

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax  
**Issue:** Section 27 Rural Job Tax Credit  
**Bill Number(s):** HB 5

☐ **Entire Bill**

☒ **Partial Bill:** HB 5 Section 27

**Sponsor(s):** Representative Esposito

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

**Date(s) Conference Reviewed:** April 7, 2023

### Section 1: Narrative

**a. Current Law:** s. 212.098 F.S., Defines Eligible businesses for Rural Job Tax Credits

**b. Proposed Change:** The proposed language removes “Qualified Target Industries” under s. 288.106, from being considered in the definition of an eligible business for rural job tax credits.

### Section 2: Description of Data and Sources

Department of Revenue 2022 Tax Credit Summary  
 DEO rural credit information

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

The proposed language would remove qualified target industries out of eligible businesses for the rural job tax credit. To be eligible, a business must be predominately engaged in (or headquarters for) activities classified in the SICs listed in the statute. Businesses can no longer qualify as a *targeted industry eligible for the qualified target industry business tax refund under s. 288.106* since the QTI statute expired on 6/30/2020, and businesses are no longer able to be certified under that section resulting in a zero impact.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$0.0	\$0.0		
2024-25			\$0.0	\$0.0		
2025-26			\$0.0	\$0.0		
2026-27			\$0.0	\$0.0		
2027-28			\$0.0	\$0.0		

**Revenue Distribution:** Sales and Use Tax, Corporate Income Tax

### Section 5: Consensus Estimate (Adopted: 04/07/2023): The Conference adopted the proposed estimate.

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

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Communications Equipment Sales Tax Exemption

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

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):**

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

**Date(s) Conference Reviewed:** March 31, 2023, April 7<sup>th</sup>, 2023

### Section 1: Narrative

**a. Current Law:** Communications equipment is taxable at 6%.

**b. Proposed Change:** The language exempts the purchase, use, or lease of “qualifying equipment” by a provider of communications services or internet access services from sales tax. Language lists examples of “qualifying equipment” as: cable modem termination system components and WiFi equipment, headend and hub equipment, monitoring equipment, fiber optic cable, coaxial cable, conduit, distribution plant, customer connection equipment, telecommunications radio, routing and switching equipment, software, equipment enclosures above and below ground, towers, poles, mounts, electricity, transmitters, power equipment, diagnostic equipment, storage devices, servers, multiplexers, amplifiers, antennas. Language is not limited to the above.

The sales tax exemption does not apply to: real property, improvements to real property; office furniture and fixtures; general office equipment and machinery that is not used to provide communications services or internet access services; vehicles; customer premise equipment.

The sales tax exemption will be repealed on June 30<sup>th</sup>, 2027.

### Section 2: Description of Data and Sources

IbisWorld telecommunications industry reports for both the U.S. and Florida:

Source: <https://www.ibisworld.com/>

- Listed reports provide historic revenue data for both the US and Florida with projected revenue collections out to CY 2027
  - o “Satellite Telecommunications Providers”
  - o “Telecommunications Resellers”
  - o “Wireless Telecommunications Carriers”
  - o “Wired Telecommunications Carriers”
  - o “Satellite TV Providers”

USTelecom, 2021 Broadband CapEx Report

Source: [2021-Broadband-Capex-Report.pdf \(ustelecom.org\)](#)

- Provides data for broadband infrastructure investment in the US from CY 2015 to CY 2021

Census, Capital expenditure for telecommunications industry equipment estimates

Source: [Annual Capital Expenditures Survey \(ACES\) \(census.gov\)](#)

- Accessed for years 2015-2021 for CapEx on equipment (new and used) in the US for telecommunications industries (NAICS codes: 5151, 5152, 5171, 5172, 5173, 5174, 5179)

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

Step 1: Aggregate revenue data for the US and Florida from IBISWorld reports for services (see reports listed above) within the telecommunications industry. Convert to fiscal year taking a 2-year average. Calculate Florida’s share of US telecommunications industry revenues to establish Florida’s market size relative to national levels.

Step 2: Using broadband infrastructure investment data published by USTelecom, convert to fiscal year, and calculate the 3-year average investment growth rate (excluding FY 19-20 due to outlying data due to COVID-19) – 3.05%.

Step 3: Aggregate US capital expenditures on equipment data for available years 2015-2021 from the Census’s Annual Capital Expenditures Surveys for telecommunications services (NAICS codes: 5151, 5152, 5171, 5172, 5173, 5174, 5179). Convert to fiscal year. Apply the investment growth rate calculated in Step 2 to estimate capital expenditures on equipment for years FY 21-22 to FY 27-28.

Assumption: The investment growth rate at 3.05% is a better representation of telecommunications industry growth for Florida compared to US rates given Florida’s disproportionately large construction outlook compared to national numbers. Florida has the 3<sup>rd</sup> highest number of construction jobs (BLS) in the US with an anticipated industry annual growth rate of

## REVENUE ESTIMATING CONFERENCE

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

3.47% in FY 23-24 ([Statista](#)). Additionally, the continued expansion of broadband services in rural regions of Florida suggests a higher level of forthcoming investment throughout the forecast horizon than current or projected US industry revenues capture.

Step 4: Using the FL to US industry revenue shares calculated in Step 1, estimate Florida's share of capital expenditures on equipment from the US capital expenditures data aggregated in Step 3 to establish a base Florida communications equipment sales estimate.

Step 5: Calculate High, Middle, and Low estimates of Florida's communications equipment sales from telecommunications-specific spending brackets at 70%, 60%, and 50% intervals based on independent analysis conducted by the Department of Revenue. Apply the 6% sales tax to the High, Middle, and Low estimates to arrive at the estimated impact of the communications equipment sales tax exemption.

### Section 4: Proposed Fiscal Impact

Communications Equipment Sales Tax (6%) Exemption impact (\$ millions)						
70% High		60% Mid		50% Low		
Cash	Recurring	Cash	Recurring	Cash	Recurring	
FY 23-24	\$214.2		\$183.6		\$153.0	
FY 24-25	\$242.2		\$207.6		\$173.0	
FY 25-26	\$251.3		\$215.4		\$179.5	
FY 26-27	\$259.5		\$222.5		\$185.4	
FY 27-28	\$22.3		\$19.1		\$15.9	

**Revenue Distribution:** Sales and Use Tax

### Section 5: Consensus Estimate (Adopted: 04/07/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(162.5)	0.0	(Insignificant)	0.0	(5.5)	0.0	(15.6)	0.0
2024-25	(183.8)	0.0	(Insignificant)	0.0	(6.2)	0.0	(17.6)	0.0
2025-26	(190.7)	0.0	(Insignificant)	0.0	(6.4)	0.0	(18.3)	0.0
2026-27	(197.0)	0.0	(Insignificant)	0.0	(6.6)	0.0	(18.9)	0.0
2027-28	(16.9)	0.0	(Insignificant)	0.0	(0.6)	0.0	(1.6)	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(183.6)	0.0	(22.2)	0.0	(205.8)	0.0
2024-25	(207.6)	0.0	(25.1)	0.0	(232.7)	0.0
2025-26	(215.4)	0.0	(26.1)	0.0	(241.5)	0.0
2026-27	(222.5)	0.0	(26.9)	0.0	(249.4)	0.0
2027-28	(19.1)	0.0	(2.3)	0.0	(21.4)	0.0

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Communications Equipment Sales Tax Exemption

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

Impact Analysis, Proposed Language, Session 2023						
Communications Equipment Sales Tax Exemption						
<i>*Estimates are italicized</i>						
Step 1						
US & FL telecommunication industry revenue shares (FY)						
<a href="#">Source: IBISWorld reports: US &amp; FL Satellite Telecommunications Providers, US &amp; FL Telecommunications Resellers, US &amp; FL Satellite TV Providers, US</a>						
FY 22-23	\$ 403,209.98	\$ 28,187.29	6.99%	3.32%		
FY 23-24	\$ 404,666.19	\$ 28,375.29	7.01%	0.67%		
FY 24-25	\$ 406,028.92	\$ 28,629.75	7.05%	0.90%		
FY 25-26	\$ 407,243.03	\$ 28,911.22	7.10%	0.98%	FL 3-year average (for FY 27-28 estimation)	
FY 26-27	\$ 408,373.29	\$ 29,054.84	7.11%	0.50%	0.79%	
FY 27-28	\$ 411,608.49	\$ 29,285.02	7.11%	0.79%		
Step 2						
US broadband providers investment in communications infrastructure						
<a href="#">Source: 2021 Broadband CapEx Report</a>						
	US broadband infrastructure investment (FY, \$	US broadband investment growth rate				
FY 17-18	\$ 78,450.00	3.43%				
FY 18-19	\$ 80,400.00	2.49%				
FY 19-20	\$ 80,100.00	-0.37%	3-year average (exlc outliers for out-year CapEX estimation)			
FY 20-21	\$ 82,700.00	3.25%	3.05%			

# REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Communications Equipment Sales Tax Exemption

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

Step 3 & 4							
Capital expenditure for telecommunications industry equipment estimates (NAICS codes: 5151, 5152, 5171, 5172, 5173, 5174, 5179)							
Source: <a href="#">Census, Capital Expenditures for Structures and Equipment for Companies with Employees by Industry: 2015-2021 surveys</a>							
	US equipment CapEx for telecom industries (FY, \$ millions)	FL equipment CapEx for telecom industries (FY, \$ millions)					
FY 15-16	\$ 72,381.50	\$ 4,304.13					
FY 16-17	\$ 75,760.00	\$ 4,544.55					
FY 17-18	\$ 78,213.00	\$ 4,736.27					
FY 18-19	\$ 77,795.50	\$ 4,747.15					
FY 19-20	\$ 73,195.50	\$ 4,502.18					
FY 20-21	\$ 72,515.50	\$ 4,581.59					
FY 21-22	\$ 74,729.50	\$ 5,022.95					
FY 22-23	\$ 77,011.10	\$ 5,383.63					
FY 23-24	\$ 79,362.35	\$ 5,564.91					
FY 24-25	\$ 81,785.40	\$ 5,766.82					
FY 25-26	\$ 84,282.42	\$ 5,983.42					
FY 26-27	\$ 86,855.68	\$ 6,179.59					
FY 27-28	\$ 89,507.51	\$ 6,368.26					

Communications Equipment Sales Tax (6%) Exemption impact (\$ millions)						
70% High		60% Mid		50% Low		
Cash	Recurring	Cash	Recurring	Cash	Recurring	
FY 23-24	\$214.25	\$183.64		\$153.03		
FY 24-25	\$242.21	\$207.61		\$173.00		
FY 25-26	\$251.30	\$215.40		\$179.50		
FY 26-27	\$259.54	\$222.47		\$185.39		
FY 27-28	\$22.29	\$19.10		\$15.92		

Impact Analysis, Proposed Language, Session 2023  
Communications Equipment Sales Tax Exemption  
*\*Estimates are italicized*

Step 1

US & FL telecommunication industry revenue shares (FY)

[Source: IBISWorld reports: US & FL Satellite Telecommunications Providers, US & FL Telecommunications Re](#)

FY 22-23	\$	403,209.98	\$	28,187.29	6.99%	3.32%
FY 23-24	\$	404,666.19	\$	28,375.29	7.01%	0.67%
FY 24-25	\$	406,028.92	\$	28,629.75	7.05%	0.90%
FY 25-26	\$	407,243.03	\$	28,911.22	7.10%	0.98%
FY 26-27	\$	408,373.29	\$	29,054.84	7.11%	0.50%
FY 27-28	\$	411,608.49	\$	29,285.02	7.11%	0.79%

Step 2

US broadband providers investment in communications infrastructure

[Source: 2021 Broadband CapEx Report](#)

	US broadband infrastructure investment (FY, \$ millions)		US broadband investment growth rate	
FY 17-18	\$	78,450.00	3.43%	
FY 18-19	\$	80,400.00	2.49%	
FY 19-20	\$	80,100.00	-0.37%	3-year average (exlc outliers for out-year CapE
FY 20-21	\$	82,700.00	3.25%	3.05%

Step 3 & 4

Capital expenditure for telecommunications industry equipment estimates (NAICS codes: 5151, 5152, 5171, 5

[Source: Census, Capital Expenditures for Structures and Equipment for Companies with Employess by Industry](#)

	US equipment CapEx for telecom industries (FY, \$ millions)		FL equipment CapEx for telecom industries (FY, \$ millions)	
FY 15-16	\$	72,381.50	\$	4,304.13
FY 16-17	\$	75,760.00	\$	4,544.55
FY 17-18	\$	78,213.00	\$	4,736.27
FY 18-19	\$	77,795.50	\$	4,747.15
FY 19-20	\$	73,195.50	\$	4,502.18
FY 20-21	\$	72,515.50	\$	4,581.59
FY 21-22	\$	74,729.50	\$	5,022.95
FY 22-23	\$	77,011.10	\$	5,383.63
FY 23-24	\$	79,362.35	\$	5,564.91
FY 24-25	\$	81,785.40	\$	5,766.82
FY 25-26	\$	84,282.42	\$	5,983.42
FY 26-27	\$	86,855.68	\$	6,179.59

Impact Analysis, Proposed Language, Session 2023

Communications Equipment Sales Tax Exemption

*\*Estimates are italicized*

Step 1

US & FL telecommunication industry revenue shares (FY)

Source: IBISWorld report

FY 22-23	\$	403,209.98	\$	28,187.29	6.99%	3.32%
FY 23-24	\$	404,666.19	\$	28,375.29	7.01%	0.67%
FY 24-25	\$	406,028.92	\$	28,629.75	7.05%	0.90%
FY 25-26	\$	407,243.03	\$	28,911.22	7.10%	0.98% FL 3-year average (for FY 27-28 estimation)
FY 26-27	\$	408,373.29	\$	29,054.84	7.11%	0.50% 0.79%
FY 27-28	\$	411,608.49	\$	29,285.02	7.11%	0.79%

Step 2

US broadband providers investment in communications infrastructure

Source: 2021 Broadband CapEx Report

	US broadband infrastructure investment (FY, \$ millions)	US broadband investment growth rate	
FY 17-18	\$ 78,450.00	3.43%	
FY 18-19	\$ 80,400.00	2.49%	
FY 19-20	\$ 80,100.00	-0.37%	3-year average (exlc outliers for out-year CapEX estimation)
FY 20-21	\$ 82,700.00	3.25%	3.05%

Step 3 & 4

Capital expenditure for telecommunications industry equipment estimates (NAICS codes: 5151, 5152, 5171, 5172, 5173, 5174, 5179)

Source: Census, Capital Expenditures for Structures and Equipment for Companies with Employess by Industry: 2015-2021 surveys

US equipment CapEx for telecom industries (FY, \$ millions)	FL equipment CapEx for telecom industries (FY, \$ millions)
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FY 15-16	\$	72,381.50	\$	4,304.13
FY 16-17	\$	75,760.00	\$	4,544.55
FY 17-18	\$	78,213.00	\$	4,736.27
FY 18-19	\$	77,795.50	\$	4,747.15
FY 19-20	\$	73,195.50	\$	4,502.18
FY 20-21	\$	72,515.50	\$	4,581.59
FY 21-22	\$	74,729.50	\$	5,022.95
FY 22-23	\$	77,011.10	\$	5,383.63
FY 23-24	\$	79,362.35	\$	5,564.91
FY 24-25	\$	81,785.40	\$	5,766.82
FY 25-26	\$	84,282.42	\$	5,983.42
FY 26-27	\$	86,855.68	\$	6,179.59
FY 27-28	\$	89,507.51	\$	6,368.26

Step 5

Communications Equipment Sales Tax (6%) Exemption impact (\$ millions)						
70% High		60% Mid		50% Low		
Cash	Recurring	Cash	Recurring	Cash	Recurring	
FY 21-22	\$193.38	\$210.96	\$165.76	\$180.83	\$138.13	\$150.69
FY 22-23	\$226.11	\$226.11	\$193.81	\$193.81	\$161.51	\$161.51
FY 23-24	\$233.73	\$233.73	\$200.34	\$200.34	\$166.95	\$166.95
FY 24-25	\$242.21	\$242.21	\$207.61	\$207.61	\$173.00	\$173.00
FY 25-26	\$251.30	\$251.30	\$215.40	\$215.40	\$179.50	\$179.50
FY 26-27	\$259.54	\$259.54	\$222.47	\$222.47	\$185.39	\$185.39
FY 27-28	\$267.47	\$267.47	\$229.26	\$229.26	\$191.05	\$191.05



## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Prohibitions of Special Assessments on Agricultural Lands

**Bill Number(s):** CS/HB 1343 – Section 1

☐ Entire Bill

☒ Partial Bill:

**Sponsor(s):** House Agriculture, Conservation & Resiliency Subcommittee and Representative Tuck

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

**Date(s) Conference Reviewed:** April 7, 2023

### Section 1: Narrative

- a. **Current Law:** Section 125.01(1)(r), F.S., states: ***“Notwithstanding any other provision of law, a county may not levy special assessments for the provision of fire protection services on lands classified as agricultural lands under s. 193.461 unless the land contains a residential dwelling or nonresidential farm building, with the exception of an agricultural pole barn, provided the nonresidential farm building exceeds a just value of \$10,000. Such special assessments must be based solely on the special benefit accruing to that portion of the land consisting of the residential dwelling and curtilage, and qualifying nonresidential farm buildings. As used in this paragraph, the term ‘agricultural pole barn’ means a nonresidential farm building in which 70 percent or more of the perimeter wall are permanently open and allow free ingress and egress.”***

#### Special Assessments

Special assessments are a home rule revenue source used to construct and maintain capital facilities and to fund certain services. Section 125.01(1)(r), F.S., authorizes the levy of special assessments for county governments.

In order for an assessed property to derive a special benefit from the service provided, there should be a logical relationship between the provided service and the benefit to real property. This logical relationship to property legal test defines those services that can be funded by special assessments versus those that cannot. General government services, such as general law enforcement and indigent health care, fail to satisfy the logical relationship to property test and cannot be funded by special assessments. Many improvements and services have been upheld by the courts as providing a special benefit to assessed properties.

