

REVENUE ESTIMATING CONFERENCE

Revenue Source: Highway Safety Fees

Issue: Electric Vehicle License Tax

Bill Number(s): SB 1070

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Hooper

Month/Year Impact Begins: 07/01/2023

Date(s) Conference Reviewed: 03/03/2023, 03/10/2023

Section 1: Narrative

- a. Current Law:** Section 320.08001 F.S. directs that an electric vehicle is to pay the same license tax as that which is prescribed by section 320.08, F.S. for a vehicle that is not electrically powered. Section 320.07, F.S. allows any person to renew a motor vehicle registration biennially during the application renewal period upon payment of the 2-year cumulative total of all applicable license tax amounts and service charges or surcharges.
- b. Proposed Change:** Section 320.08001 F.S. is revised so that in addition to the license tax prescribed in section 320.08, F.S., there is imposed an annual license tax in the following amounts:

	Effective 10/01/2023	Effective 01/01/2028
Electric Vehicles	\$200	\$250
Plug-in Hybrid Vehicles	\$50	\$100

An electric vehicle is defined as a motor vehicle that is solely powered by an electric motor that draws a current from rechargeable storage batteries fuel cells, or other sources of electrical current. A plug-in hybrid is defined as a motor vehicle equipped to be propelled by an internal combustion engine and an electric motor that draws a current from rechargeable storage batteries fuel cells, or other sources of electrical current that are recharged by an energy source external to the motor vehicle. Any person who registers an electric vehicle or plug-in hybrid vehicle may register biennially per section 320.07, F.S. The proceeds from the additional license tax imposed upon electric and plug-in hybrid vehicles are to be distributed as follows: 64% deposited into the State Transportation Trust Fund (STTF) and 36% allocated to the county where the vehicle is registered. Each quarter, the department shall transfer the funds allocated to a county to the Department of Revenue for distribution to the board of county commissioners and municipalities within the county in proportion to the previous quarter's distribution of local option fuel taxes. Local governments shall use moneys received for transportation expenditures defined by section 336.025(7), F.S. Section 320.07, F.S. is revised to include the additional license tax on electric and plug-in hybrid vehicles among fees that must be pay the two-year total for biennial registrations. Section 3 of the bill expires the changes made to section 320.08001, F.S. creating the additional license tax on electric and plug in vehicles on December 31, 2031.

Section 2: Description of Data and Sources

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

HSMV 1/23/2023 Snapshot of Electric and Hybrid Registrations

<https://afdc.energy.gov/data/>

IBIS World US Industry Specialized Report: Hybrid and Electric Vehicle Manufacturing, January 2023

<https://www.bts.gov/content/gasoline-hybrid-and-electric-vehicle-sales>

<https://www.energy.gov/energysaver/articles/new-plug-electric-vehicle-sales-united-states-nearly-doubled-2020-2021>

Section 3: Methodology (Include Assumptions and Attach Details)

There will be a positive impact to STTF and local funds caused by creating the new fee to be applied to electric and hybrid vehicles. First, staff from HSMV provided a 1/23/23 snapshot of registrations by fuel type. This list includes the categories Electric and Gas Hybrid, Electric, Electric and Diesel Hybrid, and Not Coded, among others. The vehicles designated as "Not Coded" were allocated to the three categories impacted by this bill based on the percentage those categories represented of the coded total. In addition, HSMV staff explained that there are likely some electric and hybrid vehicles mixed into the other categories such as Gas and Flexible; however, the numbers are likely small. For the base number of vehicles, the low scenario uses just the calculated totals from the HSMV data. The middle scenario adds 1% and the high scenario adds 2.5%. 2017 through 2021 hybrid and plug-in hybrid sales per the US Department of Energy were used to reduce the hybrid vehicles reported by HSMV to include only plug-in hybrids.

After calculating a base number of current electric and hybrid vehicles, a number of assumptions need to be made in order to produce an impact. First, Highway Safety REC history was used to calculate an annual vs prior year biennial registration split to be

