

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Building Materials used in Affordable Housing Units Sales Tax Refund

Bill Number(s): CS SB 102, Section 12

☐ **Entire Bill**

☒ **Partial Bill:** Section 12

Sponsor(s): Sen Calatayud

Month/Year Impact Begins: July 1st, 2023

Date(s) Conference Reviewed: March 3rd, 2023

Section 1: Narrative

- a. Current Law:** Materials used in the construction of affordable housing units are taxed at 6%.
- b. Proposed Change:** The language in this bill allows for the owner of an affordable housing development to receive a refund of sales tax paid on building materials used in construction of the development, providing the construction materials were purchased on or after July 1st, 2023, and the owner follows the process described. The language excludes renovation, restoration, rehabilitation, alteration, modification, and expansion from eligibility. The refund is capped at the lesser of \$5,000 or 97.5% of sales tax paid and must be at least \$500.

Section 2: Description of Data and Sources

The FHFC provided data on affordable housing construction in calendar years 2018-2022. The figures they provided were grown at the Core CPI rate adopted in the 2022 Long Run National Economic Estimating Conference and the New Construction Growth Rate from the 2022 Long Run Ad Valorem Conference.

Section 3: Methodology (Include Assumptions and Attach Details)

To arrive at this impact, we first recognize that the cap imposed by language of \$5,000 (which translates to \$83,333 in sales) is well below the amount paid in sales tax for materials used in construction of a single unit. Therefore, every unit constructed is going to hit this cap. We can therefore estimate the number of units constructed in a given fiscal year (using the new construction growth rate from the ad valorem conference) and multiply that number by \$5,000 to reach the high estimate. This gives us our high estimate. The language only allows a 6-month window to apply for a refund, therefore we build the middle and low by assuming adoption rates of less than 100%. We chose 90% for the middle and 75% for the low as we feel the incentive to apply is high enough to persuade most people.

The previous version required the construction to occur after July 1st. The CS applies this exemption to sales of materials that occur after the effective date. This change has no material effect on any of the proposed impacts below.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ (36.43)	\$ (39.74)	\$ (32.79)	\$ (35.77)	\$ (27.32)	\$ (29.81)
2024-25	\$ (40.52)	\$ (40.52)	\$ (36.47)	\$ (36.47)	\$ (30.39)	\$ (30.39)
2025-26	\$ (41.97)	\$ (41.97)	\$ (37.77)	\$ (37.77)	\$ (31.48)	\$ (31.48)
2026-27	\$ (42.65)	\$ (42.65)	\$ (38.38)	\$ (38.38)	\$ (31.98)	\$ (31.98)
2027-28	\$ (42.71)	\$ (42.71)	\$ (38.44)	\$ (38.44)	\$ (32.03)	\$ (32.03)

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the high estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(32.2)	(35.1)	(Insignificant)	(Insignificant)	(1.1)	(1.2)	(3.1)	(3.4)
2024-25	(35.9)	(35.9)	(Insignificant)	(Insignificant)	(1.2)	(1.2)	(3.4)	(3.4)
2025-26	(37.2)	(37.2)	(Insignificant)	(Insignificant)	(1.2)	(1.2)	(3.6)	(3.6)
2026-27	(37.8)	(37.8)	(Insignificant)	(Insignificant)	(1.3)	(1.3)	(3.6)	(3.6)
2027-28	(37.8)	(37.8)	(Insignificant)	(Insignificant)	(1.3)	(1.3)	(3.6)	(3.6)

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Bill Number(s): CS SB 102, Section 12

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(36.4)	(39.7)	(4.4)	(4.8)	(40.8)	(44.5)
2024-25	(40.5)	(40.5)	(4.9)	(4.9)	(45.4)	(45.4)
2025-26	(42.0)	(42.0)	(5.1)	(5.1)	(47.1)	(47.1)
2026-27	(42.6)	(42.6)	(5.2)	(5.2)	(47.8)	(47.8)
2027-28	(42.7)	(42.7)	(5.2)	(5.2)	(47.9)	(47.9)

	A	B	C	D	E	F	G	H
1	Inputs From FHFC					Received from Bill Aldinger, Managing Director of Policy and Special Programs at the Florida Housing Finance Corporation, on Feb 1, 2023. Numbers given in calendar year. Based on credit underwriting reports required to be approved prior to permanent financing.		
2	Calendar Year	New Construction Units	Total Material Cost	Cost Per Unit				
3	2019	6,315	\$ 721,835,631	\$ 114,305				
4	2020	9,272	\$ 1,165,202,465	\$ 125,669				
5	2021	7,053	\$ 961,565,589	\$ 136,334				
6	2022	9,495	\$ 1,477,942,598	\$ 155,655				
7	Average	8,034	\$ 1,081,636,571	\$ 132,991				
8								
9	Requirements in Language					Refund is the lesser of \$5000 or 97.5% of the sales tax due. Assumed that \$5000 will always be lesser.		
10	Refund Floor	\$ 500.00	Refund Cap	\$ 5,000.00				
11	Material Cost Floor	\$ 8,333.33	Material Cost Cap	\$ 83,333.33				
12								
13	August 2022 New Construction Growth		Average New Construction Units			Series:	Average	
14	<i>adval_results.pdf page 12</i>		Grown at Given Growth Rates					
15	2023	-1.06%	2023	7,949		The new construction growth rate from the Ad Valorem Conference is used under the reasoning that the proportion of new construction that is Affordable Housing is largely constant over time.		
16	2024	1.96%	2024	8,104				
17	2025	3.57%	2025	8,394				
18	2026	1.61%	2026	8,529				
19	2027	0.14%	2027	8,541				
20	2028	0.51%	2028	8,585				
21								
22	July 2022 NEEC Core CPI Growth		2022 Cost Per Unit			Series:	2022	
23	<i>FY upcpicor</i>		Grown at Given Growth Rates					
24	2023	4.77%	2023	\$ 163,080		Average Material Cost per unit is expected to stay above the imposed cap, therefore this series ends its involvement in the impact. It is left here to serve as a starting point should anyone wish to evaluate changing or removing the cap.		
25	2024	2.66%	2024	\$ 167,417				
26	2025	2.30%	2025	\$ 171,268				
27	2026	2.29%	2026	\$ 175,190				
28	2027	2.25%	2027	\$ 179,132				
29	2028	2.23%	2028	\$ 183,127				
30								
31	Capped Total Cost of Materials		Impact			6% sales tax rate applied to the capped total cost of materials. An alternative way to reach these figures is multiply number of units by the \$5,000 refund cap. This impact assumes universal adoption and is set as the High. The Middle and Low estimates are determined by adoption rates.		
32	Cap * 2022 New Construction Units		6% of Total Material Cost					
33	2023	\$ 662,404,238	2023	\$ 39,744,254				
34	2024	\$ 675,354,413	2024	\$ 40,521,265				
35	2025	\$ 699,485,556	2025	\$ 41,969,133				
36	2026	\$ 710,775,814	2026	\$ 42,646,549				
37	2027	\$ 711,773,908	2027	\$ 42,706,434				
38	2028	\$ 715,390,922	2028	\$ 42,923,455				
39								
40				Adoption Rate			Adoption Rate	
41	High		Middle	90%		Low	75%	
42	Cash	Recurring	Cash	Recurring		Cash	Recurring	
43	\$ (36.43)	\$ (39.74)	\$ (32.79)	\$ (35.77)		\$ (27.32)	\$ (29.81)	
44	\$ (40.52)	\$ (40.52)	\$ (36.47)	\$ (36.47)		\$ (30.39)	\$ (30.39)	
45	\$ (41.97)	\$ (41.97)	\$ (37.77)	\$ (37.77)		\$ (31.48)	\$ (31.48)	
46	\$ (42.65)	\$ (42.65)	\$ (38.38)	\$ (38.38)		\$ (31.98)	\$ (31.98)	
47	\$ (42.71)	\$ (42.71)	\$ (38.44)	\$ (38.44)		\$ (32.03)	\$ (32.03)	

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Government Property Exemptions

Bill Number(s): [HB 695](#)

☒ Entire Bill

☐ Partial Bill:

Sponsor(s): Representative Hawkins

Month/Year Impact Begins: July 2023 (January 2024 Tax Roll)

Date(s) Conference Reviewed: February 24th 2023, March 3rd 2023

Section 1: Narrative

a. Current Law:

Section 1. Subsection (6) of section 196.012, Florida Statutes, is paraphrased below:

196.012 Definitions:

Currently, the Florida Statutes state that lessees under a leasehold of a property of the United States whose property is used for administration specifically in connection to an aircraft full service fixed base operation which provides goods and services to the general aviation public is deemed an activity that serves a governmental, municipal, or public purpose or function.

Any activity undertaken by a lessee which is permitted under the terms of its lease of a public airport, spaceport, or deepwater port, and owned by one of the foregoing governmental units, subject to a leasehold of nongovernmental lessee that is deemed to perform aviation, airport, aerospace, maritime, or port purpose or operation shall be deemed an activity that is governmental, municipal, or public purpose.

196.199 Government Property Exemption:

Leasehold interests in governmental property shall not be exempt unless an application for exemption has been filed before March 1 with the property appraiser. The property appraiser shall review the application and present findings to the value adjustment board, whereupon the board shall take appropriate action. If the exemption is granted or established by judicial proceeding, it shall remain valid for the duration of the lease, unless the lessee changes its use. In that case, the lessee must file for exemption again.

b. Proposed Change:

The proposed change to Section 1. Subsection (6) of section 196.012, Florida Statutes, is paraphrased below:

196.012 Definitions:

The bill proposes that the Florida Statutes be amended to suggest that the property **does not** need to be in connection to an aircraft **full service** fixed base operation, just in connection to an aircraft fixed base operation. The activity would be deemed **part of the administration of the airport** and serves an **essential** governmental function which would **otherwise be a valid subject for the allocation of public funds**.

Additionally, any activity of a leasehold of a nongovernmental lessee that is deemed to perform an aviation, airport, aerospace, maritime, or port purpose, and is **required for the operation of such facility**, is deemed an activity **that is part of an administration of the airport, spaceport, or deepwater port**, and the activity serves an **essential** governmental purpose that would **otherwise be a valid subject for the allocation of public funds**.

196.199 Government Property Exemption:

If the property appraiser or the value adjustment board grants the exemption in whole or in part, or the exemption is established by judicial proceeding, it shall remain valid for the duration of the lease, including extensions of the lease which were contemplating in the original lease, unless the lessee changes its use, then they must reapply for the exemption. If the operations of the lessee do not change after the exemption is granted, the lessee shall not be required to submit any further

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Government Property Exemptions

Bill Number(s): [HB 695](#)

applications for exemption for the duration of the lease, including extensions thereof which were contemplating in the original lease.

Section 2: Description of Data and Sources

2022F Real Property Roll

August 2022 Ad Valorem Revenue Estimating Conference Package

Orange County Property Appraiser's Website, <https://ocpaweb.ocpafl.org/parcelsearch>

FltPlan.Com Fixed Base Operators List, <https://fbo.fltplan.com/>

Section 3: Methodology (Include Assumptions and Attach Details)

This bill would deem leasehold properties leased by airports and deepwater ports to be considered essential to the operation of the facility, and therefore governmentally exempt. To determine the impact, the 2022F Real Property Roll was used to identify parcels with DOR_UC=90: "leasehold interests (government-owned property, leased by a non-governmental lessee)" that had remaining taxable value. In addition to that, we believe City of Orlando/Goaa was miscoded into use code 89 instead of 90, and are therefore including it in the analysis as well. This resulted in 88 additional parcels we included. There were 1,470 parcels this applied to.

Using a string match to look for keywords "airport," "port authority," "aviation," "port," "airpark authority," "airways," "flight," "jet," and "sheltair" in both the owner name (own_name) and short legal description (s_legal) fields on the Roll. This resulted in 509 parcels. 88 were use code 89, 338 were found by the own_name, 159 were found by the s_legal name, and 73 have both own_name and s_legal satisfied. FltPlan.com was used to identify some of the search strings.

The largest Fixed Base Operator is called "Signature Flight Support." It was concluded that it is currently fully tax exempt and therefore would have no impact.

The School and Non-School Taxable Values were summed for these 509 relevant parcels. These were multiplied by their respective 2022F Statewide Average Millage Rates to determine the 2022 tax impact. These amounts were grown forward using the Non-Residential Just Value growth rate from the most recent Ad Valorem Revenue Estimating Conference.

The high estimate assumes all 509 parcels would become completely exempt. The middle assumes 75%, and the low assumes 50%.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(32.4 M)	\$(32.4 M)	\$(24.3M)	\$(24.3M)	\$(15.6M)	\$(16.2M)
2024-25	\$(34.3M)	\$(34.3M)	\$(25.7M)	\$(25.7M)	\$(16.5M)	\$(17.2M)
2025-26	\$(36.2M)	\$(36.2M)	\$(27.2M)	\$(27.2M)	\$(17.4M)	\$(18.1M)
2026-27	\$(38.2M)	\$(38.2M)	\$(28.6M)	\$(28.6M)	\$(18.4M)	\$(19.1M)
2027-28	\$(40.2M)	\$(40.2M)	\$(30.2M)	\$(30.2M)	\$(19.3M)	\$(20.1M)

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the high estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(12.2)	(12.2)	(20.3)	(20.3)	(32.4)	(32.4)
2024-25	(12.9)	(12.9)	(21.5)	(21.5)	(34.3)	(34.3)
2025-26	(13.6)	(13.6)	(22.6)	(22.6)	(36.2)	(36.2)
2026-27	(14.3)	(14.3)	(23.9)	(23.9)	(38.2)	(38.2)
2027-28	(15.0)	(15.0)	(25.1)	(25.1)	(40.2)	(40.2)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Government Property Exemptions

Bill Number(s): [HB 695](#)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	0.0	(32.4)	(32.4)	(32.4)	(32.4)
2024-25	0.0	0.0	0.0	0.0	(34.3)	(34.3)	(34.3)	(34.3)
2025-26	0.0	0.0	0.0	0.0	(36.2)	(36.2)	(36.2)	(36.2)
2026-27	0.0	0.0	0.0	0.0	(38.2)	(38.2)	(38.2)	(38.2)
2027-28	0.0	0.0	0.0	0.0	(40.2)	(40.2)	(40.2)	(40.2)

