

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Expanded Definition of First Responder for Exemptions

Bill Number(s): HB 101 / SB 184

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Woodson & Senator Polsky

Month/Year Impact Begins: January 2024

Date(s) Conference Reviewed: January 20, 2023; February 24, 2023

Section 1: Narrative

a. Current Law:

Section 196.081(6), F.S., provides a full exemption from ad valorem taxes for homestead properties of surviving spouses of first responders that died in the line of duty if both the deceased and their spouse were permanent residents of the state on January 1 of the year of the first responder's death. The definition of "first responder" only includes those employed by the state and local governments, excluding those employed by the federal government.

Section 196.102 F.S. provides a full exemption for totally and permanently disabled first responders, using the same definition of "first responder" as 196.081.

b. Proposed Change:

The bill adds first responders employed by the federal government to the definition of first responders whose surviving spouses can receive the full ad valorem exemption on homestead properties in Section 196.081(6), F.S.

Additionally, Section 196.102, F.S., would be expanded to include federal law enforcement officers.

Section 2: Description of Data and Sources

2022 Millage and Taxes Levied Report, 2022 Final Data Book published by Property Tax Oversight

2022 Final Real Property Assessment Rolls, NAL data

Results of the August 3, 2022 Ad Valorem Revenue Estimating Conference's Taxable Value growth rates

U.S. Bureau of Labor Statistics (BLS) Occupational Employment and Wages (OEW), May 2020 and 2021

- <https://www.bls.gov/oes/current/oes332011.htm#st>

Section 3: Methodology (Include Assumptions and Attach Details)

Currently there are four groups who are eligible for this exemption:

1. Law Enforcement Officers (LEOs)
2. Correctional Officers
3. Firefighters
4. Emergency Medical Technicians (EMTs) & Paramedics

The BLS's OEW dataset had Florida occupation information for groups 2-4. As a proxy for LEOs, data for "Police and Sheriff's Patrol Officers" was used as a proxy. According to the BLS's most recent OEW information, there were 98,530 of these employees in Florida, 46% of whom were LEOs. The 2022 Final Real Property roll was used to identify 528 parcels with Exemption 41, with an average of about \$233k per exemption, and totaling \$123.1m statewide. Applying this ratio to the exemptions, we assume 46% of the exemptions can be attributed to LEOs: 243 exemptions totaling \$56.7m.

Nationally, there were 665,380 (proxy) LEOs, 621,620 of whom were employed by the state or local government (93.42%). Currently, the exemption is only for LEOs "elected, appointed, or employed full time by any municipality or the state or any political subdivision thereof;" and we assume that this 93.42% encapsulates those LEOs. Applying this ratio to the 45,360 LEOs in Florida, we assume 42,377 LEOs are eligible, of which 243 are receiving the exemption, valued at \$56.7m statewide.

Of the 665,380 LEOs in the U.S., 12,770 (1.92%) were employed by the Federal Executive Branch. Applying this to Florida's 45,360 LEOs, we assume an 871 LEOs are employed by the federal government and would join the 42,377 eligible LEOs. If 42,377 LEOs claim 243 exemptions (0.57%), proportionally 871 LEOs are expected to claim 5 exemptions. With an average exemption value of \$233,214, those additional 5 exemptions would yield an additional exemption value of \$1,164,551. Multiplying by the aggregate statewide average millage rates, the 2022 school district impact would be \$6,939 (\$1,390 per parcel), and the non-school district impact would be \$12,324 (\$2,468 per parcel).

We assume that there will be a cohort accumulation. Because the exemption has only existed since 2018, the number of exemptions claimed is increasing, but at a decreasing rate. In 2019, 87 new exemptions were filed, compared to only 19 in 2022.

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These numbers include all four occupations, not just LEOs, and are therefor for illustrative purposes only. The high estimate assumes two new additional exemptions each year, the middle assumes 1, and the low assumes none. The impact is grown forward by the August 2022 Ad Valorem Revenue Estimating Conference's school and non-school taxable value growth rates.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$-	\$(31,534)	\$-	\$(27,025)	\$-	\$(22,516)
2024-25	\$(43,781)	\$(43,781)	\$(34,045)	\$(34,045)	\$(26,380)	\$(26,380)
2025-26	\$(57,034)	\$(57,034)	\$(41,470)	\$(41,470)	\$(28,217)	\$(28,217)
2026-27	\$(71,606)	\$(71,606)	\$(49,562)	\$(49,562)	\$(29,974)	\$(29,974)
2027-28	\$(87,389)	\$(87,389)	\$(58,246)	\$(58,246)	\$(31,731)	\$(31,731)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the middle estimate which is negative insignificant.

	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	(*)	0.0	(*)
2023-24	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2024-25	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2025-26	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2026-27	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)

Expanded Definition of First Responder for Exemptions

	A	B	C	D	E	F	G	H	I
1									
2	Occupation Data								
3		Statute	Occupation	Proxy	FL	% of FL sum	U.S.	% of U.S. sum	FL as % of US
4		943.10	Law Enforcement Officers (LEO)	Police and Sheriff's Patrol Officers	45,360	46.0%	665,380	40.7%	6.82%
5		943.10	Correctional Officers	Correctional Officers and Jailers	21,890	22.2%	392,600	24.0%	5.58%
6		633.102	Firefighter	Firefighter	20,420	20.7%	317,310	19.4%	6.44%
7		401.23	Emergency Services Technician (EMT) & Paramedics	EMT & Paramedics	10,860	11.0%	257,700	15.8%	4.21%
8		sum			98,530	100%	1,632,990	100%	6.03%
9		Source: U.S. Bureau of Labor Statistics Occupational Employment and Wages							
10		https://www.bls.gov/oes/current/oes332011.htm#st							
11									
12									
13	Exemption 41 Data								
14		Count	528						
15		Value	\$ 123,136,891						
16		Avg Value	\$ 233,214						
17		Source: 2022F NAL Roll							
18									
19	Estimated LEO Portions								
20		% LEOs	46.0%						
21		Exemptions	243						
22		Value	\$ 56,688,210						
23									
24	National Industry Data								
25		Occupation	Federal Executive Branch	State Gov	Local Gov	Other	Total U.S.	% Federal	% State and Local
26		LEO	12,770	56,640	564,980	30,990	665,380	1.92%	93.42%
32		Source: U.S. Bureau of Labor Statistics Occupational Employment and Wages							
33		https://www.bls.gov/oes/current/oes332011.htm#st							
34									
35	Eligible FL LEOs								
36		FL LEOs	45,360						
37		% State and Local	93.42%						
38		Est Currently Eligible	42,377						
39		% Federal	1.92%						
40		Est Future Eligible	871						
41									

Expanded Definition of First Responder for Exemptions

	A	B	C	D	E	F	G	H	I
42	Potential Increase								
43		Current LEO Count	243						
44		Additional Count	5						
45		Avg Exmpt Value	\$ 233,214						
46		Additional Ex Value	\$ 1,164,551						
47									
48	Statewide Millage Rates								
49		School	5.9581						
50		Non-School	10.5827						
51									
52	2022 Impact								
53			Per Parcel	Total					
54		School	\$ 1,390	\$ 6,939					
55		Non-School	\$ 2,468	\$ 12,324					
56									
57	Cohort Accumulation								
58			High	Middle	Low				
59		per year	2	1	0				
60		2022	5	5	5				
61		2023	7	6	5				
62		2024	9	7	5				
63		2025	11	8	5				
64		2026	13	9	5				
65		2027	15	10	5				
66		2028	17	11	5				
67									
68	Taxable Value Growth Rates								
69			TV_SD		TV_NSD				
70		2022	\$ 2,443,188		\$ 2,585,936				
71		2023	\$ 3,170,984	29.79%	\$ 2,834,868	9.63%			
72		2024	\$ 3,386,113	6.78%	\$ 3,082,858	8.75%			
73		2025	\$ 3,581,048	5.76%	\$ 3,301,851	7.10%			
74		2026	\$ 3,783,369	5.65%	\$ 3,519,684	6.60%			
75		2027	\$ 3,985,558	5.34%	\$ 3,731,890	6.03%			
76		2028	\$ 4,194,396	5.24%	\$ 3,946,315	5.75%			
77		Source: Aug 2022 AV REC							

Expanded Definition of First Responder for Exemptions

	A	B	C	D	E	F	G	H	I
78									
79									
80	School Impact								
81		High		Middle		Low			
82	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring		
83	2023-24	\$ -	\$ (12,612)	\$ -	\$ (10,809)	\$ -	\$ (9,005)		
84	2024-25	\$ (17,319)	\$ (17,319)	\$ (13,468)	\$ (13,468)	\$ (11,688)	\$ (11,688)		
85	2025-26	\$ (22,390)	\$ (22,390)	\$ (16,280)	\$ (16,280)	\$ (12,481)	\$ (12,481)		
86	2026-27	\$ (27,958)	\$ (27,958)	\$ (19,351)	\$ (19,351)	\$ (13,199)	\$ (13,199)		
87	2027-28	\$ (33,986)	\$ (33,986)	\$ (22,652)	\$ (22,652)	\$ (13,945)	\$ (13,945)		
88									
89	Non-School Impact								
90		High		Middle		Low			
91	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring		
92	2023-24	\$ -	\$ (18,922)	\$ -	\$ (16,216)	\$ -	\$ (13,510)		
93	2024-25	\$ (26,462)	\$ (26,462)	\$ (20,577)	\$ (20,577)	\$ (14,692)	\$ (14,692)		
94	2025-26	\$ (34,644)	\$ (34,644)	\$ (25,190)	\$ (25,190)	\$ (15,736)	\$ (15,736)		
95	2026-27	\$ (43,648)	\$ (43,648)	\$ (30,211)	\$ (30,211)	\$ (16,774)	\$ (16,774)		
96	2027-28	\$ (53,403)	\$ (53,403)	\$ (35,594)	\$ (35,594)	\$ (17,786)	\$ (17,786)		
97									
98	Total Impact								
99		High		Middle		Low			
100	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring		
101	2023-24	\$ -	\$ (31,534)	\$ -	\$ (27,025)	\$ -	\$ (22,516)		
102	2024-25	\$ (43,781)	\$ (43,781)	\$ (34,045)	\$ (34,045)	\$ (26,380)	\$ (26,380)		
103	2025-26	\$ (57,034)	\$ (57,034)	\$ (41,470)	\$ (41,470)	\$ (28,217)	\$ (28,217)		
104	2026-27	\$ (71,606)	\$ (71,606)	\$ (49,562)	\$ (49,562)	\$ (29,974)	\$ (29,974)		
105	2027-28	\$ (87,389)	\$ (87,389)	\$ (58,246)	\$ (58,246)	\$ (31,731)	\$ (31,731)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales Tax

Issue: Private Label Credit Cards Bad Debt Sales Tax Credit

Bill Number(s): HB 791

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Brackett

Month/Year Impact Begins: July 2023

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. Current Law:** Under f.s. 212.17 (4), payments tied to the taxes on purchases made through a private-label credit card may be recovered partially provided that the account or receivables have been charged off as bad debt, a credit or refund was not previously claimed or allowed, and the credit or refund is claimed within 12 months. F.S. 212.17 (4) (g) limits the amount of bad debt a dealer is eligible to recover to 64.4 % of the tax paid to the department.
- b. Proposed Change:** The language in f.s. 212.17 (4) (g) is stricken out, removing the 64.4% cap on the refund or credit on taxes paid tied bad debt.

