -	$ 73,877,331
39		Proposed Discount	$ 69,154,722	$ 41,057,914	$ 5,258,676	$ 1,530,290	$ 164,547	$ -	$ -	$ 117,166,149
40		**Difference**	**$ (23,051,574)**	**$ (16,423,166)**	**$ (2,629,338)**	**$ (1,020,193)**	**$ (164,547)**	**$ -**	**$ -**	**$ (43,288,818)**

HB 839 / SB 1152 Tax Discount Percentages
Tangible Personal Property

	A	B	C	D	E	F	G	H	I	J
41										
42	**Growth Rates**									
43		**Year**	**County TV--Personal Property**							
44		2019	$ 130,635.00							
45		2020	$ 137,294.00	5.10%						
46		2021	$ 138,858.00	1.14%						
47		2022	$ 143,084.00	3.04%						
48		2023	$ 147,438.00	3.04%						
49		2024	$ 151,920.00	3.04%						
50		2025	$ 156,535.00	3.04%						
51		2026	$ 161,286.00	3.04%						
52		2027	$ 166,177.00	3.03%						
53		*Source: Aug 21 AV REC*								
54										
55	**Estimated Discount**									
56		**Year**	**TPP**							
57		2019	$ (43,288,818)							
58		2020	$ (45,495,426)							
59		2021	$ (46,013,692)							
60		2022	$ (47,414,072)							
61		2023	$ (48,856,867)							
62		2024	$ (50,342,077)							
63		2025	$ (51,871,360)							
64		2026	$ (53,445,710)							
65		2027	$ (55,066,452)							
66										
67	**Participation Increase**									
68		20%	10%	0%						
69										
70	**Total Impact**									
71		High	Middle	Low						
72	2021-22	$ (55,216,431)	$ (50,615,062)	$ (46,013,692)						
73	2022-23	$ (56,896,886)	$ (52,155,479)	$ (47,414,072)						
74	2023-24	$ (58,628,240)	$ (53,742,553)	$ (48,856,867)						
75	2024-25	$ (60,410,493)	$ (55,376,285)	$ (50,342,077)						
76	2025-26	$ (62,245,632)	$ (57,058,496)	$ (51,871,360)						
77	2026-27	$ (64,134,852)	$ (58,790,281)	$ (53,445,710)						

HB 839 / SB 1152 Tax Discount Percentages

Tangible Personal Property

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	ırce: W Dale Summerford, Tax Collector, Gadsde			**Cumulative Ad Valorem Tax Amount Collected & Percentage of Roll**											
2		**Certified Tax Roll Totals**		**November 2019**				**December 2019**				**January 2020**			
3		Real Estate	*Tangible*	Real Estate	%	*Tangible*	%	Real Estate	%	*Tangible*	%	Real Estate	%	*Tangible*	%
4	Duval	1,158,592,752	112,852,684	856,366,017	73.91%	52,046,455	46.12%	1,034,226,683	89.27%	95,093,232	84.26%	1,061,493,532	91.62%	98,090,121	86.92%
5	Hillsborough	1,840,854,247	173,402,762	1,349,380,863	73.30%	118,210,228	68.17%	1,619,067,049	87.95%	158,089,283	91.17%	1,662,169,613	90.29%	161,764,258	93.29%
6	Miami-Dade	Pending	Pending	4,094,942,459	71.20%	102,385,073	34.90%	4,998,227,967	86.90%	269,315,087	91.90%	5,234,328,134	91.00%	279,166,283	95.30%
7	Palm Beach	3,705,311,484	180,208,965	1,499,453,981	40.47%	151,406,557	84.02%	1,990,778,332	53.73%	163,680,569	90.83%	2,341,422,581	63.19%	171,250,193	95.03%
8	Pinellas	1,685,598,039	88,637,796	1,173,282,665	69.61%	35,928,210	40.53%	1,449,092,208	85.97%	53,305,084	60.14%	1,529,031,811	90.71%	79,040,662	89.17%
9	Alachua	357,548,054	29,615,151	231,642,255	64.79%	15,396,366	51.99%	307,660,891	86.05%	26,018,025	87.85%	318,376,058	89.04%	26,523,703	89.56%
10	Charlotte	300,468,890	15,752,235	216,233,987	71.97%	6,261,883	39.75%	240,202,032	79.94%	14,372,195	91.24%	248,609,422	82.74%	14,530,371	92.24%
11	Escambia	272,096,943	31,418,564	194,653,153	71.54%	14,718,288	46.85%	230,087,692	84.56%	27,518,078	87.59%	239,455,641	88.00%	29,684,143	94.48%
12	Monroe			185,597,227		3,242,395		231,680,007		4,301,129		244,357,996		4,411,171	
13	St. Johns	494,956,768	15,624,345	395,354,656	79.88%	6,804,538	43.55%	440,278,862	88.95%	14,177,686	90.74%	454,194,521	91.76%	14,391,378	92.11%
14	Gadsden	20,032,142	5,316,354	11,740,356	58.61%	2,422,654	45.57%	14,002,676	69.90%	4,796,456	90.22%	14,878,602	74.27%	4,850,799	91.24%
15	Hardee	15,703,149	12,280,185	9,613,211	61.22%	5,792,947	47.17%	11,453,757	72.94%	11,371,011	92.60%	12,142,459	77.32%	11,427,749	93.06%
16	Okeechobee	27,052,029	15,802,953	15,406,276	56.95%	2,628,496	16.63%	19,414,042	71.77%	14,800,956	93.66%	20,730,794	76.63%	14,836,886	93.89%
17	Suwanee	26,657,111	10,461,874	13,729,956	51.51%	7,272,876	69.52%	17,627,469	66.13%	8,649,939	82.68%	18,924,114	70.99%	8,755,899	83.69%
18	Taylor	13,635,566	9,504,178	6,606,121	48.45%	1,589,270	16.72%	9,539,304	69.96%	8,812,766	92.73%	10,228,927	75.02%	8,890,485	93.54%

