

## REVENUE ESTIMATING CONFERENCE

**Tax:** Ad Valorem

**Issue:** Combat Disabled Vets/Surviving Spouses

**Bill Number(s):** HB 527/SB1000

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Rep. Magar/Senator Grimsley

**Month/Year Impact Begins:** July 1, 2018

**Date of Analysis:** November 30, 2017

### Section 1: Narrative

#### a. Current Law:

Section 196.082, Florida Statutes, states that a veteran aged 65 or older who is partially or totally permanently disabled shall receive a "discount from the amount of the ad valorem tax otherwise owed on homestead property that the veteran owns and resides in." The disability must be combat-related, and the veteran must have been honorably discharged from the military.

The discount is "in a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veterans Affairs."

The property appraiser must first apply all other applicable exemptions to the parcel's assessed value. The appraiser then subtracts the discount portion attributable to the veteran's disability from the remaining value to yield the discounted taxable value.

#### b. Proposed Change:

This bill adds a new subsection 3 and renumbers the succeeding subsections. The new subsection states "(3) If the partially or totally and permanently disabled veteran predeceases his or her spouse and if, upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides thereon as specified in s. 196.031, the discount from ad valorem tax that the veteran received carries over to the benefit of the veteran's spouse until such time as he or she remarries or sells or otherwise disposes of the property. If the spouse sells the property, a discount not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence, as long as it is used as his or her primary residence and he or she does not remarry. Any applicant who is qualified to receive a discount under this section and who fails to file an application by March 1 may file an application for the discount and may file, pursuant to s. 194.011(3), a petition with the value adjustment board requesting that the discount be granted. Such application and petition shall be subject to the same procedures as for exemptions set forth in s. 196.011(8)."

It goes into effect on July 1, 2018.

### Section 2: Description of Data and Sources

2010-2016 real property assessment rolls (final)

2017 real property assessment roll (preliminary)

2010-2017 Data Books (Florida Ad Valorem Valuation and Tax Data)

2016 American Community Survey 1-Year Estimates, Sex by Marital Status by Age, Report # B12002

Annual Estimates of the Resident Population for Selected Age Groups by Sex, US Census Bureau (USCB)

Profile of Vietnam War Veterans, National Center for Veteran Analysis and Statistics

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

The analysis assumes that the bill allows a surviving spouse to transfer the discount's dollar amount to a new homestead (instead of the discount percent) with the sentence "If the spouse sells the property, a discount not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence, as long as it is used as his or her primary residence and he or she does not remarry." Additionally, this impact estimate is prospective. Any instances where the discount lapsed between the veteran's death and the bill going into effect are not included.

Using the 2010 final statewide assessment roll, we extracted every parcel with a value in the field for exemption code 80 (s. 196.082, disabled veterans discount) and merged them with the next year's statewide roll. Then, we extracted every parcel with any value in the relevant exemption field for 2010 or 2011 and merged them with the next year's statewide roll. We repeated this process with each available annual roll. As parcels that received a discount at some point before losing eligibility still exist in the roll extract after losing the discount, we created flags to show when a parcel lost the discount.

The law changed in 2013 to allow veterans who did not live in Florida at the time of their injury to be eligible for the discount. This increased the number of parcels and value significantly enough that the pre-2013 data cannot be used as a relevant comparison. The public rolls were used (which don't include confidential parcels), so the historical annual growth rate

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is calculated from the statewide county and school totals from the Data Book. The growth rate has been declining since the high of 67% in 2014, with the most recent being approximately 20%.

To project the discount value into the future, we use two growth rates under the assumption that there are currently two groups of people becoming eligible for this discount and after 2021 there will be only one group. These two groups are: veterans moving to Florida from somewhere else and veterans already living here who cross the age requirement threshold. The last roll year where a homeowner is 65 or older and was 18 before the end of the Vietnam War draft will be 2021 (born 1955, draft ended January 1973). After 2021, the new applicant cohort will mostly consist of veterans moving to Florida. For the 2018-2021 roll years, the high growth rate is 25%, the low is 10%, and the middle is the average of the high and low (17.5%). After that, the high growth rate is 10%, the low is 5%, and the middle is 7.5%. The projected discount values are grown from the 2017 preliminary school and non-school totals.

The discount value estimates are reduced so that only the portion of the value belonging to the calculated rate of decay is kept. The decay rate is the portion of a given roll's discount value belonging to parcels that do not have the discount on future rolls. (i.e., value attributable to the death of the eligible veteran or the sale of the parcel). In 2015, for example, the total discounted value on the rolls was \$484,992,088. Of that, \$50,337,724 belonged to parcels that had a discount in 2015 and that did not have a discount in 2016 or 2017, so the 2015 lost discount rate is 10.4%. From 2013 to 2017, the rates range from 7.5% to 10.6%. We use the maximum and minimum in the high and low estimate, and the average of the extremes in the middle.

We assume that the loss of the discount is due to the death of the veteran, though there are instances of a veteran selling and either moving to a new homestead (which will gain a discount) or choosing not to establish a new homestead (e.g., moving into a nursing home, moving in with family, renting).

The projected annual value lost is further reduced by the percentage of the population currently married. According to the National Center for Veteran Analysis and Statistics' 2017 Profile of Vietnam Veterans, 69.4% of Vietnam Veterans were married in 2015. However, marriage rates vary significantly by age group. Using the USCB's 2016 Florida population estimates by age and the American Community Survey's 2016 1-Year estimates for Florida's married population by age group, the percent of the total population that is currently married was calculated for Floridians by age groups (65-74, 75-84, and 85 years or older). The lowest married rate is 31% (85 years or older) is used in the low estimate. The middle estimate uses the total population older than 65's rate, which is 57%. The high estimate uses the Vietnam Veterans rate of 69.4%.

The estimated discount value is then stacked to estimate the taxable value impact on the 2019-2023 rolls. (Before the Stacked TV Impact step, the discount values were presented as positive numbers. As the discounts are subtracted from the pre-discount taxable value, the impact values are negative.) The most recent available statewide millage rates for school and non-school levies are applied to the stacked taxable value impact to estimate the tax impact.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$ (1.3 M)	\$ (1.3 M)	\$ (0.9 M)	\$ (0.9 M)	\$ (0.4 M)	\$ (0.4 M)
2019-20	\$ (3.0 M)	\$ (3.0 M)	\$ (1.9 M)	\$ (1.9 M)	\$ (0.8 M)	\$ (0.8 M)
2020-21	\$ (5.1 M)	\$ (5.1 M)	\$ (3.1 M)	\$ (3.1 M)	\$ (1.2 M)	\$ (1.2 M)
2021-22	\$ (7.6 M)	\$ (7.6 M)	\$ (4.5 M)	\$ (4.5 M)	\$ (1.7 M)	\$ (1.7 M)
2022-23	\$ (10.5 M)	\$ (10.5 M)	\$ (6.0 M)	\$ (6.0 M)	\$ (2.2 M)	\$ (2.2 M)

**List of affected Trust Funds:** Ad Valorem

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**Section 5: Consensus Estimate (Adopted: 12/1/2017):** The Conference adopted a modified middle estimate. The homestead abandonment for a reason other than death was increased from 0% to 25%; the marriage rate for veterans was increased from 57% to 64% and the surviving spouse decay rate was introduced at 9%.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.3)	(0.3)	(0.4)	(0.4)	(0.7)	(0.7)
2019-20	(0.7)	(0.7)	(0.9)	(0.9)	(1.5)	(1.5)
2020-21	(1.0)	(1.0)	(1.4)	(1.4)	(2.4)	(2.4)
2021-22	(1.5)	(1.5)	(1.9)	(1.9)	(3.4)	(3.4)
2022-23	(1.9)	(1.9)	(2.5)	(2.5)	(4.3)	(4.3)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	0.0	0.0	0.0	0.0	(0.7)	(0.7)	(0.7)	(0.7)
2019-20	0.0	0.0	0.0	0.0	(1.5)	(1.5)	(1.5)	(1.5)
2020-21	0.0	0.0	0.0	0.0	(2.4)	(2.4)	(2.4)	(2.4)
2021-22	0.0	0.0	0.0	0.0	(3.4)	(3.4)	(3.4)	(3.4)
2022-23	0.0	0.0	0.0	0.0	(4.3)	(4.3)	(4.3)	(4.3)

	A	B	C	D	E	F	G
1	<b>Impact Summary</b>						
2							
3	<b>School Impact</b>						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2018-19	\$ (0.4 M)	\$ (0.4 M)	\$ (0.3 M)	\$ (0.3 M)	\$ (0.1 M)	\$ (0.1 M)
7	2019-20	\$ (0.9 M)	\$ (0.9 M)	\$ (0.7 M)	\$ (0.7 M)	\$ (0.2 M)	\$ (0.2 M)
8	2020-21	\$ (1.5 M)	\$ (1.5 M)	\$ (1.0 M)	\$ (1.0 M)	\$ (0.4 M)	\$ (0.4 M)
9	2021-22	\$ (2.2 M)	\$ (2.2 M)	\$ (1.5 M)	\$ (1.5 M)	\$ (0.5 M)	\$ (0.5 M)
10	2022-23	\$ (3.0 M)	\$ (3.0 M)	\$ (1.9 M)	\$ (1.9 M)	\$ (0.6 M)	\$ (0.6 M)
11							
12	<b>Non-School Impact</b>						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2018-19	\$ (0.6 M)	\$ (0.6 M)	\$ (0.4 M)	\$ (0.4 M)	\$ (0.2 M)	\$ (0.2 M)
16	2019-20	\$ (1.2 M)	\$ (1.2 M)	\$ (0.9 M)	\$ (0.9 M)	\$ (0.3 M)	\$ (0.3 M)
17	2020-21	\$ (2.0 M)	\$ (2.0 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (0.5 M)	\$ (0.5 M)
18	2021-22	\$ (2.9 M)	\$ (2.9 M)	\$ (1.9 M)	\$ (1.9 M)	\$ (0.6 M)	\$ (0.6 M)
19	2022-23	\$ (3.8 M)	\$ (3.8 M)	\$ (2.5 M)	\$ (2.5 M)	\$ (0.8 M)	\$ (0.8 M)
20							
21	<b>Total Impact</b>						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2018-19	\$ (1.0 M)	\$ (1.0 M)	\$ (0.7 M)	\$ (0.7 M)	\$ (0.3 M)	\$ (0.3 M)
25	2019-20	\$ (2.1 M)	\$ (2.1 M)	\$ (1.5 M)	\$ (1.5 M)	\$ (0.6 M)	\$ (0.6 M)
26	2020-21	\$ (3.5 M)	\$ (3.5 M)	\$ (2.4 M)	\$ (2.4 M)	\$ (0.8 M)	\$ (0.8 M)
27	2021-22	\$ (5.1 M)	\$ (5.1 M)	\$ (3.4 M)	\$ (3.4 M)	\$ (1.1 M)	\$ (1.1 M)
28	2022-23	\$ (6.8 M)	\$ (6.8 M)	\$ (4.3 M)	\$ (4.3 M)	\$ (1.4 M)	\$ (1.4 M)

	A	B	C	D	E	F	G	H	I	J	K	L
1	<b>Impact Calculations</b>											
2												
3	<b>Historical Values</b>											
4												
5		<b>Total Value</b>				<b>Percent Change</b>				<b>Parcel Counts</b>		
6		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>		<b>School</b>	<b>Non-School</b>		<b>School</b>	<b>Non-School</b>		
7		2013F	254,361,617	211,078,919					8,495	8,508		
8		2014F	425,261,663	352,715,237		67%	67%		11,364	11,378		
9		2015F	585,544,897	488,139,863		38%	38%		13,640	13,664		
10		2016F	743,757,575	620,066,129		27%	27%		15,335	15,333		
11		2017P	893,688,503	750,070,811		20%	21%		17,707	17,730		
12												
13												
14	<b>Growth Projection</b>											
15												
16		<b>HIGH GROWTH RATES</b>				<b>MIDDLE GROWTH RATES</b>				<b>LOW GROWTH RATES</b>		
17		2018-2021	25%			2018-2021	17.5%		2018-2021	10%		
18		2022	10%			2022	7.5%		2022	5%		
19												
20		<b>Projected Discount Total</b>				<b>Projected Discount Total</b>				<b>Projected Discount Total</b>		
21		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>
22		2018	1,117,110,629	937,588,514		2018	1,050,083,991	881,333,203		2018	983,057,353	825,077,892
23		2019	1,396,388,286	1,171,985,642		2019	1,233,848,689	1,035,566,513		2019	1,081,363,089	907,585,681
24		2020	1,745,485,357	1,464,982,053		2020	1,449,772,210	1,216,790,653		2020	1,189,499,397	998,344,249
25		2021	2,181,856,697	1,831,227,566		2021	1,703,482,347	1,429,729,018		2021	1,308,449,337	1,098,178,674
26		2022	2,400,042,366	2,014,350,323		2022	1,831,243,523	1,536,958,694		2022	1,373,871,804	1,153,087,608
27												
28												
29	<b>Decay Rates - Percentage of annual discount value attributable to parcels losing the discount (see Annual Roll Decay Rates sheet)</b>											
30												
31		<b>HIGH</b>				<b>MIDDLE</b>				<b>LOW</b>		
32		Decay Rate	10.6%			Decay Rate	9.0%			Decay Rate	7.5%	
33												
34		<b>Projected Annual Decay</b>				<b>Projected Annual Decay</b>				<b>Projected Annual Decay</b>		
35		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>		<b>Roll Year</b>	<b>School</b>	<b>Non-School</b>
36		2018	118,749,290	99,666,020		2018	94,968,210	79,706,611		2018	73,313,444	61,531,813
37		2019	148,436,612	124,582,525		2019	111,587,647	93,655,268		2019	80,644,788	67,684,995
38		2020	185,545,765	155,728,156		2020	131,115,485	110,044,940		2020	88,709,267	74,453,494
39		2021	231,932,206	194,660,195		2021	154,060,695	129,302,805		2021	97,580,193	81,898,844
40		2022	255,125,427	214,126,214		2022	165,615,247	139,000,515		2022	102,459,203	85,993,786
41												