Section 2: Description of Data and Sources

Federal Reserve Charge off Rates - <https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>

TransUnion. (2022, November). Amidst stubbornly high inflation, consumers continue to turn to credit cards, home equity to maintain stability. Retrieved February 20, 2023, from <https://newsroom.transunion.com/q4-2022-ciir/#:~:text=Total%20private%20label%20balances%20increased,represents%20YoY%20growth%20of%208%25.>

TransUnion - Amidst Stubbornly High Inflation, Consumers Continue to Turn to Credit Cards, Home Equity to Maintain Stability <https://newsroom.transunion.com/q4-2022-ciir/#:~:text=Total%20private%20label%20balances%20increased,represents%20YoY%20growth%20of%208%25.>, retrieved February 17, 2023.

Florida Demographic Estimating Conference – 2022 Households (Feb. 2023)

Florida General Revenue Estimating Conference – Consumer NonDurables forecast (August 2022)

Section 3: Methodology (Include Assumptions and Attach Details)

To obtain total private label credit card balances outstanding, TransUnion, an American consumer credit reporting agency, found that “Total private label balances increased to 131 Billion in Q4 2022”. Further, a second report by TransUnion in November 2022, indicated the delinquency rate of Private label balances to be 1.52%. Using these two values, the estimated delinquent total of private label credit card balances is determined. A charge-off rate of 2.08% is obtained from the Federal Reserve charge off rates table. The Federal Reserve charge off rate is an annualized value, net of recoveries of bad debt. Applying the 2.08% charge-off to the delinquent amount resulted in \$41.4M in the estimated U.S. bad debt.

The Florida to U.S. Total Households ratio is used to scale the bad debt to Florida’s portion and then grown by the Consumer non-durable forecast. A difference between the taxes paid under the new cap and the current cap is calculated as the grown bad debt minus 64.4% of the tax paid to the Department.

First year cash is 11/12ths of the recurring due to the July 1, 2023 start date of enactment.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$(0.1 M)	\$(0.1 M)		
2024-25			\$(0.1 M)	\$(0.1 M)		
2025-26			\$(0.1 M)	\$(0.1 M)		
2026-27			\$(0.1 M)	\$(0.1 M)		
2027-28			\$(0.1 M)	\$(0.1 M)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales Tax

Issue: Private Label Credit Cards Bad Debt Sales Tax Credit

Bill Number(s): HB 791

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted an adjusted middle but notes that the impact assumes the current charge off rate (which is atypically low). The charge off rate varies with movement through business cycles.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(3.6)	(3.8)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.4)
2024-25	(3.9)	(3.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2025-26	(4.1)	(4.1)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2026-27	(4.3)	(4.3)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2027-28	(4.4)	(4.4)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(4.0)	(4.3)	(0.5)	(0.5)	(4.5)	(4.8)
2024-25	(4.5)	(4.5)	(0.5)	(0.5)	(5.0)	(5.0)
2025-26	(4.6)	(4.6)	(0.6)	(0.6)	(5.2)	(5.2)
2026-27	(4.8)	(4.8)	(0.6)	(0.6)	(5.4)	(5.4)
2027-28	(5.0)	(5.0)	(0.6)	(0.6)	(5.6)	(5.6)

	A	B	C	D
1				
2	Private Label Balances (2022 Q4)		\$ 131,000,000,000	
5	Charge-off Rate (2022 Q3)		2.08%	
6	Bad Debt		\$ (2,724,800,000)	
7				
8	US Households		\$ 124,010,992	FL Household Share
9	2022 Florida Households (FDEC Feb 2023)		\$ 8,838,661	7.1%
10				
11	Florida Household Portion of PL BD		\$ (194,205,232)	
12				
13	Consumer Non-Durables (August 2022)		Bad Debt	
14	22-23	-4.00%		
15	23-24	4.20%	\$ (202,361,852)	
16	24-25	3.70%	\$ (209,849,240)	
17	25-26	3.30%	\$ (216,774,265)	
18	26-27	4.30%	\$ (226,095,559)	
19	27-28	4.20%	\$ (235,591,572)	
20				
21	Current Rate of permitted Refund/Credit	64.40%		
22	New Permitted refund/Credit amount	100.00%		
23				
24		At Current Cap & 6% Tax Rate	100% of Bad Debt Taxed & 6% tax	Impact
25	23-24	\$ (7,819,261.96)	\$ (12,141,711.12)	\$ (4,322,449.16)
26	24-25	\$ (8,108,574.65)	\$ (12,590,954.43)	\$ (4,482,379.78)
27	25-26	\$ (8,376,157.61)	\$ (13,006,455.92)	\$ (4,630,298.31)
28	26-27	\$ (8,736,332.39)	\$ (13,565,733.53)	\$ (4,829,401.14)
29	27-28	\$ (9,103,258.35)	\$ (14,135,494.34)	\$ (5,032,235.98)
30				
31		Proposed Revenue Impact		
32			Middle	
33		Fiscal Year	Cash	Recurring
34		2023-24	\$ (4.0 M)	\$ (4.3 M)
35		2024-25	\$ (4.5 M)	\$ (4.5 M)
36		2025-26	\$ (4.6 M)	\$ (4.6 M)
37		2026-27	\$ (4.8 M)	\$ (4.8 M)
38		2027-28	\$ (5.0 M)	\$ (5.0 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Underpayment Calculation for Credit Programs

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. Current Law:** Under current law in paragraph 220.222 (2) (c) F.S., “For purposes of this subsection, a taxpayer is not in compliance with s. 220.32 if the taxpayer underpays the required payment by more than the greater of \$2,000 or 30 percent of the tax shown on the return when filed.”
- Subsection 220.32 (1) F.S., “In connection with any extension of the time for filing a return under s. 220.222(2), the taxpayer shall file a tentative tax return and pay, on or before the date prescribed by law for the filing of such return, determined without regard to any extensions of time for such filing, an amount estimated to be the balance of its proper tax for the taxable year after giving effect to any estimated tax payments under s. 220.33 and any tax credit under s. 220.721.”
- b. Proposed Change:** Paragraph 220.222 (2) (c) F.S. is changed to Subparagraph 220.222 (2) (c) 1 F.S., and a second subparagraph requirement to include the corporate income tax credits earned when related to the Non-Profit Scholarship tax credits (ss 220.1875) the New Worlds Reading Initiative tax credit (ss. 220.1876), or eligible charitable organizations (ss. 220.1877) in the tax shown on the return.

Section 2: Description of Data and Sources

Corporate Income Tax Annual Data – 2018 to 2022

Section 3: Methodology (Include Assumptions and Attach Details)

Currently, corporate taxpayers will fail to meet the eligibility requirement under Section 220.32 F.S. if they have not made sufficient estimated payments such that their remaining liability is the greater of either \$2,000 or 30% of the tax shown on line 13 of the return. If the payment required with the tentative return is too large they will be denied an extension and potentially incur penalties and interest. Whether a tax credit negatively impacts this calculation is dependent on taxpayer specific circumstances.

The department looked for corporations with a entry for total credit and a tentative payment penalty within the tax return data from 2018 to 2022. There were no identified business for the 2022 tax year. The remaining years contained 52 businesses and a total credit filing of \$75 Million. The average tentative payment penalty was approximately \$27,000 and average interest was approximately \$18,000. It is unclear if any of the businesses in the sample were denied for the specific circumstance addressed by the proposed language.

The proposed language effectively changes the line on the return, from line 13 to line 11, which would be used to evaluate the Section 220.32 F.S. criteria for any business with one of the specified credits. If a business has \$100,000 of tax due on line 11 and \$70,000 of credits on line 12 of the return, then line 13 is \$30,000. Which puts the Section 220.32 F.S., cap at \$9,000. If the taxpayer has not been making sufficient estimated payments due to an expectation of this credit, or had no required estimated payment due to zero tax prior year, they could conceivably have to pay more than \$9,000 as their tentative payment. Under the proposed language the 30% test would be \$30,000. This would reduce the incidence of penalty and interest collection, but have no affect on the businesses actual tax liability which would remain \$30,000.

Due to the nature of this change the estimate assumes there are may be sufficient instances for this change to generate a significant impact in regards to total penalty and interest collection, but the inherent dependency on a very limited possible pool and the businesses specific filing behavior it is unclear if in any given year there will any impact at all. Using the average tentative payment penalties and interest amounts it would take two returns to meet the \$100,000 significance test. The estimate is negative indeterminant for the cash and recurring for all years based on the potential reduction of penalty and interest.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Underpayment Calculation for Credit Programs

Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(**)	(**)		
2024-25			(**)	(**)		
2025-26			(**)	(**)		
2026-27			(**)	(**)		
2027-28			(**)	(**)		

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted a recurring negative insignificant impact and a cash impact of zero/negative insignificant.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0/(*)	(*)	0.0	0.0	0.0	0.0	0/(*)	(*)
2024-25	0/(*)	(*)	0.0	0.0	0.0	0.0	0/(*)	(*)
2025-26	0/(*)	(*)	0.0	0.0	0.0	0.0	0/(*)	(*)
2026-27	0/(*)	(*)	0.0	0.0	0.0	0.0	0/(*)	(*)
2027-28	0/(*)	(*)	0.0	0.0	0.0	0.0	0/(*)	(*)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Exemption for Certain Charges for Private Investigations

Bill Number(s): [CS/SB 116](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Rodriguez

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: 02/24/2023

Section 1: Narrative

- a. Current Law:** Under s.212.05 (1) F.S., For the exercise of such privilege, a tax is levied on each taxable transaction or incident, which tax is due and payable as follows:
- (i)1: At the rate of 6 percent on charges for all:
 - a. Detective, burglar protection, and other protection services (NAICS National Numbers 561611, 561612, 561613, and 561621).

s.212.05 (1) (i) F.S., 4. If a transaction involves both the sale or use of a service taxable under this paragraph and the sale or use of a service or any other item not taxable under this chapter, the consideration paid must be separately identified and stated with respect to the taxable and exempt portions of the transaction or the entire transaction shall be presumed taxable. The burden shall be on the seller of the service or the purchaser of the service, whichever applicable, to overcome this presumption by providing documentary evidence as to which portion of the transaction is exempt from tax. The department is authorized to adjust the amount of consideration identified as the taxable and exempt portions of the transaction; however, a determination that the taxable and exempt portions are inaccurately stated and that the adjustment is applicable must be supported by substantial competent evidence.

s. 493.6101 (17) F.S., "Private investigation" means the investigation by a person or persons for the purpose of obtaining information with reference to any of the following matters:

- (a) Crime or wrongs done or threatened against the United States or any state or territory of the United States, when operating under express written authority of the governmental official responsible for authorizing such investigation.
- (b) The identity, habits, conduct, movements, whereabouts, affiliations, associations, transactions, reputation, or character of any society, person, or group of persons.
- (c) The credibility of witnesses or other persons.
- (d) The whereabouts of missing persons, owners of unclaimed property or escheated property, or heirs to estates.
- (e) The location or recovery of lost or stolen property.
- (f) The causes and origin of, or responsibility for, fires, libels, slanders, losses, accidents, damage, or injuries to real or personal property.
- (g) The business of securing evidence to be used before investigating committees or boards of award or arbitration or in the trial of civil or criminal cases and the preparation therefor.

From Florida Department of Agriculture website: A private investigator is any individual or agency who, for consideration, advertises as providing or performs the following activities. Individuals or agencies providing or advertising as providing these services for consideration must be licensed.

