

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Nonresidential Pest Control Services
Bill Number(s): [Proposed Language](#)

☒ **Entire Bill**
☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 19th, 2024

Section 1: Narrative

- a. Current Law:** Nonresidential Pest Control operating in NAICS 561710 is subject to state sales tax.
- b. Proposed Change:** The explicitly stated taxability of NAICS 561710 is stricken from statute. As no other section subjects the industry to taxation, it is not taxable beginning July 1st, 2024.

Section 2: Description of Data and Sources

[IFAS Report on the Economic Contributions of the Florida Pest Management Industry in 2020](#)

DOR Return Data

Section 3: Methodology (Include Assumptions and Attach Details)

Given the proposed change strikes a particular NAICS from taxability, we can focus our impact on that NAICS. The Department requires that each taxpayer claim a "Primary NAICS" which represents their majority business activity upon registration. We then allow for them to claim a potentially unlimited number of non-primary NAICS, which define the scope of their activity and open pathways to certain credits and exemptions. For this impact, we consider both Primary and Non-Primary NAICS codes.

Using our return data, we can isolate the tax paid by entities with NAICS 561710 as their self-designated primary, and tax paid by entities with 561710 as one of potentially many non-primary NAICS. We then create an apportionment factor for the tax paid by non-primary 561710's. This apportionment should reflect both that pest control activity occurs within the group, and that non-primary NAICS can reflect an arbitrary aspect of an entity's activity.

The UF Institute of Food and Agricultural Sciences (IFAS) published a report alongside the Florida Pest Management Association wherein they found that approximately 16% of gross revenue generated by the pest control industry in 2021 was generated by business non solely focused on pest control (Linked report, page 27). We round that 16% to 15% and use it as our apportionment factor. This is further supported by our random sampling of taxpayers in the non-primary group.

The High Estimate used 100% of the tax paid by the Primary Group and 15% of the tax paid by the non-primary group. The Low Estimate uses only the tax paid by the primary group. Both estimates are grown by the measures-adjusted business investment growth rates as adopted at the January 16th, 2024 General Revenue Estimating Conference. First year's cash is 11/12ths recurring in recognition of the July 1st effective date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(37.08 M)	(40.42 M)			(22.31 M)	(24.32 M)
2024-25	(40.87 M)	(40.45 M)			(24.59 M)	(24.33 M)
2025-26	(41.46 M)	(40.87 M)			(24.94 M)	(24.59 M)
2026-27	(42.26 M)	(41.46 M)			(25.43 M)	(24.94 M)
2027-28	(43.15 M)	(42.26 M)			(25.96 M)	(25.43 M)

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the high estimate but with a 5% apportionment factor for non-primary pest control activity.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	(24.1)	(26.3)	(Insignificant)	(Insignificant)	(0.8)	(0.9)	(2.3)	(2.5)
2024-25	(26.6)	(26.6)	(Insignificant)	(Insignificant)	(0.9)	(0.9)	(2.5)	(2.5)
2025-26	(26.9)	(26.9)	(Insignificant)	(Insignificant)	(0.9)	(0.9)	(2.6)	(2.6)
2026-27	(27.5)	(27.5)	(Insignificant)	(Insignificant)	(0.9)	(0.9)	(2.6)	(2.6)
2027-28	(28.1)	(28.1)	(Insignificant)	(Insignificant)	(0.9)	(0.9)	(2.7)	(2.7)

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Revenue Source: Sales and Use Tax

Issue: Nonresidential Pest Control Services

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

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(27.2)	(29.7)	(3.3)	(3.6)	(30.5)	(33.3)
2025-26	(30.0)	(30.0)	(3.6)	(3.6)	(33.6)	(33.6)
2026-27	(30.4)	(30.4)	(3.7)	(3.7)	(34.1)	(34.1)
2027-28	(31.0)	(31.0)	(3.8)	(3.8)	(34.8)	(34.8)
2028-29	(31.7)	(31.7)	(3.8)	(3.8)	(35.5)	(35.5)

	A	B	C	D	E	F	G	H	I
1	FY	Primary NAICS Only	Non-Primary NAICS	Total	Non-Primary Apportionment				
2	2016	12.43	31.93	14.02			5%		
3	2017	13.16	36.58	14.99					
4	2018	14.23	41.24	16.29					
5	2019	15.90	49.23	18.36					
6	2020	17.25	55.43	20.02		Primary Apportionment			
7	2021	23.51	63.24	26.67			100%		
8	2022	22.51	86.72	26.85					
9	2023	24.32	107.36	29.69					
10	2024	14.03	54.04	16.73					
11									
12	Measure-Adjusted Business Investment Growth				<p>Registering taxpayers are allowed to describe their business with as many NAICS codes as they like, but are required to select one as "Primary".</p> <p>Non-Primary NAICS codes range in descriptiveness from complementary to the primary to highly unusual and unexpected.</p> <p>Because some pest control dollars are in these Non-Primary businesses, we apportion down the Non-Primary sales and add them to Primary sales to create a High Estimate.</p> <p>An apportionment factor of 15% was selected based on research done by IFAS at UF. They found in 2021 that approx 16% of revenue generated by the Florida pest control industry was generated by companies not solely involved in pest control services.</p>				
13									
14	2023	11.1%							
15	2024	0.1%							
16	2025	1.0%							
17	2026	1.4%							
18	2027	1.9%							
19	2028	2.1%							
20	2029	2.3%							
21									
22	Recurring	Low	High						
23	2023	(24.32 M)	(29.69 M)						
24	2024	(24.33 M)	(29.71 M)						
25	2025	(24.59 M)	(30.01 M)						
26	2026	(24.94 M)	(30.45 M)						
27	2027	(25.43 M)	(31.04 M)						
28	2028	(25.96 M)	(31.69 M)						
29	2029	(26.55 M)	(32.41 M)						
30									
31	Cash	Low	High						
32	2024	(22.31 M)	(27.23 M)						
33	2025	(24.59 M)	(30.01 M)						
34	2026	(24.94 M)	(30.45 M)						
35	2027	(25.43 M)	(31.04 M)						
36	2028	(25.96 M)	(31.69 M)						
37	2029	(26.55 M)	(32.41 M)						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales Tax

Issue: Motor Vehicle Leases and Rentals

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N.A.

Month/Year Impact Begins: 07/01/2024

Date(s) Conference Reviewed: 01/19/2024

Section 1: Narrative

- a. **Current Law:** Section 212.05(1)(c)3, F.S states that the tax imposed by this chapter does not apply to the lease or rental of a commercial motor vehicle as defined in s. 316.003(14)(a) to one lessee or rentee, for a period of not less than 12 months when tax was paid on the purchase price of such vehicle by the lessor.
- b. **Proposed Change:** Section 212.05(1)(c), F.S is revised so that for the lease or rental of a motor vehicle which is to be used primarily in the trade or established business of the lessee or rentee for a period of not less than 12 months, the tax imposed by this chapter shall be imposed in one of the following manners:
- a. Upon the agreed lease or rental payments;
 - b. Upon the sales price paid by the lessor or rentor for such motor vehicle.

Section 2: Description of Data and Sources

December 2023 National Economic Estimating Conference

January 2024 Highway Safety REC and Conference History

Phone and email contact with DHSMV staff and industry representatives

[USDOT National Transportation Statistics](#)

IBIS World Industry Report, Fleet Car Leasing in the U.S., April 2023

Section 3: Methodology (Include Assumptions and Attach Details)

The Department of Highway Safety provided the number of vehicles currently titled with a use code of “long term lease” or “lease” with an active registration. This number was next grown by the \$1 title security fee growth rates from the most recent Highway Safety REC. Based upon the fiscal year 2022-23 percentage share of registrations under 10,000 pounds, it is assumed that 85.98% of leased vehicles are under 10,000 pounds. The percentage of new titles, as represented by \$1 title security fee forecasted transactions, was divided by active registrations, calculated by added annual and biennial forecasted transactions for the STTF registration surcharge. The result is an assumed new leased vehicles under 10,000 pounds ranging from 404,781 in FY 2023-24 to 433,254 in FY 2028-29.

We begin by establishing 3 model leased vehicles. The purchase price of the vehicles and length of the lease are constant among all three transactions. Setting the duration of the leases allows us to calculate vehicle total depreciation, and by extension, the vehicle’s residual value after the lease is up. We then set “Interest Rate/fees share” to the prime rate in the high scenario, 20% in the low scenario, and an average in the middle. “Interest Rate/fees share” is an expanded interest rate, it includes all fees that will be charged to the lessee during the lease but is treated the same as an APR. With that last component, we can calculate the monthly payment for each lease. We then calculate the sales tax due with that payment (6% of the payment) and multiply that by the number of payments (the term of the lease) to arrive at the total sales tax due by this second method of accounting. “Tax Paid Difference” then shows how much money is saved by paying tax on the initial purchase price instead of paying it every month.

To expand these single transactions into impacts representing statewide activity, we first need to calculate how much more or less tax is being paid on these model leases in each fiscal year. The results are in the “Difference” table of the attached spreadsheet. In this table, the pattern defines the impact – a “Front Loading” of sales tax that results in more tax collected in the initial year of a lease, but less tax collected in the remaining years. We then establish three long run tables, each predicated on the assumptions of an above model lease. Using the data from the Department of Highway Safety, we identify the number of leased vehicles in each fiscal year. We then assume a participation rate – the percent of all leased vehicles which will be leased in this manner – with assistance from USDOT data. Assuming that all the participating leased vehicles have lease agreements that match our model transaction, we can see how these leases behave in the aggregate. The low scenario assumes only taxpayers who would realize a tax saving by switching to the new payment structure will do so. Due to the front-loading of the sales tax, the state does not see any losses until the final year of the lease.

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Revenue Source: Sales Tax

Issue: Motor Vehicle Leases and Rentals

Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	45.7	8.2	22.4	1.4	10.3	(1.2)
2025-26	38.7	8.2	18.5	1.4	8.1	(1.2)
2026-27	31.1	8.2	14.2	1.4	5.8	(1.2)
2027-28	23.2	8.2	9.7	1.4	3.3	(1.2)
2028-29	15.0	8.2	5.2	1.4	0.9	(1.2)
2029-30	8.6		1.6		(1.1)	
2030-31	8.2		1.4		(1.2)	

Revenue Distribution:

Sales Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the low estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	9.1	(1.1)	Insignificant	(Insignificant)	0.3	(Insignificant)	0.9	(0.1)
2025-26	7.2	(1.1)	Insignificant	(Insignificant)	0.2	(Insignificant)	0.7	(0.1)
2026-27	5.1	(1.1)	Insignificant	(Insignificant)	0.2	(Insignificant)	0.5	(0.1)
2027-28	2.9	(1.1)	Insignificant	(Insignificant)	0.1	(Insignificant)	0.3	(0.1)
2028-29	0.8	(1.1)	Insignificant	(Insignificant)	Insignificant	(Insignificant)	0.1	(0.1)

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	10.3	(1.2)	1.2	(0.1)	11.5	(1.3)
2025-26	8.1	(1.2)	1.0	(0.1)	9.1	(1.3)
2026-27	5.8	(1.2)	0.7	(0.1)	6.5	(1.3)
2027-28	3.3	(1.2)	0.4	(0.1)	3.7	(1.3)
2028-29	0.9	(1.2)	0.1	(0.1)	1.0	(1.3)

	A	B	C	D	E	F	G
1	Florida Leased Vehicles						
2		Titles \$1 Security Fee			Leased Vehicles		
3		Revenue	Growth Rates		Total	Under 10k lbs	New
4	FY 2023-2024	\$ 6.6			1,700,238	1,461,854	404,781
5	FY 2024-2025	\$ 6.7	1.46%		1,725,117	1,483,244	412,256
6	FY 2025-2026	\$ 6.8	1.42%		1,749,686	1,504,368	421,780
7	FY 2026-2027	\$ 6.8	1.01%		1,767,300	1,519,513	427,428
8	FY 2027-2028	\$ 6.9	0.80%		1,781,521	1,531,740	430,786
9	FY 2028-2029	\$ 6.9	0.72%		1,794,285	1,542,714	433,254
10							
11							
12	Heavy Trucks and Passenger Cars Under 10,000 lbs (2022-23 data)						
13	Private Autos	13,114,136					
14	Heavy Trucks	1,713,426					
15	Other Vehicles	3,006,479					
16	Total	17,834,041					
17	Under 10,000 lbs	15,333,592					
18	Percent of Total	85.98%					
19	Note: total does not include For-Hire because no weight data						
20							
21	New Titles % of Active Regs						
22		New Titles (\$1 Security Fee)	STTF Surcharge (FY #)	STTF Surcharge (PY Bien)	STTF Surcharge (Total)	New Titles % of Active Regs	
23	FY 2023-2024	6,540,179	19,839,524	3,780,117	23,619,641	27.69%	
24	FY 2024-2025	6,635,878	20,007,599	3,867,461	23,875,059	27.79%	
25	FY 2025-2026	6,730,385	20,105,132	3,900,225	24,005,357	28.04%	
26	FY 2026-2027	6,798,142	20,248,262	3,919,238	24,167,500	28.13%	
27	FY 2027-2028	6,852,846	20,419,416	3,947,139	24,366,556	28.12%	
28	FY 2028-2029	6,901,942	20,595,689	3,980,504	24,576,192	28.08%	
29							
30	US DOT Data - 2012 Through 2021 Total (thousands)						
31	Total Registered Cars and Light Trucks		2,466,920				
32	Total in fleets		91,017				
33	Percent in fleets		3.69%				
34	Fleet business use		52,288				
35	Percent fleet business use		2.12%				