	A	B	C	D	E	F	G	H	I	J	K	L
42												
43	<b>Percent of Decay Attributable to Death</b>											
44												
45		Reason	Percent									
46		Veteran's Death	75%									
47		Homestead Abandonment	25%									
48		Total Decay	100%									
49												
50												
51	<b>Reduction for Married Population</b>											
52												
53		Vietnam Veterans*	69.4%									
54												
55	<b>Florida Population Estimates</b>											
56		Married Pop	Total Pop	% Married								
57		65 to 74 years	1,454,435	2,277,584	64%							
58		75 to 84 years	715,891	1,261,354	57%							
59		85 years and over	174,719	555,979	31%							
60		Total	2,345,045	4,094,917	57%							
61												
62												
63		HIGH				MIDDLE				LOW		
64		Marriage Rate	69.4%			Marriage Rate	64%			Marriage Rate	31%	
65												
66												
67		Decay for Married Vets				Decay for Married Vets				Decay for Married Vets		
68		Roll Year	School	Non-School		Roll Year	School	Non-School		Roll Year	School	Non-School
69		2018	61,809,005	51,876,163		2018	45,484,081	38,174,690		2018	17,279,319	14,502,495
70		2019	77,261,256	64,845,204		2019	53,443,796	44,855,261		2019	19,007,251	15,952,744
71		2020	96,576,571	81,056,505		2020	62,796,460	52,704,932		2020	20,907,976	17,548,019
72		2021	120,720,713	101,320,631		2021	73,785,840	61,928,295		2021	22,998,774	19,302,821
73		2022	132,792,785	111,452,694		2022	79,319,778	66,572,917		2022	24,148,713	20,267,962
74												
75	* Vietnam Veterans marriage rate taken from Profile of Vietnam War Veterans, National Center for Veteran Analysis and Statistics											
76												

	A	B	C	D	E	F	G	H	I	J	K	L
77												
78	<b>Surviving Spouse Decay Rate</b>											
79												
80			Percent									
81		Keep	91%									
82		Drop	9%									
83		Total	100%									
84												
85												
86	<b>Stacked Taxable Value Impact</b>											
87												
88		High Stacked Impact				Middle Stacked Impact				Low Stacked Impact		
89		Roll Year	School	Non-School		Roll Year	School	Non-School		Roll Year	School	Non-School
90		2018	(61,809,005)	(51,876,163)		2018	(45,484,081)	(38,174,690)		2018	(17,279,319)	(14,502,495)
91		2019	(133,507,451)	(112,052,513)		2019	(94,834,310)	(79,594,229)		2019	(34,731,432)	(29,150,015)
92		2020	(218,068,351)	(183,024,291)		2020	(149,095,682)	(125,135,681)		2020	(52,513,579)	(44,074,533)
93		2021	(319,162,913)	(267,872,737)		2021	(209,462,911)	(175,801,764)		2021	(70,786,131)	(59,410,645)
94		2022	(423,231,035)	(355,216,885)		2022	(269,931,028)	(226,552,523)		2022	(88,564,092)	(74,331,649)
95												
96												
97	<b>2016 Statewide Millage Rates</b>											
98			School	Non-School			School	Non-School			School	Non-School
99			6.9950	10.8240			6.9950	10.8240			6.9950	10.8240
100												
101	<b>Fiscal Impact</b>											
102												
103		High Impact				Middle Impact				Low Impact		
104		Roll Year	School	Non-School		Roll Year	School	Non-School		Roll Year	School	Non-School
105		2018	(432,354)	(561,508)		2018	(318,161)	(413,203)		2018	(120,869)	(156,975)
106		2019	(933,885)	(1,212,856)		2019	(663,366)	(861,528)		2019	(242,946)	(315,520)
107		2020	(1,525,388)	(1,981,055)		2020	(1,042,924)	(1,354,469)		2020	(367,332)	(477,063)
108		2021	(2,232,545)	(2,899,455)		2021	(1,465,193)	(1,902,878)		2021	(495,149)	(643,061)
109		2022	(2,960,501)	(3,844,868)		2022	(1,888,168)	(2,452,205)		2022	(619,506)	(804,566)

A	B	C	D	E	F	G	H	I	J	K	L	M
1	<b>Sums and Decay Rates</b>											
2												
3		<b>County-Level Exemption Amounts</b>					<b>County-Level Taxable Value</b>					
4	<b>Year of Discount Lost</b>	<b>2013F</b>	<b>2014F</b>	<b>2015F</b>	<b>2016F</b>	<b>2017P</b>	<b>2013F</b>	<b>2014F</b>	<b>2015F</b>	<b>2016F</b>	<b>2017P</b>	<b>PARCELS</b>
5	Had Exemption in 2016, No Exemption in 2017	12,990,547	24,364,640	38,142,298	53,876,837		12,886,902	21,467,531	30,243,252	39,251,243	115,904,200	969
6	Last Year with Exemption was 2015, Never Re-Gained	19,653,478	32,340,649	50,337,724			16,411,808	26,764,429	39,603,684	88,676,339	93,513,271	832
7	Last Year with Exemption was 2014, Never Re-Gained	18,050,062	35,909,604				18,056,786	25,699,661	65,003,678	64,801,209	67,373,481	626
8	Last Year with Exemption was 2013, Never Re-Gained	15,402,892					10,779,917	23,185,611	25,069,741	26,567,356	30,279,937	311
9	Never Lost or Lost & Regained	140,439,851	245,197,657	396,512,066	564,947,649	738,443,661	171,295,691	277,096,427	415,556,205	558,020,472	705,989,155	12,877
10	Sum	206,536,830	337,812,550	484,992,088	618,824,486	738,443,661	229,431,104	374,213,659	575,476,560	777,316,619	1,013,060,044	15,615
11	Percent Loss by Roll Year	7.5%	10.6%	10.4%	8.7%							
14												
15	<b>Calculated Ratio from Data Book Values</b>											
16	School Level Discount Total / County Level Discount Total	121%	121%	120%	120%	119%						
17												
18		<b>Calculated School-Level Exemption Amounts</b>					<b>School-Level Taxable Value</b>					
19	<b>Year of Discount Lost</b>	<b>2013F</b>	<b>2014F</b>	<b>2015F</b>	<b>2016F</b>	<b>2017P</b>	<b>2013F</b>	<b>2014F</b>	<b>2015F</b>	<b>2016F</b>	<b>2017P</b>	<b>PARCELS</b>
20	Had Exemption in 2016, No Exemption in 2017	15,654,318	29,375,956	45,753,338	64,624,245		17,407,411	28,779,838	40,099,937	51,469,698	126,289,195	969
21	Last Year with Exemption was 2015, Never Re-Gained	23,683,514	38,992,470	60,382,279			20,913,613	33,924,804	49,327,456	96,207,418	103,940,489	832
22	Last Year with Exemption was 2014, Never Re-Gained	21,751,310	43,295,487				23,235,082	33,363,940	70,807,223	71,950,614	75,335,567	626
23	Last Year with Exemption was 2013, Never Re-Gained	18,561,325					14,387,606	26,383,879	28,699,724	30,287,112	34,079,709	311
24	Never Lost or Lost & Regained	169,237,685	295,629,881	475,633,388	677,644,002	879,199,825	217,399,767	351,380,507	521,546,408	694,976,905	871,091,405	12,877
25	Sum	248,888,152	407,293,793	581,769,005	742,268,248	879,199,825	293,343,479	473,832,968	710,480,748	944,891,747	1,210,736,365	15,615
26	Percent Loss by Roll Year	7.5%	10.6%	10.4%	8.7%							
27												
28												
29		2013F	2014F	2015F	2016F							
30	<b>Decay Rates</b>	7.5%	10.6%	10.4%	8.7%							
31												
32		<b>Decay Rates</b>										
33	High	10.6%										
34	Middle (Average of High and Low)	9.0%										
35	Low	7.5%										

	A	B	C	D	E	F	G
1	<b>Population Estimates (Total and Married)</b>						
2							
3		Married, 65 years and over		2,345,045		Total Population, 65+	4,094,917
4							
5	<b>Marriage Estimates, 2016</b>				<b>Population Estimates, 2016</b>		
6	<b>Gender/Status</b>	<b>Age Range</b>		<b>Estimate</b>		<b>Age Range</b>	<b>Both Sexes</b>
7	Male					Total	20,612,439
8	Now married:					Under 5 years	1,126,136
9	Married, spouse present:					5 to 9 years	1,143,007
10	Married, spouse present:	65 to 74 years		710,828		10 to 14 years	1,154,192
11	Married, spouse present:	75 to 84 years		394,713		15 to 19 years	1,189,418
12	Married, spouse present:	85 years and over		105,287		20 to 24 years	1,273,582
13	Married, spouse absent:					25 to 29 years	1,389,757
14	Separated:					30 to 34 years	1,293,668
15	Married, spouse absent:	65 to 74 years		18,498		35 to 39 years	1,236,495
16	Married, spouse absent:	75 to 84 years		7,128		40 to 44 years	1,227,794
17	Married, spouse absent:	85 years and over		1,674		45 to 49 years	1,326,511
18	Other:					50 to 54 years	1,429,799
19	Married, spouse absent:	65 to 74 years		33,482		55 to 59 years	1,421,413
20	Married, spouse absent:	75 to 84 years		19,355		60 to 64 years	1,305,750
21	Married, spouse absent:	85 years and over		9,095		65 to 69 years	1,272,875
22	Female:					70 to 74 years	1,004,709
23	Now married:					75 to 79 years	742,246
24	Married, spouse present:					80 to 84 years	519,108
25	Married, spouse present:	65 to 74 years		640,877		85 years and over	555,979
26	Married, spouse present:	75 to 84 years		275,838			
27	Married, spouse present:	85 years and over		46,822		Total Population, 65+	
28	Married, spouse absent:					65 to 74 years	2,277,584
29	Separated:					75 to 84 years	1,261,354
30	Married, spouse absent:	65 to 74 years		22,073		85 years and over	555,979
31	Married, spouse absent:	75 to 84 years		4,943		Total	4,094,917
32	Married, spouse absent:	85 years and over		1,772			
33	Married, spouse absent:					Married Population, 65+	
34	Other:					65 to 74 years	1,454,435
35	Married, spouse absent:	65 to 74 years		28,677		75 to 84 years	715,891
36	Married, spouse absent:	75 to 84 years		13,914		85 years and over	174,719
37	Married, spouse absent:	85 years and over		10,069		Total	2,345,045
38							
39		Married, 65 years and over		2,345,045			
40							
41	<b>SEX BY MARITAL STATUS BY AGE FOR THE POPULATION 15 YEARS AND OVER</b>						
42	2016 American Community Survey 1-Year Estimates, US Census Bureau, Report # B12002						
43							
44	Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, States, Counties and Puerto Rico Commonwealth and Municipios: April 1, 2010 to July 1, 2016						
45	Source: U.S. Census Bureau, Population Division						

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Article V Fees

**Issue:** 18% Discount on Traffic Fines

**Bill Number(s):** HB 531 and SB 666

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Representative Grant and Senator Brandes

**Month/Year Impact Begins:** 7/1/2018

**Date of Analysis:** 11/30/2017

**Section 1: Narrative**

- a. Current Law:** Section 318.14(9), F.S., provides any person who does not hold a commercial driver license or commercial learner’s permit and who is cited while driving a noncommercial motor vehicle for an infraction under this section other than a violation of s. 316.183(2), s. 316.187, or s. 316.189 when the driver exceeds the posted limit by 30 miles per hour or more, s. 320.0605, s. 320.07(3)(a) or (b), s. 322.065, s. 322.15(1), s. 322.61, or s. 322.62 may, in lieu of a court appearance, elect to attend in the location of his or her choice within this state a basic driver improvement course approved by the Department of Highway Safety and Motor Vehicles. In such a case, adjudication must be withheld and points, as provided by s. 322.27, may not be assessed. However, a person may not make an election under this subsection if the person has made an election under this subsection in the preceding 12 months. A person may not make more than five elections within his or her lifetime under this subsection. The requirement for community service under s. 318.18(8) is not waived by a plea of nolo contendere or by the withholding of adjudication of guilt by a court. If a person makes an election to attend a basic driver improvement course under this subsection, 18 percent of the civil penalty imposed under s. 318.18(3) shall be deposited in the State Courts Revenue Trust Fund; however, that portion is not revenue for purposes of s. 28.36 and may not be used in establishing the budget of the clerk of the court under that section or s. 28.35.
- b. Proposed Change:** The bill would no longer have the 18% distributed into the State Court Revenue Trust Fund. That 18% would now be used to reduce the amount of the civil penalty imposed by s. 318.18(3), F.S.