Once the service or capital facility satisfies the special benefit test, the assessment should be fairly apportioned among the benefited property in a manner consistent with the logical relationship embodied in the special benefit requirement. Whether imposed to fund capital projects or services, a special assessment is generally collected on the annual ad valorem tax bill. Under this collection procedure, the special assessment is characterized as a non-ad valorem assessment.

#### Lands Classified as Agricultural Lands

Section 193.461, F.S., provides that the county property appraiser shall, on an annual basis, classify for assessment purposes all lands within the county as either agricultural or nonagricultural. Subject to the restrictions of this section, only lands that are used for bona fide agricultural purposes shall be classified agricultural. The term “bona fide agricultural purposes” means good faith commercial agricultural use of the land.

In determining whether the use of the land for agricultural purposes is bona fide, the following factors, as specified in s. 193.461(3)(b), F.S., may be taken into consideration:

- The length of time the land has been so used.
- Whether the use has been continuous.
- The purchase price paid.
- Size, as it relates to specific agricultural use, but a minimum acreage may not be required for agricultural assessment.
- Whether an indicated effort has been made to care sufficiently and adequately for the land in accordance with accepted commercial agricultural practices, including, without limitation, fertilizing, liming, tilling, mowing, reforestation, and other accepted agricultural practices.
- Whether the land is under lease and, if so, the effective length, terms, and conditions of the lease.
- Such other factors as may become applicable.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Prohibitions of Special Assessments on Agricultural Lands

**Bill Number(s):** CS/HB 1343 – Section 1

Pursuant to s. 193.461(4), F.S., property appraisers must reclassify lands as nonagricultural when they are diverted from an agricultural to a nonagricultural use or the land is no longer being utilized for agricultural purposes.

For purposes of s. 193.461, F.S., the term “agricultural purposes” includes, but is not limited to: horticulture; floriculture; viticulture; forestry; dairy; livestock; poultry; bee; pisciculture, if the land is used principally for the production of tropical fish; aquaculture as defined in s. 597.0015, F.S.; algaculture; sod farming; and all forms of farm products as defined in s. 823.14(3), F.S.; and farm production.

- b. Proposed Change:** Section 1 of CS/HB 1343 amends s. 125.01(1)(r), F.S., to state: ***“Notwithstanding any other provision of law, a county may not levy special assessments on lands classified as agricultural lands under s. 193.461.”***

### Section 2: Description of Data and Sources

Florida Department of Revenue, Property Tax Oversight

2022 Non-ad valorem tax rolls and summary report

- NAVN – summary of assessment by parcel
- NAVD – individual assessment detail by parcel
- DR-503 NA – summary of assessments by non-ad valorem function and

2022 Ad Valorem tax roll – NAL data (only parcels that have any land classified as agricultural included)

Parcels from the NAL were matched with NAVN and NAVD data to create the summary of non-ad valorem assessments against each parcel. There were some challenges in matching the information since, in many instances, the parcel identification data received on the non-ad valorem assessment rolls were in a slightly different format from the NAL. Consequently, extensive additional data management was needed to get a clean match. The data for two counties were not matched (Hendry and Pinellas). However, these two counties represent only a small number (less than 3,008) of the overall number of parcels (238,822) with lands classified as agricultural.

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

The basis of non-ad valorem assessments varies depending on the type and purpose. They may be assessed as a flat rate per parcel, square foot of the improvement area, square foot of land area, per acre, or may vary based on property type and benefit. Non-ad valorem assessments may be levied by counties, municipalities, or independent special districts.

Section 1 of the bill precludes counties from levying special assessments.

Based on the bill language, the assumption was made that no non-ad valorem assessment may be made by the county on “land classified as agricultural” even if the parcel contains other types of land or improvements. Other local governments such as cities and independent special districts could continue to make non-ad valorem assessments. The High scenario contains all county-level, non-ad valorem assessments for parcels identified on the NAL as having all or part of the land classified as agricultural.

The Middle scenario presumes that the bill language is slightly more permissive and prevents only the use of the land classified as agricultural to be excluded and allows any other land and or improvements on the parcel to be included in the calculation of a special assessment rate. This scenario presumes that the current assessment on the parcel does not include the land classified as agricultural if there is a residential improvement on the parcel. This was done because it is nearly impossible to determine the split between any residential improvement and improvements of another type without an individual review of each assessment.

The Low scenario assumes that only a few land basis assessments would be impacted by this change, and the land classified as agricultural would be removed from any calculation of assessment. Because the assessment is so difficult to break into categories, a no impact assumption was made.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Prohibitions of Special Assessments on Agricultural Lands

**Bill Number(s):** CS/HB 1343 – Section 1

Using annual totals of county non-ad valorem assessments for the period of 2009-10 through 2022-23, as reported by county tax collectors to the Department via the Tax Collector Non-Ad Valorem Reports (see link below), a Compound Annual Growth Rate (CAGR) of 4.8% was calculated and used to project the revenue impacts into the forecast period.

(Reports available at [http://floridarevenue.com/property/Pages/Cofficial\\_NonAdValoremReports.aspx](http://floridarevenue.com/property/Pages/Cofficial_NonAdValoremReports.aspx).)

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(23.7)	(23.7)	(9.9)	(9.9)	0	0
2024-25	(24.8)	(24.8)	(10.3)	(10.3)	0	0
2025-26	(26.0)	(26.0)	(10.8)	(10.8)	0	0
2026-27	(27.3)	(27.3)	(11.4)	(11.4)	0	0
2027-28	(28.6)	(28.6)	(11.9)	(11.9)	0	0

**Revenue Distribution:** Local Funds

**Section 5: Consensus Estimate (Adopted: 04/07/2023):** The Conference adopted the high estimate but notes that the actual impact is higher by an indeterminate amount because the impact does not include the non-ad valorem assessments which are not collected by uniform method.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	0.0	(23.7)	(23.7)	(23.7)	(23.7)
2024-25	0.0	0.0	0.0	0.0	(24.8)	(24.8)	(24.8)	(24.8)
2025-26	0.0	0.0	0.0	0.0	(26.0)	(26.0)	(26.0)	(26.0)
2026-27	0.0	0.0	0.0	0.0	(27.3)	(27.3)	(27.3)	(27.3)
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>Total Value of 2022 County Non-Ad Valorem Assessments by Property Type and Function Type</b>						
2	Source: Florida Department of Revenue, Property Tax Oversight (April 6, 2023)						
3		<b>Assessment</b>	<b>Residential</b>	<b>Non-Residential</b>	<b>Total</b>		
4	<b>Function Code</b>	<b>Function Type</b>	<b>Property</b>	<b>Property</b>	<b>Assessments</b>		
5	1	Community Development or Redevelopment	\$ 412,395	\$ 1,596,043	\$ 2,008,438		
6	2	Drainage and Water Control / Management	\$ 497,418	\$ 1,318,944	\$ 1,816,362		
7	3	Fire Control	\$ 4,766,210	\$ 2,665,510	\$ 7,431,720		
8	4	Emergency Medical Services	\$ 337,849	\$ 214,524	\$ 552,374		
9	5	Lighting	\$ 2,232	\$ 91,071	\$ 93,303		
10	6	Mosquito Control	\$ 4,935	\$ 169	\$ 5,103		
11	7	Water and Sewer	\$ 34,228	\$ 437,794	\$ 472,022		
12	8	Solid Waste	\$ 6,996,430	\$ 2,796,128	\$ 9,792,557		
13	9	Road Improvements	\$ 31,178	\$ 64,819	\$ 95,996		
14	10	Other (includes County PACE assessments)	\$ 84,312	\$ 229,632	\$ 313,944		
15		<b>Total</b>	<b>\$ 13,167,187</b>	<b>\$ 9,414,633</b>	<b>\$ 22,581,820</b>		
16							
17							
18	<b>History of County Government Non-Ad Valorem Assessments</b>						
19	Source: Florida Department of Revenue, Tax Collector Non-Ad Valorem Reports						
20	<b>Fiscal Year</b>	<b>Non-Ad Valorem Assessments (millions)</b>					
21	2009-10	\$ 1,010.0					
22	2010-11	\$ 1,105.9					
23	2011-12	\$ 1,121.4					
24	2012-13	\$ 1,115.2					
25	2013-14	\$ 1,211.6					
26	2014-15	\$ 1,177.2					
27	2015-16	\$ 1,223.2					
28	2016-17	\$ 1,255.8					
29	2017-18	\$ 1,350.3					
30	2018-19	\$ 1,403.7					
31	2019-20	\$ 1,491.6					
32	2020-21	\$ 1,568.4					
33	2021-22	\$ 1,689.5					
34	2022-23	\$ 1,864.4					
35	<b>CAGR: 2010-2023</b>	<b>4.8%</b>					
36							
37							
38	<b>Proposed Fiscal Impact</b>						
39		<b>High</b>		<b>Middle</b>		<b>Low</b>	
40	<b>Fiscal Year</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>	<b>Cash</b>	<b>Recurring</b>
41	<b>2023-24</b>	\$ (23,672,124)	\$ (23,672,124)	\$ (9,869,194)	\$ (9,869,194)	\$ -	\$ -
42	<b>2024-25</b>	\$ (24,815,071)	\$ (24,815,071)	\$ (10,345,702)	\$ (10,345,702)	\$ -	\$ -
43	<b>2025-26</b>	\$ (26,013,201)	\$ (26,013,201)	\$ (10,845,217)	\$ (10,845,217)	\$ -	\$ -
44	<b>2026-27</b>	\$ (27,269,181)	\$ (27,269,181)	\$ (11,368,850)	\$ (11,368,850)	\$ -	\$ -
45	<b>2027-28</b>	\$ (28,585,802)	\$ (28,585,802)	\$ (11,917,765)	\$ (11,917,765)	\$ -	\$ -

