

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Widow, Blind, Disabled Increase to \$5,000

Bill Number(s): HB 727/SB 934

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Rep. Grall/Senator Hukill

Month/Year Impact Begins: January 1, 2019

Date of Analysis: December 8, 2017

Section 1: Narrative

a. Current Law:

Article VII, Section 3(b) of the Florida Constitution provides: There shall be exempt from taxation, cumulatively, to the head of a family residing in this state, household goods and personal effects to the value fixed by general law, not less than one thousand dollars, and to every widow or widower or person who is blind or totally and permanently disabled, property to the value fixed by general law not less than \$500.

Section 196.202, Florida Statutes, Provides: Property of widows, widowers, blind persons, and persons totally and permanently disabled.—

(1) Property to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a bona fide resident of this state is exempt from taxation. As used in this section, the term “totally and permanently disabled person” means a person who is currently certified by a physician licensed in this state, by the United States Department of Veterans Affairs or its predecessor, or by the Social Security Administration to be totally and permanently disabled.

(2) An applicant for the exemption under this section may apply for the exemption before receiving the necessary documentation from the United States Department of Veterans Affairs or its predecessor, or the Social Security Administration. Upon receipt of the documentation, the exemption shall be granted as of the date of the original application, and the excess taxes paid shall be refunded. Any refund of excess taxes paid shall be limited to those paid during the 4-year period of limitation set forth in s. 197.182(1)(e).

b. Proposed Change:

This bill increases the exemption amount for widows, widowers, blind persons, and persons totally and permanently disabled from \$500 to \$5,000. It applies to tax years beginning on or after January 1, 2019.

Section 2: Description of Data and Sources

2017 Real Property Assessment Roll (Preliminary)

2017 Data Book

July 10, 2017 Demographic Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

The 2017 preliminary ad valorem assessment rolls were filtered to extract only parcels with an exemption based on s. 196.202, F.S., (exemption codes 31 for blind, 32 for widowers, 33 for widows, and 34 for permanently disabled). Due to ongoing issues with mislabeled disability exemptions, parcels with any value in exemption codes 08 (totally and permanent disabled persons) and 35 (disabled veterans, exemption up to \$5,000) were also extracted. Flags were created for each s. 196.202, F.S., exemption and each parcel’s number of relevant exemptions was calculated.

When exemption 08 equaled \$500, the exemption value was moved to exemption 34. When exemption 35 equaled \$500, that value was moved to exemption 34. If exemption 35 was over \$5,000 and up to \$5,500, the value more than \$5,000 was moved to exemption 34.

The increased exemption value was calculated for both school and non-school purposes for each exemption at the parcel level. If a current taxable value (school and non-school) was greater than the maximum increase in exemption value, the exemption values were multiplied by 10. When a current taxable value was less than the maximum increase in exemption value, the new exemption value was calculated to equal the current taxable value (so the potential taxable value equaled \$0). In cases where the maximum increase was greater than the taxable value and there were multiple applicable exemptions, the relevant exemptions were maxed out in order from exemption 31 to exemption 34 until there was no remaining taxable value.

Future years were forecast based on population growth estimates from the July 10, 2017 Demographic Estimating Conference.

For the low estimate, the amounts from the roll were grossed up 2% to reflect that the value of the current \$500 exemption reduces a levy less than \$10 on average and may not be enough to compel certain otherwise eligible homeowners to gather the

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necessary documentation and present it to the office of the property appraiser. For the middle, the roll values were grossed up 7% and for the high the roll values were grossed up 15%. These rates are unchanged since the conference discussed 2017 HB283 earlier this year.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19		\$ (42.7 M)		\$ (39.7 M)		\$ (37.8 M)
2019-20	\$ (43.3 M)	\$ (43.3 M)	\$ (40.3 M)	\$ (40.3 M)	\$ (38.4 M)	\$ (38.4 M)
2020-21	\$ (44.0 M)	\$ (44.0 M)	\$ (40.9 M)	\$ (40.9 M)	\$ (39.0 M)	\$ (39.0 M)
2021-22	\$ (44.6 M)	\$ (44.6 M)	\$ (41.5 M)	\$ (41.5 M)	\$ (39.6 M)	\$ (39.6 M)
2022-23	\$ (45.3 M)	\$ (45.3 M)	\$ (42.1 M)	\$ (42.1 M)	\$ (40.1 M)	\$ (40.1 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 12/08/17): The Conference adopted the low estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	0.0	(16.0)	0.0	(21.8)	0.0	(37.8)
2019-20	(16.3)	(16.3)	(22.1)	(22.1)	(38.4)	(38.4)
2020-21	(16.5)	(16.5)	(22.5)	(22.5)	(39.0)	(39.0)
2021-22	(16.8)	(16.8)	(22.8)	(22.8)	(39.6)	(39.6)
2022-23	(17.0)	(17.0)	(23.1)	(23.1)	(40.1)	(40.1)

	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	(37.8)	0.0	(37.8)
2019-20	0.0	0.0	0.0	0.0	(38.4)	(38.4)	(38.4)	(38.4)
2020-21	0.0	0.0	0.0	0.0	(39.0)	(39.0)	(39.0)	(39.0)
2021-22	0.0	0.0	0.0	0.0	(39.6)	(39.6)	(39.6)	(39.6)
2022-23	0.0	0.0	0.0	0.0	(40.1)	(40.1)	(40.1)	(40.1)

	A	B	C	D	E	F	G	H
1	County-Level Exemption Values							
2								
3			Current Exemption Values					
4	CO_	County	Ex. 31	Ex. 32	Ex. 33	Ex. 34	Total Current	
5	NO		Blind	Widowers	Widows	Disabled	Exemption Value	
6	11	Alachua	29,000	202,000	1,403,710	294,320	1,929,030	
7	12	Baker	2,000	50,500	221,500	143,500	417,500	
8	13	Bay	15,500	281,900	1,443,369	407,000	2,147,769	
9	14	Bradford	1,000	40,471	290,162	135,500	467,133	
10	15	Brevard	96,500	1,552,000	6,657,000	2,128,510	10,434,010	
11	16	Broward	87,000	2,755,680	15,205,090	2,072,970	20,120,740	
12	17	Calhoun	500	15,000	91,935	15,000	122,435	
13	18	Charlotte	44,500	780,022	2,743,307	1,489,100	5,056,929	
14	19	Citrus	39,000	547,310	2,351,960	1,441,250	4,379,520	
15	20	Clay	25,500	322,314	1,503,053	729,680	2,580,547	
16	21	Collier	35,500	989,550	3,669,500	206,000	4,900,550	
17	22	Columbia	10,500	110,500	536,952	227,931	885,883	
18	23	Miami-Dade	73,000	1,707,000	12,627,000	2,661,000	17,068,000	
19	24	DeSoto	5,000	69,529	271,161	184,226	529,916	
20	25	Dixie		40,500	153,420	102,691	296,611	
21	26	Duval	48,500	926,092	5,962,798	1,817,628	8,755,018	
22	27	Escambia		622,900	3,204,637	1,269,292	5,096,829	
23	28	Flagler	24,500	299,500	1,329,661	604,000	2,257,661	
24	29	Franklin	1,000	24,000	123,758	65,575	214,333	
25	30	Gadsden	2,000	49,500	358,779	58,500	468,779	
26	31	Gilchrist	2,000	44,000	167,768	80,569	294,337	
27	32	Glades	500	32,000	117,663	76,127	226,290	
28	33	Gulf	500	25,219	147,504	52,579	225,802	
29	34	Hamilton	1,500	9,500	140,402	63,769	215,171	
30	35	Hardee	2,500	39,500	219,392	97,500	358,892	
31	36	Hendry		43,494	226,090	129,290	398,874	
32	37	Hernando	15,500	657,438	2,629,755	974,907	4,277,600	
33	38	Highlands	21,000	438,000	1,564,000	731,500	2,754,500	
34	39	Hillsborough	113,000	1,209,000	6,936,000	2,194,500	10,452,500	
35	40	Holmes	1,500	24,500	202,286	35,000	263,286	
36	41	Indian River	9,500	325,841	1,707,288	925,213	2,967,842	
37	42	Jackson	7,500	91,121	505,778	196,273	800,672	
38	43	Jefferson	4,000	39,479	170,500	120,130	334,109	
39	44	Lafayette	500	14,000	56,000	8,500	79,000	
40	45	Lake	84,000	664,668	3,129,417	1,113,027	4,991,112	
41	46	Lee	73,500	1,329,628	5,469,295	1,248,053	8,120,476	
42	47	Leon	31,400	371,087	1,727,998	194,296	2,324,781	
43	48	Levy	9,500	104,000	513,000	289,000	915,500	
44	49	Liberty	1,729	7,057	40,000	9,500	58,286	
45	50	Madison	3,000	32,500	215,396	122,489	373,385	
46	51	Manatee	48,500	1,092,322	3,945,838	611,311	5,697,971	
47	52	Marion	44,000	945,361	4,303,550	1,244,269	6,537,180	
48	53	Martin	31,500	342,415	1,784,347	276,353	2,434,615	
49	54	Monroe	3,500	190,000	591,000	143,500	928,000	

	A	B	C	D	E	F	G	H
1	County-Level Exemption Values							
2								
3			Current Exemption Values					
4	CO_	County	Ex. 31	Ex. 32	Ex. 33	Ex. 34	Total Current	
	NO		Blind	Widowers	Widows	Disabled	Exemption Value	
49	55	Nassau	11,624	224,500	790,362	222,500	1,248,986	
50	56	Okaloosa	6,000	330,000	1,541,895	213,917	2,091,812	
51	57	Okeechobee	2,000	82,500	343,972	206,079	634,551	
52	58	Orange	1,000	998,646	5,109,908	1,402,840	7,512,394	
53	59	Osceola	16,500	263,500	1,426,045	1,097,884	2,803,929	
54	60	Palm Beach	113,653	2,676,589	13,793,693	1,613,494	18,197,429	
55	61	Pasco	45,500	1,359,000	5,493,500	1,263,000	8,161,000	
56	62	Pinellas	184,928	2,623,361	11,275,470	2,256,853	16,340,612	
57	63	Polk	82,000	1,180,178	5,293,122	1,993,476	8,548,776	
58	64	Putnam	12,500	191,000	859,750	365,100	1,428,350	
59	65	St. Johns	23,000	464,000	2,039,445	389,162	2,915,607	
60	66	St. Lucie	53,000	680,701	3,067,956	2,050,560	5,852,217	
61	67	Santa Rosa	9,500	257,000	1,263,604	565,277	2,095,381	
62	68	Sarasota	72,500	1,625,000	6,525,366	476,820	8,699,686	
63	69	Seminole	65,500	585,970	2,853,606	785,500	4,290,576	
64	70	Sumter	40,000	689,000	2,482,970	690,000	3,901,970	
65	71	Suwannee	6,000	74,500	452,436	249,090	782,026	
66	72	Taylor	2,500	23,000	182,170	73,500	281,170	
67	73	Union	3,500	18,000	93,470	76,738	191,708	
68	74	Volusia	102,000	1,112,000	5,624,500	2,863,000	9,701,500	
69	75	Wakulla	3,500	33,500	217,854	63,500	318,354	
70	76	Walton	5,000	92,500	578,171	357,942	1,033,613	
71	77	Washington	3,000	47,000	282,483	132,947	465,430	
72								
73		Statewide	1,915,334	35,089,843	168,250,767	46,400,507	251,656,451	

