

REVENUE ESTIMATING CONFERENCE

Revenue Source: Pari-Mutuel Wagering Trust Fund

Issue: Thoroughbred Taxes and Fees – Tax Credit

Bill Number(s): SB7062

☐ **Entire Bill**

☒ **Partial Bill:** Section 27

Sponsor(s):

Month/Year Impact Begins: July 2023 (with a one-month collection lag)

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. Current Law:

Currently thoroughbred permitholders are authorized to receive a credit pursuant to Section 550.09515(6), Florida Statute, (F.S.), which provides that thoroughbred permitholders may receive a credit equal to the amount of contributions they paid in a taxable year directly to the Jockeys' Guild or its health and welfare fund. The credit is allowed against taxes on live handle due for a taxable year and the credit received may not be greater than an amount equal to one percent of its paid taxes for the previous taxable year.

b. Proposed Change:

Creates Section 550.09516, F.S., authorizing thoroughbred permitholders that conduct pari-mutuel wagering meets to be eligible for a credit equal to the amount paid by such permitholders in the prior state fiscal year to the federal Horseracing Integrity and Safety Authority (HISA), inclusive of any applicable true-up calculations or credits made, granted, or applied to the assessment imposed on the permitholder or the state by HISA, for covered horse racing in the state, pursuant to the Horseracing Integrity and Safety Act of 2020 as set forth in the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260.

Beginning July 1, 2023, and each July 1 thereafter, each permitholder granted such credit may apply the credit to their taxes and fees due under ss. 550.0951, 550.095151, and 550.3551(3), F.S., less any credit received by the permitholder under s. 550.09515(6), F.S., and less the amount of state taxes that would otherwise be due to the state for the conduct of charity day performances under s. 550.0351(4), F.S.

Provides that unused credits remaining at the end of a fiscal year expire and may not be used.

Requires the Florida Gaming Control Commission (Commission) to receive sufficient documentation to substantiate the amounts paid by an eligible permitholder to qualify for the tax credit listed above.

Authorizes the Commission to adopt rules related to this section.

Section 2: Description of Data and Sources

August 2022 Revenue Estimates – Pari-Mutuel Taxes and Fees and updated information for years out based on current activity.

Horseracing Integrity and Safety Authority (HISA) 2022 Assessment Letter (For Florida Tracks) – Per HISA, Florida tracks received six monthly invoices (July 2022-Dec 2022); those tracks made monthly installment payments. All invoices have been paid with the exception of one invoice for Tampa Bay Downs in the amount of \$39,027. HISA expects to receive that payment in April 2023.

HISA 2023 Assessment Letter (For Florida Tracks) – Per HISA, Florida tracks will receive monthly invoices over the next nine months for their 2023 assessments. The first of nine invoices will be mailed out sometime in April 2023 and will continue through December 2023. It should be noted the invoice amounts are the total assessment divided by nine months, for equal installments.

Section 3: Methodology (Include Assumptions and Attach Details)

Note: HISA assessments have been based on a calendar year through December 31. Future monthly invoices will be pro-rated equally over a twelve-month period each year.

FY 2023/2024 Medium Assumptions

Florida thoroughbred permitholders paid a combined total of \$1,319,430 to HISA for the 2022 assessment in FY 2022-2023.

- Gulfstream Park/GTARP \$1,085,265
- Tampa Bay Downs \$ 234,165

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Revenue Source: Pari-Mutuel Wagering Trust Fund

Issue: Thoroughbred Taxes and Fees – Tax Credit

Bill Number(s): SB7062

The combined 2023 HISA assessment is \$4,433,451 for Florida tracks. Assumes thoroughbred permitholders will also pay a pro-rated amount of their 2023 HISA assessment portion in FY 2022-2023 (2 months of invoices).

	2023 Assessment	Pro-rated Amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/9)*2 = \$793,552$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/9)*2 = \$191,659$

Therefore, the total credit available in FY 2023/2024:

- Gulfstream Park/GTARP $\$1,085,265 + \$793,552 = \$1,878,817$ total credit
- Tampa Bay Downs $\$234,165 + \$191,659 = \$425,824$ total credit

The estimated loss in total revenue to the Pari-Mutuel Wagering Trust Fund in FY 2023/2024 is \$2,304,641.

FY 2023/2024 Low Assumptions

Thoroughbred permitholders paid a combined total of \$1,319,430 to HISA for the 2022 assessment in FY 2022-2023.

○ Gulfstream Park/GTARP	\$1,085,265
○ Tampa Bay Downs	\$ 234,165

Assumes thoroughbred permitholders will not pay any of their portion of the \$4,433,451 2023 HISA total assessment during FY 2022/2023, therefore, thoroughbred permitholders would only receive a credit in FY 2023/2024 equal to the amount for their portion of the 2022 HISA assessment paid in FY 2022/2023.

- Gulfstream Park/GTARP $\$1,085,265$ total Credit
- Tampa Bay Downs $\$ 234,165$ total Credit

The estimated loss in total revenue to the Pari-Mutuel Wagering Trust Fund in FY 2023/2024 is \$1,319,430.

FY 2024/2025 High Assumptions (If low estimate is adopted for FY 2023/2024)

It is unknown what the future HISA assessments will be, due to a number of factors. The estimate assumes the 2024 HISA assessment will be the same as the 2023 HISA assessment, which is \$4,433,451.

Assumes in FY 2023/2024 thoroughbred permitholders will pay all of their portion of the 2023 HISA assessment plus their pro-rated amount of the 2024 HISA assessment (5 months).

	2023 Assessment	
○ Gulfstream Park/GTARP	\$3,570,984	
○ Tampa Bay Downs	\$ 862,467	
	2024 Est. Assessment	Pro-rated Amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/12)*5 = \$1,487,910$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/12)*5 = \$359,361$

Therefore, the total credit available in FY 2024/2025:

- Gulfstream Park/GTARP $\$3,570,984 + \$1,487,910 = \$5,058,894$ total credit
- Tampa Bay Downs $\$862,467 + \$359,361 = \$1,221,828$ total credit

While the total credit available is \$6,280,722, the taxes and fees liability due for FY 2024/2025 is estimated to be \$5,294,594, therefore the estimated loss in total revenue to the Pari-Mutuel Wagering Trust Fund in FY 2024/2025 is \$5,294,594.

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Revenue Source: Pari-Mutuel Wagering Trust Fund

Issue: Thoroughbred Taxes and Fees – Tax Credit

Bill Number(s): SB7062

FY 2024/2025 Middle Assumptions

It is unknown what the 2024 HISA assessment will be, due to a number of factors. The estimate assumes that the 2024 HISA assessment will be the same as the 2023 HISA assessment, which was \$4,433,451.

Assumes in FY 2023/2024 thoroughbred permitholders will pay the remaining pro-rated amount of their 2023 HISA assessment (7 months) and their pro-rated amount of the 2024 HISA assessment (5 months).

	2023 Assessment	Pro-rated Amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/9)*7 = \$2,777,432$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/9)*7 = \$670,808$
	2024 Est. Assessment	Pro-rated Amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/12)*5 = \$1,487,910$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/12)*5 = \$359,361$

Therefore, the total credit available in FY 2024/2025:

- Gulfstream Park/GTARP $\$2,777,432 + \$1,487,910 = \$4,265,342$ total credit
- Tampa Bay Downs $\$670,808 + \$359,361 = \$1,030,169$ total credit

The estimated loss in total revenue to the Pari-Mutuel Wagering Trust Fund in FY 2024/2025 is \$5,295,511.

FY 2024/2025 Low Assumptions

Should the 2024 HISA assessments be less than the 2023 HISA assessment, the estimated loss in total revenue to the Pari-Mutuel Wagering Trust in out years would be lower. The estimated overall loss to the Pari-mutuel Wagering Trust Fund would likely be less than (\$5.2 million) depending upon the HISA assessment amount.

FY 2025/2026 through 2027/2028 High Assumptions

Should future years HISA assessments be higher than the 2023 HISA assessment, the estimated loss in total revenue to the Pari-Mutuel Wagering Trust in out years would be greater. The current estimated taxes and fees liabilities are approximately \$5.3 million for each fiscal year beginning in FY 2025/2026-2027/2028. The estimated overall loss to the Pari-mutuel Wagering Trust Fund would likely be between \$4.5-\$5.3 depending upon the HISA assessment amount each year.

FY 2025/2026 through 2027/2028 Middle Assumptions

It is unknown what the future HISA assessments will be, due to a number of factors. The estimates assume that the 2025, 2026, and 2027 HISA assessments will be the same as the 2024 HISA assessment, which was \$4,433,451.

Assumes thoroughbred permitholders will pay the remainder of their pro-rated amount of 2024 HISA assessment (7 months) and the pro-rated amount of the 2025 HISA assessment (5 months) in FY 2024/2025.

	2024 Assessment	Pro-rated Amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/9)*5 = \$1,487,910$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/9)*5 = \$359,361$
	2025 Est. Assessment	Pro-rated amount
○ Gulfstream Park/GTARP	\$3,570,984	$(\$3,570,984/12)*7 = \$2,777,432$
○ Tampa Bay Downs	\$ 862,467	$(\$862,467/12)*7 = \$670,808$

Therefore, the total credit available in FY 2025/2026:

- Gulfstream Park/GTARP $\$2,777,432 + \$1,487,910 = \$4,265,342$ total credit
- Tampa Bay Downs $\$670,808 + \$359,361 = \$1,030,169$ total credit

REVENUE ESTIMATING CONFERENCE

Revenue Source: Pari-Mutuel Wagering Trust Fund

Issue: Thoroughbred Taxes and Fees – Tax Credit

Bill Number(s): SB7062

For 2025/2026-2027/2028, assume that permitholders will make 12 equal monthly payments totaling their portion of the estimated HISA Assessment.

- Gulfstream Park/GTARP \$3,570,984
- Tampa Bay Downs \$ 862,467

Therefore, the total credit available in FY 2025/2026 and annually thereafter assumes that thoroughbred permitholders would receive a credit equal to their portion of the HISA assessment amount listed above.

The estimated loss in total revenue to the Pari-Mutuel Wagering Trust Fund in FY 2025/2026 and yearly thereafter would be \$4,433,451.

FY 2025/2026 through 2027/2028 Low Assumptions

Should future years HISA assessments be less than the 2023 HISA assessment, the estimated loss in total revenue to the Pari-Mutuel Wagering Trust in out years would be lower. The estimated overall loss to the Pari-mutuel Wagering Trust Fund would likely be less than (\$4.4 million) depending upon the HISA assessment amount each year.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	(\$2,304,641)	(\$2,304,641)	(\$1,319,430)	(\$1,319,430)
2024-25	(\$5,294,594)	(\$5,294,594)	(\$5,295,511)	(\$5,295,511)	(**)	(**)
2025-26	(**)	(**)	(\$4,433,451)	(\$4,433,451)	(**)	(**)
2026-27	(**)	(**)	(\$4,433,451)	(\$4,433,451)	(**)	(**)
2027-28	(**)	(**)	(\$4,433,451)	(\$4,433,451)	(**)	(**)

Revenue Distribution: Pari-Mutuel Trust Fund

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted a modified high estimate that used the middle cash the first year and (\$5.3m) for all years indeterminate impact and the cash impact for FY 2025-25 through FY 2027-28.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(0.2)	(0.4)	(2.1)	(4.9)	0.0	0.0	(2.3)	(5.3)
2024-25	(0.4)	(0.4)	(4.9)	(4.9)	0.0	0.0	(5.3)	(5.3)
2025-26	(0.4)	(0.4)	(4.9)	(4.9)	0.0	0.0	(5.3)	(5.3)
2026-27	(0.4)	(0.4)	(4.9)	(4.9)	0.0	0.0	(5.3)	(5.3)
2027-28	(0.4)	(0.4)	(4.9)	(4.9)	0.0	0.0	(5.3)	(5.3)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Trust Funds

Issue: Thoroughbred Horse Breeder Distribution

Bill Number(s): SB 7062

☐ **Entire Bill**

☒ **Partial Bill:** Section 26, 30

Sponsor(s): Finance and Tax

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. Current Law:

Sales and Use Tax

Tax on sales, use, and other transactions is governed by chapter 212, Florida Statutes. Section 212.20, F.S., specifies that all funds received and collected under the provisions of the chapter are to be credited to the account of the General Revenue Fund, and provides the disposition of all collected proceeds.

Florida Agricultural Promotion Campaign Trust Fund

The Florida Agricultural Promotion Campaign Trust Fund was created to receive all moneys related to the Florida Agricultural Promotion Campaign (s. 571.26, F.S.)—a marketing program to promote Florida agricultural commodities, value-added products, and agricultural-related businesses (s. 571.24, F.S.).

- b. Proposed Change:** Section 26 amends s. 212.20(6)(d)6., F.S., to add sub-subparagraph h., which provides a \$27.5 million distribution from Sales and Use Tax for two fiscal years to the Florida Agricultural Promotion Campaign Trust Fund. The funds will be further distributed to the Florida Thoroughbred Breeders' Association, Inc. and two thoroughbred racing tracks within Florida to encourage the agricultural activity of thoroughbred breeding and to enhance thoroughbred racing in Florida, as provided in section 30 of SB 7062.

Section 2: Description of Data and Sources

Staff Analysis SB 7062 dated 4/18/2023

DOR staff email dated 4/18/2023

Section 3: Methodology (Include Assumptions and Attach Details)

In effect, section 26 distributes general revenue funds to the Florida Agricultural Promotion Campaign Trust Fund. Section 30 further distributes all of the \$27.5 million each year. Consequently, the distribution is a \$-55 million deduct to the General Revenue Fund and a \$55 million add to the Florida Agricultural Promotion Campaign Trust Fund over two years with no recurring impact.

It is not anticipated that the distributions into the trust fund would be subject to the General Revenue Service Charge as the distributions to the trust fund are in effect general revenue funds.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$(27.5m)	\$0		
2024-25			\$(27.5m)	\$0		
2025-26			\$0	\$0		
2026-27			\$0	\$0		
2027-28			\$0	\$0		

State Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$27.5m	\$0		
2024-25			\$27.5m	\$0		
2025-26			\$0	\$0		
2026-27			\$0	\$0		
2027-28			\$0	\$0		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Trust Funds

Issue: Thoroughbred Horse Breeder Distribution

Bill Number(s): SB 7062

Revenue Distribution:

Sales and Use Tax

Florida Agricultural Promotion Campaign Trust Fund

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the estimate as presented. Underlying the estimate is an assumption that the distribution is effective for two years.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(27.5)	0.0	27.5	0.0	0.0	0.0	0.0	0.0
2024-25	(27.5)	0.0	27.5	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: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Levy in Select Municipalities Subject to Referendum Approval

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senate

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. Current Law:

Local Option Food and Beverage Tax

Section 212.0306, F.S., authorizes the Local Option Food and Beverage Tax, which actually consists of two separate levies. Any county, as defined in s. 125.011(1), F.S., [i.e., Miami-Dade County] may impose two separate taxes by ordinance adopted by a majority vote of the county's governing body. The first tax may be imposed on the sale of food, beverages, or alcoholic beverages in hotels and motels at the rate of 2 percent. A second tax of 1 percent may be imposed on the sale of food, beverages, or alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels. However, this 1 percent tax does not apply to any alcoholic beverage sold by the package for off-premises consumption. The county levying either tax locally administers the tax using the powers and duties enumerated for local administration of the tourist development tax by s. 125.0104, F.S. Miami-Dade County began levying these taxes on October 1, 1993.

The county distributes the 2 percent tax proceeds to a countywide convention and visitors' bureau, which by interlocal agreement and contract with the county has been given the primary responsibility for tourist and convention promotion, to be used for those purposes authorized in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.). If the county is not or is no longer a party to such an interlocal agreement and contract with a countywide convention and visitors' bureau, the county allocates the proceeds for those purposes authorized in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.).