County Number	County Name	Number of Parcels with Agricultural Classification on Some or All Acreage	Number of Parcels with Agricultural Classification and County Non-Ad Valorem Assessment	Number of County Non-Ad Valorem Assessments *	Total Value of Non-Ad Valorem Assessments on Parcels with Agricultural Classification on Some or All Acreage
11	Alachua	7,925	3,381	10,877	\$ 1,538,820
12	Baker	2,277	1,221	2,424	\$ 236,580
13	Bay	1,175	102	102	\$ 4,120
14	Bradford	2,606	1,027	1,027	\$ 93,825
15	Brevard	1,606	800	1,727	\$ 324,296
16	Broward	1,163	6	9	\$ 6,932
17	Calhoun	3,603	No uniform method non ad valorem assessments		
18	Charlotte	1,779	816	1,338	\$ 764,214
19	Citrus	2,210			
20	Clay	1,287	490	978	\$ 118,037
21	Collier	1,952	359	359	\$ 101,129
22	Columbia	5,194	5,116	7,245	\$ 1,195,983
23	Miami-Dade	7,433	2,191	2,206	\$ 1,183,695
24	DeSoto	5,385	1,217	3,483	\$ 714,561
25	Dixie	2,740	1,027	3,083	\$ 348,403
26	Duval	1,560	534	1,061	\$ 575,866
27	Escambia	2,568	963	964	\$ 134,777
28	Flagler	1,820	141	142	\$ 1,797,075
29	Franklin	165			
30	Gadsden	3,528	No uniform method non ad valorem assessments		
31	Gilchrist	3,582	1,539	3,098	\$ 391,659
32	Glades	2,085	-	-	\$ -
33	Gulf	890	-	-	\$ -
34	Hamilton	3,024	No uniform method non ad valorem assessments		
35	Hardee	4,647	1,298	2,556	\$ 609,559
36	Hendry	2,901	unable to match data		
37	Hernando	2,633	2,371	5,744	\$ 567,151
38	Highlands	4,550	1,408	2,770	\$ 748,083
39	Hillsborough	5,813	5,638	10,848	\$ 1,183,573
40	Holmes	5,740	No uniform method non ad valorem assessments		
41	Indian River	1,968	571	571	\$ 244,554
42	Jackson	9,322	No uniform method non ad valorem assessments		
43	Jefferson	4,247	1,481	2,892	\$ 588,465
44	Lafayette	3,081	665	1,874	\$ 255,004
45	Lake	5,678	1,864	3,673	\$ 876,662
46	Lee	3,017	969	1,848	\$ 315,607
47	Leon	1,495	-	-	\$ -
48	Levy	6,435	-	-	\$ -
49	Liberty	1,632	No uniform method non ad valorem assessments		
50	Madison	5,772	1,567	3,098	\$ 566,252
51	Manatee	2,137	9	9	\$ 30
52	Marion	11,228	-		
53	Martin	2,098	198	198	\$ 786,782
54	Monroe	6	2	3	\$ 927
55	Nassau	3,499	-		\$ -
56	Okaloosa	3,146	-	-	\$ -
57	Okeechobee	2,382	986	2,586	\$ 637,908
58	Orange	1,402	200	205	\$ 130,190
59	Osceola	2,427	2,326	3,190	\$ 351,620
60	Palm Beach	5,115	36	39	\$ 89,552
61	Pasco	3,990	1,669	2,928	\$ 324,840
62	Pinellas	107	unable to match data		
63	Polk	12,607	1,822	4,782	\$ 1,007,452
64	Putnam	4,233	788	788	\$ 219,966
65	Saint Johns	2,035	415	898	\$ 119,139
66	Saint Lucie	2,497	58	59	\$ 18,523
67	Santa Rosa	5,429	2,668	2,671	\$ 234,238
68	Sarasota	644	583	1,499	\$ 334,280
69	Seminole	840	-	-	\$ -
70	Sumter	5,296	2,427	2,427	\$ 300,948
71	Suwannee	6,353	2,803	5,612	\$ 1,241,540
72	Taylor	2,758	703	712	\$ 180,669
73	Union	3,102	1,281	2,562	\$ 221,175
74	Volusia	7,430	1,859	2,873	\$ 429,665
75	Wakulla	2,206	989	1,838	\$ 345,817
76	Walton	4,470	1,356	1,356	\$ 121,278
77	Washington	4,897	1	1	\$ 400
Statewide Total		238,822	61,941	113,233	\$ 22,581,820
# of Parcels with Residential Improvement and Assessment			35,133		

\* includes zero value assessments on the NAVN tax roll

DOR 4/6/2023

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Storage of Electrical Energy

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

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** N/A

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

**Date(s) Conference Reviewed:** March 31<sup>st</sup>, 2023, April 7<sup>th</sup>, 2023

### Section 1: Narrative

- a. Current Law:** Paragraph 212.08 (5)(c) F.S., currently exempts machinery and equipment used to produce electrical energy. This exemption is extended to any producer of tangible personal property (TPP) in the state. Florida considers electricity to be TPP. Under the “integrated plant” theory all the equipment used to produce electricity prior to the first step-up transformer, which is used to convert the current to high voltage for transmission, is included under current law.

Separately, Paragraph 212.08 (7) (hh) F.S., exempts solar energy systems from sales and use tax based on a list provided by the Florida Solar Energy Center. “Solar energy systems” are defined under Sub-section 212.02 (26) F.S., as: “the equipment and requisite hardware that provide and are used for collecting, transferring, converting, storing, or using incident solar energy for water heating, space heating, cooling, or other applications that would otherwise require the use of a conventional source of energy such as petroleum products, natural gas, manufactured gas, or electricity.”

- b. Proposed Change:** Modifies paragraph 212.08 (5)(c) F.S. by explicitly including storage of electrical energy in the exemption. The proposed language also adds a sub-paragraph that provides that the expanded storage exemption is limited to storage systems of at least 5 megawatts in capacity, and that the storage equipment must be purchased for use at a fixed locations in this state.

### Section 2: Description of Data and Sources

Discussion with Department of Revenue internal subject matter experts and technical staff.

Information on number, size, and price of current expected projects provided by Industry

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

Current law would already cover any electrical energy storage physically located before the first step-up transformer regardless of capacity. The change to paragraph 212.08 (5)(c) F.S., would clarify this current inclusion. Current law should also exempt storage used in conjunction with a solar energy system in any physical arrangement. The addition of Sub-paragraph 212.08 (5)(c)3 F.S., appears to provide the exemption to storage not already covered by either of the current exemptions. Based on information from the utility industry there is only one large project planned within the next 5 years with a total expected capacity of 20 MW. Per industry the current cost per MW for one of these storage systems is \$1.1M, this price is expected to decline to closer to \$0.8M by 2030. This would place an impact of approximately \$1.1M within the next 5 years.

The middle estimate assumes that the current known prospective project is still 2 years away, and that the relevant purchases for the project would all be made within one fiscal year. The high estimate adds another project of the same size to each year after FY2025-26 of the same size as the currently known project. This scale of project is intended to serve as uninterruptible power for large facilities such as Airports, Ports, and military bases. As such, there should a logical limit on the number of locations that could need a storage system of similar capacity, or that would need a power supply with that amount of service reliability. With that in mind, it is unclear if there are enough locations that meet these criteria to create a recurring impact for this change. The financial incentive of installing this scale of battery, as compared to traditional generation, does not appear to be favorable for any size business today.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Storage of Electrical Energy

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

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24						
2024-25						
2025-26	\$(1.1 M)		\$(1.1 M)			
2026-27	\$(1.1 M)					
2027-28	\$(1.1 M)					

**Revenue Distribution:** General Revenue

**Section 5: Consensus Estimate (Adopted: 04/07/2023):** The Conference adopted the high with a negative indeterminate recurring impact.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(**)	0.0	(**)	0.0	(**)	0.0	(**)
2024-25	0.0	(**)	0.0	(**)	0.0	(**)	0.0	(**)
2025-26	(0.9)	(**)	(Insignificant)	(**)	(Insignificant)	(**)	(0.1)	(**)
2026-27	(0.9)	(**)	(Insignificant)	(**)	(Insignificant)	(**)	(0.1)	(**)
2027-28	(0.9)	(**)	(Insignificant)	(**)	(Insignificant)	(**)	(0.1)	(**)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(**)	0.0	(**)	0.0	(**)
2024-25	0.0	(**)	0.0	(**)	0.0	(**)
2025-26	(1.1)	(**)	(0.1)	(**)	(1.2)	(**)
2026-27	(1.1)	(**)	(0.1)	(**)	(1.2)	(**)
2027-28	(1.1)	(**)	(0.1)	(**)	(1.2)	(**)

