

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax

Issue: Increase exemption to \$100,000

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: January 1, 2019 and applying to tax years beginning on or after January 1, 2019

Date of Analysis: 10/13/2017

Section 1: Narrative

- a. **Current Law:** 220.14(1), F.S. In computing a taxpayer's liability for tax under this code, there shall be exempt from the tax \$50,000 of net income as defined in s. 220.12 or such lesser amount as will, without increasing the taxpayer's federal income tax liability, provide the state with an amount under this code which is equal to the maximum federal income tax credit which may be available from time to time under federal law.

220.63 (3), F.S. For purposes of this part, the franchise tax base shall be adjusted federal income, as defined in s. 220.13, apportioned to this state, plus nonbusiness income allocated to this state pursuant to s. 220.16, less the deduction allowed in subsection (5) and less \$50,000.

- b. **Proposed Change:** 220.14(1), F.S. In computing a taxpayer's liability for tax under this code, \$100,000 ~~there shall be exempt from the tax~~ \$50,000 of net income as defined in s. 220.12 is exempt from the tax or such lesser amount as will, without increasing the taxpayer's federal income tax liability, provide the state with an amount under this code which is equal to the maximum federal income tax credit that ~~which~~ may be available from time to time under federal law.

220.63 (3), F.S. For purposes of this part, the franchise tax base ~~is shall be~~ adjusted federal income, as defined in s. 220.13, apportioned to this state, plus nonbusiness income allocated to this state pursuant to s. 220.16, less the deduction allowed in subsection (5) and less \$100,000 ~~\$50,000~~.

Section 2: Description of Data and Sources

DOR Corporate Returns 2008-2015

REC Impact SB 76 – Exemption Increase to \$75,000

Section 3: Methodology (Include Assumptions and Attach Details)

In building the model, it is assumed that the 2015 taxpayer data represents entities currently taking the \$50,000 exemption amount or less respective to their taxable income liability. In addition, it is assumed that any entity with a positive tax liability and zero exemption on their return is a member of a group of entities and one of those entities has taken the full available exemption allowed when filing a return. Therefore, the entities with zero exemption are assumed to not take an exemption in the future.

To find the fiscal impact, the current total taxes paid in the 2015 DOR return data is calculated for all taxpayers and subtracted from the total taxes paid after increasing the exemption by up to \$50,000 for all taxpayers.

The 2015 simulated impact is then grown at two separate growth rates. One has been updated from a previous analysis based on 2008-2013 data. The other is the annual growth rate from 2014 to 2015. The high uses the one-year growth rate between the 2015 simulated impact and the 2014 simulated impact at 6.59% and the low uses the seven-year (2008-2015) compound annual growth rate at 2.92%. The middle impact is the average between the high and the low.

The totals are converted to fiscal year after applying their respective growth rates, and a cash value is calculated based on the estimated return & true-up payment activity that occurs each year.

The cash value is zero in 2018-19, and starting in 2019-20 is larger based on combined estimated and true-up payments.

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Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$ -	\$(36.1 M)	\$ -	\$(34.1 M)	\$ -	\$(32.0 M)
2019-20	\$(56.0 M)	\$(38.5 M)	\$(52.4 M)	\$(35.7 M)	\$(48.7 M)	\$(32.9 M)
2020-21	\$(41.0 M)	\$(41.0 M)	\$(37.5 M)	\$(37.5 M)	\$(33.9 M)	\$(33.9 M)
2021-22	\$(43.8 M)	\$(43.8 M)	\$(39.3 M)	\$(39.3 M)	\$(34.9 M)	\$(34.9 M)
2022-23	\$(46.6 M)	\$(46.6 M)	\$(41.3 M)	\$(41.3 M)	\$(35.9 M)	\$(35.9 M)

List of affected Trust Funds: General Revenue

Section 5: Consensus Estimate (Adopted: 10/13/2017): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2015-16	0.0	(34.1)	0.0	0.0	0.0	0.0	0.0	(34.1)
2016-17	(52.4)	(35.7)	0.0	0.0	0.0	0.0	(52.4)	(35.7)
2017-18	(37.5)	(37.5)	0.0	0.0	0.0	0.0	(37.5)	(37.5)
2018-19	(39.3)	(39.3)	0.0	0.0	0.0	0.0	(39.3)	(39.3)
2019-20	(41.3)	(41.3)	0.0	0.0	0.0	0.0	(41.3)	(41.3)