As described in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.), the 2 percent tax proceeds are used for the following purposes.

1. Promoting and advertising tourism in the State of Florida and nationally and internationally.
2. Funding convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county.

The 1 percent tax proceeds are distributed by the county pursuant to the guidelines provided in the approved plans for addressing homeless needs as well as the construction and operation of domestic violence centers. The county and its respective municipalities continue to contribute each year at least 85 percent of aggregate expenditures from the respective county or municipal general fund budget for county-operated or municipally-operated homeless shelter services at or above the average level of such expenditures in the two fiscal years preceding the levy date of this tax.

For the first 12 months of the 1 percent tax levy, the proceeds are used by the county to assist persons who have become or are about to become homeless. These funds are made available for emergency homeless shelters, food, clothing, medical care, counseling, alcohol and drug abuse treatment, mental health treatment, employment and training, education, and housing. Thereafter, not less than 15 percent of the proceeds are made available for construction and operation of domestic violence centers. The remainder is used for programs to assist the homeless or those about to become homeless. In addition, the proceeds and accrued interest may be used as collateral, pledged, or hypothecated for authorized projects, including bonds issued in connection with such authorized projects.

Pursuant to s. 212.0306(2)(d), F.S., sales in cities or towns presently imposing a municipal resort tax as authorized by Chapter 67-930, L.O.F., are exempt from the Local Option Food and Beverages Tax.

Municipal Resort Tax

Chapter 67-930, L.O.F., as amended by Chapters 82-142, 83-363, 93-286, and 94-344, L.O.F., authorizes the Municipal Resort Tax, which also consists of two separate levies. Municipalities in counties having a population of not less than 330,000 and not more than 340,000 (i.e., Broward County) and in counties having a population of more than 900,000 (i.e., Miami-Dade County), according to the 1960 decennial census, whose charter specifically provided or was amended prior to January 1, 1968, to

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Levy in Select Municipalities Subject to Referendum Approval

Bill Number(s): Proposed Language

provide for this tax levy, are eligible to impose it by ordinance adopted by the governing body. A tax of up to 4% may be levied upon the rent of every occupancy of a room or rooms in any hotel, motel, apartment house, rooming house, tourist or trailer camp, as defined in part I of ch. 212, F.S. A tax of up to 2% may be levied upon the retail sale price of all items of food or beverages sold at retail, and of alcoholic beverages sold at retail for consumption on the premises at any place of business required by law to be licensed by the state hotel and restaurant commission or by the state beverage department. However, the tax does not apply to those sales the amount of which is less than 50 cents or sales of food or beverages delivered to a person's home under a contract providing for deliveries on a regular schedule when the price of each meal is less than \$10.

The Miami-Dade County municipalities of Bal Harbour, Miami Beach, and Surfside are eligible to impose the tax. According to their official government websites, Bal Harbour¹, Miami Beach², and Surfside³ are imposing the tax at 4 percent on transient rental transactions and 2 percent on the sale of food and beverages.

It is the duty of every person renting a room or rooms and selling at retail food or beverages or alcoholic beverages for consumption on the premises to act as the tax collection agent. These persons must collect, report, and pay over to the municipality all taxes levied in accordance with the enacted ordinance. Any municipality collecting the tax has the same duties and privileges as the Department of Revenue (DOR) under part I of ch. 212, F.S., and may use any power granted to the DOR under this part including enforcement and collection procedures and penalties.

The governing body may authorize by ordinance the creation of an authority or commission empowered to contract and be contracted with its own name as an agency of the municipality to expend the tax proceeds as the body may determine appropriate. The tax proceeds are used for the creation and maintenance of convention and publicity bureaus; development and maintenance of art and cultural centers; enhancement of tourism; publicity and advertising; construction, operation, and maintenance of auditoriums, community centers, and convention structures; or relief from ad valorem taxes being used for any of these other purposes.

Relevant Taxes on the Sale of Food, Beverages, or Alcoholic Beverages			
Local Option Food and Beverage Tax		Municipal Resort Tax	
2% Tax	On the sale of food, beverages, or alcoholic beverages in hotels and motels only.	Up to 2% Tax	Upon the retail sale price of all items of food or beverages sold at retail, and of alcoholic beverages sold at retail for consumption on the premises at any place of business required by law to be licensed by the state hotel and restaurant commission or by the state beverage department. However, this tax shall not apply to those sales the amount of which is less than fifty cents nor to sales of food or beverages delivered to a person's home under a contract providing for deliveries on a regular schedule when the price of each meal is less than ten dollars.
1% Tax	On the sale of food, beverages, or alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels; however, the tax shall not apply to any alcoholic beverage sold by the package for off-premises consumption.		

- b. Proposed Change:** The proposed language amends s. 212.0306(2)(d), F.S., to maintain the Local Option Food and Beverage Tax exemption for each of the three municipalities (i.e., Bal Harbour, Miami Beach, and Surfside) currently levying the Municipal Resort Tax, unless the Local Option Food and Beverage Tax levy is approved in a referendum by voters of that municipality.

Section 2: Description of Data and Sources

None

¹ <http://www.balharbourfl.gov/doing-business/resort-tax-registration>

² <https://www.miamibeachfl.gov/city-hall/finance/filepay-resort-tax/>

³ See document entitled "Resort Tax Form" available at <http://www.townofsurfsidefl.gov/departments-services/finance/certificate-of-use-local-business-tax-receipt-and-resort-tax-information>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Levy in Select Municipalities Subject to Referendum Approval

Bill Number(s): Proposed Language

Section 3: Methodology (Include Assumptions and Attach Details)

As previously mentioned, current law exempts eligible sales within the municipalities of Bal Harbour, Miami Beach, and Surfside from the Local Option Food and Beverages Tax. Assuming the proposed language becomes law, any future imposition of the tax on eligible sales within these three municipalities (and the resulting tax proceeds to Miami-Dade County) would be subject to two conditions. First, the municipality's governing body would need to call for a local referendum to approve the tax levy within the jurisdiction. Second, municipal voters would need to approve the referendum. For these reasons, EDR staff recommends a zero / positive indeterminate fiscal impact.

Section 4: Proposed Fiscal Impact - \$ Millions

	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 funds only.

Section 5: Consensus Estimate (Adopted: 04/21/2023): 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/**
2024-25	0.0	0.0	0.0	0.0	0/**	0/**	0/**	0/**
2025-26	0.0	0.0	0.0	0.0	0/**	0/**	0/**	0/**
2026-27	0.0	0.0	0.0	0.0	0/**	0/**	0/**	0/**
2027-28	0.0	0.0	0.0	0.0	0/**	0/**	0/**	0/**

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Repeal of the Municipal Resort Tax Exemption

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senate

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. Current Law:

Local Option Food and Beverage Tax

Section 212.0306, F.S., authorizes the Local Option Food and Beverage Tax, which actually consists of two separate levies. Any county, as defined in s. 125.011(1), F.S., [i.e., Miami-Dade County] may impose two separate taxes by ordinance adopted by a majority vote of the county's governing body. The first tax may be imposed on the sale of food, beverages, or alcoholic beverages in hotels and motels at the rate of 2 percent. A second tax of 1 percent may be imposed on the sale of food, beverages, or alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels. However, this 1 percent tax does not apply to any alcoholic beverage sold by the package for off-premises consumption. The county levying either tax locally administers the tax using the powers and duties enumerated for local administration of the tourist development tax by s. 125.0104, F.S. Miami-Dade County began levying these taxes on October 1, 1993.

The county distributes the 2 percent tax proceeds to a countywide convention and visitors' bureau, which by interlocal agreement and contract with the county has been given the primary responsibility for tourist and convention promotion, to be used for those purposes authorized in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.). If the county is not or is no longer a party to such an interlocal agreement and contract with a countywide convention and visitors' bureau, the county allocates the proceeds for those purposes authorized in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.).

As described in s. 125.0104(5)(a)2. or 3., F.S. (1992 Supp.), the 2 percent tax proceeds are used for the following purposes.

1. Promoting and advertising tourism in the State of Florida and nationally and internationally.
2. Funding convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county.

The 1 percent tax proceeds are distributed by the county pursuant to the guidelines provided in the approved plans for addressing homeless needs as well as the construction and operation of domestic violence centers. The county and its respective municipalities continue to contribute each year at least 85 percent of aggregate expenditures from the respective county or municipal general fund budget for county-operated or municipally-operated homeless shelter services at or above the average level of such expenditures in the two fiscal years preceding the levy date of this tax.

For the first 12 months of the 1 percent tax levy, the proceeds are used by the county to assist persons who have become or are about to become homeless. These funds are made available for emergency homeless shelters, food, clothing, medical care, counseling, alcohol and drug abuse treatment, mental health treatment, employment and training, education, and housing. Thereafter, not less than 15 percent of the proceeds are made available for construction and operation of domestic violence centers. The remainder is used for programs to assist the homeless or those about to become homeless. In addition, the proceeds and accrued interest may be used as collateral, pledged, or hypothecated for authorized projects, including bonds issued in connection with such authorized projects.

Pursuant to s. 212.0306(2)(d), F.S., sales in cities or towns presently imposing a municipal resort tax as authorized by Chapter 67-930, L.O.F., are exempt from the Local Option Food and Beverages Tax.

Municipal Resort Tax

Chapter 67-930, L.O.F., as amended by Chapters 82-142, 83-363, 93-286, and 94-344, L.O.F., authorizes the Municipal Resort Tax, which also consists of two separate levies. Municipalities in counties having a population of not less than 330,000 and not more than 340,000 (i.e., Broward County) and in counties having a population of more than 900,000 (i.e., Miami-Dade County), according to the 1960 decennial census, whose charter specifically provided or was amended prior to January 1, 1968, to

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Repeal of the Municipal Resort Tax Exemption

Bill Number(s): Proposed Language

provide for this tax levy, are eligible to impose it by ordinance adopted by the governing body. A tax of up to 4% may be levied upon the rent of every occupancy of a room or rooms in any hotel, motel, apartment house, rooming house, tourist or trailer camp, as defined in part I of ch. 212, F.S. A tax of up to 2% may be levied upon the retail sale price of all items of food or beverages sold at retail, and of alcoholic beverages sold at retail for consumption on the premises at any place of business required by law to be licensed by the state hotel and restaurant commission or by the state beverage department. However, the tax does not apply to those sales the amount of which is less than 50 cents or sales of food or beverages delivered to a person's home under a contract providing for deliveries on a regular schedule when the price of each meal is less than \$10.

The Miami-Dade County municipalities of Bal Harbour, Miami Beach, and Surfside are eligible to impose the tax. According to their official government websites, Bal Harbour¹, Miami Beach², and Surfside³ are imposing the tax at 4 percent on transient rental transactions and 2 percent on the sale of food and beverages.

It is the duty of every person renting a room or rooms and selling at retail food or beverages or alcoholic beverages for consumption on the premises to act as the tax collection agent. These persons must collect, report, and pay over to the municipality all taxes levied in accordance with the enacted ordinance. Any municipality collecting the tax has the same duties and privileges as the Department of Revenue (DOR) under part I of ch. 212, F.S., and may use any power granted to the DOR under this part including enforcement and collection procedures and penalties.

The governing body may authorize by ordinance the creation of an authority or commission empowered to contract and be contracted with its own name as an agency of the municipality to expend the tax proceeds as the body may determine appropriate. The tax proceeds are used for the creation and maintenance of convention and publicity bureaus; development and maintenance of art and cultural centers; enhancement of tourism; publicity and advertising; construction, operation, and maintenance of auditoriums, community centers, and convention structures; or relief from ad valorem taxes being used for any of these other purposes.

Relevant Taxes on the Sale of Food, Beverages, or Alcoholic Beverages			
Local Option Food and Beverage Tax		Municipal Resort Tax	
2% Tax	On the sale of food, beverages, or alcoholic beverages in hotels and motels only.	Up to 2% Tax	Upon the retail sale price of all items of food or beverages sold at retail, and of alcoholic beverages sold at retail for consumption on the premises at any place of business required by law to be licensed by the state hotel and restaurant commission or by the state beverage department. However, this tax shall not apply to those sales the amount of which is less than fifty cents nor to sales of food or beverages delivered to a person's home under a contract providing for deliveries on a regular schedule when the price of each meal is less than ten dollars.
1% Tax	On the sale of food, beverages, or alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels; however, the tax shall not apply to any alcoholic beverage sold by the package for off-premises consumption.		

- b. Proposed Change:** The proposed language strikes s. 212.0306(2)(d), F.S., which currently exempts eligible sales in those municipalities levying the Municipal Resort Tax (i.e., Bal Harbour, Miami Beach, and Surfside) from the Local Option Food and Beverage Tax levied by Miami-Dade County.

¹ <http://www.balharbourfl.gov/doing-business/resort-tax-registration>

² <https://www.miamibeachfl.gov/city-hall/finance/filepay-resort-tax/>

³ See document entitled "Resort Tax Form" available at <http://www.townofsurfsidefl.gov/departments-services/finance/certificate-of-use-local-business-tax-receipt-and-resort-tax-information>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Local Option Food and Beverage Tax – Repeal of the Municipal Resort Tax Exemption

Bill Number(s): Proposed Language

Section 2: Description of Data and Sources

Municipal Resort Tax Collections

LFY 2001-02 to 2020-21 as reported in municipalities' Comprehensive Annual Financial Reports and available on the EDR's website⁴.

LFY 2021-22 to 2022-23 as reported in municipalities' FY 2022-23 adopted budgets.

Emailed responses from Bal Harbour, Miami Beach, and Surfside finance officials to EDR.

Local Option Food and Beverage Taxes

LFY 2003-04 to LFY 2022-23 (est.) as reported in Miami-Dade County's Adopted Budgets and available on the EDR's website⁵.

Section 3: Methodology (Include Assumptions and Attach Details)

See attached spreadsheet.

Section 4: Proposed Fiscal Impact - \$ Millions

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$28.0	\$28.0		
2024-25			\$29.4	\$29.4		
2025-26			\$30.9	\$30.9		
2026-27			\$32.5	\$32.5		
2027-28			\$34.2	\$34.2		

Revenue Distribution: Miami-Dade County - local funds only.