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes and Fees
Issue: Economic Development
Bill Number(s): HB 685

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Representative Drake
Month/Year Impact Begins: July 1, 2022
Date of Analysis: December 13, 2021

Section 1: Narrative

a. Current Law:

Enterprise Zones

Florida Enterprise Zone Program was created in 1982.[1] Under the Enterprise Zone Act, areas of the state meeting specified criteria, including suffering from pervasive poverty, unemployment, and general distress were designated as enterprise zones. In 2015, Florida had 65 enterprise zones.[2] Certain federal, state, and local incentives were authorized to induce private businesses to invest in these enterprise zones. The program's state incentives included:

- Jobs credit against corporate income and state sales taxes for wages paid to new employees who are either residents of an enterprise zone or participants in a welfare transition program, up to 45 percent of wages paid for two years.
- Corporate income tax credit on ad valorem (property) taxes paid on new, expanded, or rebuilt businesses, up to $50,000 annually for five years.
- Sales tax refund on the purchase of building materials and business equipment. The amount of the refund is the lesser of 97 percent of the sales taxes paid or $5,000, or, if 20 percent or more of the business's employees reside in an enterprise zone, the lesser of 97 percent of the taxes paid or $10,000.
- Sales tax exemption of 50 percent for electrical energy used in an enterprise zone, if the municipality in which the business is located has passed an ordinance to exempt the municipal utility taxes on such business.

The Enterprise Zone Program was repealed by operation of law on December 31, 2015. However, the Legislature has extended the incentives for certain recipients of other state economic development programs who were under contract with the Department of Economic Opportunity (DEO) by July 1, 2015.[3] Eligibility for this special treatment expired on December 31, 2018. In addition, during the 2016 Session, the Legislature clarified that counties and municipalities may grant economic development property tax exemptions in areas that were previously designated as enterprise zones, so long as the projects were approved prior to December 31, 2015.[4] In 2017, the Legislature preserved Enterprise Zone boundaries in existence before the repeal of the program to allow local governments to administer local incentive programs within these boundaries, through December 31, 2020. This sunset date is extended to December 31, 2025 for "eligible contiguous multi-phase projects in which at least one certificate of use or occupancy has been issued before December 31, 2020, and which project will then vest the remaining project phases until completion…"[5]

Opportunity Zones

The Federal "Tax Cuts and Jobs Act of 2017" included a section creating the Opportunity Zones in designated low-income communities.[6] The Economic Innovation Group (EIG) describes Opportunity Zones as:

> "… a new community development program … to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones designated by the chief executives of every U.S. state and territory."[7]

[1] Sections 290.001 – 290.016, F.S.
[2] See Department of Economic Opportunity, Bureau of Economic Development, Division of Community Development. Enterprise Zone Program Annual Report, 2015. Tallahassee, Florida.
[3] Section 30, ch. 2015-221, Laws of Florida.
[4] Sections 2-4, ch. 2016-220, Laws of Florida. The law also expanded from 10 to 20 years an exemption for data center equipment.
[5] Sections 56, ch. 2017-36, Laws of Florida.
[6] Public Law 115-97, Part IX, Subpart B, Sec. 13823. https://www.congress.gov/bill/115th-congress/house-bill/1/text
[7] http://eig.org/opportunityzones The Economic Innovation Group is the public policy organization that developed and promoted the Opportunity Zones concept, first filed as a bill in early 2017.