	A	B	C	D	E	F	G	H	I	J	K
1	Term	Description									
2	<i>Term</i>	Expected length of Vehicle lease									
3	<i>Residual Value</i>	Value at end of lease less Depreciation									
4	<i>Depreciation expense</i>	Percent of depreciation by lease term									
5	<i>Interest Rate/ fees share</i>	% additional amount of interest and other fees on top of base payment									
6	<i>Monthly Base Payment</i>	Payment without interest (Depreciation Cost)									
7	<i>Monthly Payment with Interest</i>	Payment with interest									
8	<i>Sales Tax on Monthly Payment</i>	6% Sales Tax on monthly payment with interest									
9	<i>Total Sales Tax on Lease</i>	Total Amount of Sales Tax Paid on the Lease									
10											
11		High	Middle	Low		Purchase Price Calculation					
12	Purchase Price FY 2024-25	\$ 50,638	\$ 50,638	\$ 50,638		Apr-21		\$ 45,000			
13	Sales tax paid on purchase price	\$ 3,038	\$ 3,038	\$ 3,038							
14	Term (months)	68	68	68			CPI NMV	Adjusted Price			
15	Depreciation expense	65%	65%	65%		2021 Q2	106.2				
16	Residual value	17,555	17,555	17,555		FY 2024-25	119.5	\$ 50,638			
17	Interest Rate/ fees share	10.0%	14.3%	20.0%		FY 2025-26	118.7	\$ 50,308			
18	Monthly Base Payments	\$ 487	\$ 487	\$ 487		FY 2026-27	118.9	\$ 50,396			
19	Monthly Payment w/ Interest	\$ 639	\$ 713	\$ 817		FY 2027-28	118.6	\$ 50,234			
20	Sales Tax on Monthly Payment	\$ 38.4	\$ 42.8	\$ 49.0		FY 2028-29	118.0	\$ 50,005			
21	Total Sales Tax on Lease	\$ 2,608	\$ 2,908	\$ 3,333		FY 2029-30	117.2	\$ 49,665			
22	Tax Paid Difference	\$ 430	\$ 130	\$ (294)		FY 2030-31	116.1	\$ 49,212			
23											
24	Sales Tax Paid on Monthly Lease Payments and at End of Lease					Lease months					
25		High	Middle	Low		High	Middle	Low			
26	FY 2024-25	\$ 422	\$ 470	\$ 539		11	11	11			
27	FY 2025-26	\$ 460	\$ 513	\$ 588		12	12	12			
28	FY 2026-27	\$ 460	\$ 513	\$ 588		12	12	12			
29	FY 2027-28	\$ 460	\$ 513	\$ 588		12	12	12			
30	FY 2028-29	\$ 460	\$ 513	\$ 588		12	12	12			
31	FY 2029-30	\$ 345	\$ 385	\$ 441		9	9	9			
32	FY 2030-31	\$ -	\$ -	\$ -		-	-	-			
33		\$ 2,608	\$ 2,908	\$ 3,333		68	68	68			
34											
35	Sales Tax Paid on Purchase Price Up-Front and at End of Lease Less Refund										
36		High	Middle	Low							
37	FY 2024-25	\$ 3,038	\$ 3,038	\$ 3,038							
38	FY 2025-26	\$ -	\$ -	\$ -							
39	FY 2026-27	\$ -	\$ -	\$ -							
40	FY 2027-28	\$ -	\$ -	\$ -							
41	FY 2028-29	\$ -	\$ -	\$ -							
42											
43	Difference										
44		High	Middle	Low							
45	FY 2024-25	\$ 2,616	\$ 2,568	\$ 2,499							
46	FY 2025-26	\$ (460)	\$ (513)	\$ (588)							
47	FY 2026-27	\$ (460)	\$ (513)	\$ (588)							
48	FY 2027-28	\$ (460)	\$ (513)	\$ (588)							
49	FY 2028-29	\$ (460)	\$ (513)	\$ (588)							
50	FY 2029-30	\$ (345)	\$ (385)	\$ (441)							
51	FY 2030-31	\$ -	\$ -	\$ -							
52	Total	\$ 430	\$ 130	\$ (294)							
53											

	A	B	C	D	E	F	G	H	I	J	K
54				Price Change Adjustments							
55				FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
56				-	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	
57											
58	Potential Impact - High (millions)	Lease Vehicles	4.2%	Leases							
59		< 10k lbs		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
60	FY 2024-25	412,256	17,476	45.7							45.7
61	FY 2025-26	421,780	17,880	(8.0)	46.8						38.7
62	FY 2026-27	427,428	18,119	(8.0)	(8.2)	47.4					31.1
63	FY 2027-28	430,786	18,261	(8.0)	(8.2)	(8.3)	47.8				23.2
64	FY 2028-29	433,254	18,366	(8.0)	(8.2)	(8.3)	(8.4)	48.1			15.0
65	FY 2029-30	433,254	18,366	(6.0)	(8.2)	(8.3)	(8.4)	(8.5)	48.1		8.6
66	FY 2030-31	433,254	18,366	-	(6.2)	(8.3)	(8.4)	(8.5)	(8.5)	48.1	8.2
67	FY 2030-31				-	(6.3)	(8.4)	(8.5)	(8.5)	(8.5)	
68	FY 2031-32					-	(6.3)	(8.5)	(8.5)	(8.5)	
69	FY 2032-33						-	(6.3)	(8.5)	(8.5)	
70	FY 2033-34							-	(6.3)	(8.5)	
71									-	(6.3)	
72											
73											
74	Potential Impact - Middle (millions)	Lease Vehicles	2.1%	Leases							
75		< 10k lbs		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
76	FY 2024-25	412,256	8,738	22.4							22.4
77	FY 2025-26	421,780	8,940	(4.5)	23.0						18.5
78	FY 2026-27	427,428	9,060	(4.5)	(4.6)	23.3					14.2
79	FY 2027-28	430,786	9,131	(4.5)	(4.6)	(4.6)	23.4				9.7
80	FY 2028-29	433,254	9,183	(4.5)	(4.6)	(4.6)	(4.7)	23.6			5.2
81	FY 2029-30	433,254	9,183	(3.4)	(4.6)	(4.6)	(4.7)	(4.7)	23.6		1.6
82	FY 2030-31	433,254	9,183		(3.4)	(4.6)	(4.7)	(4.7)	(4.7)	23.6	1.4
83	FY 2030-31					(3.5)	(4.7)	(4.7)	(4.7)	(4.7)	
84	FY 2031-32						(3.5)	(4.7)	(4.7)	(4.7)	
85	FY 2032-33							(3.5)	(4.7)	(4.7)	
86	FY 2033-34								(3.5)	(4.7)	
87											
88											
89	Potential Impact - Low (millions)	Lease Vehicles	1.0%	Leases							
90		< 10k lbs		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
91	FY 2024-25	412,256	4,123	10.3							10.3
92	FY 2025-26	421,780	4,218	(2.4)	10.5						8.1
93	FY 2026-27	427,428	4,274	(2.4)	(2.5)	10.7					5.8
94	FY 2027-28	430,786	4,308	(2.4)	(2.5)	(2.5)	10.8				3.3
95	FY 2028-29	433,254	4,333	(2.4)	(2.5)	(2.5)	(2.5)	10.8			0.9
96	FY 2029-30	433,254	4,333	(1.8)	(2.5)	(2.5)	(2.5)	(2.5)	10.8		(1.1)
97	FY 2030-31	433,254	4,333		(1.9)	(2.5)	(2.5)	(2.5)	(2.5)	10.8	(1.2)
98	FY 2030-31					(1.9)	(2.5)	(2.5)	(2.5)	(2.5)	
99	FY 2031-32						(1.9)	(2.5)	(2.5)	(2.5)	
100	FY 2032-33							(1.9)	(2.5)	(2.5)	
101	FY 2033-34								(1.9)	(2.5)	
102										(1.9)	
103											
104	Fiscal Year	High		Middle		Low					
105		Cash	Recurring	Cash	Recurring	Cash	Recurring				
106	2024-2025	\$ 45.72 M	\$ 8.23 M	\$ 22.44 M	\$ 1.38 M	\$ 10.30 M	\$ (1.18 M)				
107	2025-2026	\$ 38.74 M	\$ 8.23 M	\$ 18.47 M	\$ 1.38 M	\$ 8.12 M	\$ (1.18 M)				
108	2026-2027	\$ 31.13 M	\$ 8.23 M	\$ 14.19 M	\$ 1.38 M	\$ 5.78 M	\$ (1.18 M)				
109	2027-2028	\$ 23.16 M	\$ 8.23 M	\$ 9.73 M	\$ 1.38 M	\$ 3.35 M	\$ (1.18 M)				
110	2028-2029	\$ 15.03 M	\$ 8.23 M	\$ 5.17 M	\$ 1.38 M	\$ 0.88 M	\$ (1.18 M)				
111	2029-2030	\$ 8.59 M		\$ 1.58 M		\$ (1.07 M)					
112	2030-2031	\$ 8.23 M		\$ 1.38 M		\$ (1.18 M)					

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Energy Star Appliances – 1 year
Bill Number(s) [Proposed Language](#)

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

Sponsor(s):

Month/Year Impact Begins: Effective date: July 1, 2024, impact on sales tax collections begins 8/1/2024

Date(s) Conference Reviewed: 1/19/2024

Section 1: Narrative

- a. Current Law:** Under current law in Ch. 212, F.S., there are currently no permanent exemptions for energy efficient appliances. However, there is currently a sales tax holiday for the same type of Energy Star appliances with the same price caps effective from July 1, 2023 to June 30, 2024 as authorized by HB 7063 – Section 32.
- b. Proposed Change:** The tax levied under chapter 212, Florida Statutes, may not be collected during the period from July 1, 2024, through June 30, 2025, on the retail sale of a new ENERGY STAR appliance for non-commercial use.

Definition of the exempt items

The term "ENERGY STAR appliance" means one of the following products, if such product is designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's requirements under the ENERGY STAR program, and is affixed with an ENERGY STAR label:

- (a) A washing machine selling for \$1500 or less;
- (b) A clothes dryer selling for \$1,500 or less;
- (c) A water heater selling for \$1,500 or less; or
- (d) A refrigerator or combination refrigerator/freezer selling for \$4,500 or less.

Section 2: Description of Data and Sources

REC, HB 7063, Section 32, Energy Star Appliances- 1 Year, adopted on 4/14/2023,
http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/_pdf/page422-425.pdf
Governor's Proposed Language, Section 15, Energy Star Appliances- 1 Year, adopted on 2/24/2023,
http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/_pdf/page177-180.pdf
REC, Sales Tax Holiday on Energy Star Appliances, CS/HB7071 – Section 42, February 23, 2022,
http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page535-538.pdf
US Bureau of Labor Statistics (BLS) – Consumer Expenditure Survey
Florida Economic Estimating Conference – 12/23
National Economic Estimating Conference – 12/23
Florida Demographic Estimating Conference 11/23
IBIS World

Section 3: Methodology (Include Assumptions and Attach Details)

The IBIS World Major Household Appliance Manufacturing report notes: "The Inflation Reduction Act will benefit manufacturers. Tax incentives under the Inflation Reduction Act for households purchasing new electric appliances will promote growth."

This analysis uses the impact analysis for HB 7063 – Section 32 (2023) as a basis. Data from IBIS World on domestic demand for major household appliances is used. The estimate uses national demand data, shared to Florida based on population. Florida's share is grown into the impact period using CPI. The amount of total appliance sales that are energy star certified varies by product and this is used to estimate a high (previously adopted for SB 356/ HB 201 (2022)), middle (clothes washers & refrigerators), and low (clothes dryers) estimate.

2022 Session

In 2022, the REC adopted the high for CS/HB7071 – Section 42 (2022). The high assumes that 90% (the maximum from price research) of all items fall under the price caps, the middle – 89% (median from price research), and the low – 50% (average from price research). It is assumed that consumers will either delay or speed up their purchases to take advantage of the 365 day holiday, and for this reason an additional 60 days are added.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Energy Star Appliances – 1 year
Bill Number(s) [Proposed Language](#)

2023 Session - Governor's Proposed Language – Section 15

The IBIS data was updated with a 2022 report that included rebasing of the data to 2022 using the national GDP deflator and incorporated new data from the US census for years 2019 and 2020, as explained by IBIS World in an email dated 1/26/2023. The price research was updated and the percentages used have been updated. The shipment data from the EPA Energy Star program was also updated with 2021 shipments.