Section 5: Consensus Estimate (Adopted: 04/21/2023): 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	28.0	28.0	28.0	28.0
2024-25	0.0	0.0	0.0	0.0	29.4	29.4	29.4	29.4
2025-26	0.0	0.0	0.0	0.0	30.9	30.9	30.9	30.9
2026-27	0.0	0.0	0.0	0.0	32.5	32.5	32.5	32.5
2027-28	0.0	0.0	0.0	0.0	34.2	34.2	34.2	34.2

⁴ <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/m-r.cfm>

⁵ <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm>

	A	B	C	D	E	F	G	H	I
1	Fiscal Impact Analysis of Local Option Food and Beverage Tax								
2	Issue: Repeal of the Municipal Resort Tax Exemption								
3	Municipal Resort Tax Collections								
4	Local Fiscal Year	Bal Harbour		Miami Beach		Surfside		TOTALS	
5		Collections	% Chg.	Collections	% Chg.	Collections	% Chg.	Collections	% Chg.
6	2001-02	\$ 1,644,417	-	\$ 21,021,618	-	\$ 526,374	-	\$ 23,192,409	-
7	2002-03	\$ 1,750,436	6.4%	\$ 24,002,336	14.2%	\$ 531,691	1.0%	\$ 26,284,463	13.3%
8	2003-04	\$ 2,123,125	21.3%	\$ 27,406,669	14.2%	\$ 534,731	0.6%	\$ 30,064,525	14.4%
9	2004-05	\$ 2,570,155	21.1%	\$ 32,112,039	17.2%	\$ 505,346	-5.5%	\$ 35,187,540	17.0%
10	2005-06	\$ 2,307,901	-10.2%	\$ 34,265,010	6.7%	\$ 546,264	8.1%	\$ 37,119,175	5.5%
11	2006-07	\$ 1,712,220	-25.8%	\$ 36,595,885	6.8%	\$ 477,563	-12.6%	\$ 38,785,668	4.5%
12	2007-08	\$ 805,262	-53.0%	\$ 38,100,260	4.1%	\$ 424,279	-11.2%	\$ 39,329,801	1.4%
13	2008-09	\$ 848,975	5.4%	\$ 37,412,291	-1.8%	\$ 366,867	-13.5%	\$ 38,628,133	-1.8%
14	2009-10	\$ 876,700	3.3%	\$ 42,394,976	13.3%	\$ 390,873	6.5%	\$ 43,662,549	13.0%
15	2010-11	\$ 1,131,882	29.1%	\$ 48,773,891	15.0%	\$ 435,175	11.3%	\$ 50,340,948	15.3%
16	2011-12	\$ 2,118,487	87.2%	\$ 53,920,167	10.6%	\$ 344,063	-20.9%	\$ 56,382,717	12.0%
17	2012-13	\$ 3,229,946	52.5%	\$ 58,617,992	8.7%	\$ 343,733	-0.1%	\$ 62,191,671	10.3%
18	2013-14	\$ 3,600,359	11.5%	\$ 61,760,518	5.4%	\$ 677,079	97.0%	\$ 66,037,956	6.2%
19	2014-15	\$ 3,448,249	-4.2%	\$ 67,999,916	10.1%	\$ 1,154,041	70.4%	\$ 72,602,206	9.9%
20	2015-16	\$ 3,423,437	-0.7%	\$ 82,633,144	21.5%	\$ 1,226,351	6.3%	\$ 87,282,932	20.2%
21	2016-17	\$ 3,331,088	-2.7%	\$ 81,910,032	-0.9%	\$ 1,374,357	12.1%	\$ 86,615,477	-0.8%
22	2017-18	\$ 3,825,266	14.8%	\$ 87,595,052	6.9%	\$ 2,054,141	49.5%	\$ 93,474,459	7.9%
23	2018-19	\$ 4,526,248	18.3%	\$ 88,246,170	0.7%	\$ 3,901,559	89.9%	\$ 96,673,977	3.4%
24	2019-20	\$ 2,777,408	-38.6%	\$ 54,972,321	-37.7%	\$ 2,583,931	-33.8%	\$ 60,333,660	-37.6%
25	2020-21	\$ 4,813,175	73.3%	\$ 82,207,342	49.5%	\$ 4,372,990	69.2%	\$ 91,393,507	51.5%
26	2021-22 est.	\$ 4,183,700	-13.1%	\$ 81,838,000	-0.4%	\$ 4,810,000	10.0%	\$ 90,831,700	-0.6%
27	2022-23 est.	\$ 4,654,500	11.3%	\$ 106,243,000	29.8%	\$ 5,004,000	4.0%	\$ 115,901,500	27.6%
28	Data Sources: For LFYs 2001-02 through 2020-21, municipalities' Comprehensive Annual Financial Reports (CAFRs). For LFYs 2021-22 and 2022-23, municipalities' FY 2022-23 Adopted Budgets.								
29									
30									
31	Estimated FY 2022-23 Municipal Resort Tax Total Collections Derived from the 2% Tax on the Sales of Food, Beverages, and Alcoholic Beverages								
32		Bal Harbour		Miami Beach		Surfside		TOTALS	
33		Collections	%	Collections	%	Collections	%	Collections	%
34	2% Tax	\$ 1,666,311	35.8%	\$ 36,760,078	34.6%	\$ 1,251,000	25.0%	\$ 39,677,389	65.8%
35	% of 2% Tax Collections Derived from Sales at Hotels and Motels	\$ 416,578	25.0%	\$ 12,608,707	34.3%	\$ 512,910	41.0%	\$ 13,538,195	34.1%
36	% of 2% Tax Collections Derived from Sales at All Other Eligible Businesses	\$ 1,249,733	75.0%	\$ 24,151,371	65.7%	\$ 738,090	59.0%	\$ 26,139,194	65.9%
37	FY 2022-23 Sales Attributable to Hotels and Motels	\$ 20,828,888		\$ 630,435,338		\$ 25,645,500		\$ 676,909,725	
38	FY 2022-23 Sales Attributable to All Other Eligible Businesses	\$ 62,486,663		\$ 1,207,568,562		\$ 36,904,500		\$ 1,306,959,725	
39	Data Sources: EDR staff emailed the Bal Harbour, Miami Beach, and Surfside CFO/Finance Directors and City Managers on 4/19/2023 requesting data for completion of this analysis. Miami Beach and Surfside responded to EDR's request and provided updated data (i.e., shaded green). Bal Harbour did not respond to EDR's request. Consequently, EDR used data provided last year by this municipality (i.e., shaded yellow) when identical proposed legislation was reviewed by the REC on February 18, 2022.								

	A	B	C	D	E	F	G	H	I
40									
41									
42	Local Option Food and Beverage Tax Collections								
43	Local Fiscal Year	2% Tax		1% Tax		TOTALS			
44		Collections	% Chg.	Collections	% Chg.	Collections	% Chg.		
45	2003-04	\$ 4,949,760	-	\$ 10,999,899	-	\$ 15,949,659	-		
46	2004-05	\$ 5,165,595	4.4%	\$ 12,000,408	9.1%	\$ 17,166,003	7.6%		
47	2005-06	\$ 5,371,084	4.0%	\$ 13,255,760	10.5%	\$ 18,626,844	8.5%		
48	2006-07	\$ 5,635,479	4.9%	\$ 14,046,979	6.0%	\$ 19,682,458	5.7%		
49	2007-08	\$ 5,663,320	0.5%	\$ 14,419,496	2.7%	\$ 20,082,816	2.0%		
50	2008-09	\$ 4,614,889	-18.5%	\$ 14,511,094	0.6%	\$ 19,125,983	-4.8%		
51	2009-10	\$ 4,894,648	6.1%	\$ 15,314,341	5.5%	\$ 20,208,989	5.7%		
52	2010-11	\$ 5,599,020	14.4%	\$ 17,155,885	12.0%	\$ 22,754,905	12.6%		
53	2011-12	\$ 6,331,746	13.1%	\$ 18,717,495	9.1%	\$ 25,049,241	10.1%		
54	2012-13	\$ 6,679,785	5.5%	\$ 19,544,151	4.4%	\$ 26,223,936	4.7%		
55	2013-14	\$ 6,996,838	4.7%	\$ 21,121,330	8.1%	\$ 28,118,168	7.2%		
56	2014-15	\$ 7,580,192	8.3%	\$ 23,091,177	9.3%	\$ 30,671,369	9.1%		
57	2015-16	\$ 7,907,546	4.3%	\$ 24,434,038	5.8%	\$ 32,341,584	5.4%		
58	2016-17	\$ 7,834,467	-0.9%	\$ 25,501,847	4.4%	\$ 33,336,314	3.1%		
59	2017-18	\$ 8,038,029	2.6%	\$ 27,604,368	8.2%	\$ 35,642,397	6.9%		
60	2018-19	\$ 8,442,888	5.0%	\$ 29,355,204	6.3%	\$ 37,798,092	6.0%		
61	2019-20	\$ 5,529,196	-34.5%	\$ 21,761,086	-25.9%	\$ 27,290,282	-27.8%		
62	2020-21	\$ 5,124,142	-7.3%	\$ 29,536,399	35.7%	\$ 34,660,541	27.0%		
63	2021-22	\$ 9,387,009	83.2%	\$ 40,089,598	35.7%	\$ 49,476,607	42.7%		
64	2022-23 est.	\$ 9,082,000	-3.2%	\$ 40,030,000	-0.1%	\$ 49,112,000	-0.7%		
65	Data Source: Miami-Dade County's FY 2022-23 and prior years' Adopted Budgets, Appendix: Transient Lodging and Food and Beverage Taxes.								
66									
67									
68	Local Option Food and Beverage Tax - Fiscal Impact								
69		2% Tax		1% Tax		TOTALS			
70	Compound Annual Growth Rate: 2004 to 2023		3.25%		7.04%				
71	FY 2022-23 Municipal Resort Tax Sales Corresponding to Each Tax	\$ 676,909,725		\$ 1,306,959,725					
72	FY 2022-23 Local Option Food and Beverage Tax Revenues Attributable to Bal Harbour, Miami Beach, and Surfside	\$ 13,538,195		\$ 13,069,597		\$ 26,607,792			
73									
74	Fiscal Impact								
75	FY 2023-24	\$ 13,977,654		\$ 13,989,054		\$ 27,966,709			
76	FY 2024-25	\$ 14,431,379		\$ 14,973,196		\$ 29,404,575			
77	FY 2025-26	\$ 14,899,832		\$ 16,026,573		\$ 30,926,405			
78	FY 2026-27	\$ 15,383,492		\$ 17,154,056		\$ 32,537,548			
79	FY 2027-28	\$ 15,882,851		\$ 18,360,858		\$ 34,243,709			

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Property Appraiser Appeal Thresholds

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

☒ Entire Bill

☐ Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 2023

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. **Current Law:** Section 194.036, F.S., identifies situations where property appraisers can appeal value adjustment board (VAB) decisions to the circuit court. Particularly, 194.036(1)(b) indicates the property appraisers 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 thresholds in section 194.036, F.S., are changed as follows: 15 percent variance from any assessment of \$250,000 ~~\$50,000~~ or less; 10 percent variance from any assessment in excess of \$250,000 ~~\$50,000~~ but not in excess of \$1 million ~~\$500,000~~; 7.5 percent variance from any assessment in excess of \$1 million ~~\$500,000~~ but not in excess of \$2.5 ~~\$1~~ million; or 5 percent variance from any assessment in excess of \$2.5 ~~\$1~~ million.

The following analysis assumes that the final "1" in the last sentence is also intended to be stricken. If not, it is unclear what criteria is to be applied to the 452 parcels in the state with an assessed value greater than \$2.5 million but less than or equal to \$2.51 million.

Section 2: Description of Data and Sources

[Impact Analysis of HB1131 & SB474 Section 8 from March 17, 2023](#)

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)

A similar concept was presented to the conference on March 17, 2023. The underlying data was provided by the Miami-Dade Property Appraiser for the analysis of 2022 HB417 & SB572 on December 16, 2021. While reproducing the data for the new thresholds was not feasible, the old values can be adjusted to consider the new changes. First, consider the four groups identified in statute as six groups:

Current Law Broken into 6 Groups	Current Threshold	Proposed Threshold	AV Threshold Groups	New Group Identifier
A	15.0%	15.0%	AV <= \$50,000	1
B	10.0%	15.0%	\$50,000 < AV <=\$250,000	2
B	10.0%	10.0%	\$250,000 < AV <= \$500,000	3
C	7.5%	10.0%	\$500,000 < AV <= \$1,000,000	4
D	5.0%	7.5%	\$1,000,000 < AV <= \$2,500,000	5
D	5.0%	5.0%	\$2,500,000 < AV	6

Using the new group identifiers, the proposed language only changes groups 2, 4, and 5. This is a change to a portion of the impact from the prior groups B and D and the entire prior group C. For group 2, the prior analysis considered a threshold increase of 10 percent while the proposed language considers a threshold increase of 5 percent, or 50 percent of the prior impact for the group. For groups 4 and 5, the prior analysis considered a threshold increase of 10 percent while the proposed language considers a threshold increase of 2.5 percent, or 25 percent of the prior impact for these groups. For group 4, the

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Property Appraiser Appeal Thresholds

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

impact is assumed to be 25 percent of the impact for group 4 from the prior analysis as it represents the whole of prior group C. For groups 2 and 5 it must be further considered that they only represent a portion of the prior groups B and D. Parcel counts by the six assessed value groups in Miami-Dade were compiled for 2018, 2019, and 2020 and the share of group 2 of the prior group B, as well as the share of group 5 of the prior group D, are calculated for each year. The old impact is multiplied by the new impact share of the old impact (50 percent for group 2 and 25 percent for group 5) and then multiplied by the ratio of parcels in the new smaller group to parcels in the prior larger group to arrive at the impact of the proposed language had it been in place in those years. This is done for school and non-school values for 2018, 2019, and 2020.

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 July 1, 2023, which would impact VAB decisions for the 2023 roll year and thus first impact Fiscal Year 2023-24.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
2024-25	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
2025-26	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
2026-27	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
2027-28	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
2024-25	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
2025-26	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
2026-27	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
2027-28	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)

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

	A	B	C	D	E	F	G
1	Step 1: Underlying Info, Data, and Conference Results						
2	AV Group	Current Threshold	Proposed Threshold	AV Values			
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	2022 Miami-Dade Aggregate Millage Rates						
9	School District	6.589					
10	Non-School District	12.0363					
11							
12	Miami-Dade - March 2023 Conf	CTV	STV				
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	Step 2: Potential Appeals - Miami Dade Specific						
22			CURRENT THRESHOLDS				
23	Year	AV GROUP	REDUCTIONS	INITIAL VALUE	VAB VALUE	POTENTIAL RECOVERY	
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		TOTAL	19,275	\$ 45,779,999,879	\$ 39,140,450,610	\$ 6,639,549,269	
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		TOTAL	18,553	\$ 46,917,336,694	\$ 40,326,238,255	\$ 6,591,098,439	
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		TOTAL	19,215	\$ 50,320,995,675	\$ 43,292,069,815	\$ 7,028,925,860	
39							
40			PROPOSED THRESHOLDS				
41	Year	AV GROUP	REDUCTIONS	INITIAL VALUE	VAB VALUE	POTENTIAL RECOVERY	
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		TOTAL	5,200	\$ 14,752,239,535	\$ 10,989,069,369	\$ 3,763,170,166	
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		TOTAL	4,447	\$ 14,789,726,646	\$ 11,171,972,759	\$ 3,617,753,887	
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		TOTAL	4,705	\$ 15,623,520,177	\$ 11,894,633,301	\$ 3,728,886,876	

	A	B	C	D	E	F	G
57							
58			Difference: Proposed Minus Current				
59	Year	AV GROUP	Δ REDUCTIONS	Δ INITIAL VALUE	Δ VAB VALUE	Δ POTENTIAL RECOVERY	
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		TOTAL	-14,075	\$ (31,027,760,344)	\$ (28,151,381,241)	\$ (2,876,379,103)	
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		TOTAL	-14,106	\$ (32,127,610,048)	\$ (29,154,265,496)	\$ (2,973,344,552)	
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		TOTAL	-14,510	\$ (34,697,475,498)	\$ (31,397,436,514)	\$ (3,300,038,984)	
75							
76	Step 3: Actual Appeal Rate, Actual Success Rate, and Potential Recovery - Miami Dade Specific						
77							
78	Actual Appeal Rate	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	Actual Success Rate	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	Potential (Estimated) Recovery - Assessed Value	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	Step 3: Translate AV to TV - Miami Dade Specific						
97	Year	AV GROUP	TV_SD:AV Ratio	TV_SD	TV_NSD:AV Ratio	TV_NSD	
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	Step 4: 2018-2020 Impact - Miami Dade Specific						
112	Year	AV GROUP	School	Non School			
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	Step 5: Translate Data to New Proposed Language						
130	Current Law Broken into 6 Groups	Current Threshold	Proposed Threshold	AV Threshold Groups	New Group Identifier		
131	A	15.0%	15.0%	AV <= \$50,000	1		
132	B	10.0%	15.0%	\$50,000 < AV <=\$250,000	2		
133	B	10.0%	10.0%	\$250,000 < AV <= \$500,000	3		
134	C	7.5%	10.0%	\$500,000 < AV <= \$1,000,000	4		
135	D	5.0%	7.5%	\$1,000,000 < AV <= \$2,500,000	5		
136	D	5.0%	5.0%	\$2,500,000 < AV	6		
137							
138	Group	2022 HB417 & SB572 Proposed Increase	Proposed Language Proposed Increase	New Impact Share of Old Impact			
139	1	10.0%	0.0%	0.0%			
140	2	10.0%	5.0%	50.0%			
141	3	10.0%	0.0%	0.0%			
142	4	10.0%	2.5%	25.0%			
143	5	10.0%	2.5%	25.0%			
144	6	10.0%	0.0%	0.0%			
145							