To enable Florida to participate in this new program, then Governor Scott nominated population census tracts to be designated as Qualified Opportunity Zones (QOZs). To be eligible, such tracks had to be low-income communities (LICs) as defined in the Federal New Markets Tax Credit program, in accordance with the following parameters:

- The poverty rate for the tract is at least 20%;
- The tract is not located within a metropolitan area and the median family income does not exceed 80% of the statewide median family income, or
- The tract is located within a metropolitan area and the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.[8]

As of 2015, Florida had 1,335 tracts with poverty rates of at least 20 percent, or 31.4 percent of the total tracts in the state.[9] Only twenty-five percent of qualified census tracts within a state were eligible to be nominated and designated as QOZs. However, non-eligible population census tracts could qualify if the tract was contiguous with a low-income community that is designated as a QOZ, and the median family income of the tract did not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous. This exception was limited to no more than five percent of designated census tracts.

The Florida Department of Economic Opportunity provided this overview of Governor Scott's selection process in nominating census tracks for designation as QOZs:[10]

- The tax bill allowed 5% of tract nominations to be tracts that did not meet the low-income designation but were contiguous, or next to, other tracts that did meet the criteria. The Governor chose not to nominate contiguous tracts so that the areas with the most need could be designated.
- DEO staff used a combination of data and project requests to determine the Zones. A statistical model was created using census tract data and other economic indicators, such as poverty level, unemployment rates and population density. DEO used a proportional method of nominating tracts so that every county received at least one census tract nomination. Finally, DEO incorporated into the model requests from city and county governments, regional planning councils, nonprofits, investors, developers and others.
- DEO received requests for more than 1,200 census tracts, which is more than the 427 the state can nominate. Feedback was incorporated as much as possible, and balanced with the economic analysis. For example, a request in an area with very low unemployment may not have been chosen.

The Department of the Treasury approved Governor Scott's nomination of QOZs in June, 2018.[11] These 427 approved QOZs are now in place for a full 10-year period.[12] Staff associated with the Community Development Financial Institutions Fund (CDFI Fund) of the Department administer the program.

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[8] 26 U.S. Code Section 45D(e). This law also provides that a census tract with a population of less than 2,000 is treated as a low-income community if it is within an empowerment zone under IRC §1391 and is contiguous to one or more low-income communities. For census tracts within high migration rural counties, the median family income cannot exceed 85% of the statewide median family income. In 2010, the GAO (10-334, 8) noted that 36 percent of the US population lives within 39 percent of the census tracks in the US that are considered low-income communities for the New Market Tax Credit program.
The Community Development Financial Institutions Fund provides an interactive website to identify current qualified low-income communities. https://www.cdfifund.gov/opportunity-zones
Also see https://www.irs.gov/pub/irs-drop/rp-18-16.pdf

[9] https://factfinder.census.gov/bkmk/table/1.0/en/ACS/15_5YR/S1701/0400000US12.14000

[10] http://www.floridajobs.org/docs/default-source/communicationsfiles/fl-opportunity-zones-faq.pdf

[11] http://www.floridajobs.org/docs/default-source/communicationsfiles/treasury-irs-designation-letter-fl.pdf?sfvrsn=2 These approved QOZs may be viewed at https://eig.org/opportunityzones The Federal regulations regarding the designation of QOZs is 26 USC 1400Z-1.