	A	B	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	County-Level E															
2																
3			School Increased Exemption Values						Non-School Increased Exemption Values						Total Reduction in TV	
4	CO_NO	County	Ex. 31 Blind	Ex. 32 Widowers	Ex. 33 Widows	Ex. 34 Disabled	Total New Exemption Value		Ex. 31 Blind	Ex. 32 Widowers	Ex. 33 Widows	Ex. 34 Disabled	Total New Exemption Value		School	Non-School
5	11	Alachua	272,000	1,992,000	13,572,064	2,883,170	18,719,234		258,500	1,844,490	12,444,774	2,628,320	17,176,084		16,790,204	15,247,054
6	12	Baker	20,000	498,771	2,198,012	1,384,336	4,101,119		20,000	398,342	1,620,280	1,225,517	3,264,139		3,683,619	2,846,639
7	13	Bay	155,000	2,801,068	14,325,570	4,001,082	21,282,720		123,500	2,470,322	11,530,152	3,608,598	17,732,572		19,134,951	15,584,803
8	14	Bradford	10,000	389,017	2,837,674	1,278,965	4,515,656		10,000	356,245	2,339,990	1,190,002	3,896,237		4,048,523	3,429,104
9	15	Brevard	934,110	15,127,880	64,842,150	20,492,540	101,396,680		823,960	13,544,530	55,466,290	18,486,310	88,321,090		90,962,670	77,887,080
10	16	Broward	863,360	27,250,130	149,882,480	20,374,330	198,370,300		747,370	24,392,690	127,803,920	17,753,210	170,697,190		178,249,560	150,576,450
11	17	Calhoun	5,000	148,036	871,208	136,935	1,161,179		500	96,000	509,034	102,151	707,685		1,038,744	585,250
12	18	Charlotte	445,000	7,712,525	27,118,385	14,690,967	49,966,877		445,000	7,712,525	27,113,051	14,690,681	49,961,257		44,909,948	44,904,328
13	19	Citrus	363,257	5,301,926	22,554,621	13,605,277	41,825,081		362,497	5,299,426	22,554,430	13,608,728	41,825,081		37,445,561	37,445,561
14	20	Clay	253,023	3,199,739	14,968,094	7,199,111	25,619,967		228,339	2,954,526	13,212,603	6,592,219	22,987,687		23,039,420	20,407,140
15	21	Collier	355,000	9,888,583	36,642,992	2,059,536	48,946,111		328,000	9,619,042	35,421,425	1,976,872	47,345,339		44,045,561	42,444,789
16	22	Columbia	97,526	1,065,951	5,234,331	2,206,771	8,604,579		79,526	844,629	4,056,622	1,922,415	6,903,192		7,718,696	6,017,309
17	23	Miami-Dade	721,000	16,836,669	124,403,409	26,204,925	168,166,003		554,500	12,188,652	90,069,881	20,812,662	123,625,695		151,098,003	106,557,695
18	24	DeSoto	48,298	677,859	2,676,722	1,797,670	5,200,549		43,798	509,822	2,072,968	1,488,007	4,114,595		4,670,633	3,584,679
19	25	Dixie		354,077	1,354,290	900,614	2,608,981			353,577	1,354,290	901,114	2,608,981		2,312,370	2,312,370
20	26	Duval	476,000	9,034,427	57,268,177	17,530,741	84,309,345		420,230	8,168,628	49,195,698	15,896,481	73,681,037		75,554,327	64,926,019
21	27	Escambia		6,077,650	30,632,259	12,230,951	48,940,860			5,350,108	24,596,621	10,633,721	40,580,450		43,844,031	35,483,621
22	28	Flagler	245,000	2,993,000	13,260,436	6,023,671	22,522,107		209,242	2,644,958	11,435,246	5,647,625	19,937,071		20,264,446	17,679,410
23	29	Franklin	10,000	234,222	1,184,252	616,292	2,044,766		10,000	191,273	943,292	518,219	1,662,784		1,830,433	1,448,451
24	30	Gadsden	20,000	477,749	3,472,095	562,518	4,532,362		20,000	452,323	3,296,533	539,184	4,308,040		4,063,583	3,839,261
25	31	Gilchrist	20,000	428,651	1,625,800	786,178	2,860,629		17,335	380,076	1,488,299	727,937	2,613,647		2,566,292	2,319,310
26	32	Glades	5,000	312,530	1,155,763	748,629	2,221,922		5,000	307,352	1,095,139	731,701	2,139,192		1,995,632	1,912,902
27	33	Gulf	5,000	245,560	1,446,199	515,782	2,212,541		5,000	198,182	1,206,528	498,297	1,908,007		1,986,739	1,682,205
28	34	Hamilton	13,000	88,195	1,344,636	611,300	2,057,131		13,000	70,195	930,011	476,384	1,489,590		1,841,960	1,274,419
29	35	Hardee	25,000	383,152	2,126,535	923,061	3,457,748		20,500	334,683	1,601,057	759,461	2,715,701		3,098,856	2,356,809
30	36	Hendry		407,594	2,178,134	1,230,932	3,816,660			319,104	1,602,076	1,038,915	2,960,095		3,417,786	2,561,221
31	37	Hernando	155,000	6,491,065	26,004,627	9,564,393	42,215,085		128,000	5,233,717	19,508,878	8,263,251	33,133,846		37,937,485	28,856,246
32	38	Highlands	205,500	4,105,611	14,765,351	6,612,332	25,688,794		196,500	4,019,705	14,265,628	6,445,804	24,927,637		22,934,294	22,173,137
33	39	Hillsborough	1,103,000	11,766,666	67,133,264	21,055,584	101,058,514		966,381	10,326,285	56,998,136	18,945,370	87,236,172		90,606,014	76,783,672
34	40	Holmes	15,000	243,965	1,958,471	336,131	2,553,567		6,000	176,465	1,099,331	222,380	1,504,176		2,290,281	1,240,890
35	41	Indian River	95,000	3,203,614	16,736,500	9,020,555	29,055,669		95,000	2,969,573	15,537,496	8,558,435	27,160,504		26,087,827	24,192,662
36	42	Jackson	72,987	876,550	4,899,640	1,883,268	7,732,445		68,487	794,813	4,396,496	1,742,471	7,002,267		6,931,773	6,201,595
37	43	Jefferson	40,000	384,418	1,661,218	1,136,401	3,222,037		39,473	370,418	1,580,681	1,096,597	3,087,169		2,887,928	2,753,060
38	44	Lafayette	5,000	135,950	551,300	85,000	777,250		5,000	135,950	551,300	78,242	770,492		698,250	691,492
39	45	Lake	830,803	6,578,084	31,020,915	10,941,878	49,371,680		744,851	5,531,301	25,291,227	9,821,792	41,389,171		44,380,568	36,398,059
40	46	Lee	633,090	13,208,045	54,202,617	12,301,945	80,345,697		547,590	12,191,216	48,357,926	11,551,516	72,648,248		72,225,221	64,527,772
41	47	Leon	304,206	3,697,435	17,178,705	1,913,898	23,094,244		277,206	3,485,935	15,622,507	1,823,528	21,209,176		20,769,463	18,884,395
42	48	Levy	86,000	845,291	4,435,735	2,444,543	7,811,569		64,594	646,331	3,393,977	2,064,521	6,169,423		6,896,069	5,253,923
43	49	Liberty	7,844	66,815	397,041	95,000	566,700		7,844	57,815	265,538	50,698	381,895		508,414	323,609
44	50	Madison	30,000	321,827	2,074,094	1,154,870	3,580,791		25,500	299,327	1,724,647	1,073,953	3,123,427		3,207,406	2,750,042
45	51	Manatee	478,330	10,787,184	38,977,286	6,025,134	56,267,934		464,330	10,324,741	36,462,211	5,767,543	53,018,825		50,569,963	47,320,854
46	52	Marion	435,291	9,324,016	42,395,033	12,146,380	64,300,720		435,291	9,322,644	42,394,615	12,146,533	64,299,083		57,763,540	57,761,903
47	53	Martin	293,658	3,369,088	17,399,651	2,700,486	23,762,883		269,816	3,074,317	15,382,902	2,565,786	21,292,821		21,328,268	18,858,206
48	54	Monroe	35,000	1,900,000	5,909,628	1,435,000	9,279,628		35,000	1,864,000	5,746,403	1,417,000	9,062,403		8,351,628	8,134,403