	A	B	C	D	E	F	G
146	Group	2018: Miami-Dade Parcels in AV Group	2019: Miami-Dade Parcels in AV Group	2020: Miami-Dade Parcels in AV Group			
147	1	79,201	72,478	68,485			
148	2	556,106	548,979	541,703			
149	3	170,866	185,132	199,333			
150	4	56,235	58,995	60,977			
151	5	29,042	29,847	30,134			
152	6	14,600	15,439	16,103			
153							
154	Old Group	New Group	2018 Share of New Group in Old Group	2019 Share of New Group in Old Group	2020 Share of New Group in Old Group		
155	A	1	100.0%	100.0%	100.0%		
156	B	2	76.5%	74.8%	73.1%		
157	B	3	23.5%	25.2%	26.9%		
158	C	4	100.0%	100.0%	100.0%		
159	D	5	66.5%	65.9%	65.2%		
160	D	6	33.5%	34.1%	34.8%		
161							
162			Old Impact * New Impact Share of Old Impact * Share of New Group in Old Group				
163	Year	Group	School	Non School			
164	2018	Partial B & 2	\$ (8,112)	\$ (12,816)			
165		C & 4	\$ (1,545)	\$ (2,667)			
166		Partial D & 5	\$ (38,141)	\$ (64,993)			
167		SUM	\$ (47,797)	\$ (80,476)			
168	2019	Partial B & 2	\$ (11,932)	\$ (19,108)			
169		C & 4	\$ (3,237)	\$ (5,641)			
170		Partial D & 5	\$ (50,434)	\$ (86,371)			
171		SUM	\$ (65,603)	\$ (111,121)			
172	2020	Partial B & 2	\$ (6,808)	\$ (11,026)			
173		C & 4	\$ (3,626)	\$ (6,358)			
174		Partial D & 5	\$ (31,218)	\$ (54,063)			
175		SUM	\$ (41,652)	\$ (71,447)			
176							
177	Step 6: Assumptions						
178		High	Middle	Low			
179	Share Miami-Dade Up to Statewide	100%	50%	0%			
180							
181	Assumption:	Grow Average of 3 Years as 2020					
182							

	A	B	C	D	E	F	G
183	Step 7: Impact						
184	School Impact						
185		High		Middle		Low	
186		Cash	Recurring	Cash	Recurring	Cash	Recurring
187	2021-22		\$(0.1 M)		\$(0.1 M)		\$(0.1 M)
188	2022-23		\$(0.1 M)		\$(0.1 M)		\$(0.1 M)
189	2023-24	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
190	2024-25	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
191	2025-26	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
192	2026-27	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
193	2027-28	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)	\$(0.1 M)
194							
195	Non-School Impact						
196		High		Middle		Low	
197		Cash	Recurring	Cash	Recurring	Cash	Recurring
198	2021-22		\$(0.2 M)		\$(0.1 M)		\$(0.1 M)
199	2022-23		\$(0.2 M)		\$(0.1 M)		\$(0.1 M)
200	2023-24	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)
201	2024-25	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)
202	2025-26	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)
203	2026-27	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)
204	2027-28	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)	\$(0.1 M)	\$(0.1 M)
205							
206	Total Impact						
207		High		Middle		Low	
208		Cash	Recurring	Cash	Recurring	Cash	Recurring
209	2023-24	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
210	2024-25	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
211	2025-26	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
212	2026-27	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
213	2027-28	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Property Tax Refunds, Excluding Disaster Declarations

Bill Number(s): SB 7062

☐ **Entire Bill**

☒ **Partial Bill:** Sections 15 & 16

Sponsor(s): Finance and Tax

Month/Year Impact Begins: January 2024

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

- a. **Current Law:** Section 197.319, Florida Statutes, provides property owners a refund of ad valorem taxes paid when a catastrophic event renders their residential improvement(s) uninhabitable for more than 30 days.
- b. **Proposed Change:** The bill removes the ability for property owners to receive a refund of ad valorem taxes paid if they are impacted by a catastrophic event that results in a federal disaster area declaration or a state of emergency declared pursuant to Section 252.36, Florida Statutes. So long as the catastrophic event is not declared a federal or state emergency, the property owner is still eligible for a refund under the bill.

Section 2: Description of Data and Sources

Results of the Revenue Estimating Conference, December 9, 2022

Section 3: Methodology (Include Assumptions and Attach Details)

The bill removes the ability for Florida property owners to seek a refund of ad valorem taxes paid under certain emergency conditions. In a year with zero emergency declarations the impact is \$0. In a year with a catastrophic event resulting in a state of emergency, consider a large hurricane, the owners of property destroyed by the storm would no longer be eligible to seek a refund. This would result in a positive impact to ad valorem revenues as the refunds under current law that would be obtainable to homeowners whose property was destroyed by the storm would no longer be obtainable. It is impossible to accurately forecast catastrophic events of a magnitude worthy of federal disaster area declaration or the declaration of a state of emergency by the Governor. As such, the impact is either zero or positive indeterminant.

Property destroyed by a catastrophic event that results in a federal disaster area declaration or a state of emergency declared pursuant to Section 252.36, Florida Statutes, in 2023 will still be eligible for refund as the bill first applies to the 2024 tax roll. This results in no cash impact in Fiscal Year 2023-24.

For context, on December 9, 2022 the conference identified that \$18.3 million in refunds are expected to be distributed for property damaged by Hurricanes Ian and Nicole. Under current law, if a similar hurricane were to strike in 2024, a similar but slightly larger quantity of refunds would likely be anticipated. Under the bill, those refunds would not take place, resulting in a positive revenue impact of more than \$18.3 million.

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: Ad Valorem

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Property Tax Refunds, Excluding Disaster Declarations

Bill Number(s): SB 7062

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted a positive indeterminate impact except for the first year's cash, which is zero.

	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: Educational Exemption

Bill Number(s): SB 7062

☐ **Entire Bill:**

☒ **Partial Bill: Section 14**

Sponsor(s): Finance and Tax

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: March 17, 2023, March 24, 2023, and April 21, 2023.

Section 1: Narrative

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

196.198 Educational Property Exemption: 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:

The proposed change expands the exemption to include parcels that have received the exemption under this section on the same property in any 10 consecutive years, or parcels in which the educational institution is a lessee that owns the leasehold interest in a bona fide lease having an original term of 98 years or more.

Section 2: Description of Data and Sources

2015F-2021F NAL Files

2022F NAL File

Non-Residential Just Value growth rates from the [March 2023 Ad Valorem Revenue Estimating Conference](#)

2022 Broward County Millage Rates

2022 Orange County Millage Rates

2022 Palm Beach County Millage Rates

Section 3: Methodology (Include Assumptions and Attach Details)

Part 1: Lines 758 - 761

It is believed that this change would impact only one parcel at this time located in Palm Beach County. This specific parcel was identified in the NAL rolls from 2015 through 2022 to determine its taxable value and the growth of this value. The parcel's taxable value ranged from \$1.2-1.7m during this period. Multiplying the 2022F taxable value by the 2022 Palm Beach County millage rates produced a tax liability of \$36,074.23.

The low estimate assumes that this is the only parcel qualifying for this additional exemption criteria. The middle estimate assumes 2 parcels would qualify, and the high estimate multiplies the impact by 3.

The average growth rate of this parcel's value from 2016 to 2021 was 2.28%; the value increased in 2022, and the five-year average growth rate increased to 3.35%. The higher growth rate was used to calculate the high and middle estimates; the lower average was used to calculate the low estimate.

Part 2: Lines 761 - 775

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

- The parcel does not currently receive exemption 16 (educational property exemption).
- The parcel received exemption 16 for 10 consecutive years at one point.
- 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 of these properties were obtained, and the statewide school and non-school millage rates were applied. It was assumed the identified parcels would be exempted by the legislation. The low assumes 1 more parcel would be eligible

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Educational Exemption

Bill Number(s): SB 7062

for the exemption, the middle assumes 2 more parcels would be eligible, and the high assumes 4 more parcels would be eligible for the exemption.

Part 3:

The total impact is calculated as the sum of the 2 previous parts.

Section 4: Proposed Fiscal Impact

Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$ (6.7 M)	\$ (6.7 M)	\$ (4.6 M)	\$ (4.6 M)	\$ (3.5 M)	\$ (3.5 M)
2024-25	\$ (7.1 M)	\$ (7.1 M)	\$ (4.8 M)	\$ (4.8 M)	\$ (3.7 M)	\$ (3.7 M)
2025-26	\$ (7.5 M)	\$ (7.5 M)	\$ (5.1 M)	\$ (5.1 M)	\$ (3.9 M)	\$ (3.9 M)
2026-27	\$ (7.9 M)	\$ (7.9 M)	\$ (5.4 M)	\$ (5.4 M)	\$ (4.1 M)	\$ (4.1 M)
2027-28	\$ (8.3 M)	\$ (8.3 M)	\$ (5.6 M)	\$ (5.6 M)	\$ (4.3 M)	\$ (4.3 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(1.6)	(1.6)	(3.0)	(3.0)	(4.6)	(4.6)
2024-25	(1.7)	(1.7)	(3.1)	(3.1)	(4.8)	(4.8)
2025-26	(1.8)	(1.8)	(3.3)	(3.3)	(5.1)	(5.1)
2026-27	(1.8)	(1.8)	(3.5)	(3.5)	(5.4)	(5.4)
2027-28	(1.9)	(1.9)	(3.7)	(3.7)	(5.6)	(5.6)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	0.0	(4.6)	(4.6)	(4.6)	(4.6)
2024-25	0.0	0.0	0.0	0.0	(4.8)	(4.8)	(4.8)	(4.8)
2025-26	0.0	0.0	0.0	0.0	(5.1)	(5.1)	(5.1)	(5.1)
2026-27	0.0	0.0	0.0	0.0	(5.4)	(5.4)	(5.4)	(5.4)
2027-28	0.0	0.0	0.0	0.0	(5.6)	(5.6)	(5.6)	(5.6)

Part 1

	A	B	C	D
1				
2	Growth			
3		JV, AV, TV	% Change	5-Year Average
4	2015	\$ 1,244,561		
5	2016	\$ 1,315,673	5.71%	
6	2017	\$ 1,400,247	6.43%	
7	2018	\$ 1,456,930	4.05%	
8	2019	\$ 1,490,188	2.28%	
9	2020	\$ 1,574,213	5.64%	
10	2021	\$ 1,464,392	-6.98%	2.28%
11	2022	\$ 1,711,301	8.71%	3.35%
12				
13	2022F Palm Beach County Millage Rates			
14		School	6.52	
15		Nonschool	14.56	
16				
17	2022 Tax Liability			
18		School	\$ 11,157.68	
19		Nonschool	\$ 24,916.54	
20		Total	\$ 36,074.23	
21				
22	Assumptions			
23		High	Middle	Low
24	Growth Rate	3.35%	3.35%	2.28%
25	Number of Similar Parcels	3	2	1
26				
27				
28	School Impact			
29		High	Middle	Low
30	2022-2023	\$ (33,473)	\$ (22,315)	\$ (11,158)
31	2023-2024	\$ (34,594)	\$ (23,063)	\$ (11,412)
32	2024-2025	\$ (35,753)	\$ (23,836)	\$ (11,672)
33	2025-2026	\$ (36,951)	\$ (24,634)	\$ (11,938)
34	2026-2027	\$ (38,189)	\$ (25,459)	\$ (12,211)
35	2027-2028	\$ (39,468)	\$ (26,312)	\$ (12,489)
36				
37	Non School Impact			
38		High	Middle	Low
39	2022-2023	\$ (74,750)	\$ (49,833)	\$ (24,917)
40	2023-2024	\$ (77,254)	\$ (51,502)	\$ (25,485)
41	2024-2025	\$ (79,842)	\$ (53,228)	\$ (26,066)
42	2025-2026	\$ (82,516)	\$ (55,011)	\$ (26,660)
43	2026-2027	\$ (85,281)	\$ (56,854)	\$ (27,268)
44	2027-2028	\$ (88,138)	\$ (58,758)	\$ (27,890)

Part 1

	A	B	C	D
45				
46	Total Impact			
47		High	Middle	Low
48	2022-2023	\$ (108,223)	\$ (72,148)	\$ (36,074)
49	2023-2024	\$ (111,848)	\$ (74,565)	\$ (36,897)
50	2024-2025	\$ (115,595)	\$ (77,063)	\$ (37,738)
51	2025-2026	\$ (119,467)	\$ (79,645)	\$ (38,598)
52	2026-2027	\$ (123,470)	\$ (82,313)	\$ (39,478)
53	2027-2028	\$ (127,606)	\$ (85,071)	\$ (40,379)

Part 2

	A	B	C	D	E	F	G	H
1								
2	2022 TV of Known Affected Parcels							
3	Parcel ID	County	Tax Value School	Tax Value Non-School	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	5F643A & 005F64	Orange	\$0	\$0	6.4620	9.0549	\$0	\$0
7					6.4620	9.0549	\$0	\$0
8	Sum		\$115,813,103	\$115,813,103			\$724,407	\$1,454,306
9	<i>Source: 2022F NAL Roll</i>							
10								
11	2022 TV of Unknown Affected Parcels							
12	Average* Parcel Taxable Value							
13	School	\$ 57,906,552						
14	NonSchool	\$ 57,906,552						
15	<i>*Average of two with remaining taxable value</i>							
16								
17	2022F Statewide Average Millage Rates							
18	School	5.9581						
19	NonSchool	10.5823						
20								
21	2022 Average Tax Impact							
22	School	\$345,013						
23	Non-School	\$612,784						
24								
25	Unknwon Parcel Multipliers							
26		High	Middle	Low				
27		4	2	1				
28	School	\$1,380,052	\$690,026	\$345,013				
29	NonSchool	\$2,451,138	\$1,225,569	\$612,784				
30								
31								
32	Total 2022 School Impact							
33		High	Middle	Low				
34	Known	\$724,407	\$724,407	\$724,407				
35	Unknown	\$1,380,052	\$690,026	\$345,013				

Part 2

	A	B	C	D	E	F	G	H
36	Sum	\$2,104,459	\$1,414,433	\$1,069,420				
37								
38	Total 2022 Non-School Impact							
39		High	Middle	Low				
40	Known	\$1,454,306	\$1,454,306	\$1,454,306				
41	Unknown	\$2,451,138	\$1,225,569	\$612,784				
42	Sum	\$3,905,444	\$2,679,875	\$2,067,091				
43								
44	Non Residential JV Growth Rates							
45	2021*	\$ 860,221						
46	2022	\$ 1,015,682						
47	2023	\$ 1,119,542	10.23%					
48	2024	\$ 1,173,707	4.84%					
49	2025	\$ 1,241,700	5.79%					
50	2026	\$ 1,309,446	5.46%					
51	2027	\$ 1,378,596	5.28%					
52	2028	\$ 1,448,511	5.07%					
53	March 2023 Ad Valorem Revenue Estimating Conference							
54								
55	School Impact							
56		High	Middle	Low				
57	2022-23	(\$2,104,459)	(\$1,414,433)	(\$1,069,420)				
58	2023-24	(\$2,319,654)	(\$1,559,068)	(\$1,178,775)				
59	2024-25	(\$2,431,882)	(\$1,634,498)	(\$1,235,806)				
60	2025-26	(\$2,572,761)	(\$1,729,185)	(\$1,307,397)				
61	2026-27	(\$2,713,129)	(\$1,823,527)	(\$1,378,727)				
62	2027-28	(\$2,856,405)	(\$1,919,825)	(\$1,451,536)				
63								
64	NonSchool Impact							
65		High	Middle	Low				
66	2022-23	(\$3,905,444)	(\$2,679,875)	(\$2,067,091)				
67	2023-24	(\$4,304,801)	(\$2,953,910)	(\$2,278,464)				
68	2024-25	(\$4,513,073)	(\$3,096,824)	(\$2,388,699)				
69	2025-26	(\$4,774,516)	(\$3,276,224)	(\$2,527,077)				
70	2026-27	(\$5,035,010)	(\$3,454,971)	(\$2,664,952)				
71	2027-28	(\$5,300,901)	(\$3,637,423)	(\$2,805,684)				
72								