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Corporate Income Tax

**Issue:** Experiential Learning Internship Tax Credit

**Bill Number(s):** HB 7051

☐ **Entire Bill**

☒ **Partial Bill:** Section 4

**Sponsor(s):** Postsecondary Education & Workforce Subcommittee; Representative Melo

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

**Date(s) Conference Reviewed:** 04/07/23

### Section 1: Narrative

- a. **Current Law:** Section 220.198, F.S. was created in 2021. The Florida Internship Tax Credit Program (s. 220.198, F.S.) is applicable to taxable years beginning on or after January 1, 2022. The combined total amount of tax credits that may be granted to qualified businesses under this section is \$2.5 million in each of two state fiscal years, 2021-22 and 2022-23. DOR approves the credits on a first-come, first-serve basis. A qualified business may carry forward any unused portion of this tax credit for up to two taxable years. This program allows a qualified business that employs a student intern the ability to apply for a tax credit in the amount of \$2,000 per student based on certain conditions.
- b. **Proposed Change:** Renames s. 220.198, F.S. to “Florida Experiential Learning Tax Credit Program” from “Florida Internship Tax Credit Program”.
- The bill:
- Expands the definitions section for the program by adding Apprentice and Preapprentice as per s. 446.021, F.S.
  - Reduces the number of credit hours for student intern at a Florida College System institution from 60 credit hours to 15 credit hours
  - Allows a qualified business to take a credit against the tax imposed by this chapter for apprentice, preapprentice or student interns based on certain conditions, such as:
    - Apprentice or preapprentice must have worked in the state for at least 500 hours at the qualified business
    - The taxpayer may be required to provide certain information including the taxpayer’s Registered Apprenticeship Partners Information Data System id number
  - Expands the setting to include a “provider of related technical instruction” where the apprentice, preapprentice, or student intern can be enrolled, while maintaining a minimum grade point average of 2.0 (based on a 4.0 scale)
  - Constrains the credit cap of \$10,000 per business to include all subsidiaries
  - Expands the years of the credit to extend through fiscal year 2024-25

### Section 2: Description of Data and Sources

- Historical Internship from the Florida College System, DOE
- Participation in Florida Internship Tax Credit Program, DOR
- Historical Apprenticeship and Preapprenticeship data, DOE

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

#### Current Program

Over the past two fiscal years, there have been a total of five applications for the Florida Internship Tax Credit Program (three in 2021-22 and two in 2022-23). To date, no applications have been approved. Also, one application was a resubmission from the first fiscal year to the second.

This program focuses on student interns. As per s. 220.198(2)(c), F.S., a student intern is “a person who has completed at least 60 credit hours at a state university or a Florida College System institution, regardless of whether the student intern receives course credit for the internship; a person who is enrolled in a career center operated by a school district under s. 1001.44 or a charter technical career center; or any graduate student enrolled at a state university.”

#### Identification of Potential Pool of Applicants

The program is being expanded to include interns that have completed at least 15 credit hours (as opposed to 60 credit hours) at a Florida State College System institution and to also include apprentices and preapprentices that have worked at least 500 hours.



## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Corporate Income Tax

**Issue:** Experiential Learning Internship Tax Credit

**Bill Number(s):** HB 7051

The new language defines preapprentice and apprentice as per s. 446.021(1) and (2), F.S., respectively, as shown below:

- (1) *“Preapprentice” means any person 16 years of age or over engaged in any course of instruction in the public school system or elsewhere, which course is registered as a preapprenticeship program with the department.*
- (2) *“Apprentice” means a person at least 16 years of age who is engaged in learning a recognized skilled trade through actual work experience under the supervision of journey worker craftspersons, which training should be combined with properly coordinated studies of related technical and supplementary subjects, and who has entered into a written agreement, which may be cited as an apprentice agreement, with a registered apprenticeship sponsor who may be either an employer, an association of employers, or a local joint apprenticeship committee.*

According DOE’s Florida’s Annual Apprenticeship and Preapprenticeship Report: Program Year 2021-22, to complete a Registered Apprenticeship program, an apprentice must complete two components: on-the-job training (OJT) and related technical instruction (RTI).

- *“On-the-job training (OJT): A formalized system of job processes which may be augmented by related instruction that provides the experience and knowledge necessary to meet the training objective of learning a specific skill, trade, or occupation. The training approach of the OJT component may be competency-based, time-based or a hybrid of both. The OJT must be delivered through structured, supervised work experience under the tutelage of a journeyworker.”*
- *“Related technical instruction (RTI): An organized and systematic form of instruction designed to provide the apprentice with knowledge of the theoretical and technical subjects related to the apprentice’s specific occupation or trade.”*

### Analysis

For interns, the forecast was based on the growth rate of Florida College System enrollment from the Education Estimating Conference held on February 16, 2023. The forecast of apprentices was based on the average growth in apprentices over the past two fiscal years. Also, since only one year (FY 2021-22) of preapprenticeship data was available, the analysis focused on apprentices which comprise around 90% of the total. In addition, data was unavailable to limit the pool of apprentices that worked in the state for at least 500 hours.

There are some apprenticeship programs that have multiple employers, while others are associated with a single employer. Reviewing summary data for single-employers that have more than 10 apprentices (due to confidentiality) and were not a public utility, local government, or an LLC, indicated that there were 55 companies that could have a possible corporate income tax liability. Since the maximum credit per business is \$10,000, to reach a significant impact, at least 10 companies would have to avail themselves of this credit.

The analysis below assumes that a take-up rate of 0.5% of the new pool (both interns and apprenticeships) for the low, 1.0% for the middle, and 2.0% for the high. In all instances, the maximum cap of \$2,500,000 was used for each scenario.

### Impact

For either interns, apprentices or preapprentices, the analysis assumes that a qualified business may apply for the program in consecutive years utilizing the same pool of applicants if applicable.

The increase in participation from interns:

With the expansion of eligibility by lowering the hours for interns from 60 hours to 15 hours, the pool of interns grows by slightly over 2,000 (an increase of at least one-third as compared to the prior pool). More businesses may be eligible for the tax credit program based on this change.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Corporate Income Tax

**Issue:** Experiential Learning Internship Tax Credit

**Bill Number(s):** HB 7051

The increase in participation from apprenticeship and preapprenticeship:

With the expansion of eligible apprentices and preapprentices, the pool of potential participant employers increases. In 2021-22, there were 17,179 apprentices and preapprentices trained (15,479 and 1,700, respectively). Based on this additional pool of participants, more businesses may be eligible for the tax credit program.

The bill expands the Florida Experiential Learning Tax Credit Program to eligible business applicants during the 2023-24 and 2024-25 fiscal years. Thus, the impact is only shown for these two fiscal years. However, a business may carry forward any unused portion of a tax credit for up to two taxable years.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	-\$0.6	\$0.0	-\$0.3	\$0.0	-\$0.2	\$0.0
2024-25	-\$0.7	\$0.0	-\$0.3	\$0.0	-\$0.2	\$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

**Revenue Distribution:** General Revenue

### Section 5: Consensus Estimate (Adopted: 04/07/2023): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(0.3)	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0
2024-25	(0.3)	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I
1	Experiential Learning Internship Tax Credit								
2	HB 7051 Section 4								
3									
4	Student Interns								
5	Year	60+ Hours	15-60 Hours	College System Enrollment*	Florida College System Year-Over-Year Percent Change				
6	FY 18	5,554	2,731						
7	FY 19	5,737	2,667						
8	FY 20	6,432	2,480						
9	FY 21	6,177	2,069						
10	FY 22	6,283	2,140	271,916					
11	FY 23	6,211	2,115	268,785	-1.2%				
12	FY 24	6,245	2,127	270,267	0.6%				
13	FY 25	6,207	2,114	268,620	-0.6%				
14	*FCSE Estimating Conference 2/16/23								
15									
16									
17	Apprentices								
18	Year	Active Apprentices	New Apprentices	Completers	Active Programs	New Programs	Active Apprentices Year-Over-Year Percent Change		
19	FY 19	12,014		1,695	228	24			
20	FY 20	15,823	4,196	1,603	251	29			
21	FY 21	15,787	3,500	1,875	279	27	-0.2%		
22	FY 22	15,479	3,757	1,917	275	27	-2.0%		
23	FY 23	15,310							
24	FY 24	15,143							
25	FY 25	14,978							
26									
27	Note: In FY 22 there were 1,700 preapprenticeships for a total of 17,179 total active apprentices and preapprentices								
28		Total	Apprentices	Preapprentices					
29	Numeric	17,179	15,479	1,700					
30	Percent		90.1%	9.9%					
31									
32									
33									
34	\$2,000 Tax Credit for Student Interns (15 to 60 hours)								
35		Take-Up Rate: 2%	Take-Up Rate: 1%	Take-Up Rate: .5%					
36		High	Middle	Low					
37	FY 24	\$ 86,000	\$ 44,000	\$ 22,000					
38	FY 25	\$ 86,000	\$ 44,000	\$ 22,000					
39									
40									
41	\$2,000 Tax Credit for Apprentices								
42		Take-Up Rate: 2%	Take-Up Rate: 1%	Take-Up Rate: .5%					
43		High	Middle	Low					
44	FY 24	\$ 606,000	\$ 304,000	\$ 152,000					
45	FY 25	\$ 600,000	\$ 300,000	\$ 150,000					
46									
47									
48	\$2,000 Tax Credit Per for Student Interns (15 to 60 hours) and Apprentices								
49		Take-Up Rate: 2%	Take-Up Rate: 1%	Take-Up Rate: .5%					
50		High	Middle	Low					
51	FY 24	\$ 692,000	\$ 348,000	\$ 174,000					
52	FY 25	\$ 686,000	\$ 344,000	\$ 172,000					
53									
54									
55									