	A	B	C	D	E	F	G	H	I
1									
2		2015 CIT return data -- 100K exemption							
3		brackets	old_taxpaid	new_taxpaid	difference	count			
4		A. \$0	\$ -	\$ -	\$ -	161,718			
5		B. 1 to 5K	\$ -	\$ -	\$ -	20,234			
6		C. 5001 to 25K	\$ -	\$ -	\$ -	15,239			
7		D. 25001 to 50K	\$ -	\$ -	\$ -	6,240			
8		E. 50001 to 75K	\$ 1,882,978	\$ -	\$ (1,882,978)	2,768			
9		F. 75001 to 100K	\$ 3,339,721	\$ -	\$ (3,339,721)	1,600			
10		G. 100001 to 250K	\$ 20,854,849	\$ 11,326,099	\$ (9,528,750)	3,465			
11		H. 250001 to 500K	\$ 28,899,401	\$ 24,199,651	\$ (4,699,750)	1,709			
12		I. 500001 to 1M	\$ 43,017,567	\$ 39,725,817	\$ (3,291,750)	1,197			
13		J. 1000001 to 10M	\$ 297,151,583	\$ 292,091,583	\$ (5,060,000)	1,840			
14		K. Gtr than 10M	\$ 1,252,019,638	\$ 1,250,883,882	\$ (1,135,756)	413			
15		Totals	\$ 1,647,165,737	\$ 1,618,227,032	\$ (28,938,705)	216,423			
16									
17									

	A	B	C	D	E	F	G	H	I
18									
19		CY	50K-75K simulated Impact		New			CAGR	
20		2015	\$ 15,940,984		One year Compound Annual Growth rate			6.59%	
21		2014	\$ 14,955,306		Seven year Compound Annual Growth rate			2.92%	
22		2013	\$ 14,079,367		Original				
23		2012	\$ 11,940,561						
24		2011	\$ 12,063,615			Four year Compound Annual Growth rate		6.57%	
25		2010	\$ 11,186,993			Five year Compound Annual Growth rate		1.56%	
26		2009	\$ 10,913,608						
27		2008	\$ 13,031,617						
28									
29		Growing at New CAGR Rates				Estimated Payment Calculator - Cash Value			
30		CY	High	Low		CY	High	Low	
31		2015	\$ (28.94)	\$ (28.94)		2015	\$ -	\$ -	
32		2016	\$ (30.85)	\$ (29.78)		2016	\$ -	\$ -	
33		2017	\$ (32.88)	\$ (30.65)		2017	\$ -	\$ -	
34		2018	\$ (35.05)	\$ (31.55)		2018	\$ -	\$ -	
35		2019	\$ (37.36)	\$ (32.47)		2019	\$ (37.36)	\$ (32.47)	
36		2020	\$ (39.82)	\$ (33.42)		2020	\$ (39.82)	\$ (33.42)	
37		2021	\$ (42.44)	\$ (34.39)		2021	\$ (42.44)	\$ (34.39)	
38		2022	\$ (45.24)	\$ (35.40)		2022	\$ (45.24)	\$ (35.40)	
39									

	A	B	C	D	E	F	G	H	I
40									
41		Convert to FY + Taxpayer True-up Activity							
42			High		Low				
43			Cash	Recurring	Cash	Recurring			
44		2018-19	\$ -	\$ (36.1)	\$ -	\$ (32.0)			
45		2019-20	\$ (56.0)	\$ (38.5)	\$ (48.7)	\$ (32.9)			
46		2020-21	\$ (41.0)	\$ (41.0)	\$ (33.9)	\$ (33.9)			
47		2021-22	\$ (43.8)	\$ (43.8)	\$ (34.9)	\$ (34.9)			
48		2022-23	\$ (46.6)	\$ (46.6)	\$ (35.9)	\$ (35.9)			
49									
50									
51		Increase to \$75,000 exemption							
52			High		Middle		Low		
53			Cash	Recurring	Cash	Recurring	Cash	Recurring	
54		2018-19	\$ -	\$ (36.1 M)	\$ -	\$ (34.1 M)	\$ -	\$ (32.0 M)	
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58		2022-23	\$ (46.6 M)	\$ (46.6 M)	\$ (41.3 M)	\$ (41.3 M)	\$ (35.9 M)	\$ (35.9 M)	
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To find the fiscal impact, the current total taxes paid in the 2015 DOR return data is calculated for all taxpayers and subtracted from the total taxes paid after increasing the exemption by up to \$25,000 for all taxpayers.

The 2015 simulated impact is then grown at two separate growth rates. One has been updated from a previous analysis based on 2008-2013 data. The other is the annual growth rate from 2014 to 2015. The high uses the one-year growth rate between the 2015 simulated impact and the 2014 simulated impact at 6.59% and the low uses the seven-year (2008-2015) compound annual growth rate at 2.92%. The middle impact is the average between the high and the low.