Part 2

	A	B	C	D	E	F	G	H
73	Total Impact							
74		High	Middle	Low				
75	2022-23	\$6,009,904	\$4,094,309	\$3,136,511				
76	2023-24	\$6,624,455	\$4,512,978	\$3,457,240				
77	2024-25	\$6,944,955	\$4,731,322	\$3,624,506				
78	2025-26	\$7,347,277	\$5,005,408	\$3,834,474				
79	2026-27	\$7,748,138	\$5,278,499	\$4,043,679				
80	2027-28	\$8,157,306	\$5,557,249	\$4,257,220				

Total Impact

	A	B	C	D	E	F	G
1	School Impact						
2	Year	High		Middle		Low	
3		Cash	Recurring	Cash	Recurring	Cash	Recurring
4	2023-2024	\$ (2,354,248.2 M)	\$ (2,354,248)	\$ (1,582,131)	\$ (1,582,131)	\$ (1,190,187)	\$ (1,190,187)
5	2024-2025	\$ (2,467,635)	\$ (2,467,635)	\$ (1,657,561)	\$ (1,657,561)	\$ (1,247,218)	\$ (1,247,218)
6	2025-2026	\$ (2,609,712)	\$ (2,609,712)	\$ (1,753,020)	\$ (1,753,020)	\$ (1,319,069)	\$ (1,319,069)
7	2026-2027	\$ (2,751,318)	\$ (2,751,318)	\$ (1,848,162)	\$ (1,848,162)	\$ (1,390,665)	\$ (1,390,665)
8	2027-2028	\$ (2,895,873)	\$ (2,895,873)	\$ (1,945,285)	\$ (1,945,285)	\$ (1,463,746)	\$ (1,463,746)
9							
10	Non-School Impact						
11	Year	High		Middle		Low	
12		Cash	Recurring	Cash	Recurring	Cash	Recurring
13	2023-2024	\$ (4,382,055)	\$ (4,382,055)	\$ (3,005,412)	\$ (3,005,412)	\$ (2,303,949)	\$ (2,303,949)
14	2024-2025	\$ (4,590,327)	\$ (4,590,327)	\$ (3,148,327)	\$ (3,148,327)	\$ (2,414,184)	\$ (2,414,184)
15	2025-2026	\$ (4,854,358)	\$ (4,854,358)	\$ (3,329,451)	\$ (3,329,451)	\$ (2,553,143)	\$ (2,553,143)
16	2026-2027	\$ (5,117,526)	\$ (5,117,526)	\$ (3,509,982)	\$ (3,509,982)	\$ (2,691,612)	\$ (2,691,612)
17	2027-2028	\$ (5,386,182)	\$ (5,386,182)	\$ (3,694,277)	\$ (3,694,277)	\$ (2,832,952)	\$ (2,832,952)
18							
19	Total Impact						
20	Year	High		Middle		Low	
21		Cash	Recurring	Cash	Recurring	Cash	Recurring
22	2023-2024	\$ (6.7 M)	\$ (6.7 M)	\$ (4.6 M)	\$ (4.6 M)	\$ (3.5 M)	\$ (3.5 M)
23	2024-2025	\$ (7.1 M)	\$ (7.1 M)	\$ (4.8 M)	\$ (4.8 M)	\$ (3.7 M)	\$ (3.7 M)
24	2025-2026	\$ (7.5 M)	\$ (7.5 M)	\$ (5.1 M)	\$ (5.1 M)	\$ (3.9 M)	\$ (3.9 M)
25	2026-2027	\$ (7.9 M)	\$ (7.9 M)	\$ (5.4 M)	\$ (5.4 M)	\$ (4.1 M)	\$ (4.1 M)
26	2027-2028	\$ (8.3 M)	\$ (8.3 M)	\$ (5.6 M)	\$ (5.6 M)	\$ (4.3 M)	\$ (4.3 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Contaminated Site Rehabilitation Credit

Bill Number(s): SB 7062

☐ **Entire Bill**

☒ **Partial Bill:** Section 35 and 36

Sponsor(s):

Month/Year Impact Begins: FY 2023-24

Date(s) Conference Reviewed: 04/21/2023

Section 1: Narrative

- a. Current Law:** Under current law the total amount of Contaminated Site Rehabilitation Tax Credits available each fiscal year is capped at \$10 million
- b. Proposed Change:** Under the proposed language an additional \$150 million in credits may be granted during the period beginning in FY 2023-2024 through 2027-2028. The section is repealed on July 1, 2028.

Section 2: Description of Data and Sources

Contaminated Site Tax Credit History

Contaminated Site market research

Section 3: Methodology (Include Assumptions and Attach Details)

Under the proposed language an additional \$150 million in credits may be generated through 2027-2028 with the current \$10 million cap being hit regularly in the history. The high assumes the \$10 million cap will be hit as well as cleanup efforts being front loaded throughout the 2023-24 and 2027-28 period. The middle also assumes the \$10 million cap is hit but shows an even distribution of the \$150 new credits throughout the 2023-24 and 2027-28 period.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(50.0 M)	\$(50.0 M)	\$(30.0 M)	\$(30.0 M)		
2024-25	\$(50.0 M)	\$(50.0 M)	\$(30.0 M)	\$(30.0 M)		
2025-26	\$(30.0 M)	\$(30.0 M)	\$(30.0 M)	\$(30.0 M)		
2026-27	\$(10.0 M)	\$(10.0 M)	\$(30.0 M)	\$(30.0 M)		
2027-28	\$(10.0 M)	\$(10.0 M)	\$(30.0 M)	\$(30.0 M)		

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate but with no recurring impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0
2024-25	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0
2025-26	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0
2026-27	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0
2027-28	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0

SB 7062**Qualified Rehabilitation Expenses (QRE)***

Total QRE last 5 yrs, FY 2016-17 through 2020-21** \$ Florida 661,609,595 \$ Average 132,321,919

*QRE is the value of items that can be written off by developers on their federal tax bill. Developers can claim 20% of that amount to assist in payment of federal taxes.

** FY 2020-21 is an estimate based on part 2 of the federal tax incentive application.

Number of FL Sites listed with National Register

1,870

(At the Federal level - Properties listed as a National Historic site can bypass Part 1 of the 3 part application process)

Bill proposes an additional 20% in state credit for projects approved by the National Park Service to receive the federal credit,
or an additional 30% credit for projects approved by NPS and located within the official boundaries of a designated Florida Main Street district as documented by the Department of State .

Average Credit (assumption) **22.5%** Less than HB499 to account for accreditation

Florida Approved QRE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 (estimate)***
	\$ 20,981,104.00	\$ 12,084,751.00	\$ 12,688,695.00	\$ 24,968,677.00	\$ 2,878,880.00	\$ 108,462,086.00	\$ 236,394,432.00
	-55.37%	-42.40%	5.00%	96.78%	-88.47%	3667.51%	117.95%

***Based on Part 2 estimates.

Average QRE based on FY 2020-21 approval and FY 2021-22 estimate \$

172,428,259

Value of credit \$

38,796,358

Credit can be taken 2024 tax year. Return due April, May 2024, impact first seen FY 2024-25.

	Florida	Growth (Total Construction Expenditures (February 2023))
FY 2022-23	\$ 38,563,580	-0.600%
FY 2023-24	\$ 37,830,872	-1.900%
FY 2024-25	\$ 41,046,496	8.500%
FY 2025-26	\$ 42,934,635	4.600%
FY 2026-27	\$ 44,737,890	4.200%
FY 2027-28	\$ 46,124,764	3.100%

	Cash	Recurring
FY 2023-24	\$0.0	(\$38.6)
FY 2024-25	(\$37.8)	(\$37.8)
FY 2025-26	(\$41.0)	(\$41.0)
FY 2026-27	(\$42.9)	(\$42.9)
FY 2027-28	(\$44.7)	(\$44.7)

sources: National Park Service, US Dept. of the Interior - Federal Tax Incentives for Rehabilitating Historic Buildings FY 2020-21

Discussions with Florida Dept. of State - Bureau of Historic Preservation

list of all tax credit projects since 1995: <https://tpsdev.cr.nps.gov/status/results.cfm>

Source of QRE totals is NPS annual report (page 7) available at <https://www.nps.gov/tps/tax-incentives/taxdocs/tax-incentives-2020annual.pdf>

Source of other state programs: <https://www.novoco.com/resource-centers/historic-tax-credits/state-htcs/state-htc-program-descriptions>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax and Insurance Premium Tax

Issue: Historic Preservation Tax Credits

Bill Number(s): SB 7062

☐ **Entire Bill**

☒ **Partial Bill:** Sections 37, 40 and 47

Sponsor(s): Finance and Tax

Month/Year Impact Begins: effective July 1, 2023, with qualifying expenditures occurring on or after January 1, 2024

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

a. **Current Law: National Historic Register of Historic Places¹**

The National Historic Register of Historic Places, under the National Park Service, is “part of a national program to coordinate and support public and private efforts to identify, evaluate, and protect America’s historic and archeological resources.” The program reviews property nominations and lists eligible properties in the National Register; offers guidance on evaluating, documenting, and listing historic places, and helps qualified historic properties receive preservation benefits and incentives.

Properties listed in the National Register are eligible for federal historic preservation tax credits. A 20 percent income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be certified historic structures. The National Park Service reports that each year, they approve “approximately 1200 projects, leveraging nearly \$6 billion annually in private investment in the rehabilitation of historic buildings across the country.”²

State Historic Preservation Officers maintain records of buildings listed in the National Register of Historic Places, as well as State and local districts that may qualify as registered historic districts. In Florida, there are more than 1,700 properties and districts listed on the National Register.³ Nominations for properties in Florida are submitted to the National Park Service through the Florida Department of State’s Division of Historical Resources, following review and recommendation by the Florida National Register Review Board.⁴

An average of 20-25 nationally registered Florida property and district listings are added annually to Register. Most of the projects are large commercial developments.⁵

Florida Initiatives

Currently, Florida does not offer a similar program offering state tax credits to offset the costs of rehabilitating historic properties. However, federal tax credits – both historic preservation and New Markets Tax Credits – have been claimed for projects funded through the now expired Florida New Markets Development Program. This “stacking” of credits enabled both Florida and Federal tax credits to be generated from the same Florida-based project, thereby increasing the incentives available to the funded projects.

The Historic Preservation Grant Program administered by the Division of Historical Resources in Florida Department of State offers grants for the preservation and protection of the state’s historic and archaeological sites and properties. However, property owned by private individuals or for-profit corporations are ineligible for such grants.⁶

¹ Senate Committee on Commerce and Tourism Staff Analysis for SB 1310, 1-14-22, @ [2022 S0131 CM \(flsenate.gov\)](https://www.flsenate.gov)

² [Tax Incentives—Technical Preservation Services, National Park Service \(nps.gov\)](#) & [about-tax-incentives-2012.pdf \(nps.gov\)](#)

³ [National Register of Historic Places - Division of Historical Resources - Florida Department of State \(myflorida.com\)](#) Districts contain multiple properties. While there are over 50,000 Florida properties in the Registry, most are residential and unlikely qualify for the federal tax credit, as they are not income producing properties.

⁴ *Ibid.*

⁵ Bureau of Historic Preservation, Division of Historical Resources, Florida Department of State

⁶ Section 267.0617(2), F.S.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax and Insurance Premium Tax

Issue: Historic Preservation Tax Credits

Bill Number(s): SB 7062

Main Street America⁷

Main Street America, a program under the National Main Street Center, is a network of grassroots organizations that “revitalizes older and historic commercial districts to build vibrant neighborhoods and thriving economies.” The program offers community-based revitalization initiatives to transform downtowns. In order to be designated as either an affiliate or accredited member of Main Street America, a community must first become a member of the National Main Street Center and meet certain requirements. Main Street America has coordinating programs that are organized at the state, county, and city level that partner with the National Main Street Center to provide support and training to Main Street America communities.

Florida has two coordinating programs: Florida Main Street America located in Tallahassee and Orlando Main Street located in Orlando. Florida Main Street is administered by the Division of Historical Resources. Forty-five Florida Main Streets and 10 Orlando Main Streets have received technical assistance toward the goal of revitalizing historic downtowns and encouraging economic development.

- b. Proposed Change:** Creates the Main Street Historic Tourism and Revitalization Act (Act), which provides a tax credit against Florida corporate income taxes and insurance premium taxes for qualified expenses incurred in the rehabilitation of a certified historic structure.

The tax credit may not exceed the amount of tax due after any other applicable tax credits and 20 percent of qualified expenses incurred in the rehabilitation of an income-producing, certified historic structure that has been approved by the National Park Service to receive the federal historic rehabilitation tax credit.⁸ The credit is increased to 30 percent if a structure is located within an active Florida Main Street Program or the Orlando Main Streets program, provided that such program is a current designated member of Main Street America.

To qualify for the credit, the applicant must document that:

- The rehabilitation is a certified rehabilitation;
- The structure is a certified historic structure, is income-producing, is located within the state, and was rehabilitated and placed into service on or after July 1, 2023;
- The taxpayer had an ownership interest in the certified historic structure in the year during which the certified historic structure was placed into service after the certified rehabilitation was complete; and
- The total amount of qualified expenses incurred in rehabilitating the certified historic structure exceeded \$5,000.

Unused credits may be carried forward for a period up to 5 years. Unused credits may also be transferred or sold to other taxpayers, without limit.

The bill does not impose a cap on the amount of tax credits to be claimed, nor does it include a sunset date on tax credit eligibility. The tax credit is available beginning on or after January 1, 2024.

There are different tiers of participation in the national Main Street program.⁹ The affiliate status is the introductory tier, while the accredited status is the top tier of participation. According to Department of State staff, the National Main Street program has made the accreditation standards more stringent and would remove 1/3 to 1/2 of the local Main Streets from eligibility for the 30% credit. This change would affect the eligibility of these communities in the coming year.

SB7062 makes the following relevant changes compared to SB288:

⁷ Senate Committee on Commerce and Tourism Staff Analysis for SB 1310, 1-14-22, [2022 S0131 CM \(flsenate.gov\)](https://www.flsenate.gov/2022/S0131-CM) & [Florida Main Street - Division of Historical Resources - Florida Department of State \(myflorida.com\)](https://myfloridastate.com/division-of-historical-resources)

⁸ Paragraph 220.197(4)(b) of the bill conditions claiming of credits on submission of NPS Form 10-168c, signed by the National Park Service attesting that the completed rehabilitation meets the “Standards for Rehabilitation.” This signed form qualifies the applicant for federal tax credits.

⁹ https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Accreditation/Main_Street_America_Tier_System_Overview_-_2022_Update.pdf

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax and Insurance Premium Tax

Issue: Historic Preservation Tax Credits

Bill Number(s): SB 7062

- Defines “placed in service” to mean the time the property is first placed by the taxpayer in a condition or state of readiness for a specific function for use by trade or business, production of income, or in a tax-exempt activity.
- Replaces references to taxpayer with applicant when referring to the entity making the rehabilitations.
- Clarifies the credit may not be awarded until the historic structure is placed in service.