	A	B	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
1	County-Level E															
2																
3			School Increased Exemption Values						Non-School Increased Exemption Values						Total Reduction in TV	
4	CO_	County	Ex. 31 Blind	Ex. 32 Widowers	Ex. 33 Widows	Ex. 34 Disabled	Total New Exemption Value		Ex. 31 Blind	Ex. 32 Widowers	Ex. 33 Widows	Ex. 34 Disabled	Total New Exemption Value		School	Non-School
49	55	Nassau	116,240	2,230,672	7,835,054	2,193,929	12,375,895		110,624	2,167,061	7,493,385	2,112,408	11,883,478		11,126,909	10,634,492
50	56	Okaloosa	60,000	3,283,948	15,360,856	2,107,127	20,811,931		60,000	3,142,101	13,670,887	1,951,040	18,824,028		18,720,119	16,732,216
51	57	Okeechobee	15,500	814,888	3,315,457	1,950,422	6,096,267		11,000	677,624	2,543,026	1,674,438	4,906,088		5,461,716	4,271,537
52	58	Orange	10,000	9,909,186	50,595,519	13,776,857	74,291,562		10,000	9,263,145	45,909,755	12,696,113	67,879,013		66,779,168	60,366,619
53	59	Osceola	165,000	2,551,044	13,731,682	10,847,951	27,295,677		156,000	2,239,470	11,579,358	10,007,619	23,982,447		24,491,748	21,178,518
54	60	Palm Beach	1,119,625	26,505,129	136,602,262	15,915,944	180,142,960		1,079,125	25,233,035	127,447,822	14,945,511	168,705,493		161,945,531	150,508,064
55	61	Pasco	441,500	12,916,100	52,264,872	11,900,498	77,522,970		441,500	12,915,100	52,264,872	11,901,498	77,522,970		69,361,970	69,361,970
56	62	Pinellas	1,811,720	25,934,265	111,332,404	22,110,399	161,188,788		1,811,602	25,925,357	111,320,222	22,103,258	161,160,439		144,848,176	144,819,827
57	63	Polk	718,628	11,519,595	50,600,658	18,443,645	81,282,526		596,074	9,652,127	39,556,002	15,821,682	65,625,885		72,733,750	57,077,109
58	64	Putnam	117,390	1,864,086	8,194,824	3,437,050	13,613,350		98,000	1,311,830	5,829,294	2,807,280	10,046,404		12,185,000	8,618,054
59	65	St. Johns	230,000	4,627,624	20,318,524	3,855,449	29,031,597		212,000	4,248,736	18,078,658	3,476,999	26,016,393		26,115,990	23,100,786
60	66	St. Lucie	493,317	6,691,650	29,711,663	20,039,405	56,936,035		425,610	5,713,735	24,379,797	18,327,731	48,846,873		51,083,818	42,994,656
61	67	Santa Rosa	95,000	2,544,327	12,536,271	5,537,946	20,713,544		86,000	2,212,915	10,259,645	4,862,917	17,421,477		18,618,163	15,326,096
62	68	Sarasota	724,420	16,212,136	65,060,223	4,707,931	86,704,710		724,420	16,211,472	65,016,811	4,700,112	86,652,815		78,005,024	77,953,129
63	69	Seminole	655,000	5,808,582	28,394,651	7,784,307	42,642,540		578,518	5,099,300	23,787,349	6,589,726	36,054,893		38,351,964	31,764,317
64	70	Sumter	400,000	6,822,620	24,499,300	6,785,330	38,507,250		400,000	6,808,520	24,346,600	6,735,410	38,290,530		34,605,280	34,388,560
65	71	Suwannee	59,699	732,399	4,427,240	2,395,122	7,614,460		55,199	662,988	3,918,446	2,228,183	6,864,816		6,832,434	6,082,790
66	72	Taylor	25,000	226,610	1,775,770	703,130	2,730,510		25,000	226,610	1,775,770	703,130	2,730,510		2,449,340	2,449,340
67	73	Union	34,908	176,487	894,591	708,761	1,814,747		34,908	168,689	790,293	656,843	1,650,733		1,623,039	1,459,025
68	74	Volusia	999,227	10,959,471	55,208,954	27,893,600	95,061,252		814,684	8,672,380	41,023,889	23,483,786	73,994,739		85,359,752	64,293,239
69	75	Wakulla	31,719	326,839	2,117,548	608,230	3,084,336		26,000	263,839	1,565,543	498,247	2,353,629		2,765,982	2,035,275
70	76	Walton	45,653	911,331	5,678,583	3,446,687	10,082,254		36,653	799,454	4,661,818	2,929,632	8,427,557		9,048,641	7,393,944
71	77	Washington	30,000	456,425	2,767,914	1,251,034	4,505,373		25,500	336,623	1,999,741	1,042,015	3,403,879		4,039,943	2,938,449
72																
73		Statewide	18,586,829	345,257,999	1,650,102,184	450,249,836	2,464,196,848		16,941,077	315,778,364	1,452,759,092	410,345,729	2,195,824,262		2,212,540,397	1,944,167,811

	A	B	C	D	E	F	G	H
1	Growth & Impact Estimates							
2								
3	Statewide Total Impact							
4			School	Non-School				
5		Reduction in TV	\$2,212,540,397	\$1,944,167,811				
6		2016 Millage Rate	6.9950	10.8240				
7		Tax Impact	\$15,476,720	\$21,043,672				
8								
9								
10	Growth Rates							
11		Year	Population Growth Rate		Gross up factor due to low value of Current law exemption			
12		2018	1.58%					
13		2019	1.55%					
14		2020	1.51%					
15		2021	1.47%		Low	2%		
16		2022	1.42%		Middle	7%		
17					High	15%		
18		Population growth rates from the July 10, 2017 Demographic Estimating Conference						
19	Impact							
20		School Impact						
21		Year	High	Middle	Low			
22		2018-19	(\$18,079,440)	(\$16,821,740)	(\$16,035,677)			
23		2019-20	(\$18,359,671)	(\$17,082,477)	(\$16,284,230)			
24		2020-21	(\$18,636,902)	(\$17,340,422)	(\$16,530,122)			
25		2021-22	(\$18,910,865)	(\$17,595,326)	(\$16,773,115)			
26		2022-23	(\$19,179,399)	(\$17,845,180)	(\$17,011,293)			
27								
28								
29		Non-School Impact						
30		Year	High	Middle	Low			
31		2018-19	(\$24,582,587)	(\$22,872,494)	(\$21,803,686)			
32		2019-20	(\$24,963,617)	(\$23,227,017)	(\$22,141,643)			
33		2020-21	(\$25,340,567)	(\$23,577,745)	(\$22,475,982)			
34		2021-22	(\$25,713,074)	(\$23,924,338)	(\$22,806,379)			
35		2022-23	(\$26,078,199)	(\$24,264,064)	(\$23,130,229)			
36								
37								
38		Total Impact						
39			High		Middle		Low	
40		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
41		2018-19	\$ -	\$ (42.7 M)	\$ -	\$ (39.7 M)	\$ -	\$ (37.8 M)
42		2019-20	\$ (43.3 M)	\$ (43.3 M)	\$ (40.3 M)	\$ (40.3 M)	\$ (38.4 M)	\$ (38.4 M)
43		2020-21	\$ (44.0 M)	\$ (44.0 M)	\$ (40.9 M)	\$ (40.9 M)	\$ (39.0 M)	\$ (39.0 M)
44		2021-22	\$ (44.6 M)	\$ (44.6 M)	\$ (41.5 M)	\$ (41.5 M)	\$ (39.6 M)	\$ (39.6 M)
45		2022-23	\$ (45.3 M)	\$ (45.3 M)	\$ (42.1 M)	\$ (42.1 M)	\$ (40.1 M)	\$ (40.1 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Agricultural Exemptions - Fencing

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2018

Date of Analysis: December 8, 2017

Section 1: Narrative

- a. **Current Law:** 212.08 (5) (a) F.S., exempts certain items for agricultural use from sales tax.
- b. **Proposed Change:** HB 765 adds: hog wire and nylon mesh netting used on a farm for protection from predatory or destructive animals; barbed wire fencing, including gates and materials used to construct or repair such fencing, used on a beef or dairy cattle farm;

Section 2: Description of Data and Sources

Agriculture by the Number 2010-2015, Florida Department of Agriculture and Consumer Services

CPI from 7/2017 REC

Market based Price research

Section 3: Methodology (Include Assumptions and Attach Details)

It is assumed that there is no growth in the amount of farm land in use. It is assumed that all farmland that requires fencing has it at this time, and expenses for repair and replacement will be exempt under the proposed changes. It is assumed that all cattle pastures would be eligible for barbed wire, and that all remaining agricultural acreage would be eligible for hog wire. It is assumed that the crops that would benefit or need nylon mesh netting for protection from birds would be berries. All prices are grown by the consumer price index.

The barbed wire analysis starts with an assumption about average cattle pasture size in acres. This starting point is used to find the number of pastures and the perimeter for each pasture. This number is also adjusted by percent of pastures fenced with barbed wire, and for shared fence lines. For both methods the total price for all fencing is multiplied by the repair and replacement percentages. This amount is multiplied by the sales tax rate for the impact.

The hog wire analysis assumes that the farm land not used for cattle would all be able to use hog wire. The hog wire analysis uses a method similar to the second method for barbed wire fencing. The average crop size is assumed and used to find the perimeter of the average crop. This number is adjusted by the percent of cropland fenced in hog wire, and for shared fence lines. The total price for all fencing is multiplied by the repair and replacement percentages. This amount is multiplied by the sales tax rate for the impact.

The nylon netting analysis uses the berry farm acreage as the starting point for the analysis and applies the market prices per square foot to find the total possible price of installed netting. This number is adjusted by the percent of berry acreage using netting. This price is multiplied by the repair and replacement percentages, and the tax rate. This amount is multiplied by the sales tax rate for the impact.

Model updated to reflect most current acreage data available for Total Farm Land, Cattle, Strawberries, and Blueberries.

There is a one month lag to collections, and the first-year cash is equal to eleven months of the recurring.

