

# Information Regarding Florida Taxable Sales Data

**SOURCE OF DATA-** These data come to the state on sales tax returns filed monthly by retail establishments with the Florida Department of Revenue. Taxable sales are those sales subject to Chapter 212, Florida Statutes. Generally speaking, the sales tax is levied on sales of goods, but not services, although there are some taxable services. Major categories of exempt sales are food not prepared for immediate consumption, medical and legal services, residential utilities, items purchased for resale, intangible personal property, and rentals over six months. It is estimated that taxable sales comprise 40-45% of all retail sales.

**TIMING-** Sales tax returns are due on the 20th of each month for the preceding calendar month. Taxable sales are reported directly on the return and are entered into the Department's computer system, a process which consumes several weeks. Thus, as an example, information on taxable sales transactions which took place in January would be recorded on the return due in February, and available as data toward the latter part of March. The data in these tables are dated by the month of transaction.

**REVISIONS-** After the initial release of the data by the Department of Revenue, it undergoes an audit process to make sure the information from the return is internally consistent. This process usually takes about four weeks, when the revised data is released. A notation indicating whether the data is preliminary or revised is at the bottom of the monthly tables.

**USING THE DATA-** Care should be taken when using unaudited data, especially for MSAs that are not large. Users may expect a typical revision between the unaudited and audited data on the order of 3-4%. Even after going through the audit process, data for small MSAs can be quite volatile from month to month, with a high degree of seasonality as well as what appears to be random fluctuation. Users are cautioned against making inferences based on less than four months of data, even when allowing for seasonality.

**CATEGORIES OF TAXABLE SALES-** When a business applies for a sales tax license, it is classified according to its main type of business. There are 90+ "kinds" of business in the Department of Revenue's classification scheme. All taxable sales for a business are attributed to its "kind", regardless of what actually is sold in the transaction. The categories of taxable sales in the tables are groupings of data from related "kinds" of businesses. For example, grocery stores are included under the "nondurables" category while liquor stores are included under the "tourism and recreation" category. A grocery store that sells liquor and remits a single tax return for all its business activity would have its liquor sales classified as nondurables sales in the data. Another example would be an appliance sold at a building supply center. The sale would be counted in the "construction" category rather than the "consumer durables" category. The following paragraphs describe the main kinds of business activity that are included within each

category in the taxable sales tables.

**Autos & Accessories-** The category of "automobiles and accessories" taxable sales includes the sale of new and used cars, repair shops, auto supply stores, and taxable sales at gasoline stations.

**Consumer Durables-** The category of "consumer durables" taxable sales includes the sale of appliances, furniture, home electronics, aircraft, boat dealers, hardware and decorating stores.

**Tourism & Recreation-** The category of "tourism and recreation" taxable sales includes hotels and motels, bar and restaurant sales, liquor stores, photo and art stores, gift shops, admissions, sporting goods, rentals, and jewelry stores.

**Consumer Nondurables-** The category of "consumer nondurables" taxable sales includes food and convenience stores, department and clothing stores, drug stores, antique dealers, bookstores, florists, pet dealers and suppliers, social organizations, storage, communications firms, print shops, nurseries, vending machines, utilities, and any "kind" that doesn't fit into the other categories.

**Building Investment-** The category of "building investment" taxable sales includes sales by building contractors, heating and air conditioning contractors, insulation, well drilling, electrical contractors, interior decorating, paint and wallpaper shops, cabinet and woodworking shops, soil, lumber and building suppliers, and roofing contractors. Services provided by these businesses are not generally taxable.

**Business Investment-** The category of "business investment" taxable sales includes farm equipment, feed and seed suppliers, store and office equipment, computer shops, machine shops, industrial machinery, hotel and restaurant suppliers, transportation equipment, manufacturing and refining equipment, industrial suppliers, paper and packaging materials, medical and optical supplies, commercial rentals, and wholesale dealers. Transactions reported as subject to the "use" tax are also included here, regardless of the kind code of the business reporting the "use" tax.

**Retail Index-** The "index of retail activity" is designed to provide a measure of retail activity for the various Metropolitan Statistical Areas (MSA) and allow comparisons with other MSAs over time. The index is constructed in order to smooth the volatility in the taxable sales data and thereby allow comparisons of one MSA to others on a monthly basis. The index is constructed by aggregating the categories of autos and accessories, other durables, tourism and recreation, and consumer nondurables. This grouping represents the bulk of non-investment spending and is analogous to personal consumption. The sum of these four categories is seasonally adjusted and a four month moving average is taken.

The resulting data series is indexed such that the base period of January 2000 equals 100. Each MSA is measured against itself, that is, each MSA's index equals 100 in the base period and is calculated independently of activity in other MSAs. The index values can be directly read as percentages from the base period. An MSA with an index of 200 would have taxable sales in the combined four categories equal to twice the base period, for example, or a 100% increase ( $200 - 100 = 100\%$ ) from the base period. Likewise, an MSA with an index of 300 would have taxable

sales equal to three times the base period, for a 200% increase ( $300 - 100 = 200\%$ ). The second MSA could be said to have grown twice as fast as the first MSA ( $200\% / 100\% = 2$ ) from the base period, at least as measured by the index.

**MSA DESCRIPTIONS-** The MSAs in the tables are comprised of the following counties and conform to the November 2008 definitions. The November 2008 MSA definitions are used to aggregate the various counties into their respective MSAs, regardless of how the MSA definitions might have changed over time.

Cape Coral/Ft. Myers: Lee

Daytona Beach: Volusia

Ft. Lauderdale: Broward

Ft. Walton: Okaloosa

Gainesville: Alachua, Gilchrist

Jacksonville: Baker, Clay, Duval, Nassau, St. Johns

Miami: Dade

Naples: Collier

Ocala: Marion

Orlando/Kissimmee: Lake, Orange, Osceola, Seminole

Palm Bay/Melbourne: Brevard

Palm Coast: Flagler

Panama City: Bay

Pensacola: Escambia, Santa Rosa

Port St. Lucie/Ft. Pierce: Martin, St. Lucie

Punta Gorda: Charlotte

Sarasota/Bradenton: Manatee, Sarasota

Sebastian/Vero Beach: Indian River

Tallahassee: Gadsden, Jefferson, Leon, Wakulla

Tampa/St. Petersburg: Hernando, Hillsborough, Pasco, Pinellas

West Palm Beach: Palm Beach

Winter Haven/Lakeland: Polk