Student Interns (15 to 60 hours)		
High	Middle	Low
43	22	11
43	22	11

Apprentices		
High	Middle	Low
303	152	76
300	150	75

Student Interns (15 to 60 hours) and Apprentices		
High	Middle	Low
346	174	87
343	172	86

4/7/2023

Student Interns (15 to 60 hours)		
High	Middle	Low
43	22	11
43	22	11

Apprentices		
High	Middle	Low
303	152	76
300	150	75

Student Interns (15 to 60 hours) and Apprentices		
High	Middle	Low
346	174	87
343	172	86

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Local Tax Referenda

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

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Senate

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

**Date(s) Conference Reviewed:** April 7, 2023

### Section 1: Narrative

#### a. Current Law:

##### **General Election**

Section 97.021(17), F.S., defines **general election** as “an election held on the first Tuesday after the first Monday in November in the even-numbered years, for the purpose of filling national, state, county, and district offices and for voting on constitutional amendments not otherwise provided for by law.”

##### **Tourist Development Taxes**

Section 125.0104, F.S., authorizes five separate tourist development taxes (TDTs) that county governments may levy. Depending on a county’s eligibility to levy, the tax rate applied to transient rental transactions may vary from a minimum of 3 percent to a maximum of 6 percent. The levies are by vote of the county’s governing body or referendum approval. The tax proceeds are used generally for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance; however, the authorized uses vary according to the particular levy. The five TDTs are as follows below; however, only the 1 or 2 Percent Tax and Additional 1 Percent Tax must or may be authorized pursuant to referendum.

1. 1 or 2 Percent Tax [s. 125.0104(3)(c), F.S.] – authorized pursuant to referendum approval by the registered voters within the county or subcounty special district.
2. Additional 1 Percent Tax [s. 125.0104(3)(d), F.S.] – authorized pursuant to an extraordinary vote of the county’s governing body or by referendum approval by the registered voters within the county or subcounty special district.
3. Professional Sports Franchise Facility Tax [s. 125.0104(3)(l), F.S.] – authorized pursuant to majority vote of the county’s governing body.
4. High Tourism Impact Tax [s. 125.0104(3)(m), F.S.] – authorized pursuant to extraordinary vote of the county’s governing body.
5. Additional Professional Sports Franchise Facility Tax [s. 125.0104(3)(n), F.S.] – authorized pursuant to majority plus one vote of the county’s governing body.

##### **Tourist Impact Tax**

Section 125.0108, F.S., authorizes any county creating a land authority pursuant to s. 380.0663(1), F.S., may levy a 1 percent tax subject to referendum approval on transient rental facilities within the county area designated as an area of critical state concern pursuant to ch. 380, F.S. If the area(s) of critical state concern are greater than 50 percent of the county’s total land area, the tax may be levied countywide. The tax proceeds are used to purchase property in the area of critical state concern and offset the loss of ad valorem taxes due to those land purchases.

##### **Ad Valorem Tax Levied to Fund Children’s Services Councils**

Section 125.901(1), F.S., authorizes any county to create by ordinance an independent special district, as defined in ss. 189.012 and 200.001(8)(e), F.S., to provide funding for children’s services throughout the county. The boundaries of such district shall be coterminous with the county’s boundaries. The county’s governing body shall obtain approval, by a majority vote of those electors voting on the question, to annually levy ad valorem taxes which shall not exceed the maximum millage rate authorized by this section. Any district created pursuant to the provisions of this subsection shall be required to levy and fix millage subject to the provisions of s. 200.065, F.S. Once the millage is approved by the electorate, the district shall not be required to seek approval of the electorate in future years to levy the previously approved millage.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Local Tax Referenda

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

### **Local Discretionary Sales Surtaxes**

Section 212.055, F.S., authorizes nine separate local discretionary sales surtaxes (LDSSs), and these surtaxes represent potential revenue sources for county governments generally. With particular surtax levies, municipal governments and school districts may receive all or some of the surtax proceeds. The surtax proceeds can be used for a variety of purposes, depending on the particular levy. The nine LDSSs are as follows below.

1. Charter County and Regional Transportation System Surtax [s. 212.055(1), F.S.] – authorized pursuant to approval by a majority vote of the county’s electorate or by a charter amendment approved by a majority vote of the county’s electorate.
2. Local Government Infrastructure Surtax [s. 212.055(2), F.S.] – authorized pursuant to voter approval in a countywide referendum.
3. Small County Surtax [s. 212.055(3), F.S.] – authorized by either an extraordinary vote of the county’s governing body if the proceeds are to be expended for operating purposes or by voter approval in a countywide referendum if the proceeds are to be used to service bonded indebtedness.
4. Indigent Care and Trauma Center Surtax [s. 212.055(4), F.S.] – authorized pursuant to an extraordinary vote of the county’s governing body or voter approval in a countywide referendum.
5. County Public Hospital Surtax [s. 212.055(5), F.S.] – authorized pursuant to an extraordinary vote of the county’s governing body or voter approval in a countywide referendum.
6. School Capital Outlay Surtax [s. 212.055(6), F.S.] – authorized pursuant to voter approval in a countywide referendum.
7. Voter-Approved Indigent Care Surtax [s. 212.055(7), F.S.] – authorized pursuant to voter approval in a countywide referendum.
8. Emergency Fire Rescue Services and Facilities Surtax [s. 212.055(8), F.S.] – authorized pursuant to voter approval in a countywide referendum.
9. Pension Liability Surtax [s. 212.055(9), F.S.] – authorized pursuant to voter approval in a countywide referendum.

### **Local Option Fuel Tax – Ninth-Cent Fuel Tax**

Section 336.021(1)(a), F.S., authorizes any county, by extraordinary vote of the membership of its governing body or subject to a referendum, to levy the 1-cent tax upon every gallon of motor fuel and diesel fuel, imposed by ss. 206.41(1)(d) and 206.87(1)(b), F.S. Since January 1, 1994, this tax has been imposed on diesel fuel in every county as the result of statewide equalization. County and municipal governments may use the moneys received under this paragraph only for transportation expenditures as defined in s. 336.025(7), F.S.

### **Local Option Fuel Taxes – 1 to 6 Cents Fuel Tax and 1 to 5 Cents Fuel Tax**

Section 336.025(1)(a), F.S., authorizes any county to levy, as provided in s. 206.41(1)(e), F.S., a 1-cent, 2-cent, 3-cent, 4-cent, or 5-cent local option fuel tax upon every gallon of motor fuel sold in a county and taxed under the provisions of part I of chapter 206. This tax may be levied by an ordinance adopted by a majority plus one vote of the county’s governing body or upon approval by referendum. County and municipal governments shall use the proceeds to fund specified transportation expenditures.

Section 336.025(1)(b), F.S., authorizes any county to levy, as provided in ss. 206.41(1)(e) and 206.87(1)(c), F.S., a 1-cent, 2-cent, 3-cent, 4-cent, 5-cent, or 6-cent local option fuel tax upon every gallon of motor fuel and diesel fuel sold in a county and taxed under the provisions of part I or part II of chapter 206. This tax may be levied by an ordinance adopted by a majority vote of the county’s governing body or upon approval by referendum. As of the result of statewide equalization, the tax is imposed on diesel fuel at the maximum rate of 6 cents in all counties. County and municipal governments shall use the proceeds for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted local government comprehensive plan or expenditures needed to meet immediate local transportation problems and other transportation-related expenditures that are critical for building comprehensive roadway networks by local governments

#### **b. Proposed Change:**

Tourist Development Taxes and Tourist Impact Tax

Sections 1-2 of the proposed bill language would amend ss. 125.0104 and 125.0108, F.S., to require a future referendum to reenact an expiring tourist development tax or tourist impact tax, respectively, to be held at a general election occurring within the 48-month period immediately preceding the effective date of the reenacted tax. Furthermore, the referendum could only appear on the ballot once within that 48-month period.

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Local Tax Referenda

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

### Ad Valorem Tax Levied to Fund Children's Services Councils

As previously mentioned, s 125.901, F.S., currently states that once an ad valorem tax millage to fund an independent special district providing children's services is approved by the electorate, the district is not required to seek referendum approval in future years to levy the previously approved millage. However, Section 3 would amend that section to require that a future referendum to increase the previously approved millage rate to be held at a general election occurring within the 48-month period immediately preceding the effective date of the increased millage, and the referendum could only appear on the ballot once within that 48-month period.

### Local Discretionary Sales Surtaxes

Section 4 would amend s. 212.055, F.S., to clarify that, in addition to adopting or amending, a referendum to reenact a local discretionary sales surtax must be held at a general election as defined in s. 97.021, F.S. Furthermore, a referendum to reenact an expiring surtax must be held at a general election occurring within the 48-month period immediately preceding the effective date of the reenacted surtax, and the referendum could only appear on the ballot once within that 48-month period.