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applied to each year the fee is active. Highway Safety REC history from FY's 2009-10 through 2011-12 was used to further calculate a biennial adjustment to account for an increase to biennial registrations during the last half of FY 2026-27 and first half of FY 2027-28 caused by vehicles owners registering for two years to avoid the fee change. Note that no similar adjustment for that was made to the first year the fee is in effect because the timing and structure of the language makes it more difficult to do so. The base number of electric and hybrid vehicles will need to be grown to produce a five year forecast. On the attached spreadsheet, the forecasted fee collections continues to FY 2029-30 in order to capture the first year both annual and biennial fees will be paying the maximum rate for the entire fiscal year. For the low scenario, base hybrid and electric vehicles are grown by the retroreflective fee growth rate from the Highway Safety REC, which is a growth rate that reflects overall registrations. The high scenario uses the IBIS World growth rate for hybrid and electric vehicle manufacturing revenue reduced to 33%. The reason for the reduction is that this growth rate would be most tied to sales while the bill impact would need to be concerned with registrations growth rate, which in the Highway Safety REC history averages about 33% of title fee growth rates. The resulting high scenario growth rate is a fairly aggressive growth rate for stock registrations, but still appropriate given the growth potential of electric and hybrid vehicles. The middle scenario employs a growth rate that is the average of the growth rates used in the low and high scenarios. In all three scenarios, the projected hybrid and electric vehicles are multiplied by the new fees in the bill to produce the total impact, which is then split between STTF and local trust funds.

Section 4: Proposed Fiscal Impact

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	17.1	42.4	16.4	37.1	15.9	32.6
2024-25	27.5	42.4	25.8	37.1	24.3	32.6
2025-26	30.2	42.4	27.7	37.1	25.5	32.6
2026-27	31.4	42.4	28.4	37.1	25.7	32.6
2027-28	37.7	42.4	33.5	37.1	29.9	32.6

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	9.6	23.9	9.2	20.9	8.9	18.3
2024-25	15.4	23.9	14.5	20.9	13.7	18.3
2025-26	17.0	23.9	15.6	20.9	14.3	18.3
2026-27	17.7	23.9	16.0	20.9	14.5	18.3
2027-28	21.2	23.9	18.9	20.9	16.8	18.3

Revenue Distribution:

STTF, Local

Section 5: Consensus Estimate (Adopted: 3/10/2023) : 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	16.4	37.1	9.2	20.9	25.6	58.0
2024-25	0.0	0.0	25.8	37.1	14.5	20.9	40.3	58.0
2025-26	0.0	0.0	27.7	37.1	15.6	20.9	43.3	58.0
2026-27	0.0	0.0	28.4	37.1	16.0	20.9	44.4	58.0
2027-28	0.0	0.0	33.5	37.1	18.9	20.9	52.4	58.0