[12] Opportunity Zones Program - FloridaJobs.org Recent research indicates there are seven to 10 Qualified Opportunity Zones in Florida with active investments. OZ Activity Map - Economic Innovation Group (eig.org) In addition, there may be 25 Qualified Opportunity Zones with an investment objective that specifically identifies Florida as a target market, with a cumulative fund size of $4.3 billion. List of Florida Opportunity Zones & OZ Funds - OpportunityDb

Qualified Opportunity Funds are the means through which deferred capital gains are invested. To qualify, each fund must hold at least 90 percent of its assets in QOZ property, which is defined as stock, partnership interest, or property of a QOZ trade or business. Investors in Opportunity Funds benefit in a number of ways. First, federal taxes on individual and corporate capital gains in stocks and mutual funds can be deferred while such gains are reinvested in an Opportunity Fund.[13] If the investment is maintained for 5 years, the taxable amount on the original capital gains is reduced by 10 percent. If maintained in the Opportunity Fund for 7 years, the taxable amount is reduced by 15 percent. If maintained for 10 years, gains on any appreciation of the investment in the Opportunity Fund are not taxed as capital gains.[14]

A 2018 GreenbergTraurig Advisory summarizes the collective benefits of this new federal program:

> The new tax reform legislation, the Tax Cuts and Jobs Act (TCJA), created a significant new economic development tool alongside a meaningful tax deferral and abatement mechanism, "qualified opportunity zones." The new provision provides a flexible deferral mechanism for short and long term capital gains for current investments in nearly all asset classes.…This program will provide businesses, projects, and commercial property in eligible low-income census tracts attractive financing and what could amount to a substantial long-term subsidy for economic development. The provision will also provide opportunities for investors, individual and corporate, to defer current capital gains, significantly increase basis in their current investments, and abate all future capital gains on the investment. Sophisticated fund managers should be able to find complex structures and entity planning to optimize return for investors and maximize subsidy for low-income businesses and property investment. Due to the broad base of potential investors and eligible projects, property, and transactions, this program has the ability to provide substantial returns to investors, administrative opportunities for funds, and subsidy for eligible projects and businesses.

Public Service Tax
Municipalities and charter counties may levy by ordinance a public service tax on the purchase of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. (Section 166.231(1), F.S.) The tax is levied only upon purchases within the municipality or within the charter county's unincorporated area and cannot exceed 10 percent of the payments received by the seller of the taxable item. Services competitive with those listed above, as defined by ordinance, can be taxed on a comparable base at the same rates; however, the tax rate on fuel oil cannot exceed 4 cents per gallon. (Section 166.231(2), F.S.) The tax proceeds are considered general revenue for the municipality or charter county.

Sales Tax on Electrical Energy
Unless a specific exemption is specified in Section 212, s. 212.05, F.S., provides it is the legislative intent that every person is exercising a taxable privilege that engages in the business of selling tangible personal property in this state. For exercising such a privilege, a tax is levied on each taxable transaction or incident. The retail sale of electrical power or energy in the State of Florida is subject to sales tax. The incidence of the tax is on "charges for electrical power or energy," and the tax rate for such sales is 4.35 percent (see s. 212.05(1)(e)1.c., F.S.). The sales of electricity to residential customers is specifically exempt from sales and use tax under s. 212.08(7)(j), F.S.

Rural Job Tax Credit Program
The Rural Job Tax Credit Program offers an incentive for eligible businesses located within one of 36 designated Qualified Rural Areas to create new jobs. (Section 212.098, F.S.) The tax credit ranges from $1,000 to $1,500 per qualified employee and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax. The credit can only be taken against one of these two taxes. These tax credits are provided to encourage meaningful employment opportunities that will improve the quality of life of those employed and to encourage economic expansion of new and existing businesses in rural areas of Florida.

A business may not receive more than $500,000 of tax credits during any one calendar year. Five million dollars of tax credits may be approved in a calendar year.

[13] Normally, the proceeds from the sale of those assets would be taxed as a capital gain, at a maximum federal rate of 20 percent plus and net investment income tax of 3.8%.
[14] For examples of investment benefit scenarios, see http://eig.org/wp-content/uploads/2018/02/Opportunity-Zones-Fact-Sheet.pdf

Tax: Various Taxes and Fees
Issue: Economic Development
Bill Number(s): HB 685

Rural Areas of Opportunity[15]
Rural Areas of Opportunity (RAO) are defined as rural communities, or a region composed of rural communities, that have been adversely affected by extraordinary economic events or natural disasters. (Section 288.0656(2)(d), F.S.) The Governor, by executive order, designated three RAOs, which established each region as a priority assignment for Rural and Economic Development Initiative (REDI) agencies. The designation also allows the Governor to waive criteria of any economic development incentive including, but not limited to, the following:

- Qualified Target Industry Tax Refund Program
- Quick Response Training Program
- Transportation Projects
- Brownfield Redevelopment Bonus Refund
- Rural Job Tax Credit Program

Additional Programs Addressing Rural Economic Development
The Legislature has enacted a number of programs to facilitate economic development in rural areas of the state. These include:
- Regional Rural Development Grant Program;
- Rural Economic Development Initiative (REDI);
- Rural Community Development Revolving Loan Fund; and
- Rural Infrastructure Fund.