Section 4: Proposed Fiscal Impact

Barbed Wire

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(6.1 M)	\$(6.7 M)	\$(3.8 M)	\$(4.1 M)	\$(0.7 M)	\$(0.7 M)
2019-20	\$(6.8 M)	\$(6.8 M)	\$(4.2 M)	\$(4.2 M)	\$(0.8 M)	\$(0.8 M)
2020-21	\$(7.0 M)	\$(7.0 M)	\$(4.3 M)	\$(4.3 M)	\$(0.8 M)	\$(0.8 M)
2021-22	\$(7.1 M)	\$(7.1 M)	\$(4.4 M)	\$(4.4 M)	\$(0.8 M)	\$(0.8 M)
2022-23	\$(7.3 M)	\$(7.3 M)	\$(4.6 M)	\$(4.6 M)	\$(0.8 M)	\$(0.8 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Agricultural Exemptions - Fencing

Bill Number(s): Proposed Language

Hog Wire

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(5.4 M)	\$(5.9 M)	\$(4.0 M)	\$(4.3 M)	\$(2.5 M)	\$(2.7 M)
2019-20	\$(6.1 M)	\$(6.1 M)	\$(4.4 M)	\$(4.4 M)	\$(2.8 M)	\$(2.8 M)
2020-21	\$(6.2 M)	\$(6.2 M)	\$(4.6 M)	\$(4.6 M)	\$(2.9 M)	\$(2.9 M)
2021-22	\$(6.4 M)	\$(6.4 M)	\$(4.7 M)	\$(4.7 M)	\$(3.0 M)	\$(3.0 M)
2022-23	\$(6.6 M)	\$(6.6 M)	\$(4.8 M)	\$(4.8 M)	\$(3.0 M)	\$(3.0 M)

Mesh Netting

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(1.9 M)	\$(2.0 M)	\$(1.0 M)	\$(1.1 M)	\$(0.1 M)	\$(0.1 M)
2019-20	\$(2.1 M)	\$(2.1 M)	\$(1.1 M)	\$(1.1 M)	\$(0.2 M)	\$(0.2 M)
2020-21	\$(2.1 M)	\$(2.1 M)	\$(1.2 M)	\$(1.2 M)	\$(0.2 M)	\$(0.2 M)
2021-22	\$(2.2 M)	\$(2.2 M)	\$(1.2 M)	\$(1.2 M)	\$(0.2 M)	\$(0.2 M)
2022-23	\$(2.3 M)	\$(2.3 M)	\$(1.2 M)	\$(1.2 M)	\$(0.2 M)	\$(0.2 M)

Total (Barbed Wire Method 2 + Hog Wire + Mesh Netting)

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	\$(14.1 M)	\$(14.6 M)	\$(9.2 M)	\$(9.6 M)	\$(3.4 M)	\$(3.6 M)
2019-20	\$(14.9 M)	\$(14.9 M)	\$(9.8 M)	\$(9.8 M)	\$(3.7 M)	\$(3.7 M)
2020-21	\$(15.3 M)	\$(15.3 M)	\$(10.0 M)	\$(10.0 M)	\$(3.8 M)	\$(3.8 M)
2021-22	\$(15.7 M)	\$(15.7 M)	\$(10.3 M)	\$(10.3 M)	\$(3.9 M)	\$(3.9 M)
2022-23	\$(16.2 M)	\$(16.2 M)	\$(10.6 M)	\$(10.6 M)	\$(4.0 M)	\$(4.0 M)

List of affected Trust Funds:

Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 12/08/17): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(8.1)	(8.5)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.8)	(0.8)
2019-20	(8.7)	(8.7)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.8)	(0.8)
2020-21	(8.8)	(8.8)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.8)	(0.8)
2021-22	(9.2)	(9.2)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)
2022-23	(9.4)	(9.4)	(Insignificant)	(Insignificant)	(0.3)	(0.3)	(0.9)	(0.9)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(1.0)	(1.1)	(2.1)	(2.2)	(10.2)	(10.7)
2019-20	(1.1)	(1.1)	(2.2)	(2.2)	(10.9)	(10.9)
2020-21	(1.1)	(1.1)	(2.3)	(2.3)	(11.1)	(11.1)
2021-22	(1.2)	(1.2)	(2.3)	(2.3)	(11.5)	(11.5)
2022-23	(1.2)	(1.2)	(2.4)	(2.4)	(11.8)	(11.8)

Proposed Language Agricultural Exemptions -
Fencing and Netting
Summary

	A	B	C	D	E	F	G
1	Barbed Wire						
2		High		Middle		Low	
3		Cash	Recurring	Cash	Recurring	Cash	Recurring
4	2018-19	\$ (6.1 M)	\$ (6.7 M)	\$ (3.8 M)	\$ (4.1 M)	\$ (0.7 M)	\$ (0.7 M)
5	2019-20	\$ (6.8 M)	\$ (6.8 M)	\$ (4.2 M)	\$ (4.2 M)	\$ (0.8 M)	\$ (0.8 M)
6	2020-21	\$ (7.0 M)	\$ (7.0 M)	\$ (4.3 M)	\$ (4.3 M)	\$ (0.8 M)	\$ (0.8 M)
7	2021-22	\$ (7.1 M)	\$ (7.1 M)	\$ (4.4 M)	\$ (4.4 M)	\$ (0.8 M)	\$ (0.8 M)
8	2022-23	\$ (7.3 M)	\$ (7.3 M)	\$ (4.6 M)	\$ (4.6 M)	\$ (0.8 M)	\$ (0.8 M)
9							
10							
11	Hog Wire						
12		High		Middle		Low	
13		Cash	Recurring	Cash	Recurring	Cash	Recurring
14	2018-19	\$ (5.4 M)	\$ (5.9 M)	\$ (4.0 M)	\$ (4.3 M)	\$ (2.5 M)	\$ (2.7 M)
15	2019-20	\$ (6.1 M)	\$ (6.1 M)	\$ (4.4 M)	\$ (4.4 M)	\$ (2.8 M)	\$ (2.8 M)
16	2020-21	\$ (6.2 M)	\$ (6.2 M)	\$ (4.6 M)	\$ (4.6 M)	\$ (2.9 M)	\$ (2.9 M)
17	2021-22	\$ (6.4 M)	\$ (6.4 M)	\$ (4.7 M)	\$ (4.7 M)	\$ (3.0 M)	\$ (3.0 M)
18	2022-23	\$ (6.6 M)	\$ (6.6 M)	\$ (4.8 M)	\$ (4.8 M)	\$ (3.0 M)	\$ (3.0 M)
19							
20	Netting						
21		High		Middle		Low	
22		Cash	Recurring	Cash	Recurring	Cash	Recurring
23	2018-19	\$ (1.9 M)	\$ (2.0 M)	\$ (1.0 M)	\$ (1.1 M)	\$ (0.1 M)	\$ (0.1 M)
24	2019-20	\$ (2.1 M)	\$ (2.1 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (0.2 M)	\$ (0.2 M)
25	2020-21	\$ (2.1 M)	\$ (2.1 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.2 M)	\$ (0.2 M)
26	2021-22	\$ (2.2 M)	\$ (2.2 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.2 M)	\$ (0.2 M)
27	2022-23	\$ (2.3 M)	\$ (2.3 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.2 M)	\$ (0.2 M)
28							
29	Total						
30		High		Middle		Low	
31		Cash	Recurring	Cash	Recurring	Cash	Recurring
32	2018-19	\$ (14.1 M)	\$ (14.6 M)	\$ (9.2 M)	\$ (9.6 M)	\$ (3.4 M)	\$ (3.6 M)
33	2019-20	\$ (14.9 M)	\$ (14.9 M)	\$ (9.8 M)	\$ (9.8 M)	\$ (3.7 M)	\$ (3.7 M)
34	2020-21	\$ (15.3 M)	\$ (15.3 M)	\$ (10.0 M)	\$ (10.0 M)	\$ (3.8 M)	\$ (3.8 M)
35	2021-22	\$ (15.7 M)	\$ (15.7 M)	\$ (10.3 M)	\$ (10.3 M)	\$ (3.9 M)	\$ (3.9 M)
36	2022-23	\$ (16.2 M)	\$ (16.2 M)	\$ (10.6 M)	\$ (10.6 M)	\$ (4.0 M)	\$ (4.0 M)

Proposed Language Agricultural Exemptions -
Fencing and Netting
Barbed Wire Fencing

	A	B	C	D	E	F
1						
2	Year	total farm land	Total cattle	Strawberries	Blueberries	
3	2016	9,450,000	5,070,000	11,000	4,300	
4						
5	Area of acre (ft²)		43,560			
6	perimeter of acre (ft)		834.84			
7						
8	CPI					
9	2016-17	1.9%				
10	2017-18	1.6%				
11	2018-19	1.8%				
12	2019-20	2.6%				
13	2020-21	2.8%				
14	2021-22	2.6%				
15	2022-23	2.6%				
16						
17	Barbed Wired Fencing Impact					
18						
19	Rate of Replacement			5%		
20	Rate of repair			10%		
21						
22	Average size of cattle pasture (acres)				100	
23	Percent of Cattle pasture fenced in barbed wire				100%	
24	Perimeter of Average cattle pasture (feet)				8,348.41	
25	Percent of Average Cattle pastures contiguous				25%	
26						

Proposed Language Agricultural Exemptions -
Fencing and Netting
Barbed Wire Fencing

	A	B	C	D	E	F
27	Price per Foot for barbed wire fencing (includes posts and gates) grown at CPI					
28		High	Middle	Low		
29	2016-17	\$ 2.3	\$ 1.4	\$ 0.3		
30	2017-18	\$ 2.3	\$ 1.4	\$ 0.3		
31	2018-19	\$ 2.3	\$ 1.4	\$ 0.3		
32	2019-20	\$ 2.4	\$ 1.5	\$ 0.3		
33	2020-21	\$ 2.4	\$ 1.5	\$ 0.3		
34	2021-22	\$ 2.5	\$ 1.6	\$ 0.3		
35	2022-23	\$ 2.6	\$ 1.6	\$ 0.3		
36						
37	Value of Currently installed barbed wire fencing (\$M)					
38		High	Middle	Low		
39	2018-19	\$ 739.5	\$ 460.1	\$ 82.2		
40	2019-20	\$ 752.8	\$ 468.4	\$ 83.6		
41	2020-21	\$ 772.4	\$ 480.6	\$ 85.8		
42	2021-22	\$ 794.0	\$ 494.0	\$ 88.2		
43	2022-23	\$ 814.6	\$ 506.9	\$ 90.5		
44						
45	Rate of Replacement			5%		
46	Rate of repair			10%		
47						
48	Price for Repair and Replacement of Currently installed barbed wire fencing (\$M)					
49		High	Middle	Low		
50	2018-19	\$ 110.9	\$ 69.0	\$ 12.3		
51	2019-20	\$ 112.9	\$ 70.3	\$ 12.5		
52	2020-21	\$ 115.9	\$ 72.1	\$ 12.9		
53	2021-22	\$ 119.1	\$ 74.1	\$ 13.2		
54	2022-23	\$ 122.2	\$ 76.0	\$ 13.6		
55						
56	Sales Tax on Repair and Replacement of Currently installed barbed wire fencing (\$M)					
57						
58		High	Middle	Low		
59	2018-19	\$ 6.7	\$ 4.1	\$ 0.7		
60	2019-20	\$ 6.8	\$ 4.2	\$ 0.8		
61	2020-21	\$ 7.0	\$ 4.3	\$ 0.8		
62	2021-22	\$ 7.1	\$ 4.4	\$ 0.8		
63	2022-23	\$ 7.3	\$ 4.6	\$ 0.8		

Proposed Language Agricultural Exemptions -
Fencing and Netting
Hog Wire and Mesh Netting