	A	B	C	D	E	F	G	H	I
1									
2									
3	HSMV Snapshot 01/23/23: Registrations By Fuel Type								
4	Fuel Type	AUTO	BUS	MOTORCYCLE	TRUCK	Grand Total			
5	Gas	14,968,289	14,675	195,574	851,525	16,030,063			
6	Flexible	961,426	1,187		215,041	1,177,654			
7	Diesel	122,960	36,975		643,208	803,143			
8	Not Coded	247,204	3,242	460,835	12,787	724,068			
9	Electric and Gas Hybrid	363,004	5		6,666	369,675			
10	Electric	165,758	99	1,036	2,807	169,700			
11	Compressed Natural Gas	166	957		3,525	4,648			
12	Gas and Oil Mix			4,154		4,154			
13	Convertible	1,066	1		772	1,839			
14	Propane	50	873		110	1,033			
15	Gasohol	4			90	94			
16	Electric and Diesel Hybrid		32		15	47			
17	Hydrogen Fuel Cell	6				6			
18	Methanol		3			3			
19	Grand Total	16,829,933	58,049	661,599	1,736,546	19,286,127			
20									
21	Total Number of Vehicles Calculation (total adjusted to include only plug-in hybrids)								
22		Data	% of Total Less Not Coded	Hybrid and Electric Not Coded	Total Number of Vehicles		Hybrid vs. Plug-in Hybrid Adjustment		
23	Hybrid	369,722	1.99%	14,422	72,031		Hybrid US Sales 2017-2021		2,354,454
24	Electric	169,700	0.91%	6,620	176,320		Plug-in Hybrid US Sales 2017-2021		543,368
25	Not Coded	724,068					Total		2,897,822
26	Total Less Not Coded	18,562,059					Plug-in Hybrid %		18.8%
27									
28	Other Calculations								
29	IBIS World Hybrid and Electric Vehicle Manufacturing Revenue Growth Rates								
30		CY 2023	CY 2024	CY 2025	CY 2026	CY 2027	CY 2028	CY 2029	CY 2030
31	Revenue Growth Rate CY	17.10%	18.20%	17.50%	16.20%	9.27%	14.70%	NA	NA
32			FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
33	Revenue Growth Rate FY		17.65%	17.85%	16.85%	12.74%	11.99%	11.99%	11.99%
34	MVL Surcharge Growth Rate % of Titles Rate		33%	33%	33%	33%	33%	33%	33%
35	Adjusted IBIS Growth Rate FY		5.82%	5.89%	5.56%	4.20%	3.96%	3.96%	3.96%
36									
37	MVL Growth Rates and Biennial Rates								
38		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28		
39	Retroreflective Fee, Annual	\$ 9,773,963	\$ 9,839,573	\$ 9,924,531	\$ 10,005,014	\$ 10,094,788	\$ 10,177,878		
40	Retroreflective Fee, Biennial	\$ 1,782,883	\$ 1,808,978	\$ 1,821,121	\$ 1,836,845	\$ 1,851,741	\$ 1,868,356		
41	Retroreflective Fee, Total	\$ 11,556,846	\$ 11,648,550	\$ 11,745,651	\$ 11,841,859	\$ 11,946,529	\$ 12,046,235		
42									
43	Biennial Fee Rate of Total		15.53%	15.50%	15.51%	15.50%	15.51%	15.51%	15.51%
44	Annual Fee Rate of Total		84.47%	84.50%	84.49%	84.50%	84.49%	84.49%	84.49%
45	Retroreflective Fee Growth Rate		0.79%	0.83%	0.82%	0.88%	0.83%	0.68%	0.68%
46	AVG Adjusted IBIS & MVL Growth Rate		3.3%	3.4%	3.2%	2.5%	2.4%	2.3%	2.3%
47									
48	Calculated Biennial Adjustment For Fee Change Avoidance (collected during prior FY)								
49		FY 2009-10	FY 2010-11	FY 2011-12					
50	Reflective Fee Biennials	1,124,587	1,907,440	1,086,046					
51	Average Non-Fee Change	1,105,317							
52	# Difference	802,124							
53	% Difference	72.6%							
54									
55	Biennials Unadjusted	Low		Middle		High			
56		FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29		
57	Hybrid Vehicles	11,645	11,725	13,055	13,358	14,673	15,255		
58	Electric Vehicles	28,505	28,701	31,956	32,699	35,917	37,341		
59									
60	Biennials Adjusted	Low		Middle		High			
61		FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29		
62	Hybrid Vehicles	15,870	15,980	17,792	18,205	19,997	20,790		
63	Electric Vehicles	38,848	39,115	43,551	44,564	48,950	50,890		
64									
65	Difference = Fee Avoiders	Low		Middle		High			
66		FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29	FY 2027-28	FY 2028-29		
67	Hybrid Vehicles	4,225	4,254	4,737	4,847	5,324	5,535		
68	Electric Vehicles	10,343	10,414	11,595	11,865	13,032	13,549		
69									