Section 2: Description of Data and Sources

National Park Service

Novoco.com

Dept. of State - Bureau of Historic Preservation

February 2023 Florida Economic Estimating Conference (FEEC)

Section 3: Methodology (Include Assumptions and Attach Details)

The application to receive a federal tax credit is a three part process:

Part 1 – Evaluation of Significance

Owners of buildings within historic districts must complete Part 1 of the Historic Preservation Certification Application – Evaluation of Significance. The National Park Service then determines whether the building contributes to the historic district. If so, the building becomes a certified historic structure. Buildings individually listed in the National Register of Historic Places are already certified historic structures and do not need to complete Part 1 (unless the listed property has more than one building).

Part 2 – Description of Rehabilitation

Part 2 describes the proposed rehabilitation. The National Park Service must approve, or certify, all rehabilitation projects seeking the 20% rehabilitation tax credit. A certified rehabilitation is a rehabilitation of a certified historic structure that is approved by the NPS as being consistent with the historic character of the property and, where applicable, the district in which it is located. It is not a requirement, but owners are encouraged to apply before starting work. The rehabilitation must be substantial, during a 24-month period selected by the taxpayer, rehabilitation expenditures must exceed the greater of \$5,000 or the adjusted basis of the building and its structural components. For phased rehabilitations, the measuring period is 60 months rather than 24 months. This phase rule is available only if: (1) a set of architectural plans and specifications outlines and describes all rehabilitation phases; (2) the plans are completed before the physical rehabilitation work begins, and (3) it can reasonably be expected that all phases will be completed. Qualified rehabilitation expenditures include costs of the work on the historic building, as well as architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs, if such costs are added to the property basis and are reasonable and related to the services performed. They do not include acquisition or furnishing costs, new additions that expand the building, new building construction, or parking lots, sidewalks, landscaping, or other related facilities

Part 3 – Request for Certification of Completed Work

After the rehabilitation work is completed, the owner submits part 3 of the application. If approved as a certified rehabilitation, the owner is eligible for the 20% rehabilitation credit. The property must be placed in service (that is, returned to use). The rehabilitation tax credit is generally allowed in the taxable year the rehabilitated property is placed in service. The building must be a certified historic structure when placed in service, with the following exception: If the building or the historic district is not listed in the National Register, the owner must have requested that the SHPO nominate the building or the district to the National Register before the building is placed in service. If the building is in a historic district that is listed or may be listed in the National Register, the owner must submit Part 1 of the application before the building is placed in service. Generally, the tax credit is claimed on IRS form 3468 for the tax year in which the rehabilitated building is placed in service. For phased projects, the tax credit may be claimed before completion of the entire project provided that the substantial rehabilitation test has been met. If a building remains in service throughout the rehabilitation, then the credit may be claimed when the substantial rehabilitation test has been met. In general, unused tax credit can be “carried back” one year and “carried forward” 20 years. The owner must hold the building for five full years after completing the rehabilitation, or pay back the credit. If the owner disposes of the building within a year after it is placed in service, 100% of the credit is recaptured. For properties held between one and five years, the tax credit recapture amount is reduced by 20% per year.

A similar bill (SB1310) was analyzed during the 2022 Legislative Session. Assumptions about Florida’s future utilization of the tax credit was influenced by historical Qualified Rehabilitation Expenditures (QRE) as approved for the federal tax. These totals were

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax and Insurance Premium Tax

Issue: Historic Preservation Tax Credits

Bill Number(s): SB 7062

aggregated by state. States were grouped together by annual cap limitations. Other state data was considered as Florida's participation in the federal program was much lower than other states, especially states with current state tax credit programs. The Conference adopted the low estimate, which was a calculation of the average QRE (removing min and max) of uncapped states multiplied by the average number of projects, resulting in an estimate ranging from (\$40.3m) to (\$44.5m).

Since the analysis was done last year, applications for the federal tax credit from Florida QRE has grown 3667%. FY 2020-21 had approved QRE of \$108,462,086 compared to \$2,878,880 the previous fiscal year. Estimated QRE for FY 2012-22 is even higher, at \$236,394,432. This analysis uses the Florida QRE for the last two years (approved and estimated) and grows from that average. The growth rate is FEEC Total Construction Expenditures growth.

It was assumed that maintaining the more stringent accreditation requirement would reduce the number of eligible Main Street communities. The analysis assumes a tax credit of 22.5% of eligible QRE (also adopted last year).

According to the National Park Service (Fiscal Year 2021 at a Glance), almost half of completed projects (part 3) were under \$1 million QRE and 18% were under \$250,000 QRE.

FY 2021 Size of Projects

Under \$250,000	18%
\$25,000 to \$999,999	29%
\$1,000,000 to \$4,999,999	25%
\$5,000,000 to \$24,999,999	21%
Over \$25 million	7%

Although many projects were small, the average project QRE was \$7.1 million. A large project can swamp the tax credit program, one project in Florida in 2009 had approved QRE of \$317 million. The average number of projects over the last five years for non-capped states was 34 projects a year.

The estimates uses Florida's approved QRE for FY 2020-21 and the estimated QRE for FY 2021-22 and calculates the average of those two years to create a starting point, which is then grown by Total Construction Expenditures. There is evidence from states that do not have a cap, similar to the proposed Florida credit, that this starting point can be easily maintained. Using the average annual QRE of no cap states over the last five years (\$197,523,557), a 20% credit would equal \$39.5m.

The analysis assumes the reference to taxpayer in the "placed in service" definition should refer to the applicant and will be corrected.

The analysis uses the same assumptions as what was adopted for SB 288 on February 3, 2023. While SB 288 had the more limiting term "taxpayer" in its language, the impact of the limiting language was not addressed at the time. The analysis has been updated with growth rates from the February 2023 FEEC. The Conference adopted the proposed estimate.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			\$0.0	\$(38.6)		
2024-25			\$(37.8)	\$(37.8)		
2025-26			\$(41.0)	\$(41.0)		
2026-27			\$(42.9)	\$(42.9)		
2027-28			\$(44.7)	\$(44.7)		

Revenue Distribution: Corporate Income Tax and Insurance Premium Tax, the estimate impacts GR with an estimate of 80% CIT and 20% IPT based on other credit programs.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax and Insurance Premium Tax

Issue: Historic Preservation Tax Credits

Bill Number(s): SB 7062

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	(38.6)	0.0	0.0	0.0	0.0	0.0	(38.6)
2024-25	(37.8)	(37.8)	0.0	0.0	0.0	0.0	(37.8)	(37.8)
2025-26	(41.0)	(41.0)	0.0	0.0	0.0	0.0	(41.0)	(41.0)
2026-27	(42.9)	(42.9)	0.0	0.0	0.0	0.0	(42.9)	(42.9)
2027-28	(44.7)	(44.7)	0.0	0.0	0.0	0.0	(44.7)	(44.7)

SB 7062**Qualified Rehabilitation Expenses (QRE)***

Florida

Average

Total QRE last 5 yrs, FY 2016-17 through 2020-21** \$ 661,609,595 \$ 132,321,919

*QRE is the value of items that can be written off by developers on their federal tax bill. Developers can claim 20% of that amount to assist in payment of federal taxes.

** FY 2020-21 is an estimate based on part 2 of the federal tax incentive application.

Number of FL Sites listed with National Register

1,870

(At the Federal level - Properties listed as a National Historic site can bypass Part 1 of the 3 part application process)

Bill proposes an additional 20% in state credit for projects approved by the National Park Service to receive the federal credit, or an additional 30% credit for projects approved by NPS and located within the official boundaries of a designated Florida Main Street district as documented by the Department of State .

Average Credit (assumption) **22.5%** Less than HB499 to account for accreditation

Florida Approved QRE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 (estimate)***
	\$ 20,981,104.00	\$ 12,084,751.00	\$ 12,688,695.00	\$ 24,968,677.00	\$ 2,878,880.00	\$ 108,462,086.00	\$ 236,394,432.00
	-55.37%	-42.40%	5.00%	96.78%	-88.47%	3667.51%	117.95%

***Based on Part 2 estimates.

Average QRE based on FY 2020-21 approval and FY 2021-22 estimate \$

172,428,259

Value of credit \$

38,796,358

Credit can be taken 2024 tax year. Return due April, May 2024, impact first seen FY 2024-25.

	Florida	Growth (Total Construction Expenditures (February 2023))
FY 2022-23	\$ 38,563,580	-0.600%
FY 2023-24	\$ 37,830,872	-1.900%
FY 2024-25	\$ 41,046,496	8.500%
FY 2025-26	\$ 42,934,635	4.600%
FY 2026-27	\$ 44,737,890	4.200%
FY 2027-28	\$ 46,124,764	3.100%

	Cash	Recurring
FY 2023-24	\$0.0	(\$38.6)
FY 2024-25	(\$37.8)	(\$37.8)
FY 2025-26	(\$41.0)	(\$41.0)
FY 2026-27	(\$42.9)	(\$42.9)
FY 2027-28	(\$44.7)	(\$44.7)

sources: National Park Service, US Dept. of the Interior - Federal Tax Incentives for Rehabilitating Historic Buildings FY 2020-21

Discussions with Florida Dept. of State - Bureau of Historic Preservation

list of all tax credit projects since 1995: <https://tpsdev.cr.nps.gov/status/results.cfm>

Source of QRE totals is NPS annual report (page 7) available at <https://www.nps.gov/tps/tax-incentives/taxdocs/tax-incentives-2020annual.pdf>

Source of other state programs: <https://www.novoco.com/resource-centers/historic-tax-credits/state-htcs/state-htc-program-descriptions>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Preschool Special Assessments

Bill Number(s): CS/CS/HB 1021

☐ **Entire Bill**

☒ **Partial Bill:** Section 1

Sponsor(s): Representative McFarland

Month/Year Impact Begins: July 2023

Date(s) Conference Reviewed: April 21, 2023

Section 1: Narrative

- a. Current Law:** Section 170.201, Florida Statutes, indicates that public and private elementary, middle, and high schools shall be exempt from any special assessment levied by a municipality to fund any service if the municipality so desires.
- b. Proposed Change:** The bill adds public and private preschools to the list of entities exempt from the identified special assessments. It further defines preschool to mean a child care facility licensed under Section 402.305, Florida Statutes, that serves children under age 5.

Section 2: Description of Data and Sources

Results of the Demographic Estimating Conference, February 10, 2023

Population and Demographic Data, Counties and Municipalities on the EDR website, April 1, 2022

Licensed Child Care Facilities serving birth to school age, provided by the Department of Children and Families

PK-12 Public School Data Publications and Reports, 2022-23 Public School Files, Department of Education

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

2022 Ad Valorem tax roll – NAL data

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 because, 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).

Section 3: Methodology (Include Assumptions and Attach Details)

On the property tax roll, there is no direct way to identify preschools. From researching various identifiable preschools across the state, the following use codes by category were identified as frequently containing preschools:

- Residential
 - 1 – Single Family
- Commercial
 - 17 – Office buildings, non-professional service buildings, one story
 - 19 – Professional service buildings
- Institutional
 - 71 – Churches
 - 72 – Private Schools and Colleges
- Governmental
 - 83 – Public county schools - including all property of Board of Public Instruction

For the single-family residential group (1), only parcels with a positive non-residential value and no agricultural value are considered. For the public schools (83), there were no preschools identified that were not already a part of an elementary school. This group has no impact as they would already be exempt if their municipality offers the exemption, but it may nevertheless provide valuable data.

For each use code the roll data is matched to non-ad valorem data to identify special assessments on those uses. There are 10 functions of special assessments and a given property could have 0, 1, or multiple assessments on it. For 2022 and the use codes identified above (with single family only including those with non-res and no agriculture), there were 29,168 special

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Preschool Special Assessments

Bill Number(s): CS/CS/HB 1021

assessments totaling \$26,285,747. This value exceeds the true impact of exempting preschools as the majority of use codes 1, 17, and 19 are not preschools along with a fair amount of 71 and 72.

For the middle and low impacts, the total number of child care facilities licensed under 402.305 serving children from birth to school age (6,060) was compared to the total number of parcels in the relevant use codes (101,131). This suggests that approximately 6 percent of those parcels are preschools. This ratio is then applied to the total number of municipal assessments on those use codes (29,168) to estimate that 1,748 assessments would be on preschools. For the middle it is assumed that the majority of preschools would be assessed similar to the 72 use code, Private Schools and Colleges. The average value per assessment in that group is \$2,648. For the low it is assumed that preschools would be assessed like the identified set of use codes as a whole. The average assessment in that group is \$1,150. Multiplying these by the estimated number of assessments on preschools arrives at a middle impact of \$4,628,846 and a low impact of \$2,009,381 if the bill had been in place in 2022.

For the high impact, the population of the state within municipalities is compared to the total population to determine that 50.44 percent of people live in municipalities. This ratio is applied to the number of relevant child care facilities to estimate that 3,057 preschools are within municipalities. There are 4,820 public school parcels in the state, and using that same ratio 2,431 are assumed to be within municipalities. Further, only a portion of municipalities impose these assessments today. The number of parcels with a municipal assessment is 21,040 and applying the 50.44 percent municipal population ratio to the 101,131 parcels identified in relevant use codes yields 51,014 relevant parcels in municipalities. The ratio of parcels with municipal assessments to the total relevant municipal parcels results in an estimated 41.24 percent of municipalities that impose these assessments today. 69 public schools are being assessed today, and the ratio of that to the estimated number of public schools in municipalities that assess today (1,003) is 6.9 percent. Based on this, it is assumed that 6.9 percent of assessing municipalities are not instituting the exemption today, or, 93.1 percent are. Based on the number of assessments and underlying number of parcels, the average parcel has 1.4 assessments. Multiplying the 3,057 preschools in municipalities by the 41.24 percent of municipalities that assess, then by the 93.1 percent of assessing municipalities that institute the exemption today, then by the 1.4 assessments per parcel, and finally by the \$4,571 average of the average and maximum value per assessment in private schools arrives at the high estimate of \$7,438,861 if the bill had been in place in 2022.

The value of a special assessment does not frequently change, so the assessment on a given school may not change in the forecast period. However, the number of preschools is correlated with population, so the 2022 impacts are grown into the future using the population growth rate from the demographic estimating conference.

Note that when this exemption applies, it only applies to special assessments levied by the municipalities. Whether or not the exemption applies is at the discretion of each individual municipality. We assume that this bill will not change the behavior of any municipality such that municipalities exempted the special assessments under current law will continue to if the bill passes, and municipalities that do not exempt special assessments under current law will continue to not exempt them if the bill passes. It is possible that, due to the loss of revenue, a municipality that is allowing the exemption today will choose not to going forward because of the bill, resulting in a positive impact for that municipality. This scenario is not quantified.