**Section 2: Description of Data and Sources**

7/31/2017 Article V REC results

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

Revenues collected under s. 318.14(9), F.S., are forecasted as part of the Article V REC under the “Other Traffic Court” category. In July of 2017, the conference adopted a forecast of \$3.6 million in collections for FY 2018-19, where it is held through FY 2022-23. There is a one and a half month lag between cash and recurring for the first fiscal year.

**7/31/2017 Article V REC SCRTF Revenue Forecast for s. 318.14(9) (\$-millions)**

Statutory Citation	REC Category	Revenue Description	FY 1819	FY 1920	FY 2021	FY 2122	FY 2223
318.14(9)	Other Traffic	18% of the civil penalty imposed under s. 318.18(3) if basic driver improvement school elected.	\$3.6	\$3.6	\$3.6	\$3.6	\$3.6

**Section 4: Proposed Fiscal Impact**

TRUST	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19			(3.2)	(3.6)		
2019-20			(3.6)	(3.6)		
2020-21			(3.6)	(3.6)		
2021-22			(3.6)	(3.6)		
2022-23			(3.6)	(3.6)		

**List of affected Trust Funds:**

State Court Revenue Trust Fund

REVENUE ESTIMATING CONFERENCE

Tax: Article V Fees

Issue: 18% Discount on Traffic Fines

Bill Number(s): HB 531 and SB 666

Section 5: Consensus Estimate (Adopted: 12/01/2017): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.3)	(0.3)	(2.9)	(3.3)	0.0	0.0	(3.2)	(3.6)
2019-20	(0.3)	(0.3)	(3.3)	(3.3)	0.0	0.0	(3.6)	(3.6)
2020-21	(0.3)	(0.3)	(3.3)	(3.3)	0.0	0.0	(3.6)	(3.6)
2021-22	(0.3)	(0.3)	(3.3)	(3.3)	0.0	0.0	(3.6)	(3.6)
2022-23	(0.3)	(0.3)	(3.3)	(3.3)	0.0	0.0	(3.6)	(3.6)

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Article V Fees

**Issue:** Select Court Fees Redirect

**Bill Number(s):** Proposed Language

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Proposed Language

**Month/Year Impact Begins:** 7/1/2018

**Date of Analysis:** 11/30/2017

**Section 1: Narrative**

- a. Current Law:** Section 318.14(9), F.S., provides any person who does not hold a commercial driver license or commercial learner’s permit and who is cited while driving a noncommercial motor vehicle for an infraction under this section other than a violation of s. 316.183(2), s. 316.187, or s. 316.189 when the driver exceeds the posted limit by 30 miles per hour or more, s. 320.0605, s. 320.07(3)(a) or (b), s. 322.065, s. 322.15(1), s. 322.61, or s. 322.62 may, in lieu of a court appearance, elect to attend in the location of his or her choice within this state a basic driver improvement course approved by the Department of Highway Safety and Motor Vehicles. In such a case, adjudication must be withheld and points, as provided by s. 322.27, may not be assessed. However, a person may not make an election under this subsection if the person has made an election under this subsection in the preceding 12 months. A person may not make more than five elections within his or her lifetime under this subsection. The requirement for community service under s. 318.18(8) is not waived by a plea of nolo contendere or by the withholding of adjudication of guilt by a court. If a person makes an election to attend a basic driver improvement course under this subsection, 18 percent of the civil penalty imposed under s. 318.18(3) shall be deposited in the State Courts Revenue Trust Fund; however, that portion is not revenue for purposes of s. 28.36 and may not be used in establishing the budget of the clerk of the court under that section or s. 28.35. Section 28.241(6), F.S. provides that from each attorney appearing pro hac vice, the clerk of the circuit court shall collect a fee of \$100 to be deposited into the General Revenue Fund. Section 741.01(3), F.S. provides that an additional \$25 fee shall be paid upon receipt of the application for issuance of a marriage license, to be deposited into the General Revenue Fund.
- b. Proposed Change:** The bill would no longer have the 18% distributed into the State Court Revenue Trust Fund. That 18% would now be used to reduce the amount of the civil penalty imposed by s. 318.18(3), F.S. The distribution of the \$100 fee per s. 28.241(6), F.S. and \$25 fee per s. 741.01(3), F.S. would be changed from the General Revenue Fund to the State Courts Revenue Trust Fund.

**Section 2: Description of Data and Sources**

7/31/2017 Article V REC results

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

Revenues collected under s. 318.14(9), F.S., are forecasted as part of the Article V REC under the “Other Traffic Court” category. In July of 2017, the conference adopted a forecast of \$3.6 million in collections for FY 2018-19, where it is held through FY 2022-23. This amount would be a reduction to the forecasted receipts to the State Courts Revenue Trust Fund. Meanwhile, the \$100 fee per s. 28.241(6), F.S. and \$25 fee per s. 741.01(3), F.S. are included in the “Miscellaneous” category. Both fees combine to \$4.0 million annually throughout the forecast, which will be shifted from the General Revenue Fund to the State Courts Revenue Trust fund. The net of these changes yields and annual adjustment as follows: negative -\$4.0 million to the General Revenue Fund and positive \$0.4 million to the State Courts Revenue Trust Fund. There is a one and a half month lag between cash and recurring for the first fiscal year.

**Section 4: Proposed Fiscal Impact**

TRUST	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19			0.4	0.4		
2019-20			0.4	0.4		
2020-21			0.4	0.4		
2021-22			0.4	0.4		
2022-23			0.4	0.4		

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Article V Fees

**Issue:** Select Court Fees Redirect

**Bill Number(s):** Proposed Language

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19			(3.5)	(4.0)		
2019-20			(4.0)	(4.0)		
2020-21			(4.0)	(4.0)		
2021-22			(4.0)	(4.0)		
2022-23			(4.0)	(4.0)		

**List of affected Trust Funds:**

State Court Revenue Trust Fund

General Revenue Fund

**Section 5: Consensus Estimate (Adopted: 12/01/2017):** The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(3.5)	(4.0)	0.4	0.4	0.0	0.0	(3.1)	(3.6)
2019-20	(4.0)	(4.0)	0.4	0.4	0.0	0.0	(3.6)	(3.6)
2020-21	(4.0)	(4.0)	0.4	0.4	0.0	0.0	(3.6)	(3.6)
2021-22	(4.0)	(4.0)	0.4	0.4	0.0	0.0	(3.6)	(3.6)
2022-23	(4.0)	(4.0)	0.4	0.4	0.0	0.0	(3.6)	(3.6)

**7/31/2017 Article V REC SCRTF Revenue Forecast for s. 318.14(9), 28.241(6), and 741.01(3) (\$-million)**

Statutory Citation	REC Category	Revenue Description	FY 1819	FY 1920	FY 2021	FY 2122	FY 2223
318.14(9)	Other Traffic	18% of the civil penalty imposed under s. 318.18(3) if basic driver improvement school elected.	\$3.6	\$3.6	\$3.6	\$3.6	\$3.6
28.241(6)	Miscellaneous	\$100 fee for attorneys appearing pro hac vice in circuit court	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
741.01(3)	Miscellaneous	\$25 additional fee upon receipt of application for marriage license	\$3.9	\$3.9	\$3.9	\$3.9	\$3.9

**Impact (Section 4)**

State Courts Revenue Trust Fund	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
General Revenue Fund	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax, Corporate Income tax

**Issue:** Various Tax Credit Scholarship Issue

**Bill Number(s):** Draft Language

**Entire Bill**

**Partial Bill:** Sections 1, 2, 5

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

**Month/Year Impact Begins:** Upon becoming a law

**Date of Analysis:** 11/28/2017

### Section 1: Narrative

- a. Current Law:** Section 212.12 (1)(a)1., Florida Statutes (F.S.), provides that a dealer who pays an amount due electronically shall be allowed a 2.5 percent of the amount of tax due, accounted for, and remitted to the department in the form of a deduction, up to 2.5% of \$1200.

Section 213.053, F.S., does not provide for the department to share Taxpayer names and addresses for the 200 taxpayers with the greatest corporate income Tax liability reported in the previous calendar year to an eligible nonprofit scholarship-funding organization.

Section 220.13(1)(a)11. Provides that the amount taken as a credit for the taxable year under s. 220.1875 shall be added back. further provides that the addition in this subparagraph is intended to ensure that the same amount is not allowed for tax purposes in this state as both a deduction from income and as a credit against the tax. This addition is not intended to result in adding the same expense back to income more than once.

Section 220.1875(1), F.S., provides that there is allowed a credit of 100% of an eligible nonprofit scholarship funding organization against any tax due for a taxable year under this chapter after the application of any other allowable credits by the taxpayer. The credit granted by this section shall be reduced by the difference between the amount of federal corporate income tax taking into account the credit granted by this section and the amount of federal corporate income tax without application of the credit granted by this section.

Section 220.32(2)(c) provides that the taxpayer is not in compliance with s. 220.32 if the taxpayer underpays the required payment by more than the greater of \$2,000 or 30% of the tax shown on the return when filed.

Section 1002.395, (5)(c), F.S., provides that if a tax credit is not used with a specified state fiscal year may be carried forward for a period of 5 years. However, any taxpayer that seeks to carry forward an unused amount of tax credit must submit an application to the department for approval of the carryforward credit in the year that the taxpayer intends to use the carryforward. The department must obtain the Division of Alcoholic Beverages and Tobacco's approval prior to approving the carryforward of a tax credit under s. 561.1211, F.S.

Section 1002.395, (5)(q), F.S., provides that for purposes of determining if a penalty or interest shall be imposed for underpayment of estimated corporate income tax pursuant to s. 220.34(2)(d)1., after earning a credit under s. 220.1875, reduce the following estimated payment in that taxable year by the amount of the credit.

- b. Proposed Change:** Amends section 212.1831 to provide that for the purposes of the dealer's credit granted for the keeping of prescribed records, filing of timely tax returns and the proper accounting and remitting of taxes under 212.12, the amount of tax due shall include any eligible contribution made to an eligible nonprofit scholarship funding organization from a direct pay permit holder.

Amends section 213.053, F.S. to require the Department of Revenue to disclose a list of the 200 taxpayers with the greatest corporate liability reported during the previous calendar year to an eligible nonprofit scholarship-funding organization. The list shall be compiled alphabetically based on the taxpayer's name, and the list shall contain the taxpayer's address. The list shall not disclose the amount of tax owed by any taxpayer. An eligible nonprofit scholarship-funding organization may request the list once each calendar year. The department shall provide such information within 45 days after receiving the request.

Creates section subparagraph 220.13(1)(b)7. to provide that If the amount taken as a credit under 220.1875 is added to taxable income in a previous taxable year and is subsequently allowed as a deduction from taxable income, the amount of the deduction shall be subtracted from such taxable income.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax, Corporate Income tax

**Issue:** Various Tax Credit Scholarship Issue

**Bill Number(s):** Draft Language

Amends section 1002.395 to provide that a tax credit will automatically be carried forward for a period not to exceed ten years. Also provides that the taxpayer may, after earning the credit, reduce any estimated payment in that taxable year by the amount of the credit.

**Section 2: Description of Data and Sources**

2012 to 2015 CIT annual file

Adopted Scholarship Credits – August 2017

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

The following issues that potentially create a revenue impact were identified in the bill:

1. Collection allowance for sales tax direct pay contributions (section 1)
2. Requirement that DOR provide a list of the 200 entities with the greatest tax due each calendar year (section 2)
3. Timing impact due to the allowing contributions to reduce any estimated payment (section 5)
4. Extending the carryforward period from 5 years to 10 years. (Section 5)

The requirement that DOR provide a list of the 200 taxpayers with the greatest tax due was determined not to have any direct revenue impact.

For issue 1, known historical amounts that would have been available to be taken as collection allowance had the bill been in place was the basis for the middle estimate. The high estimate was four times the middle. The low was assumed to be insignificant.

For issue 2, the impact is not determinable as it is dependent upon the ability of Scholarship Funding Organizations to utilize the list to generate additional contributions.

For issue 3, it was assumed that the language would result in a one-time shift in payments amounts and refunds taken that would result in an impact in 2018-19 equal to 50% of the forecast credit amount in the high, 30% of the forecast credits in the middle, and 10% of the forecast credit amount in the low.

For issue 4, the history has demonstrated that the vast majority of credit carryforwards are used within the carryforward period. There have only been extremely limited instances of credits not being able to be utilized during the forecast period. The low estimate was assumed to be zero – meaning that there will be no credit carryforwards that would have expired in the forecast period that under the proposed law would be later used in the forecast period. For the middle it was assumed carryforwards in the amount of \$300,000 would have expired in 2020-21, for the high it was assumed that credit carryforwards would have expired in 2019-20 and 2022-23 in the amount of \$500,000.