	A	B	C	D	E	F	G	H	I
70	Low: Calculated Hybrid and Electric Vehicles, Grown by Retroreflective Fee Growth Rate								
71		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
72	Hybrid Vehicles	72,031	72,602	73,207	73,807	74,459	75,081	75,591	76,105
73	Electric Vehicles	176,320	177,719	179,200	180,668	182,265	183,786	185,036	186,294
74	Hybrid Vehicle Fee Annual		\$ 2,299,772	\$ 3,092,838	\$ 3,117,920	\$ 3,145,897	\$ 4,546,418	\$ 5,961,177	\$ 6,430,048
75	Hybrid Vehicle Fee Biennial (from prior year)			\$ 425,645	\$ 572,426	\$ 577,069	\$ 793,514	\$ 985,743	\$ 1,180,482
76	Electric Vehicle Fee Annual		\$ 22,517,953	\$ 30,283,173	\$ 30,528,755	\$ 30,802,688	\$ 33,645,379	\$ 36,480,115	\$ 39,349,429
77	Electric Vehicle Fee Biennial (from prior year)			\$ 4,167,652	\$ 5,604,849	\$ 5,650,301	\$ 7,769,597	\$ 7,499,195	\$ 7,224,099
78									
79	Total Fee Collected		\$ 24,817,725	\$ 37,969,307	\$ 39,823,949	\$ 40,175,955	\$ 46,754,908	\$ 50,926,229	\$ 54,184,059
80	STTF Portion		\$ 15,883,344	\$ 24,300,357	\$ 25,487,327	\$ 25,712,611	\$ 29,923,141	\$ 32,592,787	\$ 34,677,798
81	Local Portion		\$ 8,934,381	\$ 13,668,951	\$ 14,336,622	\$ 14,463,344	\$ 16,831,767	\$ 18,333,442	\$ 19,506,261
82									
83	Middle: Calculated Hybrid and Electric Vehicles Plus 1%, Grown by AVG Adjusted IBIS & Retroreflective Fee Growth Rate								
84		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
85	Hybrid Vehicles	72,751	75,158	77,685	80,163	82,202	84,170	86,121	88,117
86	Electric Vehicles	178,083	183,976	190,161	196,227	201,217	206,036	210,811	215,697
87	Hybrid Vehicle Fee Annual		\$ 2,380,739	\$ 3,282,011	\$ 3,386,427	\$ 3,473,013	\$ 5,096,826	\$ 6,791,554	\$ 7,444,889
88	Hybrid Vehicle Fee Biennial (from prior year)			\$ 451,679	\$ 621,722	\$ 637,073	\$ 889,579	\$ 1,123,054	\$ 1,366,795
89	Electric Vehicle Fee Annual		\$ 23,310,731	\$ 32,135,438	\$ 33,157,816	\$ 34,005,609	\$ 37,718,620	\$ 41,561,708	\$ 45,559,866
90	Electric Vehicle Fee Biennial (from prior year)			\$ 4,422,565	\$ 6,087,524	\$ 6,237,830	\$ 8,710,215	\$ 8,543,815	\$ 8,364,264
91									
92	Total Fee Collected		\$ 25,691,469	\$ 40,291,694	\$ 43,253,490	\$ 44,353,524	\$ 52,415,240	\$ 58,020,131	\$ 62,735,815
93	STTF Portion		\$ 16,442,540	\$ 25,786,684	\$ 27,682,234	\$ 28,386,256	\$ 33,545,753	\$ 37,132,884	\$ 40,150,921
94	Local Portion		\$ 9,248,929	\$ 14,505,010	\$ 15,571,256	\$ 15,967,269	\$ 18,869,486	\$ 20,887,247	\$ 22,584,893
95									
96	High: Calculated Hybrid and Electric Vehicles Plus 2.5%, Grown by Adjusted IBIS Growth Rate								
97		FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
98	Hybrid Vehicles	73,831	78,132	82,734	87,334	91,005	94,604	98,346	102,235
99	Electric Vehicles	180,728	191,254	202,520	213,781	222,765	231,576	240,735	250,256
100	Hybrid Vehicle Fee Annual		\$ 2,474,926	\$ 3,495,316	\$ 3,689,376	\$ 3,844,934	\$ 5,728,618	\$ 7,755,590	\$ 8,637,727
101	Hybrid Vehicle Fee Biennial (from prior year)			\$ 481,035	\$ 677,341	\$ 705,297	\$ 999,850	\$ 1,282,468	\$ 1,585,787
102	Electric Vehicle Fee Annual		\$ 24,232,958	\$ 34,223,992	\$ 36,124,102	\$ 37,647,233	\$ 42,394,146	\$ 47,461,236	\$ 52,859,575
103	Electric Vehicle Fee Biennial (from prior year)			\$ 4,709,998	\$ 6,632,112	\$ 6,905,832	\$ 9,789,916	\$ 9,756,577	\$ 9,704,406
104									
105	Total Fee Collected		\$ 26,707,884	\$ 42,910,341	\$ 47,122,931	\$ 49,103,296	\$ 58,912,530	\$ 66,255,871	\$ 72,787,494
106	STTF Portion		\$ 17,093,046	\$ 27,462,618	\$ 30,158,676	\$ 31,426,109	\$ 37,704,019	\$ 42,403,757	\$ 46,583,996
107	Local Portion		\$ 9,614,838	\$ 15,447,723	\$ 16,964,255	\$ 17,677,186	\$ 21,208,511	\$ 23,852,114	\$ 26,203,498
108									

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Children's Toys Sales Tax Exemption – One Year

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

☐ **Entire Bill**

☒ **Partial Bill:** Section 7

Sponsor(s):

Month/Year Impact Begins: July 1, 2023 through June 30, 2024

Date(s) Conference Reviewed: March 3, 2023, March 10, 2023: Include pedal ride-on and sport toys

Section 1: Narrative

- a. **Current Law:** The Florida Residents' Tax Relief Act of 1998 established Florida's first tax holiday, during which clothing purchases of \$50 or less were exempt from tax. Multiple tax holidays have since been enacted of varying duration and qualifying items.
- b. **Proposed Change:** The proposed language enacts a tax holiday (July 1, 2023 through June 30, 2024) on the retail sale of children's toys. Children's toys are defined as items primarily intended for children aged 2 through 12.