	A	B	C	D	E
1					
2		Port-Related Parcels with Remaining Taxable Value			
3		2022	Count	School District	Non-School District
4		Relevant Parcels	424	\$ 1,906,193,448	\$ 1,789,010,970
5		Source: 2022F NAL Roll			
6					
7		Non Residential Just Value Growth Rates			
8				Value	% Change
9			2022	\$ 1,014,220	
10			2023	\$ 1,085,447	7.02%
11			2024	\$ 1,149,379	5.89%
12			2025	\$ 1,212,627	5.50%
13			2026	\$ 1,278,025	5.39%
14			2027	\$ 1,342,097	5.01%
15			2028	\$ 1,409,028	4.99%
16					
17		2021F Statewide Millage Rates			
18			School	5.9581	
19			Non School	10.5823	
20					
21		Taxable Value			
22				School District	Non-School District
23			2022	(11,357,291.18)	(18,931,850.78)
24			2023	(12,154,895.03)	(20,261,403.48)
25			2024	(12,870,809.08)	(21,454,784.68)
26			2025	(13,579,063.65)	(22,635,398.06)
27			2026	(14,311,394.04)	(23,856,144.23)
28			2027	(15,028,875.81)	(25,142,726.27)
29			2028	(15,778,372.82)	(26,403,221.76)
30					
31		Levers			
32			High	Middle	Low
33			100%	75%	50%
34					
35		School Impact			
36			High	Middle	Low
37		2023-24	(12,154,895.03)	(9,116,171.27)	(6,077,447.52)
38		2024-25	(12,870,809.08)	(9,653,106.81)	(6,435,404.54)
39		2025-26	(13,579,063.65)	(10,184,297.74)	(6,789,531.82)
40		2026-27	(14,311,394.04)	(10,733,545.53)	(7,155,697.02)
41		2027-28	(15,028,875.81)	(11,271,656.86)	(7,514,437.90)
42					
43					
44		Non-School Impact			

	A	B	C	D	E
45			High	Middle	Low
46		2023-24	(20,261,403.48)	(15,196,052.61)	(10,130,701.74)
47		2024-25	(21,454,784.68)	(16,091,088.51)	(10,727,392.34)
48		2025-26	(22,635,398.06)	(16,976,548.55)	(11,317,699.03)
49		2026-27	(23,856,144.23)	(17,892,108.17)	(11,928,072.11)
50		2027-28	(25,142,726.27)	(18,857,044.70)	(12,571,363.13)
51					
52		Total Impact			
53			High	Middle	Low
54		2022-23	\$ (32,416,299)	\$ (24,312,224)	\$ (16,208,149)
55		2023-24	\$ (34,325,594)	\$ (25,744,195)	\$ (17,162,797)
56		2024-25	\$ (36,214,462)	\$ (27,160,846)	\$ (18,107,231)
57		2025-26	\$ (38,167,538)	\$ (28,625,654)	\$ (19,083,769)
58		2026-27	\$ (40,171,602)	\$ (30,128,702)	\$ (20,085,801)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Ad Valorem: Surviving Spouses of Veterans

Bill Number(s): SB 762/HB747

☒ **Entire Bill:**

Sponsor(s): Senator Wright and Representative Woodson

Month/Year Impact Begins: June 1, 2024 (upon becoming law)

Date(s) Conference Reviewed: March 3rd, 2023

Section 1: Narrative

a. Current Law:

Section 1. Subsection (2) of section 196.081, Florida Statutes, is amended to read:

196.081 Exemption for certain permanently and totally disabled veterans and for surviving spouses of veterans; exemption for surviving spouses of first responders who die in the line of duty.—

(2) The production by a veteran or the spouse or surviving spouse of a letter of total and permanent disability from the United States Government or United States Department of Veterans Affairs or its predecessor before the property appraiser of the county in which property of the veteran lies is prima facie evidence of the fact that the veteran or the surviving spouse is entitled to the exemption.

b. Proposed Change:

The proposed change in HB 747 and SB762 are substantively identical.

Section 1. Subsection (2) of section 196.081, Florida 12 Statutes, is amended to read:

196.081 Exemption for certain permanently and totally disabled veterans and for surviving spouses of veterans; exemption for surviving spouses of first responders who die in the line of duty.—

(2) The production by a veteran or the spouse or surviving spouse of a letter of total and permanent disability from the United States Government or United States Department of Veterans Affairs or its predecessor before the property appraiser of the county in which property of the veteran lies is prima facie evidence of the fact that the veteran or the surviving spouse is entitled to the exemption. If the veteran predeceases the issuance of the letter, the surviving spouse may produce the letter before the property appraiser.

Section 2. The amendment to s. 196.081, Florida Statutes, made by this act applies beginning with the 2024 tax roll.

Section 3. This act shall take effect January 1, 2024.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

Given the bill is an administrative change, the Department of Revenue believes the bill has no tax impact. The bill allows for the surviving spouse of a veteran who predeceased the issuance of a certain letter from the Federal Government to produce the letter before the property appraiser.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2024-25	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2025-26	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2026-27	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2027-28	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Ad Valorem: Surviving Spouses of Veterans

Bill Number(s): SB 762/HB767

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the proposed estimate. This change is consistent with current law/current administration and therefore has a zero impact.

	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	0.0	0.0	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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: Ad Valorem

Issue: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

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

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Smith

Month/Year Impact Begins: January 1, 2024

Date(s) Conference Reviewed: February 3rd 2023 (Pulled), February 17th 2023, March 3rd 2023

Section 1: Narrative

a. Current Law: Section 196.1975, Florida Statutes reads (in part):

Nonprofit homes for the aged are exempt to the extent that they meet the following criteria: 1) The applicant must be a corporation not for profit pursuant to chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit pursuant to chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under the provisions of s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.

b. Proposed Change: Revises subsection 196.1975 (1) to read: “The applicant must be a corporation not for profit under ~~pursuant to~~ chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit under ~~pursuant to~~ chapter 617 or an entity not licensed under chapter 429 and wholly owned by a corporation not for profit under chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under ~~the provisions of~~ s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.”

Section 2: Description of Data and Sources

Informal Online Research (SunBiz, Google, and County Property Appraiser websites)

Florida Housing Data ClearingHouse, [Assisted Housing Inventory](#)

August 3rd, 2022, [Ad Valorem Assessment Estimating Conference](#) (AV REC)

Non-Residential Growth Rates

2022 Final Tax Roll Data

Ownership Classification from [SunBiz](#)

Section 3: Methodology (Include Assumptions and Attach Details)

2 Methods for Identifying Eligible Parcels

There were 3 methods used for identifying eligible parcels for the analysis. Additional methods may yield unaccounted-for parcels.

1. Informal Internet Research

The informal research identified two potential parcels, both of which were matched to the 2022 Final Tax Roll Data, and one of which had remaining taxable value after exemptions.

2. Assisted Housing Inventory from the Florida Housing Data ClearingHouse

The Assisted Housing Inventory was subset into only those parcels which were for-profit and marked as the targeted population served as “Elderly,” resulting in 62 remaining parcels. Of those 62, all were examined and 12 were successfully identified as eligible. 9 of the 12 parcels were matched to the 2022 Final Tax Roll Data. Of the 9 matched, two had remaining taxable value.

Estimating Impact

For the low estimate, it is assumed that only those 3 parcels with remaining taxable value would be affected by the change. For the informal research data, the single parcel with remaining taxable value had \$4.3 million School District (SD) and \$4.2 million Non-School District (NSD) in taxable value. For the ClearingHouse data, the two parcels with remaining taxable value had \$1.2 million SD and \$1.0 million NSD. The SD and NSD taxable value of all the parcels totaled \$5.5 million and \$5.3 million, respectively. In 2022, the total school district taxes were \$32.6 thousand and the total non-school district taxes were \$55.7 thousand. In total, the combined taxes were \$88.4 thousand.

For the middle estimate, it was assumed that there is a gross up factor. This is because through the previous methods, some parcels were not able to be matched to the roll. Grossing up the taxable value for the remaining parcels will

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

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

more accurately reflect the total taxable value for the parcels that were unable to be matched in addition to those parcels that were. For the informal research data, it is not grossed up by any factor because all the parcels were examined, and all the eligible parcels were matched to the roll. For the ClearingHouse data, only 9 of the 12 eligible parcels were matched to the roll. To account for the unmatched eligible parcels, the remaining taxable value is grossed up by the inverse of parcels matched: $(12/9=133\%)$. After being grossed up, the parcels had \$1.6 million SD and \$1.4 million NSD taxable value. Additionally, it is assumed that the gross up factor accounts for all the missed parcels from the previous methods, and thus the multiplier is set to one. The SD and NSD taxable value of all parcels totaled \$5.8 million and \$5.6 million, respectively. In 2022, the total school district taxes were \$34.8 thousand, and the non-school district taxes were \$59.4 thousand. Total combined taxes were \$94.2 thousand in 2022.

For the high estimate, it was assumed that there is an identical gross up factor as the middle estimate. However, the high estimate assumes that the gross up factor is not exhaustive and there remains unidentified eligible parcels. Thus, the high estimate is four times the middle estimate to account for any additional parcels not accounted by the middle or low estimate. For the informal research data, the single parcel's remaining taxable value was quadrupled to \$17.1 million SD and \$17.0 million NSD in taxable value. For the ClearingHouse data, the two parcels' remaining taxable were quadrupled to \$6.4 million SD and \$5.5 million NSD. The SD and NSD taxable value of all the parcels totaled \$6.4 million and \$5.5 thousand, respectively. In 2022, the total school district taxes were \$140.1 thousand and the total non-school district taxes were \$237.4 thousand. In total, the combined taxes were \$377.6 thousand.

The residential non-homestead taxable value growth rates from the most recent AV REC were used to grow the estimate through the impact period, and the 2022F statewide aggregate millage rates were applied to derive the impact.

Section 4: Proposed Fiscal Impact

Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
23-24	\$0	\$(0.4 M)	\$0	\$(0.1 M)	\$0	\$(0.1 M)
24-25	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
25-26	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
26-27	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
27-28	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle.

	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	(0.1)	0.0	(0.1)
2024-25	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2026-27	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2027-28	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)

	A	B	C	D	E	F	G	H
1								
2		Identified as Eligible					Parcels With	
3		Source	Total Pool	Examined		Matched to Roll	Remaining TV	
4		Florida ClearingHouse	62	62	12	9	2	
5		Informal Research	2	2	2	2	1	
6		SUM	64	64	14	11	3	
7		Low						
8		Multiplier	Gross - Up	Source				
9		1	100%	ClearingHouse				
10		1	100%	Informal Research				
11								
12		Middle						
13		Multiplier	Gross - Up	Total Pool/Identified	Examined/Matched	Source		
14		1	133%	12	9	ClearingHouse		
15		1	100%	2	2	Informal Research		
16								
17		High						
18		Multiplier	Gross - Up	Total Pool/Identified	Examined/Matched	Source		
19		4	133%	12	9	ClearingHouse		
20		4	100%	2	2	Informal Research		
21								
22								
23		Millage Rates						
24			School	5.9581				
25			Non-School	10.5823				
26								
27								
28		Residential Non-Homestead Taxable Value Growth Rate						
29		Year	Rate					
30		2023	10.84%					
31		2024	9.34%					

	A	B	C	D	E	F	G	H
32		2025	7.13%					
33		2026	5.86%					
34		2027	5.10%					
35		2028	4.73%					
36		Source: Aug 2022 AV REC						
37								
38								
39		Taxable Value						
40		Source	Low		Midde		High	
41			School	Non-School	School	Non-School	School	Non-School
42		Florida ClearingHouse	\$ 1,205,692	\$ 1,027,506	\$ 1,607,589	\$ 1,370,008	\$ 6,430,357	\$ 5,480,032
43		Informal Research	\$ 4,271,468	\$ 4,239,351	\$ 4,239,351	\$ 4,239,351	\$ 17,085,872	\$ 16,957,404
44		SUM	\$ 5,477,160	\$ 5,266,857	\$ 5,846,940	\$ 5,609,359	\$ 23,516,229	\$ 22,437,436
45								
46								
47		Taxes						
48		Year	Low		Middle		High	
49			School	Non-School	School	Non-School	School	Non-School
50		2022	\$ 32,633	\$ 55,735	\$ 34,837	\$ 59,360	\$ 140,112	\$ 237,440
51		2023	\$ 36,171	\$ 61,777	\$ 38,613	\$ 65,795	\$ 155,300	\$ 263,178
52		2024	\$ 39,549	\$ 67,547	\$ 42,219	\$ 71,940	\$ 169,805	\$ 287,759
53		2025	\$ 42,369	\$ 72,363	\$ 45,230	\$ 77,069	\$ 181,912	\$ 308,276
54		2026	\$ 44,852	\$ 76,604	\$ 47,880	\$ 81,585	\$ 192,572	\$ 326,341
55		2027	\$ 47,139	\$ 80,511	\$ 50,322	\$ 85,746	\$ 202,394	\$ 342,985
56								
57								
58								
59								
60		Total Taxes						
61		Year	Low	Middle	High			
62			Total Taxes	Total Taxes	Total Taxes			
63		2022	\$ 88,369	\$ 94,197	\$ 377,552			

	A	B	C	D	E	F	G	H
64		2023	\$ 97,948	\$ 104,407	\$ 418,478			
65		2024	\$ 107,096	\$ 114,159	\$ 457,564			
66		2025	\$ 114,732	\$ 122,299	\$ 490,189			
67		2026	\$ 121,456	\$ 129,465	\$ 518,914			
68		2027	\$ 127,650	\$ 136,068	\$ 545,378			
69								
70								
71		Impact: School District						
72		Year	High		Middle		Low	
73			Cash	Recurring	Cash	Recurring	Cash	Recurring
74		23-24	\$0	\$(0.2 M)	\$0	\$(0.0 M)	\$0	\$(0.0 M)
75		24-25	\$(0.2 M)	\$(0.2 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)
76		25-26	\$(0.2 M)	\$(0.2 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)
77		26-27	\$(0.2 M)	\$(0.2 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)	\$(0.0 M)
78		27-28	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)	\$(0.0 M)	\$(0.0 M)
79								
80								
81		Impact: Non-School District						
82		Year	High		Middle		Low	
83			Cash	Recurring	Cash	Recurring	Cash	Recurring
84		23-24	\$0	\$(0.3 M)	\$0	\$(0.1 M)	\$0	\$(0.1 M)
85		24-25	\$(0.3 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
86		25-26	\$(0.3 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
87		26-27	\$(0.3 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
88		27-28	\$(0.3 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
89								
90								
91								
92		Total Impact						
93		Year	High		Middle		Low	
94			Cash	Recurring	Cash	Recurring	Cash	Recurring
95		23-24	\$0	\$(0.4 M)	\$0	\$(0.1 M)	\$0	\$(0.1 M)
96		24-25	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)

Proposed Language:
Nonprofit Homes for the Aged

	A	B	C	D	E	F	G	H
97		25-26	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
98		26-27	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
99		27-28	\$(0.5 M)	\$(0.5 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income tax

Issue: Like Kind Exchange Tax Credits

Bill Number(s): [SB 862](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Gruters

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: 03/03/2023

Section 1: Narrative

a. Current Law: Current law does not provide for a credit for certain entities that engaged in 1031 exchange credits.

b. Proposed Change: creates section 220.197, Florida statutes, to read:

220.197 1031 exchange tax credit.—

(1) As used in this section, 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.