**Section 4: Proposed Fiscal Impact**

Issue 1 – Sales Tax Collection allowance (section 1)

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$0.4 M)	(\$0.4 M)	(\$0.1 M)	(\$0.1 M)	(Insignificant)	(Insignificant)
2019-20	(\$0.4 M)	(\$0.4 M)	(\$0.1 M)	(\$0.1 M)	(Insignificant)	(Insignificant)
2020-21	(\$0.4 M)	(\$0.4 M)	(\$0.1 M)	(\$0.1 M)	(Insignificant)	(Insignificant)
2021-22	(\$0.4 M)	(\$0.4 M)	(\$0.1 M)	(\$0.1 M)	(Insignificant)	(Insignificant)
2022-23	(\$0.4 M)	(\$0.4 M)	(\$0.1 M)	(\$0.1 M)	(Insignificant)	(Insignificant)

**List of affected Trust Funds:** Sales Tax Group

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax, Corporate Income tax

**Issue:** Various Tax Credit Scholarship Issue

**Bill Number(s):** Draft Language

**Issue 2 – List of top 200 CIT Payers (Section 5)**

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

**Issue 3 – Timing Impact CIT (Section 5)**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$100.5 M)		(\$60.3 M)		(\$20.1 M)	
2019-20						
2020-21						
2021-22						
2022-23						

**List of affected Trust Funds:** Corporate Income Tax Group

**Issue 5– Ability to make a contribution to avoid penalty and interest (Section 4)**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$16.1 M)	(\$16.1 M)	(\$9.7 M)	(\$9.7 M)	(\$3.2 M)	(\$3.2 M)
2019-20	(\$16.1 M)	(\$16.1 M)	(\$9.7 M)	(\$9.7 M)	(\$3.2 M)	(\$3.2 M)
2020-21	(\$16.1 M)	(\$16.1 M)	(\$9.7 M)	(\$9.7 M)	(\$3.2 M)	(\$3.2 M)
2021-22	(\$16.1 M)	(\$16.1 M)	(\$9.7 M)	(\$9.7 M)	(\$3.2 M)	(\$3.2 M)
2022-23	(\$16.1 M)	(\$16.1 M)	(\$9.7 M)	(\$9.7 M)	(\$3.2 M)	(\$3.2 M)

**Issue 4 – Extending the credit carryforward period to ten years (Section 5)**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$0 M)		(\$0 M)		(\$0 M)	
2019-20	(\$0 M)		(\$0 M)		(\$0 M)	
2020-21	(\$0.5 M)		(\$0.3 M)		(\$0 M)	
2021-22	(\$0 M)		(\$0 M)		(\$0 M)	
2022-23	(\$0.5 M)		(\$0 M)		(\$0 M)	

**List of affected Trust Funds:** Corporate Income Tax Group

**Section 5: Consensus Estimate (Adopted: 12/1/2017): The Conference adopted the following impacts:**

**Issue 1 – Sales Tax Collection allowance (section 1): The Conference adopted the middle estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2019-20	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2020-21	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2021-22	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
2022-23	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax, Corporate Income tax

**Issue:** Various Tax Credit Scholarship Issue

**Bill Number(s):** Draft Language

**Issue 2 – List of top 200 CIT Payers (Section 5): The Conference adopted a negative indeterminate impact.**

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

**Issue 3 – Timing Impact (Section 5): The Conference adopted a negative indeterminate cash impact for Fiscal Years 2017-18 (a current year impact) and 2018-19. The rest of the impact is a +/- impact. The magnitude of the negative, indeterminate impacts in Fiscal Years 2017-18 and 2018-19 is unknown, but could be substantial. For example, if estimated payments are reduced by an amount equal to 10 percent of estimated scholarship contributions from corporate income taxpayers, the non-recurring impact to General Revenue will be a reduction of \$20.1 million in Fiscal Year 2018-19.**

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

**Issue 4 – Extending the credit carryforward period to ten years (Section 5): The Conference adopted a negative indeterminate impact.**

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

	A	B	C	D	E	F	G	H	I	J
1	Issue 1		Section 1							
2	Sales Tax - Collection Allowance									
3										
4	Collection allowance									
5	2.5% of Tax Remitted, capped at 2.5% of \$1200 or \$30 per return									
6										
7	Scholarship - Direct Pay Contributions									
8	Year	Number	Amount							
9	2014	7	\$10,062,000							
10	2015	8	\$9,003,006							
11	2016	12	\$12,500,681							
12	2017	8	\$13,451,000							
13										
14										
15	Impact	High	Middle	Low						
16	2017-18	(\$0.4 M)	(\$0.1 M)	(Insignificant)						
17	2018-19	(\$0.4 M)	(\$0.1 M)	(Insignificant)						
18	2019-20	(\$0.4 M)	(\$0.1 M)	(Insignificant)						
19	2020-21	(\$0.4 M)	(\$0.1 M)	(Insignificant)						
20	2021-2022	(\$0.4 M)	(\$0.1 M)	(Insignificant)						
21										
22										

	A	B	C	D	E	F	G	H	I	J
23	Issue 3 - allowing contribution to reduce any estimated payment				Section 5					
24										
25	REC Adopted Scholarship Credits - Corporate (August 2017)									
26		\$M								
27	2017-18	\$140.0								
28	2018-19	\$201.0								
29	2019-20	\$203.5								
30	2020-21	\$206.0								
31	2021-22	\$206.0								
32	2022-23	\$206.0								
33										
34	Calendar Year Taxpayer - expected Estimated Payments associated with Scholarship									
35										
36	Example - Current Law					Example - Proposed Change				
37	Calendar Year Taxpayer					Calendar Year Taxpayer				
38	2018 tax year					2018 tax year				
39	Prior year Liability - \$100,000,000					Prior year Liability - \$100,000,000				
40	Liability - \$100,000,000					Liability - \$100,000,000				
41	Contribution - \$100,000,000 on January 1, 2019					Contribution - \$100,000,000 on January 1, 2019				
42	Estimated Payments		100% of prior	90% of current	Estimated Payments		100% of prior	90% of current		
43	May	2018	\$25,000,000	\$22,500,000	May	2018	\$25,000,000	\$22,500,000		
44	June	2018	\$25,000,000	\$22,500,000	June	2018	\$25,000,000	\$22,500,000		
45	Sept	2018	\$25,000,000	\$22,500,000	Sept	2018	\$0	\$0		
46	Dec	2018	\$25,000,000	\$22,500,000	Dec	2018	\$0	\$0		
47										
48	Return due May 2019					Return due May 2018				
49		Tentative Tax	\$0	\$0		Tentative Tax	\$0	\$0		
50	Extension Ends October 2019					Extension Ends October 2018				
51		Refund	\$100,000,000	\$90,000,000		Refund	\$50,000,000	\$45,000,000		
52										

	A	B	C	D	E	F	G	H	I	J
53	2019									
54	Calendar Year Taxpayer					Calendar Year Taxpayer				
55	2019 tax year					2019 tax year				
56	Prior year Liability - \$100,000,000					Prior year Liability - \$100,000,000				
57	Liability - \$100,000,000					Liability - \$100,000,000				
58	Contribution - \$100,000,000 on January 1, 2019					Contribution - \$100,000,000 on January 1, 2019				
59	Estimated Payments		100% of prior	90% of current	Estimated Payments		100% of prior	90% of current		
60	May	2019	\$25,000,000	\$22,500,000	May	2019	\$0	\$0		
61	June	2019	\$25,000,000	\$22,500,000	June	2019	\$0	\$0		
62	Sept	2019	\$25,000,000	\$22,500,000	Sept	2019	\$0	\$0		
63	Dec	2019	\$25,000,000	\$22,500,000	Dec	2019	\$0	\$0		
64										
65	Return due May 2020					Return due May 2020				
66	Tentative Tax		\$0	\$0	Tentative Tax		\$0	\$0		
67	Extension Ends October 2020					Extension Ends October 2020				
68	Refund		\$100,000,000	\$90,000,000	Refund		\$0	\$0		
69										
70	State FY Impact - Example									
71			Current law	Proposed						
72	2017-18		\$50,000,000	\$50,000,000						
73	2018-19		\$0	(\$50,000,000)						
74										
75	Impact - Non-Recurring		2018-19 (\$M)							
76	High	50%	-100.5							
77	Middle	30%	-60.3							
78	Low	10%	-20.1							
79										

	A	B	C	D	E	F	G	H	I	J
80	Issue 4									
81	Extension of credit carryforward period to ten years			Section 5						
82										
83		High	Middle	Low						
84	2018-19	\$0	\$0	\$0						
85	2019-20	\$0	\$0	\$0						
86	2020-21	\$500,000	\$300,000	\$0						
87	2021-22	\$0	\$0	\$0						
88	2022-23	\$500,000	\$0	\$0						
89										

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Documentary Stamp Tax  
**Issue:** Housing Authority Obligations  
**Bill Number(s):** HB 607

- Entire Bill**  
 **Partial Bill:**

**Sponsor(s):** Rep. Hahnfeldt  
**Month/Year Impact Begins:** July 2018  
**Date of Analysis:** November 29, 2017

**Section 1: Narrative**

- a. Current Law:** Section 159.621 provides that the bonds of a housing finance authority issued under this act, together with all notes, mortgages, security agreements, letters of credit, or other instruments that arise out of or are given to secure the repayment of bonds issued in connection with the financing of any housing development under this part, as well as the interest thereon and the income therefrom, shall be exempt from all taxes. The exemption granted by this section shall not be applicable to any tax imposed by chapter 220 on interest, income or profits on debt obligations owned by corporations.

Local Housing Finance Authorities receive Private Activity Bond Allocations each year. Those allocations can be converted to mortgage credit certificates. The conversion ratio is 1 to 4, meaning that \$1 of mortgage credit certificate is obtained for every \$4 of Private Activity Bonding capacity surrendered. The Housing Finance authority can then issue mortgages equal to twice the allocated mortgage credit certificates.

There is currently no exemption for documentary stamp tax on notes and mortgages given in connection with a loan made by Local Housing Authorities.

- b. Proposed Change:** Creates a new subsection 2 to section 159.261, to read:  
 Any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority under s. 159.608 (8), including the interest and income thereon, is exempt from all taxes if, at the time the note or mortgage is recorded, the housing finance authority submits documentation that affirms that the loan was made by or on behalf of the housing finance authority. The bill also adds that the exemption does not apply to a deed for property financed by a housing finance authority.

**Section 2: Description of Data and Sources**

Data provided by Florida Association of Local Housing Authorities on recent history of loans not related to bond issuances. August 2017 General Revenue Estimating Conference Mortgage Intangibles Growth rates

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

Used the data obtained from the Florida Association of Local Housing Authorities on loan activity for the period 2011 to 2014, as well as for August 22, 2016 to August 22, 2017. For the low, growth rates for mortgage intangibles was used to grow the 2016-17 loan amounts into the forecast period. For the middle estimate, growth rates were used that diminished throughout the forecast period. For the high, the compound annual growth rate implied by the average annual loan amount from the 2011 to 2014 data and the 2016-17 level of activity of 25% was used for all years. The resulting calculated loan amounts were then multiplied by the Documentary Stamp tax rate on notes of \$0.35 per \$100 and the mortgage intangibles rate of 2 mills to develop the impact.

**Section 4: Proposed Fiscal Impact**

Documentary Stamp Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$0.54 M)	(\$0.54 M)	(\$0.52 M)	(\$0.52 M)	(\$0.46 M)	(\$0.46 M)
2019-20	(\$0.68 M)	(\$0.68 M)	(\$0.60 M)	(\$0.60 M)	(\$0.47 M)	(\$0.47 M)
2020-21	(\$0.85 M)	(\$0.85 M)	(\$0.66 M)	(\$0.66 M)	(\$0.49 M)	(\$0.49 M)
2021-22	(\$1.06 M)	(\$1.06 M)	(\$0.69 M)	(\$0.69 M)	(\$0.51 M)	(\$0.51 M)
2022-23	(\$1.32 M)	(\$1.32 M)	(\$0.72 M)	(\$0.72 M)	(\$0.53 M)	(\$0.53 M)

**List of affected Trust Funds:** Doc stamp group

**Florida Local Housing Finance Authorities**

HS 607 - Housing Authority Obligations

**Volume of First Time Homebuyer Loans/MBS Sold (vs financed with Bonds)**

2011 to 2014

Housing Finance Authority	Volume of Loans/MBS Sold	HFA Funded DPA	FHFC Funded DPA	Total
Brevard County Housing Finance Authority	\$1,165,043	\$28,271	\$81,729	\$1,275,043
Housing Finance Authority of Broward	\$6,840,780	\$37,224	\$399,901	\$7,277,905
Housing Finance Authority of Clay County	\$1,861,710	\$12,407	\$92,593	\$1,966,710
Escambia County Housing Finance Authority	\$55,985,129	\$766,088	\$3,076,862	\$59,828,079
Housing Finance Authority of Hillsborough County	\$24,599,030	\$339,814	\$1,068,831	\$26,007,675
Jacksonville Housing Finance Authority	\$2,603,322	\$135,000	\$88,796	\$2,827,118
Housing Finance Authority of Lee County	\$5,538,040	\$294,071	\$216,659	\$6,048,770
Housing Finance Authority of Manatee County	\$10,933,675	\$165,950	\$629,181	\$11,728,806
Housing Finance Authority of Miami Dade County	\$26,447,763		\$190,864	\$26,638,627
Orange County Housing Finance Authority	\$29,724,837		\$1,162,701	\$30,887,538
Housing Finance Authority of Palm Beach County	\$6,007,368	\$114,136	\$260,264	\$6,381,768
Housing Finance Authority of Pinellas County	\$9,522,472		\$1,731,617	\$11,254,089
<b>Total</b>	<b>\$181,229,170</b>	<b>\$1,892,962</b>	<b>\$8,999,998</b>	<b>\$192,122,129</b>