	A	B	C	D	E	F
1						
2	acreage	total farm land	Total cattle	Strawberries	Blueberries	
3	2016	9,500,000	5,232,000	11,000	4,300	
4						
5	Area of acre (ft²)		43,560			
6	perimeter of acre (ft)		834.84			
7						
8	Acres of Farmland that could use Hogwire				4,268,000	
9	Acres of Berry crops that could use Nylon netting				15,300	
10						
11	CPI					
12	2016-17	1.9%				
13	2017-18	1.6%				
14	2018-19	1.8%				
15	2019-20	2.6%				
16	2020-21	2.8%				
17	2021-22	2.6%				
18	2022-23	2.6%				
19						
20	Hogwire Fencing Impact					
21						
22	Average size of subdivided farmland (acres)				50	
23	Percent of Non-Cattle farmland fenced in hogwire				100%	
24	Perimeter of Average non-cattle fenced area (feet)				5,903	
25	Percent of Average Non-cattle contiguous				10%	
26						
27	Price per Foot for Hogwire fencing grown at CPI					
28		High	Middle	Low		
29	2016-17	\$ 1.4	\$ 1.0	\$ 0.7		
30	2017-18	\$ 1.4	\$ 1.0	\$ 0.7		
31	2018-19	\$ 1.4	\$ 1.1	\$ 0.7		
32	2019-20	\$ 1.5	\$ 1.1	\$ 0.7		
33	2020-21	\$ 1.5	\$ 1.1	\$ 0.7		
34	2021-22	\$ 1.6	\$ 1.1	\$ 0.7		
35	2022-23	\$ 1.6	\$ 1.2	\$ 0.7		

Proposed Language Agricultural Exemptions -
Fencing and Netting
Hog Wire and Mesh Netting

	A	B	C	D	E	F
36						
37	Value of Currently installed Hogwire fencing (\$M)					
38		High	Middle	Low		
39	2018-19	\$ 656.7	\$ 480.8	\$ 304.9		
40	2019-20	\$ 673.8	\$ 493.3	\$ 312.8		
41	2020-21	\$ 692.6	\$ 507.1	\$ 321.6		
42	2021-22	\$ 710.6	\$ 520.3	\$ 329.9		
43	2022-23	\$ 729.1	\$ 533.8	\$ 338.5		
44						
45	Rate of Replacement			5%		
46	Rate of repair			10%		
47						
48	Price for Repair and Replacement of Currently installed Hogwire fencing (\$M)					
49		High	Middle	Low		
50	2018-19	\$ 98.5	\$ 72.1	\$ 45.7		
51	2019-20	\$ 101.1	\$ 74.0	\$ 46.9		
52	2020-21	\$ 103.9	\$ 76.1	\$ 48.2		
53	2021-22	\$ 106.6	\$ 78.0	\$ 49.5		
54	2022-23	\$ 109.4	\$ 80.1	\$ 50.8		
55						
56	Sales Tax on Repair and Replacement of Currently installed Hogwire fencing (\$M)					
57						
58		High	Middle	Low		
59	2018-19	\$ 5.9	\$ 4.3	\$ 2.7		
60	2019-20	\$ 6.1	\$ 4.4	\$ 2.8		
61	2020-21	\$ 6.2	\$ 4.6	\$ 2.9		
62	2021-22	\$ 6.4	\$ 4.7	\$ 3.0		
63	2022-23	\$ 6.6	\$ 4.8	\$ 3.0		
64						

Proposed Language Agricultural Exemptions -
Fencing and Netting
Hog Wire and Mesh Netting

	A	B	C	D	E	F
65	Nylon Netting Impact					
66	Percent of Berry Acreage using Netting				80%	
67						
68	Price per Ft² for Netting Grown at CPI					
69		High	Middle	Low		
70	2016-17	\$ 0.4	\$ 0.2	\$ 0.0		
71	2017-18	\$ 0.4	\$ 0.2	\$ 0.0		
72	2018-19	\$ 0.4	\$ 0.2	\$ 0.0		
73	2019-20	\$ 0.4	\$ 0.2	\$ 0.0		
74	2020-21	\$ 0.4	\$ 0.2	\$ 0.0		
75	2021-22	\$ 0.5	\$ 0.2	\$ 0.0		
76	2022-23	\$ 0.5	\$ 0.3	\$ 0.0		
77						
78	Value of Currently installed Netting (\$M)					
79		High	Middle	Low		
80	2018-19	\$ 226.1	\$ 121.3	\$ 16.5		
81	2019-20	\$ 232.0	\$ 124.5	\$ 17.0		
82	2020-21	\$ 238.5	\$ 128.0	\$ 17.4		
83	2021-22	\$ 244.7	\$ 131.3	\$ 17.9		
84	2022-23	\$ 251.0	\$ 134.7	\$ 18.4		
85						
86	Rate of Replacement			10%		
87	Rate of repair			5%		
88						
89	Price for Repair and Replacement of Currently installed Netting (\$M)					
90		High	Middle	Low		
91	2018-19	\$ 33.9	\$ 18.2	\$ 2.5		
92	2019-20	\$ 34.8	\$ 18.7	\$ 2.5		
93	2020-21	\$ 35.8	\$ 19.2	\$ 2.6		
94	2021-22	\$ 36.7	\$ 19.7	\$ 2.7		
95	2022-23	\$ 37.7	\$ 20.2	\$ 2.8		
96						
97	Sales Tax on Repair and Replacement of Currently installed netting (\$M)					
98						
99		High	Middle	Low		
100	2018-19	\$ 2.0	\$ 1.1	\$ 0.1		
101	2019-20	\$ 2.1	\$ 1.1	\$ 0.2		
102	2020-21	\$ 2.1	\$ 1.2	\$ 0.2		
103	2021-22	\$ 2.2	\$ 1.2	\$ 0.2		
104	2022-23	\$ 2.3	\$ 1.2	\$ 0.2		

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): N/A

Month/Year Impact Begins: The sales tax holiday will affect August 2018 activity and, subsequently, September collections.

Date of Analysis: December 8, 2017

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., clothing, school supplies, and computers and related accessories are subject to the 6% Sales and Use Tax.

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Clothing: The legislation exempts sales of “clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags” from the Sales and Use Tax for a ten-day period beginning on Friday, August 3, and ending on Sunday, August 12, 2018, as long as the sales price of the item does not exceed \$60. Clothing is defined as “any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs,” and including all footwear except for “skis, swim fins, roller blades, and skates.”

School Supplies: During this same period, sales of school supplies having a sales price of \$15 or less per item are exempt from the Sales and Use Tax. School supplies are defined as “pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.”

Computers: Also exempt during the ten-day period is the first \$1,000 of the sales price of “personal computers or personal computer-related accessories purchased for noncommercial home or personal use.” Exempted items include “electronic book readers, laptops, desktops, handhelds, tablets, or tower computers” and related accessories including “keyboards, mice, personal digital assistants, monitors (not including devices with a television tuner), other peripheral devices, modems, routers, and nonrecreational software.” The exemption does not apply to “cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.” Related accessories do not include “furniture or systems, devices, software, or peripherals designed or intended primarily for recreational use.”

The tax exemptions do not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

The legislation allows a dealer to “opt out” of the sales tax holiday if “less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt” under the legislation. If the qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing and post a copy of that notice in a conspicuous location at the place of business.

Section 2: Description of Data and Sources

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- Estimates of Florida public and private college/university fall enrollment, Integrated Postsecondary Education Data System (National Center for Education Statistics). Available at www.nces.ed.gov/ipeds. Estimates include Florida College System institutions, State Universities, career centers, and private institutions eligible to participate in the FRAG or ABLE tuition assistance programs. Last accessed 11/21/2017.
- Tax collections by kind code, Florida Department of Revenue. Available at http://dor.myflorida.com/dor/taxes/colls_from_7_2003.html. Last accessed 11/27/2017.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language

Section 3: Methodology (Include Assumptions and Attach Details)

Clothing/Shoes/Backpacks: Florida expenditures for clothing and shoes are derived from total national expenditures for clothing and shoes using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed mail order items. The total Florida expenditures are converted to a 10-day amount, with assumptions made for the percentage of expenditures that would be under the \$60 limit (High = 71%; Middle = 66%; and Low = 61%). The middle factor of 66% is derived from prior REC impacts for a \$50 limit and a \$75 limit and was the percentage adopted by the REC for the 2017 holiday. The high and low estimates include plus or minus 5 percentage points. Each of the assumed percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. For backpacks, assumptions are made for the percentage of students who would purchase a backpack (High = 30%; Middle = 20%; Low = 10%), and each backpack is assumed to cost \$25. These percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision.

School Supplies: For school supplies, an amount of expenditure is assumed per student, by grade level, for ten days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, public technical colleges/career centers, and private colleges/universities. The estimated total expenditure by students is increased by a factor of 25% for business spending. An assumption is made for the percentage of expenditures that would be under the \$15 limit (High = 85%; Middle = 75%; and Low = 65%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2018 (=22%) and for the percentage of total expenditures assumed to be exempt (High = 75%; Middle and Low = 65%). These assumed percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for FY 2018-19 only.

2018-19	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Clothing/Shoes/Backpacks	(38.5 M)		(35.2 M)		(31.9 M)	
School Supplies	(8.8 M)		(8.0 M)		(7.3 M)	
Computers	<u>(21.6 M)</u>		<u>(10.1 M)</u>		<u>(8.5 M)</u>	
Total	(68.9 M)		(53.3 M)		(47.7 M)	

List of affected Trust Funds: Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: School Sales Tax Holiday, 10 Days, \$60 Clothing/\$15 Supplies/First \$1,000 Computers

Bill Number(s): Proposed Language

Section 5: Consensus Estimate (Adopted: 12/08/2017): The Conference adopted the middle estimate except for the estimate of exempted clothing, in which the Conference chose the high estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(49.6)	0.0	(Insignificant)	0.0	(1.6)	0.0	(4.8)	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

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(6.3)	0.0	(12.7)	0.0	(62.3)	0.0
2019-20	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0
2022-23	0.0	0.0	0.0	0.0	0.0	0.0

Proposed Language

Sales Tax Holiday - Clothing, School Supplies, Personal Computers

10 Days, August 3-12, 2018

(NONRECURRING)

		2018-19		
Expenditure Type		HIGH	MIDDLE	LOW
1	Clothing & Shoes - \$60 or Less	\$ (38.5)	\$ (37.9)	\$ (31.9)
2	School Supplies - \$15 or Less	\$ (8.8)	\$ (8.0)	\$ (7.3)
3	Personal Computers and Related Accessories - First \$1,000	\$ (21.6)	\$ (10.1)	\$ (8.5)
4	Total Impact	\$ (68.9)	\$ (56.0)	\$ (47.7)