- Subcontracting with the government to determine crimes or wrongs done or threatened against the United States
- Determining the identity, habits, conduct, movements, whereabouts, affiliations, associations, transactions, reputation or character of any society, person, or group of persons
- The credibility of witnesses or other persons
- The whereabouts of missing persons, owners of abandoned or escheated property, or heirs to estates
- The location or recovery of lost or stolen property
- The causes or origin of fires, libels, slanders, losses, accidents, damage, or injuries to real or personal property
- Securing evidence to be used before investigating committees or boards of award or arbitration or trial of civil or criminal cases

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Exemption for Certain Charges for Private Investigations

Bill Number(s): [CS/SB 116](#)

Proposed Change : (qqq) *Small private investigative agencies.*—

1. As used in this paragraph, the term “small private investigative agency” means a private investigator licensed under s. 493.6201 which:

(I) Employs three or fewer full-time or part-time employees, including those performing services pursuant to an employee leasing arrangement as defined in s. 468.520(4), in total; and

(II) During the previous calendar year, performed private investigation services otherwise taxable under this chapter in which the charges for the services performed were less than \$150,000 for all its businesses related through common ownership.

2. The sale of private investigation services by a small private investigative agency to a client is exempt from the tax imposed by this chapter.

3. The exemption provided by this paragraph may not apply in the first calendar year a small private investigative agency conducts sales of private investigation services taxable under this chapter.

Section 2: Description of Data and Sources

Calendar Year 2021 Sales Tax Data

2022 Private Investigator Impact Analysis Growth Rates

Florida Department of Agriculture

Kind Code – NAICS crosswalk

Florida Department of Agriculture - Active Licensed Private Investigators

DOR Private Investigator Class A BP findings

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis uses a list from the Florida Department of Agriculture and Consumer Services (DACS) of the Active Licensed Private Investigators that has been matched into the Florida Department of Revenue’s annual sales tax data files. Businesses with less than 150k in gross sales were kept. To account for licensed businesses that could not be matched between DACS and DOR, the impact was apportioned up according to the breakdown of those businesses with licenses that were matched. Out of 2689 total Class A licenses, 1405 were matched into DOR from DACS 809 of those were matched with SUT data and 582 is the remaining number of licensees under 150k in gross sales. Following the percentage breakdowns from those we get a potential 532 more class A licenses that could fall into the under 150k group. An average was made for tax with the 582 matched licenses and that number was used to grow the undiscovered group. It was assumed a business generating less than 150k in gross sales would not be able to hire more than 3 people. Previous conferences on this issue adopted a 1.5% growth rate for Private Investigators which was used for the out years.

The first year cash value is eleven twelfths of the recurring due to the July 1, 2023 effective date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$(1.26 M)	\$(1.37 M)		
2024-25			\$(1.39 M)	\$(1.39 M)		
2025-26			\$(1.41 M)	\$(1.41 M)		
2026-27			\$(1.44 M)	\$(1.44 M)		
2027-28			\$(1.46 M)	\$(1.46 M)		

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(1.2)	(1.3)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2024-25	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2025-26	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2026-27	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2027-28	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Exemption for Certain Charges for Private Investigations

Bill Number(s): [CS/SB 116](#)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(1.3)	(1.4)	(0.2)	(0.2)	(1.5)	(1.6)
2024-25	(1.4)	(1.4)	(0.2)	(0.2)	(1.6)	(1.6)
2025-26	(1.4)	(1.4)	(0.2)	(0.2)	(1.6)	(1.6)
2026-27	(1.4)	(1.4)	(0.2)	(0.2)	(1.6)	(1.6)
2027-28	(1.5)	(1.5)	(0.2)	(0.2)	(1.7)	(1.7)

	A	B	C	D	E	F	G	H
1	Total Class A Private Investigator active licenses							
2	2,689							
3								
4	Total Class A PI licenses found with partner #			percentage breakdown		Unknown Class A Licenses		
5	1405			47.8%		1,284		
6								
7	Total licenses matched with SUT data							
8	809			57.6%		739		
9								
10	Total licenses matched into SUT with less than 150k gross sales							
11	582			71.9%		532		
12								
13	matched licensees with less than 150k gross				within naics under 150k gross			
14	Gross sales	Taxable sales	Tax		Gross sales	Taxable sales	Tax	count
15	\$ 14,626,557	\$ 6,863,683	\$ 707,003		56,473,511	35,689,128	4,004,821	1,919
16								
17	Average for each license under 150k							
18	Gross	25,131.54						
19	Taxable	11,793.27						
20	Tax	1,214.78						
21								
22	Apportioned tax from unkown licensees under 150k							
23	Gross	\$ 13,366,904						
24	Taxable	\$ 6,272,575						
25	Tax	\$ 646,115						
26								
27	Total Tax including apportioned factor							
28	1,353,119							
29								
30	Growth rate for Private Investigators as used in previous conferences							
31	1.5%							
32								
33	2023-24	1,373,415.48						
34	2024-25	1,394,016.71						
35	2025-26	1,414,926.96						
36	2026-27	1,436,150.86						
37	2027-28	1,457,693.13						
38								
39	Sales Tax Impacts							
40		High		Middle		Low		
41	FY	Cash	Recurring	Cash	Recurring	Cash	Recurring	
42	2023-24	\$ -	\$ -	\$ (1.26 M)	\$ (1.37 M)	\$ -	\$ -	
43	2024-25	\$ -	\$ -	\$ (1.39 M)	\$ (1.39 M)	\$ -	\$ -	
44	2025-26	\$ -	\$ -	\$ (1.41 M)	\$ (1.41 M)	\$ -	\$ -	
45	2026-27	\$ -	\$ -	\$ (1.44 M)	\$ (1.44 M)	\$ -	\$ -	
46	2027-28	\$ -	\$ -	\$ (1.46 M)	\$ (1.46 M)	\$ -	\$ -	

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Exemption for Certain Private Investigation and Security Services

Bill Number(s): [HB 681](#) / [SB 686](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Brodeur, Representative Plasencia

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: 02/24/2023

Section 1: Narrative

a. Current Law:

Under s.212.05 (1) F.S., For the exercise of such privilege, a tax is levied on each taxable transaction or incident, which tax is due and payable as follows:

(i)1: At the rate of 6 percent on charges for all:

a. Detective, burglar protection, and other protection services (NAICS National Numbers 561611, 561612, 561613, and 561621).

b. Proposed Change:

(qqq) Certain investigation and security services.—Charges for investigation and personal background check services under NAICS code 561611, security guards and patrol services under NAICS code 561612, and armored car services under NAICS code 561613 are exempt from the tax imposed by this chapter. As used in this paragraph, the term “NAICS” means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President.

Section 2: Description of Data and Sources

Calendar Year 2021 Sales Tax Data

2022 Private Investigator Impact Analysis Growth Rates

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis is based on 2021 DOR sales tax rolls in which the tax paid for NAICS codes 561611, 561612, and 561613 were aggregated and grown by a growth rate in order to get to the impact. For the middle the growth rate used in the out years is the 5-year average of the aggregated NAICS resulting in 4.7% growth. The Low uses a 1.5% growth rate which is the rate previously used when referencing these NAICS codes in past conferences.

The first year cash value is eleven twelfths of the recurring due to the July 1, 2023 effective date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$(81.8 M)	\$(89.2 M)	\$(76.9 M)	\$(83.8 M)
2024-25			\$(93.4 M)	\$(93.4 M)	\$(85.1 M)	\$(85.1 M)
2025-26			\$(97.8 M)	\$(97.8 M)	\$(86.4 M)	\$(86.4 M)
2026-27			\$(102.4 M)	\$(102.4 M)	\$(87.7 M)	\$(87.7 M)
2027-28			\$(107.2 M)	\$(107.2 M)	\$(89.0 M)	\$(89.0 M)

Revenue Distribution: Sales and use Tax

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Exemption for Certain Private Investigation and Security Services

Bill Number(s): [HB 681](#) / [SB 686](#)

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(72.4)	(79.0)	(Insignificant)	(Insignificant)	(2.4)	(2.7)	(6.9)	(7.6)
2024-25	(82.7)	(82.7)	(Insignificant)	(Insignificant)	(2.8)	(2.8)	(7.9)	(7.9)
2025-26	(86.6)	(86.6)	(Insignificant)	(Insignificant)	(2.9)	(2.9)	(8.3)	(8.3)
2026-27	(90.7)	(90.7)	(Insignificant)	(Insignificant)	(3.0)	(3.0)	(8.7)	(8.7)
2027-28	(94.9)	(94.9)	(Insignificant)	(Insignificant)	(3.2)	(3.2)	(9.1)	(9.1)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(81.8)	(89.2)	(9.9)	(10.8)	(91.7)	(100.0)
2024-25	(93.4)	(93.4)	(11.3)	(11.3)	(104.7)	(104.7)
2025-26	(97.8)	(97.8)	(11.8)	(11.8)	(109.6)	(109.6)
2026-27	(102.4)	(102.4)	(12.4)	(12.4)	(114.8)	(114.8)
2027-28	(107.2)	(107.2)	(13.0)	(13.0)	(120.2)	(120.2)

Sum of Tax Due

NAICS		2017		2018		2019		2020		2021
561611	\$	19,739,859	\$	20,838,320	\$	23,990,127	\$	24,902,650	\$	23,542,598
561612	\$	42,534,484	\$	44,835,776	\$	46,097,496	\$	48,686,426	\$	52,567,454
561613	\$	5,490,151	\$	5,825,300	\$	5,984,911	\$	5,919,001	\$	5,275,569
Total Tax of all NAICS	\$	67,764,493	\$	71,499,396	\$	76,072,534	\$	79,508,077	\$	81,385,622

	Middle	Low
Growth Rate	4.7%	1.5%

	Middle	Low
2022-23	\$ 85,210,746.39	\$ 82,606,406.48
2023-24	\$ 89,215,651.47	\$ 83,845,502.58
2024-25	\$ 93,408,787.09	\$ 85,103,185.12
2025-26	\$ 97,799,000.08	\$ 86,379,732.89
2026-27	\$ 102,395,553.09	\$ 87,675,428.89
2027-28	\$ 107,208,144.08	\$ 88,990,560.32

Sales Tax Impacts

FY	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ -	\$ -	\$ (81.8 M)	\$ (89.2 M)	\$ (76.9 M)	\$ (83.8 M)
2024-25	\$ -	\$ -	\$ (93.4 M)	\$ (93.4 M)	\$ (85.1 M)	\$ (85.1 M)
2025-26	\$ -	\$ -	\$ (97.8 M)	\$ (97.8 M)	\$ (86.4 M)	\$ (86.4 M)
2026-27	\$ -	\$ -	\$ (102.4 M)	\$ (102.4 M)	\$ (87.7 M)	\$ (87.7 M)
2027-28	\$ -	\$ -	\$ (107.2 M)	\$ (107.2 M)	\$ (89.0 M)	\$ (89.0 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Baby and Toddler Necessities - Apparel

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

☐ **Entire Bill**

☒ **Partial Bill:** Section 2

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. Current Law:** Currently there is no permanent sales tax exemption for baby and toddler necessities. However, there is currently a one-year sales tax holiday in place on Baby & Toddler Clothing & Shoes, authorized by [CS/HB 7071](#), Section 51 (2022 Session, (Ch. [2022-156](#))).
- b. Proposed Change:** The bill exempts from sales tax the retail sale of baby and toddler clothing, apparel, and shoes, primarily intended for children age 5 or younger. The terms "clothing" and "apparel" exclude watches, watchbands, jewelry, umbrellas, and handkerchiefs.

Section 2: Description of Data and Sources

Bureau of Labor Statistics, Consumer Expenditure Survey

U.S. Census Bureau, American Community Survey, 2021

IHS Markit Chained Price Index

Deflators for Gross Domestic Product

FDEC Population Growth

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis uses consumer expenditures data from the Consumer Expenditure Survey (CES). Income before taxes from the CES is increased to the impact year by the growth rate of personal income from the FEEC. Annual expenditures per consumer units are derived by assuming their share of income before taxes remains constant. The number of consumer units from the CES is increased to the impact year by the growth of households from the FDEC. Detailed category data from the national survey is adjusted to Florida by assuming that Florida consumers spend the same share of their expenditures on baby and toddler clothing and shoes.