3 year average  
Compound Annual  
Growth rate \$64,040,710  
24.81%

LOAN ACTIVITY BY LOCAL HFA'S: AUGUST 22, 2016 TO AUGUST 22, 2017			
TBA (NON-BOND) LOANS			
COUNTY	TBA FINANCED LOANS	TOTAL VOLUME	AVERAGE LOAN SIZE
ALACHUA	4	\$ 466,296.00	\$ 116,574.00
BREVARD	4	619,339.00	154,834.75
BROWARD	11	2,512,276.00	228,388.73
CHARLOTTE	11	1,626,927.00	147,902.45
CLAY	27	4,021,547.00	148,946.19
COLLIER	23	5,500,079.00	239,133.87
DUVAL	34	4,282,555.00	125,957.50
ESCAMBIA	45	5,042,735.00	112,060.78
GADSDEN	5	654,523.00	130,904.60
HILLSBOROUGH	108	18,648,225.00	172,668.75
INDIAN RIVER	1	147,184.00	147,184.00
LEE	191	30,923,179.00	161,901.46
LEON	54	6,722,167.00	124,484.57
MANATEE	57	9,423,063.00	165,316.89
MARION	4	425,138.00	106,284.50
MARTIN	1	108,007.00	108,007.00
MIAMI DADE	10	2,314,573.00	231,457.30
OKALOOSA	11	1,771,666.00	161,060.55
PALM BEACH	68	13,088,347.00	192,475.69
PINELLAS	9	1,523,410.00	169,267.78
POLK	10	1,752,048.00	175,204.80
SANTA ROSA	5	1,844,458.00	368,891.60
SARASOTA	33	6,264,675.00	189,838.64
ST JOHNS	22	4,341,976.00	197,362.55
WAKULLA	2	287,168.00	143,584.00
WALTON	1	191,369.00	191,369.00
	<b>751</b>	<b>\$ 124,502,930.00</b>	<b>\$ 165,782.86</b>

Year	Growth Rate (High)	Growth rate (middle)	Growth Rate (Low)
2017-18	25%	20%	4.60%
2018-19	25%	15%	4.20%
2019-20	25%	10%	3.90%
2020-21	25%	5%	3.70%
2021-22	25%	4%	3.60%
2022-23	25%	4%	3.60%

Loan Amounts

	High	Middle	Low
2017-18	\$155,389,159	\$149,403,516	\$130,230,065
2018-19	\$193,937,531	\$171,814,043	\$135,699,728
2019-20	\$242,048,841	\$188,995,448	\$140,992,017
2020-21	\$302,095,428	\$198,445,220	\$146,208,721
2021-22	\$377,038,152	\$205,589,248	\$151,472,235
2022-23	\$470,572,391	\$212,990,461	\$156,925,236

Impact - Documentary stamp Tax

	High	Middle	Low
2017-18	(\$543,862)	(\$522,912)	(\$455,805)
2018-19	(\$678,781)	(\$601,349)	(\$474,949)
2019-20	(\$847,171)	(\$661,484)	(\$493,472)
2020-21	(\$1,057,334)	(\$694,558)	(\$511,731)
2021-22	(\$1,319,634)	(\$719,562)	(\$530,153)
2022-23	(\$1,647,003)	(\$745,467)	(\$549,238)

Impact -Mortgage Intangible Tax

	High	Middle	Low
2017-18	(\$310,778)	(\$298,807)	(\$260,460)
2018-19	(\$387,875)	(\$343,628)	(\$271,399)
2019-20	(\$484,098)	(\$377,991)	(\$281,984)
2020-21	(\$604,191)	(\$396,890)	(\$292,417)
2021-22	(\$754,076)	(\$411,178)	(\$302,944)
2022-23	(\$941,145)	(\$425,981)	(\$313,850)

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Documentary Stamp Tax

**Issue:** Housing Authority Obligations

**Bill Number(s):** HB 607

**Mortgage Intangibles Tax**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$0.31 M)	(\$0.31 M)	(\$0.30 M)	(\$0.30 M)	(\$0.26 M)	(\$0.26 M)
2019-20	(\$0.39 M)	(\$0.39 M)	(\$0.34 M)	(\$0.34 M)	(\$0.27 M)	(\$0.27 M)
2020-21	(\$0.48 M)	(\$0.48 M)	(\$0.38 M)	(\$0.38 M)	(\$0.28 M)	(\$0.28 M)
2021-22	(\$0.60 M)	(\$0.60 M)	(\$0.40 M)	(\$0.40 M)	(\$0.29 M)	(\$0.29 M)
2022-23	(\$0.75 M)	(\$0.75 M)	(\$0.41 M)	(\$0.41 M)	(\$0.30 M)	(\$0.30 M)

**List of affected Trust Funds:** General Revenue group

**Section 5: Consensus Estimate (Adopted: 12/01/2017):** The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.5)	(0.5)	(0.3)	(0.3)	0.0	0.0	(0.8)	(0.8)
2019-20	(0.5)	(0.5)	(0.3)	(0.3)	0.0	0.0	(0.8)	(0.8)
2020-21	(0.5)	(0.5)	(0.3)	(0.3)	0.0	0.0	(0.8)	(0.8)
2021-22	(0.5)	(0.5)	(0.3)	(0.3)	0.0	0.0	(0.8)	(0.8)
2022-23	(0.5)	(0.5)	(0.3)	(0.3)	0.0	0.0	(0.8)	(0.8)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Local Business Tax - Exemptions

**Issues:** Exempts certain persons and businesses from local business taxes and fees authorized pursuant to Chapter 205, F.S. Authorizes municipalities that impose a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax without any rate change. However, the municipality's governing body may, by ordinance, revise the definition of merchant.

**Bill Number(s):** HB 603 (Sections 1-2 of this bill are similar to SB 910)

**Entire Bill**

**Partial Bill:** Sections 1-3 only

**Sponsor(s):** Representative Gonzalez

**Month/Year Impact Begins:** July 1, 2018

**Date of Analysis:** December 1, 2017

### Section 1: Narrative

#### a. Current Law:

##### **Local Business Tax**

The local business tax represents the taxes charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. This tax does not refer to any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

##### **Eligibility**

County and municipal governments may levy, by appropriate resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction, pursuant to ss. 205.032 and 205.042, F.S. Additionally, pursuant to s. 205.033(6), F.S., a county, as defined in s. 125.011(1), F.S., (i.e., Miami-Dade County) or any adjacent county (i.e., Broward, Collier, and Monroe counties) is authorized to levy and collect an additional business tax up to 50 percent of the appropriate business tax imposed under s. 205.033(1), F.S., if adopted by ordinance prior to January 1, 1995.

##### **Administrative Procedures**

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction. Pursuant to ss. 205.032 and 205.042, F.S., the public notice must contain the proposed classifications and rates applicable to the business tax.

A number of other conditions for levy are imposed on counties and municipalities, pursuant to ss. 205.033 and 205.043, F.S., including the transfer of a business tax receipt to a new owner or new business location within the same jurisdiction upon payment of a transfer fee of up to 10 percent of the annual business tax, but not less than \$3 nor more than \$25.

Beginning October 1, 1995, a county or municipality that has not adopted a business tax ordinance or resolution may adopt a business tax ordinance, pursuant to s. 205.0315, F.S. The tax rate structure and classifications in the adopted ordinance must be reasonable and based upon the rate structure and classifications prescribed in ordinances adopted by adjacent local governments that have implemented s. 205.0535, F.S. If no adjacent local government has implemented s. 205.0535, F.S., or if the governing body of the county or municipality finds that the rate structures or classifications of adjacent local governments are unreasonable, then an alternative method is authorized. In such a case, the rate structure or classifications prescribed in the ordinance of the local government seeking to impose the tax may be based upon those prescribed in ordinances adopted by local governments that have implemented s. 205.0535, F.S., in counties or municipalities that have a comparable population.

Pursuant to s. 205.0535, F.S., by October 1, 2008, any municipality that adopted by ordinance a local business tax after October 1, 1995, could, by ordinance, reclassify businesses, professions, and occupations and establish new rate structures provided certain conditions were met. If such conditions were met, counties and municipalities could, every other year thereafter, increase or decrease by ordinance the rates of business taxes by up to 5 percent. Any subsequent increase must be enacted by at least a majority plus one vote of the governing body. A county or municipality is not prohibited from decreasing or repealing any authorized local business tax, and the governing body may adopt an ordinance by majority vote that repeals a local business tax or establishes new rates that decrease local business tax and do not result in an increase in local business taxes for a taxpayer without having to establish an equity study commission.

## REVENUE ESTIMATING CONFERENCE

**Tax:** Local Business Tax - Exemptions

**Issues:** Exempts certain persons and businesses from local business taxes and fees authorized pursuant to Chapter 205, F.S. Authorizes municipalities that impose a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax without any rate change. However, the municipality's governing body may, by ordinance, revise the definition of merchant.

**Bill Number(s):** HB 603 (Sections 1-2 of this bill are similar to SB 910)

A municipality's governing body that levies the tax may request that the county in which the municipality is located issue the municipal receipt and collect the tax. A county's governing body that levies the tax may request that municipalities within the county issue the county receipt and collect the tax. However, before any local government issues any business receipts on behalf of another local government, appropriate agreements must be entered into by the affected local governments, pursuant to s. 205.045, F.S. All business tax receipts are sold by the appropriate tax collector beginning July 1st of each year. The taxes are due and payable on or before September 30th of each year, and the receipts expire on September 30th of the succeeding year. In several situations, administrative penalties are also imposed, pursuant to s. 205.053, F.S.

Several sections of Chapter 205, F.S., exempt, or allow local governments to exempt, certain individuals from all or some portion of local business taxes as well as regulate the issuance of tax receipts to certain individuals or businesses.

### ***Distribution of Tax Proceeds***

Pursuant to s. 205.033, F.S., the revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and credit given for municipal business taxes, are apportioned between the county's unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing their respective populations by the county's total population. Furthermore, within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority, pursuant to s. 205.033(5), F.S.

### ***Authorized Uses***

Local business tax proceeds are considered general revenue for the local government. The proceeds of a county-imposed local business tax may be used for overseeing and implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques, pursuant to s. 205.033(7), F.S. The proceeds of the additional county business tax imposed pursuant to s. 205.033(6), F.S., are distributed by the county's governing body to a designated organization or agency for the purpose of implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.

## **Panama City and Panama City Beach's Local Business Tax on the Gross Sales of Retail and Wholesale Merchants**

### ***Panama City Tax (as implemented by Part II, Chapter 7, Article II, Section 7-53 of the Panama City Municipal Code 2005)***

The City of Panama City levies separate license taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 (i.e., 1 percent) of gross sales with a minimum tax of \$1.50 per month. For wholesale merchants, the tax is \$0.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.05 percent) with a minimum tax of \$1.50 per month. Additionally, the tax applies only to the first \$5,000 collected by a merchant for any single item of merchandise. The merchant pays the license tax by the 30th day of each month based on the merchant's gross sales of the preceding month. If payment is made on or before the 20th day of the month such tax is payable, a 3 percent discount is allowed.

### ***Panama City Beach Tax (as implemented by Chapter 14, Section 14-29 (136) of the Code of Ordinances, City of Panama City Beach, Florida)***

The City of Panama City Beach levies separate business taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 of gross sales, or major portion thereof, (i.e., 1 percent) with a minimum tax of \$50 per year. For wholesale merchants, the tax is \$1.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.15 percent) with a minimum tax of \$50 per year. On the first day of each month, the merchant submits a statement of gross sales for the preceding month at which time the tax is paid. The statement and payment are delinquent on the 10th day of each month following application for receipt. Upon becoming delinquent, the receipt is subject to revocation by the city council, and the city clerk reports at each regular city council meeting any delinquent merchant's business tax receipts. Once revoked, a merchant's receipts may be reinstated if all accrued taxes plus a 10 percent penalty of the gross amount are paid. No merchant can transact business while his or her business tax receipt stands revoked. If payment is made on or before the 10th day of the month such tax is payable, a 3 percent discount is allowed.

## REVENUE ESTIMATING CONFERENCE

**Tax:** Local Business Tax - Exemptions

**Issues:** Exempts certain persons and businesses from local business taxes and fees authorized pursuant to Chapter 205, F.S. Authorizes municipalities that impose a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax without any rate change. However, the municipality's governing body may, by ordinance, revise the definition of merchant.

**Bill Number(s):** HB 603 (Sections 1-2 of this bill are similar to SB 910)

The Cities of Panama City and Panama City Beach are the only known local governments in Florida that levy a license/business tax on the gross receipts of retail and wholesale merchants.

### b. Proposed Changes:

#### Local Business Tax

Section 1 creates s. 205.055, F.S., to authorize an exemption from a local business tax and any fees imposed under Chapter 205, F.S., to the following persons:

1. A veteran of the United States Armed Forces who was honorably discharged upon separation from service, or the spouse or unremarried surviving spouse of such a veteran.
2. The spouse of an active duty military service member who has relocated to the county or municipality pursuant to a permanent change of station order.
3. A person receiving public assistance, as defined in s. 409.2554, F.S.,
4. A person whose household income is below 130% of the federal poverty level based on the current year's federal poverty guidelines.

An eligible person claiming such exemption must complete and sign, under penalty of perjury, a Request for Fee Exemption to be furnished by the local governing authority and provide written documentation in support of his or her request for an exemption.