### Ninth-Cent Fuel Tax and Local Option Fuel Taxes

Sections 5-6 would amend ss. 336.021 and 336.025, F.S., to clarify that a referendum to adopt, amend, or reenact a ninth-cent fuel tax, 1-6 cents local option fuel tax or 1-5 cents local option fuel tax, respectively, must be held at a general election as defined in s. 97.021, F.S. Furthermore, a referendum to reenact an expiring tax must be held at a general election occurring within the 48-month period immediately preceding the effective date of the reenacted tax, and the referendum could only appear on the ballot once within that 48-month period.

Section 7 provides an effective date of July 1, 2023.

## Section 2: Description of Data and Sources

According to the Florida Department of State's Division of Elections website, the next General Election Day will be November 5, 2024.<sup>1</sup> In 2026 and 2028, the General Election Days will be held on November 3, 2026 and November 7, 2028, respectively.

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

Following the 2019 Regular Legislative Session, the REC considered CS/CS/HB 5 – Section 1 that would have required a referendum to adopt or amend a local discretionary sales surtax to be held at a general election as defined in s. 97.021, F.S. On June 5, 2019, the REC adopted an estimate of zero cash/zero recurring. The Conference reasoned that the requirement did not directly impact current baseline revenue forecasts because they were based on current law / current administration and did not contain assumptions regarding future surtax enactments. That legislation was approved by the Governor and later codified as Chapter 2019-64, L.O.F.

Furthermore, after the 2022 Regular Legislative Session, the REC considered CS/CS/HB 777 that would have required a referendum to adopt or amend several local taxes to be held at a general election as defined in s. 97.021, F.S. On June 1, 2022, the REC adopted an estimate of zero cash/zero recurring and stated that the Conference does not account for future changes in the enactment of these taxes in its baseline. That legislation was approved by the Governor and later codified as Chapter 2022-214, L.O.F.

While the proposed bill language would limit the current flexibility that counties and certain independent special districts have for scheduling a referendum, it does not appear to limit the authority of these local entities to raise revenues. The legislation does not increase or decrease local revenues; it only shifts the timing of revenues collected from local levies that may be approved by voters in the future. Consequently, a proposed fiscal impact of zero cash/zero recurring is recommended.

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<sup>1</sup> <https://dos.myflorida.com/elections/for-voters/election-dates/>

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Local Taxes and Fees

**Issue:** Local Tax Referenda

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

### Section 4: Proposed Fiscal Impact

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

**Revenue Distribution:** Local Taxes and Fees

**Section 5: Consensus Estimate (Adopted: 04/07/2023):** The Conference adopted the proposed estimate. The Conference does not account for future changes in the enactment of these taxes in its baseline.

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

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Firearm Safety Devices Exemption from Sales Tax

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

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):**

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

**Date(s) Conference Reviewed:** April 7, 2023

### Section 1: Narrative

- a. **Current Law:** Sales tax is collected on the purchase of firearm accessories.
- b. **Proposed Change:** Creates an exemption from sales tax on the sale of a firearm safe, firearm lockbox, firearm case, or other lockable device used to store firearms. Also exempts firearm trigger locks and cable locks.

### Section 2: Description of Data and Sources

NICS background check

ATF Manufacturers report

IBISWorld

Internet pricing research

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

To get to the impact of specific exempted firearm accessories, research was done on gun and ammo stores and the segment breakout of their revenue. It was assumed that the proportion of accessory sales to handgun and long gun sales at gun and ammo stores would apply globally (including sporting goods stores, pawn shops and online retailers).

Handgun and long gun number of sales were approximated by using approved background checks in Florida. Long guns were then broken out into rifles and shotguns using the ATF's manufacturer's export report.

Average prices were assumed for handguns, rifles and shotguns. Rifles and shotguns prices come from the 2019 FIEC and handgun prices come from various internet research.

A base was calculated off of handguns, shotguns and rifles. This was done by taking the estimated sales X the estimated prices and dividing it by the segment of those items' revenue seen in gun and ammo stores. That base was then multiplied by the accessories segment to get an estimate of all firearm accessories sold in Florida on an annual basis.

The High, Middle and Low were estimated to be 15%, 10% or 5% of the total accessories category that comes from the exempted items. These three levers calculate the portion of revenue from the exempted firearm accessories and directly lead to the FY 2021-22 estimate which was then grown by consumer non-durables. Price research on the firearm accessories category was done to help shape the three levers.

A reasonableness test was then performed on the high, middle and low. Assumptions were made for each exempted item, and how often these items are bought in comparison to purchasing a handgun or long gun (shotguns and rifles). Average prices were assumed for each item (versus the range shown to shape the levers in the above paragraph). For example, gun safes normally contain 6 or 12 shotguns or rifles. The test assumes that for every 10 long guns purchased, one gun safe (with an average price of \$1500) would be purchased. If 293,950 long guns were sold in 2022, it is assumed that 29,395 safes are purchased at the average price of \$1500, resulting in \$44 million in sales that year. The results of the reasonable test suggests the estimate falls in between the middle and high estimate.

The cash estimate reflects 9 months of collections to account for the October 1, 2023 implementation date.



## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Sales and Use Tax

**Issue:** Firearm Safety Devices Exemption from Sales Tax

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

### Section 4: Proposed Fiscal Impact

In millions

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(\$4.5)	(\$6.0)	(\$2.7)	(\$4.0)	(\$1.5)	(\$2.0)
2024-25	(\$6.2)	(\$6.2)	(\$4.2)	(\$4.2)	(\$2.1)	(\$2.1)
2025-26	(\$6.4)	(\$6.4)	(\$4.3)	(\$4.3)	(\$2.1)	(\$2.1)
2026-27	(\$6.7)	(\$6.7)	(\$4.5)	(\$4.5)	(\$2.2)	(\$2.2)
2027-28	(\$7.0)	(\$7.0)	(\$4.7)	(\$4.7)	(\$2.3)	(\$2.3)

**Revenue Distribution:** Sales and Use Tax

### Section 5: Consensus Estimate (Adopted: 04/07/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(2.4)	(3.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.2)	(0.3)
2024-25	(3.7)	(3.7)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2025-26	(3.8)	(3.8)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2026-27	(3.9)	(3.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)
2027-28	(4.2)	(4.2)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.4)	(0.4)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(2.7)	(4.0)	(0.3)	(0.5)	(3.0)	(4.5)
2024-25	(4.2)	(4.2)	(0.5)	(0.5)	(4.7)	(4.7)
2025-26	(4.3)	(4.3)	(0.5)	(0.5)	(4.8)	(4.8)
2026-27	(4.5)	(4.5)	(0.5)	(0.5)	(5.0)	(5.0)
2027-28	(4.7)	(4.7)	(0.6)	(0.6)	(5.3)	(5.3)

To calculate Florida Sales:

<b>National Instant Criminal Background Check System (NICS)</b>					
Florida	Handgun	Long Gun	Multiple	Multiple %	
2022	753,761	293,950	38,826	3.6%	
2021	855,268	344,790	40,460	3.3%	
2020	1,042,466	373,384	43,961	3.0%	
2019	312,432	126,634	15,529	3.4%	
2018	590,140	241,875	27,498	3.2%	
2017	638,938	278,618	24,757	2.6%	
2016	662,308	316,232	25,142	2.5%	
2015	572,020	277,768	21,369	2.5%	
2014	469,636	274,733	19,817	2.6%	
			<i>average</i>	<b>3.0%</b>	

To breakout long gun sales to shotguns and rifles:

<b>Annual Firearms Manufacturing and Export Report</b>				
<b>SOURCE: Annual Firearms Manufacturing and Export Report (ATF)</b>				
Long guns	Rifles	Shotguns	Total	
2021	3,934,374	675,426	4,609,800	
2020	2,760,392	476,682	3,237,074	
2019	1,957,667	480,735	2,438,402	
2018	2,880,536	536,126	3,416,662	
2017	2,504,092	653,139	3,157,231	
2016	4,239,335	848,617	5,087,952	
2015	3,691,799	777,273	4,469,072	
2014	3,379,549	935,411	4,314,960	

5 Year Average	<b>83.3%</b>	<b>16.7%</b>
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<b>Assumed Sales of Rifle, Shotguns and Handguns (FL) Based on Background Checks</b>				
	Rifles	Shotguns	Handguns	
2022	244,745	49,205	753,761	
2021	287,075	57,715	855,268	
2020	310,882	62,502	1,042,466	
2019	105,436	21,198	312,432	
2018	201,387	40,488	590,140	
3 Year Average	<b>280,900</b>	<b>56,474</b>	<b>883,832</b>	

Lever for "multiple" **3%** *This is the average number of multiple gun purchases in background checks compared to handgun/long guns*

Average Price	<b>\$1,100</b>	<b>\$800</b>	<b>\$600</b>
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Source: Prices of rifles, shotguns come from 2019 FIEC, handguns from internet research

	Rifles	Shotguns	Handguns	Total Sales
Sales (3 yr avg.) \$	<b>318,260,251</b>	<b>\$ 46,534,724</b>	<b>\$ 546,207,970</b>	<b>\$ 911,002,946</b>