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2019-20	\$(30.9 M)	\$(21.2 M)	\$(28.8 M)	\$(19.7 M)	\$(26.8 M)	\$(18.1 M)
2020-21	\$(22.6 M)	\$(22.6 M)	\$(20.6 M)	\$(20.6 M)	\$(18.7 M)	\$(18.7 M)
2021-22	\$(24.1 M)	\$(24.1 M)	\$(21.7 M)	\$(21.7 M)	\$(19.2 M)	\$(19.2 M)
2022-23	\$(25.7 M)	\$(25.7 M)	\$(22.7 M)	\$(22.7 M)	\$(19.8 M)	\$(19.8 M)

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Section 5: Consensus Estimate (Adopted: 10/13/2017): The Conference adopted the middle estimate.

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2020-21	(20.6)	(20.6)	0.0	0.0	0.0	0.0	(20.6)	(20.6)
2021-22	(21.7)	(21.7)	0.0	0.0	0.0	0.0	(21.7)	(21.7)
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14		K. Gtr than 10M	\$ 1,252,019,638	\$ 1,251,451,757	\$ (567,881)	413			
15		Totals	\$ 1,647,165,737	\$ 1,631,224,753	\$ (15,940,984)	216,423			
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26		2009	\$ 10,913,608						
27		2008	\$ 13,031,617						
28									
29		Growing 2015 Impact at Growth Rates (H20 & H21)				Estimated Payment Calculation - Cash Value Portion			
30		CY	High	Low		CY	High	Low	
31		2015	\$ (15.94)	\$ (15.94)		2015	\$ -	\$ -	
32		2016	\$ (16.99)	\$ (16.41)		2016	\$ -	\$ -	
33		2017	\$ (18.11)	\$ (16.89)		2017	\$ -	\$ -	
34		2018	\$ (19.31)	\$ (17.38)		2018	\$ -	\$ -	
35		2019	\$ (20.58)	\$ (17.89)		2019	\$ (20.58)	\$ (17.89)	
36		2020	\$ (21.93)	\$ (18.41)		2020	\$ (21.93)	\$ (18.41)	
37		2021	\$ (23.38)	\$ (18.95)		2021	\$ (23.38)	\$ (18.95)	
38		2022	\$ (24.92)	\$ (19.50)		2022	\$ (24.92)	\$ (19.50)	
39									

	A	B	C	D	E	F	G	H	I
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56		2020-21	\$ (22.6 M)	\$ (22.6 M)	\$ (20.6 M)	\$ (20.6 M)	\$ (18.7 M)	\$ (18.7 M)	
57		2021-22	\$ (24.1 M)	\$ (24.1 M)	\$ (21.7 M)	\$ (21.7 M)	\$ (19.2 M)	\$ (19.2 M)	
58		2022-23	\$ (25.7 M)	\$ (25.7 M)	\$ (22.7 M)	\$ (22.7 M)	\$ (19.8 M)	\$ (19.8 M)	
59									

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Credit for Baby Changing Tables in Restaurants

Bill Number(s): SB 236

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Sen. Book

Month/Year Impact Begins: July 1, 2018

Date of Analysis: 10/13/2017

Section 1: Narrative

a. Current Law: Currently there is no sales tax credit for baby changing tables in restaurants.

b. Proposed Change: SB 236 creates a paragraph (t) in subsection (5) of section 212.08, Florida Statutes (2017) that allows a restaurant that purchases and installs a baby changing table on the premises to take a credit against the tax remitted under this chapter. The credit is equal to the actual cost of the baby changing table, not including the cost of the installation, or \$300, whichever is less. A restaurant may receive credits for no more than two changing tables.

A baby changing table is defined as “a table or other device used to change a child’s diaper or clothes.” A restaurant is defined as “an establishment where food is prepared and sold for immediate consumption on the premises.”

Section 2: Description of Data and Sources

Phone conversation with Bonnie Yatkeman, Childcare Category Manager, Koala Kare Products, 10/12/2017

Florida Department of Business and Professional Regulations, Division of Hotels & Restaurants Annual Report: FY 2016-2017, http://www.myfloridalicense.com/dbpr/hr/reports/annualreports/documents/ar2016_17.pdf, accessed on 10/11/2017, and e-mail correspondence dated 10/11/2017- 10/11/2017.

U.S. Bureau of Labor Statistics and Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages Program, Annual 2016 Data.

"Parents spend money at eateries with child amenities." *Restaurant Hospitality*, June 2006, p. 108. *Hospitality, Tourism and Leisure*, go.galegroup.com/ps/i.do?p=PPTH&sw=w&u=21246_rsc&v=2.1&id=GALE%7CA161806265&it=r&asid=f6567804f01f2698dafa4c1fdb256038. Accessed 12 Oct. 2017.

WebstaurantStore.com, https://www.webstaurantstore.com/889/baby-changing-stations-tables.html?gclid=EAlaIqobChMloly6jurm1gIVB2SGCh0gKwAHEAAYAiAAEglwpPD_BwE, accessed 10/10/2017,.