Funding for these programs is provided primarily through annual appropriation.

Quick Response Training Program
CareerSource Florida, Inc. (CSF) offers two training grant programs to qualified for-profit businesses. The Quick Response Training (QRT) program provides match funding for customized, skills-based training while the Incumbent Worker Training (IWT) grants are used for training related to a significant upgrade in skills for existing full-time employees. These programs are designed to meet workforce needs of existing, expanding, and new businesses and to promote economic development in Florida.

Since 1993, Quick Response Training grants have provided partial reimbursement for costs incurred by for-profit businesses for customized, skills-based training for new or retained entry-level, high-quality jobs in Florida's targeted industries which produce an exportable product or service.[16] CSF Guidelines characterize "high-quality jobs" as jobs paying an average annual wage of at least 125 percent of local or state private sector wages, unless the business is located in a distressed urban or rural community or brownfield area. Since 2021, jobs must pay at least the state's minimum hourly wage.

To be eligible, companies must create permanent, full-time jobs that require specialized training that is not available through the local community college or school district. Priority is given to businesses in distressed urban and rural areas, Enterprise Zones or Brownfield areas. Grants are limited to training programs of no more than twelve months.

b. Proposed Change:
Section 1 amends s. 166.231, F.S., to authorize municipalities and charter counties to exempt, by ordinance, businesses qualified for a sales and use tax exemption on energy used in federal Opportunity Zones – as proposed in section 2 of the bill – from not less than 50 percent of public service taxes levied on electrical energy, natural gas or propane.

Propane – LP-gas, liquefied petroleum gas (LPG) – is by-product of natural gas processing, which requires the removal of propane, butane, and ethane. What is Propane Gas? | PERC

[15] Annual-Report-2020.pdf (enterpriseflorida.com)
[16] Section 288.047, F.S.

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes and Fees
Issue: Economic Development
Bill Number(s): HB 685

Section 2 amends s. 212.08(5)(g), F.S. to create a sales and use tax exemption of between $500 and $7,500 for building materials used in the rehabilitation of real property located in an Opportunity Zone. "Rehabilitation of real property" means the reconstruction, renovation, restoration, rehabilitation, construction, or expansion of improvements to real property. The exemption inures through a refund of previously paid taxes. Absent documentation of actual costs of building materials and taxes paid, the cost of the building materials "is deemed to be an amount equal to 40 percent of the increase in assessed value for ad valorem tax purposes."

Section 2 also amends s. 212.08(15), F.S., to create a 50 percent sales and use tax exemption on electrical energy, natural gas or propane used by a qualified business in an Opportunity Zone, provided the municipality or charter county has exempted the business from the Public Service Tax. Qualified businesses are eligible for the exemption for five years.

The application for the tax refund and exemption must be filed "with the governing body having jurisdiction over the opportunity zone where the business is located." It is unclear what the governing body is, as the Opportunity Zone program is administered and regulated by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury. Further, the tax refund is available to any business in an Opportunity Zone, not solely to businesses receiving investments through the Opportunity Zone program. If it is intended to be the local government in which the qualified business is located, the governing body could be the county, municipality or special district in which it is located.

Section 3 amends s. 212.098, F.S., to increase the Rural Job Tax Credits and reduce the qualifying thresholds. For newly eligible businesses, the credit is increased from $1,000 to $2,500, and the requirement that businesses hire at least 10 qualified employees is repealed. For existing qualified businesses with fewer than 50 employees, the credit is increased from $1,000 to $2,000, and the threshold percentage of prior year employees is reduced from 20 to 10 percent. For existing qualified businesses with more than 50 employees, the credit is increased from $1,000 to $1,500, and the threshold of prior year employees is reduced from 10 to 5.

Section 4 amends s. 288.018, F.S., to reduce the non-state resource match requirement from 25 to 15 percent for the Regional Rural Development Grant Program.

Section 5 amends s. 288.019, F.S., which governs the grant review and evaluation process of member agencies and organizations of the Rural Economic Development Initiative (REDI). Specifically, it removes the current in-kind match criteria, thereby allowing consideration of in-kind contributions from all grant applicants.