(2) A taxpayer is eligible for a \$2 million credit against the tax imposed by this chapter for its 2018 taxable year if:

(a) The taxpayer is classified under NAICS industry group code 53211;

(b) The taxpayer deferred gains on the sale of personal property assets for federal income purposes under s. 1031 of the Internal Revenue Code during its taxable year beginning on or after August 1, 2016, and before August 1, 2017; and

(c) The taxpayer’s final tax liability for its taxable year beginning on or after August 1, 2017, and before August 1, 2018, before application of the credit authorized by this section, is greater than \$15 million and is at least 700 percent greater than its final tax liability for its taxable year beginning on or after August 1, 2016, and before August 1, 2017.

(3) This section operates retroactively to January 1, 2018.

Section 2: Description of Data and Sources

2018 CIT returns

Corporate Income tax additional information reporting

Section 3: Methodology (Include Assumptions and Attach Details)

CIT return information available with respect to the specified period in the bill of entities with a taxable year beginning on or after August 1, 2017, and before August 1, 2018 were obtained. This data was then merged with the additional reporting information required under section 220.27 to pick up NAICS code information that was required by that section. The file was sorted to identify those taxpayers that had more than \$15 M in tax due. This group of taxpayers was examined to see if they met the NAICS code criteria and their most two recent tax returns were examined to see if they met either of the tests specified in statute.

For the purposes of there being an impact, due to the NAICS code as written missing a digit, it was assumed the intended NAICS is 532110 or within the industry affected. Two taxpayers that would be considered in this industry met the over \$15 million tax and percent increase test. One of which appeared to be in NAICS code 532110 to receive the credit. For the low, it was assumed the intended NAICS code is 532110 in which case only one entity would qualify. For the middle, it was assumed that two entities would qualify. For the high, it was assumed that four entities would qualify.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(\$8.0 M)		(\$4.0 M)		(\$2.0 M)	
2024-25						
2025-26						
2026-27						
2027-28						

Revenue Distribution: General Revenue Trust Fund

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income tax

Issue: Like Kind Exchange Tax Credits

Bill Number(s): [SB 862](#)

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle estimate assuming the language applies to the NAICS industry 53211.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(4.0)	0.0	0.0	0.0	0.0	0.0	(4.0)	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: Corporate Income Tax, Insurance Premium Tax

Issue: The Live Local Tax Donation Program

Bill Number(s): CS for SB102 – Sections 13, 17, 18, 20-22, 34, 39 and 41

☐ **Entire Bill:**

☒ **Partial Bill:**

Sponsor(s): Senator Calatayud

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: March 3, 2023

Section 1: Narrative

- a. **Current Law:** The *Florida Tax Credit Scholarship Program* (FTC) was established in 2001 through the provision of tax credits to corporate income taxpayers that contribute money to nonprofit Scholarship-Funding Organizations (SFOs). The SFOs award scholarships to students, with the greatest benefit going to families with limited financial resources. In 2009, the program was expanded to provide credits against the insurance premium tax. In 2010, the program was expanded again to provide tax credits against corporate income tax, insurance premium tax, severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits.

More recently, HB7061 created the Strong Families Tax Credit, which provides a credit for 100% of an eligible contribution to an eligible charitable organization under s. 402.62, F.S. This bill became law effective July 1, 2021. It authorized a dollar-for-dollar tax credit up to \$5 million annually (which has been subsequently increased to \$10 million) against corporate income tax, insurance premium tax, severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits.

The New Worlds Reading Initiative was established in 2021 (and revised in 2022) through the provision of tax credits for businesses that make monetary donations to the administrator of the New Worlds Reading Initiative, a literacy program that provides books to elementary school students in Florida who read below grade level. The tax credits are a dollar-for-dollar credit against corporate income tax, insurance premium tax, severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits. The annual tax credit cap was \$10 million for FY 2021-22, \$30 million for FY 2022-23, and \$60 million for all fiscal years thereafter.

- b. **Proposed Change:** The proposed law establishes the Live Local Program. The Live Local Program allows companies to gain tax credits for either Insurance Premium Tax or Corporate Income Tax in exchange for contributing to the State Apartment Incentive Loan Program under s 420.5087. The State Apartment Incentive Loan Program provides funding for the construction of multifamily construction units in areas underserved or lacking multifamily housing. Beginning in FY 2023-24, the tax credit cap amount is \$100 million dollars. The tax credit may be carried forward for a period not to exceed 10 years. A taxpayer may transfer the credit to members of an affiliated group of corporations if the type of tax credit remains the same. By August 15th of every year, the Department of Revenue shall notify the top 500 corporate income or franchise due taxpayers of the existence of the Live Local Program and the process for obtaining an allocation of the tax credit cap. The CS for SB 102 adds a requirement for the Department of Revenue to allow taxpayers to comply with their corporate income estimated payment requirements by allowing this credit (s. 220.1878, F.S.) to offset the amount of tax due.

Section 2: Description of Data and Sources

Historical distribution of New World Reading Initiative (NWRI), Strong Families and Scholarship Funding Organization (SFO) Tax Credit Programs (provided by Department of Revenue)

General Revenue Conference, August 2022

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis reviewed prior tax credit programs and the timing of credit usage for those programs. This program and previous tax credit programs were similar in that they offered tax credits for charitable donations. They differ in that this program only offers tax credits against CIT and IPT. Further, they differ in that the cap for this program is \$100 million while similar programs such as New Worlds Reading Initiatives and Strong Families are capped much lower (beginning Fiscal Year 2022-23) at \$60 million and \$10 million respectively. These two programs have not yet seen their caps reached. This would argue for lower participation in the program, especially in the initial years. Alternatively, this program requires the Department of Revenue to notify the top 500 taxpayers of this new credit, a feature that is not required in the other programs. This may increase participation in the program.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax, Insurance Premium Tax

Issue: The Live Local Tax Donation Program

Bill Number(s): CS for SB102 – Sections 13, 17, 18, 20-22, 34, 39 and 41

To address all of these issues, the analysis offers a low, middle and high estimate. The low and middle assume a staggered participation in the program, with all estimates reaching the cap by the last year of the forecast.

The middle methodology assumes that the tax credit will reach 50% of the credit cap in the first year of implementation, then 75%, and finally reaches the cap by FY 2025-26.

The low assumes 50% utilization for the first three fiscal years then 75%, then 100% by the last fiscal year.

The high methodology assumes the program reaches its cap on the first year of implementation.

The breakdown of the distribution of the credit between IPT and CIT comes from the forecast of NWRI, Strong Families, and SFO tax credits. This analysis assumes 78% of the tax credit will be taken as a CIT credit and 22% of the credit impacts IPT. Both will only affect General Revenue.

New for the CS:

The CS for SB 102 adds a requirement for the Department of Revenue to allow taxpayers to comply with their corporate income estimated payment requirements by allowing this credit (s. 220.1878, F.S.) to offset the amount of tax due. There is a unknown impact from removing future penalties and interest if a taxpayer were to be penalized for underpaying their estimated payments. The Conference adopted the middle estimate for the impact of the bill (less this administrative change) 02/03/2023. The Conference reviewed a similar provision for other tax credit programs 02/24/2023 and adopted a recurring negative insignificant impact and a cash impact of zero/negative insignificant.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(\$100m)	(\$100m)	(\$50m)	(\$100m)	(\$50m)	(\$100m)
2024-25	(\$100m)	(\$100m)	(\$75m)	(\$100m)	(\$50m)	(\$100m)
2025-26	(\$100m)	(\$100m)	(\$100m)	(\$100m)	(\$50m)	(\$100m)
2026-27	(\$100m)	(\$100m)	(\$100m)	(\$100m)	(\$75m)	(\$100m)
2027-28	(\$100m)	(\$100m)	(\$100m)	(\$100m)	(\$100m)	(\$100m)

Revenue Distribution: General Revenue

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle for the committee substitute as the change in language had an insignificant effect on the previously adopted impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(50.0)	(100.0)	0.0	0.0	0.0	0.0	(50.0)	(100.0)
2024-25	(75.0)	(100.0)	0.0	0.0	0.0	0.0	(75.0)	(100.0)
2025-26	(100.0)	(100.0)	0.0	0.0	0.0	0.0	(100.0)	(100.0)
2026-27	(100.0)	(100.0)	0.0	0.0	0.0	0.0	(100.0)	(100.0)
2027-28	(100.0)	(100.0)	0.0	0.0	0.0	0.0	(100.0)	(100.0)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Gas Stoves Sales Tax Exemption – Permanent – APPROACH III

Bill Number(s): [Governor's Proposed Language S. 2 \(sss\)](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 2 (sss)

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, March 3, 2023

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, F.S., gas stoves purchased in store or online are subject to the 6% Sales and Use Tax.
- b. Proposed Change:** The proposed language exempts the retail sales of gas stoves when installed in a kitchen from sales tax. The language does not specifically exclude commercial gas stoves. The language does not specifically exclude dual fuel stoves, for example gas and electric.

Definition of the exempt items

For the purposes of this section, the term “gas stove” means “any stove that is installed in a kitchen and fueled by combustible gas such as natural gas, propane, butane, liquefied petroleum gas, or” [other] “flammable gas. It does not include camping stoves or other portable stoves.”

Section 2: Description of Data and Sources

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, INDUSTRY REPORT OD4255, Oven & Stove Manufacturing in the US, Heat is on: Industry growth is expected to slow alongside the housing market, Arielle Rose, June 2022.

AHAM; Appliance Design Survey January 2018 includes forecast for 4th Q 2017 to 4th Q 2019

EIA

Retail Sales Websites (webrestaurantstore.com, homedepot, katom)

Section 3: Methodology (Include Assumptions and Attach Details)

Approach III

To estimate the sales tax exemption impact of gas stove appliances, the third approach shares out Florida’s total natural gas sales to the gas stove appliance level using (1) gas stove appliance rebate data provided by the Florida Public Service Commission, (2) EIA’s Commercial Building Energy Consumption Survey, and (3) EIA’s Residential Energy Consumption Survey.

- Step 1: EIA’s total natural gas sales to Florida’s residential and commercial consumers was used as the basis of this analysis. Actuals were available to FY2021-22. From FY2022-23 to FY2027-28, 3-year averages of the residential and commercial sales actuals were used to estimate respective series’ sales in the latter years of the forecast period.
- Step 2: Shares of residential and commercial customer types were calculated from 3-year averages of sales data actuals.
- Step 3: Gas stove rebate data from one of Florida’s largest natural gas service providers, People’s Gas (PG), was used to estimate the relationship between total natural gas customers and natural gas cooking appliance customers.
 - Residential customers: EIA reported in FY2020-21 that 630,000 households in Florida have a natural gas cooking appliance. For that same year, they reported 795,038 total natural gas sales. For FY2020-21, the share of residences with natural gas cooking appliances from total residential natural gas customers was 79.2%. This relationship was shared out to PG’s reported 425,000 total customers, estimating that 336,776 of their residential customers have natural gas cooking appliances. PG’s share of rebates, or known sales, of gas stoves in FY2020-21 was then calculated from total rebates reported (11,603) over the estimated number of residential customers with natural gas cooking appliances.
 - Commercial customers: EIA does not have a reported number of commercial customers with natural gas cooking appliances. However, they periodically publish their Commercial Building Energy Consumption Survey (CBECS) estimating the number of commercial facilities with natural gas and propane cooking capabilities. They also periodically publish their Residential Energy Consumption Survey (RECS), which estimates the number of natural

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Gas Stoves Sales Tax Exemption – Permanent – APPROACH III

Bill Number(s): [Governor's Proposed Language S. 2 \(sss\)](#)

gas and propane cooking appliances per household. Using the most recent data from each survey (2020 for RECS and 2018 for CBECS), the share (6.57%) of commercial facilities with natural gas cooking capabilities to residential gas cooking appliances was taken to estimate the relationship between consumer sectors for gas stove units. The 6.57% share was applied to PG's estimated number of residential customers with a natural gas cooking appliance to arrive at the number of commercial customers with a natural gas cooking appliance.

- Step 4: Both the residential and commercial gas stove rebate-to-customer shares were applied to EIA's total natural gas sales data to estimate total sales of gas stoves per year. Using the customer-type distribution mentioned in Step 2, residential and commercial sales were broken out from the total for greater detail.
- Step 5: Price data for commercial and residential gas stove units within low, middle, and high price brackets was pulled using the Web Scraper. The price data was then applied to the residential and commercial gas stove sales estimates to arrive at dollar value sales.
- Step 6: Finally, the 6% sales tax was applied to dollar value sales to estimate the impact of the proposed permanent tax exemption on sales of gas stoves from FY2022-23 to FY2027-28.

Section 4: Proposed Fiscal Impact: The cash impact is 11/12th in the first year.

Approach III

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(\$19.3)	(\$21.1)	\$(5.6)	\$(6.1)	(\$1.3)	(\$1.4)
2024-25	(\$21.8)	(\$21.8)	\$(6.3)	\$(6.3)	(\$1.5)	(\$1.5)
2025-26	(\$22.5)	(\$22.5)	\$(6.5)	\$(6.5)	(\$1.5)	(\$1.5)
2026-27	(\$23.3)	(\$23.3)	\$(6.8)	\$(6.8)	(\$1.6)	(\$1.6)
2027-28	(\$24.1)	(\$24.1)	\$(7.0)	\$(7.0)	(\$1.6)	(\$1.6)

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The conference adopted the middle with the assumption that the language only exempts gas ranges and gas cooktops.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(5.0)	(5.4)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2024-25	(5.6)	(5.6)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.5)	(0.5)
2025-26	(5.8)	(5.8)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.6)	(0.6)
2026-27	(6.0)	(6.0)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.6)	(0.6)
2027-28	(6.2)	(6.2)	(Insignificant)	(Insignificant)	(0.2)	(0.2)	(0.6)	(0.6)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(5.6)	(6.1)	(0.7)	(0.7)	(6.3)	(6.8)
2024-25	(6.3)	(6.3)	(0.8)	(0.8)	(7.1)	(7.1)
2025-26	(6.5)	(6.5)	(0.8)	(0.8)	(7.3)	(7.3)
2026-27	(6.8)	(6.8)	(0.8)	(0.8)	(7.6)	(7.6)
2027-28	(7.0)	(7.0)	(0.8)	(0.8)	(7.8)	(7.8)

Florida Natural Gas Total Customer Accounts

Fiscal Year	Florida NG Residential Accounts (count)	Florida NG Commercial Accounts (count)	Total Florida NG Consumers Accounts (count)
FY15-16	702,681	38,420	741,101
FY16-17	714,458	38,336	752,794
FY17-18	722,131	38,106	760,237
FY18-19	741,646	38,172	779,818
FY19-20	766,371	38,835	805,206
FY20-21	795,038	39,383	834,421
FY21-22	819,867	39,616	859,483
<u>FY22-23</u>	<u>847,735</u>	<u>40,963</u>	<u>888,698</u>
<u>FY23-24</u>	<u>876,551</u>	<u>42,355</u>	<u>918,906</u>
<u>FY24-25</u>	<u>906,346</u>	<u>43,795</u>	<u>950,141</u>
<u>FY25-26</u>	<u>937,154</u>	<u>45,283</u>	<u>982,438</u>
<u>FY26-27</u>	<u>969,009</u>	<u>46,823</u>	<u>1,015,832</u>
<u>FY27-28</u>	<u>1,001,947</u>	<u>48,414</u>	<u>1,050,361</u>

source: http://www.eia.gov/dnav/ng/hist/na1508_sfl_8a.htmsource: https://www.eia.gov/dnav/ng/hist/na1538_sfl_8a.htm

Florida Natural Gas cooking appliance sales

	Total	Residential	Commercial
FY20-21	27,428	25,124	2,304
FY21-22	28,283	25,908	2,376
<u>FY22-23</u>	<u>29,245</u>	<u>26,788</u>	<u>2,457</u>
<u>FY23-24</u>	<u>30,239</u>	<u>27,699</u>	<u>2,540</u>
<u>FY24-25</u>	<u>31,267</u>	<u>28,640</u>	<u>2,626</u>
<u>FY25-26</u>	<u>32,329</u>	<u>29,614</u>	<u>2,716</u>
<u>FY26-27</u>	<u>33,428</u>	<u>30,620</u>	<u>2,808</u>
<u>FY27-28</u>	<u>34,565</u>	<u>31,661</u>	<u>2,903</u>

Florida Natural Gas Customer Type Distribution

	Customers	Customers
FY19-20	95.18%	4.82%
FY20-21	95.28%	4.72%
FY21-22	95.39%	4.61%
<u>3-year average</u>	<u>91.60%</u>	<u>8.40%</u>

Prices of Natural Gas Appliances

Type of Unit	Low	"Most Popular"	High
Residential Units	\$ 772	\$ 2,519	\$ 10,922
Commercial Units	\$ 1,269	\$ 12,688	\$ 25,734

source: <https://www.webstaurantstore.com/25887/commercial-gas-ranges.html?order=popular>source: <https://www.homedepot.com/>

*source: Katom Gas Ranges and Stoves website

* - The Web Scraper grabs the frequency of each price.