GlobalIndustrial.com, <http://www.globalindustrial.com/g/janitorial-maintenance/bathroom/baby-changing-tables/baby-changing-station>, accessed on 10/10/2017.

Amazon.com, <https://www.amazon.com/Baby-Changing-Stations/b?ie=UTF8&node=1265153011>, accessed on 10/10/2017.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis makes the following assumptions:

- **Restaurants:** This analysis assumes that the definition of a restaurant in SB 236 may include any of the facilities in North American Industry Classification System (NAICS) 7225 “Restaurants and other eating places.” This NAICS industry includes full-service restaurants, limited-service restaurants, cafeterias & buffets, and snack bars (bagel shops, coffee shops, etc.). This definition is close to the definition of a “public food establishment” used by the Florida Department of Business and Professional Regulations (DBPR), except mobile units and nonalcoholic beverage bars. DBPR includes mobile food vehicles and carts in their definition. These mobile units have been excluded from the definition of a restaurant in this analysis since they do not have restrooms. DBPR does not regulate nonalcoholic beverage bars but they are included in this analysis because the classification system does not provide for such a breakdown.
- **Restrooms:** Florida law requires restaurants to have one restroom. Local regulations may require restaurants to have more than one restroom based on the size of the facility.
- **Baby changing tables:** Baby changing tables are assumed to be the plastic tables typically mounted on the walls of restaurants.
- **Lifetime of a changing table:** Changing tables are durable and sturdy. One manufacturer has a 5-year warranty on the product. The expected lifetime of a changing table may exceed a restaurant’s interior design lifetime. A changing table may last 10 or more years. Sometimes, only parts of the unit may need to be replaced – the bed, the straps, or the folding mechanism. This analysis assumes a changing table has a long shelf life.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Credit for Baby Changing Tables in Restaurants

Bill Number(s): SB 236

Miami-Dade requires certain new and remodeled restaurants to have baby changing stations accessible to men and women. This applies to restaurants with seating capacity of at least 50 seats¹. A federal law signed in 2016 requires federal buildings to have baby changing tables in men's and women's bathrooms². However, this analysis did not make any adjustment for the above two events because consumer preferences in this area appear to be slowly producing changes nationwide regardless of the presence of regulations.

The food service sector is increasingly dominated by large chains³. Such chains increasingly try to address consumer preferences for gender parity in bathrooms. According to the industry, chain restaurants are more likely to install a baby changing table either in a family room or in both the men's and women's restrooms when building a new restaurant than other types of restaurants. Casual dining restaurants, whose main clientele is families, are most likely to have at least one changing table. Chains may make different decisions on the corporate level as to whether they will install one or two changing tables per restaurant. Some fine dining establishments may be less likely to have baby changing tables as their clientele does not generally include families with babies and toddlers. Families with young children tend to frequent restaurants that have amenities that cater to their needs.

The proposed bill applies to both new and existing restaurants and separate estimates of new and existing restaurants were developed.

The estimate of new restaurants is developed using DBPR counts of restaurant plan reviews, adjusted to include categories, equivalent to this analysis' definition of restaurants. DBPR plan reviews capture restaurant "births" and appear to be a better measure of the potential universe of "new restaurants" for this bill. Simple growth in the number of new restaurants calculated from the change in the total number from year to year reflects only the net new restaurants and does not capture the "churn" in the industry. While there were 35,010 restaurants in 2016, representing a growth of 2.2% (770 establishments) from the prior year, DBPR conducted plan reviews for 6,589 new restaurants or remodels⁴. The plan reviews are adjusted to exclude mobile food vehicles and food stands. The number of new restaurants is then reduced to account for smaller establishments, establishments not catering to this demographic group, establishments without the physical space, and establishments with already installed tables to develop an estimate of establishments that are likely to take advantage of the tax credit.

The analysis uses restaurant establishment counts to determine the universe of existing restaurants in Florida. The total number of existing restaurants is reduced to account for smaller establishments, establishments not catering to this demographic group, establishments without the physical space, and establishments with already installed tables to develop an estimate of establishments that are likely to take advantage of the tax credit.

Further reductions were done to account for the fact that some restaurants may choose to install only one table, some may choose two. In addition, adjustments for already installed changing tables were made for existing restaurants. The restaurant numbers are grown from FY 2016-17 to FY 2018-19 by the average growth rate in restaurant establishments from 2011 to 2016 of 2%.

Table 2 - Number of Baby Changing Tables

	Restaurants (2% growth/year)			Tables
	FY 2016-17	FY 2018-19	FY 2018-19	FY 2018-19
New restaurants/remodels universe	3,560	3,631	3,704	
Installing one changing table	1,353	1,380	1,408	1,408
Installing two changing tables	902	920	938	1,876
Total, new restaurants/remodels installing at least 1 table	2,255	2,300	2,346	3,284
Existing restaurants upgrade universe	35,010	35,711	36,427	
Have one, installing a second	8,873	9,051	9,232	9,232
have zero, installing one	532	543	554	554
have zero, installing two	355	362	369	738
Total, existing restaurants installing at least 1 table	9,760	9,956	10,155	10,524

¹ Miami-Dade County, Baby Diaper Changing Accommodations, <http://www.miamidade.gov/business/laws-baby-diaper.asp>, accessed on 10/10/2017.