Section 6 amends s. 288.047 (4), F.S., to include businesses in Rural Areas of Opportunities in the priority funding of Quick Response Training (QRT) grants, and removes priority designation for businesses in Enterprise Zones and Brownfield Areas. In addition, it reduces the time that 30 percent of grant funds be set aside, from 6 to 3 months.

Section 7 amends s. 288.065 (2), F.S., which governs the Rural Community Development Revolving Loan Fund. Currently, loan recipients are required to repay principal and interest to the fund, except that recipients may retain repayments if such repayments are dedicated and matched to fund regionally based economic development organization representing the Rural Area of Opportunity. This provision removes the match requirement.

Section 8 amends s. 288.0655, F.S., which governs the Rural Infrastructure Fund. This provision increases grant awards for infrastructure in Rural Areas of Opportunity from 50 to 75 percent of infrastructure costs, removes the requirement that projects be related to specific job creation or job retention opportunities, and removes the requirement that grants be used for projects. This provision also removes qualifying conditions (job creation and match requirements) and thresholds for grants for infrastructure feasibility studies, design and engineering activities, and other planning a preparation activities.

Section 9 amends s. 288.0656, F.S., to require the Department of Economic Opportunity (DEO) to collect data and report on the use and success of state programs assisting rural communities and Rural Areas of Opportunity. The Rural Economic Development Initiative (REDI) in DEO is required to biannually review the impact of rules and statutes on rural communities. REDI is also authorized to overrule any state department determination regarding qualification of a business to access state programs. REDI agencies must provide an agency contact for direct access, and establish a direct-support organization to provide sponsorships of conferences and achievement awards and raise funds for such activities.

Section 10 amends s. 288.1201, F.S., which governs the uses of funds from the State Economic Enhancement and Development Trust Fund. This provision requires at least ten percent of fund allocated to affordable housing programs and projects be used for affordable housing programs in rural communities.

Sections 11-18 create s. 288.9941 – 9948, F.S., to establish a non-profit Florida Microfinance Corporation to provide access to capital, information, and technical and financial assistance for small businesses in rural communities. The corporation is authorized to charge fees to defray operating expenses, and receive funding from available public and private sources, and returns from loans or investments. No state revenue source or appropriation is specified in the bill.

Section 19 amends s. 290.0056, F.S., to remove the authority of Enterprise Zone Development Agencies to review, process and certify applications for the tax exemption for building materials used in the rehabilitation of real property in Enterprise Zones. Section 2 of this bill amends s. 212.08(5)(g), F.S. to specify the exemption applies to businesses in federal Opportunity Zones rather than Enterprise Zones.

Section 20 amends s. 290.007, F.S., which lists the state incentives available to businesses in Enterprise Zones. This provision provides that the sales tax exemption for building materials used in the rehabilitation of real property is available to businesses in federal Opportunity Zones rather that Enterprise Zones. In addition, the sales tax exemption for electrical energy is available to businesses in federal Opportunity Zones rather that Enterprise Zones, and expands the exemption to natural gas and propane. These changes are consistent with the amendments proposed in sections 1 and 2 of the bill.

Section 21 provides an effective date of July 1, 2022.

Section 2: Description of Data and Sources

Impact adopted December 10, 2021
Local Government Financial Reporting – Department of Financial Services

Section 3: Methodology (Include Assumptions and Attach Details)

Sections 1 and 2 largely replicates three incentives – 1 local, 2 state – from the in the now-sunset Enterprise Zone program for businesses in federal Opportunity Zones;

Section 3 increases the Rural Job Tax Credits and reduce the qualifying thresholds;

The remaining sections have no revenue impact.

Sections 1 -2 bear some similarity to the sunset Enterprise Zone program. The Enterprise Zone program sunset December 31, 2015, although the Legislature extended state incentives under certain conditions until December 31, 2018. The Enterprise Zone state incentives included a sales tax refund on the purchase of building materials and business equipment. The amount of the refund is the lesser of 97 percent of the sales taxes paid or $5,000, or, if 20 percent or more of the business's employees reside in an enterprise zone, the lesser of 97 percent of the taxes paid or $10,000. There was also a public service tax and sales tax exemption of 50 percent for electrical energy used in an enterprise zone, if the municipality in which the business was located has passed an ordinance to exempt the municipal utility taxes on such business. This bill adds public service tax on natural gas and propane. The methodology to determine Sections 1 & 2 are attached.