2519 median

2861 mean

14000 mean

12688 mode

median 14000

Residential NG appliances sales estimate calculations

FY20-21 Florida households with NG cooking appliance (EIA)	FY20-21 Florida total NG residential customers (EIA)	Florida residential NG appliance customers/Florida total NG customers
630,000	795,038	79.24%

People's Gas (PG) natural gas service provider

People's Gas (PG) total NG customers	FY20-21 PG residential customers with NG cooking appliance	FY20-21 PG residential rebates for gas stoves	Share of PG gas stove sales to total NG residential cooking appliance customers
425,000	336,776	11,603	3.45%

Commercial NG appliances sales estimate calculations

Estimated share of 2018 commercial to 2020 residential NG cooking appliances*	FY20-21 Florida commercial NG cooking appliance customers
6.57%	41,411

People's Gas (PG) natural gas service provider

PG commercial customers with NG cooking appliance	FY20-21 PG commercial rebates	Share of rebates to total PG NG commercial appliance customers
22,137	21	0.09%

*Comparison identifies two separate years (2018 commercial and 2020 residential) due to incomplete survey data

source: <https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Appliances.pdf>

source: Florida Public Service Commission

source: <https://www.eia.gov/consumption/commercial/>source: <https://www.eia.gov/consumption/residential/>

Estimated Sales (\$) of gas stoves at low, middle, high price points

Customer type		Low estimate	Middle estimate	High estimate
Residential	FY20-21	\$ 19,395,573	\$ 63,286,851	\$ 274,402,137
	FY21-22	\$ 20,000,627	\$ 65,261,114	\$ 282,962,241
	<u>FY22-23</u>	<u>\$ 20,680,476</u>	<u>\$ 67,479,429</u>	<u>\$ 292,580,517</u>
	<u>FY23-24</u>	<u>\$ 21,383,434</u>	<u>\$ 69,773,147</u>	<u>\$ 302,525,731</u>
	<u>FY24-25</u>	<u>\$ 22,110,286</u>	<u>\$ 72,144,833</u>	<u>\$ 312,808,997</u>
	<u>FY25-26</u>	<u>\$ 22,861,845</u>	<u>\$ 74,597,135</u>	<u>\$ 323,441,805</u>
	<u>FY26-27</u>	<u>\$ 23,638,951</u>	<u>\$ 77,132,794</u>	<u>\$ 334,436,037</u>
	<u>FY27-28</u>	<u>\$ 24,442,471</u>	<u>\$ 79,754,644</u>	<u>\$ 345,803,978</u>
Commercial	FY20-21	\$ 2,923,686	\$ 29,232,254	\$ 59,289,314
	FY21-22	\$ 3,014,892	\$ 30,144,168	\$ 61,138,872
	<u>FY22-23</u>	<u>\$ 3,117,372</u>	<u>\$ 31,168,809</u>	<u>\$ 63,217,067</u>
	<u>FY23-24</u>	<u>\$ 3,223,336</u>	<u>\$ 32,228,280</u>	<u>\$ 65,365,902</u>
	<u>FY24-25</u>	<u>\$ 3,332,902</u>	<u>\$ 33,323,764</u>	<u>\$ 67,587,779</u>
	<u>FY25-26</u>	<u>\$ 3,446,192</u>	<u>\$ 34,456,484</u>	<u>\$ 69,885,180</u>
	<u>FY26-27</u>	<u>\$ 3,563,332</u>	<u>\$ 35,627,708</u>	<u>\$ 72,260,673</u>
	<u>FY27-28</u>	<u>\$ 3,684,455</u>	<u>\$ 36,838,742</u>	<u>\$ 74,716,913</u>
Total	FY20-21	\$ 22,319,259	\$ 92,519,104	\$ 333,691,451
	FY21-22	\$ 23,015,519	\$ 95,405,282	\$ 344,101,113
	<u>FY22-23</u>	<u>\$ 23,797,848</u>	<u>\$ 98,648,238</u>	<u>\$ 355,797,584</u>
	<u>FY23-24</u>	<u>\$ 24,606,770</u>	<u>\$ 102,001,428</u>	<u>\$ 367,891,633</u>
	<u>FY24-25</u>	<u>\$ 25,443,188</u>	<u>\$ 105,468,596</u>	<u>\$ 380,396,775</u>
	<u>FY25-26</u>	<u>\$ 26,308,037</u>	<u>\$ 109,053,619</u>	<u>\$ 393,326,985</u>
	<u>FY26-27</u>	<u>\$ 27,202,283</u>	<u>\$ 112,760,502</u>	<u>\$ 406,696,710</u>
	<u>FY27-28</u>	<u>\$ 28,126,926</u>	<u>\$ 116,593,386</u>	<u>\$ 420,520,891</u>

Estimated Sales Tax (6%) Exemption Impact for Gas Stoves at low, middle, high price points

Customer type	6%	Low estimate	Middle estimate	High estimate
Residential	FY20-21	\$ 1,163,734.39	\$ 3,797,211	\$ 16,464,128
	FY21-22	\$ 1,200,038	\$ 3,915,667	\$ 16,977,734
	<u>FY22-23</u>	<u>\$ 1,240,829</u>	<u>\$ 4,048,766</u>	<u>\$ 17,554,831</u>
	<u>FY23-24</u>	<u>\$ 1,283,006</u>	<u>\$ 4,186,389</u>	<u>\$ 18,151,544</u>
	<u>FY24-25</u>	<u>\$ 1,326,617</u>	<u>\$ 4,328,690</u>	<u>\$ 18,768,540</u>
	<u>FY25-26</u>	<u>\$ 1,371,711</u>	<u>\$ 4,475,828</u>	<u>\$ 19,406,508</u>
	<u>FY26-27</u>	<u>\$ 1,418,337</u>	<u>\$ 4,627,968</u>	<u>\$ 20,066,162</u>
	<u>FY27-28</u>	<u>\$ 1,466,548</u>	<u>\$ 4,785,279</u>	<u>\$ 20,748,239</u>
Commercial	FY20-21	\$ 175,421	\$ 1,753,935	\$ 3,557,359
	FY21-22	\$ 180,894	\$ 1,808,650	\$ 3,668,332
	<u>FY22-23</u>	<u>\$ 187,042</u>	<u>\$ 1,870,129</u>	<u>\$ 3,793,024</u>
	<u>FY23-24</u>	<u>\$ 193,400</u>	<u>\$ 1,933,697</u>	<u>\$ 3,921,954</u>
	<u>FY24-25</u>	<u>\$ 199,974</u>	<u>\$ 1,999,426</u>	<u>\$ 4,055,267</u>
	<u>FY25-26</u>	<u>\$ 206,771</u>	<u>\$ 2,067,389</u>	<u>\$ 4,193,111</u>
	<u>FY26-27</u>	<u>\$ 213,800</u>	<u>\$ 2,137,662</u>	<u>\$ 4,335,640</u>
	<u>FY27-28</u>	<u>\$ 221,067</u>	<u>\$ 2,210,325</u>	<u>\$ 4,483,015</u>
Total	FY20-21	\$ 1,339,156	\$ 5,551,146	\$ 20,021,487
	FY21-22	\$ 1,380,931	\$ 5,724,317	\$ 20,646,067
	<u>FY22-23</u>	<u>\$ 1,427,871</u>	<u>\$ 5,918,894</u>	<u>\$ 21,347,855</u>
	<u>FY23-24</u>	<u>\$ 1,476,406</u>	<u>\$ 6,120,086</u>	<u>\$ 22,073,498</u>
	<u>FY24-25</u>	<u>\$ 1,526,591</u>	<u>\$ 6,328,116</u>	<u>\$ 22,823,807</u>
	<u>FY25-26</u>	<u>\$ 1,578,482</u>	<u>\$ 6,543,217</u>	<u>\$ 23,599,619</u>
	<u>FY26-27</u>	<u>\$ 1,632,137</u>	<u>\$ 6,765,630</u>	<u>\$ 24,401,803</u>
	<u>FY27-28</u>	<u>\$ 1,687,616</u>	<u>\$ 6,995,603</u>	<u>\$ 25,231,253</u>

\$	(5.61)	\$	(6.1)
		\$	(6.3)
		\$	(6.5)
		\$	(6.8)
		\$	(7.0)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Electric Vehicle Conversion Components and Labor Exemption

Bill Number(s): CS SB 284 and HB 1025

☐ **Entire Bill**

☒ **Partial Bill:** Section 1

Sponsor(s): Senate Committee on Governmental Oversight and Accountability/Senator Brodeur and Representative Caruso

Month/Year Impact Begins: 07/01/2023

Date(s) Conference Reviewed: 03/03/2023

Section 1: Narrative

- a. **Current Law:** Section 212.08, F.S. allows exemptions from the sales and use tax imposed by Chapter 212.
- b. **Proposed Change:** Section 212.08, F.S. is revised to add the following to exemptions from sales and use tax: electric vehicle components and labor hours used for electric vehicle conversion. The term “electric vehicle conversion” means replacing the gas or diesel powertrain technology of a motor vehicle with 100 percent battery electric powertrain technology.

Section 2: Description of Data and Sources

Contact with HSMV staff

Highway Safety REC held 02/23/2023 and conference history

https://afdc.energy.gov/vehicles/electric_conversions.html

Converting Your Gas-Powered Car to Electric (treehugger.com)

<https://www.treehugger.com/electric-vehicle-ev-conversion-companies-85249>

<https://www.lifewire.com/can-gasoline-vehicle-be-converted-to-ev-5202029>

Section 3: Methodology (Include Assumptions and Attach Details)

There will be a negative impact to sales and use tax from adding an additional exemption. HSMV staff is unaware of any type of permit, form, or inspection that would be triggered by converting a vehicle to 100% electric powered; therefore, to calculate an impact assumptions regarding the frequency at which these conversions occur will have to be made. As such, the following assumptions were made based on research (see chart on next page):

- Car and motorbike conversion kit plus battery price
- Car and motorbike full service conversion price
- Car and motorbike active registrations with owners choosing to convert during a fiscal year
- Percentage of conversions that are “do it yourself,” or DIY conversions

Gas to electric conversions are typically rare, fairly expensive, and performed on lighter vehicles weighing 3,000 pounds or less. Observe the following paragraph found on the U.S. Department of Energy website:

Although uncommon, a vehicle with an internal combustion engine can be converted to an all-electric vehicle by completely removing the engine and adding a battery pack, one or more electric motors, high-voltage cables, and instrumentation. Careful consideration should be given to the space available to package added batteries and electric motors, along with the ability of the original chassis to support the added weight and placement of those components while still meeting requirements for emissions and crashworthiness.

The latest Highway Safety REC was used to extract the likely universe of active registrations which are candidates to be converted. This collection of vehicles includes motorcycles, mopeds, antique motorcycles, antique vehicles, antique automobiles, trucks less than 2,000 pounds, trucks 2,000-2,999 pounds, autos less than 2,500 pounds, and autos 2,500-3,500 lbs. (reduced by half). In the high scenario, the revenue loss to sales tax when it is assumed that 0.05% of car owners and 0.1% of motorbike owners will convert their existing vehicle to electric powered ranges from -\$5.1M to -\$5.3M. In the middle scenario, there is assumed to be a loss of negative indeterminate to sales tax because while there are many unknowns regarding this topic, it is reasonable to think that the high price of the conversion kits, batteries, and potential added labor should exceed the significance threshold despite the low number of vehicles potentially participating. In the low scenario, a lower assumed conversion price and participation rate yields a negative adjustment to sales tax collections ranging from -\$0.5M to -\$0.6M.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Electric Vehicle Conversion Components and Labor Exemption

Bill Number(s): CS SB 284 and HB 1025

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(4.7)	(5.1)	(**)	(**)	(0.5)	(0.5)
2024-25	(5.1)	(5.1)	(**)	(**)	(0.5)	(0.5)
2025-26	(5.2)	(5.2)	(**)	(**)	(0.6)	(0.6)
2026-27	(5.2)	(5.2)	(**)	(**)	(0.6)	(0.6)
2027-28	(5.3)	(5.3)	(**)	(**)	(0.6)	(0.6)