² Public Law 114-235 - The BABIES Act (Bathrooms Accessible In Every Situation Act.)

³ Single Location Full Service Restaurants in the US, IBISWorld, October 2017, www.ibisworld.com, accessed on 10/9/2017.

⁴ DBPR data may include plan reviews for restaurants that may open in the following year.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Credit for Baby Changing Tables in Restaurants

Bill Number(s): SB 236

This analysis assumes that while new restaurants each year will be able to avail themselves of the proposed tax credit, existing restaurants will only be able to take advantage of the credit only once. Furthermore, this methodology includes the remodels by the same owner but in the future, these remodels, if done by the same owner and the owner has already taken credit for it, may need to be excluded as the bill language appears to allow only a one-time use of the credit.

The tables below show the estimated impact for new build restaurants and existing restaurants. For both new and existing restaurants, a price of \$200 was assumed for the low, a price of \$250 was assumed for the middle and the maximum credit of \$300 was assumed for the high⁵. The price range appears to be significantly wider: from \$170 to \$1,200. However, SB 236 sets the maximum amount of the credit at \$300 per table. For existing restaurants, the high assumes that all restaurants assumed to have only one changing table will install a second changing table, while the low assumes that none of the restaurants currently without a table will install one. For new restaurants, the same number of restaurants is used in all three scenarios as new restaurants may be more likely to install a changing table.

Table 3 - Sales Tax Credit - One-Time upon Becoming a Law - FY 2018-19

	High	Middle	Low
Price per Table	300	250	200
Number of Tables	18,463	10,524	9,232
Sales Tax Credit	5,538,900	2,631,000	1,846,400

Table 4 - Sales Tax Credit - Reoccurring Annually - FY 2018-19

	High	Middle	Low
Price per Table	300	250	200
Number of Tables	3,284	3,284	3,284
Sales Tax Credit	985,200	821,000	656,800

Table 5 sums the impacts from Tables 3 and 4. The impact for FY 2018-19 reflects both the new and existing restaurant tax credits. For FY 2019-20 and subsequent years, the impact is only the new restaurant tax credits.

Table 5 - Sales Tax Credit - Total - FY 2018-19

High	Middle	Low
6,524,100	3,452,000	2,503,200

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$6.52)	(\$6.52)	(\$3.45)	(\$3.45)	(\$2.50)	(\$2.50)
2019-20	(\$0.99)	(\$0.99)	(\$0.82)	(\$0.82)	(\$0.66)	(\$0.66)
2020-21	(\$0.99)	(\$0.99)	(\$0.82)	(\$0.82)	(\$0.66)	(\$0.66)
2021-22	(\$0.99)	(\$0.99)	(\$0.82)	(\$0.82)	(\$0.66)	(\$0.66)
2022-23	(\$0.99)	(\$0.99)	(\$0.82)	(\$0.82)	(\$0.66)	(\$0.66)

List of affected Trust Funds: General Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax Credit for Baby Changing Tables in Restaurants

Bill Number(s): SB 236

Section 5: Consensus Estimate (Adopted: 10/13/2017): The Conference adopted the high estimate for Table 4.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2019-20	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2020-21	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2021-22	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)
2022-23	(0.8)	(0.8)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)
2019-20	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)
2020-21	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)
2021-22	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)
2022-23	(0.1)	(0.1)	(0.2)	(0.2)	(1.0)	(1.0)

