

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Highway Safety Fees

**Issue:** Moveable Tiny Homes License Taxes

**Bill Number(s):** SB 1404/1406 and HB 321/323

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Senator Trumbull and Representative Stevenson

**Month/Year Impact Begins:** 07/01/2023

**Date(s) Conference Reviewed:** 03/17/2023

### Section 1: Narrative

#### a. Current Law:

HB 321/SB1404: Section 320.01, F.S. does not include “moveable tiny homes” among defined terms. Section 320.02, F.S. specifies forms required for certain motor vehicle registrations. Section 320.03, F.S. lists duties of tax collectors regarding collection of license tax. Section 320.05, F.S. directs required recordkeeping for the department and charges fees for receipts of records. Section 320.055, F.S. defines the registration period for motor vehicles. Section 320.0607, F.S. sets rules for lost, stolen, or destroyed validation stickers. Section 320.061, F.S. states that it is illegal to alter the appearance of a vehicle registration certificate, license plate, temporary license plate, mobile home sticker, or validation sticker. Section 320.07, F.S. defines the expiration period of a motor vehicle registration and sets penalties. Section 320.071, F.S. allows for advance registration renewal. Section 320.08, F.S. imposes an annual license tax to be collected upon the registration or renewal of a motor vehicle. Sections 320.0802, 320.0804, and 320.08046, F.S. charge surcharges to be paid with annual registration fees. Section 320.081, F.S. directs the collection and distribution of license tax on all mobile homes, park trailers, and fifth wheel trailers and travel trailers exceeding 35 feet in body length. Section 320.0815, F.S. allows mobile homes and recreational vehicle-type units which are permanently affixed to the land to be issued a “RP sticker.” The RP sticker is issued in lieu of a motor vehicle registration and includes the vehicle in the property owner’s real property assessment. The fee for the RP sticker is \$3 and shall be distributed as follows: \$2.50 retained by the tax collector, \$0.25 remitted to the property appraiser, and \$0.25 remitted to the HSOTF. Section 320.10, F.S. creates a permanent license tag upon payment of a \$3 fee for motor vehicles owned by the federal government. Section 320.13, F.S. creates dealer license plates. Section 320.131, F.S. creates temporary license plates. Section 320.15, F.S. allows for refunds. Section 320.17, F.S. directs the department to determine the classification of motor vehicles. Section 320.18, F.S. allows the department to withhold registration of a motor vehicle. Section 320.19, F.S. states that unpaid license tax constitutes a lien upon a motor vehicle. Section 320.203, F.S. directs the disposition of license tax revenue. Section 320.206, F.S. defines and prohibits counterfeit registrations. Section 320.261, F.S. sets penalties for attaching an unassigned license plate. Section 320.27, F.S. relates to motor vehicle dealers. Section 320.28, F.S. relates to nonresident motor vehicle dealers. Section 320.37, F.S. relates to nonresident registrations. Section 320.71, F.S. relates to nonresident motor vehicle dealers. Section 320.771, F.S. sets license requirement for recreational vehicle dealers. Section 320.781, F.S. charges a \$1 fee for each mobile home and recreational vehicle title. Section 320.822, F.S. defines terms. Section 320.8225, F.S. requires a license for mobile home and recreational dealer importers. Section 320.8245, F.S. limits the modification of mobile homes and recreational vehicles. Section 320.8285, F.S. requires onsite inspection of park trailers. Section 320.8325, F.S. sets installation standards for mobile homes, manufactured homes, and park trailers. Section 320.835, F.S. relates to mobile home and recreational vehicle warranties. Section 212.0601, F.S. requires motor vehicle dealers to pay a \$27 use tax for each dealer license plate purchased. Section 320.06, F.S. relates to requirements for registration license plates. Section 320.133, F.S. relates to requirements for transporter license plates. Section 320.77, F.S. relates to licensing setup operations. Section 320.8249, F.S. relates to mobile home installers licenses.

HB 323/SB1406: Section 320.08, F.S. imposes an annual license tax to be collected upon the registration or renewal of a motor vehicle. Currently, no specific fee is directed to be paid by the owner of a moveable tiny home. There is currently no section of statute directing fees exclusive to moveable tiny home dealers.

#### b. Proposed Change:

HB 321/SB1404: Section 320.01, F.S. defines “moveable tiny homes” as a transportable single unit that has a body width of not more than 14 feet, is built upon a single chassis, and is designed to provide separate year-round living quarters for one family unit with permanent provisions for living, sleeping, eating, cooking, and sanitation when connected to utilities. The exterior design of a moveable tiny home is similar in appearance to a single-family dwelling and is thus distinct from traditional mobile homes and recreational vehicles. Section 320.018, F.S. is created to direct that a moveable tiny home is subject only to a license tax unless classified and taxed as real property. A moveable tiny home is considered real property if it is permanently affixed to the land and the landowner is the same as the moveable tiny home owner. Section 320.0815, F.S. is revised to allow a moveable tiny home to be issued an RP sticker similar to mobile homes and other recreation vehicles. Section 320.772, F.S. is created to set license

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requirements for moveable tiny home dealers. Section 320.781, F.S. is revised to charge a \$1 fee for each moveable tiny home title. Section 320.82315, F.S. is created to establish uniform standards for moveable tiny homes.

Sections 320.02, 320.03, 320.05, 320.055, 320.0607, 320.061, 320.07, 320.071, 320.08(12), 320.0802, 320.0804, 320.08046, 320.081, 320.10, 320.13, 320.131, 320.15, 320.17, 320.18, 320.19, 320.203, 320.206, 320.261, 320.27, 320.28, 320.37, 320.71, 320.771, 320.822, 320.8225, 320.8245, 320.8285, 320.8325, 320.835, 212.0601, 320.06, 320.133, 320.77, and 320.8249 F.S. are revised to conform to other changes made in the bills.

HB 323/SB1406: Section 320.08, F.S. is revised to impose an annual license tax to be collected upon the registration or renewal of a moveable tiny home as follows: \$20 if the moveable tiny home's length is 35 feet or less, \$35 if the moveable tiny home's length is between 36 feet and 55 feet, and \$45 if the moveable tiny home's length 56 feet or greater. These license tax fees are to be distributed as follows: \$1.50 into the General Revenue Fund, \$1.00 into the Mobile Home Relocation Trust Fund (MHRTF), and the remainder paid to the respective city and county where the unit is located. Section 320.772, F.S., as created by HB 323/SB1406, imposes the following fees on moveable tiny home dealers: cost reimbursement for submission of fingerprinting to the Florida Department of Law Enforcement and Federal Bureau of Investigation to be paid into the Highway Safety Operating Trust Fund (HSOTF), application fee of \$300 for the first year and \$100 for each subsequent year to be paid into GR, \$25 change of location fee to be paid into GR, cost reimbursement for submission of each original, additional, or replacement computerized card signifying dealer license certification to be paid into the HSOTF, and \$50 for each subsequent business license to be deposited into GR.

### Section 2: Description of Data and Sources

Highway Safety REC held 02/23/23 and history

2023 DOR Agency Bill Analysis for HB 321 prepared 02/03/2023

2023 HSMV Agency Bill Analysis for HB 321 prepared 02/10/2023

<https://www.facebook.com/groups/TinyHouseFL/>

<https://dos.myflorida.com/sunbiz/>

<https://tinyhomeindustryassociation.org/>

<https://codes.iccsafe.org/content/FLRC2020P1/appendix-q-tiny-houses>

<https://www.curtmfg.com/trailer-weight>

<https://www.tinyheirloom.com>

### Section 3: Methodology (Include Assumptions and Attach Details)

MVL Base Tag Fee Impact (section 1 of HB 323 and SB 1406; section 19 of HB 321 and SB 1404)

Changes to base tag fees made in the bills will have a positive impact on GR, a positive impact on the MHRTF, a positive impact on local governments, and a negative impact on the State Transportation Trust Fund (STTF). According to HSMV staff, moveable tiny homes are currently registered as trailers for private use over 500 lbs. These vehicles pay a base tag fee of \$3.50 flat plus \$1 per CWT (100 lbs.), both of which are deposited into the STTF. Please note that for the per weight charge, only the trailer which carries the tiny home is weighed. With these bills, moveable tiny homes no longer register as trailers for private use over 500 lbs. Instead, they would be registered under a new section and would pay either \$20, \$35, or \$45 depending upon length. These fees would not be deposited into the STTF. Instead, the first \$1.50 is deposited into GR, the next \$1.00 is deposited into the MHRTF, and the remainder is paid to the city and county where the unit is located.

The Highway Safety REC history file was used to pull annual and biennial registrations of trailers for private use over 500 lbs. for FY's 2009-10 through 2021-22. An unknown number of moveable tiny homes is contained within this data set. Looking at the recent history of moveable tiny homes, most of the activity occurred after calendar year 2017 (numerous reality TV shows popularized and gave exposure to "tiny home living" in the preceding years). As further confirmation of this assumption, numerous tiny home sellers, manufacturers, and communities were researched on Sunbiz. It was difficult to find one with an establishment date earlier than calendar year 2017. Thus, the FY 2021-22 total was compared to the FY 2015-16 total to narrow the data set down to 346,215 trailers for private use. In the low scenario, 5% of this growth represents moveable tiny homes, or 17,311. This number is consistent with the membership of the Florida Tiny House Enthusiast Facebook group. The middle scenario assumes 15% of the FY 2015-16 to 2021-22 growth is from moveable tiny homes while the high scenario assumes 30%.

Using the REC history and the high/middle/low assumptions listed above generates a present day base of tiny homes. For the FY 2023-24 through FY 2027-28 forecast, the low scenario uses the growth rate for trailers for private use over 500 lbs. The middle

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scenario uses the Other Vehicles growth rate. The high scenario uses the Heavy Trucks growth rate. The FY 2021-22 annual vs biennial rate was used to calculate a 15.6% reduction to the first year's cash analysis in all three scenarios. With a forecasted number of moveable tiny homes, the current fees, new fees, and related fund distributions were applied to generate forecasts of collection gains and losses. When calculating the current per weight charge that will be lost, the three scenarios made the following assumptions regarding trailer weight: the low scenario assumed 6,700 lbs. – the recommended trailer size to carry a large travel trailer, the middle scenario assumed 7,300 lbs. – the recommended trailer size to carry a large livestock trailer, and the high scenario assumed 10,150 lbs. – the average of the recommended trailer sizes to carry a toy hauler and 5<sup>th</sup> wheel camper. In all three scenarios, it is assumed that 68.6% of moveable tiny home's lengths are 35 feet or less, 27.5% are between 36 and 55 feet, and 3.9% are over 55 feet. These percentages are based on viewing 51 listings of tiny homes for sale in Florida.

### \$1 Title Fee Impact (section 37 of HB 321 and SB 1404)

The bills make revisions to section 320.781, F.S. so that a \$1 title fee for each new mobile home and recreational vehicle also applies to each new moveable tiny home. This fee is to be deposited into the Motor Home and Recreational Vehicle Protection Trust Fund (MHRVPTF). Based on the total number of active moveable tiny home registrations calculated in the above high, middle, and low scenarios, it is unlikely that the fee generated from a \$1 fee on only new registrations would reach the \$100,000 significance threshold. Therefore, the impact to State Trust caused by this section is positive insignificant.

### Dealer Fees (section 2 of HB 323 and SB 1406)

The bill would require numerous dealer fees to be charged to sellers of moveable tiny homes. These fees include cost reimbursement for submission of fingerprinting to the Florida Department of Law Enforcement and Federal Bureau of Investigation to be paid into the HSOTF, an application fee of \$300 for the first year and \$100 for each subsequent year to be paid into GR, a \$25 change of location fee to be paid into GR, a cost reimbursement for submission of each original, additional, or replacement computerized card signifying dealer license certification to be paid into the HSOTF, and \$50 for each subsequent business license to be deposited into GR. These new fees will result in a positive insignificant impact to GR and State Trust. The impact is insignificant because the total number of dealers is unlikely to be large enough to result in dealer fee collections exceeding \$100,000 relative to present day.