Similar to other impacts considering non-ad valorem assessments, the impacts identified may be understated because the available non-ad valorem assessment data does not encapsulate the whole state. Some non-ad valorem assessments are specifically set to pay back bonds, such as community development efforts and those related to sewer and water improvements. Those types of assessments are included in this analysis. The effective date of the bill is July 1, 2023 and it first impacts the Fiscal Year 2023-24 collections.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(7.6 M)	\$(7.6 M)	\$(4.7 M)	\$(4.7 M)	\$(2.0 M)	\$(2.0 M)
2024-25	\$(7.7 M)	\$(7.7 M)	\$(4.8 M)	\$(4.8 M)	\$(2.1 M)	\$(2.1 M)
2025-26	\$(7.8 M)	\$(7.8 M)	\$(4.8 M)	\$(4.8 M)	\$(2.1 M)	\$(2.1 M)
2026-27	\$(7.9 M)	\$(7.9 M)	\$(4.9 M)	\$(4.9 M)	\$(2.1 M)	\$(2.1 M)
2027-28	\$(8.0 M)	\$(8.0 M)	\$(5.0 M)	\$(5.0 M)	\$(2.2 M)	\$(2.2 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Preschool Special Assessments

Bill Number(s): CS/CS/HB 1021

Revenue Distribution: Local Taxes and Fees

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted an amended high estimate that uses the average of per assessment of private schools.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0.0	0.0	0.0	0.0	(4.4)	(4.4)	(4.4)	(4.4)
2024-25	0.0	0.0	0.0	0.0	(4.4)	(4.4)	(4.4)	(4.4)
2025-26	0.0	0.0	0.0	0.0	(4.5)	(4.5)	(4.5)	(4.5)
2026-27	0.0	0.0	0.0	0.0	(4.6)	(4.6)	(4.6)	(4.6)
2027-28	0.0	0.0	0.0	0.0	(4.6)	(4.6)	(4.6)	(4.6)

	A	B	C	D	E	F	G
1	Year	Population	Growth				
2	2021	21,762					
3	2022	22,137	1.7%				
4	2023	22,487	1.6%				
5	2024	22,801	1.4%				
6	2025	23,106	1.3%				
7	2026	23,403	1.3%				
8	2027	23,691	1.2%				
9	2028	23,971	1.2%				
10	2029	24,239	1.1%				
11							
12		Assumptions Leading to Low & Middle Impact	Low	Middle			
13		Child Care Facilities Licensed Under S. 402.305 Serving Birth to School Age	6,060	6,060			
14		Total Parcels in Relevant Use Codes	101,131	101,131	AssessmentData!C25		
15		Share of Parcels that are Preschools	5.99%	5.99%	D13/D14		
16		Total Assessment Count in Relevant Use Codes	29,168	29,168	AssessmentData!P15		
17		Expected Assessment Count on Preschools	1,748	1,748	D15*D16		
18		Average Value Per Assessment (low) of Private Schools (mid)	\$ 1,150	\$ 2,648	ValuePerAssessment!\$G\$16		
19		Low & Middle Impact	\$ 2,009,381	\$ 4,628,846	D18*D17		
20							
21		Assumptions Leading to High Impact	High				
22		Child Care Facilities Licensed Under S. 402.305 Serving Birth to School Age	6,060				
23		Florida 2022 Incorporated Population	11,186,381				
24		Florida 2022 Unincorporated Population	10,989,750				
25		Share Incorporated	50.44%	C23/(C23+C24)			
26		Estimated Preschools in Municipalities	3,057	C13*C25			
27		Total Parcels with Municipal Assessments	21,040	AssessmentData!P16			
28		Total Parcels in Relevant Use Codes	101,131	AssessmentData!C25			
29		Estimated Total Parcels in Relevant Use Codes In Municipalities	51,014	C25*C28			
30		Est. Share of Municipalities that Assess Today	41.24%	C27/C29			44.08%
31		Number of Public School Parcels	4,820	AssessmentData!C24			to match mid with mid assessment
32		Number of Public Schools in Municipalities that are Assessed Today	69	AssessmentData!N16			
33		Estimated Number of Public Schools in Municipalities That Assess Today	1,003	C31*C25*C30			
34		Est. Share of Assessing Municipalities that Apply Exemption Today	93.12%	1-C32/C33			
35		Average Assessments per Parcel	1.4	AssessmentData!P15/AssessmentData!P16			
36		Avg. Per Assessment of Private Schools	\$ 2,648	D18			
37		Adopted Impact	\$ 4,310,343	C26*C30*C34*C35*C36			
38							
39		Total Impact					
40		Adopted		Middle		Low	
41		Cash	Recurring	Cash	Recurring	Cash	Recurring
42	2023-24	\$(4.4 M)	\$(4.4 M)	\$(4.7 M)	\$(4.7 M)	\$(2.0 M)	\$(2.0 M)
43	2024-25	\$(4.4 M)	\$(4.4 M)	\$(4.8 M)	\$(4.8 M)	\$(2.1 M)	\$(2.1 M)
44	2025-26	\$(4.5 M)	\$(4.5 M)	\$(4.8 M)	\$(4.8 M)	\$(2.1 M)	\$(2.1 M)
45	2026-27	\$(4.6 M)	\$(4.6 M)	\$(4.9 M)	\$(4.9 M)	\$(2.1 M)	\$(2.1 M)
46	2027-28	\$(4.6 M)	\$(4.6 M)	\$(5.0 M)	\$(5.0 M)	\$(2.2 M)	\$(2.2 M)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Assessment Data															
2																
3	Property Types Commonly Used for Preschools		Single Family with Non-Residential Value and no Classified Use (01)		Single Story Commercial (17)		Professional Services Building (19)		Church (71)		Private School (72)		Public School (83)		Total	
4	Function Code	Function	Assessment	Count	Assessment	Count	Assessment	Count	Assessment	Count	Assessment	Count	Assessment	Count	Assessment	Count
5	1	Community Development or Redevelopment	\$ -	-	\$ 133,691	70	\$ 19,078	33	\$ 4,779	12	\$ -	-	\$ -	-	\$ 157,548	115
6	2	Drainage and Water Control / Management	\$ 3,278	29	\$ 3,524,151	9,156	\$ 2,126,337	4,574	\$ 3,315,894	3,262	\$ 1,735,266	876	\$ 330,524	50	\$ 11,035,450	17,947
7	3	Fire Control	\$ 9,835	39	\$ 6,797,698	5,113	\$ 3,448,701	2,583	\$ 1,026,685	824	\$ 1,458,906	421	\$ 41,620	19	\$ 12,783,444	8,999
8	4	Emergency Medical Services	\$ -	-	\$ 303,922	166	\$ 287,853	199	\$ 14,560	33	\$ 233,741	36	\$ 708	3	\$ 840,784	437
9	5	Lighting	\$ 52	2	\$ 14,058	119	\$ 10,750	131	\$ 17,051	83	\$ 6,626	21	\$ -	-	\$ 48,537	356
10	6	Mosquito Control	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
11	7	Water and Sewer	\$ 1,239	1	\$ 183,438	64	\$ 134,381	92	\$ 167,474	52	\$ 81,118	17	\$ -	-	\$ 567,649	226
12	8	Solid Waste	\$ 1,138	3	\$ 160,865	128	\$ 31,475	32	\$ 100,632	93	\$ 17,310	9	\$ -	-	\$ 311,420	265
13	9	Road Improvements	\$ 1,894	2	\$ 27,378	66	\$ 50,847	94	\$ 11,357	23	\$ 2,299	9	\$ -	-	\$ 93,775	194
14	10	Other (includes County PACE assessments)	\$ -	-	\$ 173,385	389	\$ 180,282	171	\$ 35,996	40	\$ 57,476	29	\$ -	-	\$ 447,139	629
15		Total:	\$ 17,435	76	\$ 11,318,586	15,271	\$ 6,289,703	7,909	\$ 4,694,428	4,422	\$ 3,592,742	1,418	\$ 372,852	72	\$ 26,285,747	29,168
16		Parcels		71		11,115		5,597		3,165		1,023		69		21,040
17																
18		Use Code	Total Parcels In State													
19		1 (reduced)	596													
20		17	43,016													
21		19	26,035													
22		71	22,505													
23		72	4,159													
24		83	4,820													
25		Total	101,131													

	A	B	C	D	E	F	G	H	I
1	Value Per Assessment								
2									
3	Property Types Commonly Used for Preschools		Single Family with Non-Residential Value and no Classified Use (01)	Single Story Commercial (17)	Professional Services Building (19)	Church (71)	Private School (72)	Public School (83)	Total
4	Function Code	Function	Value Per Assessment	Value Per Assessment	Value Per Assessment	Value Per Assessment	Value Per Assessment	Value Per Assessment	Value Per Assessment
5	1	Community Development or Redevelopment		\$ 1,910	\$ 578	\$ 398			\$ 1,370
6	2	Drainage and Water Control / Management	\$ 113	\$ 385	\$ 465	\$ 1,017	\$ 1,981	\$ 6,610	\$ 615
7	3	Fire Control	\$ 252	\$ 1,329	\$ 1,335	\$ 1,246	\$ 3,465	\$ 2,191	\$ 1,421
8	4	Emergency Medical Services		\$ 1,831	\$ 1,446	\$ 441	\$ 6,493	\$ 236	\$ 1,924
9	5	Lighting	\$ 26	\$ 118	\$ 82	\$ 205	\$ 316		\$ 136
10	6	Mosquito Control							
11	7	Water and Sewer	\$ 1,239	\$ 2,866	\$ 1,461	\$ 3,221	\$ 4,772		\$ 2,512
12	8	Solid Waste	\$ 379	\$ 1,257	\$ 984	\$ 1,082	\$ 1,923		\$ 1,175
13	9	Road Improvements	\$ 947	\$ 415	\$ 541	\$ 494	\$ 255		\$ 483
14	10	Other (includes County PACE assessments)		\$ 446	\$ 1,054	\$ 900	\$ 1,982		\$ 711
15		Min	\$ 26	\$ 118	\$ 82	\$ 205	\$ 255	\$ 236	\$ 136
16		Avg	\$ 493	\$ 1,173	\$ 883	\$ 1,000	\$ 2,648	\$ 3,012	\$ 1,150
17		Max	\$ 1,239	\$ 2,866	\$ 1,461	\$ 3,221	\$ 6,493	\$ 6,610	\$ 2,512

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Sales Tax- Aircraft Sales

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: 04/21/2023

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 \$18,000 maximum amount of tax that can be paid on each sale or use of an aircraft. New language would also exempt aircraft under 12,500 lbs. maximum certified takeoff from taxes.

Section 2: Description of Data and Sources

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, 90% of planes become exempt which is based on the percentage of planes over the price thresholds in the D&VD data. 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 92.9% of the remaining unexempt tax. for the Lower 1.5 million was used to represent the cheapest aircraft over 12,500 lbs. takeoff we could find listed which resulted in an 80.0% reduction of the remaining unexempt tax. Due to the July 1, 2023, begin date the first-year cash is equal to 11/12 recurring.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(24.6 M)	\$(26.8 M)	\$(24.1 M)	\$(26.3 M)		
2024-25	\$(27.3 M)	\$(27.3 M)	\$(26.8 M)	\$(26.8 M)		
2025-26	\$(27.7 M)	\$(27.7 M)	\$(27.1 M)	\$(27.1 M)		
2026-27	\$(27.6 M)	\$(27.6 M)	\$(27.1 M)	\$(27.1 M)		
2027-28	\$(27.8 M)	\$(27.8 M)	\$(27.3 M)	\$(27.3 M)		

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(21.3)	(23.3)	(Insignificant)	(Insignificant)	(0.7)	(0.8)	(2.0)	(2.2)
2024-25	(23.7)	(23.7)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.3)	(2.3)
2025-26	(24.0)	(24.0)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.3)	(2.3)
2026-27	(24.0)	(24.0)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.3)	(2.3)
2027-28	(24.2)	(24.2)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.3)	(2.3)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Sales Tax- Aircraft Sales

Bill Number(s): Proposed Language

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(24.1)	(26.3)	(2.9)	(3.2)	(27.0)	(29.5)
2024-25	(26.8)	(26.8)	(3.2)	(3.2)	(30.0)	(30.0)
2025-26	(27.1)	(27.1)	(3.3)	(3.3)	(30.4)	(30.4)
2026-27	(27.1)	(27.1)	(3.3)	(3.3)	(30.4)	(30.4)
2027-28	(27.3)	(27.3)	(3.3)	(3.3)	(30.6)	(30.6)

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%)		45%	
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	Total	10% unexempt
2021-22		\$ 199,407,978	\$ 119,580,952	\$ 164,745,084	\$ 483,734,014	\$ 48,373,401
2022-23	-4.7%	\$ 190,035,803	\$ 113,960,647	\$ 157,002,065	\$ 460,998,515	\$ 46,099,852
2023-24	-2.3%	\$ 185,664,979	\$ 111,339,552	\$ 153,391,018	\$ 450,395,550	\$ 45,039,555
2024-25	1.8%	\$ 189,006,949	\$ 113,343,664	\$ 156,152,056	\$ 458,502,670	\$ 45,850,267
2025-26	1.3%	\$ 191,464,039	\$ 114,817,132	\$ 158,182,033	\$ 464,463,204	\$ 46,446,320
2026-27	-0.2%	\$ 191,081,111	\$ 114,587,498	\$ 157,865,669	\$ 463,534,278	\$ 46,353,428
2027-28	0.8%	\$ 192,609,760	\$ 115,504,198	\$ 159,128,594	\$ 467,242,552	\$ 46,724,255

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	\$	18,000
% reduction in tax		-72.7%
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	\$	18,000
% reduction in tax		-92.9%

	Tax Base Totals		Tax Collection 6%	
	High	Middle	High	Middle
2023-24	\$ (447,178,439)	\$ (438,112,035)	\$ (26,830,706)	\$ (26,286,722)
2024-25	\$ (455,227,650)	\$ (445,998,051)	\$ (27,313,659)	\$ (26,759,883)
2025-26	\$ (461,145,610)	\$ (451,796,026)	\$ (27,668,737)	\$ (27,107,762)
2026-27	\$ (460,223,319)	\$ (450,892,434)	\$ (27,613,399)	\$ (27,053,546)
2027-28	\$ (463,905,105)	\$ (454,499,573)	\$ (27,834,306)	\$ (27,269,974)

Proposed Revenue Impact					
Year	High		Middle		
	Cash	Recurring	Cash	Recurring	
2023-24	\$ (24.6 M)	\$ (26.8 M)	\$ (24.1 M)	\$ (26.3 M)	
2024-25	\$ (27.3 M)	\$ (27.3 M)	\$ (26.8 M)	\$ (26.8 M)	
2025-26	\$ (27.7 M)	\$ (27.7 M)	\$ (27.1 M)	\$ (27.1 M)	
2026-27	\$ (27.6 M)	\$ (27.6 M)	\$ (27.1 M)	\$ (27.1 M)	
2027-28	\$ (27.8 M)	\$ (27.8 M)	\$ (27.3 M)	\$ (27.3 M)	

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Maximum Tax on Aircraft \$12,000
Bill Number(s): [PL](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: 04/21/2023

Section 1: Narrative

a. Current Law:

Currently there is no maximum amount of tax that must be paid on aircraft.

b. Proposed Change:

(5) Notwithstanding any other provision of this chapter, the maximum amount of tax imposed under this chapter and collected on each sale or use of an aircraft in this state may not exceed \$12,000.

Section 2: Description of Data and Sources

2022-23 DOR Discovery and Voluntary Disclosure data

2021 kind code 27 data SUT Tax Roll

August 2022 GR conference for Other Durables

Industry Data

Section 3: Methodology (Include Assumptions and Attach Details)

Using Kind code 27 tax collected from the SUT tax roll as a starting point we used a 45% reduction factor as previously used in conferences to account for non-sales or lease activity within the kind code. Discovery and Voluntary Disclosure data provided by DOR was added into the annual data in order to get a tax base which is then reduced by a percentage equal to the average tax paid on an aircraft today compared to the tax paid with the 12k cap. The middle uses an average price per plane built using D&VD data which resulted in a reduction of 86.6% in tax paid when comparing to the new cap, while the low uses Industry research to come up with an average price per plane resulting in a 76.5% reduction in tax paid with the new cap. The starting year is grown by the Other Durables rates from the August 2021 GR conference. The base is then multiplied by 6% to get to the Impact.