Section 3 reduces the threshold to qualify for a Rural Job Tax Credit and increases the credit. The maximum allowed annual credit is $5,000,000. The Department of Revenue show no credits have been taken in the last two and half years and around $140,000 has been taken within the last five years. It is unclear how the changes would impact the use of the incentive. A negative indeterminate impact is recommended.

REVENUE ESTIMATING CONFERENCE

Tax: Various Taxes and Fees
Issue: Economic Development
Bill Number(s): HB 685

Section 4: Proposed Fiscal Impact

Sections 1 & 2 – Opportunity Zones

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0	0	($8.9)	($35.7)	0	0
2023-24	0	0	($17.8)	($35.7)	0	0
2024-25	0	0	($26.7)	($35.7)	0	0
2025-26	0	0	($35.7)	($35.7)	0	0
2026-27	0	0	($35.7)	($35.7)	0	0

Section 3 – Rural Job Tax Credit

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0	0	(**)	(**)	0	0
2023-24	0	0	(**)	(**)	0	0
2024-25	0	0	(**)	(**)	0	0
2025-26	0	0	(**)	(**)	0	0
2026-27	0	0	(**)	(**)	0	0

List of affected Trust Funds: N/A

Section 5: Consensus Estimate (Adopted: 12/17/2021) The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	(4.0)	(15.9)	(0.9)	(3.6)	(0.1)	(0.5)	(0.4)	(1.5)
2023-24	(8.0)	(15.9)	(1.8)	(3.6)	(0.3)	(0.5)	(0.8)	(1.5)
2024-25	(12.0)	(15.9)	(2.7)	(3.6)	(0.4)	(0.5)	(1.1)	(1.5)
2025-26	(15.9)	(15.9)	(3.6)	(3.6)	(0.5)	(0.5)	(1.5)	(1.5)
2026-27	(15.9)	(15.9)	(3.6)	(3.6)	(0.5)	(0.5)	(1.5)	(1.5)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	(0.7)	(2.6)	(4.7)	(18.7)	(9.6)	(38.2)
2023-24	(1.3)	(2.6)	(9.3)	(18.7)	(19.1)	(38.2)
2024-25	(2.0)	(2.6)	(14.0)	(18.7)	(28.7)	(38.2)
2025-26	(2.6)	(2.6)	(18.7)	(18.7)	(38.2)	(38.2)
2026-27	(2.6)	(2.6)	(18.7)	(18.7)	(38.2)	(38.2)

Section 1 - amends 166.231, exempts public service tax not less than 50% on electrical energy, natural gas and propane by ordinance.
eligible under 212.08(15)
Section 2 - exempts building materials used in the rehab of real property in opportunity zones.
excludes condos. Exemption is through a refund of previously paid taxes, not to exceed 97% of the taxes paid or 7,500, whichever is less
Section 2 - a municipality that has enacted an ordinance pursuant to 166.231(8) shall receive an exemption equal to
50% of the taxes imposed under ch 212. May receive up to 5 years.
Exemption is on charges for electrical energy, natural gas and propane.

currently 166.231 - (1)(a) A municipality may levy a tax on the purchase of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Except for those municipalities in which paragraph (c) applies, the tax shall be levied only upon purchases within the municipality and shall not exceed 10 percent of the payments received by the seller of the taxable item from the purchaser for the purchase of such service.

Local Government Financial Report (LOGER)
Loger reports Utility Service Tax as:
314100 - Utility Service Tax - Electricity
314300 - Utility Service Tax - Water
314400 - Utility Service Tax - Gas
314700 - Utility Service Tax - Fuel Oil
314800 - Utility Service Tax - Propane
314900 - Utility Service Tax - Other

Statute categories:
Electricity
Metered Natural Gas
Liquefied petroleum gas, metered or bottled
manufactured gas, metered or bottled
water service

The local government financial reporting handbook (https://www.myfloridacfo.com/Division/AA/Manuals/documents/2021-2022UASManualRevised10-21-2021.pdf) instructs the local government that the tax on propane category includes liqefied petroleum gas either metered or bottled.
Assume "gas" is Natural Gas

2015 reported utility tax for municipalities and chartered counties

314100 - Utility Service Tax - Electricity	$ 1,007,381,142	83.04%
314300 - Utility Service Tax - Water	$ 150,226,671	12.38%
314400 - Utility Service Tax - Gas	$ 28,734,759	2.37%
314700 - Utility Service Tax - Fuel Oil	$ 611,971	0.05%
314800 - Utility Service Tax - Propane	$ 9,008,735	0.74%
314900 - Utility Service Tax - Other	$ 17,184,568	1.42%
Total	$ 1,213,147,846	

Assume that the proportion of revenues between electricity, propane and natural gas would be the same for the exempted amounts.