The CES expenditure categories are for children under 2 and for children 2 to 15 years of age. A reduction to the latter category is made to exclude children's clothing for ages outside of the bill's impact using FDEC Population projections by single age. High assumes ages 2-6 would qualify, middle assumes 2-5, and low 2-4.

Section 4: Proposed Fiscal Impact: Assume 11/12ths for first years cash impact.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(90.0)	\$(98.2)	\$(78.5)	\$(85.6)	\$(67.1)	\$(73.2)
2024-25	\$(99.6)	\$(99.6)	\$(86.8)	\$(86.8)	\$(74.3)	\$(74.3)
2025-26	\$(100.7)	\$(100.7)	\$(87.8)	\$(87.8)	\$(75.1)	\$(75.1)
2026-27	\$(101.7)	\$(101.7)	\$(88.6)	\$(88.6)	\$(75.8)	\$(75.8)
2027-28	\$(102.6)	\$(102.6)	\$(89.4)	\$(89.4)	\$(76.5)	\$(76.5)

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the middle impact. The Conference adopted an impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor's proposed Tax Relief for Floridians Conforming Bill.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Baby and Toddler Necessities - Apparel

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

	GR		Trust		Revenue Sharing		Local Half-Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(69.5)	(75.8)	(Insignificant)	(Insignificant)	(2.3)	(2.5)	(6.7)	(7.3)
2024-25	(76.8)	(76.8)	(Insignificant)	(Insignificant)	(2.6)	(2.6)	(7.4)	(7.4)
2025-26	(77.7)	(77.7)	(Insignificant)	(Insignificant)	(2.6)	(2.6)	(7.5)	(7.5)
2026-27	(78.4)	(78.4)	(Insignificant)	(Insignificant)	(2.6)	(2.6)	(7.5)	(7.5)
2027-28	(79.1)	(79.1)	(Insignificant)	(Insignificant)	(2.7)	(2.7)	(7.6)	(7.6)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(78.5)	(85.6)	(9.5)	(10.4)	(88.0)	(96.0)
2024-25	(86.8)	(86.8)	(10.5)	(10.5)	(97.3)	(97.3)
2025-26	(87.8)	(87.8)	(10.6)	(10.6)	(98.4)	(98.4)
2026-27	(88.6)	(88.6)	(10.7)	(10.7)	(99.3)	(99.3)
2027-28	(89.4)	(89.4)	(10.8)	(10.8)	(100.2)	(100.2)

Proposed Language - Governor, Section 2
Baby and Toddler Necessities - Apparel

Recurring

I. APPAREL

1. Consumer expenditure data from the Consumer Expenditure Survey

Children's Apparel and Footwear Consumer Expenditures

	<i>BLS Data</i>	<i>BLS Data</i>
	CY 2021	CYs 2019 & 2020
	US	FL
Number of consumer units (Households)	133,595,000	9,049,770
Income before taxes	\$87,432	\$71,951
Income after taxes	\$78,743	
Average annual expenditures	\$66,928	\$56,257

2. Grow consumer units & expenditures to impact year

FY Ending in:	2021	2022	2023	2024
FDEC Household Growth Rate	1.70%	1.85%	1.64%	1.44%
FEEC Personal Income Growth Rate	8.02%	4.92%	5.97%	3.92%
Convert expenditures to taxable sales	6.80%			
Number of consumer units (Households)	9,203,811	9,373,791	9,527,624	9,664,982
FY Ending in:	2021	2022	2023	2024
Income before taxes (grown by pers. income)	77,719	81,543	86,413	89,801
Average annual expenditures	60,767	63,756	67,564	70,213

3. Apply US expenditure share to FL

	<i>BLS Data</i>	<i>BLS Data</i>	<i>EDR Estimate Using</i>	<i>EDR Estimate Using</i>
	Average Expenditures per Consumer Unit	% of Annual Expenditures	Average Expenditures per Consumer Unit	Total Expenditures
	US	US	FL	FL
FY 2023-24				
Consumer units			9,664,982	
Average annual expenditures			70,213	\$678,611,083,310
Apparel and services				
Children under 2	\$66.34	0.0991%	\$69.60	\$672,649,105
Boys, 2 to 15	\$114.09	0.1705%	\$119.69	\$1,156,806,396
Girls, 2 to 15	\$110.28	0.1648%	\$115.69	\$1,118,175,207
Footwear				
Boys' footwear	\$45.08	0.0674%	\$47.29	\$457,085,041
Girls' footwear	\$34.64	0.0518%	\$36.34	\$351,229,499
Total, Apparel and Footwear				\$3,755,945,248

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, Table R-1. All consumer units: Annual detailed expenditure means, standard errors, coefficients of variation, and weekly (D) or quarterly (I) percents reporting, Consumer Expenditure Surveys, 2021; Florida: Quintiles of income before taxes, 2019-2020.

Note: There was no separate category for baby footwear.

4. Apparel: Reduce expenditures to included ages.

	FY 2023-24		
	High	Middle	Low
Annual expenditures, Children under 2 (\$ m)	672.6	672.6	672.6
Annual expenditures, all other (\$ m)	3,083.3	3,083.3	3,083.3
Assumptions for high, middle, and low	ages 2-6 as a % of 2-15	ages 2-5 as a % of 2-15	ages 2-4 as a % of 2-15
Reduction to all other to include only ages 2, 3, 4, & 5 out of the 14 ages included in the category using population by age from the FDEC	35%	28%	20%
Reduced expenditures, all other	1,074.8	850.5	629.7
Total expenditures, select age groups (\$ m)	1,747.5	1,523.2	1,302.3
Taxable sales (\$ m)	1,636.2	1,426.2	1,219.4
Sales tax impact (\$ m)	\$98.2	\$85.6	\$73.2

FY	2023-24	2024-25	2025-26	2026-27	2027-28
High	\$98.2	\$99.6	\$100.7	\$101.7	\$102.6
Middle	\$85.6	\$86.8	\$87.8	\$88.6	\$89.4
Low	\$73.2	\$74.3	\$75.1	\$75.8	\$76.5

Growth in population 4 and under (FDEC)	1.5%	1.4%	1.1%	0.9%	0.9%
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REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Baby and Toddler Necessities – Diapers and Wipes

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

☐ **Entire Bill**

☒ **Partial Bill:** Section 2

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. **Current Law:** Currently there is no permanent sales tax exemption for baby and toddler necessities. However, there is currently a one-year sales tax holiday in place on Children's Diapers, authorized by [CS/HB 7071](#), Section 50 (2022 Session, (Ch. [2022-156](#))).
- b. **Proposed Change:** The bill exempts from sales tax the retail sale of baby wipes, children's diapers (including single-use diapers, reusable diapers and reusable diaper inserts).

Section 2: Description of Data and Sources

REC Impact of Sales Tax Exemption for Children's Diapers, Proposed Language, Revenue Estimating Conference, 2/18/2022,

http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page433-435.pdf.

REC Impact of Tax Exemption for Diapers and Incontinence Products, SB114/HB29, 1/20/2023,

http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/_pdf/page13-15.pdf

IBISWorld – US Manufacturing Diaper Industry Data

FDEC Population Growth

IBIS World, Durable Baby Goods Stores in the US, Baby on board: Growing disposable income is likely to encourage the sale of industry items, Marley Brocke, October 2022

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis uses as a base the methodology for the impact of Chapter No. 2022-97, Laws of Florida (CS/HB 7071, Section 50), adopted by the REC on 2/18/2022. The methodology uses national data on diaper manufacturing from IBISWorld. Baby diapers represent 68.8% of the industry total and include disposable diapers, training pants and cloth diapers. The Florida share of baby diapers is calculated given the population of children 4 and under. A 5% retail markup is applied to the estimated manufacturing industry revenue to calculate the total Florida Sales Tax Revenue from diapers.

The IBIS World report used for this analysis was last updated in February 2021. There is no set date for the publication of an update at this point since IBIS World is redesigning their reports. Industry revenues, both historical and forecast, in the February 2021 report were converted to 2021 Dollars by using the BEA implicit GDP deflator and are therefore presented in "real" terms in 2021 Dollars.

A change in methodology is proposed to bring the industry revenues estimate up by one year from FY2020-21 to FY 2021-22 to account for a historically high inflation experienced during this period. While IBIS World growth is published in real terms, sales tax collection revenues are forecast here in nominal terms. In the impact of Chapter No. 2022-97, Laws of Florida (CS/HB 7071, Section 50), adopted by the REC on 2/18/2022, revenues were grown by population growth (ages 0-4) from the FDEC. In the REC impact for SB114/HB29 on 1/20/2023, the REC adopted growing revenues from FY 2020-21 to FY 2021-22 by the growth in CPI-U for household paper products from June 2021 to June 2022 to account for the extraordinarily high level of inflation within the last couple of years. The same impact adopted reverting to growing revenues by population growth of age group 0-4 (FDEC) for the remaining fiscal years. This analysis uses the same differentiated method as for SB114/HB29 (2023) for growing revenues to FY2021-22 by CPI and then growing them by population growth ages 0-4 thereafter.

The NEEC assumes that inflation will subside in FY 2022-23 and the Federal Reserve is reported to take measures to bring down inflation. Therefore, this analysis assumes that inflation will return to historical levels beginning with FY 2022-23 and no extraordinary inflation adjustment is necessary. In addition, a change in the average price of a good, as measured by the CPI, does not necessarily result in a change in total industry revenues or sales tax collections of the same magnitude. If prices increase, the quantity demanded may decrease, the quantity supplied may increase. Over time, changes in brand preferences or product preferences, income, the price of substitute products, population, or price expectations may affect demand for diapers.

BABY WIPES – New to this analysis is the inclusion of baby wipes to the exemption on baby diapers. Internet research found estimates of the ratio of the cost of wipes to the cost of diapers. The assumption is based on the average use of wipes per diaper.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Baby and Toddler Necessities – Diapers and Wipes

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

The market research indicated for every \$1000 spent on diapers, \$500 was spent on wipes, based on an average of 10 wipes per diaper. This analysis reduces the industry estimate from 10 wipes to 5. While most diaper changes may not need that many wipes (5), wipes can also be used for cleaning baby hands and face when other cleaning methods are inconvenient.