Additionally, if a person eligible for an exemption pursuant to this section owns a majority interest in a business with fewer than 100 employees, the business is exempt as well.

Section 2 repeals s. 205.171, F.S., which authorized local business tax exemptions for any honorably discharged, disabled veteran of any war in which the United States Armed Forces participated and who is also permanent resident elector of Florida. Additionally, the section authorized the same exemptions for the disabled veteran to any unremarried spouse of a deceased disabled veteran of any war in which the United States Armed Forces participated.

#### Panama City and Panama City Beach's Local Business Tax on the Gross Sales of Retail and Wholesale Merchants

Notwithstanding the provisions of this proposed act, Section 3 authorizes a municipality that imposes a business tax on merchants which is measured by gross receipts from the sale of merchandise or services, or both, may continue to impose such tax and may, by ordinance, revise the definition of the term *merchant*. However, the municipality may not revise the rate of the tax measured by gross sales. This section does not grant an exemption for eligible persons in those municipalities levying such a tax, but it authorizes such municipalities to modify, by ordinance, the definition of *merchant* – presumably to grant such exemptions if each municipality's governing body chooses to do so.

#### Section 2: Description of Data and Sources

Because the local business tax is a locally-authorized and locally-administered tax with no reporting requirement to any state agency, there is no current count on the number of county and municipal governments levying the tax and the amounts of tax collections in the most recently completed fiscal years. Historical Local Business Tax revenues (i.e., LFY 1992-93 through 2014-15) as reported by local governments via their respective Annual Financial Reports (AFRs) (i.e., Revenue Account #316.000 – Local Business Tax) have been compiled by EDR and posted on its website via the link below.

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

Another issue that complicates the analysis is the fact that local governments adopt classification schedules, which specify the local business tax rate applicable to certain types of businesses. There is no statutory requirement that such schedules and tax rates be identical from one jurisdiction to another. Consequently, the types of businesses taxed and the applicable tax rates can vary.

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Local Business Tax - Exemptions

**Issues:** Exempts certain persons and businesses from local business taxes and fees authorized pursuant to Chapter 205, F.S. Authorizes municipalities that impose a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax without any rate change. However, the municipality’s governing body may, by ordinance, revise the definition of merchant.

**Bill Number(s):** HB 603 (Sections 1-2 of this bill are similar to SB 910)

In February 2017, EDR surveyed county and municipal government in an effort to assess the impacts of exemption changes in proposed 2017 legislation (i.e., SB 330 and HB 487). This survey was facilitated by the Florida Association of Counties, Florida League of Cities, and Florida Association of Business Tax Officials. Numerous county and municipal respondents indicated the lack of available data needed to calculate the impact of the proposed exemption changes – several of which are similar to those in this bill.

Florida Population

Demographic Estimating Conference – Florida Demographic Forecast – July 10, 2017

<http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf>

Number of Florida Veterans: Total and Employed in the Labor Force

U.S. Census Bureau, American Factfinder, 2016 American Community Survey 1-Year Estimates

*Veteran Status by Employment Status for the Civilian Population 18 to 64 Years – Table C21005*

[https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_15\\_1YR\\_C21005&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_1YR_C21005&prodType=table)

Marital Status of U.S. Veterans

U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics

*Profile of Veterans: 2015 – Data from the American Community Survey – March 2017*

[https://www.va.gov/vetdata/docs/SpecialReports/Profile\\_of\\_Veterans\\_2015.pdf](https://www.va.gov/vetdata/docs/SpecialReports/Profile_of_Veterans_2015.pdf)

Number of Active Duty Military in Florida

Defense Manpower Data Center

DoD Personnel, Workforce Reports & Publications

*Military and Civilian Personnel by Service/Agency by State/Country - December 2016*

[https://www.dmdc.osd.mil/appj/dwp/dwp\\_reports.jsp](https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp)

Marital Status of Active Duty Members

U.S. Department of Defense

Office of the Deputy Assistant Secretary of Defense for Military Community and Family Policy

*2015 Demographics – Profile of the Military Community* (page 42)

<http://download.militaryonesource.mil/12038/MOS/Reports/2015-Demographics-Report.pdf>

Number of Floridians Receiving Public Assistance or Low-Income Persons: Total and Employed at 130% and 100% of Federal Poverty Level

EDR compilations using 2016 American Community Survey 1-Year Sample data.

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

See attached spreadsheet.

**Section 4: Proposed Fiscal Impact (Millions)**

**Impact: Proposed legislation exempts certain persons from local business taxes and fees authorized pursuant to Chapter 205, F.S.**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$73.0)	(\$73.0)	(\$65.2)	(\$65.2)	(\$19.1)	(\$19.1)
2019-20	(\$75.6)	(\$75.6)	(\$67.5)	(\$67.5)	(\$19.8)	(\$19.8)
2020-21	(\$78.3)	(\$78.3)	(\$69.9)	(\$69.9)	(\$20.5)	(\$20.5)
2021-22	(\$81.1)	(\$81.1)	(\$72.4)	(\$72.4)	(\$21.2)	(\$21.2)
2022-23	(\$83.9)	(\$83.9)	(\$74.9)	(\$74.9)	(\$22.0)	(\$22.0)

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Local Business Tax - Exemptions

**Issues:** Exempts certain persons and businesses from local business taxes and fees authorized pursuant to Chapter 205, F.S. Authorizes municipalities that impose a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax without any rate change. However, the municipality’s governing body may, by ordinance, revise the definition of merchant.

**Bill Number(s):** HB 603 (Sections 1-2 of this bill are similar to SB 910)

**Impact:** Proposed legislation authorizes a municipality that imposes a business tax on merchants, which is measured by gross receipts from the sale of merchandise or services, or both, to continue to impose such tax. However, the municipality may not revise the rate of the tax measured by gross sales. Each municipality’s governing body may, by ordinance, revise the definition of the term, *merchant*, which could potentially result in future increases or decreases in revenue.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19					\$0 or +/-	\$0 or +/-
2019-20					\$0 or +/-	\$0 or +/-
2020-21					\$0 or +/-	\$0 or +/-
2021-22					\$0 or +/-	\$0 or +/-
2022-23					\$0 or +/-	\$0 or +/-

**List of Affected Trust Funds:** Local funds only.

**Section 5: Consensus Estimate (Adopted: 12/1/2017):** The Conference adopted the following estimates:

**Certain exemptions (Sections 1 and 2) – The Conference adopted the low estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	0.0	0.0	0.0	0.0	(19.1)	(19.1)	(19.1)	(19.1)
2019-20	0.0	0.0	0.0	0.0	(19.8)	(19.8)	(19.8)	(19.8)
2020-21	0.0	0.0	0.0	0.0	(20.5)	(20.5)	(20.5)	(20.5)
2021-22	0.0	0.0	0.0	0.0	(21.2)	(21.2)	(21.2)	(21.2)
2022-23	0.0	0.0	0.0	0.0	(22.0)	(22.0)	(22.0)	(22.0)

**Merchant Definition (Section 3) – The Conference adopted a +/- indeterminate estimate.**

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

	A	B	C	D	E	F	G	H	I	J
1	<b>Fiscal Impact Analysis of HB 603 - Local Business Tax Exemptions</b>									
2										
3	<b>I. Local Business Tax (LBT) Revenue Collections Reported in Annual Financial Reports (AFRs)</b>									
4										
5	<b>County Governments</b>					<b>Municipal Governments</b>				
6	<b>Local FY</b>	<b># Reporting</b>	<b>Reported Revenue</b>	<b>% Chg.</b>	<b># Reporting</b>	<b>Reported Revenue</b>	<b>% Chg.</b>	<b>Panama City Revenue</b>	<b>PC Beach Revenue</b>	<b>Adjusted Revenue</b>
7	1992-93	55	\$ 26,163,869	-	339	\$ 75,015,739	-	\$ 4,673,143	\$ -	\$ 70,576,253
8	1993-94	56	\$ 25,868,020	-1.1%	348	\$ 79,263,843	5.7%	\$ 5,036,190	\$ 65,600	\$ 74,417,143
9	1994-95	56	\$ 31,882,531	23.3%	351	\$ 83,089,405	4.8%	\$ 5,378,823	\$ 65,030	\$ 77,917,745
10	1995-96	53	\$ 33,611,239	5.4%	349	\$ 88,439,882	6.4%	\$ 5,911,155	\$ 70,047	\$ 82,757,740
11	1996-97	52	\$ 37,389,633	11.2%	332	\$ 86,365,240	-2.3%	\$ 5,815,856	\$ 64,235	\$ 80,779,154
12	1997-98	54	\$ 38,157,611	2.1%	355	\$ 96,076,648	11.2%	\$ 6,090,463	\$ 68,670	\$ 90,225,472
13	1998-99	52	\$ 41,070,208	7.6%	355	\$ 104,065,179	8.3%	\$ 6,573,490	\$ 77,725	\$ 97,746,525
14	1999-00	54	\$ 49,372,600	20.2%	368	\$ 102,354,866	-1.6%	\$ 7,168,094	\$ 76,130	\$ 95,472,853
15	2000-01	53	\$ 49,791,778	0.8%	361	\$ 106,664,098	4.2%	\$ 7,128,409	\$ 77,469	\$ 99,818,514
16	2001-02	53	\$ 47,638,155	-4.3%	359	\$ 106,808,528	0.1%	\$ 7,327,796	\$ 89,626	\$ 99,761,977
17	2002-03	52	\$ 37,278,372	-21.7%	372	\$ 114,472,063	7.2%	\$ 7,557,776	\$ 85,341	\$ 107,211,102
18	2003-04	52	\$ 38,064,867	2.1%	361	\$ 116,609,723	1.9%	\$ 8,088,609	\$ -	\$ 108,925,544
19	2004-05	52	\$ 39,004,250	2.5%	362	\$ 125,376,485	7.5%	\$ 8,651,207	\$ -	\$ 117,157,838
20	2005-06	52	\$ 38,692,435	-0.8%	365	\$ 131,043,232	4.5%	\$ 9,480,392	\$ 122,630	\$ 121,920,361
21	2006-07	45	\$ 36,907,051	-4.6%	335	\$ 120,566,643	-8.0%	\$ 8,998,554	\$ 121,635	\$ 111,902,463
22	2007-08	33	\$ 32,336,389	-12.4%	270	\$ 118,363,518	-1.8%	\$ 8,369,068	\$ 4,317	\$ 110,408,802
23	2008-09	35	\$ 31,819,544	-1.6%	280	\$ 120,745,390	2.0%	\$ 7,567,342	\$ -	\$ 113,556,415
24	2009-10	36	\$ 28,357,167	-10.9%	291	\$ 128,326,520	6.3%	\$ 6,979,627	\$ -	\$ 121,695,874
25	2010-11	39	\$ 28,916,033	2.0%	294	\$ 137,201,808	6.9%	\$ 7,523,145	\$ 6,940,560	\$ 123,461,288
26	2011-12	37	\$ 26,858,285	-7.1%	296	\$ 134,729,181	-1.8%	\$ 7,590,601	\$ 7,508,156	\$ 120,385,362
27	2012-13	33	\$ 26,697,476	-0.6%	288	\$ 130,357,349	-3.2%	\$ 7,966,336	\$ 8,007,479	\$ 115,182,225
28	2013-14	33	\$ 27,377,982	2.5%	292	\$ 142,738,112	9.5%	\$ 8,657,993	\$ 10,071,620	\$ 124,944,980
29	2014-15	36	\$ 36,271,982	32.5%	291	\$ 146,668,122	2.8%	\$ 9,163,515	\$ 10,093,445	\$ 128,374,010
30										
31	Data Source: Compiled from Annual Financial Reports (AFR) submitted by county and municipal governments to the Department of Financial Services (i.e., Revenue Account #316.000 Local Business Tax).									
32	Note: This analysis assumes that 95% of Panama City's and Panama City Beach's LBT revenues are derived from the business tax on merchants, which is measured by gross receipts on sales. These Panama City and Panama City Beach LBT revenues, derived from these merchant-related business taxes, are excluded from this analysis.									
33										
34	<b>II. Projected LBT Revenue Collections into the Forecast Period Using a Compound Annual Growth Rate (CAGR) Based on the Historical Collections</b>									
35										
36	<b>County Governments</b>				<b>Municipal Governments - Adjusted</b>		<b>Total Local</b>			
37	<b>State FY</b>	<b>Revenue</b>	<b>% Chg.</b>	<b>Revenue</b>	<b>% Chg.</b>	<b>Revenue</b>	<b>% Chg.</b>			
38	2014-15 (adjust to SFY)	\$ 34,048,482		\$ 127,516,752						
39	CAGR: 1992-93 to 2014-15	1.5%		2.8%						
40	CAGR: 2003-04 to 2014-15	-0.4%		1.5%						
41	CAGR: 2009-10 to 2014-15	5.0%		1.1%						
42										
43										
44	2014-15	\$ 34,048,482	-	\$ 127,516,752	-	\$ 161,565,234	-			
45	2015-16	\$ 35,766,747	5.0%	\$ 128,886,519	1.1%	\$ 164,653,266	1.9%			
46	2016-17	\$ 37,571,725	5.0%	\$ 130,270,999	1.1%	\$ 167,842,724	1.9%			
47	2017-18	\$ 39,467,791	5.0%	\$ 131,670,351	1.1%	\$ 171,138,143	2.0%			
48	2018-19	\$ 41,459,543	5.0%	\$ 133,084,735	1.1%	\$ 174,544,278	2.0%			
49	2019-20	\$ 43,551,809	5.0%	\$ 134,514,312	1.1%	\$ 178,066,121	2.0%			
50	2020-21	\$ 45,749,662	5.0%	\$ 135,959,246	1.1%	\$ 181,708,908	2.0%			
51	2021-22	\$ 48,058,430	5.0%	\$ 137,419,700	1.1%	\$ 185,478,130	2.1%			
52	2022-23	\$ 50,483,711	5.0%	\$ 138,895,843	1.1%	\$ 189,379,553	2.1%			
53										
54	<b>III. Calculation of LBT Revenue Per Florida Labor Force Member</b>									
55										
56	<b>Veterans Status by Employment Status for Florida's Civilian Population 18 to 64 Years (U.S. Census Bureau, American Fact Finder)</b>									
57	<b>Individuals in the Labor Force - 2016</b>									
58										
59		<b>Veterans</b>	<b>Nonveterans</b>	<b>Total</b>						
60	<b>Total in the Labor Force</b>	475,540	8,648,992	9,124,532						
61	<b>Employed in the Labor Force</b>	451,487	8,131,040	8,582,527						
62										
63	<b>State FY</b>	<b>Projected LBT Revenues</b>	<b>LBT Revenues Per FL Labor Force Member</b>							
64	2018-19	\$ 174,544,278	\$ 19.13							
65	2019-20	\$ 178,066,121	\$ 19.52							
66	2020-21	\$ 181,708,908	\$ 19.91							
67	2021-22	\$ 185,478,130	\$ 20.33							
68	2022-23	\$ 189,379,553	\$ 20.75							