**Estimates in millions of dollars*

Proposed Language

SALES TAX HOLIDAY - CLOTHING

10 Days
\$60 Limit

2018-19	<u>High</u>	<u>Middle</u>	<u>Low</u>
1 National Personal Expenditure on Clothing and Shoes	397,500.0	397,500.0	397,500.0
2 Florida Share based on Population Forecast	25,311.5	25,311.5	25,311.5
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	24,167.1	24,167.1	24,167.1
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	21,750.4	21,750.4	21,750.4
5 Sales Tax at 6%	1,305.0	1,305.0	1,305.0
6 Exempted Amount (68.5% - 63.5% - 58.5%)	893.9	893.9	763.4
Assumption (=71% - 66% - 61% minus 2.5% opt out)	0.6850	0.6850	0.5850
7 Preliminary 10-day Fiscal Impact in Florida	(24.5)	(24.5)	(20.9)
8 Seasonal Factor set to 1 (no seasonal factor)	1.0	1.0	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5	1.5	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(36.7)	(36.7)	(31.4)
11 Backpacks (27.5% - 17.5% - 7.5% x Number of Students x \$25/backpack))	(1.8)	(1.1)	(0.5)
Assumption (=30% - 20% - 10% minus 2.5% opt out)	0.275	0.175	0.075
12 Total Impact 10 Day	(\$38.5)	(\$37.9)	(\$31.9)

Proposed Language
SALES TAX HOLIDAY - SCHOOL SUPPLIES

10 Days
\$15 Limit

2018-19

Grade Level	Expenditures per Student	Number of Students	Total Expenditures
PreK	20.00	69,728	1.4
KG	20.00	232,426	4.6
1	20.00	235,652	4.7
2	20.00	237,124	4.7
3	25.00	252,929	6.3
4	27.00	246,445	6.7
5	27.00	251,117	6.8
6	32.00	249,488	8.0
7	32.00	253,754	8.1
8	32.00	246,663	7.9
9	35.00	252,458	8.8
10	35.00	244,732	8.6
11	35.00	233,730	8.2
12	35.00	229,173	8.0
Total PK-12		3,235,419	92.9
Total HigherEd	36.00	1,029,769	37.1
Total All Students		4,265,188	129.9

Advantage Buying by Business, General Public
25% Factor + 10% for Expanded List

45.5

	High	Middle	Low
Total Sales Tax for 10 Days ({82.5% - 72.5% - 62.5%} x 95.9%)	(8.8)	(8.0)	(7.3)
Assumption (85% - 75% - 65% minus 2.5% opt out)	0.825	0.725	0.625
Total Sales Tax for 10 Days	(8.8)	(8.0)	(7.3)
Total Impact 10 Day	(\$8.8)	(\$8.0)	(\$7.3)

Proposed Legislation
SALES TAX HOLIDAY - COMPUTERS

10 Days
First \$1,000

2018-19	<u>High</u>	<u>Middle</u>	<u>Low</u>
1 National Consumer Expenditures on Computers	71,650.0	71,650.0	71,650.0
2 Florida Share based on Population Forecast	4,562.4	4,562.4	4,562.4
3 Florida Expenditures on Computers (adjusted for 65+)	4,356.2	4,356.2	4,356.2
4 Estimated Florida-based Sales of Computers (7% e-commerce adj.)	4,051.2	4,051.2	4,051.2
5 Annual Sales Tax at 6%	243.1	243.1	243.1
6 CY Q1 Estimate (28.03%)	68.1	68.1	68.1
7 CY Q2 Estimate (23.39%)	56.9	56.9	56.9
8 CY Q3 Estimate (22.26%)	54.1	54.1	54.1
9 CY Q4 Estimate (26.32%)	64.0	64.0	64.0
10 Exempted Amount (72.5% - 62.5% - 62.5%)	39.2	33.8	33.8
Assumption (75% - 65% - 65% minus 2.5% opt out)	0.725	0.625	0.625
11 Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%)	21.6	10.1	8.5
Assumption	0.55	0.30	0.25
12 Total Impact 10 Day	(\$21.6)	(\$10.1)	(\$8.5)

REVENUE ESTIMATING CONFERENCE

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Bill Number(s): Proposed Language

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School Supplies: For school supplies, an amount of expenditure is assumed per student, by grade level, for ten days, which is multiplied by the estimated number of students enrolled in public or private elementary and secondary schools, Florida Colleges, State Universities, public technical colleges/career centers, and private colleges/universities. The estimated total expenditure by students is increased by a factor of 25% for business spending. An assumption is made for the percentage of expenditures that would be under the \$15 limit (High = 85%; Middle = 75%; and Low = 65%). Each of these percentages is decreased by 2.5 percentage points to reflect the dealer opt out provision. The 62.4% factor is applied to the sales tax portion of ten days of spending to estimate the impact for the 3-day holiday.

Computers: Florida expenditures are derived from total national expenditures for computers and peripherals using Florida population (adjusted for ages 65+), and adjusted for an assumed percentage of non-taxed online order items. The total Florida expenditures are adjusted for the percentage of expenditures assumed to occur during the third quarter of calendar year 2018 (=22%) and for the percentage of total expenditures assumed to be exempt (High = 75%; Middle and Low = 65%). These assumed percentages are decreased by 2.5 percentage points to reflect the dealer opt out provision. An assumption is also made for the percentage of quarterly purchases that are expected to occur during the 10-day holiday period. The low estimate assumes 25% of third quarter expenditures would be made during the holiday period, the middle estimate assumes 30%, and the high estimate assumes 55%. The 62.4% factor is applied to the sales tax portion of ten days of spending to estimate the impact for the 3-day holiday.

Section 4: Proposed Fiscal Impact: The impact is nonrecurring for FY 2018-19 only.

2018-19	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Clothing/Shoes/Backpacks	(24.0 M)		(21.9 M)		(19.9 M)	
School Supplies	(5.5 M)		(5.0 M)		(4.5 M)	
Computers	<u>(13.5 M)</u>		<u>(6.3 M)</u>		<u>(5.3 M)</u>	
Total	(43.0 M)		(33.2 M)		(29.7 M)	

List of affected Trust Funds: Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

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Bill Number(s): Proposed Language

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	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(30.9)	0.0	(Insignificant)	0.0	(1.0)	0.0	(3.0)	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

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(3.9)	0.0	(7.9)	0.0	(38.8)	0.0
2019-20	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0
2022-23	0.0	0.0	0.0	0.0	0.0	0.0

Proposed Language

Sales Tax Holiday - Clothing, School Supplies, Personal Computers

3 Days, August 3-5, 2018

(NONRECURRING)

		2018-19		
Expenditure Type		HIGH	MIDDLE	LOW
1	Clothing & Shoes - \$60 or Less	\$ (24.0)	\$ (23.6)	\$ (19.9)
2	School Supplies - \$15 or Less	\$ (5.5)	\$ (5.0)	\$ (4.5)
3	Personal Computers and Related Accessories - First \$1,000	\$ (13.5)	\$ (6.3)	\$ (5.3)
4	Total Impact	\$ (43.0)	\$ (34.9)	\$ (29.7)

**Estimates in millions of dollars*

Proposed Language
SALES TAX HOLIDAY - CLOTHING

3 Days
\$60 Limit

2018-19	<u>High</u>	<u>Middle</u>	<u>Low</u>
1 National Personal Expenditure on Clothing and Shoes	397,500.0	397,500.0	397,500.0
2 Florida Share based on Population Forecast	25,311.5	25,311.5	25,311.5
3 Florida Expenditures on Apparel & Shoes (adjusted for 65+)	24,167.1	24,167.1	24,167.1
4 Est. Florida-based Sales of Apparel & Shoes (10% mail order adj.)	21,750.4	21,750.4	21,750.4
5 Sales Tax at 6%	1,305.0	1,305.0	1,305.0
6 Exempted Amount (68.5% - 63.5% - 58.5%)	893.9	893.9	763.4
Assumption (=71% - 66% - 61% minus 2.5% opt out)	0.6850	0.6850	0.5850
7 Preliminary 10-day Fiscal Impact in Florida	(24.5)	(24.5)	(20.9)
8 Seasonal Factor set to 1 (no seasonal factor)	1.0	1.0	1.0
9 Behavioral Factor based on New York History and Florida Experience	1.5	1.5	1.5
10 Adjusted 10-day Fiscal Impact in Florida	(36.7)	(36.7)	(31.4)
11 Backpacks (27.5% - 17.5% - 7.5% x Number of Students x \$25/backpack))	(1.8)	(1.1)	(0.5)
Assumption (=30% - 20% - 10% minus 2.5% opt out)	0.275	0.175	0.075
12 Total Impact 3 Day (62.4% Adjustment)	(\$24.0)	(\$23.6)	(\$19.9)

Proposed Language
SALES TAX HOLIDAY - SCHOOL SUPPLIES

3 Days
\$15 Limit

2018-19

Grade Level	Expenditures per Student	Number of Students	Total Expenditures
PreK	20.00	69,728	1.4
KG	20.00	232,426	4.6
1	20.00	235,652	4.7
2	20.00	237,124	4.7
3	25.00	252,929	6.3
4	27.00	246,445	6.7
5	27.00	251,117	6.8
6	32.00	249,488	8.0
7	32.00	253,754	8.1
8	32.00	246,663	7.9
9	35.00	252,458	8.8
10	35.00	244,732	8.6
11	35.00	233,730	8.2
12	35.00	229,173	8.0
Total PK-12		3,235,419	92.9
Total HigherEd	36.00	1,029,769	37.1
Total All Students		4,265,188	129.9

Advantage Buying by Business, General Public
25% Factor + 10% for Expanded List

45.5

	High	Middle	Low
Total Sales Tax for 10 Days ($\{82.5\% - 72.5\% - 62.5\%\} \times 95.9\%$)	(8.8)	(8.0)	(7.3)
Assumption (85% - 75% - 65% minus 2.5% opt out)	0.825	0.725	0.625
Total Sales Tax for 10 Days	(8.8)	(8.0)	(7.3)
Total Impact 3 Day (62.4% Adjustment)	(\$5.5)	(\$5.0)	(\$4.5)

Proposed Language
SALES TAX HOLIDAY - COMPUTERS

3 Days
First \$1,000

2018-19	<u>High</u>	<u>Middle</u>	<u>Low</u>
1 National Consumer Expenditures on Computers	71,650.0	71,650.0	71,650.0
2 Florida Share based on Population Forecast	4,562.4	4,562.4	4,562.4
3 Florida Expenditures on Computers (adjusted for 65+)	4,356.2	4,356.2	4,356.2
4 Estimated Florida-based Sales of Computers (7% e-commerce adj.)	4,051.2	4,051.2	4,051.2
5 Annual Sales Tax at 6%	243.1	243.1	243.1
6 CY Q1 Estimate (28.03%)	68.1	68.1	68.1
7 CY Q2 Estimate (23.39%)	56.9	56.9	56.9
8 CY Q3 Estimate (22.26%)	54.1	54.1	54.1
9 CY Q4 Estimate (26.32%)	64.0	64.0	64.0
10 Exempted Amount (72.5% - 62.5% - 62.5%)	39.2	33.8	33.8
Assumption (75% - 65% - 65% minus 2.5% opt out)	0.725	0.625	0.625
11 Q3 Purchases Made During 10-Day Holiday (55% - 30% - 25%)	21.6	10.1	8.5
Assumption	0.55	0.30	0.25
12 Total Impact 3 Day (62.4% Adjustment)	(\$13.5)	(\$6.3)	(\$5.3)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday – Standby Generators

Bill Number(s): Amendment to CS/SB 620

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s):

Month/Year Impact Begins: The amendment would be effective upon becoming law/ impact beginning June 1, 2018 (affecting the 2018-19 fiscal year because of the one-month collection lag).