## Section 4: Proposed Fiscal Impact

### MVL Base Tag Fee Impact (section 1 of HB 323 and SB 1406; section 19 of HB 321 and SB 1404)

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.1	0.2	0.1	0.1	*	*
2024-25	0.2	0.2	0.1	0.1	*	*
2025-26	0.2	0.2	0.1	0.1	*	*
2026-27	0.2	0.2	0.1	0.1	*	*
2027-28	0.2	0.2	0.1	0.1	*	*

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(8.9)	(11.0)	(3.2)	(4.0)	(1.0)	(1.2)
2024-25	(11.3)	(11.3)	(4.0)	(4.0)	(1.2)	(1.2)
2025-26	(11.4)	(11.4)	(4.0)	(4.0)	(1.2)	(1.2)
2026-27	(11.6)	(11.6)	(4.0)	(4.0)	(1.2)	(1.2)
2027-28	(11.7)	(11.7)	(4.1)	(4.1)	(1.2)	(1.2)

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Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	2.0	2.5	1.0	1.2	0.3	0.4
2024-25	2.5	2.5	1.2	1.2	0.4	0.4
2025-26	2.5	2.5	1.2	1.2	0.4	0.4
2026-27	2.6	2.6	1.2	1.2	0.4	0.4
2027-28	2.6	2.6	1.2	1.2	0.4	0.4

## \$1 Title Fee Impact (section 37 of HB 321 and SB 1404)

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

## Dealer Fees Impact (section 2 of HB 323 and SB 1406)

GR, Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			*	*		
2024-25			*	*		
2025-26			*	*		
2026-27			*	*		
2027-28			*	*		

## Revenue Distribution:

GR, HSOTF, MHRTF, Local, STTF, MHRVPTF,

## Section 5: Consensus Estimate (Adopted: 03/17/2023): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.1	0.1	(3.2)	(4.0)	1.0	1.2	(2.1)	(2.7)
2024-25	0.1	0.1	(4.0)	(4.0)	1.2	1.2	(2.7)	(2.7)
2025-26	0.1	0.1	(4.0)	(4.0)	1.2	1.2	(2.7)	(2.7)
2026-27	0.1	0.1	(4.0)	(4.0)	1.2	1.2	(2.7)	(2.7)
2027-28	0.1	0.1	(4.1)	(4.1)	1.2	1.2	(2.8)	(2.8)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Trailers for Private Use Over 500 lbs. (Other17)													
2		Annual	PY Biennial	Total	# change	% change		Base # of Moveable Tiny Homes Calculation						
3	History							Additional Trailers since FY 2015-16			346,215			
4	2009-10	752,005	57,726	809,731				Low	5%		17,311			
5	2010-11	712,968	107,958	820,926	11,195	1.38%		Middle	15%		51,932			
6	2011-12	760,445	49,697	810,142	(10,784)	-1.31%		High	30%		103,865			
7	2012-13	761,305	52,535	813,840	3,698	0.46%								
8	2013-14	789,614	52,166	841,780	27,940	3.43%								
9	2014-15	856,612	40,605	897,217	55,437	6.59%		Forecasted Number of Tiny Homes						
10	2015-16	860,877	80,484	941,361	44,144	4.92%		Low						
11	2016-17	900,876	88,083	988,959	47,598	5.06%		#	% change		Middle	% change	High	% change
12	2017-18	930,137	112,565	1,042,702	53,743	5.43%		2022-23	17,311		51,932		103,865	
13	2018-19	963,128	123,073	1,086,201	43,499	4.17%		2023-24	17,456	0.84%	52,171	0.46%	105,171	1.26%
14	2019-20	984,422	144,955	1,129,377	43,176	3.97%		2024-25	17,411	-0.26%	52,410	0.46%	107,614	2.32%
15	2020-21	1,090,138	152,446	1,242,584	113,207	10.02%		2025-26	17,324	-0.50%	52,648	0.46%	108,877	1.17%
16	2021-22	1,086,978	200,598	1,287,576	44,992	3.62%		2026-27	17,237	-0.50%	52,768	0.23%	110,099	1.12%
17	Forecast							2027-28	17,144	-0.54%	53,006	0.45%	111,194	0.99%
18	2022-23	1,086,978	212,793	1,299,771	12,195	0.95%		Note: Growth rates are Other17 for Low, Other Vehicles for Middle, Heavy Trucks for High						
19	2023-24	1,097,848	212,793	1,310,640	10,870	0.84%		1st Year Biennial % Deduction			Tiny Home Length Calculation			
20	2024-25	1,092,359	214,920	1,307,279	(3,361)	-0.26%		Biennial	200,598		Length	Listings	%	
21	2025-26	1,086,897	213,846	1,300,743	(6,536)	-0.50%		Total	1,287,576		Under 35	35	68.6%	
22	2026-27	1,081,462	212,777	1,294,239	(6,504)	-0.50%		%	15.6%		35-54	14	27.5%	
23	2027-28	1,075,514	211,713	1,287,227	(7,012)	-0.54%					55 +	2	3.9%	
24														
25	Low Estimate: Tiny Homes are 5% of Growth in Trailers for Private Use Since FY 16; Other17 (Trailers for Private Use) Growth Rate; Trailer Weight = 6,700 lbs													
26		Current to STTF			Proposed to GR, MHRTF, and Local									
27		#	Flat Fee	CWT @ 2,500 lbs	Total	Total Collected				GR	MHRTF	Local		
28				6,700		68.6%	27.5%	3.9%	Total					
29	2023-24	17,456	\$ 61,095	\$ 1,169,537	\$ 1,248,087	\$ 239,589	\$ 167,712	\$ 30,804	\$ 438,106	\$ 26,184	\$ 17,456	\$ 394,466		
30	2024-25	17,411	\$ 60,939	\$ 1,166,537	\$ 1,244,887	\$ 238,975	\$ 167,282	\$ 30,725	\$ 436,982	\$ 26,117	\$ 17,411	\$ 393,454		
31	2025-26	17,324	\$ 60,634	\$ 1,160,704	\$ 1,238,662	\$ 237,780	\$ 166,446	\$ 30,572	\$ 434,797	\$ 25,986	\$ 17,324	\$ 391,487		
32	2026-27	17,237	\$ 60,331	\$ 1,154,901	\$ 1,232,469	\$ 236,591	\$ 165,614	\$ 30,419	\$ 432,623	\$ 25,856	\$ 17,237	\$ 389,530		
33	2027-28	17,144	\$ 60,004	\$ 1,148,644	\$ 1,225,792	\$ 235,309	\$ 164,716	\$ 30,254	\$ 430,279	\$ 25,716	\$ 17,144	\$ 387,419		
34														
35	Middle Estimate: Tiny Homes are 15% of Growth in Trailers for Private Use Since FY 16; Other Vehicles Growth Rate; Trailer Weight = 7,300 lbs													
36		Current to STTF			Proposed to GR, MHRTF, and Local									
37		#	Flat Fee	CWT @ 2,500 lbs	Total	Total Collected				GR	MHRTF	Local		
38				7,300		68.6%	27.5%	3.9%	Total					
39	2023-24	52,171	\$ 182,598	\$ 3,808,466	\$ 4,043,235	\$ 716,069	\$ 501,249	\$ 112,525	\$ 1,329,843	\$ 78,256	\$ 52,171	\$ 1,199,416		
40	2024-25	52,410	\$ 183,433	\$ 3,825,896	\$ 4,061,739	\$ 719,347	\$ 503,543	\$ 113,040	\$ 1,335,929	\$ 78,614	\$ 52,410	\$ 1,204,906		
41	2025-26	52,648	\$ 184,269	\$ 3,843,326	\$ 4,080,244	\$ 722,624	\$ 505,837	\$ 113,555	\$ 1,342,016	\$ 78,972	\$ 52,648	\$ 1,210,395		
42	2026-27	52,768	\$ 184,687	\$ 3,852,041	\$ 4,089,496	\$ 724,262	\$ 506,984	\$ 113,813	\$ 1,345,059	\$ 79,152	\$ 52,768	\$ 1,213,139		
43	2027-28	53,006	\$ 185,523	\$ 3,869,471	\$ 4,108,000	\$ 727,540	\$ 509,278	\$ 114,328	\$ 1,351,145	\$ 79,510	\$ 53,006	\$ 1,218,629		
44														
45	High Estimate: Tiny Homes are 30% of Growth in Trailers for Private Use Since FY 16; Heavy Truck Growth Rate; Trailer Weight = 10,150 lbs													
46		Current to STTF			Proposed to GR, MHRTF, and Local									
47		#	Flat Fee	CWT @ 2,500 lbs	Total	Total Collected				GR	MHRTF	Local		
48				10,150		68.6%	27.5%	3.9%	Total					
49	2023-24	105,171	\$ 368,097	\$ 10,674,824	\$ 11,148,092	\$ 1,443,519	\$ 1,010,463	\$ 268,082	\$ 2,722,065	\$ 157,756	\$ 105,171	\$ 2,459,138		
50	2024-25	107,614	\$ 376,648	\$ 10,922,778	\$ 11,407,039	\$ 1,477,049	\$ 1,033,934	\$ 274,309	\$ 2,785,293	\$ 161,420	\$ 107,614	\$ 2,516,259		
51	2025-26	108,877	\$ 381,070	\$ 11,051,030	\$ 11,540,977	\$ 1,494,392	\$ 1,046,074	\$ 277,530	\$ 2,817,997	\$ 163,316	\$ 108,877	\$ 2,545,804		
52	2026-27	110,099	\$ 385,345	\$ 11,175,006	\$ 11,670,450	\$ 1,511,157	\$ 1,057,810	\$ 280,643	\$ 2,849,610	\$ 165,148	\$ 110,099	\$ 2,574,364		
53	2027-28	111,194	\$ 389,178	\$ 11,286,158	\$ 11,786,529	\$ 1,526,188	\$ 1,068,331	\$ 283,435	\$ 2,877,954	\$ 166,791	\$ 111,194	\$ 2,599,970		
54														
55	Low													
56		GR		Trust		Local								
57		Cash	Recurring	Cash	Recurring	Cash	Recurring							
58	2023-24	\$ 21,183	\$ 26,184	\$ (995,618)	\$ (1,230,632)	\$ 319,135	\$ 394,466							
59	2024-25	\$ 26,117	\$ 26,117	\$ (1,227,476)	\$ (1,227,476)	\$ 393,454	\$ 393,454							
60	2025-26	\$ 25,986	\$ 25,986	\$ (1,221,338)	\$ (1,221,338)	\$ 391,487	\$ 391,487							
61	2026-27	\$ 25,856	\$ 25,856	\$ (1,215,232)	\$ (1,215,232)	\$ 389,530	\$ 389,530							
62	2027-28	\$ 25,716	\$ 25,716	\$ (1,208,648)	\$ (1,208,648)	\$ 387,419	\$ 387,419							
63														
64	Middle													
65		GR		Trust		Local								
66		Cash	Recurring	Cash	Recurring	Cash	Recurring							
67	2023-24	\$ 63,312	\$ 78,256	\$ (3,228,889)	\$ (3,991,064)	\$ 970,363	\$ 1,199,416							
68	2024-25	\$ 78,614	\$ 78,614	\$ (4,009,329)	\$ (4,009,329)	\$ 1,204,906	\$ 1,204,906							
69	2025-26	\$ 78,972	\$ 78,972	\$ (4,027,595)	\$ (4,027,595)	\$ 1,210,395	\$ 1,210,395							
70	2026-27	\$ 79,152	\$ 79,152	\$ (4,036,728)	\$ (4,036,728)	\$ 1,213,139	\$ 1,213,139							
71	2027-28	\$ 79,510	\$ 79,510	\$ (4,054,994)	\$ (4,054,994)	\$ 1,218,629	\$ 1,218,629							
72														
73	High													
74		GR		Trust		Local								
75		Cash	Recurring	Cash	Recurring	Cash	Recurring							
76	2023-24	\$ 127,629	\$ 157,756	\$ (8,934,052)	\$ (11,042,922)	\$ 1,989,516	\$ 2,459,138							
77	2024-25	\$ 161,420	\$ 161,420	\$ (11,299,425)	\$ (11,299,425)	\$ 2,516,259	\$ 2,516,259							
78	2025-26	\$ 163,316	\$ 163,316	\$ (11,432,100)	\$ (11,432,100)	\$ 2,545,804	\$ 2,545,804							
79	2026-27	\$ 165,148	\$ 165,148	\$ (11,560,351)	\$ (11,560,351)	\$ 2,574,364	\$ 2,574,364							
80	2027-28	\$ 166,791	\$ 166,791	\$ (11,675,336)	\$ (11,675,336)	\$ 2,599,970	\$ 2,599,970							

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Lottery - EETF

**Issue:** Lottery Retailer Compensation

**Bill Number(s):** SB 1488

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Mooney

**Month/Year Impact Begins:** July 2023

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

- a. Current Law:** Section 24.105(15), F.S., authorizes the Lottery to contract with retailers to sell terminal (draw) and instant (scratch-off) tickets. Section 24.115(1)(e), F.S., authorizes retailers to pay prizes less than \$600 to winners at their retail location. Section 24.105(9)(i), F.S., authorizes the Lottery to adopt rules regarding the compensation of retailers for selling lottery tickets and sets the FY 2022-23 sales commission rate for Lottery retailers at 5.75% of sales on both draw and scratch-off ticket sales. Section 24.105(9)(i), F.S., also limits other retailer compensation to the Florida Lottery Retailer Bonus Commission program appropriated in Specific Appropriation 2759U of the 2022-23 General Appropriations Act.

#### Retailer Compensation Structure

Prior to FY 2022 – 23, Lottery retailers earned a 5% sales commission on the sale of all lottery tickets and a 1% cashing bonus commission on prizes paid by the retailer (under \$600) at their retail location. Retailers were also eligible for retailer incentive promotions that are provided to retailers as bonus commissions or promotional prizes. These types of commissions are funded through a specific retailer incentive appropriation category found in the Lottery's approved budget.

During FY 2022 – 23, pursuant to amendments to chapter 24, F.S., and rule 53ER22-30, F.A.C, the sales commission rate earned by Lottery retailers was increased from 5% to 5.75% on the sale of all lottery tickets. The amendments eliminated the Lottery's ability to provide retailers the 1% cashing bonus commission by restricting all *other retailer compensation* with the exception of the Florida Lottery Retailer Bonus Commission program which includes retailer incentive promotions that are provided to retailers as bonus commissions or promotional prizes.