The analysis assumes 11/12ths for the first year's cash impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$(41.7)	\$(45.5)		
2024-25			\$(46.1)	\$(46.1)		
2025-26			\$(46.6)	\$(46.6)		
2026-27			\$(47.1)	\$(47.1)		
2027-28			\$(47.5)	\$(47.5)		

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the proposed estimate. The Conference adopted an impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor's proposed Tax Relief for Floridians Conforming Bill.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(36.9)	(40.3)	(Insignificant)	(Insignificant)	(1.2)	(1.4)	(3.5)	(3.9)
2024-25	(40.8)	(40.8)	(Insignificant)	(Insignificant)	(1.4)	(1.4)	(3.9)	(3.9)
2025-26	(41.2)	(41.2)	(Insignificant)	(Insignificant)	(1.4)	(1.4)	(4.0)	(4.0)
2026-27	(41.7)	(41.7)	(Insignificant)	(Insignificant)	(1.4)	(1.4)	(4.0)	(4.0)
2027-28	(42.0)	(42.0)	(Insignificant)	(Insignificant)	(1.4)	(1.4)	(4.0)	(4.0)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(41.7)	(45.5)	(5.0)	(5.5)	(46.7)	(51.0)
2024-25	(46.1)	(46.1)	(5.6)	(5.6)	(51.7)	(51.7)
2025-26	(46.6)	(46.6)	(5.6)	(5.6)	(52.2)	(52.2)
2026-27	(47.1)	(47.1)	(5.7)	(5.7)	(52.8)	(52.8)
2027-28	(47.5)	(47.5)	(5.7)	(5.7)	(53.2)	(53.2)

	A	B	C	D	E	F	G	H	I	J	K
1		Proposed Language - Governor, Section 2						Recurring			
2		Baby and Toddler Necessities - Diapers and Wipes									
3											
4											
5		Proposed Language - Governor (2023 Session) - Tax Exemption for Baby Diapers and Baby Wipes									
6											
7		IBISWorld - US Manufacturing Diaper Industry Data									
8				FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
9		Total Domestic Demand in U.S.		12,960,250,000							
10											
11		Baby Diapers* Industry Revenue (68.8% of total)		8,916,652,000							
12		Add Adjustment for baby wipes***	0.225	2,006,246,700							
13		Total, baby diapers and wipes		10,922,898,700							
14											
15		Florida Share of Revenue (5.9%)		671,105,710							
16		Florida Sales Tax Revenue - Baby Diapers & Wipes**		40,266,343							
17		Growth in population 4 and under (FDEC)				1.7%	1.5%	1.4%	1.1%	0.9%	0.9%
18	NEW	Adjustment to base year									
19	High	CPI - Household paper products ¹	9.41%		44,054,720	44,794,097	45,470,817	46,123,824	46,634,664	47,076,058	47,498,397
20											
21											
22											
23											
24		*Baby diapers includes disposable diapers, training pants and cloth diapers.									
25		IBIS World Diaper Manufacturing, Industry Report OD 5652, February 2021.									
26		**Estimated Sales Tax Revenue assumes a 5.0% retail markup on diapers and incontinence products. Based on IBISWorld report, the average profit margin in the baby product market is 5.0%. The baby product market includes retailers who sell baby products.									
27		*** Factor represents an assumption representing the ratio of the cost of wipes to the cost of diapers; Ratio based on EDR research, including source: https://www.investopedia.com/articles/pf/08/budgeting-for-baby.asp#:~:text=Diapers%3A%20Diapers%20also%20vary%20in,That's%20approximately%20%24%20a%20month,https://www.healthline.com/health/baby/how-many-newborn-diapers-do-i-need .									
28		¹ CPI for All Urban Consumers (CPI-U), US - Household paper products, not seasonally adjusted, US Bureau of Labor Statistics, June 2021 to June 2022 % change.									
29		² IHS Markit Chained Price Index--Gross Domestic Product, January 2023 forecast, Source: Table 1.1.9. Implicit Price Deflators for Gross Domestic Product, seasonally adjusted, Bureau of Economic Analysis.									
30		Date of analysis: 2/24/2023									
31											

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Cribs and Strollers

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

☐ **Entire Bill**

☒ **Partial Bill:** Section 2

Sponsor(s):

Month/Year Impact Begins:

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

a. Current Law: Currently there is no sales tax exemption for baby cribs, baby cots, and strollers. Currently, children's car seats are exempt from sales tax (infant and booster seats). Strollers that are part of a "travel system" consisting of a car seat and a stroller, selling as one unit, are also tax exempt.

b. Proposed Change: The bill exempts from sales tax the retail sale of baby cribs, baby cots, and strollers.

Section 2: Description of Data and Sources

Bureau of Labor Statistics, Consumer Expenditure Survey

U.S. Census Bureau, American Community Survey, 2021

IHS Markit Chained Price Index

Deflators for Gross Domestic Product

FDEC Population Growth

DOR Tax Administration

IBIS World, Durable Baby Goods Stores in the US, Baby on board: Growing disposable income is likely to encourage the sale of industry items, Marley Brocke, October 2022

Section 3: Methodology (Include Assumptions and Attach Details)

Effective July 1, 2014, child restraint systems and booster seats for use in motor vehicles are exempt from sales tax. Components or accessories that are sold separately from the child restraint system or from the booster seat remain subject to sales tax (https://floridarevenue.com/taxes/tips/documents/TIP_14A01-05.pdf).

This analysis uses consumer expenditures data from the Consumer Expenditure Survey (CES). Income before taxes from the CES is increased to the impact year by the growth rate of personal income from the FEEC. Annual expenditures per consumer units are derived by assuming their share of income before taxes remains constant. The number of consumer units from the CES is increased to the impact year by the growth of households from the FDEC. Detailed category data from the national survey is adjusted to Florida by assuming that Florida consumers spend the same share of their expenditures on strollers, cots and cribs.

Assumptions were made to estimate qualifying items in CES categories.

High – Middle – Low

A lever was created to make assumptions for the percent of strollers that are not purchased as part of a safety seat travel system. A level was also made to reduce other types of carriers and baby accessories that would not be exempt.

Growth

The forecast was grown by the growth in population aged 4 and under.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(6.1)	(6.7)	(5.3)	(5.8)	(4.9)	(5.3)
2024-25	(6.8)	(6.8)	(5.9)	(5.9)	(5.4)	(5.4)
2025-26	(6.9)	(6.9)	(6.0)	(6.0)	(5.5)	(5.5)
2026-27	(7.0)	(7.0)	(6.1)	(6.1)	(5.6)	(5.6)
2027-28	(7.1)	(7.1)	(6.2)	(6.2)	(5.7)	(5.7)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Cribs and Strollers

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

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the middle estimate. The Conference adopted an impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor's proposed Tax Relief for Floridians Conforming Bill.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(4.7)	(5.1)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.4)	(0.5)
2024-25	(5.2)	(5.2)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2025-26	(5.3)	(5.3)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2026-27	(5.4)	(5.4)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2027-28	(5.5)	(5.5)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(5.3)	(5.8)	(0.6)	(0.7)	(5.9)	(6.5)
2024-25	(5.9)	(5.9)	(0.7)	(0.7)	(6.6)	(6.6)
2025-26	(6.0)	(6.0)	(0.7)	(0.7)	(6.7)	(6.7)
2026-27	(6.1)	(6.1)	(0.7)	(0.7)	(6.8)	(6.8)
2027-28	(6.2)	(6.2)	(0.8)	(0.8)	(7.0)	(7.0)

1. Consumer expenditure data from the Consumer Expenditure Survey

Cribs and Strollers Consumer Expenditures

	<i>BLS Data</i>	<i>BLS Data</i>
	CY 2021	CYs 2019 & 2020
	US	FL
Number of consumer units (Households)	133,595,000	9,049,770
Income before taxes	\$87,432	\$71,951
Income after taxes	\$78,743	
Average annual expenditures	\$66,928	\$56,257

2. Grow consumer units & expenditures to impact year

FY Ending in:	2021	2022	2023	2024
FDEC Household Growth Rate	1.70%	1.85%	1.64%	1.44%
FEEC Personal Income Growth Rate	8.02%	4.92%	5.97%	3.92%
Convert expenditures to taxable sales	6.80%			
Number of consumer units (Households)	9,203,811	9,373,791	9,527,624	9,664,982

FY Ending in:	2021	2022	2023	2024
Income before taxes	77,719	81,543	86,413	89,801
Average annual expenditures	60,767	63,756	67,564	70,213

3. Apply US expenditure share to FL

FY 2023-24

	BLS Data	BLS Data	EDR Estimate Using BLS Shares	EDR Estimate Using BLS Shares
	Average Expenditures per Consumer Unit	% of Annual Expenditures	Average Expenditures per Consumer Unit	Total Expenditures
	US	US	FL	FL
Consumer units			9,664,982	
Average annual expenditures			70,213	\$678,611,083,310
Infants' Furniture & Equipment				
Infants' furniture	\$14.42	0.022%	\$15.13	\$146,210,432
Infants' equipment	\$12.70	0.019%	\$13.32	\$128,770,630
Total, Infants' Furniture & Equipment				\$274,981,063

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, Table R-1. All consumer units: Annual detailed expenditure means, standard errors, coefficients of variation, and weekly (D) or quarterly (I) percents reporting, Consumer Expenditure Surveys, 2021; Florida: Quintiles of income before taxes, 2019-2020.

4. Reduce category to only include specified items

To reduce expenditures to items explicitly mentioned, shares of sales of these goods in durable goods stores from an IBIS World report were used.

IBIS World, Durable Baby Goods Stores in the US, Indistry DEFINITION: The industry comprises stores that retail durable goods for babies and toddlers up to 4 years old. Examples of primary products this industry sells include cribs, strollers, dressers, changing tables, car seats and other similar items.

Durable Baby Goods Stores in the US - Products (IBIS World)	Percent of Total
Baby furniture excluding cribs	40.8
Cribs	24
Strollers	13.7
Car safety seats	13.1 (Already exempt from sales tax)
Other mobile carriers and baby accessories	8.4

Source: IBIS World, Durable Baby Goods Stores in the US, Baby on board: Growing disposable income is likely to encourage the sale of industry items, Marley Brocke, October 2022

CRIBS AND STROLLERS

4. (a) Cribs and strollers: Reduce expenditures to included cribs, baby cots, and strollers.

Consumer Expenditure data	FY 2023-24	FY 2023-24	FY 2023-24
Reduction for cribs and strollers items only	High	Middle	Low
Annual expenditures, Infants' Furniture & Equipment (\$ m)	275.0	275.0	275.0
A. Percent of strollers that are NOT part of a car safety seat travel system (systems are exempt)	80%	70%	60%
B. Reduction to "Other mobile carriers and baby accessories" ;			
REDUCE CATEGORY BY PERCENTAGE	0%	50%	75%
% of cribs, strollers and other of durable baby goods (reduced for strollers not part of a car safety seat system and reduced for other items being excluded from the holiday) (A & B)	43%	38%	34%
Reduced expenditures (by A & B)	119.2	103.9	94.4
Taxable sales (\$ m)	111.6	97.3	88.4
Sales tax impact (\$ m)	\$6.7	\$5.8	\$5.3

5. Sales tax impact

Growth in population 4 and under (FDEC)	1.5%	1.4%	1.1%	0.9%	0.9%
FY	2024	2025	2026	2027	2028
High	\$6.7	\$6.8	\$6.9	\$7.0	\$7.1
Middle	\$5.8	\$5.9	\$6.0	\$6.1	\$6.2
Low	\$5.3	\$5.4	\$5.5	\$5.6	\$5.7

Last revision:

2/24/2023

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Disaster Preparedness Holiday - 14 Days

Bill Number(s): [Proposed Language - Governor, S. 12](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 12

Sponsor(s):

Month/Year Impact Begins: Sales Tax Holiday Dates: 5/27/2023 to 6/9/2023, Collections Affected: June 2023-July 2023

Date(s) Conference Reviewed: February 17, 2023, February 24, 2023

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. Proposed Change:** The proposed language provides an exemption from sales tax for the items listed below that are purchased during the time period specified.

Portable self-powered light source	\$ 40 or less
Portable self-powered radio, two-way radio or weather band radio	\$ 50 or less
Tarpaulin or other flexible waterproof sheeting	\$ 100 or less
Ground anchor system or tie-down kit	\$ 100 or less
Gas or diesel fuel tank	\$ 50 or less
Package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries	\$ 50 or less
Non-electric food storage cooler	\$ 60 or less
Reusable ice	\$ 20 or less
Portable generator	\$1,000 or less
Portable power bank	\$ 60 or less
Smoke detector or smoke alarm	\$ 70 or less
Fire extinguisher	\$ 70 or less
Carbon monoxide detector	\$ 70 or less

Supplies necessary for the evacuation of household pets.