The impact uses the updated shares of Energy Star appliances and the updated shares for % under the price cap from the price research to calculate new high, middle, and low, using the same assumption for number of extra days beyond the 1 year holiday.

2023 Session – HB 7063 Section 32

The bill increases the price cap for refrigerators to \$4,500 or less. Additional research was carried out to determine the percent of Energy Star certified items that have a sale price below the new cap. The previously adopted impact was adjusted for the new price cap.

Additional days of purchases were assumed to be shifted into the holiday period due to the raised cap.

2024 Session

The bill includes the same items, price caps, and duration as HB 7063 S. 32 (2023).

Section 4: Proposed Fiscal Impact: The impact is proposed to affect FY 2024-25 (11/12) and FY 2025-26 (1/12).

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25				(79.2)		
2025-26				(7.2)		
2026-27						
2027-28						
2028-29						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(70.1)	0.0	(Insignificant)	0.0	(2.4)	0.0	(6.7)	0.0
2025-26	(6.4)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.6)	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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(79.2)	0.0	(9.6)	0.0	(88.8)	0.0
2025-26	(7.2)	0.0	(0.9)	0.0	(8.1)	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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E
1	Senate Proposed Language				
2	Sales Tax Holiday for ENERGY STAR Appliances - 1 Year				
3				365 Days	
4				52 Weeks	
5				7/1/2024 Start	
6				6/30/2025 End	
7					
8	I. Market definition from report				
9	IBIS World Major Household Appliance Manufacturing in the US: Definition: This industry includes companies that manufacture major household cooking appliances, refrigerators and home freezers, household laundry equipment and other major electrical and nonelectrical household appliances such as dishwashers, garbage disposal units, water heaters and trash compactors. Small cooking appliances (e.g. hot plates), fans, vacuums and electric irons are not included in this industry.				
10					
11	II. US market size				
12	Refrigerators, frezers, washers, dryers, & water heaters				
13	Domestic Demand	FY2022-23 (Millions \$)			
14	Major appliances	52,396			
15	Refrigerators, freezers, laundry equipment, and other appliances (water heaters)	37,043.97			
16				71% Report	
17					
18	Sum, manufacturers' prices	37,044			
19					
20	Sales for retail, manufacturers' prices	21,152.11			
21	(excluding sales to Building, heavy construction, & special trade contractor, 24%, and Businesses for end use,18.9%)				
22					
23	Alternative Wholesale Mark-up				
24	Ratio: (Wages, Profit, Depreciation, Marketing, Rent, & Utilities)/(Purchases)		10.8%		23,431
25	Ratio: (Wages, Profit, Depreciation, Marketing, Rent, Utilities, & Other)/(Purchases)		26.9%		26,836
26					
27	Wholesale margin	21,871	3.4%	Report	
28	Home improvement stores margins	24,977	14.2%	Report	
29					
30	Advantage buying	3,747	15.0%		
31					
32	Total US retail market for specified products (\$ m)	28,724			
33					
34	III. Florida market				
35	Population - July 2023				
36	US Pop.	334,914,895			
37	FL pop.	22,610,726			
38	FL % of US Population	6.75%			
39					
40	Sales of Major Appliances				
41	FY2021-22	Total Sales (Millions \$)			
42	United States	\$ 28,724			
43	Florida (Shared by % US Pop.)	1,939			
44					
45	Grown by CPI to Impact period				
46	FY	Total Sales (Millions \$	CPI		
47	2023-24	\$ 1,998	3.0%		
48	2024-25	\$ 2,044	2.3%		

	A	B	C	D	E
49					
50	IV. Market penetration of Energy Star products				
51	% of total appliances on exempt list		100.0%		
52	% of Items of exempt list not covered by above report		0.0%		
53					
54	FY 2024-25	% of items Energy Star certified			ADOPTED
55		HIGH	MIDDLE	LOW	
56	Previously adopted (% USED FOR CS/HB7063 – Section 32 (2023))	54%			
57	NEW UPDATED % with new Energy Star Shipments	66%	61%	48%	
58	Florida Sales (Millions \$)	\$ 1,349.4	\$ 1,247.1	\$ 981.4	\$ -
59	Previously adopted (% USED FOR CS/HB7063 – Section 32 (2023))	95%			
60	Uses prior year's price research	95%	89%	50%	
61	Florida Sales under the cap (Millions \$)	\$ 1,281.9	\$ 1,110.0	\$ 490.7	\$ -
62	Total impact - Sales Tax	\$ 76.9	\$ 66.6	\$ 29.4	\$ -
63	Adjust annual to 1 day impact	\$ 0.2	\$ 0.2	\$ 0.1	\$ -
64	One Year Holiday	\$ 76.9	\$ 66.6	\$ 29.4	\$ -
65	# of Additional Days	45	30	30	
66	Additional Days Impact	\$ 9.5	\$ 5.5	\$ 2.4	\$ -
67	Total holiday (Millions \$)	\$ (86.4)			\$ -
68					
69	V. Sales tax impact (No Recurring)				
70		Impact (\$ m)	Middle	Low	
71	FY 2024-25	(79.2)	(66.1)	(29.2)	
72	FY 2025-26	(7.2)	(6.0)	(2.7)	
87					

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Limitation on Local Fees for Virtual Offices

Bill Number(s): HB 503 / SB 578

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Fabricio / Senator Ingoglia

Month/Year Impact Begins: July 1, 2024

Date of Analysis: January 19, 2024

Section 1: Narrative

a. Current Law:

Chapters 125 and 166, F.S., do not prohibit a county, municipality, or local governmental entity from levying on or collecting from a person any tax, charge, fee, or other imposition on or with respect to the utilization of a virtual office.

The website *Investopedia* states: "A virtual office gives businesses a physical address and office-related services without the overhead of a long lease and administrative staff. With a virtual office, employees can work from anywhere but still have things like a mailing address, phone answering services, meeting rooms, and videoconferencing."

<https://www.investopedia.com/terms/v/virtual-office.asp>

b. Proposed Change:

This proposed legislation creates s. 125.01035, F.S., to prohibit a county, municipality, or local governmental entity from adopting or maintaining in effect an ordinance or a rule that has the effect of imposing a tax, charge, fee, or other imposition on or with respect to the utilization of a virtual office. Additionally, it creates s. 166.272, F.S., to prohibit a municipality from levying on or collecting from a person any tax, charge, fee, or other imposition on or with respect to the utilization of a virtual office.

The term *tax, charge, fee, or other imposition* includes any amount or in-kind payment of property or services, regardless of whether such amount or in-kind payment of property or services is designated as a user fee, privilege fee, occupancy fee, or rental fee.

The term *virtual office* means an office that provides communication services, such as telephone or facsimile services, and address services without providing dedicated office space.

Section 2: Description of Data and Sources

Both the Florida Association of Counties (FAC) and Florida League of Cities (FLC) have published position statements on these bills on their respective websites and have been tracking these bills since they were filed in November 2023. However, neither FAC nor FLC could identify any county or municipal governments where local taxes, charges, fees, or impositions are currently imposed on virtual offices. Furthermore, FLC stated that none of its members had contacted it to express concerns about the proposed legislation.

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed legislation would preempt local government authorities from levying on or collecting from a person any tax, charge, fee, or other imposition on or with respect to the utilization of a virtual office. Therefore, if such taxes, charges, fees, or impositions were prohibited in the future, there is the potential for negative fiscal impact to local revenues. However, no county or municipal governments have been identified as being potentially impacted. Additionally, the magnitude of any local taxes, charges, fees, or impositions specific to virtual offices relative to all local taxes, charges, fees, or impositions is unknown. Consequently, EDR staff is recommending a fiscal impact of 0 / negative indeterminate.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0/(**)	0/(**)		
2025-26			0/(**)	0/(**)		
2026-27			0/(**)	0/(**)		
2027-28			0/(**)	0/(**)		
2028-29			0/(**)	0/(**)		

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Limitation on Local Fees for Virtual Offices

Bill Number(s): HB 503 / SB 578

List of Affected Trust Funds: Local funds.

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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/(**)
2028-29	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Corporate Income Tax – MMTC's

Bill Number(s): SB974

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Rodriguez

Month/Year Impact Begins: July 2024

Date(s) Conference Reviewed: January 19, 2024

Section 1: Narrative

- a. Current Law:** Section 220.13(b), F.S., reads: “(1) The term “adjusted federal income” means an amount equal to the taxpayer’s taxable income as defined in subsection (2), or such taxable income of more than one taxpayer as provided in s. 220.131, for the taxable year, adjusted as follows: Subtractions – (1). There shall be subtracted from such taxable income: (a) The net operating loss deduction allowable for federal income tax purposes under s. 172 of the Internal Revenue Code for the taxable year; (b) The net capital loss allowable for federal income tax purposes under s. 1212 of the Internal Revenue Code for the taxable year; (c) The excess charitable contribution deduction allowable for federal income tax purposes under s 170(d)(2) of the Internal revenue Code for the taxable year; (d) The excess contributions deductions allowable for federal income tax purposes under s. 404 of the Internal Revenue code for the taxable year.”
- b. Proposed Change:** Subsection 220.13, F.S., is revised so that a taxpayer that is a medical marijuana treatment center under s. 381.986(8), may use an amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed because marijuana is a controlled substance under federal law.

Section 2: Description of Data and Sources

Corporate Income Tax paid by medical marijuana treatment centers 2017-2021

Florida Financial Impact Estimating Conference held July 13, 2023

https://www.mainelegislature.org/legis/bills/bills_131st/fiscalpdfs/FN106302.pdf

<https://www.marijuanamoment.net/maine-governor-signs-bill-allowing-state-level-marijuana-business-tax-deductions-that-are-prohibited-under-federal-irs-280e-code/>

<https://www.cga.ct.gov/2023/FN/PDF/2023HB-06941-R00-FN.PDF>

<https://www.ilga.gov/legislation/billstatus.asp?DocNum=3817&GAID=17&GA=103&DocTypeID=HB&LegID=149076&SessionID=112>

<https://www.marijuanamoment.net/florida-gop-senator-files-medical-marijuana-industry-tax-relief-bill-as-federal-280e-workaround/>

<https://www.legis.state.pa.us/WU01/LI/BI/FN/2023/0/HB1219P2089.pdf>

<https://www.law.cornell.edu/uscode/text/26/280E>

https://pub.njleg.state.nj.us/Bills/2022/S0500/340_E1.PDF

Section 3: Methodology (Include Assumptions and Attach Details)

The bill as introduced follows a number of other States around the country that looks to work around U.S. Code 280E – Expenditures in connection with the illegal sale of drugs. The code states “No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.” States that have recently passed legislation that would allow business to take expense deductions regardless of U.S. Code 280E include the following: Pennsylvania, Connecticut, Maine, Illinois, New York and New Jersey. Overall, 20 States and Washington D.C. have passed laws allowing for business tax deductions for Cannabis businesses. Only 5 of the 20 allow for Medical-Only, which are Arkansas, Hawaii, Louisiana, Maine and Washington D.C.

Working with the Department of Revenue they were able to provide a list of medical marijuana treatment centers (MMTC) that paid Corporate Income Tax in 2021. There were 12 total filers, reporting just over \$27.5 million in taxes paid. These figures match the figure that was presented in the Florida Financial Impact Estimating Conference held July 13, 2023.

For the low estimate, a zero/negative indeterminate was used and a negative indeterminate was used for the high. This is due to many unknowns when forecasting the corporate income tax (CIT) going forward. There is no estimate on how many MMTC's will be operating in the state per year, and DOR cannot predict which deductions and credits the businesses will utilize going forward. For the middle estimate, using other states forecasted amounts proves difficult being that each state has different tax structures. The

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Corporate Income Tax – MMTC's

Bill Number(s): SB974

best example was spoken by Senator Spence of Maine. He stated that "The effective tax rate for businesses able to write off business expenses is roughly 40 percent of their gross income. Comparatively, the effective tax rate for businesses that are unable to deduct ordinary businesses expenses is approximately 70 percent of gross income". Assuming that the tax owed is similar in Florida, we were able to calculate the possible tax savings MMTC's may receive. Being that most CIT are subsidiaries of larger companies that are headquartered out of state, this means that most would file CIT on an apportioned basis. In Florida, taxable income earned by corporations operating in more than one state is taxed on an apportioned basis using a formula based 25 percent on property, 25 percent on payroll and 50 percent on sales. The first \$50,000 of net income is exempt. For this forecast we used the base CIT tax rate of 5.5 percent with the first \$50,000 of net income exempt.