The kind code data is primarily composed of payments from leasing arrangements. For prior estimates on this issue, it has been assumed that plane purchases may be delayed taking advantage of a tax rate differential. In the case of lease arrangements there should be less ability and/or motivation to shift travel plans to effectively make use of a tax rate discount. For this reason, the cash value for the first year is equal to 11 months of activity.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	\$(21.4 M)	\$(23.4 M)	\$(18.9 M)	\$(20.7 M)		
2024-25	\$(23.8 M)	\$(23.8 M)	\$(21.0 M)	\$(21.0 M)		
2025-26	\$(24.1 M)	\$(24.1 M)	\$(21.3 M)	\$(21.3 M)		
2026-27	\$(24.1 M)	\$(24.1 M)	\$(21.3 M)	\$(21.3 M)		
2027-28	\$(24.3 M)	\$(24.3 M)	\$(21.4 M)	\$(21.4 M)		

Revenue Distribution: Sales and Use Tax Fund

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Maximum Tax on Aircraft \$12,000

Bill Number(s): [PL](#)

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(16.7)	(18.3)	(Insignificant)	(Insignificant)	(0.6)	(0.6)	(1.6)	(1.8)
2024-25	(18.6)	(18.6)	(Insignificant)	(Insignificant)	(0.6)	(0.6)	(1.8)	(1.8)
2025-26	(18.9)	(18.9)	(Insignificant)	(Insignificant)	(0.6)	(0.6)	(1.8)	(1.8)
2026-27	(18.9)	(18.9)	(Insignificant)	(Insignificant)	(0.6)	(0.6)	(1.8)	(1.8)
2027-28	(19.0)	(19.0)	(Insignificant)	(Insignificant)	(0.6)	(0.6)	(1.8)	(1.8)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(18.9)	(20.7)	(2.3)	(2.5)	(21.2)	(23.2)
2024-25	(21.0)	(21.0)	(2.5)	(2.5)	(23.5)	(23.5)
2025-26	(21.3)	(21.3)	(2.6)	(2.6)	(23.9)	(23.9)
2026-27	(21.3)	(21.3)	(2.6)	(2.6)	(23.9)	(23.9)
2027-28	(21.4)	(21.4)	(2.6)	(2.6)	(24.0)	(24.0)

Annual Sales Tax Data Kind Code 27			
Fiscal Year	Sales Tax Collected	Taxable Sales	
2020-21	\$ 22,597,420	\$	340,864,170
2021-22	\$ 21,753,598	\$	283,964,123
Reduction Factor (Non-Sales or Lease %)		45%	
2021-22 Tax collected (C4*1-D5)		\$	11,964,479

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	\$ 141,034,454	\$ 179,553,832
2016-17	\$ 109,817,709	\$ 104,751,015	\$ 214,568,724
2017-18	\$ 101,586,725	\$ 82,661,609	\$ 184,248,333
2018-19	\$ 135,944,198	\$ 165,595,089	\$ 301,539,287
2019-20	\$ 147,035,035	\$ 132,493,333	\$ 279,528,369
2020-21	\$ 117,348,041	\$ 98,331,355	\$ 215,679,396
2021-22	\$ 181,311,903	\$ 245,470,975	\$ 426,782,878
2022-23	\$ 60,082,912	\$ 150,432,923	\$ 210,515,835
average of 3 complete years	\$ 119,580,952	\$ 164,745,084	\$ 284,326,036

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

Per Department of Revenue Discovery data (Tax Value > \$18,000)	
average price per plane	\$ 1,489,583
Current Tax Paid	\$ 89,375.00
Tax under proposed law	\$ 12,000
% reduction in tax	-86.6%
Industry data sales figures and MSRP	
Weighted Average price Per plane	\$ 850,000
Current Tax Paid	\$ 51,000
Tax under proposed law	\$ 12,000
% reduction in tax	-76.5%

	Tax Base Totals		Tax Collection 6%	
	High	Middle	High	Middle
2023-24	\$ (389,922,857)	\$ (344,420,126)	\$ (23,395,371)	\$ (20,665,208)
2024-25	\$ (396,941,469)	\$ (350,619,688)	\$ (23,816,488)	\$ (21,037,181)
2025-26	\$ (402,101,708)	\$ (355,177,744)	\$ (24,126,102)	\$ (21,310,665)
2026-27	\$ (401,297,505)	\$ (354,467,389)	\$ (24,077,850)	\$ (21,268,043)
2027-28	\$ (404,507,885)	\$ (357,303,128)	\$ (24,270,473)	\$ (21,438,188)

Proposed Revenue Impact				
Year	High		Middle	
	Cash	Recurring	Cash	Recurring
2023-24	\$ (21.4 M)	\$ (23.4 M)	\$ (18.9 M)	\$ (20.7 M)
2024-25	\$ (23.8 M)	\$ (23.8 M)	\$ (21.0 M)	\$ (21.0 M)
2025-26	\$ (24.1 M)	\$ (24.1 M)	\$ (21.3 M)	\$ (21.3 M)
2026-27	\$ (24.1 M)	\$ (24.1 M)	\$ (21.3 M)	\$ (21.3 M)
2027-28	\$ (24.3 M)	\$ (24.3 M)	\$ (21.4 M)	\$ (21.4 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Collection Allowance Increase to \$45
Bill Number(s): SB 7062

- ☐ **Entire Bill**
☒ **Partial Bill:** Section 25

Sponsor(s):

Month/Year Impact Begins: July 1st, 2023

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

Section 1: Narrative

- a. Current Law:** Collection allowance is awarded on 2.5% of the first \$1,200 of tax due on each return.
- b. Proposed Change:** Under the proposed language, collection allowance would be awarded on the first \$45 dollars of tax due.

Section 2: Description of Data and Sources

Direct return data from 2017-Current

Section 3: Methodology (Include Assumptions and Attach Details)

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

Part 1 A: Consolidated Filers

As consolidated filers get to claim collection allowance on every location for which they file positive tax due, we need to determine the number of such locations in each DR-7 return. We drop locations with no tax due and match the remaining DR-15con location level returns to the top-level DR-7 through internal identifiers, then tally the matches. Each DR-7 then calculates its max collection allowance under this language as the number of matched locations times \$45. The collections allowance that would be claimed on this return is then the lesser of this maximum or the tax due before penalty and interest. The impact per return is the difference between collection allowance claimed and the collection allowance assessed under the new language.

Part 1 B: All the Rest

The other sales tax returns are more straightforward, they each calculate their maximum collection allowance under this language as the lesser of \$45 or tax due before penalty and interest. The impact per return is then the difference between the collection allowance claimed and the collection allowance assessed under the new language. To arrive at the impact for a fiscal year, all returns filed within that year are aggregated together.

Part 2: Allowance for Education

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

Impact:

The last year for which we have complete data is FY22, so that is our starting point. We use the Florida population growth rates from the February 2023 FDEC to grow the FY2022 impact through the window. A more proper way to consider growth is to look at the growth of (1) returns which have at least \$45 tax due and (2) the volume of tax due on returns with less than \$45 in tax. Due to the ease with which most returns meet the conditions of the first group, we believe the first group drives growth in the overall series. Filer growth would be an adequate substitute for growth in returns with more than \$45 in tax, and Florida population growth is a good proxy for filer growth.

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

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

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Collection Allowance Increase to \$45

Bill Number(s): SB 7062

Section 4: Proposed Fiscal Impact to GR

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24			(\$96.66) M	(\$105.45) M		
2024-25			(\$106.83) M	(\$106.83) M		
2025-26			(\$108.15) M	(\$108.15) M		
2026-27			(\$109.43) M	(\$109.43) M		
2027-28			(\$110.65) M	(\$110.65) M		

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 04/21/2023): The Conference adopted the middle estimate.

Sales and Use Tax

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(93.9)	(102.5)	0.0	0.0	0.0	0.0	(93.9)	(102.5)
2024-25	(103.8)	(103.8)	0.0	0.0	0.0	0.0	(103.8)	(103.8)
2025-26	(105.1)	(105.1)	0.0	0.0	0.0	0.0	(105.1)	(105.1)
2026-27	(106.4)	(106.4)	0.0	0.0	0.0	0.0	(106.4)	(106.4)
2027-28	(107.5)	(107.5)	0.0	0.0	0.0	0.0	(107.5)	(107.5)

EETF

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(2.7)	(3.0)	2.7	3.0	0.0	0.0	0.0	0.0
2024-25	(3.0)	(3.0)	3.0	3.0	0.0	0.0	0.0	0.0
2025-26	(3.0)	(3.0)	3.0	3.0	0.0	0.0	0.0	0.0
2026-27	(3.1)	(3.1)	3.1	3.1	0.0	0.0	0.0	0.0
2027-28	(3.1)	(3.1)	3.1	3.1	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H
1		Impact Part 1: No Complications						
2		FY	Top Level Returns	Location Level Returns	First 45 of Amount Due	Current Collection Allowance	Basic Impact	
3	2019		4,417,195	5,117,073	\$ 182,666,509.38	\$ (75,943,685.28)	\$ 106,722,824.10	
4	2020		4,549,197	5,244,807	\$ 180,520,850.85	\$ (74,878,327.53)	\$ 105,642,523.32	
5	2021		4,808,405	5,519,433	\$ 187,208,506.36	\$ (78,017,063.61)	\$ 109,191,442.75	
6	2022		5,009,760	5,735,270	\$ 194,650,216.63	\$ (82,285,254.11)	\$ 112,364,962.52	
7	2023 to Jan		3,085,619	3,517,226	\$ 116,428,701.45	\$ (49,183,089.47)	\$ 67,245,611.98	
8								
9		Impact Part 2: Collection Allowance For Education						
10		FY	Top Level Returns	Location Level Returns	First 45 of Amount Due	Collection Allowance For Education	Education Impact	
11	2019		85,022	90,027	\$ 3,744,817.27	\$ (1,111,085.63)	\$ 2,633,731.64	
12	2020		85,636	90,910	\$ 3,766,049.36	\$ (1,119,112.63)	\$ 2,646,936.73	
13	2021		91,926	96,563	\$ 3,994,638.42	\$ (1,200,151.90)	\$ 2,794,486.52	
14	2022		97,297	102,656	\$ 4,272,114.89	\$ (1,348,911.76)	\$ 2,923,203.13	
15	2023 to Jan		57,663	61,452	\$ 2,566,439.80	\$ (808,950.14)	\$ 1,757,489.66	
16								
17	<p>In FY22, 70% of returns donating their collection allowance to education were claiming less than the \$30 cap. In aggregate, only about 45% of returns claim less than the cap. This section is built to recognize the possibility that some filers may elect to stop donating their collection allowance, increasing the impact to the state. This behavior change would likely occur at an increased magnitude among below-the-cap filers.</p>				Behavior Change Consideration			
18					Allowance For Education Drop Out Rate		0%	
19					Under Current Cap		0%	
20					At Current Cap		0%	
21					2022 Allowance For Education with First 45		\$ 4,272,114.89	
22					Under Current Cap		\$ 2,953,938.48	
23					At Current Cap		\$ 1,318,176.41	
24					Amount Reclaimed by Taxpayers		\$ -	
25					Under Current Cap		\$ -	
26					At Current Cap		\$ -	
27								
28		FY 2022 Impact			<p>First years cash is 11/12th's recurring, recognizing DOR administration in treating a return in accordance with the law at the time the tax was incurred. If the intent is for returns filed in July 2023 to be covered by the language, clarification would be necessary.</p>			
29	Law	\$	112,364,962.52					
30	Education	\$	-					
31	Compliance	\$	(12,752,033.43)					
32		\$	99,612,929.09					
33					Middle Impact			
34		February 2023 Population Growth			FY	Cash	Recurring	
35					2021-22		(\$99.61)M	
36	2022	1.64%			2022-23		(\$101.10)M	
37	2023	1.49%			2023-24	(\$93.94)M	(\$102.48)M	
38	2024	1.37%			2024-25	(\$103.82)M	(\$103.82)M	
39	2025	1.31%			2025-26	(\$105.11)M	(\$105.11)M	
40	2026	1.24%			2026-27	(\$106.35)M	(\$106.35)M	
41	2027	1.18%			2027-28	(\$107.54)M	(\$107.54)M	
42	2028	1.12%						
43								

	A	B	C	D	E	F	G	H
44								
45		February 2023 Population Growth			Impact to the State			
46					FY	Cash	Recurring	
47		2022	1.64%		2021-22	(\$99.61)M		
48		2023	1.49%		2022-23	(\$101.10)M		
49		2024	1.37%		2023-24	(\$93.94)M	(\$102.48)M	
50		2025	1.31%		2024-25	(\$103.82)M	(\$103.82)M	
51		2026	1.24%		2025-26	(\$105.11)M	(\$105.11)M	
52		2027	1.18%		2026-27	(\$106.35)M	(\$106.35)M	
53		2028	1.12%		2027-28	(\$107.54)M	(\$107.54)M	
54		<p>True growth of this impact is a function of two series:</p> <ul style="list-style-type: none"> The number of returns filed with at least \$45 in tax The volume of tax due on returns with less than \$45 in tax <p>Most growth should be in bullet 1, for which population growth is an adequate proxy.</p>			Impact to DOE			
55					FY	Cash	Recurring	
56					2021-22	\$2.92 M		
57					2022-23	\$2.92 M		
58					2023-24	\$2.72 M	\$2.96 M	
59					2024-25	\$3.00 M	\$3.00 M	
60					2025-26	\$3.04 M	\$3.04 M	
61					2026-27	\$3.08 M	\$3.08 M	
62					2027-28	\$3.11 M	\$3.11 M	
63								
64								
65					Impact to GR			
66					FY	Cash	Recurring	
67					2021-22	(\$102.54)M		
68					2022-23	(\$104.02)M		
69					2023-24	(\$96.66)M	(\$105.45)M	
70					2024-25	(\$106.83)M	(\$106.83)M	
71					2025-26	(\$108.15)M	(\$108.15)M	
72					2026-27	(\$109.43)M	(\$109.43)M	
73					2027-28	(\$110.65)M	(\$110.65)M	

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Firearm Safety Devices Exemption from Sales Tax Full Year

Bill Number(s): SB7062 – Section 24

☐ **Entire Bill**

☒ **Partial Bill:** Section 24

Sponsor(s):

Month/Year Impact Begins: July 1, 2023

Date(s) Conference Reviewed: April 21, 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 language is the same as the [proposed language](#) that was adopted April 7, 2023, except for the effective date. This bill has an effective date of July 1, 2023 (vs. October 1, 2023). The cash estimate reflects 11 months of collections to account for the July 1, 2023 implementation date.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Firearm Safety Devices Exemption from Sales Tax Full Year

Bill Number(s): SB7062 – Section 24

Section 4: Proposed Fiscal Impact

In millions

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(\$5.5)	(\$6.0)	(\$3.7)	(\$4.0)	(\$1.8)	(\$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: 04/21/2023): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(3.2)	(3.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(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	(3.7)	(4.0)	(0.4)	(0.5)	(4.1)	(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:

National Instant Criminal Background Check System (NICS)				
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>	3.0%

To breakout long gun sales to shotguns and rifles:

Annual Firearms Manufacturing and Export Report			
SOURCE: Annual Firearms Manufacturing and Export Report (ATF)			
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	83.3%	16.7%
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Assumed Sales of Rifle, Shotguns and Handguns (FL) Based on Background Checks			
	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	280,900	56,474	883,832

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

Average Price	\$1,100	\$800	\$600
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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.) \$	318,260,251	\$ 46,534,724	\$ 546,207,970	\$ 911,002,946

IBIS World Segment Breakout - Gun and Ammo Stores			
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	41.80%		
	= \$911,002,946 / 41.80%		
Assumed FL Base	\$ 2,179,432,884		
	* 28.50%		
Accessories	\$621,138,372		

Accessories	\$621,138,372
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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
	Gun and Ammo Cases	\$3-\$200
	Holsters	\$3-\$170
	Binoculars	\$55-\$1750
	Sights and Optics	\$100-\$2500
	Tactical Gear	\$50-\$2500
	Hunting Supplies	\$10-\$3500
	Other Equipment	

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

Accessories	\$621,138,372
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Portion of accessories that will be exempted:	Low	Middle	High
	5%	10%	15%
Exempted Sales	\$31,056,919	\$62,113,837	\$93,170,756
6% Sales Tax	* 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	Low	Middle	High
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	11
<u>FY 2023-24 Cash</u>	<u>(\$1.8)</u>	<u>(\$3.7)</u>	<u>(\$5.5)</u>