For purposes of this exemption, necessary supplies are the non-commercial purchase of:

Portable kennels or pet carriers	\$ 100 or less
Bags of dry pet food weighing 15 or fewer pounds	\$ 30 or less
Cans or pouches of wet pet food or the equivalent in a box or case	\$ 2 or less
Manual can openers	\$ 15 or less
Leashes, collars, and muzzles	\$ 20 or less
Collapsible or travel-size food or water bowls	\$ 15 or less
Cat litter weighing 25 or fewer pounds	\$ 25 or less
Cat litter pans	\$ 15 or less
Pet waste disposal bags	\$ 15 or less
Pet pads	\$ 20 or less
Hamster or rabbit substrate	\$ 15 or less
Pet beds	\$ 40 or less

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

Section 2: Description of Data and Sources

- REC Impact for Proposed Language, 3/4/2022
http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page625-634.pdf
- Office of Insurance Regulation Hurricane Ian Information, Submitted claims as of January 2023 for 2022 Hurricane Ian, Claims Data by County for Top 20 Counties, <https://www.floir.com/home/ian>
- Various websites for price comparisons: www.lowes.com; www.homedepot.com; www.bestbuy.com;

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Disaster Preparedness Holiday - 14 Days

Bill Number(s): [Proposed Language - Governor, S. 12](#)

- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2021, Table R-1 All consumer units: Annual detailed expenditure means, standard errors, coefficients of variation, and weekly (D) or quarterly (I) percents reporting, Table Florida Quintiles of Income, 2019-20.
- Florida Demographic Estimating Conference, February 2023.
- Florida Economic Estimating Conference, February 2023.
- Florida Sales Tax Contributions from Households, Businesses and Tourists, Contributions to General Revenue from Sales Tax Collections in FY 2019-20, By Source http://edr.state.fl.us/Content/economy/FloridaSalesTaxContributions_FY19-20.pdf

Section 3: Methodology (See attached.)

Data Source - CE

The methodology uses the U.S. Bureau of Labor Statistics Consumer Expenditure Survey (CE) to estimate expenditures on the exempted items in Florida. The CE is the most detailed publicly available source of consumer expenditure data. BLS uses a direct survey and a consumer diary type of survey to collect data. Aggregate level data, such as income and total expenditures are available for Florida. However, data for the most detailed level of items is not available for Florida but is available for the US.

Aggregate Expenditures

Florida number of consumer units (households), average annual income, and average annual consumer expenditures from the U.S. Bureau of Labor Statistics Consumer Expenditure Survey (CE) and grows them to the impact year by the growth rate of resident households from the FDEC and the growth rate in personal income from the FEEC respectively, assuming that the ratio of expenditures to income remained constant in the adjustment period. This process estimates aggregate annual consumer expenditures by Florida residents in the impact year.

Item's Share of Aggregate Expenditures

For each item or group of items, the analysis selects an expenditure category deemed most appropriate and likely to contain the exempt item or group of items. The decision is based on a review of the broad and detailed expenditure categories in the hierarchical structure of the CE, a review of adjacent categories, and a review of instructions to survey respondents. A further determination is made on whether the exempt items would comprise the entire expenditure category or only a relatively small share of the category.

New since 2/17/2023: This step is now shown separately for each category as a lever for the conference to adjust as needed.

Annual to Daily

Since the expenditure data include state and local sales tax, an adjustment is made to deduct state and local sales taxes from the expenditures to estimate taxable expenditures. The annual taxable expenditures for each category are used to calculate annual and average daily sales tax collections.

Length of Holiday, Shifted Timing of Purchases

The length of the holiday multiplied by average daily tax collections produces the base impact of the holiday, affecting purchases that happen on average regardless of any sales tax holidays. This forms the minimum impact of the holiday. It is further assumed that consumers are sensitive to pre-announced sales tax holidays and they will shift purchases from periods adjacent to the holiday into the holiday to take advantage of the sales tax savings. Specifically, this impact assumes that consumers shift one week before and one week after the holiday into the holiday period. This doubles the minimum holiday impact.

Factor Adjustments for Hurricanes, Businesses, Tourists or Shifted Level of Purchases

The methodology uses the following adjustment factors.

- Hurricane sensitivity adjustment factor: A ratio of the number of claims reported in the last fiscal year to the number of Florida resident households. The analysis assumes that consumers are most sensitive to disaster preparation immediately following a major disaster and such an event may induce purchases of disaster preparedness items that would not have otherwise occurred. The calculated factor is applied to sales tax collection to estimate additional induced purchases that otherwise may not have occurred. If no major hurricane occurred within the past year, the factor is not used.
- Business purchases factor: A ratio of business purchases to household purchases subject to sales tax based on Florida Sales Tax Contributions from Households, Businesses, and Tourists as published on the EDR website. Expenditure data in the CE

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Disaster Preparedness Holiday - 14 Days

Bill Number(s): [Proposed Language - Governor, S. 12](#)

reflects consumer purchases only. However, sales tax in Florida is generally paid by businesses as well, except in conditions as specified in statute. To account for business purchases of the exempt items, a business purchases factor is applied to sales tax collection from consumers to estimate additional business purchases of the exempt items. This is an estimate of average business purchases that occur on average in Florida regardless of the holiday. This factor may be varied to account for induced activity in addition to average activity or to account for reduced activity since the item does not have a business application.

- Tourists purchases factor: A ratio of tourists purchases to household purchases based on Florida Sales Tax Contributions from Households, Businesses, and Tourists as published on the EDR website. Expenditure data in the CE reflects resident consumer purchases only. In addition, the number of consumer units and FDEC household data only reflect resident households, not snowbirds or other types of visitors. To account for tourists purchases of the exempt items, a tourists purchases factor is applied to sales tax collection from consumers to estimate additional tourists purchases of the exempt items. This is an estimate of average tourists purchases that occur on average in Florida regardless of the holiday. This factor may be varied to account for induced activity in addition to average activity or to account for reduced activity since the item may rarely be purchased by tourists. The consumer expenditure data for residents also includes resident purchases out-of-state (tourism etc.). These expenditures have not been subtracted at present.
- Bill language conditions & exclusions factor: Includes price limits, bill modifications from price caps to “first XXX Dollars of” price and other price conditions, certain tourism-related dealers, impulse purchases, and other bill language exclusions not explicitly accounted for elsewhere.
- Effective sales tax factor (State + Local Option): Includes an adjustment to deduct state and local sales taxes, which are included in consumer expenditures to estimate taxable sales.

Section 4: Proposed Fiscal Impact: The proposed impact is nonrecurring for FY 2023-24. There is also a 5-day impact to FY 2022-23 in the amount of (\$3.3m).

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$5.9m)			
2024-25						
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted an adjusted impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor’s proposed Tax Relief for Floridians Conforming Bill. The Conference made adjustments to hurricane sensitivity factors, business purchases, additional days of purchases and bill language conditions and exclusions. There is a current year impact of (\$6.8m).

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(10.8)	0.0	(Insignificant)	0.0	(0.4)	0.0	(1.0)	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Disaster Preparedness Holiday - 14 Days

Bill Number(s): [Proposed Language - Governor , S. 12](#)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(12.2)	0.0	(1.5)	0.0	(13.7)	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0

	B	C	D	E	F	G	H	I	J	K	L
3		Governor's Proposed Language - Section 12									
4		2023 Disaster Preparedness Holiday - 14 Days									
5		ASSUMPTIONS									
6	I.	HURRICANE SENSITIVITY PURCHASING ASSUMPTIONS									
7		NUMBER OF HURRICANE CLAIMS REPORTED									
22		2022 Index based on Claims Data as of Jan 2023									
23		(Hurricane Ian)									
25		Reported Loss % HHs									
26	II.	GENERAL PURCHASING ASSUMPTIONS									
27		ADJUSTMENT FACTORS									
28		Business purchases factor based on Florida Sales									
29		Tax Contributions from Businesses									
30		Tourists purchases factor based on Florida Sales									
31		Tax Contributions from Tourists									
32		Bill language conditions & exclusions*									
33		Effective sales tax factor (State + Local Option)									
34	III.	GROWTH RATE ASSUMPTIONS									
35					FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24		
36		FDEC growth in population				1.63%	1.67%	1.72%	1.55%	1.39%	
37		FDEC growth in resident households				1.65%	1.70%	1.85%	1.64%	1.44%	
38		FEEC growth in personal income				6.56%	8.02%	4.92%	5.97%	3.92%	
39		CPI growth (June to June)									
40		Actuals to June 2022 and NEEC				1.23%	4.70%	8.00%	3.51%	2.18%	
41		AGGREGATE EXPENDITURE CALCULATIONS									
42	IV.	FLORIDA CONSUMER EXPENDITURES									
43		Florida Consumer Expenditures									
44					ACTUAL						
45					FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24		
46					2019-2020 Average						
47	Florida	Number of Consumer Units				9,049,770	9,203,616	9,373,883	9,527,614	9,664,812	
48		<i>by growth in households</i>									
49	Florida	Income before taxes per Consumer Unit				\$71,951.39	\$77,719	\$81,543	\$86,413	\$89,801	
50		<i>by growth in personal income</i>									
51	Florida	Average annual expenditures per Consumer Unit				\$56,257	\$60,767	\$63,756	\$67,564	\$70,213	
52		<i>constant share (2019-2020) of income before taxes</i>									
53	Florida	Aggregate income before taxes				\$651,143,509,095	\$715,298,065,648.02	\$764,374,306,307	\$823,313,413,076	\$867,913,557,015	
54											
55	Florida	Aggregate expenditures**				\$509,112,260,529.02	\$559,273,048,210.69	\$597,644,490,867	\$643,727,453,319	\$678,599,151,775.55	
56		<i>constant share (2019-2020) of income before taxes</i>				78.2%	78.2%	78.2%	78.2%	78.2%	
57											
58											
59		** Includes state and local sales tax									

14 Days
2 Weeks
5/27/2023 Start
6/9/2023 End

	B	C	D	E	F	G	H	I	J	K	L
3	Governor's Proposed Language - Section 12										14 Days
4	2023 Disaster Preparedness Holiday - 14 Days										2 Weeks
61	EXPENDITURE CALCULATIONS FOR DISASTER PREPAREDNESS ITEMS										
62	V. DISASTER PREPAREDNESS ITEMS										
63											
64	Num	CE CATEGORY	ITEM	% of Expenditures adj. % of category	ASSUMPTION % of cat for item	FY 2023-24 Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit
65	2	Miscellaneous sound equipment [D]	Portable self-powered radio, two-way radio or weather band radio	0.00052%	50%	\$1,661,397	\$99,683.81	\$273.11	152	29.98	50
66											
67	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)										
68				Days	Sales Tax (State)						
69	Holiday duration			14	\$3,823						
70	Additional days - time shifting of purchases			14	\$3,823						
71	Total consumer purchases for days impacted			28	\$7,647						
72											
73	B. Other Florida purchases										
74				Factors	Sales Tax (State)						
75	Hurricane sensitivity factor			0.136	\$1,040						
76	Business purchases factor			0.156	\$1,196						
77	Visitor purchases factor			0.039	\$301						
78	Total Other Florida purchases				\$2,537						
79											
80	A. & B. Total Florida purchases										
81					\$10,184						
82	Bill language conditions & exclusions*			0.750							
83	SALES TAX IMPACT					\$7,638	200%				
84											
85											