- b. Proposed Change:** Section 24.105(9)(i), F.S., is modified to set the sales commission rate for Lottery retailers at 6% for both draw and scratch-off ticket sales. The limitation on other retailer compensation is removed, thereby allowing the Lottery discretion to implement additional forms of retailer compensation such as the 1% cashing bonus commission which was in effect in FY 2021-22. The department has yet to make a determination on the additional 1% cashing bonus commission for FY 2023-24.

### Section 2: Description of Data and Sources

The Lottery currently contracts with over 13,400 retailers around the state to sell draw and scratch-off tickets. Retailers receive a flat 5.75% commission on all sales. There is no cap on the amount of sales commission a retailer can receive – the more a retailer sells, the more the retailer receives in commissions.

### Section 3: Methodology (Include Assumptions and Attach Details)

The retailer commission rate prior to FY 22-23 was 5%. Additionally, the retailers earned 1% cashing bonus commission for winning ticket payouts paid at location. The blended retailer commission rate for the base commission and the cashing bonus commission was 5.6%. For Fiscal Years 2023-24 and thereafter, the estimates adopted by the Revenue Estimating Conference assume a blended retailer commission rate of 5.6%.

Middle:

The middle scenario calculates the retailer commissions at the 6% rate proposed by the bill for ticket sales forecasted at the Feb 2023 Revenue Estimating Conference.

High:

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Lottery - EETF

**Issue:** Lottery Retailer Compensation

**Bill Number(s):** SB 1488

The high scenario assumes that the Department of Lottery will re-initiate a 1% cashing bonus commission in addition to the 6% retailer commission rate in the bill. The cashing bonus commission will increase the retailer commissions and the blended retailer commission rate for the base and the cashing bonus will be 6.6%. The retailer commissions on the tickets sales forecasted at the Feb 2023 REC are calculated at 6.6% rate for the high scenario.

The increase in the retailer commissions rate in both scenarios reduces the Department of Lottery transfer to Educational Enhancement Trust Fund from lottery ticket sales.

### Section 4: Proposed Fiscal Impact

#### List affected Trust Funds: Educational Enhancement Trust Fund

Impact to the EETF from Retailer Commissions Rates	High Retailer Commissions Increase to 6.6%		Middle Retailer Commissions Increase to 6%	
	Cash	Recurring	Cash	Recurring
2023-24	(92.8)	(92.8)	(37.1)	(37.1)
2024-25	(94.7)	(94.7)	(37.9)	(37.9)
2025-26	(95.8)	(95.8)	(38.3)	(38.3)
2026-27	(96.8)	(96.8)	(38.7)	(38.7)
2027-28	(97.5)	(97.5)	(39.0)	(39.0)

#### Revenue Distribution: Educational Enhancement Trust Fund

**Section 5: Consensus Estimate (Adopted: 03/17/2023):** The Conference adopted the middle for the increase in retailer commissions and a 0/negative indeterminate impact for the removal of the restriction on other types of retailer compensation.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	(37.1)	(37.1)	0.0	0.0	(37.1)	(37.1)
2024-25	0.0	0.0	(37.9)	(37.9)	0.0	0.0	(37.9)	(37.9)
2025-26	0.0	0.0	(38.3)	(38.3)	0.0	0.0	(38.3)	(38.3)
2026-27	0.0	0.0	(38.7)	(38.7)	0.0	0.0	(38.7)	(38.7)
2027-28	0.0	0.0	(39.0)	(39.0)	0.0	0.0	(39.0)	(39.0)

Florida Lottery  
Retailer Commissions Analysis  
Based on REC Adopted Sales and EETF Transfers

February 2023 Forecast-5.6%					2023-24	2024-25	2025-26	2026-27	2027-28
Instant Game Sales (Scratch + Fast Play)					7,201.03	7,241.09	7,349.71	7,445.25	7,534.59
Terminal Game Sales					2,246.48	2,251.14	2,256.66	2,262.43	2,268.41
EETF transfer due from current year ticket sales and other income					2,306.97	2,316.96	2,340.82	2,362.20	2,382.46
less collection lag loss					-38.60	-44.52	-50.38	-57.16	-69.07
plus collection lag gain from prior year					72.34	38.60	44.52	50.38	57.16
Due to EETF from Lottery Receipts					2,340.71	2,311.03	2,334.96	2,355.42	2,370.56
adjustment for estimated true-up payment in next fiscal year					-7.50	-7.50	-7.50	-7.50	-7.50
adjustment for delayed June transfer*									
Distribution to EETF from Lottery Receipts					2,333.2	2,303.5	2,327.5	2,347.9	2,363.1

February 2023 Forecast-6%					2023-24	2024-25	2025-26	2026-27	2027-28
Instant Game Sales (Scratch + Fast Play)					7,201.03	7,241.09	7,349.71	7,445.25	7,534.59
Terminal Game Sales					2,246.48	2,251.14	2,256.66	2,262.43	2,268.41
EETF transfer due from current year ticket sales and other income					2,269.18	2,278.99	2,302.39	2,323.37	2,343.25
less collection lag loss					-37.93	-43.74	-49.50	-56.16	-67.86
plus collection lag gain from prior year					72.34	37.93	43.74	49.50	56.16
Due to EETF from Lottery Receipts					2,303.59	2,273.17	2,296.64	2,316.71	2,331.56
adjustment for estimated true-up payment in next fiscal year					-7.50	-7.50	-7.50	-7.50	-7.50
adjustment for delayed June transfer*									
Distribution to EETF from Lottery Receipts					2,296.1	2,265.7	2,289.1	2,309.2	2,324.1

February 2023 Forecast-6.6%						2023-24	2024-25	2025-26	2026-27	2027-28	
Instant Game Sales (Scratch + Fast Play)						7,201.03	7,241.09	7,349.71	7,445.25	7,534.59	
Terminal Game Sales						2,246.48	2,251.14	2,256.66	2,262.43	2,268.41	
EETF transfer due from current year ticket sales and other income						2,212.50	2,222.03	2,244.75	2,265.13	2,284.43	
less collection lag loss						-36.92	-42.57	-48.17	-54.66	-66.04	
plus collection lag gain from prior year						72.34	36.92	42.57	48.17	54.66	
Due to EETF from Lottery Receipts						2,247.91	2,216.38	2,239.15	2,258.64	2,273.05	
adjustment for estimated true-up payment in next fiscal year						-7.50	-7.50	-7.50	-7.50	-7.50	
adjustment for delayed June transfer*											
Distribution to EETF from Lottery Receipts						2,240.4	2,208.9	2,231.7	2,251.1	2,265.6	
					Middle	6.00%	(37.1)	(37.9)	(38.3)	(38.7)	(39.0)
					High	6.60%	(92.8)	(94.7)	(95.8)	(96.8)	(97.5)



Florida Lottery  
Retailer Commissions Analysis

Transfers to EETF	Feb 2023 Adopted REC EETF Transfers	High 6.6%	Difference from 5.6%	Middle 6%	Difference from 5.6%
2023-24	2,333.2	2,240.4	(92.8)	2,296.1	(37.1)
2024-25	2,303.5	2,208.9	(94.7)	2,265.7	(37.9)
2025-26	2,327.5	2,231.7	(95.8)	2,289.1	(38.3)
2026-27	2,347.9	2,251.1	(96.8)	2,309.2	(38.7)
2027-28	2,363.1	2,265.6	(97.5)	2,324.1	(39.0)
Retailer Commissions	Feb 2023 REC Projected Total Sales	High 6.6%	Difference from 5.6%	Middle 6%	Difference from 5.6%
2023-24	9,447.5	623.5	(94.4)	566.9	(37.8)
2024-25	9,492.2	626.5	(94.9)	569.5	(37.9)
2025-26	9,606.4	634.0	(96.1)	576.4	(38.4)
2026-27	9,707.7	640.7	(97.1)	582.5	(38.8)
2027-28	9,803.0	647.0	(98.0)	588.2	(39.2)

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Sales Tax on Aircraft Sales and Leases

**Bill Number(s):** SB 1050

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Senator Wright

**Month/Year Impact Begins:** July 1, 2023

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

- a. **Current Law:** There is currently no maximum tax to be paid on the sales of aircraft. Aircraft sales or leases. —The sale or lease of a qualified aircraft or an aircraft of more than 15,000 pounds maximum certified takeoff weight for use by a common carrier is exempt from the tax imposed by this chapter. As used in this paragraph, "common carrier" means an airline operating under Federal Aviation Administration regulations contained in Title 14, chapter I, part 121 or part 129 of the Code of Federal Regulations.
- b. **Proposed Change:** New language would allow for a \$4,000 maximum amount of tax that can be paid on each sale or use of an aircraft. New language would also exempt aircraft with 12,500 lbs. maximum certified takeoff weight and under from taxes as well as bring the previously exempt "common carrier" aircraft into taxable sales.

### Section 2: Description of Data and Sources

2020 aircraft for defense contracts impact analysis.

2023 D&VD data from DOR

2021 SUT rolls for Kind code 27

Market research

### Section 3: Methodology (Include Assumptions and Attach Details)

The starting point for this analysis was to bring in activity from Kind code 27 which includes aircraft sales and leasing. It was determined in a previous conference that 45% of the activity within Kind code 27 was not related to sales or leases and for that reason a reduction factor was added. From there Discovery and Voluntary Disclosure data was added to kind code 27 data to give us a potential affected tax base. Because planes with 12,500 lbs. certified takeoff weight and below become exempt a lower bound and upper bound price cutoff was established to represent the shift from 12,500 lbs. to over the exempt threshold. For the upper bound price 4.2 million was used as a cutoff point for planes over 12,500 lbs. takeoff weight which results in a tax reduction of 98.4% for the Lower 1.1 million was used to represent the cheapest aircraft over 12,500 lbs. takeoff we could find listed which resulted in a 93.9% reduction in tax. Because the proposed language would drag in previously tax-exempt aircraft benefitting from the current common carrier exemption, an addback factor was introduced to represent previously exempt aircraft that would now be taxed at \$4,000. Exempt sales were pulled from kind code 27 and an additional reduction factor was added to account for nonresident sales in the kind code. An average price of 75 million per plane was used to get to a potential number of planes bought by common carriers that would become newly taxable which comes out to about 16 planes a year resulting in \$62,117 in addback for 2021-22. The addback portion as well as the potential tax base was grown by other durables rates from the REC. Due to the July 1, 2023, begin date the first-year cash is equal to 11/12 recurring.

An impact analysis from 2020 based on aircraft being brought in for defense contracts is closely related to this bill in the sense there is a provision for unassembled parts that would be built into aircraft upon arrival in the state. The conference decided on an indeterminate impact for the aircraft parts being brought into the state to be built but could possibly result in a larger impact for this issue.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Sales Tax on Aircraft Sales and Leases

**Bill Number(s):** SB 1050

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(24.3 M)	\$(26.5 M)	\$(23.2 M)	\$(25.3 M)		
2024-25	\$(27.0 M)	\$(27.0 M)	\$(25.8 M)	\$(25.8 M)		
2025-26	\$(27.4 M)	\$(27.4 M)	\$(26.1 M)	\$(26.1 M)		
2026-27	\$(27.3 M)	\$(27.3 M)	\$(26.1 M)	\$(26.1 M)		
2027-28	\$(27.5 M)	\$(27.5 M)	\$(26.3 M)	\$(26.3 M)		

**Revenue Distribution:** Sales and Use Tax

### Section 5: Consensus Estimate (Adopted: 03/17/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(20.5)	(22.4)	(Insignificant)	(Insignificant)	(0.7)	(0.8)	(2.0)	(2.1)
2024-25	(22.8)	(22.8)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.2)	(2.2)
2025-26	(23.1)	(23.1)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.2)	(2.2)
2026-27	(23.1)	(23.1)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.2)	(2.2)
2027-28	(23.3)	(23.3)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.2)	(2.2)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(23.2)	(25.3)	(2.8)	(3.1)	(26.0)	(28.4)
2024-25	(25.8)	(25.8)	(3.1)	(3.1)	(28.9)	(28.9)
2025-26	(26.1)	(26.1)	(3.2)	(3.2)	(29.3)	(29.3)
2026-27	(26.1)	(26.1)	(3.2)	(3.2)	(29.3)	(29.3)
2027-28	(26.3)	(26.3)	(3.2)	(3.2)	(29.5)	(29.5)

Annual Sales Tax Data Kind Code 27				
Fiscal Year		Sales Tax Collected	Taxable Sales	Exempt Sales
2020-21		\$ 22,597,420	\$ 340,864,170	\$ 2,845,348,401
2021-22		\$ 21,753,598	\$ 283,964,123	\$ 3,257,934,060
Reduction Factor (Non-Sales or Lease and nonresident sales%)				
2021-22 Tax collected (C4*1-D5)		\$ 11,964,479	\$ 156,180,268	\$ 1,791,863,733