2014/15 Impact on Electric Energy - Sales and Use Tax	**$ 5,866,115**
Adopted 12/10/21	
Estimated Impact to public service tax on propane	$ 52,459
Estimated Impact to public service tax on natural gas	$ 167,326
	$ 6,085,901
2014/15 Impact on Electric Energy - GRUT	**$ 3,506,184**
Adopted 12/10/21	
Estimated Impact to public service tax on propane	$ 31,355
Estimated Impact to public service tax on natural gas	$ 100,011
	$ 3,637,550
2014/15 Impact on Electric Energy - Public Service Tax	**$ 13,485,323**
Adopted 12/10/21	
Estimated Impact to public service tax on propane	$ 120,596
Estimated Impact to public service tax on natural gas	$ 384,658
	$ 13,990,576

Combined Natural Gas/Propane

Sales Tax	GRUT	PST
4.35%	2.60%	10%
$ 219,785	$ 131,366	$ 505,254

Comparison between Opportunity Zone and Enterprise Zone

	Opportunity Zone	Enterprise Zone (based on DEO 2015 EZ annual report)
Number of Zones	472	65
Corresponding Miles	7,117.7	1,497.0

History of Building Material Refunds (Post condo law change)		Section 9 of ch. 2010-147, L.O.F., removed the eligibility of condominium parcels or property, as defined in s. 718.103, F.S., for the sales tax exemption for building materials, pursuant to s. 212.08(5)(g), F.S.
FY 2010-11	$13,590,376	
FY 2011-12	$632,604	
FY 2012-13	$652,728	
FY 2013-14	$1,194,130	
FY 2014-15	$1,368,183	
FY 2015-16 through 2017-18	$1,728,008	(post sunset)

Incentives	Opportunity Zone	Enterprise Zone	FY 2014/15 EZ Incentives
Building Materials Refund	A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in a zone that may not exceed the lesser of 97% of sales tax paid or $7,500. The minimum refund is $500.	A refund may not exceed the lesser of 97% of the sales tax paid on the cost of the building materials used in the rehabilitation of real property or $5,000. If at least 20 percent of the employees of the business are residents of an enterprise zone, the amount of refund may not exceed $10,000.	$ 1,368,183
Electricity Energy Exemption	Sales tax exemption of 50 percent for electrical energy used in an enterprise zone, if the municipality in which the business is located has passed an ordinance	Sales tax exemption of 50 percent for electrical energy used in an enterprise zone, if the municipality in which the business is located has passed an ordinance	$ 1,971,189
	Public Service Tax exemption for electrical energy used in an oppportunity zone, if the municipality in which the business is located has passed an ordinance	A municipality may by ordinance exempt not less than 50 percent of the tax imposed under this section on purchasers of electrical energy who are determined to be eligible for the exemption provided by s. 212.08(15) by the Department of Revenue	#N/A

	Average EZ incentive/mile	Grown by CPI for FY 2022/23
Building Materials Refund	$913.95	$1,119.25
Electrical Energy Exemption	$1,316.76	

Assumptions for Opportunity Zones

	Average EZ incentive/mile	Increase from $5,000 to $7,500 (most EZ refunds capped at $5,000)
Building Materials Refund	$1,119.25	$1,678.87
Building Materials Refund Average * Total OZ miles		**$11,949,692.92**

	Total State Sales Tax Reported	10% Public Service Tax (estimated - Total/6.95%*10%)	
Electric Exemption Average EZ incentive/mile	$1,316.76	$1,894.62	
	4.35% Sales Tax	(2.6% GRT) (Trust)	10% PST (Local)
	$824.16	$492.60	$1,894.62
Electric Exemption * Total OZ miles	**$5,866,115.34**	**$3,506,183.88**	**$13,485,322.63**
New to HB 685			
Add Natural Gas/Propane	**$219,785.42**	**$131,366.00**	**$505,253.84**

	Ramp up	State Sales Tax	Trust	Local
2022-23	25%	$4,508,898	$909,387	$3,497,644
2023-24	50%	$9,017,797	$1,818,775	$6,995,288
2024-25	75%	$13,526,695	$2,728,162	$10,492,932
2025-26	100%	$18,035,594	$3,637,550	$13,990,576
2026-27	100%	$18,035,594	$3,637,550	$13,990,576