These items include:

- action figures and accessories;
- arts and crafts;
- battling toys;
- building and construction sets;
- costume and dress up;
- dolls and dollhouses;
- education toys;
- games and puzzles;
- model kits;
- musical instruments and toys prices at \$200 or less;
- outdoor seasonal toys (excluding outdoor gym centers swing sets, trampolines, sand boxes, water tables, patio furniture and beach furniture);
- plush toys;
- pedal ride-ons (including bicycles and tricycles);
- sport toys (including skates, scooters, and skateboards);
- non-powered vehicles; and
- powered vehicles priced at \$200 or less .

It does not include trading cards, or electronic entertainment items such as CD players, DVD players, cameras, cell phones and similar items that mimic adult electronics.

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)

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

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.

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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.

FY 2019-20 expenditures were grown by population, CPI (All Urban Consumers) and personal income growth rates.

Consumer Expenditure data was reduced to account for expenditures that are reported that may be state and local sales tax.

Consumer Expenditure categories were included that are likely impacted.

Decision levers were created to estimate the percent of the category that would be exempt during the holiday.

Decision points:

Toys, games, arts and crafts, and tricycles were reduced to account for age limits (2-12).

Playground equipment was reduced to account for limitations in the language.

Un-motored recreational vehicles was reduced to account for age limits and inclusion of fifth wheels, trailers, and tent trailers in category.

Motorized recreational vehicles was reduced to account for a partial category, age limits, and price threshold.

Musical instruments and accessories were reduced to account for age limits, exclude accessories and price threshold on musical instrument/toys.

Pedal ride-ons (including bicycles and tricycles) were reduced to account for age limits (2-12).

Sport toys (including skates, scooters, and skateboards) were reduced to account for a partial category and age limits (2-12).

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$145.8m)			
2024-25			(\$13.3m)			
2025-26						
2026-27						
2027-28						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 3/10/2023): The Conference adopted a reduced middle estimate adjusted by visitor purchases. 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	(124.5)	0.0	(Insignificant)	0.0	(4.2)	0.0	(11.9)	0.0
2024-25	(11.3)	0.0	(Insignificant)	0.0	(0.4)	0.0	(1.1)	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

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Revenue Source: Sales and Use Tax

Issue: Children's Toys Sales Tax Exemption – One Year

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

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(140.6)	0.0	(17.0)	0.0	(157.6)	0.0
2024-25	(12.8)	0.0	(1.5)	0.0	(14.3)	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	I	J	K
3					Governor's Proposed Language - Section 7							
4					Children's Toys							
5												
6												
7												
8					I.	GENERAL PURCHASING ASSUMPTIONS						
9						ADJUSTMENT FACTORS						
						Business purchases factor based on Florida Sales Tax Contributions from Businesses						
10												
						Tourists purchases factor based on Florida Sales Tax Contributions from Tourists						
11												
12						Bill language conditions & exclusions*						
13						Effective sales tax factor (State + Local Option)						
14												
15						* Includes price limits and other price exclusions, certain tourism-related dealers, impulse purchases, and other bill language exclusions not explicitly accounted for elsewhere.						
16					II.	GROWTH RATE ASSUMPTIONS						
17							FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
18						FDEC growth in population	1.63%	1.67%	1.72%	1.55%	1.39%	
19						FDEC growth in resident households	1.65%	1.70%	1.85%	1.64%	1.44%	
20						FEEC growth in personal income	6.56%	8.02%	4.92%	5.97%	3.92%	
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 Avg.					
28	CE			Florida		Number of Consumer Units	9,049,770	9,203,811	9,373,791	9,527,624	9,664,982	
29						by growth in households						
30												
31	CE			Florida		Income before taxes per Consumer Unit	\$71,951.39	\$77,719	\$81,543	\$86,413	\$89,801	
32						by growth in personal income						
33												
34	CE			Florida		Average annual expenditures per Consumer Unit	\$56,257	\$60,767	\$63,756	\$67,564	\$70,213	
35						constant share (2019-2020) of income before taxes						
36												
37	Calculated			Florida		Aggregate income before taxes	\$651,143,509,095	\$715,313,269,841	\$764,366,801,448	\$823,314,215,943	\$867,928,848,570	
38												
39	Calculated			Florida		Aggregate expenditures**	\$509,112,260,529	\$559,284,935,975	\$597,638,623,012	\$643,728,081,060	\$678,611,107,846	
40						constant share (2019-2020) of income before taxes	78.2%	78.2%	78.2%	78.2%	78.2%	
41						** Includes state and local sales tax						