Historic Discovery Data				
Year	Liability Amount (Voluntary Disclosure)	Liability Amount (Discovery)	Liability (Total)	
2015-16	\$ 2,311,163	\$ 8,462,067	\$ 10,773,230	
2016-17	\$ 6,589,063	\$ 6,285,061	\$ 12,874,123	
2017-18	\$ 6,095,203	\$ 4,959,697	\$ 11,054,900	
2018-19	\$ 8,156,652	\$ 9,935,705	\$ 18,092,357	
2019-20	\$ 8,822,102	\$ 7,949,600	\$ 16,771,702	
2020-21	\$ 7,040,882	\$ 5,899,881	\$ 12,940,764	
2021-22	\$ 10,878,714	\$ 14,728,259	\$ 25,606,973	
2022-23	\$ 3,604,975	\$ 9,025,975	\$ 12,630,950	
average of 3 complete years	\$ 7,174,857	\$ 9,884,705	\$ 17,059,562	

Historic Discovery Data (Converted to Tax Base)				
Year	Liability Amount (Voluntary Disclosure)	Liability Amount (Discovery)	Liability (Total)	
2015-16	\$ 38,519,378.33	\$ 141,034,454.00	\$ 179,553,832.33	
2016-17	\$ 109,817,708.50	\$ 104,751,015.33	\$ 214,568,723.83	
2017-18	\$ 101,586,724.50	\$ 82,661,608.67	\$ 184,248,333.17	
2018-19	\$ 135,944,198.00	\$ 165,595,088.50	\$ 301,539,286.50	
2019-20	\$ 147,035,035.33	\$ 132,493,333.33	\$ 279,528,368.67	
2020-21	\$ 117,348,041.17	\$ 98,331,354.67	\$ 215,679,395.83	
2021-22	\$ 181,311,902.83	\$ 245,470,975.17	\$ 426,782,878.00	
2022-23	\$ 60,082,911.67	\$ 150,432,923.17	\$ 210,515,834.83	
average of 3 complete years	\$ 119,580,951.89	\$ 164,745,084.33	\$ 284,326,036.22	

Tax Base numbers used below				
	Growth rate for Other Durables	kind code 27 base	3 Year average of Voluntary Disclosure data	3 Year average of Discovery data
2021-22		\$ 199,407,978	\$ 119,580,952	\$ 164,745,084
2022-23	-4.7%	\$ 190,035,803	\$ 113,960,647	\$ 157,002,065
2023-24	-2.3%	\$ 185,664,979	\$ 111,339,552	\$ 153,391,018
2024-25	1.8%	\$ 189,006,949	\$ 113,343,664	\$ 156,152,056
2025-26	1.3%	\$ 191,464,039	\$ 114,817,132	\$ 158,182,033
2026-27	-0.2%	\$ 191,081,111	\$ 114,587,498	\$ 157,865,669
2027-28	0.8%	\$ 192,609,760	\$ 115,504,198	\$ 159,128,594

Lower bound cutoff price for >12,500 takeoff weight		
Weighted Average price Per plane	\$	1,100,000
Current Tax Paid	\$	66,000
Tax under proposed law	\$	4,000
% reduction in tax		-93.9%
Upper bound cutoff price for >12,500 takeoff weight		
Weighted Average price Per plane	\$	4,200,000
Current Tax Paid	\$	252,000
Tax under proposed law	\$	4,000
% reduction in tax		-98.4%

	Tax Base Totals		Tax Collection 6%	
	High	Middle	High	Middle
2023-24	\$ (443,246,414)	\$ (423,098,850)	\$ (26,594,785)	\$ (25,385,931)
2024-25	\$ (451,224,849)	\$ (430,714,629)	\$ (27,073,491)	\$ (25,842,878)
2025-26	\$ (457,090,772)	\$ (436,313,919)	\$ (27,425,446)	\$ (26,178,835)
2026-27	\$ (456,176,591)	\$ (435,441,291)	\$ (27,370,595)	\$ (26,126,477)
2027-28	\$ (459,826,004)	\$ (438,924,822)	\$ (27,589,560)	\$ (26,335,489)

addback from previously exempt "common carrier" aircraft

**Exempt Sales (after 45% reduction)**

reduction for nonresident sales	35%
2021-22	\$ 1,164,711,426
avg cost of "Common Carrier" aircraft	\$ 75,000,000
planes potentially within exempt sales	\$ 15.53
tax due @ 4,000 cap	\$ 62,117.94

**Grown by other durables rates**

2021-22	\$ 62,117.94
2022-23	\$ 59,198.40
2023-24	\$ 57,836.84
2024-25	\$ 58,877.90
2025-26	\$ 59,643.31
2026-27	\$ 59,524.03
2027-28	\$ 60,000.22

Proposed Revenue Impact					
Year	High		Middle		
	Cash	Recurring	Cash	Recurring	
2023-24	\$ (24.3 M)	\$ (26.5 M)	\$ (23.2 M)	\$ (25.3 M)	
2024-25	\$ (27.0 M)	\$ (27.0 M)	\$ (25.8 M)	\$ (25.8 M)	
2025-26	\$ (27.4 M)	\$ (27.4 M)	\$ (26.1 M)	\$ (26.1 M)	
2026-27	\$ (27.3 M)	\$ (27.3 M)	\$ (26.1 M)	\$ (26.1 M)	
2027-28	\$ (27.5 M)	\$ (27.5 M)	\$ (26.3 M)	\$ (26.3 M)	

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** VAB Appeal Timing

**Bill Number(s):** HB 1131/SB474

☐ **Entire Bill**

☒ **Partial Bill:** Section 1

**Sponsor(s):** Representative Fernandez-Barquin, Senator Garcia

**Month/Year Impact Begins:** January 2024

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

- a. **Current Law:** Subsection 193.122(4), F.S., indicates that if a county extends their final (post VAB) property tax roll then the property appraiser (PA) can challenge VAB decisions within 30 days of final certification.

The majority of counties extend their final roll.

- b. **Proposed Change:** Subsection 193.122(4), F.S., is amended such that, for counties with extended rolls, the PA can challenge VAB decisions within 30 days of the decision.

### Section 2: Description of Data and Sources

Discussion with Property Appraisers

### Section 3: Methodology (Include Assumptions and Attach Details)

The proposed language does not directly impact revenue collection but will require workflow changes that may result in more or less appeals, which in turn may result in more or less revenue. If the PA has less time to consider an appeal, it is unclear if this would lead to an increase or decrease of total appeals, but either is reasonable. With more time, they may appeal a decision they otherwise would not have, or may not appeal a decision they otherwise would have. This would result in an indeterminate amount of positive or negative revenue change. The bill goes into effect January 1, 2024, so the cash impact to Fiscal Year 2023-24 is zero. Sections 6 and 7 of this bill are expected to exacerbate this impact by increasing the scope of what VABs can consider.

### 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 Distribution:** Ad Valorem

### Section 5: Consensus Estimate (Adopted: 03/17/2023): The Conference adopted a +/- indeterminate 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	+/-
2024-25	0.0	0.0	0.0	0.0	+/-	+/-	+/-	+/-
2025-26	0.0	0.0	0.0	0.0	+/-	+/-	+/-	+/-
2026-27	0.0	0.0	0.0	0.0	+/-	+/-	+/-	+/-
2027-28	0.0	0.0	0.0	0.0	+/-	+/-	+/-	+/-

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Treatment of Errors

**Bill Number(s):** HB 1131/SB474

☐ **Entire Bill**

☒ **Partial Bill:** Section 2, Section 3 [193.1554(9)&(10)], Section 4 [193.1555(9)&(10)], & Section 9

**Sponsor(s):** Representative Fernandez-Barquin, Senator Garcia

**Month/Year Impact Begins:** January 2024

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

- a. Current Law:** Florida Statute indicates that if an error is made in the assessment of a homestead [193.155(9)] property, non-homestead residential [193.1554(9)] property, or nonresidential [193.1555(9)] property, be it either (9)(a) the property appraiser (PA) had a material mistake of fact or (9)(b) there was new construction that the PA was unaware of, the PA must recalculate the just and assessed values for all years going back to when the mistake first occurred and back taxes are due on the difference.

Further, Florida Statute indicates that, among other things, if the PA grants a homestead [193.155(10)], non-homestead residential [193.1554(10)], or nonresidential [193.1555(10)] assessment limitation as a result of a clerical mistake or omission, the property owner may not be assessed a penalty or interest.

Finally, 196.011(9)(a) indicates that any parcel the PA determines to have received a homestead exemption within the prior ten years that was not entitled to is subject to taxes, interest, and penalties.

- b. Proposed Change:** Florida Statute is amended such that if an error is made in the assessment of a homestead [193.155(9)] property, non-homestead residential [193.1554(9)] property, or nonresidential [193.1555(9)] property, be it either (9)(a) the property appraiser (PA) had a material mistake of fact or (9)(b) there was new construction that the PA was unaware of, the PA recalculates just value and assessed value in the year the mistake is discovered (rather than going back to when the mistake was first made) and no back taxes can be collected.

Further, Florida Statute is amended such that if the PA grants a homestead [193.155(10)], non-homestead residential [193.1554(10)], or nonresidential [193.1555(10)] assessment limitation as a result of a clerical mistake or omission, the property owner may not be assessed a penalty or interest and they need not pay the unpaid taxes.

Finally, 196.011(9)(a) is amended to indicate that any parcel the PA determines to have received a homestead exemption within the prior ten years that was not entitled to is subject to taxes, interest, and penalties, unless the exemption was granted as a result of an error by the property appraiser.

### Section 2: Description of Data and Sources

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

Results of the Ad Valorem Estimating Conference, March 6, 2023

Discussion with Property Appraisers

### Section 3: Methodology (Include Assumptions and Attach Details)

Data was requested and responses were received from the PAs of Broward, Miami-Dade, Palm Beach, and Pinellas counties. This data represents the back taxes assessed in recent years of the variety that would be eliminated by the bill language. The majority of the back taxes data received was from Miami-Dade and represented approximately 0.24 percent of their total collections. The high estimate assumes that 15 percent of the remaining value in the state (value in counties we did not receive data from) would assess back taxes at the 0.24 percent rate found in Miami-Dade. This translates to a 77% share-up of the given data. Further, the high estimate uses the maximum value from the history as the starting point. The middle estimate assumes that 2 percent of the remaining value in the state would assess back taxes at the Miami-Dade rate (10.3% share-up of the given data) and uses the average of the history as the starting point. The low assumes the given data represents all back taxes and uses the minimum year value from the history as the starting point. As values increase, value of back taxes owed will also increase, and as such the taxable value growth rates from the Ad Valorem Conference are used to grow the estimate. The bill goes into effect January 1, 2024, so the cash impact to Fiscal Year 2023-24 is zero.

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Treatment of Errors

**Bill Number(s):** HB 1131/SB474

## Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$0	\$(26.0 M)	\$0	\$(12.5 M)	\$0	\$(9.5 M)
2024-25	\$(27.4 M)	\$(27.4 M)	\$(13.2 M)	\$(13.2 M)	\$(10.0 M)	\$(10.0 M)
2025-26	\$(29.4 M)	\$(29.4 M)	\$(14.1 M)	\$(14.1 M)	\$(10.7 M)	\$(10.7 M)
2026-27	\$(31.3 M)	\$(31.3 M)	\$(15.0 M)	\$(15.0 M)	\$(11.4 M)	\$(11.4 M)
2027-28	\$(33.2 M)	\$(33.2 M)	\$(15.9 M)	\$(15.9 M)	\$(12.1 M)	\$(12.1 M)

**Revenue Distribution:** Ad Valorem

**Section 5: Consensus Estimate (Adopted: 03/17/2023):** The Conference adopted the middle; however, notes two items. First, language in the bill may cause taxpayer behavioral changes by removing an incentive for the taxpayer to disclose known errors to the property appraiser. This would lead to a higher impact than shown in the middle. Second, working in the opposite direction, beginning the adjustment in the year such mistake is discovered would potentially produce higher assessed values. This would lead to a lower impact than shown in the middle.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(4.5)	0.0	(8.0)	0.0	(12.5)
2024-25	(4.6)	(4.6)	(8.6)	(8.6)	(13.2)	(13.2)
2025-26	(4.9)	(4.9)	(9.2)	(9.2)	(14.1)	(14.1)
2026-27	(5.2)	(5.2)	(9.8)	(9.8)	(15.0)	(15.0)
2027-28	(5.5)	(5.5)	(10.4)	(10.4)	(15.9)	(15.9)

	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	(12.5)	0.0	(12.5)
2024-25	0.0	0.0	0.0	0.0	(13.2)	(13.2)	(13.2)	(13.2)
2025-26	0.0	0.0	0.0	0.0	(14.1)	(14.1)	(14.1)	(14.1)
2026-27	0.0	0.0	0.0	0.0	(15.0)	(15.0)	(15.0)	(15.0)
2027-28	0.0	0.0	0.0	0.0	(15.9)	(15.9)	(15.9)	(15.9)