Taking the \$27.5 million that was reported in 2021 and using the example above of paying 70% of taxable gross income, we are able to determine that taxable gross income in 2021 was \$501.1 million. This means that total income for MMTC's was \$715.8 million for 2021. Next we assume that they would now be taxed on 40 percent of their taxable gross income. Accounting for the first \$50K exemption and taking 40 percent of \$715.8 results in a total taxable gross income of \$286.0 million. This figure, taxed at 5.5% would result in total payments of \$15.7 million. This represents an \$11.8 million savings on CIT for 2021. Then we use CIT receipts at 5.5% adopted at the January 16, 2024 General Revenue estimating conference to grow the \$11.8 million out to fiscal year 2028-2029.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(**)	(**)	(16.7)	(16.7)	0/(**)	(**)
2025-26	(**)	(**)	(17.0)	(17.0)	0/(**)	(**)
2026-27	(**)	(**)	(17.4)	(17.4)	0/(**)	(**)
2027-28	(**)	(**)	(17.8)	(17.8)	0/(**)	(**)
2028-29	(**)	(**)	(18.1)	(18.1)	0/(**)	(**)

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the high estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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	(**)	(**)
2028-29	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)

Medical Marijuana Treatment Centers CIT paid 2021	
Amount of CIT Paid in 2021	\$27,538,244.37
Divide B2 by 5.5% CIT tax rate	\$500,695,352.18
Add back \$50K exemption for filers	\$501,045,352.18
Divide B6 by 70% to assuming MMTC are taxed on 70% of gross income	\$715,779,074.55
Take 40% of B5 assuming MMTC's would pay 5.5% on 40% of gross income	\$286,311,629.82
Reduce by 50K exemption	\$285,961,629.82
Assume 5.5% CIT Tax Rate	\$15,727,889.64
Assumed impact to CIT	\$11,810,354.73

	Impact to CIT	Growth Rates
FY 2020-2021	(\$11.8)	
FY 2021-2022	(\$14.0)	18.32%
FY 2022-2023	(\$16.9)	21.28%
FY 2023-24	(\$16.3)	-3.51%
FY 2024-25	(\$16.7)	2.01%
FY 2025-26	(\$17.0)	1.77%
FY 2026-27	(\$17.4)	2.46%
FY 2027-28	(\$17.8)	2.41%
FY 2028-29	(\$18.1)	1.42%

REVENUE ESTIMATING CONFERENCE

Revenue Source: Article V Fees

Issue: Clerks of the Circuit Court

Bill Number(s): SB 1470

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Hutson

Month/Year Impact Begins: 07/01/2024

Date(s) Conference Reviewed: 01/19/2024

Section 1: Narrative

a. Current Law:

Justice Administrative Commission (Sections 1, 2, 3, 8, and 12)

Section 27.52, F.S. directs 25% of amounts recovered by the state attorney as reasonable value for services rendered under certain circumstances to the Grants and Donations Trust Fund of the Justice Administrative Commission (JAC). Section 27.54, F.S. directs payments received when a county or municipality contracts with a public defender or regional council to the Grants and Donations Trust Fund of the JAC. Section 27.703, F.S. requires a payment be appropriated from the JAC. Section 57.082, F.S. sets aside 25% of amounts collected from applicants improperly determined to be indigent into the Grants and Donations Trust Fund of the JAC. Section 501.2101, F.S. deposits amounts received for attorney fees into Consumer Frauds Trust Fund of the JAC.

GR Fees Redirect to Clerks and County (Sections 4 and 11)

Section 28.241, F.S. sets the filing fees for a party instituting a civil action in circuit court related to real property or mortgage foreclosure. When the claim value is more than \$250,000, the filing fee is \$1,900, \$1,705 of which is deposited into the General Revenue Fund (GR). Section 318.18(8)(a), F.S. states that a person who fails comply with the court's requirements or to pay a civil penalty within 30 days must pay an additional civil penalty of \$16, to be distributed \$6.50 to the General Revenue Fund (GR) and \$9.50 to the Highway Safety Operating Trust Fund. Section 318.18(18), F.S. states that in addition to any other penalties imposed, an administrative fee of \$12.50 must be paid for all noncriminal moving and nonmoving violations under chapter 316, 320, and 322. The fee is to be deposited into the General Revenue Fund.

Clerks Transfer to GR (Section 6)

Section 28.37, F.S. states that starting in 2022, no later than February 1 each year the Department of Revenue shall transfer 50% of the cumulative excess of the original revenue projection from the Clerks of Court Trust Fund into the General Revenue Fund. The remainder is to be kept in the Clerks of the Court Trust Fund and used in the total combined budgets of the clerks.

b. Proposed Change:

Justice Administrative Commission (Sections 1, 2, 3, 8, and 12)

Section 27.52, F.S. is revised to redirect 25% of amounts recovered by the state attorney as reasonable value for services rendered under certain circumstances from the Grants and Donations Trust Fund of the Justice Administrative Commission (JAC) to the Grants and Donations Trust Fund of the applicable state attorney. Section 27.54, F.S. is revised to redirect payments received when a county or municipality contracts with a public defender or regional council from the Grants and Donations Trust Fund of the JAC to the Grants and Donations Trust Fund of the public defender or regional counsel. Section 27.703, F.S. requires a payment be appropriated from the Chief Financial Officer instead of the JAC. Section 57.082, F.S. is revised to redirect 25% of amounts collected from applicants improperly determined to be indigent from the Grants and Donations Trust Fund of the JAC to applicable state attorney. Section 501.2101, F.S. is revised so that amounts received for attorney fees are deposited into the Grants and Donations Trust Fund of the state attorney instead of the Consumer Frauds Trust Fund of the JAC.

GR Fees Redirect to Clerks and County (Sections 4 and 11)

Section 28.241, F.S. is revised so that half of the amount from foreclosure filings fees when the claim value is more than \$250,000 that is currently deposited into the General Revenue Fund is instead deposited into the Clerk's Fine and Forfeiture Funds (F&FF). Section 318.18(8)(a), F.S. is revised so that the \$6.50 GR portion of the \$16 late civil penalty fee is reduced to \$1.50. The \$5.00 portion is redirected to the Public Records Modernization Trust Fund of the county. Section 318.18(18), F.S. is revised so that the \$12.50 fee is redirected from the General Revenue Fund to split \$6.25 to the Public Records Modernization Trust Fund of the county and \$6.25 to the Clerk's Fine and Forfeiture Funds.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Article V Fees

Issue: Clerks of the Circuit Court

Bill Number(s): SB 1470

Clerks Transfer to GR (Section 6)

Section 28.37, F.S. is revised so that the Department of Revenue shall not transfer 50% of the cumulative excess of the original revenue projection from the Clerks of Court Trust Fund into the General Revenue Fund. Instead, the entire remainder is to be kept in the Clerks of the Court Trust Fund and used in the total combined budgets of the clerks.

Section 2: Description of Data and Sources

Highway Safety REC held 01/03/2024

Article V REC held 12/20/2023

Email and phone contact with staff from Department of Highway Safety and Motor Vehicles, Florida Clerks of Court Operations Corporation, and Florida Court Clerks and Comptrollers

Florida Senate Criminal and Civil Justice Appropriations Summary of Clerk Conforming Bill, 2017 Session

Section 3: Methodology (Include Assumptions and Attach Details)

Justice Administrative Commission (Sections 1, 2, 3, 8, and 12)

Language in the bill specifies that amounts recovered by the state attorney as reasonable value for services rendered, payments received when a county or municipality contracts with a public defender or regional council, 25% of amounts collected from applicants improperly determined to be indigent, and amounts received for attorney fees which currently read as being deposited into the Grants and Donations Trust Fund of the JAC be instead deposited elsewhere. According to CCOC staff, JAC staff, and the CCOC October 23, 2023 Executive Committee Meeting Minutes, these sections of the bill are codifying current practice. Therefore, there is zero impact to Gr, Trust and Local Funds resulting from these sections.

GR Fees Redirect to Clerks and County (Sections 4 and 11)

The bill redirects a portion of foreclosure fees, late civil penalties, and \$12.50 traffic fines from GR to either the Public Records Modernization Trust Fund of the County or the Clerk's Fine and Forfeiture Funds. The current forecast for foreclosures and late civil penalties was pulled directly from the most recent Highway Safety Revenue Estimating Conference or Article V Revenue Estimating Conference. For the \$12.50 traffic fine, a document from the 2017 Session estimated the amount of the \$12.50 fee to be \$18.8 million. The most recent Article V REC was used to scale up the fee to a FY 2024-25 estimated amount. The FY 2024-25 estimated amount for the \$12.50 fines was then grown by chapter 2008-111 fees growth rates from the Article V REC. For all fee redirects, the current estimated fund distributions were compared to the proposed distributions to show the negative to GR and positive to Local. The first year cash impact is adjusted for the one-month lag between collection and distribution. There is no GR service charge impact.

Clerks Transfer to GR (Section 6)

The bill allows the Clerks to keep the cumulative excess of the original revenue projection while currently 50% of it is transferred to GR. The most recent Article V REC projects a cumulative excess of \$6.6 million for FY 2024-25, resulting in a transfer of \$3.3 million. The Clerks keeping this amount would result in a positive to local funds and negative to GR. There is no impact to FY 2025-26 through FY 2028-29 because the bill would make no changes to the baseline forecast.

Section 4: Proposed Fiscal Impact

Justice Administrative Commission (Sections 1, 2, 3, 8, and 12)

GR, Trust, Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			0.0	0.0		
2026-27			0.0	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Article V Fees

Issue: Clerks of the Circuit Court

Bill Number(s): SB 1470

GR Fees Redirect to Clerks and County (Sections 4 and 11)

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(26.5)	(28.9)		
2025-26			(29.6)	(29.6)		
2026-27			(30.1)	(30.1)		
2027-28			(30.4)	(30.4)		
2028-29			(30.6)	(30.6)		

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			26.5	28.9		
2025-26			29.6	29.6		
2026-27			30.1	30.1		
2027-28			30.4	30.4		
2028-29			30.6	30.6		

Clerks Transfer to GR (Section 6)

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(3.3)	0.0		
2025-26			0.0	0.0		
2026-27			0.0	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			3.3	0.0		
2025-26			0.0	0.0		
2026-27			0.0	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

Revenue Distribution:

General Revenue

Public Records Modernization Trust Fund of the county

Clerk's Fine and Forfeiture Funds

Tax Collectors

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the proposed estimates:

Justice Administrative Commission (Sections 1, 2, 3, 8, and 12)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Article V Fees

Issue: Clerks of the Circuit Court

Bill Number(s): SB 1470

GR Fees Redirect to Clerks and County (Sections 4 and 11)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(26.5)	(28.9)	0.0	0.0	26.5	28.9	0.0	0.0
2025-26	(29.6)	(29.6)	0.0	0.0	29.6	29.6	0.0	0.0
2026-27	(30.1)	(30.1)	0.0	0.0	30.1	30.1	0.0	0.0
2027-28	(30.4)	(30.4)	0.0	0.0	30.4	30.4	0.0	0.0
2028-29	(30.6)	(30.6)	0.0	0.0	30.6	30.6	0.0	0.0