Revenue Distribution: Sales Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the low estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(0.5)	(0.5)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
2024-25	(0.5)	(0.5)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
2025-26	(0.6)	(0.6)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2026-27	(0.6)	(0.6)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2027-28	(0.6)	(0.6)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(0.5)	(0.5)	(0.1)	(0.1)	(0.6)	(0.6)
2024-25	(0.5)	(0.5)	(0.1)	(0.1)	(0.6)	(0.6)
2025-26	(0.6)	(0.6)	(0.1)	(0.1)	(0.7)	(0.7)
2026-27	(0.6)	(0.6)	(0.1)	(0.1)	(0.7)	(0.7)
2027-28	(0.6)	(0.6)	(0.1)	(0.1)	(0.7)	(0.7)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Assumptions	high	low													
2	Conversion Kit Price Plus Battery (car)	\$ 20,000	\$ 10,000													
3	Conversion Service Price (car)	\$ 40,000	\$ 20,000													
4	Conversion Kit Price Plus Battery (bike)	\$ 10,000	\$ 7,000													
5	Conversion Service Price (bike)	\$ 20,000	\$ 15,000													
6	Auto 2,500 - 3,499 lbs, % under 3,000	50%	50%													
7	Percentage of Car Owners Converting	0.05%	0.01%													
8	Percentage of Bike Owners Converting	0.10%	0.02%													
9	Conversion DIY	30.0%	30.0%													
10	Conversion Non-DIY	70.0%	70.0%													
11																
12	Biennial Unit Calculations	Effective Fee	Revenue					Units								
13			FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27				
14	Motorcycle	\$10.01	\$ 1,168,390	\$ 1,155,850	\$ 1,160,010	\$ 1,163,932	\$ 1,167,688	116,706	115,454	115,869	116,261	116,636				
15	Moped Base	\$5.38	\$ 1,510	\$ 1,564	\$ 1,561	\$ 1,559	\$ 1,557	280	290	290	290	289				
16	Antique Motorcycle	\$7.75	\$ 57,015	\$ 56,443	\$ 56,646	\$ 56,837	\$ 57,021	7,354	7,280	7,306	7,331	7,354				
17	Antique Automobile or Street Rod	\$7.88	\$ 420,653	\$ 428,063	\$ 429,603	\$ 431,056	\$ 432,447	53,397	54,338	54,533	54,718	54,894				
18	Antique Truck	\$8.17	\$ 137,595	\$ 148,954	\$ 149,490	\$ 149,995	\$ 150,480	16,837	18,227	18,293	18,355	18,414				
19	Auto less than 2,500 lbs	\$15.17	\$ 1,080,091	\$ 1,047,688	\$ 1,062,251	\$ 1,076,379	\$ 1,090,156	71,214	69,077	70,038	70,969	71,878				
20	Auto 2,500 - 3,499 lbs	\$23.28	\$ 27,438,703	\$ 27,301,509	\$ 27,519,921	\$ 27,822,640	\$ 28,253,891	1,178,694	1,172,801	1,182,183	1,195,187	1,213,713				
21	Trucks - less than 2,000 lbs	\$15.68	\$ 2,393	\$ 2,512	\$ 2,547	\$ 2,581	\$ 2,614	153	160	162	165	167				
22	Trucks - 2,000 - 2,999 lbs	\$23.19	\$ 142,740	\$ 143,347	\$ 143,698	\$ 144,150	\$ 144,424	6,156	6,182	6,197	6,217	6,228				
23																
24	Total Active Vehicle Calculations		FY 2023-24			FY 2024-25			FY 2025-26			FY 2026-27			FY 2027-28	
25		# of Regs annual	# of Regs PY biennial	# of Regs Total	# of Regs annual	# of Regs PY biennial	# of Regs Total	# of Regs annual	# of Regs PY biennial	# of Regs Total	# of Regs annual	# of Regs PY biennial	# of Regs Total	# of Regs annual	# of Regs PY biennial	# of Regs Total
26	Motorcycle	561,740	116,706	678,446	563,639	115,454	679,093	565,458	115,869	681,327	567,194	116,261	683,455	568,837	116,636	685,473
27	Moped Base	1,463	280	1,744	1,462	290	1,752	1,460	290	1,750	1,458	290	1,747	1,455	289	1,744
28	Antique Motorcycle	36,919	7,354	44,273	37,044	7,280	44,324	37,164	7,306	44,470	37,278	7,331	44,609	37,386	7,354	44,740
29	Antique Automobile or Street Rod	229,639	53,397	283,036	230,415	54,338	284,753	231,159	54,533	285,692	231,868	54,718	286,586	232,540	54,894	287,434
30	Antique Truck	86,195	16,837	103,032	86,486	18,227	104,713	86,765	18,293	105,058	87,032	18,355	105,386	87,284	18,414	105,697
31	Auto less than 2,500 lbs	320,017	71,214	391,230	324,273	69,077	393,350	328,423	70,038	398,461	332,463	70,969	403,432	336,177	71,878	408,054
32	Auto 2,500 - 3,499 lbs	5,693,012	1,178,694	6,871,706	5,755,635	1,172,801	6,928,436	5,844,847	1,182,183	7,027,030	5,941,287	1,195,187	7,136,474	6,036,348	1,213,713	7,250,060
33	Trucks - less than 2,000 lbs	835	153	987	846	160	1,006	857	162	1,019	867	165	1,032	877	167	1,044
34	Trucks - 2,000 - 2,999 lbs	43,117	6,156	49,273	43,253	6,182	49,435	43,335	6,197	49,533	43,277	6,217	49,494	43,367	6,228	49,596
35																
36	Total Cars	3,526,308	737,104	4,263,411	3,563,090	734,385	4,297,475	3,612,963	740,315	4,353,278	3,666,151	748,016	4,414,167	3,718,418	758,437	4,476,855
37	Total Bikes	600,123	124,340	724,463	602,145	123,024	725,169	604,082	123,465	727,547	605,930	123,881	729,811	607,678	124,280	731,958
38																
39	Revenue Calculations		High Scenario					Low Scenario								
40		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2023-25	FY 2024-26	FY 2025-27	FY 2026-28	FY 2027-29					
41	Total Cars	4,263,411	4,297,475	4,353,278	4,414,167	4,476,855	4,263,411	4,297,475	4,353,278	4,414,167	4,476,855					
42	Total Bikes	724,463	725,169	727,547	729,811	731,958	724,463	725,169	727,547	729,811	731,958					
43	Converted Cars	2,132	2,149	2,177	2,207	2,238	426	430	435	441	448					
44	Converted Bikes	724	725	728	730	732	145	145	146	146	146					
45	Total Cost Converted Cars	\$ 72,477,990	\$ 73,057,079	\$ 74,005,719	\$ 75,040,836	\$ 76,106,534	\$ 7,247,799	\$ 7,305,708	\$ 7,400,572	\$ 7,504,084	\$ 7,610,653					
46	Total Cost Converted Bikes	\$ 12,315,869	\$ 12,327,876	\$ 12,368,297	\$ 12,406,789	\$ 12,443,280	\$ 1,825,646	\$ 1,827,426	\$ 1,833,418	\$ 1,839,124	\$ 1,844,533					
47	Sales Tax Lost	\$ (5,087,632)	\$ (5,123,097)	\$ (5,182,441)	\$ (5,246,858)	\$ (5,312,989)	\$ (544,407)	\$ (547,988)	\$ (554,039)	\$ (560,592)	\$ (567,311)					
48	First Year Cash	\$ (4,663,662)					\$ (499,040)									
49																
50																
51																

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use

Issue: Exemption for Renewable Natural Gas Machinery and Equipment

Bill Number(s): SB 844

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Yarborough and Representative Griffiths

Month/Year Impact Begins: July 1st, 2023

Date(s) Conference Reviewed: February 24th, 2023
March 3rd, 2023

Section 1: Narrative

- a. **Current Law:** There currently exists no specific exemption for machinery and equipment used in renewable natural gas (RNG) production.
- b. **Proposed Change:** The language creates an exemption for machinery and equipment that is “primarily used in the production, storage, transportation, compression, or blending of renewable natural gas” so long as it is used in a fixed location.

Section 2: Description of Data and Sources

“Dependence on policy revenues poses risks for investments in dairy digesters” by Hyuna Lee and Daniel A Sumner at University of California Davis, published December 2018 (Lee & Sumner)

USDA National Agricultural Statistical Service (NASS)

Florida Department of Environmental Protection (DEP)

SAMCO Website: <https://www.samcotech.com/anaerobic-wastewater-treatment-systems-cost-factors/>

Anaerobic Digester Applications for the Farm or Ranch, by the University of Missouri Extension

The Bureau of Economic Analysis (BEA)

Section 3: Methodology (Include Assumptions and Attach Details)

Dairy Farms:

The NASS provides that Florida has 105,000 head of milk cattle in 2022. Market research has shown that 1 farm in Florida is currently employing this technology and they have 9,900 milk cattle. These two pieces of information suggest that there are enough milk cows in Florida to create 10 farms of this size.

Lee & Sumner state that an on-farm digester costs \$4.8M with \$588k annual expenses. As these prices are from 2018, we grow them at CPI up to 2023 levels, which puts them at \$5.7M and \$699K. They amortize the \$5.7M up-front capital costs over 10 years at 7% to create a total annual cost. We can combine that total annual cost with two knowns - the price of Natural Gas (per MMBTU) and the amount of natural gas produced by one cow – to calculate a 10-year breakeven herd size. Using this herd size, in addition to the NASS data, we can calculate that there are at most, 4 farms capable of profitably enacting this system. As Lee & Sumner are using local California prices, we also adjust their prices to Florida levels and recalculate to find, at most, 5 farms in the state capable of profiting. For all estimates, the number of farms is reduced by 1 to account for the already completed project found in marked research.

For the High Estimate, we use the straight price from Lee & Sumner and the 10 possible farms from market research. For the middle and the low, we assume that not all farms will purchase this system. We use the 10 farms and the straight Lee and Sumner price in the middle and the 5 farms and discounted price from our Florida adjustment to Lee and Sumner in the low. The adoption schedules in both these cases show decreasing adoption as time progresses.

Using our adoption schedules, the number of farms adopting in a year is multiplied by the cost – which is being grown at CPI Growth Rates – then the sales tax rate of 6% to reach the sales tax impact.

Wastewater:

For wastewater, ownership becomes a question. For publicly owned wastewater facilities, installing an RNG apparatus is a public works; in such a scenario, a contractor would buy parts, which are taxed on their sale, to then build an RNG apparatus. The language exempts “machinery and equipment that is primarily used in the production, storage, transportation, compression, or blending” or RNG, but what the contractor pays tax on is not machinery and equipment but parts to build machinery and equipment. As the parts are not capable of independently producing, storing, transporting, compressing, or blending RNG, they would not be covered by this exemption. Due to this, we look exclusively at private wastewater facilities, who can purchase the apparatus as a whole and complete entity.

Data from the DEP tells us how many wastewater facilities are in the state, who owns them, and what their permitted capacity is. Assuming only facilities of a certain capacity are interested in installing this system and using the Leon County facility and

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use

Issue: Exemption for Renewable Natural Gas Machinery and Equipment

Bill Number(s): SB 844

its 26.5 MGD capacity as a guide, we construct high, middle, and low estimates for the number of eligible facilities. We then break out this number into an adoption schedule as in Dairy Farms. In the high, we assume increasing adoption over time. For the middle we assume steady adoption, and in the low, we assume that a small number will jump on it immediately, but demand will then taper off. We then take prices from the SAMCO website and follow the same procedure to construct an estimate as in Dairy Farms.

Landfills:

We did investigate the possibility of such a system being used in landfills, but data from the EPA demonstrated that landfills produce such low amounts of RNG that installing this system, while possible, is highly unprofitable. We consider this scenario unlikely.

Changes From Previous Analysis:

The adoption schedule for Dairy Farms has been front loaded to reflect the incentive driven nature of the RNG market. As RNG is priced with a premium above market price, it is only worth buying when the market price is low enough to make the cost of RNG negligible after tax-incentives. Upon understanding this, we pushed all the adoption to the early years when UPNATGAS is forecasted to be low.

Our read of the language excludes this exemption from applying to replacement materials, so there is no recurring for Dairy Farms. Wastewater still has a recurring as we believe there is enough *potential* volume to create a recurring impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ (1.9 M)	\$ (0.6 M)	\$ (1.7 M)	\$ (0.8 M)	\$ (1.4 M)	\$ (0.9 M)
2024-25	\$ (1.7 M)	\$ (0.9 M)	\$ (1.6 M)	\$ (0.8 M)	\$ (0.5 M)	\$ (0.5 M)
2025-26	\$ (2.0 M)	\$ (1.3 M)	\$ (1.2 M)	\$ (0.8 M)	\$ (0.2 M)	\$ (0.2 M)
2026-27	\$ (1.6 M)	\$ (1.6 M)	\$ (0.9 M)	\$ (0.9 M)	\$ (0.3 M)	\$ -
2027-28	\$ (2.7 M)	\$ (2.7 M)	\$ (0.9 M)	\$ (0.9 M)	\$ (0.2 M)	\$ (0.2 M)

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle for wastewater and the low for dairy but adjusted the dairy schedule.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(1.5)	(0.7)	(Insignificant)	(Insignificant)	(0.1)	(Insignificant)	(0.1)	(0.1)
2024-25	(0.7)	(0.7)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2025-26	(0.7)	(0.7)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2026-27	(1.1)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2027-28	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(1.7)	(0.8)	(0.2)	(0.1)	(1.9)	(0.9)
2024-25	(0.8)	(0.8)	(0.1)	(0.1)	(0.9)	(0.9)
2025-26	(0.8)	(0.8)	(0.1)	(0.1)	(0.9)	(0.9)
2026-27	(1.2)	(0.9)	(0.2)	(0.1)	(1.4)	(1.0)
2027-28	(0.9)	(0.9)	(0.1)	(0.1)	(1.0)	(1.0)