	A	B	C	D	E	F	G
	Roll Year	Aggregated Back Taxes Owed	School Estimate	Non-School Estimate			
1							
2	2020	\$ 8,382,401.17	\$ 3,019,393.52	\$ 5,363,007.65			
3	2021	\$ 12,984,963.51	\$ 4,677,265.37	\$ 8,307,698.14			
4	2022	\$ 8,683,144.59	\$ 3,127,723.19	\$ 5,555,421.40			
5							
6		Non-School TV	School TV				
7	2023	13.33%	12.03%				
8	2024	6.88%	3.32%				
9	2025	7.36%	6.67%				
10	2026	6.78%	6.16%				
11	2027	6.12%	5.52%				
12							
13	<b>2022 Statewide Aggregate Millage Rates</b>						
14	School District	5.9581					
15	Non-School District	10.5827					
16							
17	Assumptions	High	Middle	Low			
18	Remaining State Value BackTaxed like Miami-Dade	15%	2%	0%			
19	Implied Share-up Rest of State	77%	10.3%	0%			
20	Use History	3-year max	3-year average	3-year low			
21							
22	<b>School Impact</b>						
23		High		Middle		Low	
24		Cash	Recurring	Cash	Recurring	Cash	Recurring
25	2023-24	\$0	\$(9.3 M)	\$0	\$(4.5 M)	\$0	\$(3.4 M)
26	2024-25	\$(9.6 M)	\$(9.6 M)	\$(4.6 M)	\$(4.6 M)	\$(3.5 M)	\$(3.5 M)
27	2025-26	\$(10.2 M)	\$(10.2 M)	\$(4.9 M)	\$(4.9 M)	\$(3.7 M)	\$(3.7 M)
28	2026-27	\$(10.9 M)	\$(10.9 M)	\$(5.2 M)	\$(5.2 M)	\$(4.0 M)	\$(4.0 M)
29	2027-28	\$(11.5 M)	\$(11.5 M)	\$(5.5 M)	\$(5.5 M)	\$(4.2 M)	\$(4.2 M)
30							
31	<b>Non-School Impact</b>						
32		High		Middle		Low	
33		Cash	Recurring	Cash	Recurring	Cash	Recurring
34	2023-24	\$0	\$(16.7 M)	\$0	\$(8.0 M)	\$0	\$(6.1 M)
35	2024-25	\$(17.8 M)	\$(17.8 M)	\$(8.6 M)	\$(8.6 M)	\$(6.5 M)	\$(6.5 M)
36	2025-26	\$(19.2 M)	\$(19.2 M)	\$(9.2 M)	\$(9.2 M)	\$(7.0 M)	\$(7.0 M)
37	2026-27	\$(20.5 M)	\$(20.5 M)	\$(9.8 M)	\$(9.8 M)	\$(7.4 M)	\$(7.4 M)
38	2027-28	\$(21.7 M)	\$(21.7 M)	\$(10.4 M)	\$(10.4 M)	\$(7.9 M)	\$(7.9 M)
39							
40	<b>Total Impact</b>						
41		High		Middle		Low	
42		Cash	Recurring	Cash	Recurring	Cash	Recurring
43	2023-24	\$0	\$(26.0 M)	\$0	\$(12.5 M)	\$0	\$(9.5 M)
44	2024-25	\$(27.4 M)	\$(27.4 M)	\$(13.2 M)	\$(13.2 M)	\$(10.0 M)	\$(10.0 M)
45	2025-26	\$(29.4 M)	\$(29.4 M)	\$(14.1 M)	\$(14.1 M)	\$(10.7 M)	\$(10.7 M)
46	2026-27	\$(31.3 M)	\$(31.3 M)	\$(15.0 M)	\$(15.0 M)	\$(11.4 M)	\$(11.4 M)
47	2027-28	\$(33.2 M)	\$(33.2 M)	\$(15.9 M)	\$(15.9 M)	\$(12.1 M)	\$(12.1 M)

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Expansion of VAB Appeals

**Bill Number(s):** HB 1131/SB474

☐ **Entire Bill**

☒ **Partial Bill:** Section 7

**Sponsor(s):** Representative Fernandez-Barquin, Senator Garcia

**Month/Year Impact Begins:** January 2024

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

**a. Current Law:** Paragraph 194.032(1)(a), F.S., identifies five purposes for which the value adjustment boards (VABs) shall meet.

They are:

1. Hearing petitions relating to assessments filed pursuant to s. 194.011(3).
2. Hearing complaints relating to homestead exemptions as provided for under s. 196.151.
3. Hearing appeals from exemptions denied, or disputes arising from exemptions granted, upon the filing of exemption applications under s. 196.011.
4. Hearing appeals concerning ad valorem tax deferrals and classifications.
5. Hearing appeals from determinations that a change of ownership under s. 193.155(3), a change of ownership or control under s. 193.1554(5) or s. 193.1555(5), or a qualifying improvement under s. 193.1555(5) has occurred.

Section 196.183, F.S., indicates that tangible personal property (TPP) returns filed by April first are eligible for an exemption of up to \$25,000 of the assessed value. Late filers do not receive the exemption and are subject to a penalty.

**b. Proposed Change:** The bill adds two new purposes for which VABs shall meet. They are:

6. Hearing appeals concerning the validity or amount, or both, of assessments created under s. 193.092 (back taxes).
7. Hearing appeals on the issue of whether a tangible personal property return as required under s. 193.052 was timely filed so as to allow such assessment to be contested at the value adjustment board, and to waive penalties imposed under s. 193.072.

The new purpose 6 allows the VAB to consider appeals of back taxes. Note that Section 2, Section 3 [193.1554(9)&(10)], Section 4 [193.1555(9)&(10)], and Section 9 of this same bill eliminate many of the mechanisms for which back taxes are applied.

Although 196.183 is not modified, it is assumed that, in the instance of a favorable ruling on the new purpose 7, in addition to the penalties being waived as indicated, the TPP owner would also receive the denied exemption.

### Section 2: Description of Data and Sources

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

Various Final Real Property Assessment Rolls, NAP data

Results of the Ad Valorem Estimating Conference, March 6, 2023

### Section 3: Methodology (Include Assumptions and Attach Details)

There are three main reasons for which back taxes are assessed on a property:

1. A homestead exemption is determined to have been fraudulently claimed
2. There has been improvement to a property in a prior year of which the property appraiser (PA) was unaware
3. The PA made a material mistake of fact

Section 2 of this bill eliminates reasons 2 and 3 and, as such, the potential for VAB petitions regarding those have been excluded from this analysis.

Regarding homestead fraud, data was requested from property taxes and received from Broward County. Broward represents approximately 10 percent of the taxable value in the state, so their homestead fraud lien values are inflated to represent the whole state based on the taxable value ratio. Unlike VAB activity, homestead fraud is assumed to be equally enforced in all counties. This value is broken into school and non-school amounts by the ratio of 2022 statewide aggregate millage rates and grown forward using the respective taxable value growth rates from the ad valorem estimating conference. There is no mechanism by which participation rates in a new VAB appeal can be estimated. The high assumes 50 percent of these cases will

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Expansion of VAB Appeals

**Bill Number(s):** HB 1131/SB474

appeal and be ruled favorably, the middle assumes 20 percent, and the low assumes 5 percent. Further, it is expected that the primary function of these appeals is to disagree with the amount of back taxes due rather than disputing the homestead fraud itself. As such, when an appeal is successful, only a portion of the back taxes would be removed. For the high this is assumed to be 30 percent, the middle 20 percent, and the low 15 percent. These percentages correspond with the new language in section 8 of the bill that indicates that for the majority of counties, the PA cannot challenge VAB variance in assessed values of 30 percent of assessments of \$50,000 or less, 20 percent of assessments of more than \$50,000 but \$500,000 or less, and 15 percent of assessments in excess of \$1,000,000.

Back taxes Impact (new 6.)	High	Middle	Low
2023-24	\$(6.4 M)	\$(1.7 M)	\$(0.3 M)
2024-25	\$(6.8 M)	\$(1.8 M)	\$(0.3 M)
2025-26	\$(7.2 M)	\$(1.9 M)	\$(0.4 M)
2026-27	\$(7.7 M)	\$(2.1 M)	\$(0.4 M)
2027-28	\$(8.2 M)	\$(2.2 M)	\$(0.4 M)

Subsection 196.183, F.S., indicates that the standard \$25,000 TPP exemption does not apply in any year a taxpayer fails to timely file a return. It is assumed that if the VAB overturns the property appraiser's declaration that the TPP was not timely filed, the taxpayer would receive the exemption. In 2022 there were 53,036 TPP accounts that paid a penalty and did not receive the exemption received if timely filed and complete. The total value of unrealized exemption was \$586,872,969. The total taxable value of those properties was just over \$3 billion. If the VAB agrees with the taxpayer, they will be eligible to receive the exemption and will receive the difference between what the PA determined their value to be and their original ("incomplete") filing. This maximum potential impact is grown out to 2028 using the TPP growth rates from the Ad Valorem Conference and the 2022 aggregate millage rate is applied. It is reasonable to expect that some portion of this will be appealed and overturned, and that some portion of the taxable value will be reduced by the VAB. Similarly to the backtaxes above, the high assumes 50% will appeal and prevail, the middle assumes 20%, and the low assumes 5%. Along those lines, the high assumes that the average original filing was 50% lower than the PAs ultimate determination of the value, the middle assumes 20% lower, and the low assumes 10% lower. The low for this considers that the PA may not pursue underreporting within small variance of their expectations.

TPP Exemption Impact (new 7.)	High	Middle	Low
2023-24	\$(31.0 M)	\$(12.4 M)	\$(5.7 M)
2024-25	\$(31.9 M)	\$(12.8 M)	\$(5.9 M)
2025-26	\$(32.9 M)	\$(13.1 M)	\$(6.0 M)
2026-27	\$(33.8 M)	\$(13.5 M)	\$(6.2 M)
2027-28	\$(34.9 M)	\$(13.9 M)	\$(6.4 M)

The bill goes into effect January 1, 2024, so the cash impact to Fiscal Year 2023-24 is zero.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$0	\$(37.4 M)	\$0	\$(14.1 M)	\$0	\$(6.0 M)
2024-25	\$(38.7 M)	\$(38.7 M)	\$(14.6 M)	\$(14.6 M)	\$(6.2 M)	\$(6.2 M)
2025-26	\$(40.1 M)	\$(40.1 M)	\$(15.1 M)	\$(15.1 M)	\$(6.4 M)	\$(6.4 M)
2026-27	\$(41.6 M)	\$(41.6 M)	\$(15.6 M)	\$(15.6 M)	\$(6.6 M)	\$(6.6 M)
2027-28	\$(43.0 M)	\$(43.0 M)	\$(16.1 M)	\$(16.1 M)	\$(6.8 M)	\$(6.8 M)

**Revenue Distribution:** Ad Valorem

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Expansion of VAB Appeals

**Bill Number(s):** HB 1131/SB474

**Section 5: Consensus Estimate (Adopted: 03/17/2023):** The Conference adopted the middle as adjusted.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(8.9)	0.0	(15.8)	0.0	(24.7)
2024-25	(9.2)	(9.2)	(16.4)	(16.4)	(25.6)	(25.6)
2025-26	(9.6)	(9.6)	(17.0)	(17.0)	(26.6)	(26.6)
2026-27	(9.9)	(9.9)	(17.7)	(17.7)	(27.6)	(27.6)
2027-28	(10.3)	(10.3)	(18.3)	(18.3)	(28.6)	(28.6)

	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	(24.7)	0.0	(24.7)
2024-25	0.0	0.0	0.0	0.0	(25.6)	(25.6)	(25.6)	(25.6)
2025-26	0.0	0.0	0.0	0.0	(26.6)	(26.6)	(26.6)	(26.6)
2026-27	0.0	0.0	0.0	0.0	(27.6)	(27.6)	(27.6)	(27.6)
2027-28	0.0	0.0	0.0	0.0	(28.6)	(28.6)	(28.6)	(28.6)

	A	B	C	D	E	F	G
1	<b>Section 7 Total Impact</b>						
2	<b>Total Impact</b>						
3		High		Middle		Low	
4		Cash	Recurring	Cash	Recurring	Cash	Recurring
5	2023-24	\$0	\$(39.0 M)	\$0	\$(24.7 M)	\$0	\$(6.1 M)
6	2024-25	\$(40.4 M)	\$(40.4 M)	\$(25.6 M)	\$(25.6 M)	\$(6.3 M)	\$(6.3 M)
7	2025-26	\$(41.9 M)	\$(41.9 M)	\$(26.6 M)	\$(26.6 M)	\$(6.5 M)	\$(6.5 M)
8	2026-27	\$(43.5 M)	\$(43.5 M)	\$(27.6 M)	\$(27.6 M)	\$(6.7 M)	\$(6.7 M)
9	2027-28	\$(45.1 M)	\$(45.1 M)	\$(28.6 M)	\$(28.6 M)	\$(6.9 M)	\$(6.9 M)