	A	B	C	D	E	F	G	H	I	J	
1	<b>Fiscal Impact Analysis of HB 603 - Local Business Tax Exemptions</b>										
2											
69											
70	<b>IV. Calculation of Number of Florida Persons Eligible for New LBT Exemptions</b>										
71											
72	<b>Florida Population (July 2017 Florida Demographic Estimating Conference)</b>										
73	State FY	3rd Q	4th Q	1st Q	2nd Q	Average					
74	2015-16	19,939,600	20,023,400	20,107,000	20,189,800	20,064,950					
75	2016-17	20,271,600	20,352,600	20,433,400	20,514,200	20,392,950					
76	2017-18	20,595,200	20,676,300	20,757,400	20,838,200	20,716,775					
77	2018-19	20,918,900	20,999,300	21,079,500	21,159,500	21,039,300					
78	2019-20	21,239,300	21,318,800	21,398,100	21,477,300	21,358,375					
79	2020-21	21,556,100	21,634,700	21,713,000	21,790,900	21,673,675					
80	2021-22	21,868,400	21,945,500	22,022,300	22,098,700	21,983,725					
81	2022-23	22,174,800	22,250,500	22,325,700	22,400,400	22,287,850					
82											
83	<b>Total # of FL Veterans in the Labor Force in 2016</b>						475,540				
84	<b># of Employed FL Veterans in the Labor Force in 2016</b>						451,487				
85											
86	<b>Marital Status of US Veterans in 2015</b>			<b>Total #</b>	<b>% Married</b>	<b># Married</b>					
87	Men Veterans			17,339,174	64.7%	11,218,446					
88	Women Veterans			1,592,221	49.4%	786,557					
89	Total Veterans			18,931,395	63.4%	12,005,003					
90											
91	<b># of FL Active Duty Military as of 9/30/2017</b>				55,862						
92	<b>FL's 2017 Population (CY Average)</b>				20,554,775						
93	<b>% of FL's 2017 Population Who Are Active Duty Military</b>				0.3%						
94											
95	<b>% of Active Duty US Military Who Are Married in 2015</b>				54.3%						
96											
97	<b>FL's 2016 Population (CY Average)</b>						20,230,250				
98	<b># of Persons Receiving Public Assistance or # of Low-Income Persons (&lt; 130% of FPL) in the Labor Force in 2016</b>						2,876,683				
99	<b># of Persons Receiving Public Assistance or # of Employed Low-Income Persons (&lt; 130% of FPL) in the Labor Force</b>						2,520,196				
100	<b># of Persons Receiving Public Assistance or # of Employed FL Low-Income Persons (&lt; 100% of FPL) in the Labor Force</b>						2,315,489				
101	<b># of Persons Receiving Public Assistance or # of Employed FL Low-Income Persons (100% - 130% of FPL) in the Labor Force</b>						204,707				
102											
103	<b># of Eligible FL Persons - Basis for the High Estimate</b>										
104	State FY	Total Veterans in the Labor Force	Spouses of Such Veterans	Spouses of Active Duty Military	Persons Receiving Public Assistance or Low-Income Persons in the Labor Force (<130% of FPL)	Total Number of Eligible Persons					
105	2018-19	486,750	308,663	31,048	2,991,728	3,818,189					
106	2019-20	494,131	313,345	31,519	3,037,099	3,876,094					
107	2020-21	501,426	317,970	31,984	3,081,934	3,933,314					
108	2021-22	508,599	322,519	32,442	3,126,022	3,989,582					
109	2022-23	515,635	326,981	32,891	3,169,268	4,044,774					
110											
111	<b># of Eligible FL Persons - Basis for the Middle Estimate</b>										
112	State FY	Employed Veterans in the Labor Force	Spouses of Such Veterans	Spouses of Active Duty Military	Persons Receiving Public Assistance or Employed Low-Income Persons in Labor Force (<130% of FPL)	Total Number of Eligible Persons					
113	2018-19	462,130	293,051	31,048	2,620,984	3,407,213					
114	2019-20	469,138	297,495	31,519	2,660,733	3,458,885					
115	2020-21	476,064	301,887	31,984	2,700,012	3,509,947					
116	2021-22	482,874	306,206	32,442	2,738,636	3,560,158					
117	2022-23	489,554	310,442	32,891	2,776,523	3,609,409					
118											
119	<b># of Eligible FL Persons - Basis for the Low Estimate</b>										
120	State FY	Employed Veterans in the Labor Force	Spouses of Such Veterans	Spouses of Active Duty Military	Persons Receiving Public Assistance or Employed Low-Income Persons in Labor Force (100 to 130% of FPL)	Total Number of Eligible Persons					
121	2018-19	462,130	293,051	31,048	212,894	999,123					
122	2019-20	469,138	297,495	31,519	216,122	1,014,275					
123	2020-21	476,064	301,887	31,984	219,313	1,029,248					
124	2021-22	482,874	306,206	32,442	222,450	1,043,972					
125	2022-23	489,554	310,442	32,891	225,528	1,058,414					

	A	B	C	D	E	F	G	H	I	J
1	<b>Fiscal Impact Analysis of HB 603 - Local Business Tax Exemptions</b>									
2										
126										
127	<b>V. Proposed Fiscal Impact (Millions \$)</b>									
128										
129		<b>High</b>		<b>Middle</b>		<b>Low</b>				
130	State FY	Cash	Recurring	Cash	Recurring	Cash	Recurring			
131	2018-19	(\$73.0)	(\$73.0)	(\$65.2)	(\$65.2)	(\$19.1)	(\$19.1)			
132	2019-20	(\$75.6)	(\$75.6)	(\$67.5)	(\$67.5)	(\$19.8)	(\$19.8)			
133	2020-21	(\$78.3)	(\$78.3)	(\$69.9)	(\$69.9)	(\$20.5)	(\$20.5)			
134	2021-22	(\$81.1)	(\$81.1)	(\$72.4)	(\$72.4)	(\$21.2)	(\$21.2)			
135	2022-23	(\$83.9)	(\$83.9)	(\$74.9)	(\$74.9)	(\$22.0)	(\$22.0)			

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Scholarship Funding Sales Tax Credits

**Bill Number(s):** Proposed Language – Hope Scholarships

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Rep. Donalds

**Month/Year Impact Begins:** Upon becoming a law

**Date of Analysis:** 12/1/2017

### Section 1: Narrative

**a. Current Law:** Currently, there is no sales tax credit for this purpose.

**b. Proposed Change:** The proposed language creates section 1002.40, Florida Statutes, establishing the Hope Scholarship Program “to provide the parent of a public school student who was subjected to an incident listed in subsection (3) an opportunity to transfer the student to another public school or to request and receive from the state a scholarship for the student to enroll in and attend an eligible private school.” Subsection (3) lists the following incidents: “battery; harassment; hazing; bullying; kidnapping; physical attack; robbery; sexual offenses, harassment, assault, or battery; threat or intimidation; or fighting at school.” The proposed language also creates s. 212.1832, Florida Statutes, to “direct certain state sales and use tax revenue **from the purchase of a motor vehicle** to be transferred to a nonprofit scholarship-funding organizations for the Hope Scholarship Program.” The contribution “is limited to a single payment of \$20 **per motor vehicle purchased** at the time of purchase of a motor vehicle or a single payment of \$20 **per motor vehicle purchased** at the time of registration of a motor vehicle that was not purchased from a dealer.”

In the proposed language, “dealer” is defined as in s.212.06 and “motor vehicle” is defined as in s.320.01(1)(a) but excludes heavy trucks, truck tractors, trailers, and motorcycles. A “contribution” is defined as “a monetary contribution from a person purchasing a motor vehicle...” A purchase specifically excludes leases and rentals.

### Section 2: Description of Data and Sources

House of Representatives Staff Analysis, PreK-12 Innovations Subcommittee, 11/8/2017.

7/28/2017 Highway Safety REC

Email and phone correspondence with staff from the Department of Highway Safety and Motor Vehicles

Department of Revenue, Tax Research and Technical Offices

Arizona Department of Revenue, School Tuition Organization Income Tax Credits In Arizona Summary of Activity: FY 2015/2016,

<https://www.azdor.gov/Portals/0/Reports/FY2016%20Private%20School%20Tuition%20Org%20Credit%20Report.pdf>

U.S. Department of Education, National Center for Education Statistics, December 2016, Student Reports of Bullying: Results from the 2015 School Crime Supplement to the National Crime Victimization Survey, <https://nces.ed.gov/pubs2017/2017015.pdf>.

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

This analysis makes the following assumptions:

- **Person:** This analysis assumes that the definition of “person” has the same meaning as provided in s.212.02(12). This includes individuals and firms.
- **Motor vehicles:** The definition includes cars and light trucks, including antique cars and trucks.
- **Motor vehicle condition:** The estimate includes both new and used motor vehicles as the bill does not specify nor prohibit one or the other kind explicitly.
- **Motor vehicle use:** This analysis includes motor vehicles purchased for a personal or a commercial purpose by a person or a firm.

Several sources of information were considered in developing the number of eligible purchase transactions in Florida that will create the potential universe of contributions.

- The Florida Economic Estimating Conference adopts a forecast of the number of new light vehicle sales (cars and light trucks); however, this source does not have a complementing forecast of used car sales and therefore was not the ideal base data source.
- EDR requested registrations data from the DHSMV. Anecdotal evidence from private market research vendors suggests that private data vendors use registration data from departments of motor vehicles across the country to produce market estimates of new and used car sales. At the time of completing this analysis, DHSMV was not yet able to identify the exact process used to provide data to private data vendors, so this approach was not pursued further at this point. More

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Scholarship Funding Sales Tax Credits

**Bill Number(s):** Proposed Language – Hope Scholarships

importantly, however, DHSMV and EDR believe that true and unique car sales, especially used car sales, would be much harder to filter out from the registrations data than from title fees data.

- EDR used data on the \$21 title fee transactions from the Highway Safety REC (July 2017). The title fee is paid on all motor vehicle registrations and title issuances excluding for-hire vehicles. EDR ultimately chose to proceed with this method.

### *Estimates of Motor Vehicle Market Transactions*

There were 5,200,610 base title fee transactions in FY 2016-17 according to the July 28, 2017 Highway Safety REC. The FY 2016-17 vehicle shares for base tag fee were used to calculate the number of base title fee transactions that are Private Autos (3,900,458 or 75%) and Other Eligible Motor Vehicles (76,449 or 1.5%). The remaining title transactions (23.5%) were excluded because they are for motor vehicles specifically excluded by the bill, such as heavy trucks, trailers, and motorcycles. Base title fees, however, include non-market transactions, such as inheritances, transfers, etc. that represent approximately 13 percent of all base title fees according to the Department of Highway Safety and Motor Vehicles. Thus, both Private Autos and Other Eligible Motor Vehicles, were multiplied by a factor of 0.87 to exclude inheritances and transfers. The remaining 3,459,908 in title transactions is the best representation of the total sales of new or used eligible motor vehicles in FY 2016-17 and serves as the universe of taxpayers that potentially may take advantage of the Hope Scholarship tax credit.

The estimate does not include for hire vehicle purchases to be rented or leased as these dealers do not pay sales tax at the time of purchase of the fleet. Even though the estimate should include the purchase of fleets by taxi cab companies, EDR was unable to isolate taxi cab companies' purchases from the total for-hire transactions. Yet, these transactions are assumed to be immaterial to the final estimate in this analysis.

### *Estimates of a Participation Rate*

This analysis reviewed the following four approaches to develop estimates of potential contributions to the Hope Scholarship.