	A	B	C	D	E	F	G	H	I
1	Inputs & Background								
2	Aspect		Value	Source			Change From 2022		
3	Florida Cattle Population		105,000	USDA National Agricultural Satistical Service			FL Milk Cow Pop Feb-22: 111,000		
4	Herd Size of Known Project		9,900	Given			Unchanged		
5	Possible Similar Scenarios		10.61	Milk Cow Pop / Known Herd Size			Scenario Count Feb-22: 12.33		
6	Natural Gas Price (Per MMBTU)		\$ 2.35	Henry Hub Price Feb 17, 2023			Price in Feb-22: \$4.17		
7	MMBTU Per Cow Annually		22.50	Aaron Smith, UC Davis, Published Feb 2021			Unchanged		
8	Value of Gas Per Cow		\$ 52.88	Nat Gas Price * MMBTU Per Cow			Per Cow Value Feb-22: 93.83		
9	California Per Capita Personal Income		\$ 76,614	BEA Regional Data			New!		
10	Florida Per Capita Personal Income		\$ 62,270	BEA Regional Data			New!		
11	Florida Gross Up (Down) Factor		-18.7%	Percent Difference Between CA and FL			Gross Down Factor in Feb-22: -16.7%		
12	CPI Dec 2018 - Jan 2023 Growth		18.9%	FRED CPIAUCSL			New!	ENABLED	
13	California Model Up Front Capital Costs		\$ 5,707,124.74	Lee & Sumner, Published Dec 2018			#NAME?		
14	California Model Amortized Capital Costs		\$ 812,566.17	CA Cap Costs Amortized at 7% over 10 years			Unchanged		
15	California Model Annual Operation Cost		\$ 699,122.78	Lee & Sumner, Published Dec 2018			#NAME?		
16	California Model Herd Size Breakeven		28,590	(CA Op Costs + CA Amort Costs) / Cow Value			CA Breakeven Herd Size Feb-22: 13,551		
17	California Model Breakeven Farms Count		3.67	Florida Cow Pop / California Herd Breakeven			CA Breakeven Farms Feb-22: 8.19		
18	Florida Equivalent Up Front Capital Costs		\$ 4,638,612.50	California Cap Costs * (1 + Gross Down)			Florida Cap Cost Feb-22: \$4,000,000		
19	Florida Equivalent Amortized Capital Costs		\$ 660,434.06	FL Cap Costs Amortized at 7% over 10 years			Florida Amort Cost Feb-22: \$569,510		
20	Florida Equivalent Annual Operation Cost		\$ 568,230.03	California Op Costs * (1 + Gross Down)			Florida Op Cost Feb-22: \$490,000		
21	Florida Equvalent Herd Size Breakeven		23,237	(FL Op Costs + FL Amort Costs) / Cow Value			FL Breakeven Herd Size Feb-22: 11,292		
22	Florida Equivalent Breakeven Farms Count		4.52	Florida Cow Pop / Florida Herd Breakeven			FL Breakeven Farms Feb-22: 9.83		
23									
24	Impact								
25	High Estimate Eligible Farms		9	Possible Similar Scenarios less known farm			High Estimate Eligible Feb-22: 11		
26	Middle Estimate Eligible Farms		9	Possible Similar Scenarios less known farm			Middle Estimate Eligible Feb-22: 9		
27	Low Estimate Eligible Farms		3	Florida Equivalent Breakeven Farms less known farm			Low Estimate Eligible Feb-22: 7		
28	High Estimate Cost to Upgrade		\$ 5,707,124.74	Californial Model Up Front Capital Costs			High Estimate Cost Feb-22: \$4,800,000		
29	Middle Estimate Cost to Upgrade		\$ 5,707,124.74	Californial Model Up Front Capital Costs			Middle Estimate Cost Feb-22: \$3,000,000		
30	Low Estimate Cost to Upgrade		\$ 4,638,612.50	Florida Equivalen Up Front Capital Costs			Low Estimate Cost Feb-22: \$1,200,000		
31	Newly Exempt Proportion		100%	Assumption			Unchanged		
32									
33	High assumes relationship with UPNATGAS, middle is Feb-22's High. Low is Feb-22's Middle				New! UPNATGAS		Feb-22 Worked From Dec-21 NEEC CPI Growth Rates		
34	Dairy								
35	Adoption Schedule						Feb-23 NEEC CPI Growth Rates		
36	2023-24	4	3	2	\$ 4.25		Year	Growth	Running Growth
37	2024-25	2	0	0	\$ 4.22		2023-24	2.9%	2.9%
38	2025-26	2	0	0	\$ 4.77		2024-25	2.1%	5.1%
39	2026-27	0	1	1	\$ 5.46		2025-26	2.2%	7.3%
40	2027-28	0	0	0	\$ 5.69		2026-27	2.2%	9.6%
41	2028-29	1	1	1	\$ 5.42		2027-28	2.2%	12.0%
42	2029-30	0	0	0	\$ 5.14		2028-29	2.1%	14.4%
43	2030-31	1	0	1	\$ 5.06		2029-30	2.1%	16.8%
44		10	5	5			2030-31	2.2%	19.3%
45									
46	All above changes flow through; Process unchanged								
47	Sales Tax Impact								
48	2023-24	\$ 1,409,158	\$ 1,056,868	\$ 572,665					
49	2024-25	\$ 719,445	\$ -	\$ -					
50	2025-26	\$ 734,985	\$ -	\$ -					
51	2026-27	\$ -	\$ 375,431	\$ 305,141					
52	2027-28	\$ -	\$ -	\$ -					
53	2028-29	\$ 391,632	\$ 391,632	\$ 318,309					
54	2029-30	\$ -	\$ -	\$ -					
55	2030-31	\$ 408,574	\$ -	\$ 332,079					
56									

	A	B	C	D	E	F	G	H	I
57	Wastewater Facilities <i>Unchanged</i>					Domestic & Industrial Wastewater			
58	Number Eligible	56	53	46		Capacity Range	Count	Median Capacity	
59	Cost to Upgrade	\$ 5,000,000	\$ 4,400,000	\$ 3,700,000		MGD < 10	1850	0.03	
60	Newly Exempt Prop	100%	100%	100%		10 <= MGD < 15	38	11.75	
61						15 <= MGD < 20	14	15.55	
62	Adoption Schedule <i>Unchanged</i>					20 <= MGD < 30	18	24.05	
63	2023-24	2	3	4		30 <= MGD	72	176.4	
64	2024-25	3	3	2					
65	2025-26	4	3	1		Domestic & Industrial Private Wastewater			
66	2026-27	5	3	0		Capacity Range	Count	Median Capacity	
67	2027-28	8	3	1		MGD < 10	1341	0.024	
68	2028-29	9	3	0		10 <= MGD < 15	6	10.75	
69	2029-30	11	3	1		15 <= MGD < 20	3	17	
70	2030-31	14	3	0		20 <= MGD < 30	7	23.8	
71		56	24	9		30 <= MGD	46	320	
72									
73	Sales Tax Impact <i>Unchanged</i>								
74	2023-24	\$ 617,280	\$ 814,810	\$ 913,574					
75	2024-25	\$ 945,457	\$ 832,002	\$ 466,425					
76	2025-26	\$ 1,287,838	\$ 849,973	\$ 238,250					
77	2026-27	\$ 1,644,570	\$ 868,333	\$ -					
78	2027-28	\$ 2,688,674	\$ 887,262	\$ 248,702					
79	2028-29	\$ 3,087,976	\$ 905,806	\$ -					
80	2029-30	\$ 3,854,205	\$ 925,009	\$ 259,283					
81	2030-31	\$ 5,011,308	\$ 944,989	\$ -					
82									
83	Total Impact								
84		High		Middle		Low			
85	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring		
86	2023-24	\$ (1.9 M)	\$ (0.6 M)	\$ (1.7 M)	\$ (0.8 M)	\$ (1.4 M)	\$ (0.9 M)		
87	2024-25	\$ (1.7 M)	\$ (0.9 M)	\$ (0.8 M)	\$ (0.8 M)	\$ (0.5 M)	\$ (0.5 M)		
88	2025-26	\$ (2.0 M)	\$ (1.3 M)	\$ (0.8 M)	\$ (0.8 M)	\$ (0.2 M)	\$ (0.2 M)		
89	2026-27	\$ (1.6 M)	\$ (1.6 M)	\$ (1.2 M)	\$ (0.9 M)	\$ (0.3 M)	\$ -		
90	2027-28	\$ (2.7 M)	\$ (2.7 M)	\$ (0.9 M)	\$ (0.9 M)	\$ (0.2 M)	\$ (0.2 M)		
94									
95									
96	Feb-22 Adopted:								
97	Section 5: Consensus Estimate (Adopted: 02/11/2022): The Conference adopted the high cash estimate for dairy farms and middle for waste water except for the first year's cash in which they adopted negative indeterminate. The Conference adopted a (\$1.2m) recurring impact.								
98									
99									
100	Changes From Previous Analysis: The adoption schedule for Dairy Farms has been front loaded to reflect the incentive driven nature of the RNG market. As RNG is priced with a premium above market price, it is only worth buying when the market price is low enough to make the cost of RNG negligible after tax-incentives. Upon understanding this, we pushed all the adoption to the early years when UPNATGAS is forecasted to be low. Our read of the language excludes this exemption from applying to replacement materials, so there is no recurring for Dairy Farms. Wastewater still has a recurring as we believe there is enough <i>potential</i> volume to create a recurring impact.								
101									
102									
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REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Children's Books - 1 Year

Bill Number(s): [Governor's Proposed Language -Section 6](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 6

Sponsor(s):

Month/Year Impact Begins: Sales Tax Holiday Dates: 7/01/2023 to 6/30/2024, Collections Affected: August 2023-July 2024

Date of Analysis: 2-17-2023, 2-24-2023, 3-3-2023

Section 1: Narrative

- a. Current Law:** Currently there is no sales tax exemption for children's books.
- b. Proposed Change:** The proposed language exempts the retail sale of children's books. The term "children's books" is defined as "any fiction or nonfiction book primarily intended for children 17 or younger, including any board book, picture book, beginning reader book, juvenile chapter book, or middle grade book. It does not include books intended for, or primarily marketed to, adults. The exemption is in effect from 7/01/2023 to 6/30/2024 (one year).

Section 2: Description of Data and Sources

IBIS World Industry Report OD4394, Children's Book Publishing, October 2021.

American Community Survey 2021, Population by age – United States and Florida.

NEEC, February 2023.

IBIS World, INDUSTRY REPORT 45121: Book Stores in the US: Next chapter: Rising e-commerce sales are expected to accelerate this industry's decline, Marley Bocker, June 2022.

IBIS World, INDUSTRY REPORT 51113: Book Publishing in the US, Page turner: The rise of e-commerce companies is expected to result in more companies, consolidating, shrinking industry participation, Seth Lee, September 2022.

IBIS World, INDUSTRY REPORT OD5100: Online Book Sales in the US, Booking it: The increasing popularity of e-commerce has benefited the industry, Dmitry Diment, March 2022.

The Seattle Times, Amazon.com trying to wring deep discounts from publishers, Originally published April 1, 2012 at 10:30 pm, Updated August 17, 2015 at 8:53 am, <https://www.seattletimes.com/business/amazoncom-trying-to-wring-deep-discounts-from-publishers/>.

Michigan Journal of Economics, The Future of Print Books and Bookstores, Jennie Wang, April 1, 2021,

<https://sites.lsa.umich.edu/mje/2021/04/01/the-future-of-print-books-and-bookstores/>.

117th Congress, INVESTIGATION OF COMPETITION IN DIGITAL MARKETS, MAJORITY STAFF REPORT AND RECOMMENDATIONS, SUBCOMMITTEE ON ANTITRUST, COMMERCIAL, AND ADMINISTRATIVE LAW OF THE COMMITTEE ON THE JUDICIARY OF THE HOUSE OF REPRESENTATIVES, PART I, JERROLD NADLER, CHAIR, COMMITTEE ON THE JUDICIARY, DAVID N. CICILLINE, CHAIR, SUBCOMMITTEE ON ANTITRUST, COMMERCIAL, AND ADMINISTRATIVE LAW, ORIGINALLY RELEASED OCTOBER 2020, ADOPTED BY COMMITTEE APRIL 2021, PUBLISHED JULY 2022 <https://www.govinfo.gov/content/pkg/CPRT-117HPRT47832/pdf/CPRT-117HPRT47832.pdf>

Publisher's Weekly: Book sales revenue in the U.S. 2012-2021, by category

Section 3: Methodology (Include Assumptions and Attach Details)

Approach 1: This analysis uses book publishing industry revenues from IBIS World's report "Children's Book Publishing." The analysis uses the report's projections for industry revenues. Books are sold by book publishers at a discount to book retailers or to book wholesalers who sell them to book retailers. Assumptions are made for the discounts that book publishers give to the various trade channels – e-commerce, book stores and general merchandise stores, and independent bookstores. According to the Michigan Journal of Economics, "Bookstores generally purchase their books from the publisher or manufacturer at a 40% discount from the retail price." Also, assumptions are made for what share of retail book sales each of these trade channels holds respectively. According to a source in the U.S. House Judiciary Committee report "INVESTIGATION OF COMPETITION IN DIGITAL MARKETS" Amazon has 50% or more of the US print book market.

The Florida share of total U.S. children 0 to 17 is used to estimate children's books revenues in Florida. Industry revenues from FY20-21 are converted to FY 2023-24 Dollars (current Dollars) by using the Chained Price Index--Consumer Other Nondurable Goods excluding Pharmaceuticals & Tobacco from the NEEC.

An advantage buying factor is also included to account for additional days of book-buying that may be enticed by the sales tax holiday.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Children's Books - 1 Year

Bill Number(s): [Governor's Proposed Language -Section 6](#)

Approach II: This approach analyzes industry data on US Book stores revenue. The analysis uses Deflator--PCE Miscellaneous Nondurables (NEEC) to grow the data. The book store data aggregates children's books into general categories so, to use a proxy, book publishing data that does breakout children's books (11.9% of total revenue) to approximate children's books sold at book stores. Florida's share of US population 0-17 was used to calculate Florida's share. From there, a lever was used to gross-up the calculation for other types of retailers, including non-book stores and online retailers. The level is based on the ratio of online book sales to book store sales based on two IBIS World reports.

Approach III: This approach uses the 11.9% derived from Approach II and aggregate book expenditures from the consumer expenditure data. Levers were used to gross up for business and visitor purchases and to account for bill language specifics.

Approach IV: This approach uses data provided by Publishers Weekly. Publishers Weekly is a "weekly news magazine focused on the international book publishing business. It is targeted at publishers, booksellers, librarians, literary agents, authors and the media." They publish book sales revenue in the United States from 2012 to 2021, by category. Children's/YA and K-12 Instruction Materials categories were used to calculate the impact.

Section 4: Proposed Fiscal Impact The impact begins on July 1, 2023 and ends on June 30, 2024 and it affects FY2023-24 & FY2025-26.