	A	B	C	D	E	F	G
1	<b>Impact of Backtaxes VAB Hearings</b>						
2	<b>Roll Year</b>	<b>Count</b>	<b>Homestead Liens - Fraud</b>	<b>County</b>			
3	2020	241	\$ 2,234,836	Broward			
4	2021	454	\$ 3,460,137	Broward			
5	2022	325	\$ 3,371,460	Broward			
6							
7	<b>Add 2022 Back Taxes from Section 2:</b>	1					
8							
9		<b>2022</b>					
10	Broward - Total TV	\$ 91,366,394,635					
11	Remaining - Total TV	\$ 841,581,323,039					
12	Broward share of State	9.79%					
13	Expected Homestead Liens - Fraud in Rest of State	\$ 34,426,182					
14	Total Estimate - Max Impact	\$ 47,375,151					
15							
16	<b>2022 Statewide Aggregate</b>						
17	School District	5.9581					
18	Non-School District	10.5827					
19							
20	<b>AV Conference</b>	<b>School TV</b>	<b>Non-School TV</b>				
21	2023	12.03%	13.33%				
22	2024	3.32%	6.88%				
23	2025	6.67%	7.36%				
24	2026	6.16%	6.78%				
25	2027	5.52%	6.12%				
26							
27	<b>Roll Year</b>	<b>School Max Estimate</b>	<b>Non-School Max Estimate</b>				
28	2022	\$ 17,064,827	\$ 30,310,324				
29	2023	\$ 19,117,526	\$ 34,350,453				
30	2024	\$ 19,752,780	\$ 36,714,133				
31	2025	\$ 21,069,637	\$ 39,414,806				
32	2026	\$ 22,367,031	\$ 42,088,272				
33	2027	\$ 23,601,439	\$ 44,664,590				
34							
35		<b>High</b>	<b>Middle</b>	<b>Low</b>			
36	<b>Share will Appeal and Win:</b>	50%	35%	5%			
37	<b>Average Amount Appealed:</b>	30%	30%	15%			
38							
39	<b>School Impact</b>						
40		<b>High</b>		<b>Middle</b>		<b>Low</b>	
41		<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
42	2023-24	\$0	\$(2.9 M)	\$0	\$(2.0 M)	\$0	\$(0.1 M)
43	2024-25	\$(3.0 M)	\$(3.0 M)	\$(2.1 M)	\$(2.1 M)	\$(0.1 M)	\$(0.1 M)
44	2025-26	\$(3.2 M)	\$(3.2 M)	\$(2.2 M)	\$(2.2 M)	\$(0.2 M)	\$(0.2 M)
45	2026-27	\$(3.4 M)	\$(3.4 M)	\$(2.3 M)	\$(2.3 M)	\$(0.2 M)	\$(0.2 M)
46	2027-28	\$(3.5 M)	\$(3.5 M)	\$(2.5 M)	\$(2.5 M)	\$(0.2 M)	\$(0.2 M)
47							
48	<b>Non-School Impact</b>						
49		<b>High</b>		<b>Middle</b>		<b>Low</b>	
50		<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
51	2023-24	\$0	\$(5.2 M)	\$0	\$(3.6 M)	\$0	\$(0.3 M)
52	2024-25	\$(5.5 M)	\$(5.5 M)	\$(3.9 M)	\$(3.9 M)	\$(0.3 M)	\$(0.3 M)
53	2025-26	\$(5.9 M)	\$(5.9 M)	\$(4.1 M)	\$(4.1 M)	\$(0.3 M)	\$(0.3 M)
54	2026-27	\$(6.3 M)	\$(6.3 M)	\$(4.4 M)	\$(4.4 M)	\$(0.3 M)	\$(0.3 M)
55	2027-28	\$(6.7 M)	\$(6.7 M)	\$(4.7 M)	\$(4.7 M)	\$(0.3 M)	\$(0.3 M)
56							
57	<b>Total Impact</b>						
58		<b>High</b>		<b>Middle</b>		<b>Low</b>	
59		<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
60	2023-24	\$0	\$(8.0 M)	\$0	\$(5.6 M)	\$0	\$(0.4 M)
61	2024-25	\$(8.5 M)	\$(8.5 M)	\$(5.9 M)	\$(5.9 M)	\$(0.4 M)	\$(0.4 M)
62	2025-26	\$(9.1 M)	\$(9.1 M)	\$(6.4 M)	\$(6.4 M)	\$(0.5 M)	\$(0.5 M)
63	2026-27	\$(9.7 M)	\$(9.7 M)	\$(6.8 M)	\$(6.8 M)	\$(0.5 M)	\$(0.5 M)
64	2027-28	\$(10.2 M)	\$(10.2 M)	\$(7.2 M)	\$(7.2 M)	\$(0.5 M)	\$(0.5 M)

	A	B	C	D	E	F	G
1	<b>Impact of TPP Timely Filed VAB Hearings</b>						
2	<b>Roll Year</b>	<b>Total TPP Collection</b>	<b>TPP Growth</b>				
3	2022	\$ 151,798,565,245					
4	2023	\$ 156,352,522,202	3.0%				
5	2024	\$ 161,043,097,868	3.0%				
6	2025	\$ 165,874,390,804	3.0%				
7	2026	\$ 170,850,622,529	3.0%				
8	2027	\$ 175,976,141,204	3.0%				
9	2028	\$ 181,255,425,441	3.0%				
10							
11	<b>Roll Year</b>	<b>Accounts with Penalty &amp; No Exemption</b>	<b>Unrealized Exemption Amount</b>	<b>Taxable Value of Property - Penalty &amp; No Exemption</b>			
12	2022	53,036	\$ 586,872,969	\$ 3,048,533,612			
13	2023	54,627	\$ 604,479,158	\$ 3,139,989,620			
14	2024	56,266	\$ 622,613,533	\$ 3,234,189,309			
15	2025	57,954	\$ 641,291,939	\$ 3,331,214,988			
16	2026	59,692	\$ 660,530,697	\$ 3,431,151,438			
17	2027	61,483	\$ 680,346,618	\$ 3,534,085,981			
18	2028	63,328	\$ 700,757,016	\$ 3,640,108,560			
19							
20		<b>High</b>	<b>Middle</b>	<b>Low</b>			
21	<b>Share Appealed and Prevail</b>	50%	35%	5%			
22	<b>Taxable Value Reduction from Appeal</b>	50%	30%	10%			
23							
24	<b>2022 Statewide Aggregate Millage Rates</b>						
25	Rate	16.54					
26							
27	<b>Total Impact</b>						
28		<b>High</b>		<b>Middle</b>		<b>Low</b>	
29		Cash	Recurring	Cash	Recurring	Cash	Recurring
30	2023-24	\$0	\$(31.0 M)	\$0	\$(19.1 M)	\$0	\$(5.7 M)
31	2024-25	\$(31.9 M)	\$(31.9 M)	\$(19.7 M)	\$(19.7 M)	\$(5.9 M)	\$(5.9 M)
32	2025-26	\$(32.9 M)	\$(32.9 M)	\$(20.2 M)	\$(20.2 M)	\$(6.0 M)	\$(6.0 M)
33	2026-27	\$(33.8 M)	\$(33.8 M)	\$(20.9 M)	\$(20.9 M)	\$(6.2 M)	\$(6.2 M)
34	2027-28	\$(34.9 M)	\$(34.9 M)	\$(21.5 M)	\$(21.5 M)	\$(6.4 M)	\$(6.4 M)

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem  
**Issue:** VAB Appeals Thresholds  
**Bill Number(s):** HB 1131/SB474

- ☐ **Entire Bill**  
☒ **Partial Bill:** Section 8

**Sponsor(s):** Representative Fernandez-Barquin, Senator Garcia

**Month/Year Impact Begins:** January 2024

**Date(s) Conference Reviewed:** March 17, 2023

### Section 1: Narrative

- a. Current Law:** Section 194.036, F.S., identifies situations where property appraisers (PAs) can appeal value adjustment board (VAB) decisions to the circuit court. Particularly, 194.036(1)(b) indicates the PAs can only challenge VAB adjustments to assessed value when there is a variance from the property appraiser's assessed value in excess of the following: 15 percent variance from any assessment of \$50,000 or less; 10 percent variance from any assessment in excess of \$50,000 but not in excess of \$500,000; 7.5 percent variance from any assessment in excess of \$500,000 but not in excess of \$1 million; or 5 percent variance from any assessment in excess of \$1 million.
- b. Proposed Change:** The bill modifies the conditions for when the PAs can challenge VAB adjustments to assessed value. In counties with a population of less than or equal to 75,000, the old variances apply. For counties with a population greater than 75,000, the following adjustments to the variance schedule are made:
- For a parcel with assessed value of less than or equal to \$50,000, the variance can only be challenged if it exceeds 30 percent of the PAs value (up from 15 percent)
  - For a parcel with assessed value of greater than \$50,000 but less than or equal to \$500,000, the variance can only be challenged if it exceeds 20 percent of the PAs value (up from 10 percent)
  - For a parcel with assessed value of greater than \$500,000 but less than or equal to \$1,000,000, the variance can only be challenged if it exceeds 17.5 percent of the PAs value (up from 7.5 percent)
  - For a parcel with assessed value of greater than \$1,000,000, the variance can only be challenged if it exceeds 15 percent of the PAs value (up from 5 percent)

### Section 2: Description of Data and Sources

2022 Millage and Taxes Levied Report, 2022 Final Data Book published by Property Tax Oversight  
Various Final Real Property Assessment Rolls, NAL data  
Results of the Ad Valorem Estimating Conference, March 6, 2023  
Discussions with Property Appraisers  
Data from Miami-Dade Property Appraiser's office

### Section 3: Methodology (Include Assumptions and Attach Details)

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

AV Group	Current Threshold	Proposed Threshold	AV Values
A	15%	30%	AV <= \$50,000
B	10%	20%	\$50,000 < AV <=\$500,000
C	7.5%	17.5%	\$500,000 < AV <= \$1,000,000
D	5%	15%	\$1,000,000 < AV

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

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



## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem  
**Issue:** VAB Appeals Thresholds  
**Bill Number(s):** HB 1131/SB474

Miami-Dade holds a large share of these appeals and we assume it is an appropriate proxy for the entire state. The Post-VAB AV is subtracted from the AV on the roll to determine the potential recovery amount. This represents the maximum potential AV impact if the PA were to appeal every relevant VAB result and AV were reverted to the initial valuation. The data shows that, on average, PAs appealed VAB decisions in 0.6% of Group A rulings, 3.9% of Group B, 4.9% of Group C, and 4.3% of Group D. Because the success rate of PAs varies so greatly between years, it is assumed based on the history available that they prevail in 50% of cases in Group A, 50% in Group B, 15% in Group C, and 40% in Group D. The maximum potential recovery amounts were multiplied by the appeal and success rates to determine the estimated AV recovery impact. To get from AV to TV, the 2018-2020 NAL Rolls were used to determine the average school and non-school taxable value to assessed value ratios. These TVs were multiplied by the appropriate 2022 Miami-Dade Aggregate Millage Rates.

The data provided used rates based on HB417 from 2021, the only difference being that group A now can be up to 30 percent while in the 2021 bill it was 25 percent. Because group A is the lowest value and has a maximum impact at 25 percent of less than \$20, the increase to 30 percent is assumed to have no impact. For the high estimate, the values are doubled to represent the full state as the values are based solely on Miami-Dade data. The middle values are increased by 50 percent for the same reason, and the low assumes Miami-Dade is representative of the whole state. The average of the three years of available data was used as the starting point as 2020 and grown forward using the Miami-Dade school and non-school taxable value growth rates from the Ad Valorem Conference. The bill goes into effect January 1, 2024, so the cash impact to Fiscal Year 2023-24 is zero.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$0	\$(2.0 M)	\$0	\$(1.4 M)	\$0	\$(0.9 M)
2024-25	\$(2.1 M)	\$(2.1 M)	\$(1.4 M)	\$(1.4 M)	\$(1.0 M)	\$(1.0 M)
2025-26	\$(2.3 M)	\$(2.3 M)	\$(1.5 M)	\$(1.5 M)	\$(1.0 M)	\$(1.0 M)
2026-27	\$(2.4 M)	\$(2.4 M)	\$(1.6 M)	\$(1.6 M)	\$(1.1 M)	\$(1.1 M)
2027-28	\$(2.5 M)	\$(2.5 M)	\$(1.7 M)	\$(1.7 M)	\$(1.1 M)	\$(1.1 M)

**Revenue Distribution:** Ad Valorem

### Section 5: Consensus Estimate (Adopted: 03/17/2023): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(0.5)	0.0	(1.0)	0.0	(1.4)
2024-25	(0.4)	(0.4)	(1.0)	(1.0)	(1.4)	(1.4)
2025-26	(0.4)	(0.4)	(1.1)	(1.1)	(1.5)	(1.5)
2026-27	(0.4)	(0.4)	(1.2)	(1.2)	(1.6)	(1.6)
2027-28	(0.4)	(0.4)	(1.2)	(1.2)	(1.7)	(1.7)

	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	(1.4)	0.0	(1.4)
2024-25	0.0	0.0	0.0	0.0	(1.4)	(1.4)	(1.4)	(1.4)
2025-26	0.0	0.0	0.0	0.0	(1.5)	(1.5)	(1.5)	(1.5)
2026-27	0.0	0.0	0.0	0.0	(1.6)	(1.6)	(1.6)	(1.6)
2027-28	0.0	0.0	0.0	0.0	(1.7)	(1.7)	(1.7)	(1.7)