	B	C	D	E	F	G	H	I	J	K	L	
3	Governor's Proposed Language - Section 12					14 Days						
4	2023 Disaster Preparedness Holiday - 14 Days					2 Weeks						
86	CE CATEGORY		ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
	Materials for plastering, panels, roofing, and gutters, etc. [I]		Tarpaulin or other flexible waterproof sheeting	0.02295%	100%	\$145,823,169	\$8,749,390.13	\$23,970.93	8,108	49.28	\$100.00	
87												
88												
89	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
90			Days	Sales Tax (State)								
91	Holiday duration		14	\$335,593								
92	Additional days - time shifting of purchases		28	\$671,186								
93	Total consumer purchases for days impacted		42	\$1,006,779								
94												
95	B. Other Florida purchases - level shifting of purchases											
96			Factors	Sales Tax (State)								
97	Hurricane sensitivity factor		0.170	\$171,152								
98	Business purchases factor		0.313	\$314,867								
99	Visitor purchases factor		-	\$0								
100	Total Other Florida purchases			\$486,019								
101												
102	A. & B. Total Florida purchases			\$1,492,798								
103												
104	Bill language conditions & exclusions*		0.500									
105	SALES TAX IMPACT				\$746,399	222%						
106												
107												
108	CE CATEGORY		ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
	Miscellaneous supplies and equipment [I]		Ground anchor system or tie-down kit, Gas or diesel fuel tank	0.0899%	50%	\$285,665,309	\$17,139,918.55	\$46,958.68	15,281	51.22	\$100.00	
109	4&5											
110												
111	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
112			Days	Sales Tax (State)								
113	Holiday duration		14	\$657,422								
114	Additional days - time shifting of purchases		14	\$657,422								
115	Total consumer purchases for days impacted		28	\$1,314,843								
116												
117	B. Other Florida purchases											
118			Factors	Sales Tax (State)								
119	Hurricane sensitivity factor		0.068	\$89,409								
120	Business purchases factor		0.156	\$205,606								
121	Visitor purchases factor		-	\$0								
122	Total Other Florida purchases			\$295,016								
123												
124	A. & B. Total Florida purchases			\$1,609,859								
125												
126	Bill language conditions & exclusions*		0.650									
127	SALES TAX IMPACT				\$1,046,408							
128												
129												

	B	C	D	E	F	G	H	I	J	K	L	
3	Governor's Proposed Language - Section 12					14 Days						
4	2023 Disaster Preparedness Holiday - 14 Days					2 Weeks						
130	CE CATEGORY		ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
131	1&6&	Miscellaneous household equipment and parts [D]	Portable self-powered light source, Package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries, Reusable ice, Non-electric food storage cooler	0.11%	100%	\$707,755,028	\$42,465,301.69	\$116,343.29	73,897	26.24	\$43.33	
132												
133	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
134				Days	Sales Tax (State)							
135	Holiday duration			14	\$1,628,806							
136	Additional days - time shifting of purchases			28	\$3,257,612							
137	Total consumer purchases for days impacted			42	\$4,886,418							
138												
139	B. Other Florida purchases											
140				Factors	Sales Tax (State)							
141	Hurricane sensitivity factor			0.068	\$332,276							
142	Business purchases factor			0.156	\$764,105							
143	Visitor purchases factor			0.039	\$192,631							
144	Total Other Florida purchases				\$1,289,013							
145												
146	A. & B. Total Florida purchases				\$6,175,431							
147												
148	Bill language conditions & exclusions*			0.800								
149	SALES TAX IMPACT					\$4,940,345	303%					
150												
151												
152	CE CATEGORY		ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
153	11&12	Electrical supplies, heating, and cooling equipment [I]	Fire extinguisher, Smoke detector or smoke alarm, Carbon monoxide detector	0.0241604%	100%	\$153,513,062	\$9,210,783.75	\$25,235.02	12,548	33.52	\$70.00	
154												
155	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
156				Days	Sales Tax (State)							
157	Holiday duration			14	\$353,290							
158	Additional days - time shifting of purchases			14	\$353,290							
159	Total consumer purchases for days impacted			28	\$706,581							
160												
161	B. Other Florida purchases											
162				Factors	Sales Tax (State)							
163	Hurricane sensitivity factor			0.009	\$6,006							
164	Business purchases factor			0.156	\$110,490							
165	Visitor purchases factor			-	\$0							
166	Total Other Florida purchases				\$116,496							
167												
168	A. & B. Total Florida purchases				\$823,077							
169												
170	Bill language conditions & exclusions*			0.650								
171	SALES TAX IMPACT					\$535,000	151%					
172												
173												

	B	C	D	E	F	G	H	I	J	K	L	
3	Governor's Proposed Language - Section 12					14 Days						
4	2023 Disaster Preparedness Holiday - 14 Days					2 Weeks						
174		CE CATEGORY	ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
		Telephones and accessories [I] -										
175	10	PARTIAL 1/4	Portable power bank	0.19134%	25%	\$303,940,674	\$18,236,440.42	\$49,962.85	16,658	49.99	\$60.00	
176												
177	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
178				Days	Sales Tax (State)							
179	Holiday duration			14	\$699,480							
180	Additional days - time shifting of purchases			21	\$1,049,220							
181	Total consumer purchases for days impacted			35	\$1,748,700							
182												
183	B. Other Florida purchases											
184				Factors	Sales Tax (State)							
185	Hurricane sensitivity factor			0.170	\$297,279							
186	Business purchases factor			0.156	\$273,450							
187	Visitor purchases factor			0.039	\$68,937							
188	Total Other Florida purchases				\$639,666							
189												
190	A. & B. Total Florida purchases				\$2,388,365							
191												
192	Bill language conditions & exclusions*			0.780								
193	SALES TAX IMPACT				\$1,862,925		266%					
194												
195												

	B	C	D	E	F	G	H	I	J	K	L	
3	Governor's Proposed Language - Section 12					14 Days						
4	2023 Disaster Preparedness Holiday - 14 Days					2 Weeks						
196		CE CATEGORY	ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
		Miscellaneous household appliances										
197	9 [D]	Portable generator	0.00814%	100%	\$51,740,643	\$3,104,438.55	\$8,505.31	178	799	\$1,000.00		
198												
199	A.	Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)										
200			Days	Sales Tax (State)								
201		Holiday duration	14	\$119,074								
202		Additional days - time shifting of purchases	21	\$178,612								
203		Total consumer purchases for days impacted	35	\$297,686								
204												
205	B.	Other Florida purchases										
206			Factors	Sales Tax (State)								
207		Hurricane sensitivity factor	0.136	\$40,485								
208		Business purchases factor	0.313	\$93,100								
209		Visitor purchases factor	0.039	\$11,735								
210		Total Other Florida purchases		\$145,321								
211												
212	A. & B.	Total Florida purchases		\$443,007								
213												
214		Bill language conditions & exclusions*	0.720									
215		SALES TAX IMPACT			\$318,965	268%						
216												
217		CE CATEGORY	ITEM	% of cat for item	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	# Purchased daily	Avg price	Price Limit		
218		Pet food [D], Pet purchase, supplies, and medicine [I]										
219	14	Pet supplies	0.6519%	80%	\$3,296,116,119	\$197,766,967.11	\$541,827.31					
220												
221	A.	Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)										
222			Days	Sales Tax (State)								
223		Holiday duration	14	\$7,585,582								
224		Additional days - time shifting of purchases	14	\$7,585,582								
225		Total consumer purchases for days impacted	28	\$15,171,165								
226												
227	B.	Other Florida purchases										
228			Factors	Sales Tax (State)								
229		Hurricane sensitivity factor	0.034	\$257,910								
230		Business purchases factor	0.039	\$296,545								
231		Visitor purchases factor	0.016	\$119,615								
232		Total Other Florida purchases		\$674,070								
233												
234	A. & B.	Total Florida purchases		\$15,845,235								
235												
236		Bill language conditions & exclusions*	0.600									
237		SALES TAX IMPACT			\$9,507,141	125%						
238												
239												

	B	C	D	E	F	G	H	I	J	K	L
3	Governor's Proposed Language - Section 12										
4	2023 Disaster Preparedness Holiday - 14 Days										
240	VI. TOTAL IMPACT										
241	TOTAL IMPACT										
242						Middle					
243	Portable self-powered radio, two-way radio or weather band radio				\$	7,638	\$3,823				
244	Tarpaulin or other flexible waterproof sheeting				\$	746,399	\$335,593				
245	Ground anchor system or tie-down kit, Gas or diesel fuel tank				\$	1,046,408	\$657,422				
246	Portable self-powered light source, Package of AA-cell, AAA-cell, C-cell,				\$	4,940,345	\$1,628,806				
247	Fire extinguisher, Smoke detector or smoke alarm, Carbon monoxide de				\$	535,000	\$353,290				
248	Portable power bank				\$	1,862,925	\$699,480				
249	Portable generator				\$	318,965	\$119,074				
250	Pet supplies				\$	9,507,141	\$7,585,582				
251	Total				\$	18,964,821	\$11,383,071	167%			
252											
253											
254	TOTAL IMPACT FY 2022-23			\$	6,773,150.23		\$	6.8			
255	TOTAL IMPACT FY 2023-24			\$	12,191,670.41		\$	12.2			
256	Last revision: 2/16/2023										

14 Days
2 Weeks

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Energy Star Appliances – 1 year

Bill Number(s): [Governor's Proposed Language – Section 15](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 15

Sponsor(s):

Month/Year Impact Begins: Effective date: July 1, 2023, impact on sales tax collections begins 8/1/2023

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, F.S., there are currently no permanent exemptions for energy efficient appliances. However, there is currently a sales tax holiday for the same type of Energy Star appliances with the same price caps effective from July 1, 2022 to June 30, 2023 as authorized by CS/HB7071 – Section 42.
- b. Proposed Change:** The tax levied under chapter 212, Florida Statutes, may not be collected during the period from July 1, 2023, through June 30, 2024, on the retail sale of a new ENERGY STAR appliance for non-commercial use.

Definition of the exempt items

The term "ENERGY STAR ENROLLED appliance" means one of the following products, if such product is designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's requirements under the ENERGY STAR program, and is affixed with an ENERGY STAR label:

- (a) A washing machine selling for \$1500 or less;
- (b) A clothes dryer selling for \$1500 or less;
- (c) A water heater selling for \$1500 or less; or
- (d) A refrigerator or combination refrigerator/freezer selling for \$3000 or less.

Section 2: Description of Data and Sources

REC, Sales Tax Holiday on Energy Star Appliances, CS/HB7071 – Section 42, February 23, 2022,
http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page535-538.pdf
US Bureau of Labor Statistics (BLS) – Consumer Expenditure Survey
Florida Economic Estimating Conference – 2/23
National Economic Estimating Conference – 2/23
Florida Demographic Estimating Conference 2/23
IBIS World
Email from IBIS World dated 1/26/2023.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis uses the impact analysis for CS/HB7071 – Section 42 (2022) as a basis. Data from IBIS World on domestic demand for major household appliances is used. The estimate uses national demand data, shared to Florida based on population. Florida's share is grown into the impact period using CPI. The amount of total appliance sales that are energy star certified varies by product and this is used to estimate a high (previously adopted for SB 356/ HB 201 (2022)), middle (clothes washers & refrigerators), and low (clothes dryers) estimate.

2022 Session

In 2022, the REC adopted the high for CS/HB7071 – Section 42 (2022). The high assumes that 90% (the maximum from price research) of all items fall under the price caps, the middle – 89% (median from price research), and the low – 50% (average from price research). It is assumed that consumers will either delay or speed up their purchases to take advantage of the 365 day holiday, and for this reason an additional 60 days are added.

2023 Session

The IBIS data was updated with a 2022 report that included rebasing of the data to 2022 using the national GDP deflator and incorporated new data from the US census for years 2019 and 2020, as explained by IBIS World in an email dated 1/26/2023. The price research was updated and the percentages used have been updated. The shipment data from the EPA Energy Star program was also updated with 2021 shipments.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Energy Star Appliances – 1 year

Bill Number(s): [Governor's Proposed Language – Section 15](#)

The impact uses the updated shares of Energy Star appliances and the updated shares for % under the price cap from the price research to calculate new high, middle, and low, using the same assumption for number of extra days beyond the 1 year holiday.

Section 4: Proposed Fiscal Impact

The impact is proposed to affect FY 2023-24 (11/12) and FY 2024-25 (1/12).