	A	B	C	D	E	F
1	SB 236 Impact Analysis Florida New and Existing Restaurants Likely to Install Changing Tables					
2						
3						
4						
5	Table 1 - Number of Restaurants					
6	I. New Restaurant Buildings and Remodels	FY 2016-17				
7	New/remodel facilities (permanent, excl. mobile units)					
8	New restaurant buildings (1)	3,278				
9	Remodels to existing restaurant buidings, with or without change in ownership (2)	1,984				
10	Assume 20% with a bathroom change (3)	282				
11	Total new restaurants/remodels	3,560	=3,287+282			
12	Restaurants with sales less than \$250K/yr that may only have one restroom, may not serve this demographic group, or may not have the structural space needed (20.8%) - DEDUCT (4)	(741)	=3,560*0.208			
13	Remaining restaurants with sales>250K/ yr:	2,819	=3,560-741			
14	Number of restaurants assumed to have at least 2 restrooms (100%)	2,819				
15	Number of restaurants assumed to install at least 1 changing table (80%) (3)	2,255	=2,819*0.8			
16	Assume one (60%) (3)	1,353	=2,255*0.6			
17	Assume two (40%) (3)	902	=2,255*0.4			
18						
19	II. Existing restaurants (5)	35,010				
20	Restaurants with sales less than \$250K/yr that may only have one restroom, may not serve this demographic group, or may not have the structural space needed (20.8%) - DEDUCT (4)	(7,284)	=35,010*0.208			
21	Remaining restaurants with sales>250K/ yr	27,726	=35,010-7,284			
22	Number of restaurants assumed to have at least 2 restrooms (100%)	27,726				
23	Restaurants assumed to already have two changing table (20%) (3)	(5,545)	=27,726*0.2			
24	Remaining restaurants	22,181	=27,726-5,545			
25	Restaurants assumed to already have one changing table (80%) (3)	17,745	=22,181*0.8			
26	Remaining restaurants with no changing tables	4,436	=22,181-17,745			
27						
28						
29	Of the restaurants with one changing table, assumed to install a second (50%) (3)	8,873	=17,745*0.5			
30	Of the restaurants with no changing tables, assumed to install at least one (20%) (3):	887	=4,436*0.2			
31	Assume one (60%) (3)	532	=887*0.6			
32	Assume two (40%) (3)	355	=887*0.4			
33	Note: Subcategories may not add up due to rounding.					
34	(1) Florida Department of Business and Professional Regulations, unpublished data					
35	(2) Apply the same share as in (1) to DBPR Annual Report FY 2016-17, Table 1.					
36	(3) Analyst assumption, not able to obtain published data.					
37	(4) U.S. Census Bureau, Economic Census 2012, Accommodation and Food Services: Subject Series - Estab & Firm Size: Summary Statistics by Sales Size of Establishments for the U.S.: 2012.					
38	U.S. Bureau of Labor Statistics and Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages Program, Annual 2016 Data.					
39						
40	Table 2 - Number of Baby Changing Tables					
41		Restaurants (2% growth/year)			Tables	
42		FY 2016-17	FY 2017-18	FY 2018-19	FY 2018-19	
43	New restaurants/remodels universe	3,560	3,631	3,704		
44	Installing one changing table	1,353	1,380	1,408	1,408	
45	Installing two changing tables	902	920	938	1,876	
46	Total, new restaurants/remodels installing at least 1 table	2,255	2,300	2,346	3,284	
47	Existing restaurants upgrade universe	35,010	35,711	36,427		
48	Have one, installing a second	8,873	9,051	9,232	9,232	
49	have zero, installing one	532	543	554	554	
50	have zero, installing two	355	362	369	738	
51	Total, existing restaurants installing at least 1 table	9,760	9,956	10,155	10,524	
52						
53						
54	Table 3 - Sales Tax Credit - One-Time upon Becoming a Law - FY 2018-19					
55		High	Middle	Low		
56	Price per Table	300	250	200		
57	Number of Tables	18,463	10,524	9,232		
58	Sales Tax Credit	5,538,900	2,631,000	1,846,400		
59						
60	Table 4 - Sales Tax Credit - Reccuring Annually - FY 2018-19					
61		High	Middle	Low		
62	Price per Table	300	250	200		
63	Number of Tables	3,284	3,284	3,284		
64	Sales Tax Credit	985,200	821,000	656,800		
65						
66						
67						
68		Table 5 - Sales Tax Credit - Total - FY 2018-19				
69		High	Medium	Low		
70		6,524,100	3,452,000	2,503,200		
71	Last revised: 10/12/2017					
72						
73						

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Manufacturing Equipment

Bill Number(s): SJR 136

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Sen. Steube

Month/Year Impact Begins: January 1, 2019 first affecting 2019-2020 levies

Date of Analysis: October 13, 2017

Section 1: Narrative

- a. Current Law:** ARTICLE VII, section 4 of the Florida Constitution states (in part) "By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided: ...
"(c) Pursuant to general law tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation."
- b. Proposed Change:** Amends ARTICLE VII, section 4 of the Florida Constitution to state "By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided: ...
"(c) Pursuant to general law, tangible personal property:
"(1) Held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation.
"(2) In the form of manufacturing equipment, as defined by general law, which is used by a business primarily engaged in manufacturing may be exempted from taxation or may be assessed at less than just value pursuant to a method of accelerated depreciation established by general law."
An effective date of January 1, 2019, is added to Article XII of the Florida Constitution.