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

	A	B	C	D	E	F	G	H	I	J	K	
3	Governor's Proposed Language - Section 7					366 Days 52 Weeks						
4	Children's Toys											
43												
44	EXPENDITURE CALCULATIONS											
45					% of Expenditures	Percent Exempted During Holiday	FY 2023-24					
46	ITEMS SPECIFIED IN BILL		CE CATEGORY	CE SUBCATEGORY/ ITEM	adj. % of category		Taxable Expenditures	Sales Tax-Annual	Sales Tax-Daily			
47	• action figures and accessories; • arts and crafts; • battling toys; • building and construction sets; • costume and dress up; • dolls and dollhouses; • education toys; • games and puzzles; • model kits; • plush toys.		Toys, hobbies, and playground equipment	Toys, games, arts and crafts, and tricycles [D]	0.29710%	75.00%	\$1,415,819,812	\$84,949,189	\$232,738			
48	• outdoor seasonal toys (excluding outdoor gym centers swing sets, trampolines, sand boxes, water tables, patio furniture and beach furniture).		Toys, hobbies, and playground equipment	Playground equipment [I]	0.27504%	5.00%	\$87,381,516	\$5,242,891	\$14,364			
49	• non-powered vehicles.		Other entertainment supplies, equipment, and services	Un-motored recreational vehicles [I]	0.25000%	2.50%	\$39,712,830	\$2,382,770	\$6,528			
50	• powered vehicles priced at \$200 or less.		Other entertainment supplies, equipment, and services	Motorized recreational vehicles [I]	0.51847%	15.00%	\$494,155,577	\$29,649,335	\$81,231			
51	• musical instruments and toys prices at \$200 or less;		Audio and visual equipment and services	Musical instruments and accessories [I]	0.05108%	20.00%	\$64,919,036	\$3,895,142	\$10,672			
52	• pedal ride-ons (including bicycles and tricycles).		Toys, hobbies, and playground equipment	Bicycles [I]	0.08384%	45.00%	\$239,715,298	\$14,382,918	\$39,405			
53	• sport toys (including skates, scooters, and skateboards).		Toys, hobbies, and playground equipment	Scooters and other single-rider transportation [D]	0.00012%	45.00%	\$341,779	\$20,507	\$56			
54												
55	A. Florida Resident Consumer purchases (happening on average regardless of sales tax holiday)											
56					Days	Sales Tax (State)						
57	Holiday duration				366	\$140,907,744.70						
58	Additional days - time shifting of purchases				30	\$11,549,815.14						
59	Total consumer purchases for days impacted				396	\$152,457,560						
60												
61	B. Other Florida purchases											
62					Factors	Sales Tax (State)						
63	Business purchases factor (25%)				0.01955	\$2,980,034						
64	Visitor purchases factor				0.03942	\$6,010,153						
65	Total Other Florida purchases					\$8,990,188						
66												
67	A. & B. Total Florida purchases					\$161,447,748						
68												
69	Bill language conditions & exclusions*				0.950							
70	SALES TAX IMPACT				\$153,375,360							
71												
72												
73												
74												
75												
76	V. TOTAL IMPACT		TOTAL IMPACT									
77					Middle							
77	Other entertainment supplies, equipment, and services				\$	153,375,360						
78	Total				\$	153,375,360						
79												
80						2023/24	\$	140.6				
81						2024/25	\$	12.8				
82	Last revision:					3/10/2023						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Collection Allowance – First \$60
Bill Number(s): Governor’s Proposed Language

- ☐ **Entire Bill**
☒ **Partial Bill:** Section 3

Sponsor(s):

Month/Year Impact Begins: July 1st, 2023

Date(s) Conference Reviewed: March 10th, 2023

Section 1: Narrative

- a. Current Law:** Collection allowance is awarded on 2.5% of the first \$1,200 of tax due on each return.
- b. Proposed Change:** Under the proposed language, collection allowance would be awarded on the first \$60 dollars of tax due.

Section 2: Description of Data and Sources

Direct return data from 2017-Current

Section 3: Methodology (Include Assumptions and Attach Details)

To properly analyze this language, we pulled all sales tax returns for the past five years. We started by dropping all paper-filed returns and separating the consolidated returns from the DR-15’s, DR-15ez’s, and DR-38’s. We also set aside all returns that donate their collection allowance to education. Though they elect to let the state retain the collection allowance, the money does leave the general revenue fund. This effect is measured separately.