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(72.3)		(33.3)		(14.9)	
2024-25	(6.6)		(3.0)		(1.4)	
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted an adjusted high impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor's proposed Tax Relief for Floridians Conforming Bill. The Conference adjusted the high by reducing the price cap to 90% and reduced the additional days to 30.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(57.0)	0.0	(Insignificant)	0.0	(1.9)	0.0	(5.5)	0.0
2024-25	(5.2)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.5)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(64.4)	0.0	(7.8)	0.0	(72.2)	0.0
2024-25	(5.9)	0.0	(0.7)	0.0	(6.6)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E
1	Proposed Language - Governor, Section 15				
2	Sales Tax Holiday for ENERGY STAR Appliances				
3				366 Days	
4				52 Weeks	
5				7/1/2023 Start	
6				6/30/2024 End	
7					
8	I. Market definition from report				
9	IBIS World Major Household Appliance Manufacturing in the US: Definition: This industry includes companies that manufacture major household cooking appliances, refrigerators and home freezers, household laundry equipment and other major electrical and nonelectrical household appliances such as dishwashers, garbage disposal units, water heaters and trash compactors. Small cooking appliances (e.g. hot plates), fans, vacuums and electric irons are not included in this industry.				
10					
11	II. US market size				
12	Refrigerators, frezers, washers, dryers, & water heaters				
13	Domestic Demand	FY2021-22 (Millions \$)			
14	Major appliances	49,763			
15	Refrigerators, freezers, laundry equipment, and other appliances (water heaters)	36,327.28			
16					73% Report
17					
18	Sum, manufacturers' prices	36,327			
19					
20	Sales for retail, manufacturers' prices	22,413.93			
21	(excluding sales to Building, heavy construction, & special trade contractor, 21.4%,s and Businesses for end use,16.9%)				
22					
23	Wholesale margin	23,176	3.4% Report		
24	Home improvement stores margins	26,467	14.2% Report		
25					
26	Advantage buying	3,970	15.0%		
27					
28	Total US retail market for specified products (\$ m)	30,437			
29					
30	III. Florida market				
31	Population - July 2022				
32	US Pop.	333,287,557			
33	FL pop.	22,244,823			
34	FL % of US Population	6.67%			
35					
36	Sales of Major Appliances				
37	FY2021-22	Total Sales (Millions \$)			
38	United States	\$ 30,437			
39	Florida (Shared by % US Pop.)	2,031			
40					
41	Grown by CPI to Impact period				
42	FY	Total Sales (Millions \$		CPI	
43	2022-23	\$ 2,157		6.2%	
44	2023-24	\$ 2,219		2.9%	

	A	B	C	D	E
45					
46	IV. Market penetration of Energy Star products				
47	% of total appliances on exempt list		100.0%		
48	% of Items of exempt list not covered by above report		0.0%		
49					
50	FY 2023-24	% of items Energy Star certified			ADOPTED
51		HIGH	MIDDLE	LOW	
52	Previously adopted (% USED FOR CS/HB7071 – Section 42 (2022))	65%			
53	NEW UPDATED % with new Energy Star Shipments	54%	53%	42%	
54	Florida Sales (Millions \$)	\$ 1,198.4	\$ 1,176.2	\$ 932.1	\$ -
55	Previously adopted (% USED FOR CS/HB7071 – Section 42 (2022))	90%			
56	NEW UPDATED % under the price cap based on price research	90%	89%	50%	
57	Florida Sales under the cap (Millions \$)	\$ 1,078.5	\$ 1,046.8	\$ 466.0	\$ -
58	Total impact - Sales Tax	\$ 64.7	\$ 62.8	\$ 28.0	\$ -
59	Adjust annual to 1 day impact	\$ 0.2	\$ 0.2	\$ 0.1	\$ -
60	One Year Holiday	\$ 64.9	\$ 63.0	\$ 28.0	\$ -
61	# of Additional Days	30	30	30	
62	Additional Days Impact	\$ 5.3	\$ 5.2	\$ 2.3	\$ -
63	Total holiday (Millions \$)	\$ (70.2)	\$ (68.2)	\$ (30.3)	\$ -
64					
65	V. Sales tax impact (No Recurring)				
66		High	Middle	Low	
67	FY 2023-24	(64.4)	(62.5)	(27.8)	
68	FY 2024-25	(5.9)	(5.7)	(2.5)	
83					

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Pet Foods Sales Tax Exemption – One Year

Bill Number(s): [Governor's Proposed Language Section 10](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 10

Sponsor(s):

Month/Year Impact Begins: July 1, 2023 through June 30, 2024, sales tax collections impact begins 8/1/2023.

Date(s) Conference Reviewed: February 24, 2023

Section 1: Narrative

- a. Current Law:** Medical products and supplies used in the cure, mitigation, alleviation, prevention, or treatment of injury, disease, or incapacity that are temporarily or permanently incorporated into a patient or client or an animal by a licensed practitioner or a licensed veterinarian are exempt. Current law does not exempt pet food from sales tax except in the instance where it is a therapeutic diet only available from a licensed veterinarian. Statute defines “domestic animal” as a dog, cat or another animal that is domesticated and may be kept as a household pet. The term does not include livestock or other farm animal (s. 768.139, F.S.) There are also requirements for personal possession of wildlife and what can be possessed as a personal pet (s. 379.3762).

No definition of “pet” was found in current statutes.

- b. Proposed Change:** The proposed language exempts the retail sales of pet foods from sales tax during the period of July 1, 2023 through June 30, 2024.

Section 2: Description of Data and Sources

[Department of Revenue Publication \(GT-800045\) Sales and Use Tax on Veterinarians and Veterinary Clinics rev. 06/21](#)

[Department of Revenue \(DR-46NT\) Nontaxable Medical Items and General Grocery List rev. 01/22](#)

US Bureau of Labor Statistics (BLS) – Consumer Expenditure Survey

Florida Economic Estimating Conference – 2/23

National Economic Estimating Conference – 2/23

Florida Demographic Estimating Conference 2/23

Section 3: Methodology (Include Assumptions and Attach Details)

For purposes of this analysis, a pet is considered to be the commonly domesticated animals including: dogs, cats, and certain types of fish, birds, rodents (or similar small mammals), reptiles and amphibians. The American Pet Products Association considers the following animals pets:

- Dogs
- Cats
- Fish
- Birds
- Small Animals
- Reptiles
- Horses

The Consumer Expenditure Survey provides an estimate of the percentage of expenditures spent on pet food. This percentage was then applied to aggregate expenditures shared out for Florida to estimate daily taxable expenditures on pet food.

The daily sales tax number was then adjusted for 366 day (February 2024 will have 29 days) with an advantage buying factoring of an additional 30 days.

Other adjustments include business and visitor purchases. Bill language conditions & exclusions were also factored in. These includes price limits and other price exclusions, certain tourism-related dealers, impulse purchases, and other bill language exclusions not explicitly accounted for elsewhere.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Pet Foods Sales Tax Exemption – One Year

Bill Number(s): [Governor's Proposed Language Section 10](#)

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$160.8m)			
2024-25			(\$14.7m)			
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 02/24/2023): The Conference adopted the proposed impact for this issue as if it were a stand-alone bill. It did not consider potential overlap with other sections of the Governor's proposed Tax Relief for Floridians Conforming Bill.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(142.4)	0.0	(Insignificant)	0.0	(4.8)	0.0	(13.6)	0.0
2024-25	(13.0)	0.0	(Insignificant)	0.0	(0.4)	0.0	(1.2)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(160.8)	0.0	(19.5)	0.0	(180.3)	0.0
2024-25	(14.7)	0.0	(1.8)	0.0	(16.5)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0

	B	C	D	E	F	G	H	I
3	Governor's Proposed Language - Section 10							
4	Pet Foods - 1 Year							
5								
6								
7								
8	I.	GENERAL PURCHASING ASSUMPTIONS						
9		ADJUSTMENT FACTORS						
10		Business purchases factor based on Florida Sales Tax Contributions from Businesses		0.1564				
11		Tourists purchases factor based on Florida Sales Tax Contributions from Tourists		0.1577				
12		Bill language conditions & exclusions*		1.00				
13		Effective sales tax factor (State + Local Option)		6.8%				
14		* Includes price limits and other price exclusions, certain tourism-related dealers, impulse purchases, and other bill language exclusions not explicitly accounted for elsewhere.						
15								
16	II.	GROWTH RATE ASSUMPTIONS						
17			FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
18		FDEC growth in population	1.63%	1.67%	1.72%	1.55%	1.39%	
19		FDEC growth in resident households	1.65%	1.70%	1.85%	1.64%	1.44%	
20		FEEC growth in personal income	6.56%	8.02%	4.92%	5.97%	3.92%	
21		CPI growth (June to June)						
22		Actuals to June 2022 and NEEC	1.23%	4.70%	8.00%	3.51%	2.18%	
23		AGGREGATE EXPENDITURE CALCULATIONS						
24	III.	FLORIDA CONSUMER EXPENDITURES						
25		Florida Consumer Expenditures	ACTUAL					
26			FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
27			2019-2020 Average					
28	Florida	Number of Consumer Units	9,049,770	9,203,811	9,373,791	9,527,624	9,664,982	
29		by growth in households						
30								
31	Florida	Income before taxes per Consumer Unit	\$71,951.39	\$77,719	\$81,543	\$86,413	\$89,801	
32		by growth in personal income						
33								
34	Florida	Average annual expenditures per Consumer Unit	\$56,257	\$60,767	\$63,756	\$67,564	\$70,213	
35		constant share (2019-2020) of income before taxes						
36								
37	Florida	Aggregate income before taxes	\$651,143,509,095	\$715,313,269,840.64	\$764,366,801,448	\$823,314,215,943	\$867,928,848,569.53	
38								
39	Florida	Aggregate expenditures**	\$509,112,260,529	\$559,284,935,975	\$597,638,623,012	\$643,728,081,060	\$678,611,107,846	
40		constant share (2019-2020) of income before taxes	78.2%	78.2%	78.2%	78.2%	78.2%	
41		** Includes state and local sales tax						
43								

366 Days
52 Weeks
7/1/2023 Start
6/30/2024 End

	B	C	D	E	F	G	H	I
3	Governor's Proposed Language - Section 10					366 Days 52 Weeks		
4	Pet Foods - 1 Year							
44	IV. EXPENDITURE CALCULATIONS							
45						FY 2023-24		
46	Num	CE CATEGORY	ITEM	% of Expenditures adj. % of category	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	
47	1	Pet food [D]	Pet food	0.38562%	\$2,450,271,141	\$147,016,268.44	\$402,784.30	
48								
49								
50	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)							
51				Days	Sales Tax (State)			
52	Holiday duration			366	\$147,419,053			
53	Additional days - time shifting of purchases			30	\$12,083,529			
54	Total consumer purchases for days impacted			396	\$159,502,582			
55								
56	B. Other Florida purchases							
57				Factors	Sales Tax (State)			
58	Business purchases factor			0.156	\$24,941,928			
59	Visitor purchases factor			0.002	\$251,515			
60	Total Other Florida purchases				\$25,193,443			
61								
62	A. & B. Total Florida purchases				\$184,696,025			
63								
64	Bill language conditions & exclusions*			0.950				
65	SALES TAX IMPACT				\$175,461,224			
66								
67								
68								
69								
70								
71	V. TOTAL IMPACT							
72	TOTAL IMPACT							
73					Middle	Adopted TOTAL Sales Tax		
74	Pet food				\$ 175,461,224			
75	Total				\$ 175,461,224	\$ -		
76								
77	FY			2024	2025			
78	Cash			\$ (160.8)	\$ (14.7)			
79	Recurring							
80	Last revision: 2/24/2023							
81								