Section 2: Description of Data and Sources

2015 Ad Valorem TPP Tax Rolls (Final)
2016 Ad Valorem TPP Tax Rolls (Final)
2017 Ad Valorem TPP Tax Rolls (Preliminary)
2012 NAICS Code Definitions
2017 NAICS Code Definitions
Ad Valorem Consensus Estimating Conference TPP taxable value estimates, August 2017

Section 3: Methodology (Include Assumptions and Attach Details)

Using statewide annual tangible personal property (TPP) assessment rolls for 2015-2017, each TPP account's NAICS code was used to assign a business sector and subsector description based on the first two-digits (sector) and three-digits (subsector) of the code. The 2015, 2016, and 2017 taxable values were aggregated by subsector.
Two methods are presented: each industry subsector's total taxable value was assigned a percentage assumed to be the value of any manufacturing equipment owned by businesses primarily engaged in manufacturing. The second method is restricted to the impact on manufacturing NAICS codes (31-33).
Annual growth rates were determined from the tangible personal property taxable value forecast from the August 2017 Ad Valorem Consensus Estimating Conference. After applying these rates to the calculated 2017 values, the ad valorem impact was computed using the most recent effective statewide millage rates for school and non-school levies (2016).

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19				\$ 0		
2019-20				(Indeterminate)		
2020-21				(Indeterminate)		
2021-22				(Indeterminate)		
2022-23				(Indeterminate)		

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Manufacturing Equipment

Bill Number(s): SJR 136

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 10/13/2017): The Conference adopted a zero/negative indeterminate impact since this is a joint resolution proposing an amendment to be submitted to the voters. If voters do not approve the constitutional amendment, the impact is zero. If the constitutional amendment passes and the legislature chooses to implement it by limiting the tax benefit only to traditional manufacturing NAICS codes (31 through 33), the impact in FY 2019-20, using 2016 millage rates, is estimated to be reductions of (\$131.2m) against Non-school and (\$84.3m) against School Ad Valorem revenues. However, the impact will be larger should the Legislature decide to also include other industries in the implementing bill. For instance, including utilities (NAICS code 22) will increase the reductions by an additional (\$513.0m) against Non-school and (\$329.6m) against School Ad Valorem revenues.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	0.0	0.0	0.0	0.0	0.0	(0/**)	0.0	(0/**)
2019-20	0.0	0.0	0.0	0.0	(0/**)	(0/**)	(0/**)	(0/**)
2020-21	0.0	0.0	0.0	0.0	(0/**)	(0/**)	(0/**)	(0/**)
2021-22	0.0	0.0	0.0	0.0	(0/**)	(0/**)	(0/**)	(0/**)
2022-23	0.0	0.0	0.0	0.0	(0/**)	(0/**)	(0/**)	(0/**)

SJR 136 Manufacturing Equipment
Impact Summary

	A	B	C	D	E
1	Reduction in Taxable Value Forecast - Manufacturing				
2	Forecast at TPP TV Growth				
3				Taxable Value Impact	
4			REC TPP Taxable Value Growth Rate	Manufacturing NAICS Codes	
5		2015		10,884,362,405	
6		2016		11,103,207,972	
7		2017		11,426,260,374	
8		2018	3.002%	11,769,255,165	
9		2019	2.998%	12,122,106,128	
10		2020	3.000%	12,485,798,880	
11		2021	3.000%	12,860,333,422	
12		2022	2.997%	13,245,709,753	
13		2023	2.999%	13,642,913,491	
14					
15	2016 Statewide Effective Millage Rates				
16				Millage	
17		Non-School Effective Millage Rate		10.8240	
18		School Effective Millage Rate		6.9550	
19					
20					
21	Ad Valorem Tax Impact - Manufacturing				
22			Manufacturing NAICS Codes		
23			Non-School Tax Impact	School Tax Impact	
24		2018-19*	\$ -	\$ -	
25		2019-20	\$ (131.2 M)	\$ (84.3 M)	
26		2020-21	\$ (135.1 M)	\$ (86.8 M)	
27		2021-22	\$ (139.2 M)	\$ (89.4 M)	
28		2022-23	\$ (143.4 M)	\$ (92.1 M)	
29					
38			Total Tax Impact		
39			Manufacturing NAICS Codes		
40		2018-19	\$ -		
41		2019-20	\$ (215.5 M)		
42		2020-21	\$ (222.0 M)		
43		2021-22	\$ (228.6 M)		
44		2022-23	\$ (235.5 M)		