Approach I

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(21.1)		(19.3)		(18.4)	
2024-25	(1.9)		(1.8)		(1.7)	
2025-26						
2026-27						
2027-28						

Approach II

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$9.7m)			
2024-25			(\$0.9m)			
2025-26						
2026-27						
2027-28						

Approach III

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$3.1m)			
2024-25			(\$0.3m)			
2025-26						
2026-27						
2027-28						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Childrens' Books - 1 Year

Bill Number(s): [Governor's Proposed Language -Section 6](#)

Approach IV

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$11.3m)			
2024-25			(\$1.0m)			
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted Approach IV. 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	(10.0)	0.0	(Insignificant)	0.0	(0.3)	0.0	(1.0)	0.0
2024-25	(0.9)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(0.1)	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	(11.3)	0.0	(1.4)	0.0	(12.7)	0.0
2024-25	(1.0)	0.0	(0.1)	0.0	(1.1)	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	F	G	H
1		Proposed Language - Governor, Section 6 (2023 Session) - Sales Tax Exemption for Children's Books						
2		July 1, 2023 - June 30, 2024						
3								
4		Approach I: Children's Book Publishing Revenues						
5		1. Book sales at PUBLISHER'S PRICES at DISCOUNT						
6		IBIS WORLD - Children's Book Publishing Industry Revenues		FY20-21	FY21-22	FY22-23	FY23-24	
7		U.S. Children's Book Publishing Industry Revenues (\$ m)		2,500	2646.8	2730.9	2795.6	
8		Deflator--PCE Miscellaneous Nondurables (NEEC)			5.88%	3.18%	2.37%	
9								
10		SUBTRACTED Children's e-books (not subject to sales and use tax)		2,207.3	2,337.1	2,411.4	2,468.5	
11				11.7%				
12								
13		2. Book Sales Market Shares	Share of Industry	FY20-21	FY21-22	FY22-23	FY23-24	
14	Analyst judgment	Independent book stores	10%	220.7	233.7	241.1	246.8	
15	Analyst judgment	General merchandise stores	40%	882.9	934.8	964.6	987.4	
16	Sourced	Amazon	50%	1,103.7	1,168.6	1,205.7	1,234.2	
17		Total, at discounted levels		2,207	2,337	2,411	2,468	
18		ALTERNATIVE: Amazon 40% market share	40%					
19								
20		3. Book Sales at RETAIL PRICES (\$ m)						
21		Bring revenue to retail level prices - Discount, at which publishers sell books to the trade		FY20-21	FY21-22	FY22-23	FY23-24	
22	Sourced	Discount to independent book stores	40.0%	367.9	389.5	401.9	411.4	
23	Analyst judgment	Discount to general merchandise stores	50.0%	1,765.9	1,869.7	1,929.1	1,974.8	
24	Analyst judgment	Discount to Amazon	60.0%	2,759.2	2,921.4	3,014.3	3,085.6	
25		Total, at retail price levels		4,893	5,181	5,345	5,472	
26	Sourced 2015	ALTERNATIVE: Amazon buys from book publishers at	40%					
27		<i>Note: Children's book discounts may be different from general trade discounts.</i>						
28								
29		4. Florida Children's Books at RETAIL PRICES (\$ m)		285.3	302.1	311.7	319.0	
30		Using FL Share of US Population 0-17 Years Old		5.8%				
31								
32		5. Florida Sales Tax Collections (annual)		17.1	18.1	18.7	19.1	
33		Source: IBIS World Industry Report OD4394, Children's Book Publishing, October 2021.						
34								
35		6. Advantage buying		FY 2023-24				
36				High	Middle	Low		
37		Sales tax collections - 1 year (\$ m)		19.1	19.1	19.1		
38		Advantage buying		20.0%	10.0%	5.0%		
39		7. Sales tax impact - total (\$ m)		(23.0)	(21.1)	(20.1)		
40								
41		FY 2023-24		(21.1)	(19.3)	(18.4)		
42		FY 2024-25		(1.9)	(1.8)	(1.7)		

	A	B	C	D	E	F	G	H
46								
47		Approach II: Book Store Revenues						
48								
49		1. Book store revenues						
50		IBIS WORLD -Book Stores in the US Data			FY21-22	FY22-23	FY23-24	
51		U.S. Book Stores in the US Revenues (\$ m)			9,674.0	9,981.5	10,217.7	
52		Deflator--PCE Miscellaneous Nondurables (NEEC)				3.18%	2.37%	
53								
54		2. U.S. Book Store merchandise categories		100.0%				
		Trade books (Trade books comprise of books for general readership, ranging anywhere from children's books, novels and fiction and nonfiction books for adults, among others.)		52.3%	5059.5	5220.3	5343.9	
55	A.							
56	B.	Religious goods (including books)		4.5%	435.3	449.2	459.8	
57	C.	Textbooks		26.6%	2573.3	2655.1	2717.9	
58		Other merchandise		16.6%	1605.9	1656.9	1696.1	
59								
60		A&B&C		83.4%	8,068.07	8,324.60	8,521.57	
61								
62		3. U.S. Book Publishing products - APPLY SHARE to BOOK STORE REVENUES						
63		Textbooks		26.5%				
64		Adult trade books		21.0%				
65		Professional, technical and scholarly books		28.1%				
66		Children's books		11.9%	960.1	990.6	1014.1	
67		Other books and services		12.5%				
68								
69		4. Florida Book Store retail sales of children's books (\$ m)			56.0	57.8	59.1	
70		FL Share of US Population 0-17 Years Old		5.8%				
71								
72		5. Add-on for electronic shopping and general merchandise		200%	112.0	115.5	118.3	
73		Total			167.9	173.3	177.4	
74		6. Florida Sales Tax Collections (annual)		6.0%	10.1	10.4	10.6	
75		Sales tax impact - total (\$ m)					(10.6)	
76								
77		IBIS World Industry definition						
		Companies in this industry primarily retail a broad range of books, newspapers and periodicals, including trade books, textbooks, magazines, paperbacks and religious books. These goods are purchased from domestic, and in some cases international, manufacturers and wholesalers. Operators then retail these goods to the general public through industry stores. This industry excludes retailers that operate primarily as used merchandise stores or electronic shopping and mail-order houses.						
78								
79								
		Sources: IBIS World, INDUSTRY REPORT 45121: Book Stores in the US: Next chapter: Rising e-commerce sales are expected to accelerate this industry's decline, Marley Bocker, June 2022. INDUSTRY REPORT 51113: Book Publishing in the US, Page turner: The rise of e-commerce companies is expected to result in more companies, consolidating, shrinking industry participation, Seth Lee, September 2022. INDUSTRY REPORT OD5100: Online Book Sales in the US, Booking it: The increasing popularity of e-commerce has benefited the industry, Dmitry Diment, March 2022.						
80								
81								

	A	B	C	D	E	F	G	H
82								
83		Approach III: Consumer Expenditure Survey						
84					FY 2023-24			
85		1. Florida Aggregate expenditures (CE basis) (\$ m)			\$678,599			
86								
87		Reading	Conv. F-r taxable	0.068	Taxable Sales (\$ m)			
88		Books through book clubs [D]		0.0020%	\$12.8			
89		Books not through book clubs [I]		0.0532%	\$338.0			
90		Encyclopedias and other sets of reference books [D]		0.0011%	\$7.0			
91		Digital book readers [I]		0.0426%	\$270.7			
92		Total			\$628.5			
93		Total, excl. digital books			\$357.8			
94								
95		2. Children's books (US Book publishing shares)		11.9%	\$42.58			
96								
97		3. Add-on for business and tourists, bill language						
98		Business purchases factor based on Florida Sales Tax Contributions from Businesses		15.6%	\$6.66			
99		Tourists purchases factor based on Florida Sales Tax Contributions from Tourists		15.8%	\$6.71			
100		Bill language conditions & exclusions*		1				
101								
102		Sales tax collections, total excl. digital book readers		0.06	\$3.36			
103		4. Total sales tax			(\$3.40)			
104								
105		Approach IV - Publisher's Weekly Data						
106		Book sales revenue in the U.S. 2017-2021, by category						
107		Book sales revenue in the United States from 2012 to 2021, by category (in million U.S. dollars)						
108							convert to FY	
109		Adult books	\$ 4,883.4	\$ 5,130.8	\$ 4,931.8	\$ 5,458.4	\$ 6,079.5	\$ 5,769.0
110		Higher education materials	\$ 3,580.9	\$ 3,323.4	\$ 3,001.6	\$ 3,062.1	\$ 3,138.0	\$ 3,100.1
111		Children's/YA	\$ 2,043.2	\$ 2,111.6	\$ 2,283.5	\$ 2,427.6	\$ 2,740.5	\$ 2,584.1
112		K-12 instruction materials	\$ 2,802.9	\$ 2,673.7	\$ 3,168.3	\$ 1,669.7	\$ 2,247.5	\$ 1,958.6
113		Religious presses	\$ 568.0	\$ 593.7	\$ 640.5	\$ 633.8	\$ 705.1	\$ 669.5
114		Professional books	\$ 581.6	\$ 565.6	\$ 612.7	\$ 366.8	\$ 381.9	\$ 374.4
115		University presses	\$ 55.5	\$ 50.3	\$ 48.3	\$ 61.3	\$ 68.7	\$ 65.0
116		Other			\$ 70.2	\$ 60.0	\$ 49.9	\$ 55.0
117			FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24		
118		Average growth rate for book sales 2012-2021		6.69%	6.69%	6.69%		
119		Children's/YA	\$ 2,584.1	\$ 2,756.9	\$ 2,941.2	\$ 3,137.9		
120		K-12 instruction materials	\$ 1,958.6	\$ 2,089.6	\$ 2,229.3	\$ 2,378.4		
121								
122								
123								
124		FL Share of US Population 0-17 Years Old	5.8%					
125								
126		Florida Book retail sales	% of Category	FY 2023-24	Advantage Buying	4 Weeks		
127		Children's/YA	100%	\$ 183.0	\$ 3.5	14.1		
128		K-12 instruction materials	5%	\$ 6.9	\$ 0.1	0.5		
129		Advantage Buying				14.6		
130								
131								
132								
133								
134								
135								
136		Sales tax collections, total excl. digital book readers	0.06	\$ 12.3	2023-24	2024-25		
137		4. Total sales tax		(\$12.3)	(\$11.3)	(\$1.0)		

	A	B	C	D	E	F	G	H
138								
139								
140								
141		DOR DATA	Kind Code 42 - Book Stores					
142		FY	Book Stores - Sales tax collections (\$)					
143		FY17-18	19,715,783					
144		FY18-19	37,320,865					
145		FY19-20	31,003,625					
146		FY20-21	27,695,768					
147		FY21-22	33,861,650					
148								
149		Source: DOR, Form 10, Florida Sales Tax Return Data DOR Administered Taxes/DOR Accounts Monthly Statistics by Business Type						
150		Note: This kind code does not include book sales through general merchandise stores or via e-commerce.						
151		Note: This kind code includes books for all ages and it also includes sales of all merchandise bookstores sell.						
152								
153		Date of analysis: 3/3/2023						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Oral Hygiene Products – One Year

Bill Number(s): [Governor's Proposed Language - Section 5](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 5

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:** Under current law in Ch. 212, F.S., oral hygiene products purchased in store or online are subject to the 6% Sales and Use Tax.
- b. Proposed Change:** The proposed language exempts the retail sales of oral hygiene products from sales tax during the period of July 1, 2023 through June 30, 2024. The term “oral hygiene product” refers to electric and manual toothbrushes, toothpaste, dental floss, dental picks, oral irrigators, and mouthwash.

Section 2: Description of Data and Sources

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

Allied Market Research, Personal Care Electrical Appliances Market by Product Type, 2022 - 2031.

<https://www.alliedmarketresearch.com/personal-care-electrical-appliances-market>

Section 3: Methodology (Include Assumptions and Attach Details)

The Consumer Expenditure Survey provides an estimate of the percentage of expenditures spent on oral hygiene products and electric personal care appliances. The percentage spent on oral hygiene products was then applied to aggregate expenditures shared out for Florida to estimate daily taxable expenditures on manual toothbrushes, toothpaste, dental floss, and dental picks.

The percentage spent on electric personal care appliances was reduced to exclude not applicable personal electric appliances by using information from an internet publication by Allied Market Research. The percentage was then applied to aggregate expenditures shared out for Florida to estimate daily taxable expenditures on electric toothbrushes and oral irrigators.

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.

SALES TAX COLLECTIONS (\$ MILLION)		
		Middle
Oral hygiene products and articles		\$ (29.3)
Electric personal care appliances		\$ (1.9)
Total		\$ (31.2)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Oral Hygiene Products – One Year

Bill Number(s): [Governor's Proposed Language - Section 5](#)

Section 4: Proposed Fiscal Impact The proposed impact is for FY 2023-24 with 11/12th of the impact and FY 2024-25 with 1/12th of the impact due to the lag in collections.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$28.6m)			
2024-25			(\$2.6m)			
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and use tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted a modified impact that adjusted business purchases and bill language and exclusions for oral hygiene products and articles. 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	(31.2)	0.0	(Insignificant)	0.0	(1.0)	0.0	(3.0)	0.0
2024-25	(2.8)	0.0	(Insignificant)	0.0	(0.1)	0.0	(0.3)	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	(35.2)	0.0	(4.3)	0.0	(39.5)	0.0
2024-25	(3.2)	0.0	(0.4)	0.0	(3.6)	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

	B	C	D	E	F	G	H	I
3	Governor's Proposed Language - Section 5							
4	Oral Hygiene Products - 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		<i>FDEC growth in population</i>	1.63%	1.67%	1.72%	1.55%	1.39%	
19		<i>FDEC growth in resident households</i>	1.65%	1.70%	1.85%	1.64%	1.44%	
20		<i>FEEC growth in personal income</i>	6.56%	8.02%	4.92%	5.97%	3.92%	
21								
22								
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		<i>by growth in households</i>						
30								
31	Florida	Income before taxes per Consumer Unit	\$71,951.39	\$77,719		\$81,543	\$86,413	\$89,801
32		<i>by growth in personal income</i>						
33								
34	Florida	Average annual expenditures per Consumer Unit	\$56,257	\$60,767		\$63,756	\$67,564	\$70,213
35		<i>constant share (2019-2020) of income before taxes</i>						
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		<i>constant share (2019-2020) of income before taxes</i>	78.2%	78.2%		78.2%	78.2%	78.2%
41		** Includes state and local sales tax						
42								
43		EXPENDITURE CALCULATIONS FOR DISASTER PREPAREDNESS ITEMS						

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 5					366 Days		
4	Oral Hygiene Products - 1 Year					52 Weeks		
44								
45				% of Expenditures	FY 2023-24			
46	Num	CE CATEGORY	ITEM	adj. % of category	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	
47	1	Personal care products	Oral hygiene products and articles [D]	0.05667%	\$360,102,229	\$21,606,134	\$59,194.89	
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	\$21,665,329			
53	Additional days - time shifting of purchases			30	\$1,775,847			
54	Total consumer purchases for days impacted			396	\$23,441,175			
55								
56	B. Other Florida purchases							
57				Factors	Sales Tax (State)			
58	Business purchases factor			0.400	\$9,376,470			
59	Visitor purchases factor			0.158	\$3,696,375			
60	Total Other Florida purchases				\$13,072,845			
61								
62	A. & B. Total Florida purchases				\$36,514,020			
63								
64	Bill language conditions & exclusions*			1.000				
65	SALES TAX IMPACT				\$36,514,020	\$608,566,998.46		
66								
67				% of Expenditures	FY 2023-24			
68	Num	CE CATEGORY	ITEM	adj. % of category	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily	
69	2	Personal care products	Electric personal care appliances [I]	0.00415%	\$26,385,344	\$1,583,121	\$4,337.32	
70	Reduced to approximate oral irrigators and electric toothbrushes.*							
71								
72	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)							
73				Days	Sales Tax (State)			
74	Holiday duration			366	\$1,587,458			
75	Additional days - time shifting of purchases			30	\$130,120			
76	Total consumer purchases for days impacted			396	\$1,717,577			
77								
78	B. Other Florida purchases							
79				Factors	Sales Tax (State)			
80	Business purchases factor			0.156	\$268,583			
81	Visitor purchases factor			0.016	\$27,084			
82	Total Other Florida purchases				\$295,667			
83								
84	A. & B. Total Florida purchases				\$2,013,245			
85								
86	Bill language conditions & exclusions*			0.950				
87	SALES TAX IMPACT				\$1,912,582			
88	*Share for oral toothbrushes and oral irrigators based on Allied Market Research, Personal Care Electrical Appliances Market by Product Type, 2022 - 2031. Hair care appliances - 41% of the global personal care electrical appliances market share, hair removal appliances - 35%; https://www.alliedmarketresearch.com/personal-care-electrical-appliances-market .							