Date of Analysis: December 8, 2017

Section 1: Narrative

a. Current Law: Under current law in Ch. 212, standby generators are subject to the 6% Sales and Use Tax when purchased.

b. Proposed Change: CS/SB 620 creates an exemption from sales tax for a specified list of items are purchased during the time period from June 1 through June 10, 2018 (10 days, first day on a Friday).

The amendment adds standby generators intended to be permanently affixed to real property selling for \$5,000 or less to the list of exempt items during the ten-day period.

Section 2: Description of Data and Sources

- Florida Demographic Estimating Conference, July 2017.
- Florida and National Economic Estimating Conferences, July 2017.
- Various news articles on the 2016 and 2017 hurricanes impact.
- Various news articles and websites relating to standby generators.
- Various county and municipal regulations relating to generators.

Section 3: Methodology (Include Assumptions and Attach Details) See attached.

Standby Generators: A percentage of Florida households is assumed to purchase a standby generator during the tax-free holiday. The assumptions are based on the assumptions used for portable generators in the impact analysis for CS/SB 620. The number of standby generators assumed to be purchased during the holiday is equivalent to 10 percent of the number of households assumed to purchase a portable generator: High = 8,968; Middle = 6,522; and Low = 4,076 (0.11% / 0.08% / 0.05% of total households). Additionally, a price per generator is assumed as follows: High = \$5,000; Middle = \$3,000; and Low = \$2,000. An advantage buying factor of 19.6% is also assumed for construction.

Section 4: Proposed Fiscal Impact: The proposed fiscal impact is based on the assumption that the other parameters of CS/SB 620 remain unchanged (i.e., dates of holiday, length of holiday, and effective date of the bill).

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19 Standby Generators	(3.2)		(1.4)		(0.6)	
2019-20						
2020-21						
2021-22						
2022-23						

List of affected Trust Funds: Sales and Use Tax Grouping

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday – Standby Generators

Bill Number(s): Amendment to CS/SB 620

Section 5: Consensus Estimate (Adopted: 12/08/2017) : The Conference chose the high estimate for the purchase price and the low estimate for the number of households purchasing.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(1.4)	0.0	(Insignificant)	0.0	(Insignificant)	0.0	(0.1)	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

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.2)	0.0	(0.3)	0.0	(1.7)	0.0
2019-20	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0
2022-23	0.0	0.0	0.0	0.0	0.0	0.0

CS/SB 620 - Amendment Adding Standby Generators
2018 Sales Tax Holiday - Disaster Preparedness

10 Days
Friday, June 1 - Sunday, June 10

1. STANDBY GENERATORS
Standby generators range in price from approximately \$2,000 to more than \$30,000 depending on the wattage. Generators priced at \$5,000 or less generally provide 20,000 or fewer watts. Running wattage for an average home is less than 20,000 watts, but use of appliances would need to be monitored. Requires professional installation and subject to permitting, setback, and noise ordinances. Assume advantage buying of 19.6% for construction.
HIGH = Assume 10% number of HHs purchase as HIGH portable generators (0.11% of households); price = \$5,000.
MIDDLE = Assume 10% number of HHs purchase as MIDDLE portable generators (0.08% of households); price = \$3,000
LOW = Assume 10% number of HHs purchase as LOW portable generators (0.05% of households); price = \$2,000.

Estimate for 10-Day Holiday			
	Standby Generators		
	High	Middle	Low
Total Amount Purchased/HH	\$ 5,000	\$ 3,000	\$ 2,000
TOTAL HHs Purchasing	8,968	6,522	4,076
TOTAL Expenditures (\$M)	\$ 44.8	\$ 19.6	\$ 8.2
TOTAL Advantage Buying for Construction (\$M)	\$ 8.8	\$ 3.8	\$ 1.6
Sales Tax for 10-Day Holiday	\$ (3.22)	\$ (1.40)	\$ (0.59)
Total Estimated Impact (10-day)	\$ (3.22)	\$ (1.40)	\$ (0.59)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): CS/SB 620

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Passidomo

Month/Year Impact Begins: The bill is effective upon becoming law/ impact begins June 1, 2018 (affecting the 2018-19 fiscal year because of the one-month collection lag).

Date of Analysis: December 8, 2017

Section 1: Narrative

- a. **Current Law:** Under current law in Ch. 212, all of the items listed in the bill are subject to the 6% Sales and Use Tax when purchased.
- b. **Proposed Change:** The bill provides an exemption from sales tax for the items listed below that are purchased during the time period from June 1 through June 10, 2018 (10 days, first day on a Friday):

Portable self-powered light source	\$ 20 or less
Portable self-powered radio, two-way radio or weather band radio	\$ 75 or less
Tarpaulin or other flexible waterproof sheeting	\$ 50 or less
Ground anchor system or tie-down kit	\$ 50 or less
Gas or diesel fuel tank	\$ 25 or less
Package of AAA-cell, AA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries	\$ 30 or less
Cellular telephone battery	\$ 60 or less
Cellular telephone charger	\$ 40 or less
Non-electric food storage cooler	\$ 30 or less
Reusable ice	\$ 10 or less
Carbon monoxide detector	\$ 75 or less
Portable generator	\$ 1,000 or less
Storm shutter device	\$ 200 or less
Single product consisting of two or more of the items listed above	\$ 75 or less
Personal locator beacon	\$ 600 or less
Emergency position-indicating radio beacon	\$ 1,500 or less
External portable hard drive for computer data backup and recovery	\$ 200 or less
Inverter/charger, power inverter, or uninterruptable power supply	\$ 200 or less

The tax exemption does not apply to sales within a theme park or entertainment complex, within a public lodging establishment, or within an airport.

Section 2: Description of Data and Sources

- Final Report on Hurricane Claims from Florida Office of Insurance Regulation (August 2006) for reported claims and total loss claims from 2004 Hurricanes Charley, Frances, Ivan, and Jeanne and 2005 Hurricanes Dennis, Katrina, Rita, and Wilma and October 20, 2008 Tropical Storm Fay Report at <http://www.flor.com/office/hurricane/season/seasoninfo.aspx>.
- Submitted claims as of November 2017 for 2016 Hurricanes Hermine and Matthew and 2017 Hurricane Irma at <https://www.flor.com/Sections/PandC/ProductReview/CatastropheReporting.aspx>
- Various websites for price comparisons: www.lowes.com; www.walmart.com; www.target.com; www.homedepot.com; www.amazon.com; www.basspro.com; www.rei.com; www.bestbuy.com.
- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2016.
- U.S. Census Bureau, American Community Survey, 2016.
- Florida Demographic Estimating Conference, July 2017.
- Florida and National Economic Estimating Conferences, July 2017.
- Various news articles on the 2016 and 2017 hurricanes impact.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): CS/SB 620

Section 3: Methodology (Include Assumptions and Attach Details) See attached.

Household Purchases: The estimated number of Florida households for 2018 is used, along with the average percentage of households reporting losses in the most recent major storms (occurring in 2004, 2005, 2008, 2016, and 2017) = 4.4%. The low estimate assumes 4.4% of households would participate in the holiday. The high estimate assumes 9.0% of households would participate based on the highest reported losses in 2005 plus 0.5 percentage points to reflect heightened awareness of hurricane preparations stemming from Hurricane Irma as well as the comprehensive list of exempt items. The middle estimate is an average of the low and high, which is equivalent to 6.7% of households.

An amount of tax-free expenditures is assumed for each household: High = \$192; Middle = \$143 and Low = \$93. Based on the 2016 Consumer Expenditure Survey, it is estimated that Florida households will spend approximately \$2,004 annually (average of \$167 per month or \$5.50 per day) for miscellaneous household equipment and home maintenance, repairs, insurance, and other expenses. The high estimate assumes that an amount equivalent to 35 days of expenditures would be spent during the holiday period. The low estimate assumes that an amount equivalent to 17 days of expenditures would occur during the holiday. The middle estimate is an average of the low and high.

Portable Generators: It is assumed a certain number of portable generators will be purchased during the tax-free holiday: High = 89,678 and Low = 40,763. The middle estimate of 65,221 generators is an average of the low and high estimates. The high estimate assumes 1.1% of households would purchase a tax-exempt generator. The low estimate assumes 0.5% of households would purchase a tax-exempt generator. The middle is an average of the low and high, which is equivalent to 0.8% of households. Additionally, a price per generator is assumed as follows: High = \$1,000; Middle = \$750; and Low = \$600.

Storm Shutters: It is assumed a certain number of storm shutters will be purchased during the tax-free holiday. The number of shutters purchased is assumed to be equivalent to one-half the number of households assumed to purchase a portable generator: High = 44,839; Middle = 32,610; and Low = 20,382. It is assumed a certain amount will be spent per window and that each household will purchase shutters for 10 windows: High = \$200 x 10 windows; Middle = \$142.50 x 10 windows; and Low = \$28.50 x 10 windows. Additionally, an advantage buying factor of 19.6% is assumed for construction.