1. Florida voluntary contributions at the point of vehicle registration: Florida DHSMV asks persons if they want to make a voluntary contribution ranging from \$1 to \$4 to certain causes (depending on the cause). Based on the Highway Safety REC history files, approximately 1 percent of persons elect to make a voluntary \$1 to \$4 donation at the time of vehicle registration. Some of the causes that attract relatively larger contributions are: Prevent Child Sex Abuse, Support Our Troops, and Autism Programs.
2. IRS' Presidential Election Campaign Fund: The IRS has a voluntary contribution program that allows taxpayers to check a box on their annual tax returns if they want to make a contribution of \$3 for individual or \$6 for filing jointly. In tax year 2014, 4.3 percent of returns had this box checked. The first year the program was introduced (1999), 11.2 percent of returns had this box checked. The IRS explains the program as follows:

"This fund helps pay for Presidential election campaigns. The fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general election. The fund also helps pay for pediatric medical research. If you want \$3 to go to this fund, check the box. If you are filing a joint return, your spouse can also have \$3 go to the fund. If you check a box, your tax or refund won't change."

3. Arizona School Income Tax Credits: Arizona has the oldest school tax credit program in the U.S. (1998). It currently has five school income tax credit programs, three of which are considered relevant to this analysis because they allow individuals (as opposed to corporations) to make contributions: Original Individual Income Tax Credit for private schools, Switcher Individual Income Tax Credit, and Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs in public schools. The switcher program is only for individuals who have already maxed out their contribution for the Original Individual Income Tax Credit for private schools, so it is duplicative and it is not used further in this analysis. In tax year 2015, 92,554 tax returns contributed to the Original Individual Income Tax Credit and 168,809 to the Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs in public schools program. This represents 8.8 percent of tax returns for that tax year.
4. Issue awareness of families of children who were bullied: It might be likely that family members of children who are subjected to bullying in school may be more likely to contribute to such a cause. The U.S. Department of Education reports that 20.8 percent of children in grades 6 through 12 were bullied in school year 2014-15. This represents 573,385 children enrolled in Florida public schools in grades K-12. This analysis assumes that the percentage applies to all grades and that

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

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this approach will only be relevant for families of public school children. To account for the fact that in practice not everyone gives even if it is at no cost, EDR assumes that only 67 percent of student families will participate (384,168 families) based on statistics from the Urban Institute’s The Nonprofit Almanac. Further, EDR assumes that each student has a family of six who are aware of the bullying issue. Assuming that people purchase a car every six years, a sixth of these family members are likely to purchase a used or new motor vehicle each year. This results in 384,168 persons likely to purchase a motor vehicle and likely to contribute to the Hope Scholarship, accounting for 11.1 percent of eligible motor vehicle purchases in FY 2016-17.

Based on approaches #2, #3, and #4 above, on the proposed language’s specification that the contribution is per vehicle, and on the assumption that participation rates remain constant over time, the table below shows the estimated number of participants and the corresponding reduction in sales tax collections from FY 2017-18 to FY 2022-23.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Number of Participants</b>						
Participation rate of 4.3% based on IRS Presidential Campaign Fund	150,678	153,657	155,984	157,506	158,245	159,188
Credits	307,497	313,577	318,326	321,432	322,940	324,865
Participation rate of 11.1% based on families of bullied children	387,981	395,652	401,644	405,562	407,466	409,895
<b>Sales Tax Collections</b>						
Participation rate of 4.3% based on IRS Presidential Campaign Fund	(3,013,560)	(3,073,140)	(3,119,680)	(3,150,120)	(3,164,900)	(3,183,760)
Participation rate of 8.8% based on Arizona Individual School Tax	(6,149,940)	(6,271,540)	(6,366,520)	(6,428,640)	(6,458,800)	(6,497,300)
Participation rate of 11.1% based on families of bullied children	(7,759,620)	(7,913,040)	(8,032,880)	(8,111,240)	(8,149,320)	(8,197,900)

The three approaches above form the high, the middle, and the low estimates. The analysis assumes the bill takes effect in June, resulting in a full year effect in FY 2018-19.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(7.9)	(7.9)	(6.3)	(6.3)	(3.1)	(3.1)
2019-20	(8.0)	(8.0)	(6.4)	(6.4)	(3.1)	(3.1)
2020-21	(8.1)	(8.1)	(6.4)	(6.4)	(3.2)	(3.2)
2021-22	(8.1)	(8.1)	(6.5)	(6.5)	(3.2)	(3.2)
2022-23	(8.2)	(8.2)	(6.5)	(6.5)	(3.2)	(3.2)

**List of affected Trust Funds:** General Sales and Use Tax Grouping – GR only

**Section 5: Consensus Estimate (Adopted: 12/1/2017): The Conference adopted the high estimate as an at least as impact.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(7.9)	(7.9)	0.0	0.0	0.0	0.0	(7.9)	(7.9)
2019-20	(8.0)	(8.0)	0.0	0.0	0.0	0.0	(8.0)	(8.0)
2020-21	(8.1)	(8.1)	0.0	0.0	0.0	0.0	(8.1)	(8.1)
2021-22	(8.1)	(8.1)	0.0	0.0	0.0	0.0	(8.1)	(8.1)
2022-23	(8.2)	(8.2)	0.0	0.0	0.0	0.0	(8.2)	(8.2)

	A	B	C	D	E	F	G	H	I
1	<b>REVISED: 12/1/2017</b>								
2									
3	1. Estimate of eligible motor vehicles								
4	<b>Personal and Commercial Purchases of New and Used Motor Vehicles</b>								
5		<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	
6	\$21 Base Title Fee Transactions (New and Used Motor Vehicles)	5,200,610	5,252,227	5,356,073	5,437,190	5,490,231	5,515,998	5,548,883	
7	Deduct assumed non-eligible motor vehicles	-1,223,704	-1,235,849	-1,260,284	-1,279,371	-1,291,851	-1,297,914	-1,305,652	
8	Remaining eligible motor vehicles, of which:	3,976,906	4,016,378	4,095,789	4,157,819	4,198,380	4,218,084	4,243,231	
9	Private autos (cars and light trucks, 75%)	3,900,458	3,939,170	4,017,054	4,077,893	4,117,673	4,136,999	4,161,662	
10	Other assumed eligible motor vehicles (antique cars & trucks, 1.5%)	76,449	77,208	78,734	79,927	80,706	81,085	81,569	
11	Deduct transactions not related to sales (inheritance, transfers, etc., 13%)	516,998	522,129	532,453	540,517	545,789	548,351	551,620	
12	Remaining eligible motor vehicle market transactions	3,459,908	3,494,249	3,563,336	3,617,302	3,652,591	3,669,733	3,691,611	
13	Source: Highway Safety REC history file.								
14									
15									
16	2. Estimate of participation rates								
17	2.1. Florida participation rates								
18									
19	Florida Voluntary Contributions Participation Rates FY 2016-17								
20									
21	Voluntary donations - vehicle registrations	1.0%							
22	Voluntary donations - driver's licenses	4.5%							
23	Specialty tags	7.5%							
24	Source: Highway Safety REC history file.								
25									
26	2.2. IRS Presidential Campaign Fund								
27		Tax Year 2010	Tax Year 2011	Tax Year 2012	Tax Year 2013	Tax Year 2014			
28	All returns	142,892,051	145,370,240	144,928,472	147,351,299	148,606,578			
29	Returns with Presidential Election Campaign Fund check off:	7,901,035	7,895,764	7,460,172	6,841,039	6,408,152			
30	Participation rate	5.5%	5.4%	5.1%	4.6%	4.3%			
31	Source: Internal Revenue Service.								
32									
33	2.3. Arizona participation rates								
34									
35	Individual Income Tax Credit for the Support of Extracurricular Activities or Character Education Programs	168,809							
36	Original Individual Income Tax Credit ofr Private Schools	92,554							
37	<b>Total contributions</b>	<b>261,363</b>							
38	Arizona Individual Income Tax Returns Received	2,970,000							
39	<b>Participation rate</b>	<b>8.8%</b>							
40	Source: Arizona Department of Revenue.								
41									
42	2.4 Families of victims of bullying or other types of threats/ intimidations								
43									
44	Florida public school enrollment, school year 2016-17	2,756,658							
45	Percent bullied <sup>1</sup>	20.8%							
46	Children bullied	573,385							
47	Children's families, likely to contribute (67%) <sup>2</sup>	384,168							
48	Adjustment for 6 family members per student and car purchase once every 6 years (multiply and divide by 6) <sup>3</sup>	384,168							
49	Number of family members of children, subjected to bullying, who are likely to contribute when purchasing a motor vehicle each year	384,168							
50	<b>Percent of total purchases in 2016-17</b>	<b>11.1%</b>							
51	<sup>1</sup> U.S. Department of Education, National Center for Education Statistics, December 2016, Student Reports of Bullying: Results from the 2015 School Crime Supplement to the National Crime Victimization Survey, <a href="https://nces.ed.gov/pubs2017/2017015.pdf">https://nces.ed.gov/pubs2017/2017015.pdf</a> .								
52	<sup>2</sup> Charitable Giving in America: Some Facts and Figures, The Nonprofit Almanac, National Center fo Charitable Statistics, <a href="http://nccs.urban.org/data-statistics/charitable-giving-america-some-facts-and-figures">http://nccs.urban.org/data-statistics/charitable-giving-america-some-facts-and-figures</a> .								
53	<sup>3</sup> Phil LeBeau, CNBC, Americans holding onto their cars longer than ever, July 2015, <a href="https://www.cnbc.com/2015/07/28/americans-holding-onto-their-cars-longer-than-ever.html">https://www.cnbc.com/2015/07/28/americans-holding-onto-their-cars-longer-than-ever.html</a> . Note: An verage of 6 years was assumed based on 6.5 years for a new car and 5.3 years for a used car.								
54									

	A	B	C	D	E	F	G	H	I
55	3. Estimate of program participants and sales tax collections, assuming each vehicle sold is eligible for a \$20 credit & participation rates are constant.								
56		<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>		
57	<b>Number of Participants</b>								
58	Participation rate of 4.3% based on IRS Presidential Campaign Fund	150,678	153,657	155,984	157,506	158,245	159,188		
59	Participation rate of 8.8% based on Arizona Individual School Tax Credits	307,497	313,577	318,326	321,432	322,940	324,865		
60	Participation rate of 11.1% based on families of bullied children	387,981	395,652	401,644	405,562	407,466	409,895		
61	<b>Sales Tax Collections</b>								
62	Participation rate of 4.3% based on IRS Presidential Campaign Fund	(3,013,560)	(3,073,140)	(3,119,680)	(3,150,120)	(3,164,900)	(3,183,760)		
63	Participation rate of 8.8% based on Arizona Individual School Tax Credits	(6,149,940)	(6,271,540)	(6,366,520)	(6,428,640)	(6,458,800)	(6,497,300)		
64	Participation rate of 11.1% based on families of bullied children	(7,759,620)	(7,913,040)	(8,032,880)	(8,111,240)	(8,149,320)	(8,197,900)		
65									
66	4. Maximum participation rate								
67		<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>		
68	<b>Number of Participants</b>								
69	Participation rate of 100%	3,494,249	3,563,336	3,617,302	3,652,591	3,669,733	3,691,611		
70	<b>Sales Tax Collections</b>								
71	Participation rate of 100%	(69,884,980)	(71,266,720)	(72,346,040)	(73,051,820)	(73,394,660)	(73,832,220)		
72									

**REVENUE ESTIMATING CONFERENCE**

**Tax:** Sales and Use Tax

**Issue:** Local Tax Referenda

**Bill Number(s):** CS/HB 317

**Entire Bill**

**Partial Bill:**

**Sponsor(s):** Local, Federal & Veterans Affairs Subcommittee; Representative Ingoglia.

**Month/Year Impact Begins:** July 1, 2018

**Date of Analysis:** 11/27/2017

**Section 1: Narrative**

**a. Current Law:**

Under current law, elections for proposed discretionary sales surtaxes authorized under s. 212.055, F.S., that require voter approval are not restricted to a specific voting day or election. Such proposals require the approval of a majority of the qualified electors voting on the ballot question for passage.

**b. Proposed Change:**

The bill would require that a referendum to adopt or amend a local government discretionary sales surtax be held only at a primary or general election. If held at a primary election, the bill requires the approval of 60 percent of the qualified electors voting on the ballot question for passage. If held at a general election, the bill requires the approval of a majority of the qualified electors voting on the ballot question for passage.

**Section 2: Description of Data and Sources**

N/A

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

The recommended revenue impact of the bill is zero. The bill creates new constraints on a county’s ability to adopt or amend certain discretionary sales surtaxes by (1) limiting required referenda to a primary or general election and (2) requiring those held at primary elections to achieve 60 percent approval for passage. It does not directly impact current baseline revenue forecasts because they are based on current law and current administration and do not contain assumptions regarding future discretionary sales surtax enactments. Future revenue impacts from proposed adoptions of or amendments to discretionary sales surtaxes that could pass under current statutory authority may not occur because of the existence of the changes proposed by the bill.

**Section 4: Proposed Fiscal Impact**

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19			0	0		
2019-20			0	0		
2020-21			0	0		
2021-22			0	0		
2022-23			0	0		

**List of affected Trust Funds:**

**Section 5: Consensus Estimate (Adopted: 12/1/2017): The Conference adopted the proposed estimate.**

	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	0.0
2019-20	0.0	0.0	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	0.0	0.0
2021-22	0.0	0.0	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	0.0	0.0