	B	C	D	E	F	G	H	I
3	Governor's Proposed Language - Section 5							366 Days 52 Weeks
4	Oral Hygiene Products - 1 Year							
89	V. TOTAL IMPACT							
90	SALES TAX COLLECTIONS (\$ MILLION)							
91				Middle	Adopted TOTAL Sales Tax			
92	Oral hygiene products and articles			\$ (36.5)				
93	Electric personal care appliances			\$ (1.9)				
94	Total			\$ (38.4)	\$	-		
95								
96	FY		Total Impact					
97	2023-24		(35.2)					
98	2024-25		(3.2)					
99								
100	Last revision: 3/3/2023							

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Over the Counter Pet Medications – Permanent Exemption

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:** 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 other the counter pet medication from sales tax. 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).
- b. Proposed Change:** The proposed language adds over-the-counter pet medications to the list of exemptions under s. 212.08(7), F.S.

Section 2: Description of Data and Sources

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 supplies. Products in this segment include over-the-counter medicines, food bowls, collars and leashes, pet clothing, brushes and combs, shovels and scoopers, cat litter, cages birds and reptiles, travel carriers and other various accessories for pets. The analysis estimates a third of the category is made up by OTC medicines. As veterinary offices may also sell OTC medications, a part of consumer expenditure on pet veterinary services is also included.

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.

Impact is grown by personal income.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Over the Counter Pet Medications – Permanent Exemption

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

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$24.2 m)	(\$26.4 m)		
2024-25			(\$27.5 m)	(\$27.5 m)		
2025-26			(\$28.6 m)	(\$28.6 m)		
2026-27			(\$29.8 m)	(\$29.8 m)		
2027-28			(\$31.0 m)	(\$31.0 m)		

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted a modified impact that adjusted business purchases and percent of purchases through vet offices.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(25.6)	(27.9)	(Insignificant)	(Insignificant)	(0.9)	(0.9)	(2.5)	(2.7)
2024-25	(29.1)	(29.1)	(Insignificant)	(Insignificant)	(1.0)	(1.0)	(2.8)	(2.8)
2025-26	(30.2)	(30.2)	(Insignificant)	(Insignificant)	(1.0)	(1.0)	(2.9)	(2.9)
2026-27	(31.5)	(31.5)	(Insignificant)	(Insignificant)	(1.1)	(1.1)	(3.0)	(3.0)
2027-28	(32.8)	(32.8)	(Insignificant)	(Insignificant)	(1.1)	(1.1)	(3.1)	(3.1)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(28.9)	(31.5)	(3.5)	(3.8)	(32.4)	(35.3)
2024-25	(32.8)	(32.8)	(4.0)	(4.0)	(36.8)	(36.8)
2025-26	(34.2)	(34.2)	(4.1)	(4.1)	(38.3)	(38.3)
2026-27	(35.6)	(35.6)	(4.3)	(4.3)	(39.9)	(39.9)
2027-28	(37.0)	(37.0)	(4.5)	(4.5)	(41.5)	(41.5)

	B	C	D	E	F	G	H	I	J	K
3		Governor's Proposed Language - Section 2					Permanent		365 Days	
4		Over-the-Counter Pet Medications							52 Weeks	
5									7/1/2023 Start	
6									6/29/2024 End	
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		<i>FDEC growth in population</i>	1.63%	1.67%	1.72%	1.55%	1.39%			
19		<i>FDEC growth in resident households</i>	1.65%	1.70%	1.85%	1.64%	1.44%			
20		<i>FEEC growth in personal income</i>	6.56%	8.02%	4.92%	5.97%	3.92%			
21		<i>CPI growth (June to June)</i>								
22		<i>Actuals to June 2022 and NEEC</i>	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		<i>by growth in households</i>								
30										
31	Florida	Income before taxes per Consumer Unit	\$71,951.39	\$77,719	\$81,543	\$86,413	\$89,801			
32		<i>by growth in personal income</i>								
33										
34	Florida	Average annual expenditures per Consumer Unit	\$56,257	\$60,767	\$63,756	\$67,564	\$70,213			
35		<i>constant share (2019-2020) of income before taxes</i>								
36										
37	Florida	Aggregate income before taxes	\$651,143,509,095	\$715,313,269,840.64	\$764,366,801,448	\$823,314,215,943	\$867,928,848,570			
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		<i>constant share (2019-2020) of income before taxes</i>	78.2%	78.2%	78.2%	78.2%	78.2%			
41		** Includes state and local sales tax								

	B	C	D	E	F	G	H	I	J	K
3	Governor's Proposed Language - Section 2				Permanent			365 Days		
4	Over-the-Counter Pet Medications							52 Weeks		
43										
44	IV. EXPENDITURE CALCULATIONS									
45										
46	Num	CE CATEGORY	ITEM	% of Expenditures adj. % of category	Percent of category Exempted under Proposed Language	FY 2023-24				
47	1	Pet purchase, supplies, and medicine [I]	Pet medications - OTC	0.17750%	33.0%	Table with 3 columns: Taxable Expenditures, Sales Tax-Annual, Sales Tax-Daily				
48	Reduced to only capture OTC medications based on items below (analyst judgment)									
49	Pet store products (IBIS World)									
50	Pet supplies 67%									
51	Live animals 9%									
52	Other 24%									
53	Pet supplies (IBIS World definition) Products in this segment include over-the-counter medicines, food bowls, collars and leashes, pet clothing, brushes and combs, shovels and scoopers, cat litter, cages birds and reptiles, travel carriers and other various accessories for pets.									
54										
55	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)									
56	Table with 3 columns: Days, Sales Tax (State)									
57	Holiday duration 365 \$22,331,836									
58	Additional days - time shifting of purchases 0 \$0									
59	Total consumer purchases for days impacted 365 \$22,331,836									
60										
61	B. Other Florida purchases									
62	Table with 3 columns: Factors, Sales Tax (State)									
63	Business purchases factor 0.250 \$5,582,959									
64	Visitor purchases factor 0.002 \$35,214									
65	Total Other Florida purchases \$5,618,173									
66										
67	A. & B. Total Florida purchases \$27,950,009									
68										
69	Bill language conditions & exclusions* 0.900									
70	SALES TAX IMPACT \$25,155,008									
71										
72										

	B	C	D	E	F	G	H	I	J	K	
3	Governor's Proposed Language - Section 2					Permanent					365 Days
4	Over-the-Counter Pet Medications										52 Weeks
73	CE CATEGORY				ITEM	Percent of category Exempted under Proposed Language	Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily		
74	2	Vet services [D]	Pet medications OTC - through vet offices		0.39755%	4.0%	\$101,041,287	\$6,062,477.20	\$16,609.53		
75	Reduced to only capture OTC medications										
76	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)										
77					Days	Sales Tax (State)					
78	Holiday duration				365	\$6,062,477					
79	Additional days - time shifting of purchases				0	\$0					
80	Total consumer purchases for days impacted				365	\$6,062,477					
81											
82	B. Other Florida purchases - level shifting of purchases										
83					Factors	Sales Tax (State)					
84	Business purchases factor				0.156	\$948,009					
85	Visitor purchases factor				0.002	\$9,560					
86	Total Other Florida purchases					\$957,569					
87											
88	A. & B. Total Florida purchases					\$7,020,046					
89											
90	Bill language conditions & exclusions*				0.900						
91	SALES TAX IMPACT					\$6,318,041					
92											
93											
94											
95	V. TOTAL IMPACT										
96											
97	TOTAL IMPACT										
98						Middle	Adopted TOTAL Sales Tax				
99	Pet medications - OTC					\$	25,155,008				
100	Pet medications OTC - through vet offices					\$	6,318,041				
101	Total					\$	31,473,049	\$	-	\$ 524,550,821	
102	FY										
103					2024	2025	2026	2027	2028		
104	Current				\$	(28.90)					
105	Recurring				\$	(31.50)	\$	(32.8)	\$	(34.2)	
106							\$	(35.6)	\$	(37.0)	
107											
	Growth in Florida personal income					4.1	4.1	4.1	4.1		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax and Local Taxes and Fees

Issue: Vacation Rentals

Bill Number(s): SB 714

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator DiCeglie

Month/Year Impact Begins: July 1st, 2023 or Upon Becoming Law

Date(s) Conference Reviewed:

Section 1: Narrative

- a. **Current Law:** Advertising platforms are not defined under current law. Transient Rentals are currently taxable under Section 212.03 F.S.
- b. **Proposed Change:** The Proposed Language provides the new definition for “Advertising platform” replacing the current subsection 509.013(1) F.S. States the advertising platform must collect and remit all transient rent taxes imposed on the rental. Provides that the portion of payment for the use of the rental which is retained by the advertising platform as a fee is not taxable as transient rent.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed changes do not appear to provide for planning opportunities that do not currently exist in the market today. The middle estimate shows a zero impact for the proposed language under the assumptions that there will be no business model changes or material changes to the amount collected due to the proposed language. However, the tax base is quite large (over \$20 billion), so even small changes at the margins of the industry may generate an impact above the significance level. There are also a variety of organizational structures between the owners, the operators, and the platforms. For these two reasons, it is not possible to quantify what changes, if any, may occur outside of the middle estimate. Therefore, the proposed impact uses a positive indeterminate for the high estimate and a negative indeterminate for the low estimate.

This bill has appeared before the conference thrice before. On all occasions, the middle impact was adopted.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	**	**	0	0	(**)	(**)
2024-25	**	**	0	0	(**)	(**)
2025-26	**	**	0	0	(**)	(**)
2026-27	**	**	0	0	(**)	(**)
2027-28	**	**	0	0	(**)	(**)

Revenue Distribution: Sales and Use Tax and Local Taxes and Fees

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle estimate.

	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	0.0	0.0	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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/Local Taxes and Fees

Issue: Vacation Rentals

Bill Number(s): HB 833

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Duggan

Month/Year Impact Begins: July 1st, 2023 or Upon Becoming Law

Date(s) Conference Reviewed: March 3rd, 2023

Section 1: Narrative

- a. **Current Law:** Advertising platforms are not defined under current law. Transient Rentals are currently taxable under Section 212.03 F.S.
- b. **Proposed Change:** The Proposed Language provides the new definition for “Advertising platform” replacing the current subsection 509.013(1) F.S. States the advertising platform shall collect and remit all transient rent taxes imposed on the rental. Provides that the portion of payment for the use of the rental which is retained by the advertising platform as a fee is not taxable as transient rent.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed changes do not appear to provide for planning opportunities that do not currently exist in the market today. The middle estimate shows a zero impact for the proposed language under the assumptions that there will be no business model changes or material changes to the amount collected due to the proposed language. However, the tax base is quite large (over \$20 billion), so even small changes at the margins of the industry may generate an impact above the significance level. There are also a variety of organizational structures between the owners, the operators, and the platforms. For these two reasons, it is not possible to quantify what changes, if any, may occur outside of the middle estimate. Therefore, the proposed impact uses a positive indeterminate for the high estimate and a negative indeterminate for the low estimate.

This bill has appeared before the conference thrice before. On all occasions, the middle impact was adopted.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	**	**	0	0	(**)	(**)
2024-25	**	**	0	0	(**)	(**)
2025-26	**	**	0	0	(**)	(**)
2026-27	**	**	0	0	(**)	(**)
2027-28	**	**	0	0	(**)	(**)

Revenue Distribution: Sales and Use Tax and Local Taxes and Fees

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the middle estimate.

	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	0.0	0.0	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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: Corporate Income Tax

Issue: Piggyback (no decouple)

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: January 1, 2023 (retroactively)

Date(s) Conference Reviewed: 3/3/2023

Section 1: Narrative

- a. Current Law:** In computing Florida's Corporate Income Tax, federal taxable income starts as the base. Federal taxable income is calculated using the U.S. Internal Revenue Code [IRC] in effect on January 1, 2022.

Florida has a state-level alternative minimum tax that is tied to specific provisions in a prior federal corporate alternative minimum tax [AMT]. See s. 220.13(2)(k), F.S. This tax has not been operative in Florida since 2018, when the legislature adopted provisions of the Tax Cuts and Jobs Act of 2017 (Pub. L. No. 115-97) [TCJA] with HB 7093 (that year's "piggyback bill"). The TCJA eliminated the federal corporate AMT, thus the adoption of HB 7093 in 2018 rendered Florida's AMT inoperative.

- b. Proposed Change:** The proposed language updates s. 220.03(2)(c), F.S., to include the IRC in effect on January 1, 2023.

The primary changes to the IRC at the federal level in the last year were included in the Inflation Reduction Act of 2022 (Pub. L. No. 117-169) [IRA of 2022]. Contained within the IRA of 2022 are several provisions affecting federal corporate income tax, although the only identified change that could affect Florida corporate income tax is the adoption of a new federal AMT.

There are also some changes to the federal corporate income tax that are taking effect beginning January 1, 2023, but those changes were addressed in the adopted revenue impacts of prior year's legislation that factored in delayed effective dates (e.g., the phasing down of the 100% bonus depreciation and the expiration of the full deduction for business meals beginning in 2023). No additional revenue impact results for those items.

Section 2: Description of Data and Sources

Internal Revenue Code s. 55

Section 220.13(2)(k), Florida Statutes

Discussion with Department of Revenue Staff

Section 3: Methodology (Include Assumptions and Attach Details)

The only meaningful change in the federal IRC that could affect Florida's Corporate Income tax was in the IRA of 2022. The IRA of 2022 amends provisions in s. 55 of the IRC and readopts a federal corporate AMT. However, the new federal AMT differs in significant ways from its predecessor and in ways that are meaningful for Florida purposes.

Specifically, the key provision in Florida statutes related to Florida's AMT is s. 220.13(2)(k), F.S., which provides:

(k) "Taxable income," in the case of a taxpayer liable for the alternative minimum tax as defined in s. 55 of the Internal Revenue Code, means the alternative minimum taxable income as defined in s. 55(b)(2) of the IRC, less the exemption amount computed under s. 55(d) of the IRC.

For Florida's AMT to have an effect, a taxpayer must have "alternative minimum taxable income as defined in s. 55(b)(2) of the Internal Revenue Code." Section 55(b)(2) of the IRC as amended by the IRA of 2022 contains no such definition. It defines only "tentative minimum tax," rather than "alternative minimum taxable income."

Thus a plain reading of existing language in s. 220.13(2)(k), F.S., in light of the federal changes contained in the IRA of 2022 does not affect a taxpayer's Florida "taxable income" or create a Florida AMT liability.

Accordingly, while the IRA of 2022 did adopt a federal corporate AMT, among other provisions, the language in the IRC on January 1, 2023, does not align with existing Florida AMT provisions and therefore has no impact on state revenues.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Piggyback (no decouple)

Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			0	0		
2024-25			0	0		
2025-26			0	0		
2026-27			0	0		
2027-28			0	0		

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 03/03/2023): The Conference adopted the proposed estimate.

	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	0.0	0.0	0.0
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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