Clerks Transfer to GR (Section 6)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(3.3)	0.0	0.0	0.0	3.3	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
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I	J
1	Foreclosure 28.241									
2		Current Forecast			Proposed Forecast			2008-111		
3		GR	Clerks F&FF		GR	Clerks F&FF		Growth Rates		
4	FY 2024-2025	\$ 6,822,054	\$ -		\$ 3,411,027	\$ 3,411,027				
5	FY 2025-2026	\$ 7,867,840	\$ -		\$ 3,933,920	\$ 3,933,920		1.12%		
6	FY 2026-2027	\$ 8,366,905	\$ -		\$ 4,183,453	\$ 4,183,453		0.80%		
7	FY 2027-2028	\$ 8,644,461	\$ -		\$ 4,322,230	\$ 4,322,230		0.42%		
8	FY 2028-2029	\$ 8,682,570	\$ -		\$ 4,341,285	\$ 4,341,285		0.32%		
9										
10	Late Civil Penalty 318.18(8)(a)									
11		Current Forecast			Proposed Forecast					
12		GR	PRMTF	HSOTF	Total		GR	PRMTF	HSOTF	Total
13	FY 2024-2025	\$ 6,378,862	\$ -	\$ 9,322,952	\$ 15,701,813		\$ 1,472,045	\$ 4,906,817	\$ 9,322,952	\$ 15,701,813
14	FY 2025-2026	\$ 6,468,804	\$ -	\$ 9,454,405	\$ 15,923,209		\$ 1,492,801	\$ 4,976,003	\$ 9,454,405	\$ 15,923,209
15	FY 2026-2027	\$ 6,549,664	\$ -	\$ 9,572,585	\$ 16,122,249		\$ 1,511,461	\$ 5,038,203	\$ 9,572,585	\$ 16,122,249
16	FY 2027-2028	\$ 6,628,260	\$ -	\$ 9,687,456	\$ 16,315,716		\$ 1,529,598	\$ 5,098,661	\$ 9,687,456	\$ 16,315,716
17	FY 2028-2029	\$ 6,703,822	\$ -	\$ 9,797,893	\$ 16,501,715		\$ 1,547,036	\$ 5,156,786	\$ 9,797,893	\$ 16,501,715
18										
19	\$12.50 Traffic Fee 318.18(8)(a)									
20	FY 2017-18 \$12.50 Fee Estimate			\$ 18,800,000						
21	FY 2017-18 Allocated Traffic			\$ 24,937,970						
22	FY 2024-25 Allocated Traffic Forecast			\$ 27,200,000						
23	FY 2024-25 \$12.50 Fee Estimate			\$ 20,505,277						
24		Current Forecast			Proposed Forecast					
25		GR	PRMTF	Clerks F&FF	Total		GR	PRMTF	Clerks F&FF	Total
26	FY 2024-2025	\$ 20,505,277	\$ -	\$ -	\$ 20,505,277		\$ -	\$ 10,252,639	\$ 10,252,639	\$ 20,505,277
27	FY 2025-2026	\$ 20,734,848	\$ -	\$ -	\$ 20,734,848		\$ -	\$ 10,367,424	\$ 10,367,424	\$ 20,734,848
28	FY 2026-2027	\$ 20,900,139	\$ -	\$ -	\$ 20,900,139		\$ -	\$ 10,450,070	\$ 10,450,070	\$ 20,900,139
29	FY 2027-2028	\$ 20,988,907	\$ -	\$ -	\$ 20,988,907		\$ -	\$ 10,494,453	\$ 10,494,453	\$ 20,988,907
30	FY 2028-2029	\$ 21,056,248	\$ -	\$ -	\$ 21,056,248		\$ -	\$ 10,528,124	\$ 10,528,124	\$ 21,056,248
31										
32	Impact (millions)									
33		GR	Clerks F&FF	PRMTF						
34	FY 2024-2025	\$ (28.90)	\$ 13.7	\$ 15.2						
35	FY 2025-2026	\$ (29.60)	\$ 14.3	\$ 15.3						
36	FY 2026-2027	\$ (30.10)	\$ 14.6	\$ 15.5						
37	FY 2027-2028	\$ (30.40)	\$ 14.8	\$ 15.6						
38	FY 2028-2029	\$ (30.60)	\$ 14.9	\$ 15.7						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Renewable Energy Source Devices

Bill Number(s): HB769

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Representative Bankson

Month/Year Impact Begins: Upon becoming law

Date(s) Conference Reviewed: January 19, 2024

Section 1: Narrative

- a. **Current Law:** Section 193.624, Florida Statutes, provides that for the purposes of determining the assessed value of real property, renewable energy source devices are treated uniquely. For residential purposes, if installed after January 1, 2013, they are not to be considered. For all other properties, if installed after January 1, 2018, only 20% of the just value is to be considered. The list of renewable energy source devices does not include equipment related to biogas.

Further, Section 192.182, Florida Statutes, indicates that tangible personal property that is a renewable energy source device under 193.624 are 80 percent exempt from taxation.

- b. **Proposed Change:** "Pipes, equipment, construction materials, structural support, interconnection, and any other machinery used in the production, storage, compression, transportation, processing, and conversion of biogas from landfill waste, livestock farm waste, food waste, or treated wastewater into renewable natural gas suitable for pipeline injection" are added to the list of renewable energy source devices to be treated as described in 193.624.

Section 2: Description of Data and Sources

2023 Millage and Taxes Levied Report, 2023 Final Data Book published by Property Tax Oversight

Results of the Ad Valorem Estimating Conference, January 5, 2023

2023 Final NAL Real Property Tax Roll

Discussion with DEP and DACS

Discussion with Industry Professionals

Landfill Methane Outreach Program, Landfill and Project Database, US Environmental Protection Agency

[Dependence on Policy Revenue Poses Risks for Investments in Dairy Digesters, California Agriculture Volume 72 #4](#)

Section 3: Methodology (Include Assumptions and Attach Details)

There are two primary types of businesses that would adopt renewable energy source devices as indicated by the bill: landfills and dairy farms. The department is aware of one landfill with equipment and improvements that would qualify as renewable energy source devices under the proposed language but not the current law and one that will be coming on the roll for 2024. The TPP and real property values for the known landfill are identified in the workpapers. There are 73 other known landfills that could adopt such a process, but the current one is a pilot program. The middle assumes that 1 additional landfill will acquire such equipment, and the high assumes 3 additional landfills.

Regarding dairy farms, the department is aware of one dairy farm in the state with such equipment. For it, the agricultural land is taxable at a rate of \$260/acre today. If such a structure were installed, they would be taxable at a rate of \$2,500/acre, of which 80% or \$2,000 would be exempted by the bill. It is unlikely that such a structure would require more than 1 acre of land on a dairy farm. According to an article published by the University of California, the cost of the dairy upgrade in 2018 was \$4.8 million. Adjusted for inflation this is \$5.8 million in 2023 dollars using the CPI index for all consumers. There is a \$25,000 exemption applied to all TPP. There are 35 additional known largescale dairy farms (700+ mature cattle) in Florida. The middle assumes that 2 additional dairy farms will acquire such equipment, and the high assumes 4 additional dairy farms.

The TPP and real property values are multiplied by 80% and the appropriate school and non-school millage rates to arrive at the impact. The real property impact is grown by the nonresidential taxable value growth rate and the TPP by the TPP growth rate, both from the most recent Ad Valorem Estimating Conference. Because the bill is effective upon becoming law, these changes will impact the 2024 tax roll.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Renewable Energy Source Devices

Bill Number(s): HB769

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(1.1 M)	\$(1.1 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
2025-26	\$(1.2 M)	\$(1.2 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
2026-27	\$(1.2 M)	\$(1.2 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
2027-28	\$(1.3 M)	\$(1.3 M)	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)
2028-29	\$(1.3 M)	\$(1.3 M)	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the low for the first two years' cash, the middle for years 3 & 4 cash and the high for the fifth year's cash. The Conference adopted the fifth year's recurring for all recurring years.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(0.2)	(0.5)	(0.3)	(0.8)	(0.5)	(1.3)
2025-26	(0.2)	(0.5)	(0.3)	(0.8)	(0.5)	(1.3)
2026-27	(0.3)	(0.5)	(0.5)	(0.8)	(0.7)	(1.3)
2027-28	(0.3)	(0.5)	(0.5)	(0.8)	(0.8)	(1.3)
2028-29	(0.5)	(0.5)	(0.8)	(0.8)	(1.3)	(1.3)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(0.5)	(1.3)	(0.5)	(1.3)
2025-26	0.0	0.0	0.0	0.0	(0.5)	(1.3)	(0.5)	(1.3)
2026-27	0.0	0.0	0.0	0.0	(0.7)	(1.3)	(0.7)	(1.3)
2027-28	0.0	0.0	0.0	0.0	(0.8)	(1.3)	(0.8)	(1.3)
2028-29	0.0	0.0	0.0	0.0	(1.3)	(1.3)	(1.3)	(1.3)

	A	B	C	D	E	F	G
1	2023 Aggregate Millage Rates						
2	School	5.97					
3	Non-School	10.53					
4							
5		2023					
6	Taxable Value of Known Real Property (landfill)	\$ 116,325					
7	Taxable Value of Known TPP (landfill)	\$ 10,486,496					
8	Other Landfills	73					
9	Dairy Farm Ag Land Value per Acre	\$ 260					
10	Dairy Farm Ag Land Value per Acre if Converted	\$ 2,500					
11	RP Dairy Farm TV Impact per Acre	\$ 2,000					
12	Additional Dairy Farms	35					
13	2018 Dairy Upgrade Cost	\$ 4,792,000	https://calag.ucanr.edu/archive/?article=ca.2018a0037				
14	TPP Avg Value Per Dairy Farm CPI Adjusted	\$ 5,790,120					
15							
16				Known Landfill (pilot)			
17	Growth Rates	TV NonRes	TPP	RP - TV	TPP - TV		
18	2024	3.21%	4.08%	\$ 120,064	\$ 10,913,877		
19	2025	5.64%	4.03%	\$ 126,833	\$ 11,354,076		
20	2026	5.11%	4.03%	\$ 133,309	\$ 11,811,724		
21	2027	4.96%	4.03%	\$ 139,921	\$ 12,287,520		
22	2028	4.46%	4.03%	\$ 146,163	\$ 12,782,190		
23	2029	4.17%	4.02%	\$ 152,259	\$ 13,296,487		
24							
25	Assumptions	high	middle	low			
26	Acres of Dairy Farm Converted	5	3	1			
27	Number of Dairy Farms with Conversion	5	3	1			
28	Landfills with Conversion	5	3	2			
29							

	A	B	C	D	E	F	G
30	80% Impact	High		Middle		Low	
31		RP - TV	TPP - TV	RP - TV	TPP - TV	RP - TV	TPP - TV
32	2023	\$ 475,300	\$ 65,106,465	\$ 285,180	\$ 39,063,879	\$ 188,120	\$ 26,763,112
33	2024	\$ 490,576	\$ 67,759,904	\$ 294,346	\$ 40,655,942	\$ 194,166	\$ 27,853,853
34	2025	\$ 518,236	\$ 70,492,923	\$ 310,941	\$ 42,295,754	\$ 205,114	\$ 28,977,307
35	2026	\$ 544,697	\$ 73,334,280	\$ 326,818	\$ 44,000,568	\$ 215,587	\$ 30,145,294
36	2027	\$ 571,713	\$ 76,288,306	\$ 343,028	\$ 45,772,984	\$ 226,280	\$ 31,359,597
37	2028	\$ 597,217	\$ 79,359,511	\$ 358,330	\$ 47,615,707	\$ 236,374	\$ 32,622,067
38							
39	Impact on School						
40		High		Middle		Low	
41		Cash	Recurring	Cash	Recurring	Cash	Recurring
42	2024-25	\$(0.4 M)	\$(0.4 M)	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)	\$(0.2 M)
43	2025-26	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
44	2026-27	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
45	2027-28	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
46	2028-29	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)	\$(0.2 M)	\$(0.2 M)
47							
48	Impact on Non-School						
49		High		Middle		Low	
50		Cash	Recurring	Cash	Recurring	Cash	Recurring
51	2024-25	\$(0.7 M)	\$(0.7 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
52	2025-26	\$(0.7 M)	\$(0.7 M)	\$(0.4 M)	\$(0.4 M)	\$(0.3 M)	\$(0.3 M)
53	2026-27	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)
54	2027-28	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)
55	2028-29	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)	\$(0.3 M)	\$(0.3 M)
56							
57	Total Impact						
58		High		Middle		Low	
59		Cash	Recurring	Cash	Recurring	Cash	Recurring
60	2024-25	\$(1.1 M)	\$(1.1 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
61	2025-26	\$(1.2 M)	\$(1.2 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
62	2026-27	\$(1.2 M)	\$(1.2 M)	\$(0.7 M)	\$(0.7 M)	\$(0.5 M)	\$(0.5 M)
63	2027-28	\$(1.3 M)	\$(1.3 M)	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)
64	2028-29	\$(1.3 M)	\$(1.3 M)	\$(0.8 M)	\$(0.8 M)	\$(0.5 M)	\$(0.5 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Temporary Sales Tax Exemption for Impact-Resistant Window and Doors – 2 FYs

Bill Number(s): SB 890, HB 835

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Boyd, Representative Duggan

Month/Year Impact Begins: The impact begins July 1, 2024 and ends on June 30, 2026 and will affect FY 2024-25, FY 2025-26, & FY 2026-27 because of the one-month collection lag.

Date of Analysis: January 12, 2024, January 19, 2024

Section 1: Narrative

a. Current Law: Under current law in Ch. 212, all of the items listed in the proposed language are subject to the 6% Sales and Use Tax when purchased. However, there is currently in place a temporary exemption from sales tax for the same items effective July 1, 2022 to June 30, 2024 per HB 7071, S. 52 (2022 Session).

Chapter 212.02 (14)(a) defines "Retail sale" or a "sale at retail" as "a sale to a consumer or to any person for any purpose other than for resale in the form of tangible personal property or services taxable under this chapter, and includes all such transactions that may be made in lieu of retail sales or sales at retail."

b. Proposed Change: The proposed bill provides an exemption from sales tax on the retail sale for the items listed below.

- Impact-resistant windows
- Impact-resistant doors and garage doors

There are no price caps. There is no specific language limiting who can take advantage of the sales tax exemption.