<b>IBIS World Segment Breakout - Gun and Ammo Stores</b>			
Handguns	25%	<u>Other equipment,</u>	28.50%
Shotguns	3.30%	<u>apparel and supplies</u>	
Rifles	13.50%	Ammunition	23.2%
		Other firearms	6.5%
SubTotal	<b>41.80%</b>		
=\$911,002,946/41.80%			
Assumed FL Base	<b>\$ 2,179,432,884</b>		
	* 28.50%		
Accessories	<b>\$621,138,372</b>		

<b>Accessories</b>	<b>\$621,138,372</b>
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*Avg. Price Ranges*

Gun and Ammo Stores	Eye Protection	\$8-\$190
Category includes:	Ear Protection	\$20-\$70
	Cleaning Kits	\$20-\$60
	<b>Gun and Ammo Cases</b>	\$3-\$200
	Holsters	\$3-\$170
	Binoculars	\$55-\$1750
	Sights and Optics	\$100-\$2500
	Tactical Gear	\$50-\$2500
	Hunting Supplies	\$10-\$3500
	<b>Other Equipment</b>	

*Avg. Price Ranges*

Exempted Items:	Firearm Safe	\$300-\$2500
	Firearm Lockbox	\$25-\$200
	Firearm Case	\$20-\$200
	Firearm Trigger Lock	\$30-\$50
	Firearm Cable Lock	\$15-\$40

<b>Accessories</b>	<b>\$621,138,372</b>
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Portion of accessories that will be exempted:	<b>Low</b>	<b>Middle</b>	<b>High</b>
	<b>5%</b>	<b>10%</b>	<b>15%</b>
Exempted Sales	\$31,056,919	\$62,113,837	\$93,170,756
<b>6% Sales Tax</b>	* 6%	* 6%	* 6%

Consumer						
Non-						
Durable						
Growth						
	FY 2021-22	\$	1,863,415	\$	3,726,830	\$ 5,590,245
3.2%	FY 2022-23	\$	1,923,711	\$	3,847,421	\$ 5,771,132
4.2%	FY 2023-24	\$	2,005,333	\$	4,010,665	\$ 6,015,998
3.7%	FY 2024-25	\$	2,078,600	\$	4,157,200	\$ 6,235,800
3.3%	FY 2025-26	\$	2,147,673	\$	4,295,346	\$ 6,443,019
4.3%	FY 2026-27	\$	2,239,288	\$	4,478,577	\$ 6,717,865
4.2%	FY 2027-28	\$	2,332,314	\$	4,664,627	\$ 6,996,941

assumptions to check reasonableness

#'s

1 out of every 10 long gun	29,395	Firearm Safe
1 out of every 5 handgun	150,752	Firearm Lockbox
1 out of every 5 handgun + 1 out of every 10 long gun	180,147	Firearm Case
1 out of every 5 handgun + 1 out of every 10 long gun	180,147	Firearm Trigger Lock
1 out of every 10 handgun (comes w/purchase)	75,376	Firearm Cable Lock

Impact	<b>Low</b>	<b>Middle</b>	<b>High</b>
FY 2023-24	(\$2.0)	(\$4.0)	(\$6.0)
FY 2024-25	(\$2.1)	(\$4.2)	(\$6.2)
FY 2025-26	(\$2.1)	(\$4.3)	(\$6.4)
FY 2026-27	(\$2.2)	(\$4.5)	(\$6.7)
FY 2027-28	(\$2.3)	(\$4.7)	(\$7.0)
Impact begins	\$45,200.0	# of months	8
<u>FY 2023-24 Cash</u>	<u>(\$1.3)</u>	<u>(\$2.7)</u>	<u>(\$4.0)</u>

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Beverage, Corporate Income, Direct Sales, IPT and Severance

**Issue:** Strong Families Tax Credit (Child Welfare and Well-Being)

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

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):**

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

**Date(s) Conference Reviewed:** April 7, 2023

### Section 1: Narrative

#### a. Current Law:

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

- s. 211.0251, F.S., for Severance Taxes on oil and gas
- s. 212.1831, F.S., for Sales and Use Taxes due from direct pay permit holders
- s. 220.1875, F.S., for Corporate Income Tax
- s. 561.1211, F.S., for Beverage Taxes on malt, wine, and liquor
- s. 624.51055, F.S., for Insurance Premium Tax

More recently, CS/HB 7055 became law on March 12, 2018 (Ch. 2018-6, L.O.F.). Section 3 of the bill created s. 212.1832, Florida Statutes, entitled “Credit for Contributions to the Hope Scholarship Program.” The program’s intent is to give the purchaser of a motor vehicle “...a credit of 100 percent of an eligible contribution made to an eligible nonprofit scholarship-funding organization under s. 1002.40 against any tax imposed by the state and collected from the purchaser by a dealer, designated agent, or private tag agent as a result of the purchase or acquisition of a motor vehicle on or after October 1, 2018.” The credit may not exceed the state tax that is actually imposed and is further limited to a maximum of \$105 per motor vehicle. On behalf of the purchaser, the dealer, designated agent, or private tag agent makes the actual contribution to the SFO and applies the credit as part of its submission of taxes to the state.

In addition, CS/HB 7055 established a second new program designated as the “Credit for Contributions to Eligible Nonprofit Scholarship Funding Organizations.” Any tenant or person occupying, using, or entitled to the use of any property for which the rental or license fee is subject to taxation under s. 212.031, F.S., may receive a credit against the tax imposed under that section that is equal to his or her monetary contribution to an SFO. Total credits are capped at \$57.5 million per year on a first come, first-served basis. The tenant must apply to the Department of Revenue for the desired allocation of credits, by dealer if multiple locations and landlords are involved. The program has had low participation, with comments by interested parties indicating that the program is cumbersome to use.

Finally, the associated reduction in tax revenue caused by the application of any of the credits described above must be apportioned in its entirety to the General Revenue Fund.

In 2021, Ch. 2021-31, L.O.F. created the Strong Families Tax Credit, which provides a credit for 100% of an eligible contribution to an eligible charitable organization under s. 402.62, F.S., beginning January 1, 2022. The eligible organizations provide services focused on child welfare and well-being. It authorized tax credits dollar-for-dollar up to \$5 million annually against certain tax liabilities:

- s. 211.02 or s. 211.025 F.S., for Severance Taxes on oil and gas
- s. 212.183, F.S., for Sales and Use Taxes due from direct pay permit holders
- s. 220.13, F.S., for Corporate Income Tax
- s. 561.1211, F.S., for Beverage Taxes on malt, wine, and liquor
- s. 624.51055, F.S., for Insurance Premium Tax

## REVENUE ESTIMATING CONFERENCE

**Revenue Source:** Beverage, Corporate Income, Direct Sales, IPT and Severance

**Issue:** Strong Families Tax Credit (Child Welfare and Well-Being)

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

Businesses applied to DOR beginning October 1, 2021, for an allocation of tax credit. The taxpayer must specify in the application each tax, a taxpayer may apply for a credit to be used for a prior taxable year before the date the taxpayer is required to file a return for that year pursuant to s. 220.222, F.S. For purposes of s. 624.51056, F.S., a taxpayer may apply for a credit to be used for a prior taxable year before the date the taxpayer is required to file a return for that year pursuant to s. 624.509, F.S., or s. 624.5092, F.S. The DOR is required to approve the tax credits on a first-come, first serve basis and must obtain the approval of the Division prior to approving an alcoholic beverage tax credit under s. 561.1212, F.S.

In 2022, Ch. 2022-97, L.O.F. increased the cap from \$5 million to \$10 million beginning in FY 2022-23.

- b. Proposed Change:** Amends s.402.62 (5), F.S. and increases the annual cap from \$10 million to \$20 million beginning in FY 2023-24.

### Section 2: Description of Data and Sources

Scholarship Data from DOR – April 2023

March 2023 General Revenue Conference

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

The current forecast for the program from the General Revenue Conference is:

**Strong Families Credit (Child Welfare and Well-Being)--based on 3/1/2023 allocation data**

		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
New: March 2023	Beverage	5.0	6.0	8.5	8.5	8.5	8.5	8.5
	Direct Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	IPT	0.0	0.8	0.0	0.0	0.0	0.0	0.0
	Severance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	CIT	0.0	3.2	1.5	1.5	1.5	1.5	1.5
	<b>Totals</b>	<b>5.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

The program reached its allocation caps in January of 2023 for both FY 2022-23 and FY 2023-24. The analysis assumes the increased cap can be fully met within the first year of implementation.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$10m)	(\$10m)		
2024-25			(\$10m)	(\$10m)		
2025-26			(\$10m)	(\$10m)		
2026-27			(\$10m)	(\$10m)		
2027-28			(\$10m)	(\$10m)		

**Revenue Distribution:** General Revenue only, with the same revenue forecast breakout as the March 2023 GR conference.

### Section 5: Consensus Estimate (Adopted: 04/07/23): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(10.0)	(10.0)
2024-25	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(10.0)	(10.0)
2025-26	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(10.0)	(10.0)
2026-27	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(10.0)	(10.0)
2027-28	(10.0)	(10.0)	0.0	0.0	0.0	0.0	(10.0)	(10.0)