Part 1 A: Consolidated Filers

As consolidated filers get to claim collection allowance on every location for which they file positive tax due, we need to determine the number of such locations in each DR-7 return. We drop locations with no tax due and match the remaining DR-15con location level returns to the top-level DR-7 through internal identifiers, then tally the matches. Each DR-7 then calculates its max collection allowance under this language as the number of matched locations times \$60. The collections allowance that would be claimed on this return is then the lesser of this maximum or the tax due before penalty and interest. The impact per return is the difference between collection allowance claimed and the collection allowance assessed under the new language.

Part 1 B: All the Rest

The other sales tax returns are more straightforward, they each calculate their maximum collection allowance under this language as the lesser of \$60 or tax due before penalty and interest. The impact per return is then the difference between the collection allowance claimed and the collection allowance assessed under the new language. To arrive at the impact for a fiscal year, all returns filed within that year are aggregated together.

Part 2: Allowance for Education

A relatively small number of filers opt to donate their collection allowance to education. The state still collects the allowances designated for education, but under this language, assuming consistent taxpayer behavior, the amount collected would increase resulting in an additional impact to the general revenue fund. This was measured by pulling only those returns which donated and taking the difference between what was donated and the calculated amount from Part 1.

Impact:

The last year for which we have complete data is FY22, so that is our starting point. We use the Florida population growth rates from the February 2023 FDEC to grow the FY2022 impact through the window. A more proper way to consider growth is to look at the growth of (1) returns which have at least \$60 tax due and (2) the volume of tax due on returns with less than \$60 in tax. Due to the ease with which most returns meet the conditions of the first group, we believe the first group drives growth in the overall series. Filer growth would be an adequate substitute for growth in returns with more than \$60 in tax, and Florida population growth is a good proxy for filer growth.

The included impact is the total impact to GR which is the impact to the state plus the increased transfer to DOE from manual election to education. A lever is included in the attached spreadsheet to explore behavior changes related to this election.

First year cash is 11/12^{ths} recurring in accordance with DOR current administration connecting returns to the law in place when the taxable activity occurred. If the intent is to include July filed returns or other filing frequencies, clarification would be necessary.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Collection Allowance – First \$60

Bill Number(s): Governor’s Proposed Language

Section 4: Proposed Fiscal Impact to GR

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$169.2) M	(\$184.6) M		
2024-25			(\$187.0) M	(\$187.0) M		
2025-26			(\$189.3) M	(\$189.3) M		
2026-27			(\$191.6) M	(\$191.6) M		
2027-28			(\$193.7) M	(\$193.7) M		

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 3/10/2023): The Conference adopted an adjusted estimate. They removed behavioral changes from non-electronic filers. The Conference assumes this applies to returns filed on or after July 1, 2023.

Sales Tax

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(149.5)	(163.1)	0.0	0.0	0.0	0.0	(149.5)	(163.1)
2024-25	(165.2)	(165.2)	0.0	0.0	0.0	0.0	(165.2)	(165.2)
2025-26	(167.2)	(167.2)	0.0	0.0	0.0	0.0	(167.2)	(167.2)
2026-27	(169.2)	(169.2)	0.0	0.0	0.0	0.0	(169.2)	(169.2)
2027-28	(171.1)	(171.1)	0.0	0.0	0.0	0.0	(171.1)	(171.1)