Section 2: Description of Data and Sources

- REC Impact for Proposed Language - House, 2/23/2022, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2022/_pdf/page518-524.pdf
- REC Impact for SB 808, 2/11/2022
- REC Impact for HB 7061, Section 44, 10-Day Sales Tax Holiday, 6/21/2021, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/_pdf/page550-554.pdf
- REC Impact for Proposed Language – Governor, 4/16/2021, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/_pdf/page394-398.pdf.
- REC Impact for CS/HB7123 (Ch. 2019-42, L.O.F.), May 16, 2019.
- REC Impact for CS/SB1412, April 5, 2019.
- REC Impact for SB 524, Revenue Estimating Conference, 11/22/2019, Updated 2/3/2020, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page47-52.pdf.
- REC Impact for Proposed Language (HB 7097 (2020), Laws of Florida Ch. 2020-10, Revenue Estimating Conference, 2/3/2020 http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page362-365.pdf
- REC Impact for SB 734, 2/12/2021, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2021/_pdf/page41-47.pdf.
- Price research on lowes.com and homedepot.com in Miami stores.
- Global Windows & Doors Market Report, The Freedonia Group, 11/30/2021.
- "Study of the US Market for Windows, Doors and Skylights" in the bi-annual report for the Fenestration & Glazing Industry Alliance; study conducted by Ducker Worldwide (published in May 2022); report provided to the Florida Legislature by FGIA, Exhibit D. 10.

Section 3: Methodology (See attached.)

The bill exempts from sales tax the retail sale of the items. This analysis interprets the statutory definition of "retail sale" to include both wholesale and retail purchases as long as the purchaser is the final consumer. Therefore, generally all purchases of impact-resistant windows and doors are assumed to be tax-exempt.

Sales of impact-resistant windows and doors

January 2024 update: The FGIA/ Ducker data below has not been updated. New data has been requested.

Data on residential impact-resistant window unit sales in 2017 and 2019 in Florida from the "Study of the US Market for Windows, Doors and Skylights" conducted by Ducker Worldwide for the Fenestration & Glazing Industry Alliance's 2020 bi-annual report were

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Temporary Sales Tax Exemption for Impact-Resistant Window and Doors – 2 FYs

Bill Number(s): SB 890, HB 835

used as the basis. The report was provided to the Florida Legislature by FGIA. FGIA reports unit sales of impact-resistant and non-impact windows in Florida. The volume of sales was grown to the impact year by the average annual growth from 2017 to 2019. The maximum, average, and minimum of prices collected from retail store websites was used for a high, middle, and low respectively.

January 2024 update: The Freedonia Group data below has not been updated. A new report has not been purchased.

The ratio of doors sales (excluding wood doors) to windows sales from the Freedonia market report was used to estimate impact-resistant residential door sales, assuming the ratio of doors to windows sales of all types is the same as the ratio of impact doors to windows. Similarly, the ratio of nonresidential to residential sales from the Freedonia report was used to estimate non-residential sales of impact-resistant windows, assuming the ratio of nonresidential to residential sales for non-impact and impact products is the same.

As adopted in the REC from 2/23/2022, a 25% construction preference for non-residential uses was maintained.

Prices

January 2024 update: The price of \$900 per window adopted in the REC from 2/23/2022 was grown by the chained price index for residential construction to the impact years.

Section 4: Proposed Fiscal Impact: The impact begins July 1, 2024 and ends on June 30, 2026 and will affect FY 2024-25, FY 2025-26, & FY 2026-27 because of the one-month collection lag.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(344.9)			
2025-26			(449.6)			
2026-27			(37.5)			
2027-28						
2028-29						

Revenue Distribution: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): The Conference adopted the proposed forecast but with an adjustment to the estimated growth of sales.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(268.9)	0.0	(Insignificant)	0.0	(9.0)	0.0	(25.8)	0.0
2025-26	(322.6)	0.0	(Insignificant)	0.0	(10.8)	0.0	(30.9)	0.0
2026-27	(26.9)	0.0	(Insignificant)	0.0	(0.9)	0.0	(2.6)	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	6% Sub-Total		Add: Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(303.7)	0.0	(36.8)	0.0	(340.5)	0.0
2025-26	(364.3)	0.0	(44.1)	0.0	(408.4)	0.0
2026-27	(30.4)	0.0	(3.7)	0.0	(34.1)	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0

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SB 890 & HB 835

Impact-Resistant Windows, Doors, and Garage Doors

I. THE FREEDONIA GROUP Data

Note: No breakout into Impact-Resistant vs. regular windows was available. This is the full universe of windows and doors.

United States: Window & Door Demand by Product & Material, 2010 – 2030 (million dollars)

Table 9-7 | United States: Window & Door Demand by Product & Material, 2010 – 2030 (million dollars)

Item	2010	2015	2020	2025	2030	15-20 (%)	20-25 (%)
Window & Door Demand	19,100	24,070	30,230	32,250	34,750	4.7	1.3
Windows:	8,700	10,190	12,665	13,475	14,550	4.4	1.2
Metal	2,405	3,235	3,710	3,925	4,135	2.8	1.1
Wood	2,760	2,575	3,060	3,155	3,295	3.5	0.6
Vinyl	3,320	4,120	5,560	6,040	6,740	6.2	1.7
Fiberglass	215	260	335	355	380	5.2	1.2
Doors:	10,400	13,880	17,565	18,775	20,200	4.8	1.3
Metal	6,190	8,100	9,755	10,455	11,300	3.8	1.4
Wood	2,690	3,650	5,005	5,315	5,660	6.5	1.2
Vinyl	620	870	1,140	1,215	1,305	5.6	1.3
Fiberglass	900	1,260	1,665	1,790	1,935	5.7	1.5
Vinyl windows & doors	3,940	4,990	6,700	7,255	8,045		
Fiberglass windows & doors	1,115	1,520	2,000	2,145	2,315		

Source: Global Windows & Doors Industry Market Research, The Freedonia Group,
<https://www.freedoniagroup.com/industry-study/global-windows-doors-4303.htm#StudyPageListing2> .

	2010	2015	2020	2025	2030
Window & Door Demand					
Windows:	100%	100%	100%	100%	100%
Metal	28%	32%	29%	29%	28%
Wood	32%	25%	24%	23%	23%
Vinyl	38%	40%	44%	45%	46%
Fiberglass	2%	3%	3%	3%	3%
Doors:	100%	100%	100%	100%	100%
Metal	60%	58%	56%	56%	56%
Wood	26%	26%	28%	28%	28%
Vinyl	6%	6%	6%	6%	6%
Fiberglass	9%	9%	9%	10%	10%
Vinyl windows & doors, share of total	21%	21%	22%	22%	23%
Fiberglass windows & doors, share of total	6%	6%	7%	7%	7%

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YEARS

July 1, 2024 - June 30, 2026

	A	B	C	D	E	F	G	H	I	J	K	L																																																															
3	SB 890 & HB 835																																																																										
4	Impact-Resistant Windows, Doors, and Garage Doors																																																																										
40	Table 9-6 United States: Window & Door Demand by Market & Application, 2010 – 2030 (million dollars)																																																																										
41	<table><tr><th>Item</th><th>2010</th><th>2015</th><th>2020</th><th>2025</th><th>2030</th><th>15-20</th><th>20-25</th></tr><tr><td>Window & Door Demand</td><td>19,100</td><td>24,070</td><td>30,230</td><td>32,250</td><td>34,750</td><td>4.7</td><td>1.3</td></tr><tr><td>Residential Buildings:</td><td>12,455</td><td>15,410</td><td>21,190</td><td>22,750</td><td>24,750</td><td>6.6</td><td>1.4</td></tr><tr><td>New Construction</td><td>4,225</td><td>7,100</td><td>10,350</td><td>11,250</td><td>12,000</td><td>7.8</td><td>1.7</td></tr><tr><td>Improvement & Repair</td><td>8,230</td><td>8,310</td><td>10,840</td><td>11,500</td><td>12,750</td><td>5.5</td><td>1.2</td></tr><tr><td>Nonresidential Buildings:</td><td>6,645</td><td>8,660</td><td>9,040</td><td>9,500</td><td>10,000</td><td>0.9</td><td>1</td></tr><tr><td>New Construction</td><td>3,480</td><td>4,640</td><td>4,850</td><td>5,100</td><td>5,550</td><td>0.9</td><td>1</td></tr><tr><td>Improvement & Repair</td><td>3,165</td><td>4,020</td><td>4,190</td><td>4,400</td><td>4,450</td><td>0.8</td><td>1</td></tr></table>											Item	2010	2015	2020	2025	2030	15-20	20-25	Window & Door Demand	19,100	24,070	30,230	32,250	34,750	4.7	1.3	Residential Buildings:	12,455	15,410	21,190	22,750	24,750	6.6	1.4	New Construction	4,225	7,100	10,350	11,250	12,000	7.8	1.7	Improvement & Repair	8,230	8,310	10,840	11,500	12,750	5.5	1.2	Nonresidential Buildings:	6,645	8,660	9,040	9,500	10,000	0.9	1	New Construction	3,480	4,640	4,850	5,100	5,550	0.9	1	Improvement & Repair	3,165	4,020	4,190	4,400	4,450	0.8	1
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49	Source: Global Windows & Doors Industry Market Research, The Freedonia Group, https://www.freedoniagroup.com/industry-study/global-windows-doors-4303.htm#StudyPageListing2 .																																																																										
51	<table><tr><th>Item</th><th>2010</th><th>2015</th><th>2020</th><th>2025</th><th>2030</th></tr><tr><td>Window & Door Demand</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr><tr><td>Residential Buildings:</td><td>65%</td><td>64%</td><td>70%</td><td>71%</td><td>71%</td></tr><tr><td>New Construction</td><td>22%</td><td>29%</td><td>34%</td><td>35%</td><td>35%</td></tr><tr><td>Improvement & Repair</td><td>43%</td><td>35%</td><td>36%</td><td>36%</td><td>37%</td></tr><tr><td>Nonresidential Buildings:</td><td>35%</td><td>36%</td><td>30%</td><td>29%</td><td>29%</td></tr><tr><td>New Construction</td><td>18%</td><td>19%</td><td>16%</td><td>16%</td><td>16%</td></tr><tr><td>Improvement & Repair</td><td>17%</td><td>17%</td><td>14%</td><td>14%</td><td>13%</td></tr></table>											Item	2010	2015	2020	2025	2030	Window & Door Demand	100%	100%	100%	100%	100%	Residential Buildings:	65%	64%	70%	71%	71%	New Construction	22%	29%	34%	35%	35%	Improvement & Repair	43%	35%	36%	36%	37%	Nonresidential Buildings:	35%	36%	30%	29%	29%	New Construction	18%	19%	16%	16%	16%	Improvement & Repair	17%	17%	14%	14%	13%																
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	A	B	C	D	E	F	G	H	I	J	K	L
3	SB 890 & HB 835											
4	Impact-Resistant Windows, Doors, and Garage Doors											
60	II. Estimates for RESIDENTIAL IMPACT-RESISTANT WINDOWS based on "Study of the US Market for Windows, Doors and Skylights" in the bi-annual reports for the Fenestration & Glazing Industry Alliance; study conducted by Ducker Worldwide (published in 2020 and 2022)											
61												
62	Unit Sales of Windows											
63	Conventional Residential Windows											
64	% impact-resistant in hurricane zone											
65	Hurricane zone:											
66	Impact-resistant glazing											
67	Non-impact resistant glazing											
68	Non-hurricane zone											
69	Total residential windows											
70	Percent change per year for impact-resistant glazing											
71	Source: "Study of the US Market for Windows, Doors and Skylights" in the bi-annual report for the Fenestration & Glazing Industry Alliance by Ducker Worldwide (published in 2020 & 2022).											
72	CAGR											
73	Unit Sales of Windows											
74	Unit Sales of Windows - % by Type											
75	Hurricane zone:											
76	Impact-resistant glazing											
77	Non-impact resistant glazing											
78	Non-hurricane zone											
79	Total residential windows											
80	Source: "Study of the US Market for Windows, Doors and Skylights" in the bi-annual report for the Fenestration & Glazing Industry Alliance by Ducker Worldwide (published in 2020 & 2022).											
81												
82	III. Estimates for IMPACT-RESISTANT WINDOWS & DOORS in FLORIDA											
83	Unit Sales of Windows by Calendar Year											
84	Florida Conventional Residential Window Sales (UNITS)											
85	Percent change											
86	Note: Grow to impact year: Grow by 16.2% for CY 2022 & 2023 and by 6.9% for CY 2025 & 2026 (REC 1-19-2024)											
87												
88	Unit Sales of Windows by Fiscal Year											
89	Impact-resistant glazing windows											
90	Equivalent number of new/ existing homes (assuming 22 per home, based on EPA average)											
91												
92	Pprice of Windows by Fiscal Year											
93	Price per window											
94	Lever - Price Index											
95	High											
96	Middle											
97	Low											
98	Used Chained Price Index--Residential Construction (BEA, NEEC 202312)											
99												