SJR 136 Manufacturing Equipment
Impact Summary

	A	B	C	D	E
1	Reduction in Taxable Value Forecast - Utilities				
2	Forecast at TPP TV Growth				
3				Taxable Value Impact	
4			REC TPP Taxable Value Growth Rate	Utilities NAICS Code	
5		2015		40,299,917,966	
6		2016		41,801,438,929	
7		2017		44,674,298,588	
8		2018	3.002%	46,015,336,793	
9		2019	2.998%	47,394,910,578	
10		2020	3.000%	48,816,873,502	
11		2021	3.000%	50,281,225,565	
12		2022	2.997%	51,787,966,767	
13		2023	2.999%	53,340,950,665	
14					
15	2016 Statewide Effective Millage Rates				
16				Millage	
17		Non-School Effective Millage Rate		10.8240	
18		School Effective Millage Rate		6.9550	
19					
20					
21	Ad Valorem Tax Impact - Utilities				
22			Utilities NAICS Codes		
23			Non-School Tax Impact	School Tax Impact	
24		2018-19*	\$ -	\$ -	
25		2019-20	\$ (513.0 M)	\$ (329.6 M)	
26		2020-21	\$ (528.4 M)	\$ (339.5 M)	
27		2021-22	\$ (544.2 M)	\$ (349.7 M)	
28		2022-23	\$ (560.6 M)	\$ (360.2 M)	
29					
38			Total Tax Impact		
39			Utilities NAICS Code		
40		2018-19	\$ -		
41		2019-20	\$ (842.6 M)		
42		2020-21	\$ (867.9 M)		
43		2021-22	\$ (893.9 M)		
44		2022-23	\$ (920.7 M)		

SJR 136 Manufacturing Equipment
Impact Summary

	A	B	C	D	F	G	H
1	Taxable Value and Reduction by NAICS Subsector						
2		Taxable Value (Current Situation)			Taxable Value Impact		
3	SUBSECTOR_DESCRIPTION	2015	2016	2017	2015	2016	2017
17	311: Food Manufacturing	1,813,864,219	1,761,495,995	1,668,355,580	1,813,864,219	1,761,495,995	1,668,355,580
18	312: Beverage and Tobacco Product Manufacturing	1,000,202,682	993,482,795	960,368,515	1,000,202,682	993,482,795	960,368,515
19	313: Textile Mills	19,067,668	17,986,656	15,884,175	19,067,668	17,986,656	15,884,175
20	314: Textile Product Mills	9,515,160	11,189,141	10,606,535	9,515,160	11,189,141	10,606,535
21	315: Apparel Manufacturing	21,080,683	21,273,879	20,722,423	21,080,683	21,273,879	20,722,423
22	316: Leather and Allied Product Manufacturing	18,698,020	14,072,933	11,953,536	18,698,020	14,072,933	11,953,536
23	321: Wood Product Manufacturing	211,121,913	230,365,358	210,971,581	211,121,913	230,365,358	210,971,581
24	322: Paper Manufacturing	1,199,998,025	1,187,237,651	1,260,429,457	1,199,998,025	1,187,237,651	1,260,429,457
25	323: Printing and Related Support Activities	275,497,735	264,214,651	265,976,688	275,497,735	264,214,651	265,976,688
26	324: Petroleum and Coal Products Manufacturing	133,988,852	135,115,618	139,311,965	133,988,852	135,115,618	139,311,965
27	325: Chemical Manufacturing	1,045,342,226	1,088,200,229	1,295,846,051	1,045,342,226	1,088,200,229	1,295,846,051
28	326: Plastics and Rubber Products Manufacturing	379,924,057	352,464,988	346,464,098	379,924,057	352,464,988	346,464,098
29	327: Nonmetallic Mineral Product Manufacturing	1,158,612,406	1,174,636,259	1,242,224,670	1,158,612,406	1,174,636,259	1,242,224,670
30	331: Primary Metal Manufacturing	208,320,815	195,434,387	260,328,232	208,320,815	195,434,387	260,328,232
31	332: Fabricated Metal Product Manufacturing	739,283,976	746,782,581	701,427,770	739,283,976	746,782,581	701,427,770
32	333: Machinery Manufacturing	643,816,799	811,386,335	877,968,819	643,816,799	811,386,335	877,968,819
33	334: Computer and Electronic Product Manufacturing	452,442,290	488,256,983	522,451,216	452,442,290	488,256,983	522,451,216
34	335: Electrical Equipment, Appliance, and Component Manufacturing	313,729,671	321,741,811	274,821,490	313,729,671	321,741,811	274,821,490
35	336: Transportation Equipment Manufacturing	508,193,648	567,205,235	623,315,156	508,193,648	567,205,235	623,315,156
36	337: Furniture and Related Product Manufacturing	50,376,944	63,890,845	64,106,624	50,376,944	63,890,845	64,106,624
37	339: Miscellaneous Manufacturing	681,284,616	656,773,642	652,725,793	681,284,616	656,773,642	652,725,793
104							
106	Total for Manufacturing NAICS Codes only	10,884,362,405	11,103,207,972	11,426,260,374	10,884,362,405	11,103,207,972	11,426,260,374
107							
110		Taxable Value (Current Situation)			Taxable Value Impact		
111	SUBSECTOR_DESCRIPTION	2015	2016	2017	2015	2016	2017
112	221: Utilities	40,299,917,966	41,801,438,929	44,674,298,588	40,299,917,966	41,801,438,929	44,674,298,588