Beacons: It is assumed a certain number of personal locator beacons and emergency position-indicating radio beacons will be purchased during the tax-free holiday. The middle estimate assumes 0.01% of households (=815) will purchase an exempt beacon. The high assumes 120% of the middle estimate households (=978) and the low assumes 80% of the middle estimate (=652). It is also assumed that a certain amount will be spent per beacon: High = \$1,050; Middle = \$650; and Low = \$400.

Portable Hard Drives/Inverters: It is assumed a certain number of hard drives, power inverters, inverter/chargers, and uninterruptable power supplies will be purchased during the tax-free holiday. The assumed number of purchases equals the number assumed for the high and middle storm shutters estimates: High = 44,839; Middle and Low = 32,610. It is also assumed that a certain amount will be spent per item: High = \$200; Middle = \$150; and Low = \$100.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19						
Household Purchases	(8.45)		(4.69)		(2.00)	
Portable Generators	(5.38)		(2.93)		(1.47)	
Storm Shutters	(6.44)		(3.34)		(0.42)	
Beacons	(0.06)		(0.03)		(0.02)	
Hard Drives/Inverters	(0.54)		(0.29)		(0.20)	
TOTAL	(20.9)		(11.3)		(4.1)	
2019-20						
2020-21						
2021-22						
2022-23						

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Disaster Preparedness Holiday

Bill Number(s): CS/SB 620

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 12/8/2017): The Conference adopted the middle impact with the following changes: The high was adopted for the number of generators purchased; The low was adopted for the number of households purchasing storm shutters; for beacons, the high was adopted for the purchase price of beacons and the number of households purchasing beacons was the low.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(9.8)	0.0	(Insignificant)	0.0	(0.3)	0.0	(0.9)	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

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(1.2)	0.0	(2.5)	0.0	(12.3)	0.0
2019-20	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.0	0.0	0.0	0.0	0.0	0.0
2021-22	0.0	0.0	0.0	0.0	0.0	0.0
2022-23	0.0	0.0	0.0	0.0	0.0	0.0

1. # HOUSEHOLD PURCHASING ASSUMPTIONS:	
2004 Indices based on FINAL REPORT (4 hurricanes)	
Reported Loss % HHs	3.2%
Total Loss % HHs	2.3%
2005 Indices based on FINAL REPORT (4 hurricanes)	
Reported Loss % HHs	8.5%
Total Loss % HHs	5.8%
2008 Index based on Oct 20 2008 Report for Fay (1 storm)	
Reported Loss % HHs	2.7%
2016 Index based on Claims Data as of Nov 2017 (2 hurricanes)	
Reported Loss % HHs	2.9%
2017 Index based on Claims Data as of Nov 2017 (1 hurricane)	
Reported Loss % HHs	4.7%
Average Reported Loss %	4.4%

2. AVAILABLE CASH FOR PURCHASES ASSUMPTIONS:					Methodology for HH Income
Using Florida After-Tax Income per Household		2016	2017	2018	Florida Median HH income is based on the 2015 American Community Survey reported Florida median HH income in the last 12 months (\$61,289). This value is grown by the Jul 2017 Florida Economic Estimating Conference growth in Personal Income. The growth rates are: 2017 4.6% 2018 4.4% Ratio of Avg Annual Expenditures to Income Before Taxes, 2016 CES (76.76%) is used to produce after-tax income.
(2016 American Community Survey: Florida)		FY 2015-16	FY 2016-17	FY 2017-18	
Median Florida Household After-Tax Income		\$47,045	\$49,208	\$51,374	
Using average annual expenditures from the 2016 Consumer Expenditure Survey, all consumer units:		Fla \$ per HH	Fla \$ per HH	Fla \$ per HH	
<u>Shares of expenditures:</u>					
Food & alcoholic beverage	13.70%	\$6,445	\$6,741	\$7,038	
Housing (includes * below)	33.30%	\$15,666	\$16,386	\$17,108	
Apparel & services	3.10%	\$1,458	\$1,525	\$1,593	
Transportation	17.60%	\$8,280	\$8,661	\$9,042	
Health care	8.60%	\$4,046	\$4,232	\$4,418	
Entertainment	5.30%	\$2,493	\$2,608	\$2,723	
All others	18.40%	\$8,656	\$9,054	\$9,453	
*Maintenance, repairs, insurance & other expenses	2.40%	\$1,129	\$1,181	\$1,233	
*Miscellaneous household equipment	1.50%	\$706	\$738	\$771	
HIGH = Assume 9.0% of households purchase exempt items equivalent to approximately 35 days of spending.					
MIDDLE = Average high/low number of households and high/low expenditures.					
LOW = Assume 4.4% of households purchase exempt items equivalent to approximately 17 days of spending.					

3. PORTABLE GENERATOR INFORMATION AND ASSUMPTIONS:
Approximately 12% of households in the U.S. own a portable generator and 3% own a standby generator.
Various news articles reported surges in generator sales before Hurricanes Matthew and Irma.
HIGH = Assume 1.1% of Florida households purchase a tax-exempt generator.
MIDDLE = Average of the high and low estimates, or 0.8% of households.
LOW = Assume 0.5% of Florida households purchase a tax-exempt generator.

4. STORM SHUTTERS ASSUMPTIONS:
7/2017 Fla Econ Estim Conf: 2018 Q2 Private NonRes Constr Expend of 3,820.9 as % of Private Res Housing Constr Expend of 9,740.4 = 39.2%
Assume advantage buying of 19.6% for construction; window size = 5.7 sq ft per Fla Building Code; shutter prices range \$5/sf to \$50/sf.
HIGH = Assume half number of HHs purchase as HIGH portable generators; price = \$200/window x 10 windows.
MIDDLE = Assume half number of HHs purchase as MIDDLE portable generators; price = \$142.50/window (\$25/sf) x 10 windows.
LOW = Assume half number of HHs purchase as LOW portable generators; price = \$28.50/window (\$5/sf) x 10 windows.

5. BEACONS ASSUMPTIONS:
Personal Locator Beacons price range \$150-\$650. Average approx \$400.
Emergency Position-Indicating Radio Beacons price range \$350-\$1,200. Average approx \$650.
HIGH = Assume 120% of MIDDLE estimate HHs purchase beacon; price = \$1,050/beacon.
MIDDLE = Assume 0.01% of households purchase beacon; price = \$650/beacon.
LOW = Assume 80% of MIDDLE estimate HHs purchase beacon; price = \$400/beacon.

6. HARD DRIVES/INVERTER CHARGERS/POWER INVERTERS/POWER SUPPLY ASSUMPTIONS:
External hard drives range from \$25 up to over \$500 depending on the storage capacity.
Power inverters range from \$100 up to \$600 depending on the wattage.
HIGH = Assume same number HHs purchase as HIGH storm shutters; price = \$200.
MIDDLE = Assume same number HHs purchase as MIDDLE storm shutters; price = \$150.
LOW = Assume same number HHs purchase as MIDDLE storm shutters; price = \$100.

Estimate for 10-Day Holiday				
Household Purchases				
	<u>High</u>	<u>Middle</u>	<u>Low</u>	<u>Adopted</u>
TOTAL Amount Purchased/HH	\$192.00	\$143.00	\$93.00	\$143.00
TOTAL Fla Households	8,152,543	8,152,543	8,152,543	8,152,543
TOTAL HHs Purchasing	733,729	546,221	358,712	546,221
TOTAL Expenditures (\$M)	\$ 140.9	\$ 78.1	\$ 33.4	\$ 78.1
Sales Tax for 10-Day Holiday	\$ (8.45)	\$ (4.69)	\$ (2.00)	\$ (4.69)
Portable Generators				
	<u>High</u>	<u>Middle</u>	<u>Low</u>	<u>Adopted</u>
TOTAL Amount Purchased/HH	\$ 1,000	\$ 750	\$ 600	\$750
TOTAL Generators Purchased	89,678	65,221	40,763	\$89,678
TOTAL Expenditures (\$M)	\$ 89.7	\$ 48.9	\$ 24.5	\$ 67.3
Sales Tax for 10-Day Holiday	\$ (5.38)	\$ (2.93)	\$ (1.47)	\$ (4.04)
Storm Shutters				
	<u>High</u>	<u>Middle</u>	<u>Low</u>	<u>Adopted</u>
TOTAL Amount Purchased/HH	\$ 2,000	\$ 1,425	\$ 285	\$ 1,425
TOTAL HHs Purchasing	44,839	32,610	20,382	20,382
TOTAL Expenditures (\$M)	\$ 89.7	\$ 46.5	\$ 5.8	\$ 29.0
TOTAL Advantage Buying for Construction (\$M)	\$ 17.6	\$ 9.1	\$ 1.1	\$ 5.7
Sales Tax for 10-Day Holiday	\$ (6.44)	\$ (3.34)	\$ (0.42)	\$ (2.08)
Beacons				
	<u>High</u>	<u>Middle</u>	<u>Low</u>	<u>Adopted</u>
TOTAL Amount Purchased/HH	\$ 1,050	\$ 650	\$ 400	\$ 1,050
TOTAL HHs Purchasing	978	815	652	652
TOTAL Expenditures (\$M)	\$ 1.0	\$ 0.5	\$ 0.3	\$ 0.7
Sales Tax for 10-Day Holiday	\$ (0.06)	\$ (0.03)	\$ (0.02)	\$ (0.04)
Hard Drives/Inverters				
	<u>High</u>	<u>Middle</u>	<u>Low</u>	<u>Adopted</u>
TOTAL Amount Purchased/HH	\$ 200	\$ 150	\$ 100	\$ 150
TOTAL HHs Purchasing	44,839	32,610	32,610	32,610
TOTAL Expenditures (\$M)	\$ 9.0	\$ 4.9	\$ 3.3	\$ 4.9
Sales Tax for 10-Day Holiday	\$ (0.54)	\$ (0.29)	\$ (0.20)	\$ (0.29)
Total Estimated Impact (10-day)	\$ (20.90)	\$ (11.30)	\$ (4.10)	\$ (11.10)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Local Tax Referenda

Bill Number(s): CS/SB 272

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Committee on Community Affairs; Senator Brandes.

Month/Year Impact Begins: July 1, 2018

Date of Analysis: 12/08/2017

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 requires that a referendum to adopt or amend a local government discretionary sales surtax receive at least 60 percent approval if held on any date other than a general election. 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 a new constraint on a county's ability to adopt or amend certain discretionary sales surtaxes by requiring referenda held at any date other than a general election to be approved by at least 60 percent of the electorate voting. It does not directly impact current baseline revenue forecasts because they are based on current law and current administration, which does 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 might 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: 12/08/2017): 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