	A	B	C	D	E	F	G	H	I	J	K	L
3		SB 890 & HB 835							2 YEARS			
4		Impact-Resistant Windows, Doors, and Garage Doors							July 1, 2024 - June 30, 2026			
100	4	Sales of Windows by Fiscal Year			FY 2024-25				FY 2025-26			
101		Windows			High	Middle	Low	Adopted	Middle			
102		Number of impact-resistant windows			2,152,533	2,152,533	2,152,533		2,302,014			
103		Price			1,358	\$ 960	\$ 244		\$ 987			
104		Sales			2,923,995,879	2,067,239,820	525,997,688	-	2,273,168,848			
105		Sales tax collections			175,439,753	124,034,389	31,559,861	-	136,390,131			
106		Source: Prices of impact-resistant windows collected online for Miami stores at homedepot.com and lowes.com.										
107								33.02				
108	5	Sales of Doors by Fiscal Year										
109		Doors & Garage Doors			High	Middle	Low	Adopted	Middle			
110		Using ratio of doors to windows sales from Freedomia Group	1.0011		175,635,265	124,172,615	31,595,032		136,542,126			
111												
112	6	Sales to Nonresidential Sector by Fiscal Year										
113		Nonresidential buildings			High	Middle	Low	Adopted	Middle			
114		Using ratio of doors to windows sales from Freedomia Group	0.42									
115		New Construction Preference	0.25									
116			0.67		117,544,634	83,103,041	21,145,107		91,381,388			
117												
118	7	Sales of Windows, Doors, & Nonresidential Sector by Fiscal Year							ADOPTED			
119		Total impact FY 2024-25			(468.6)	(331.3)	(84.3)	0.0	(331.3)			
120		Total impact FY 2025-26			(501.1)	(364.3)	(90.2)	0.0	(364.3)			
121		January 19, 2024										

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Taxation – Imposition of Surtax Limitation: Boats and Trailers

Bill Number(s): HB 1001 – Section 3/ SB 1030 – Section 2

☐ **Entire Bill**

☒ **Partial Bill:**

Sponsor(s): Representative Stevenson, Senator Rodriguez

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 19th, 2024

Section 1: Narrative

a. Current Law: Boats and Boat Trailers can be taxed as separate items, each subject to the \$5,000 limitation on local discretionary sales surtaxes.

b. Proposed Change: The sale of a boat and corresponding boat trailer shall be taxed as a single item subject to the \$5,000 limit.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

As we cannot isolate sales of boats sold with a corresponding trailer, we cannot quantify this impact. We can say that the impact per such a sale would be capped at \$50 for a 1% surtax, and would thus require 2,000 such sales to meet our threshold of significance. While only a portion of dealers perform sales this way, given the scale of boat sales in Florida, we believe the impact could be significant but negative indeterminate to locals. The impact is zero to the state as this only impacts discretionary sales surtax.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution: Local Governments

Section 5: Consensus Estimate (Adopted: 01/19/2024) 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	(**)	(**)	(**)	(**)
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: Local Discretionary Sales Tax

Issue: Taxation - Local Discretionary Sales Tax on Commercial Rent

Bill Number(s): HB1001 – Section 4/ SB 1030 – Section 2

☐ **Entire Bill**

☒ **Partial Bill:** Section 4

Sponsor(s): Representative Stevenson, Senator Rodriguez

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 19th, 2024

Section 1: Narrative

a. Current Law: Local discretionary sales tax is due on all taxable business rent transactions.

b. Proposed Change: Allows counties and school boards to choose not to impose local discretionary sales tax on commercial rent transactions.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

This language grants counties and school boards with the authority to not impose local discretionary sales surtax on commercial rent transactions. As we cannot predict which counties, if any, would elect to exercise this option, the impact is 0 to the state, negative indeterminate to the locals.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution: Local Governments

Section 5: Consensus Estimate (Adopted: 01/19/2024) 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 Source: Sales and Tax/ Corporate Income Tax/ Other Taxes and Fees

Issue: Taxation – Event Impacting Timely Challenge

Bill Number(s): HB1001 – Section 5/ SB 1030

- ☐ Entire Bill
☒ Partial Bill: Section 5

Sponsor(s): Representative Stevenson, Senator Rodriguez

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 19th, 2024

Section 1: Narrative

- a. **Current Law:** Taxpayers have a 60-day window to protest a final audit assessment.
- b. **Proposed Change:** Provide the Department with the discretion to consider extraordinary circumstances as a qualifying event for reopening a final assessment beyond the 60-day window for the purposes of settling or compromising the liability or issuing a refund.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

This language allows the department to consider extraordinary circumstances as a reason to re-open an audit protest window. The potential of re-opening the protest window, and with it, the likelihood of taxpayers receiving a compromised liability, creates a potential loss of revenues, though that impact is subject to variability.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution: Sales and Tax/ Corporate Income Tax/ Other Taxes and Fees

Section 5: Consensus Estimate (Adopted: 01/19/2024) The Conference adopted the proposed estimate.

[illegible]

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Tax/ Corporate Income Tax/ Other Taxes and Fees

Issue: Taxation – Garnishment/Levy Bundling

Bill Number(s): HB1001 – Section 6

☐ **Entire Bill**

☒ **Partial Bill:** Section 6

Sponsor(s): Representative Stevenson

Month/Year Impact Begins: July 1st, 2024

Date(s) Conference Reviewed: January 19th, 2024

Section 1: Narrative

- a. Current Law:** The Department has the authority to issue a levy upon credits, other personal property, or debts belonging to a delinquent taxpayer, but does not have the authority to levy for fees. As a result, the Department typically continues with collection efforts for these additional fees after the initial levy is complete.
- b. Proposed Change:** Allow the Department to include all taxes, fees, interest, and costs authorized by law to be included in a garnishment or levy; to avoid multiple collection efforts for additional amounts; and to deliver its notices of levy by electronic means requested by many financial institutions.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

This language grants the Department of Revenue the authority to levy fees, interests, and costs, on top of initial credits, belonging to a delinquent taxpayer. By granting authorization to avoid multiple collection efforts, this section is likely to lead to a net gain in revenues in the short term. However, given that fees owed by delinquent taxpayers are ultimately paid to the Department over time, in addition to the difficulty of predicting delinquent behavior, the overall impact is largely indeterminate. This is presented as the high. Alternatively, due to the potential for stacking of fees under the current law, less revenue could be received over time. This is presented as the low.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution: Sales and Tax/ Corporate Income Tax/ Other Taxes and Fees

Section 5: Consensus Estimate (Adopted: 01/19/2024) The Conference adopted the high estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2023-24	0/**	0/**	0/**	0/**	0/**	0/**	0/**	0/**
2024-25	0/**	0/**	0/**	0/**	0/**	0/**	0/**	0/**
2025-26	0/**	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

Tax: Corporate Income Tax

Issue: Taxation – Underpayment Threshold

Bill Number(s): [HB 1001 Section 7](#)/[SB 1030 Section 7](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 7

Sponsor(s): Representative Stevenson, Senator Rodriguez

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed January 19, 2024

Section 1: Narrative

- a. **Current Law:** Section 220.222(2)(c)1., F.S., provides a taxpayer is not in compliance with the tentative tax payment required by s. 220.32, F.S., if the taxpayer underpays the required amount by more than the greater of \$2,000 or 30 percent of the tax shown on the return when filed.
- b. **Proposed Change:** Amends s. 220.222(2)(c)1., F.S., to increase the dollar threshold used to determine compliance for the tentative tax payment required by s. 220.32, F.S., from \$2,000 to \$6,000.

Section 2: Description of Data and Sources

Department of Revenue draft analysis

2021 CIT roll

Section 3: Methodology (Include Assumptions and Attach Details)

Under current law a CIT taxpayer who requests an extension must pay 70% of their total liability and the remainder of that liability is extended for 6 months. If the amount paid (initial 70%) is underpaid by the greater of \$2000 or 30% of total liability, then they owe penalty and interest on the unpaid portion. Proposed language would change that \$2000 or 30% to \$6000 or 30%, whichever is greater. Because the 30% is unchanged the only affected taxpayers would be those who would pay the capped amount and not the percentage. Under the current \$2000 cap only taxpayers between \$2000 and \$6667 in liability would fall in that category representing 19.4% of CIT taxpayers and 0.8% of total CIT liability. Under the proposed change only taxpayers between \$6000 and \$20,001 would fall in that category representing 17.3% of taxpayers and 2.0% of total CIT liability. Because in any given year it is uncertain which taxpayers would file for extensions and even more uncertain on which of those filing for extensions would underpay the required amount, A negative indeterminate impact is used.

Section 4: Proposed Fiscal Impact

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

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 01/19/2024): 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	(**)	(**)
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: Affordable Housing

Bill Number(s): HB1239

☐ **Entire Bill**

☒ **Partial Bill:** Section 3

Sponsor(s): Representatives Lopez, Gossett-Seidman, and Porras

Month/Year Impact Begins: January 2024

Date(s) Conference Reviewed: January 19, 2024

Section 1: Narrative

- a. **Current Law:** Section 196.1978, Florida Statutes, provides an ad valorem exemption for certain affordable housing properties with more than 70 units, that have rent set within provided limits, and that are newly constructed. 196.1978(3)(a)2. Defines “newly constructed” to mean:

“an improvement to real property which was substantially completed within 5 years before the date of an applicant’s first submission of a request for certification or an application for an exemption pursuant to this section, whichever is earlier.”

- b. **Proposed Change:** The definition of “newly constructed” is change to mean:

“an improvement or the substantial rehabilitation of an existing improvement to real property which was substantially completed within 5 years before the date of an applicant’s first submission of a request for a certification notice pursuant to this subsection.”

Additionally, 196.1978(3)(b)2.b. is created which allows newly constructed multifamily projects within an area of critical state concern as designated by 380.0552 or chapter 28-36, Florida Administrative Code, to have the unit limit reduced from more than 70 to more than 10. Both the statute and administrative code relate only to Monroe County.

Section 2: Description of Data and Sources

- 2022F Real Property (NAL) Roll data
- Apartment Pricing Market Research:
 - Various apartment websites and Apartments.com
 - Individual links can be found in accompanying spreadsheet
- Conversations with Florida Housing Finance Corporation’s (FHFC’s) Office of Multifamily Development
- Distribution of bedrooms for renter-occupied units: Census.gov Table B25042 Tenure by Bedrooms, 2021 ACS 1-year estimates
 - [B25042: TENURE BY BEDROOMS - Census Bureau Table](#)
- Florida Housing Finance Corporation: Florida Housing Rental Programs - 2022 MTSP Income and Rent Limits, 4/18/2022
 - <https://www.floridahousing.org/owners-and-managers/compliance/rent-limits>
- List of FHFC properties: Florida Housing Data Clearinghouse—Assisted Housing Inventory Property List (Sheet 2)
 - <http://flhousingdata.shimberg.ufl.edu/assisted-housing-inventory/results?nid=1>
- Median Household Income by County: Florida Health Charts
 - <https://www.flhealthcharts.gov/ChartsReports/rdPage.aspx?rdReport=NonVitalIndRateOnly.DataViewer&cid=293>
- Median Income and Income Distribution: 2021 ACS 1-Year Estimates Table S1901
 - <https://data.census.gov/table?q=household+income+in+florida&tid=ACSST1Y2021.S1901>
- Rental-occupied bedroom distribution: ACS 2021 1-Yr data
- Rent Limits: Florida Housing Finance Corporation: Florida Housing Rental Programs - 2022 MTSP Income and Rent Limits, 4/18/2022
 - <https://www.floridahousing.org/owners-and-managers/compliance/rent-limits>
- Rental Rate Information: Smart Asset: “How Much Should I Charge for Rent?”
 - <https://smartasset.com/mortgage/how-much-you-should-charge-for-rent#:~:text=The%20amount%20of%20rent%20you,%24%2C000%20and%20%24%2C750%20each%20month.>

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Affordable Housing

Bill Number(s): HB1239

- Residential Non-homestead Taxable Value Growth Rates: August 2022 Ad Valorem Revenue Estimating Conference (AV REC)
 - <http://edr.state.fl.us/Content/conferences/advalorem/index.cfm>
- Survey Cost per Unit: information received from Office of Economic and Demographic Research

Section 3: Methodology (Include Assumptions and Attach Details)

The methodology of the [impact adopted](#) on June 23, 2023 looked at the actual year of the property built, not the year in which substantial rehabilitation of an existing improvement occurred. Additionally, the lower 10 unit limit within an area of critical state concern was not considered at that time.