EETF

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(3.9)	(4.3)	3.9	4.3	0.0	0.0	0.0	0.0
2024-25	(4.3)	(4.3)	4.3	4.3	0.0	0.0	0.0	0.0
2025-26	(4.4)	(4.4)	4.4	4.4	0.0	0.0	0.0	0.0
2026-27	(4.5)	(4.5)	4.5	4.5	0.0	0.0	0.0	0.0
2027-28	(4.5)	(4.5)	4.5	4.5	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H
1			Impact Part 1: To The State					
2		FY	Top Level Returns	Location Level Returns	First 60 of Amount Due	Current Collection Allowance	State Impact	
3	2019		4,417,195	5,117,073	\$ 241,552,669.22	\$ (75,943,685.28)	\$ 165,608,983.94	
4	2020		4,549,197	5,244,807	\$ 238,629,964.77	\$ (74,878,327.53)	\$ 163,751,637.24	
5	2021		4,808,405	5,519,433	\$ 247,474,023.71	\$ (78,017,063.61)	\$ 169,456,960.10	
6	2022		5,009,760	5,735,270	\$ 257,537,917.85	\$ (82,285,254.11)	\$ 175,252,663.74	
7	2023 to Jan		3,085,619	3,517,226	\$ 154,042,185.23	\$ (49,183,089.47)	\$ 104,859,095.76	
8								
9			Impact Part 2: Collection Allowance For Education					
10		FY	Top Level Returns	Location Level Returns	First 60 of Amount Due	Collection Allowance For Education	Education Impact	
11	2019		85,022	90,027	\$ 4,875,775.26	\$ (1,111,085.63)	\$ 3,764,689.63	
12	2020		85,636	90,910	\$ 4,902,708.05	\$ (1,119,112.63)	\$ 3,783,595.42	
13	2021		91,926	96,563	\$ 5,203,474.76	\$ (1,200,151.90)	\$ 4,003,322.86	
14	2022		97,297	102,656	\$ 5,582,046.41	\$ (1,348,911.76)	\$ 4,233,134.65	
15	2023 to Jan		57,663	61,452	\$ 3,348,055.23	\$ (808,950.14)	\$ 2,539,105.09	
16								
17			Behavior Change Consideration					
18			Allowance For Education Drop Out Rate				0%	
19			Under Current Cap				0%	
20			At Current Cap				0%	
21			2022 Allowance For Education with First 60				\$ 5,582,046.41	
22			Under Current Cap				\$ 3,834,498.76	
23			At Current Cap				\$ 1,747,547.65	
24			Amount Reclaimed by Taxpayers				\$ -	
25			Under Current Cap				\$ -	
26			At Current Cap				\$ -	
27								
28			FY 2022 Impact					
29		Law	\$ 175,252,663.74					
30		Behavior	\$ (16,764,023.42)					
31			\$ 158,488,640.32					
32								
33			February 2023 Population Growth					
34					Middle Impact			
35					FY	Cash	Recurring	
36		2022	1.64%		2021-22		(\$158.49)M	
37		2023	1.49%		2022-23		(\$160.85)M	
38		2024	1.37%		2023-24	(\$149.47)M	(\$163.05)M	
39		2025	1.31%		2024-25	(\$165.19)M	(\$165.19)M	
40		2026	1.24%		2025-26	(\$167.24)M	(\$167.24)M	
41		2027	1.18%		2026-27	(\$169.21)M	(\$169.21)M	
42		2028	1.12%		2027-28	(\$171.11)M	(\$171.11)M	
43								

In FY22, 70% of returns donating their collection allowance to education were claiming less than the \$30 cap. In aggregate, only about 45% of returns claim less than the cap. This section is built to recognize the possibility that some filers may elect to **stop** donating their collection allowance, increasing the impact to the state. This behavior change would likely occur at an increased magnitude among below-the-cap

First years cash is 11/12th's recurring, recognizing DOR administration in treating a return in accordance with the law at the time the tax was incurred. If the intent is for returns filed in July 2023 to be covered by the language, clarification would be necessary.

	A	B	C	D	E	F	G	H
44								
45		February 2023 Population Growth			Impact to the State			
46					FY	Cash	Recurring	
47		2022	1.64%		2021-22	(\$158.49)M		
48		2023	1.49%		2022-23	(\$160.85)M		
49		2024	1.37%		2023-24	(\$149.47)M	(\$163.05)M	
50		2025	1.31%		2024-25	(\$165.19)M	(\$165.19)M	
51		2026	1.24%		2025-26	(\$167.24)M	(\$167.24)M	
52		2027	1.18%		2026-27	(\$169.21)M	(\$169.21)M	
53		2028	1.12%		2027-28	(\$171.11)M	(\$171.11)M	
54		<p>True growth of this impact is a function of two series:</p> <ul style="list-style-type: none"> The number of returns filed with at least \$60 in tax The volume of tax due on returns with less than \$60 in tax <p>Most growth should be in bullet 1, for which population growth is an adequate proxy.</p>			Impact to DOE			
55					FY	Cash	Recurring	
56					2021-22	\$4.23 M		
57					2022-23	\$4.23 M		
58					2023-24	\$3.93 M	\$4.29 M	
59					2024-25	\$4.35 M	\$4.35 M	
60					2025-26	\$4.40 M	\$4.40 M	
61					2026-27	\$4.45 M	\$4.45 M	
62					2027-28	\$4.50 M	\$4.50 M	
63								
64								
65					Impact to GR			
66					FY	Cash	Recurring	
67					2021-22	(\$162.72)M		
68					2022-23	(\$165.08)M		
69					2023-24	(\$153.40)M	(\$167.34)M	
70					2024-25	(\$169.54)M	(\$169.54)M	
71					2025-26	(\$171.64)M	(\$171.64)M	
72					2026-27	(\$173.66)M	(\$173.66)M	
73					2027-28	(\$175.61)M	(\$175.61)M	