	A	B	C	D	E	F	G
1	<b>Step 1: Underlying Info, Data, and Conference Results</b>						
2	<b>AV Group</b>	<b>Current Threshold</b>	<b>Proposed Threshold</b>	<b>AV Values</b>			
3	A	15%	25%	AV <= \$50,000			
4	B	10%	20%	\$50,000 < AV <=\$500,000			
5	C	7.5%	17.5%	\$500,000 < AV <= \$1,000,000			
6	D	5%	15%	\$1,000,000 < AV			
7							
8	<b>2022 Miami-Dade Aggregate Millage Rates</b>						
9	School District	6.589					
10	Non-School District	12.0363					
11							
12	<b>Miami-Dade - March 2023 Conf</b>	<b>CTV</b>	<b>STV</b>				
13	2021	4.74%	3.66%				
14	2022	13.47%	17.13%				
15	2023	12.82%	11.13%				
16	2024	6.57%	2.74%				
17	2025	6.95%	6.31%				
18	2026	6.53%	5.91%				
19	2027	6.13%	5.50%				
20							
21	<b>Step 2: Potential Appeals - Miami Dade Specific</b>						
22			<b>CURRENT THRESHOLDS</b>				
23	<b>Year</b>	<b>AV GROUP</b>	<b>REDUCTIONS</b>	<b>INITIAL VALUE</b>	<b>VAB VALUE</b>	<b>POTENTIAL RECOVERY</b>	
24	2018	A	229	\$ 7,313,738	\$ 4,732,304	\$ 2,581,434	
25		B	7,552	\$ 1,884,875,833	\$ 1,553,850,964	\$ 331,024,869	
26		C	3,222	\$ 2,299,982,978	\$ 1,932,325,625	\$ 367,657,353	
27		D	8,272	\$ 41,587,827,330	\$ 35,649,541,717	\$ 5,938,285,613	
28		<b>TOTAL</b>	<b>19,275</b>	<b>\$ 45,779,999,879</b>	<b>\$ 39,140,450,610</b>	<b>\$ 6,639,549,269</b>	
29	2019	A	142	\$ 4,810,616	\$ 2,821,078	\$ 1,989,538	
30		B	5,591	\$ 1,576,642,249	\$ 1,304,443,426	\$ 272,198,823	
31		C	4,149	\$ 2,948,166,516	\$ 2,511,080,276	\$ 437,086,240	
32		D	8,671	\$ 42,387,717,313	\$ 36,507,893,475	\$ 5,879,823,838	
33		<b>TOTAL</b>	<b>18,553</b>	<b>\$ 46,917,336,694</b>	<b>\$ 40,326,238,255</b>	<b>\$ 6,591,098,439</b>	
34	2020	A	38	\$ 1,365,374	\$ 951,677	\$ 413,697	
35		B	5,665	\$ 1,633,778,946	\$ 1,373,964,714	\$ 259,814,232	
36		C	4,349	\$ 3,063,234,443	\$ 2,609,959,679	\$ 453,274,764	
37		D	9,163	\$ 45,622,616,912	\$ 39,307,193,745	\$ 6,315,423,167	
38		<b>TOTAL</b>	<b>19,215</b>	<b>\$ 50,320,995,675</b>	<b>\$ 43,292,069,815</b>	<b>\$ 7,028,925,860</b>	
39							
40			<b>PROPOSED THRESHOLDS</b>				
41	<b>Year</b>	<b>AV GROUP</b>	<b>REDUCTIONS</b>	<b>INITIAL VALUE</b>	<b>VAB VALUE</b>	<b>POTENTIAL RECOVERY</b>	
42	2018	A	187	\$ 6,462,910	\$ 4,053,065	\$ 2,409,845	
43		B	1,447	\$ 335,796,296	\$ 215,994,001	\$ 119,802,295	
44		C	801	\$ 580,867,985	\$ 414,589,372	\$ 166,278,613	
45		D	2,765	\$ 13,829,112,344	\$ 10,354,432,931	\$ 3,474,679,413	
46		<b>TOTAL</b>	<b>5,200</b>	<b>\$ 14,752,239,535</b>	<b>\$ 10,989,069,369</b>	<b>\$ 3,763,170,166</b>	
47	2019	A	89	\$ 2,822,039	\$ 1,152,012	\$ 1,670,027	
48		B	794	\$ 200,820,605	\$ 125,607,434	\$ 75,213,171	
49		C	903	\$ 656,936,668	\$ 467,708,858	\$ 189,227,810	
50		D	2,661	\$ 13,929,147,334	\$ 10,577,504,455	\$ 3,351,642,879	
51		<b>TOTAL</b>	<b>4,447</b>	<b>\$ 14,789,726,646</b>	<b>\$ 11,171,972,759</b>	<b>\$ 3,617,753,887</b>	
52	2020	A	18	\$ 712,555	\$ 409,059	\$ 303,496	
53		B	629	\$ 150,396,444	\$ 98,159,984	\$ 52,236,460	
54		C	1,070	\$ 769,293,264	\$ 573,429,905	\$ 195,863,359	
55		D	2,988	\$ 14,703,117,914	\$ 11,222,634,353	\$ 3,480,483,561	
56		<b>TOTAL</b>	<b>4,705</b>	<b>\$ 15,623,520,177</b>	<b>\$ 11,894,633,301</b>	<b>\$ 3,728,886,876</b>	

	A	B	C	D	E	F	G
57							
58			<b>Difference: Proposed Minus Current</b>				
59	<b>Year</b>	<b>AV GROUP</b>	<b>Δ REDUCTIONS</b>	<b>Δ INITIAL VALUE</b>	<b>Δ VAB VALUE</b>	<b>Δ POTENTIAL RECOVERY</b>	
60	2018	A	-42	\$ (850,828)	\$ (679,239)	\$ (171,589)	
61		B	-6,105	\$ (1,549,079,537)	\$ (1,337,856,963)	\$ (211,222,574)	
62		C	-2,421	\$ (1,719,114,993)	\$ (1,517,736,253)	\$ (201,378,740)	
63		D	-5,507	\$ (27,758,714,986)	\$ (25,295,108,786)	\$ (2,463,606,200)	
64		<b>TOTAL</b>	<b>-14,075</b>	<b>\$ (31,027,760,344)</b>	<b>\$ (28,151,381,241)</b>	<b>\$ (2,876,379,103)</b>	
65	2019	A	-53	\$ (1,988,577)	\$ (1,669,066)	\$ (319,511)	
66		B	-4,797	\$ (1,375,821,644)	\$ (1,178,835,992)	\$ (196,985,652)	
67		C	-3,246	\$ (2,291,229,848)	\$ (2,043,371,418)	\$ (247,858,430)	
68		D	-6,010	\$ (28,458,569,979)	\$ (25,930,389,020)	\$ (2,528,180,959)	
69		<b>TOTAL</b>	<b>-14,106</b>	<b>\$ (32,127,610,048)</b>	<b>\$ (29,154,265,496)</b>	<b>\$ (2,973,344,552)</b>	
70	2020	A	-20	\$ (652,819)	\$ (542,618)	\$ (110,201)	
71		B	-5,036	\$ (1,483,382,502)	\$ (1,275,804,730)	\$ (207,577,772)	
72		C	-3,279	\$ (2,293,941,179)	\$ (2,036,529,774)	\$ (257,411,405)	
73		D	-6,175	\$ (30,919,498,998)	\$ (28,084,559,392)	\$ (2,834,939,606)	
74		<b>TOTAL</b>	<b>-14,510</b>	<b>\$ (34,697,475,498)</b>	<b>\$ (31,397,436,514)</b>	<b>\$ (3,300,038,984)</b>	
75							
76	<b>Step 3: Actual Appeal Rate, Actual Success Rate, and Potential Recovery - Miami Dade Specific</b>						
77							
78	<b>Actual Appeal Rate</b>	2018	2019	2020			
79	A	0.44%	1.41%	0.00%			
80	B	3.31%	5.33%	2.95%			
81	C	3.23%	5.50%	5.93%			
82	D	4.33%	5.58%	3.11%			
83							
84	<b>Actual Success Rate</b>	2018	2019	To Use			
85	A	0.00%	100.00%	50.00%			
86	B	75.40%	21.51%	50.00%			
87	C	25.00%	4.21%	15.00%			
88	D	63.64%	16.79%	40.00%			
89							
90	<b>Potential (Estimated) Recovery - Assessed Value</b>	2018	2019	2020			
91	A	\$ (375)	\$ (2,250)	\$ -			
92	B	\$ (3,496,136)	\$ (5,249,662)	\$ (3,059,619)			
93	C	\$ (975,018)	\$ (2,043,085)	\$ (2,290,600)			
94	D	\$ (42,648,502)	\$ (56,447,449)	\$ (35,270,448)			
95							

	A	B	C	D	E	F	G
96	<b>Step 3: Translate AV to TV - Miami Dade Specific</b>						
97	<b>Year</b>	<b>AV GROUP</b>	<b>TV_SD:AV Ratio</b>	<b>TV_SD</b>	<b>TV_NSD:AV Ratio</b>	<b>TV_NSD</b>	
98	2018	A	57.5%	\$ (215)	48.6%	\$ (182)	
99		B	92.1%	\$ (3,218,665)	79.6%	\$ (2,783,851)	
100		C	96.2%	\$ (937,670)	90.9%	\$ (886,483)	
101		D	81.6%	\$ (34,794,690)	76.1%	\$ (32,457,141)	
102	2019	A	56.1%	\$ (1,262)	47.7%	\$ (1,073)	
103		B	92.3%	\$ (4,843,095)	80.9%	\$ (4,245,870)	
104		C	96.2%	\$ (1,964,886)	91.8%	\$ (1,874,770)	
105		D	82.3%	\$ (46,454,674)	77.2%	\$ (43,551,046)	
106	2020	A	55.7%	\$ -	48.5%	\$ -	
107		B	92.4%	\$ (2,826,946)	81.9%	\$ (2,506,321)	
108		C	96.1%	\$ (2,201,544)	92.2%	\$ (2,113,056)	
109		D	82.4%	\$ (29,078,732)	78.2%	\$ (27,567,550)	
110							
111	<b>Step 4: 2018-2020 Impact - Miami Dade Specific</b>						
112	<b>Year</b>	<b>AV GROUP</b>	<b>School</b>	<b>Non School</b>			
113	2018	A	\$ (1)	\$ (2)			
114		B	\$ (21,208)	\$ (33,507)			
115		C	\$ (6,178)	\$ (10,670)			
116		D	\$ (229,262)	\$ (390,664)			
117		SUM	\$ (256,650)	\$ (434,843)			
118	2019	A	\$ (8)	\$ (13)			
119		B	\$ (31,911)	\$ (51,105)			
120		C	\$ (12,947)	\$ (22,565)			
121		D	\$ (306,090)	\$ (524,193)			
122		SUM	\$ (350,956)	\$ (597,876)			
123	2020	A	\$ -	\$ -			
124		B	\$ (18,627)	\$ (30,167)			
125		C	\$ (14,506)	\$ (25,433)			
126		D	\$ (191,600)	\$ (331,811)			
127		SUM	\$ (224,732)	\$ (387,412)			
128							
129	<b>Step 5: Assumptions</b>						
130		<b>High</b>	<b>Middle</b>	<b>Low</b>			
131	Share Miami-Dade Up to Statewide	100%	50%	0%			
132	Share up Group A for 25% Increase to 30%	0%	0%	0%			
133							
134	<b>Assumption:</b>	Grow Average of 3 Years as 2020					
135							

	A	B	C	D	E	F	G
136	<b>Step 6: Impact</b>						
137	<b>School Impact</b>						
138		High		Middle		Low	
139		Cash	Recurring	Cash	Recurring	Cash	Recurring
140	2021-22		\$(0.6 M)		\$(0.4 M)		\$(0.3 M)
141	2022-23		\$(0.7 M)		\$(0.5 M)		\$(0.3 M)
142	2023-24	\$0	\$(0.7 M)	\$0	\$(0.5 M)	\$0	\$(0.3 M)
143	2024-25	\$(0.8 M)	\$(0.8 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
144	2025-26	\$(0.8 M)	\$(0.8 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
145	2026-27	\$(0.9 M)	\$(0.9 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
146	2027-28	\$(0.9 M)	\$(0.9 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
147							
148	<b>Non-School Impact</b>						
149		High		Middle		Low	
150		Cash	Recurring	Cash	Recurring	Cash	Recurring
151	2021-22		\$(1.0 M)		\$(0.7 M)		\$(0.5 M)
152	2022-23		\$(1.1 M)		\$(0.8 M)		\$(0.6 M)
153	2023-24	\$0	\$(1.3 M)	\$0	\$(1.0 M)	\$0	\$(0.6 M)
154	2024-25	\$(1.4 M)	\$(1.4 M)	\$(1.0 M)	\$(1.0 M)	\$(0.7 M)	\$(0.7 M)
155	2025-26	\$(1.4 M)	\$(1.4 M)	\$(1.1 M)	\$(1.1 M)	\$(0.7 M)	\$(0.7 M)
156	2026-27	\$(1.5 M)	\$(1.5 M)	\$(1.2 M)	\$(1.2 M)	\$(0.8 M)	\$(0.8 M)
157	2027-28	\$(1.6 M)	\$(1.6 M)	\$(1.2 M)	\$(1.2 M)	\$(0.8 M)	\$(0.8 M)
158							
159	<b>Total Impact</b>						
160		High		Middle		Low	
161		Cash	Recurring	Cash	Recurring	Cash	Recurring
162	2023-24	\$0	\$(2.0 M)	\$0	\$(1.4 M)	\$0	\$(0.9 M)
163	2024-25	\$(2.1 M)	\$(2.1 M)	\$(1.4 M)	\$(1.4 M)	\$(1.0 M)	\$(1.0 M)
164	2025-26	\$(2.3 M)	\$(2.3 M)	\$(1.5 M)	\$(1.5 M)	\$(1.0 M)	\$(1.0 M)
165	2026-27	\$(2.4 M)	\$(2.4 M)	\$(1.6 M)	\$(1.6 M)	\$(1.1 M)	\$(1.1 M)
166	2027-28	\$(2.5 M)	\$(2.5 M)	\$(1.7 M)	\$(1.7 M)	\$(1.1 M)	\$(1.1 M)

## REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Educational Property Exemption

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

☒ Entire Bill:

☐ Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: January 1, 2023 (2024 Ad Valorem Tax Roll)

Date(s) Conference Reviewed: March 17<sup>th</sup>, 2023

### Section 1: Narrative

a. **Current Law:** Section 1. Section 196.198, Florida Statutes, is paraphrased below:

**196.198 Educational Property Exception:** Currently, educational institutions and their properties in Florida that are used for educational purposes are exempt from taxation. Improvements to the property used exclusively for educational purposes are deemed owned by an educational institution if the institution is an educational institution described in s. 212.0602.

b. **Proposed Change:** Proposed language change to Section 1. Section 196.198, Florida Statutes, is paraphrased below:

**196.198 Educational Property Exception:** Currently, educational institutions and their properties in Florida that are used for educational purposes are exempt from taxation. Improvements to the property used exclusively for educational purposes are deemed owned by an educational institution if the institution **received the exemption under this section on the same property in any 10 consecutive prior years**, and is an educational institution described in s. 212.0602.