Based on the adopted methodology, there were no properties in areas of critical state concern that would choose to lower their rent to the level necessary to receive the exemption, and thus the impact of that portion is zero. Using the adopted methodology, the impact of only the rehabilitated properties that were actually built more than 5 years ago is identified below.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25					\$(62.2 M)	\$(137.7 M)
2025-26					\$(75.9 M)	\$(137.7 M)
2026-27					\$(90.0 M)	\$(137.7 M)
2027-28					\$(104.8 M)	\$(137.7 M)
2028-29					\$(120.6 M)	\$(137.7 M)

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 01/19/2024)

The Conference adopted the proposed estimate with the fifth year cash recurring.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(21.1)	(40.8)	(41.2)	(79.8)	(62.2)	(120.6)
2025-26	(25.7)	(40.8)	(50.2)	(79.8)	(75.9)	(120.6)
2026-27	(30.5)	(40.8)	(59.6)	(79.8)	(90.0)	(120.6)
2027-28	(35.5)	(40.8)	(69.3)	(79.8)	(104.8)	(120.6)
2028-29	(40.8)	(40.8)	(79.8)	(79.8)	(120.6)	(120.6)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(62.2)	(120.6)	(62.2)	(120.6)
2025-26	0.0	0.0	0.0	0.0	(75.9)	(120.6)	(75.9)	(120.6)
2026-27	0.0	0.0	0.0	0.0	(90.0)	(120.6)	(90.0)	(120.6)
2027-28	0.0	0.0	0.0	0.0	(104.8)	(120.6)	(104.8)	(120.6)
2028-29	0.0	0.0	0.0	0.0	(120.6)	(120.6)	(120.6)	(120.6)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Affordable Housing

Bill Number(s): HB1239

Monroe County – The Conference adopted a negative indeterminate estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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	(**)	(**)	(**)	(**)
2028-29	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G
1	Step 1: Identify Eligible Parcels						
2	DOR Use Codes:	003 (Multi-family - 10 units or more), 006 (Retirement Homes not eligible for exemption), or 012 (Mixed use - store and office or store and residential combination)					
3	Number of Residential Units:	> 70					
4	Year Built/Rehabilitated	2017-2021					
5		Year Built/Rehabilitated	Count	School District Taxable Value (TV_SD)	Non-School District Taxable Value (TV_NSD)		
6		2017 (proxy for 2022)	25	\$ 1,455,285,687	\$ 1,405,004,442		
7		2018	37	\$ 1,610,740,330	\$ 1,506,778,463		
8		2019	10	\$ 115,562,014	\$ 113,644,524		
9		2020	19	\$ 521,146,064	\$ 461,799,428		
10		2021	2	\$ 8,359,362	\$ 8,359,362		
11		Sum	93	3,711,093,457	3,495,586,219		
12		Source: 2022F NAL Roll					
13							
14	Step 2: Estimate Market Value and Current Rental Rates						
15	Just Value to Market Value Increase						
16		15%					
17							
18	Rental Rate of Market Value						
19			High	Middle	Low		
20			0.79%	0.80%	0.81%		
21							
22	Step 3: Estimating Potential New Rental Rates						
23	a) HUD's Rental Limit (RL) Estimate						
24	RL Weighted by Bedrooms		Weight				
25		0	5.16%				
26		1	22.09%				
27		2	41.14%				
28		3	24.77%				
29		4	6.13%				
30		5	0.71%				
31		Sum	100%				
32		Source: ACS 2021 1-year Tenure by Bedroom: Table B25042					
33							
34	b) Fair Market Value Rent						
35	90% of the Fair Market Rent						
36	Lines 693-695 of bill language						
37		90%					
38							
39	Step 4: Estimate Tax Burden						
40	Each parcel's Non-School District Taxable Value was multiplied by its county's 2022F millage rates to estimate the tax burden						
41							
42	Step 5: Cost/Benefit Analysis						
43							
44	Survey Cost (per parcel)						
45			Cost				
46			\$ 185.88				
47							
48	Pool 1: (3) (d) 2. = 100% Exempt						
49	(Rent Forgone + Survey Cost) < Tax Burden						
50			High	Middle	Low		
51		Parcels	40	40	39		
52		Units	7,033	7,033	6,941		
53		TV_SD	1,031,052,673	\$ 1,031,052,673	\$ 1,013,848,673		
54		TV_NSD	\$ 976,898,517	\$ 976,898,517	\$ 959,694,517		
55		Estimated Tax Burden	\$ 16,871,944	\$ 16,871,944	\$ 16,558,756		
56		Tax Impact	\$ (16,871,944)	\$ (16,871,944)	\$ (16,558,756)		
57		Source: 2022F NAL Roll					

	A	B	C	D	E	F	G
58							
59	Pool 2: (3) (d) 1.= 75% Exempt						
60	(Rent Forgone + Survey Cost) < 75% of Tax Burden						
61			High	Middle	Low		
62		Parcels	29	28	29		
63		Units	8,309	8,132	8,224		
64		TV_SD	1,872,539,140	\$ 1,833,145,540	\$ 1,850,349,540		
65		TV_NSD	\$ 1,783,641,096	\$ 1,751,765,726	\$ 1,768,969,726		
66		Estimated Tax Burden	\$ 33,664,011	\$ 33,042,486	\$ 33,355,675		
67		Tax Impact	\$ (25,248,008)	\$ (24,781,865)	\$ (25,016,756)		
68		% Exempt	75%	75%	75%		
69		Source: 2022F NAL Roll					
70	Note: It is assumed that, if qualified for both exemption amounts, the owner would elect to be 100% exempt (pool 1)						
71							
72	Step 6: Calculate Tax Impact						
73	Statewide Aggregate Millage Rates						
74		Use County Level Millage?	1				
75		School District					
76		Non-School District					
77							
78	Pool 1: (3) (d) 2. = 100% Exempt						
79	2022 Taxes Owed						
80		100%	High	Middle	Low		
81		School District	\$ 6,321,042	\$ 6,321,042	\$ 6,226,644		
82		Non-School District	\$ 10,550,902	\$ 10,550,902	\$ 10,332,112		
83							
84	Pool 2: (3) (d) 1.= 75% Exempt						
85	2022 Taxes Owed, 75% Exempt						
86			High	Middle	Low		
87		School District	\$ 7,935,677	\$ 7,773,562	\$ 7,844,361		
88		Non-School District	\$ 17,312,332	\$ 17,008,303	\$ 17,172,395		
89							
90	2022 Total Impact						
91			High	Middle	Low		
92		School District	\$ (14,256,719)	\$ (14,094,604)	\$ (14,071,005)		
93		Non-School District	\$ (27,863,234)	\$ (27,559,205)	\$ (27,504,507)		
94							
95	Step 7: Account for Parcels with Florida Housing Finance Corporation (FHFC) Agreements						

	A	B	C	D	E	F	G
121							
122	Percent of Value to Remove for FHFC Parcels						
123		0.7%					
124							
125	2022 Total Impact						
126		% Exempt	High	Middle	Low		
127		School District	\$ (14,163,728)	\$ (14,002,671)	\$ (13,979,225)		
128		Non-School District	\$ (27,681,493)	\$ (27,379,447)	\$ (27,325,106)		
129							
130	Step 8: Unit Participation Estimate						
131			High	Middle	Low		
132			100%	95%	90%		
133							
134	2022 Total Impact						
135		% Exempt	High	Middle	Low		
136		School District	\$ (14,163,728)	\$ (13,302,537)	\$ (12,581,302)		
137		Non-School District	\$ (27,681,493)	\$ (26,010,475)	\$ (24,592,596)		
138							
139	Step 9: Apply Growth Rates and Forecast Impact						
140	Residential Non-Homestead Taxable Value Growth Rates						
141		2022	\$ 884,038,137,463				
142		2023	\$ 1,033,445,782,129	16.9%			
143		2024	\$ 1,057,273,251,883	2.3%			
144		2025	\$ 1,127,660,298,544	6.7%			
145		2026	\$ 1,189,593,719,242	5.5%			
146		2027	\$ 1,245,789,396,602	4.7%			
147		2028	\$ 1,303,762,658,809	4.7%			
148		Source: Mar 2023 AV REC		4.7%			
149							
150	Impact: School District						
151	Year	High		Middle		Low	
152		Cash	Recurring	Cash	Recurring	Cash	Recurring
153	2022-2023	\$0	\$(14.2 M)	\$0	\$(13.3 M)	\$0	\$(12.6 M)
154	2023-2024	\$0	\$(19.9 M)	\$0	\$(18.7 M)	\$0	\$(17.6 M)
155	2024-2025	\$(23.7 M)	\$(23.7 M)	\$(22.3 M)	\$(22.3 M)	\$(21.1 M)	\$(21.1 M)
156	2025-2026	\$(28.9 M)	\$(28.9 M)	\$(27.1 M)	\$(27.1 M)	\$(25.7 M)	\$(25.7 M)
157	2026-2027	\$(34.3 M)	\$(34.3 M)	\$(32.2 M)	\$(32.2 M)	\$(30.5 M)	\$(30.5 M)
158	2027-2028	\$(39.9 M)	\$(39.9 M)	\$(37.5 M)	\$(37.5 M)	\$(35.5 M)	\$(35.5 M)
159	2028-2029	\$(46.0 M)	\$(46.0 M)	\$(43.2 M)	\$(43.2 M)	\$(40.8 M)	\$(40.8 M)
160	2029-2030	\$(52.5 M)	\$(52.5 M)	\$(49.3 M)	\$(49.3 M)	\$(46.6 M)	\$(46.6 M)
161							
162	Impact: Non-School District						
163	Year	High		Middle		Low	
164		Cash	Recurring	Cash	Recurring	Cash	Recurring
165	2022-2023	\$0	\$(27.7 M)	\$0	\$(26.0 M)	\$0	\$(24.6 M)
166	2023-2024	\$0	\$(38.8 M)	\$0	\$(36.5 M)	\$0	\$(34.5 M)
167	2024-2025	\$(46.3 M)	\$(46.3 M)	\$(43.6 M)	\$(43.6 M)	\$(41.2 M)	\$(41.2 M)
168	2025-2026	\$(56.5 M)	\$(56.5 M)	\$(53.1 M)	\$(53.1 M)	\$(50.2 M)	\$(50.2 M)
169	2026-2027	\$(67.0 M)	\$(67.0 M)	\$(63.0 M)	\$(63.0 M)	\$(59.6 M)	\$(59.6 M)
170	2027-2028	\$(78.0 M)	\$(78.0 M)	\$(73.3 M)	\$(73.3 M)	\$(69.3 M)	\$(69.3 M)
171	2028-2029	\$(89.8 M)	\$(89.8 M)	\$(84.4 M)	\$(84.4 M)	\$(79.8 M)	\$(79.8 M)
172	2029-2030	\$(102.5 M)	\$(102.5 M)	\$(96.3 M)	\$(96.3 M)	\$(91.1 M)	\$(91.1 M)

	A	B	C	D	E	F	G
173							
174	Total Impact						
175	Year	High		Middle		Low	
176		Cash	Recurring	Cash	Recurring	Cash	Recurring
177	2022-2023	\$0	\$(41.8 M)	\$0	\$(39.3 M)	\$0	\$(37.2 M)
178	2023-2024	\$0	\$(58.7 M)	\$0	\$(55.1 M)	\$0	\$(52.1 M)
179	2024-2025	\$(70.1 M)	\$(70.1 M)	\$(65.8 M)	\$(65.8 M)	\$(62.2 M)	\$(62.2 M)
180	2025-2026	\$(85.4 M)	\$(85.4 M)	\$(80.2 M)	\$(80.2 M)	\$(75.9 M)	\$(75.9 M)
181	2026-2027	\$(101.4 M)	\$(101.4 M)	\$(95.2 M)	\$(95.2 M)	\$(90.0 M)	\$(90.0 M)
182	2027-2028	\$(117.9 M)	\$(117.9 M)	\$(110.8 M)	\$(110.8 M)	\$(104.8 M)	\$(104.8 M)
183	2028-2029	\$(135.8 M)	\$(135.8 M)	\$(127.6 M)	\$(127.6 M)	\$(120.6 M)	\$(120.6 M)
184	2029-2030	\$(155.0 M)	\$(155.0 M)	\$(145.6 M)	\$(145.6 M)	\$(137.7 M)	\$(137.7 M)

Roll Year	tv_sd	tv_nsd	AdoptedGrowth
2022	\$ (2,147,351,460)	\$ (2,044,357,545)	
2023	\$ (3,012,319,784)	\$ (2,867,839,192)	16.9%
2024	\$ (3,595,401,636)	\$ (3,422,954,555)	2.3%
2025	\$ (4,382,585,567)	\$ (4,172,382,600)	6.7%
2026	\$ (5,201,196,943)	\$ (4,951,730,729)	5.5%
2027	\$ (6,052,109,217)	\$ (5,761,830,501)	4.7%
2028	\$ (6,967,120,950)	\$ (6,632,955,314)	4.7%
2029	\$ (7,954,187,406)	\$ (7,572,678,872)	4.7%