**Section 2. This act shall take effect January 1, 2023, and the change applies starting with the 2024 tax roll.**

### Section 2: Description of Data and Sources

Non-Residential Just Value growth rates from the [August 2022 Ad Valorem Revenue Estimating Conference](#)

2022 Statewide Millage Rates

2022 Final Ad Valorem Tax Rolls

Orange and Broward counties property appraiser websites

### Section 3: Methodology (Include Assumptions and Attach Details)

The criteria used to determine if a parcel is eligible is:

- The parcel does not currently receive exemption 16 (educational property exemption).
- In the past 10 years the parcel at one point did receive exemption 16.
- The parcel has taxable value in the year 2022.

Two parcels were identified as impacted by the legislation, one in Orange County and one in Broward County. The taxable values and the tax burdens of these properties were obtained from the appropriate property appraiser's website. It was assumed the identified parcels would be exempted by the legislation. The average taxable value of these two properties (\$57.9m) was multiplied by the statewide aggregate millage rates to estimate the impact of unidentified parcels. The low estimate assumes two such unknown parcels exist, in addition to the two known parcels. The middle assumes 4 unknown, and the high assumes 8 unknown.

The first year's cash value is zero as the effective date of the bill is January 1, 2023, and the change applies starting with the 2024 tax roll.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24		\$ (10.5 M)		\$ (6.4 M)		\$(4.4 M)
2024-25	\$(11.2 M)	\$ (11.2 M)	\$(6.8 M)	\$(6.8 M)	\$(4.6 M)	\$(4.6 M)
2025-26	\$(11.8 M)	\$ (11.8 M)	\$(7.2 M)	\$(7.2 M)	\$(4.9 M)	\$(4.9 M)
2026-27	\$(12.4 M)	\$(12.4 M)	\$(7.6 M)	\$(7.6 M)	\$(5.2 M)	\$(5.2 M)
2027-28	\$(13.0 M)	\$(13.0 M)	\$(8.0 M)	\$(8.0 M)	\$(5.4 M)	\$(5.4 M)

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Ad Valorem

**Issue:** Educational Property Exemption

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

**Revenue Distribution:** Ad Valorem

**Section 5: Consensus Estimate (Adopted: 03/17/2023):** The Conference adopted the low estimate with adjustments made to the assumed millage rate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(1.5)	0.0	(2.9)	0.0	(4.4)
2024-25	(1.6)	(1.6)	(3.0)	(3.0)	(4.6)	(4.6)
2025-26	(1.7)	(1.7)	(3.2)	(3.2)	(4.9)	(4.9)
2026-27	(1.8)	(1.8)	(3.4)	(3.4)	(5.2)	(5.2)
2027-28	(1.9)	(1.9)	(3.5)	(3.5)	(5.4)	(5.4)

	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	(4.4)	0.0	(4.4)
2024-25	0.0	0.0	0.0	0.0	(4.6)	(4.6)	(4.6)	(4.6)
2025-26	0.0	0.0	0.0	0.0	(4.9)	(4.9)	(4.9)	(4.9)
2026-27	0.0	0.0	0.0	0.0	(5.2)	(5.2)	(5.2)	(5.2)
2027-28	0.0	0.0	0.0	0.0	(5.4)	(5.4)	(5.4)	(5.4)

	A	B	C	D	E	F	G	H
1								
2	<b>2022 TV of Known Affected Parcels</b>							
3	Parcel ID	County	School Taxable Value	Non-School Taxable Value	School Millage	Non-School Millage	School Impact	Non-School Impact
4	00A7DF77	Broward	\$74,071,670	\$ 74,071,670	6.1383	14.3702	\$454,674	\$1,064,425
5	005C3013	Orange	\$41,741,433	\$ 41,741,433	6.4620	9.3404	\$269,733	\$389,882
6	005F643A	Orange	\$0	\$ -	6.4620	9.0549	\$0	\$0
7	005F6439	Orange	\$0	\$ -	6.4620	9.0549	\$0	\$0
8	<b>Sum</b>		<b>\$115,813,103</b>	<b>\$ 115,813,103</b>			<b>\$724,407</b>	<b>\$1,454,306</b>
9	<i>Source: 2022F NAL Roll</i>							
10								
11	<b>2022 TV of Unknown Affected Parcels</b>							
12	<b>Average* Parcel Taxable Value</b>							
13	School	\$ 57,906,552						
14	NonSchool	\$ 57,906,552						
15	<i>*Average of two with remaining taxable value</i>							
16								
17	<b>2022F Statewide Average Millage Rates</b>							
18	School	5.9581						
19	NonSchool	10.5823						
20								
21	<b>2022 Average Tax Impact</b>							
22	School	\$345,013						
23	Non-School	\$612,784						
24								
25	<b>Unknown Parcel Multipliers</b>							
26		High	Middle	Low				
27		8	4	2				
28	School	\$2,760,104	\$1,380,052	\$690,026				
29	NonSchool	\$4,902,276	\$2,451,138	\$1,225,569				
30								
31								
32	<b>Total 2022 School Impact</b>							
33		High	Middle	Low				
34	Known	\$724,407	\$724,407	\$724,407				
35	Unknown	\$2,760,104	\$1,380,052	\$690,026				
36	Sum	\$3,484,511	\$2,104,459	\$1,414,433				
37								
38	<b>Total 2022 Non-School Impact</b>							
39		High	Middle	Low				
40	Known	\$1,454,306	\$1,454,306	\$1,454,306				
41	Unknown	\$4,902,276	\$2,451,138	\$1,225,569				
42	Sum	\$6,356,582	\$3,905,444	\$2,679,875				
43								



	A	B	C	D	E	F	G	H
44	<b>Non Residential JV Growth Rates</b>							
45	2021*	\$ 860,221						
46	2022	\$ 1,014,220						
47	2023	\$ 1,085,447	7.02%					
48	2024	\$ 1,149,379	5.89%					
49	2025	\$ 1,212,627	5.50%					
50	2026	\$ 1,278,025	5.39%					
51	2027	\$ 1,342,097	5.01%					
52	2028	\$ 1,409,028	4.99%					
53	<a href="#">Source: Aug 2022 AV REC</a>							
54								
55	<b>School Impact</b>							
56		<b>High</b>	<b>Middle</b>	<b>Low</b>				
57	2022-23	\$3,484,511	\$2,104,459	\$1,414,433				
58	2023-24	\$3,729,223	\$2,252,252	\$1,513,767				
59	2024-25	\$3,948,871	\$2,384,908	\$1,602,926				
60	2025-26	\$4,166,170	\$2,516,145	\$1,691,132				
61	2026-27	\$4,390,855	\$2,651,842	\$1,782,336				
62	2027-28	\$4,610,984	\$2,784,789	\$1,871,691				
63								
64	<b>NonSchool Impact</b>							
65		<b>High</b>	<b>Middle</b>	<b>Low</b>				
66	2022-23	\$6,356,582	\$3,905,444	\$2,679,875				
67	2023-24	\$6,802,995	\$4,179,717	\$2,868,079				
68	2024-25	\$7,203,686	\$4,425,899	\$3,037,006				
69	2025-26	\$7,600,090	\$4,669,448	\$3,204,127				
70	2026-27	\$8,009,969	\$4,921,275	\$3,376,928				
71	2027-28	\$8,411,538	\$5,167,996	\$3,546,225				
72								
73	<b>Total Impact</b>							
74		<b>High</b>	<b>Middle</b>	<b>Low</b>				
75	2022-23	\$9,841,094	\$6,009,904	\$4,094,309				
76	2023-24	\$10,532,218	\$6,431,969	\$4,381,845				
77	2024-25	\$11,152,557	\$6,810,807	\$4,639,933				
78	2025-26	\$11,766,260	\$7,185,592	\$4,895,259				
79	2026-27	\$12,400,824	\$7,573,118	\$5,159,264				
80	2027-28	\$13,022,522	\$7,952,785	\$5,417,917				

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Communications Services Tax

**Issue:** State Rate Reduction/Local Rate Freeze

**Bill Number(s):** SB 1432/ HB 1153

☐ Entire Bill

☐ Partial Bill:

**Sponsor(s):** Senator Trumbull / Representative Steele

**Month/Year Impact Begins:** July 2023

**Date(s) Conference Reviewed:** March 17<sup>th</sup>, 2023

### Section 1: Narrative

**a. Current Law:** The Communications Services State Sales tax rate is 4.92%

**b. Proposed Change:** Changes the Communications Services State Sales tax rate to 3.48%. Does not affect the DHS rate. Freezes the local CST rate and the local sales surtax conversion rate until January 2026.

### Section 2: Description of Data and Sources

February 2023 Gross Receipts/CST Conference Package

### Section 3: Methodology (Include Assumptions and Attach Details)

Using the conference package from the Feb-2023 CST Conference, we can calculate the tax base for the Communication Services State Sales Tax by dividing the forecasted revenues by the current rate. We can then multiply this tax base by the proposed rate to see the collections under this language. The impact is then the difference between current forecasted collections and the collections under this language.

Fiscal Year	Adopted Forecast	Tax Base	New Rate	Impact
		4.92%	3.48%	
FY 23-24	\$576 M	\$11,715 M	\$408 M	(\$169) M
FY 24-25	\$600 M	\$12,193 M	\$424 M	(\$176) M
FY 25-26	\$617 M	\$12,548 M	\$437 M	(\$181) M
FY 26-27	\$633 M	\$12,864 M	\$448 M	(\$185) M
FY 27-28	\$647 M	\$13,153 M	\$458 M	(\$189) M

The local rate freeze is considered a zero impact as the conference holds local rates constant in its deliberations.

The amendment to s202.19(3)(a) lists only fees included either currently in 202.19(3)(a) or in 202.20(2)(b).

First year cash is 11/12ths recurring to as the effective date applies to sales in July which will be recognized in August collections.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$154.6) M	(\$168.7) M		
2024-25			(\$175.6) M	(\$175.6) M		
2025-26			(\$180.7) M	(\$180.7) M		
2026-27			(\$185.2) M	(\$185.2) M		
2027-28			(\$189.4) M	(\$189.4) M		

**Revenue Distribution:** Local CST

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Communications Services Tax

**Issue:** State Rate Reduction/Local Rate Freeze

**Bill Number(s):** SB 1432/ HB 1153

**Section 5: Consensus Estimate (Adopted: 03/17/2023)** The Conference adopted the estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(136.9)	(149.4)	(Insignificant)	(Insignificant)	(4.6)	(5.0)	(13.1)	(14.3)
2024-25	(155.5)	(155.5)	(Insignificant)	(Insignificant)	(5.2)	(5.2)	(14.9)	(14.9)
2025-26	(160.0)	(160.0)	(Insignificant)	(Insignificant)	(5.4)	(5.4)	(15.3)	(15.3)
2026-27	(164.0)	(164.0)	(Insignificant)	(Insignificant)	(5.5)	(5.5)	(15.7)	(15.7)
2027-28	(167.7)	(167.7)	(Insignificant)	(Insignificant)	(5.6)	(5.6)	(16.1)	(16.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	(17.7)	(19.3)	(154.6)	(168.7)
2024-25	0.0	0.0	(20.1)	(20.1)	(175.6)	(175.6)
2025-26	0.0	0.0	(20.7)	(20.7)	(180.7)	(180.7)
2026-27	0.0	0.0	(21.2)	(21.2)	(185.2)	(185.2)
2027-28	0.0	0.0	(21.7)	(21.7)	(189.4)	(189.4)