

## REVENUE ESTIMATING CONFERENCE

**Tax:** Other Taxes and Fees

**Issue:** Military Discount for State Park Entrance Fees

**Bill Number(s):** HB877

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Representative Mariano

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

**Date of Analysis:** December 18, 2017

### Section 1: Narrative

- a. Current Law:** The Division of Recreation and Parks within the Department of Environmental Protection oversees Florida's 160 state parks. The division has statutory authority to charge reasonable fees for the use or operation of facilities and concessions in the state parks. The monies collected from these fees are deposited into the State Park Trust Fund. During the 2010 Regular Session, CS/HB 1145 created a twenty-five percent discount on annual entrance passes to Florida's state parks for active duty members and honorably discharged veterans of United States Armed Forces, National Guard and reserves.
- b. Proposed Change:** The bill provides for active duty members and honorably discharged veterans of the United States Armed Forces, National Guard and reserves to receive a fifty percent discount on daily entrance fees to Florida's state parks.

### Section 2: Description of Data and Sources

State Park Trust Fund collections by fee type (Schedule I)

DEP State Parks Fee Schedule

Department of Defense, Defense Manpower Data Center (DMDC), September 30, 2017

American Community Survey

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

Daily Park Admission fees range from \$1 to \$10, generally charging either \$6 or \$8. Single occupant vehicles or motorcycle admission ranges from \$4 to \$6. Twenty-six parks have over 125,000 in annual attendance, the daily entrance fee for these parks is \$6. There are 9 parks with annual attendance over 500,000, the daily entrance fee for these parks is \$8.

State and local taxes are included in fee. Assume 0.6% average surtax rate.

Assumes an average daily entrance fee of \$7. Though there are more parks that charge \$6, parks with higher attendance charge \$8. Impact is assumed to come from current park attendees paying full price who would now qualify for a discount. Those incentivized to attend a park would be an offsetting positive impact.

The high uses the participation in the Florida National Guard entrance fee discount as a proportion to the entire Florida National Guard pool as a proxy for participation for those who would be eligible for the discount.

The middle uses the participation in the military annual pass discount as a proxy to determine those would participate in the daily entrance fee discount.

The low uses the participation in the National Guard daily entrance fee discount as a proxy to determine those who in the entire pool would partake in the program.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(2.4)	(2.4)	(2.1)	(2.1)	(1.2)	(1.2)
2019-20	(2.6)	(2.6)	(2.3)	(2.3)	(1.3)	(1.3)
2020-21	(2.8)	(2.8)	(2.4)	(2.4)	(1.3)	(1.3)
2021-22	(2.9)	(2.9)	(2.6)	(2.6)	(1.4)	(1.4)
2022-23	(3.1)	(3.1)	(2.7)	(2.7)	(1.5)	(1.5)

#### List of affected Trust Funds:

State Park Trust Fund

GR Service Charge

Sales and Use Tax

## REVENUE ESTIMATING CONFERENCE

**Tax:** Other Taxes and Fees

**Issue:** Military Discount for State Park Entrance Fees

**Bill Number(s):** HB877

**Section 5: Consensus Estimate (Adopted: 12/20/2017): The Conference adopted the low estimate.**

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.2)	(0.2)	(1.0)	(1.0)	(Insignificant)	(Insignificant)	(1.2)	(1.2)
2019-20	(0.2)	(0.2)	(1.1)	(1.1)	(Insignificant)	(Insignificant)	(1.3)	(1.3)
2020-21	(0.2)	(0.2)	(1.2)	(1.2)	(Insignificant)	(Insignificant)	(1.4)	(1.4)
2021-22	(0.2)	(0.2)	(1.2)	(1.2)	(Insignificant)	(Insignificant)	(1.4)	(1.4)
2022-23	(0.2)	(0.2)	(1.3)	(1.3)	(Insignificant)	(Insignificant)	(1.5)	(1.5)

Fees Type	Fee Schedule	Collections (excludes sales tax and GR Service Charge)			
		FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Daily Entrance Fee - Vehicle	\$1 - \$10	\$ 17,203,568	\$ 16,768,686	\$ 16,122,609	\$ 14,408,765
Daily Entrance Fee - Honor	\$1 - \$10	\$ 1,746,592	\$ 1,625,587	\$ 1,517,715	\$ 1,306,296
Daily Entrance Fee - Economic Disadvantaged	One-half of base admission fee	\$ 36,930	\$ 42,357	\$ 51,761	\$ 58,274
Annual Pass - Individual	\$ 60	\$ 801,339	\$ 740,083	\$ 688,199	\$ 653,850
Annual Pass - Family	\$ 120	\$ 2,678,033	\$ 2,529,944	\$ 2,314,890	\$ 2,135,180
Daily Entrance Fee - Florida National Guard (Active members, spouses, and minor children; validation required)	One-half of base admission fee	\$ 7,003	\$ 6,416	\$ 7,074	\$ 1,200
Annual Pass - Individual Military Discount (Retired U. S. military, honorably discharged veterans, active-duty U. S. military and reservists; validation required)	\$ 45	\$ 75,815	\$ 73,947	\$ 65,958	\$ 66,377
Annual Pass - Family Military Discount (Retired U. S. military, honorably discharged veterans, active-duty U. S. military and reservists; validation required)	\$ 90	\$ 504,766	\$ 481,669	\$ 421,914	\$ 427,560
Assumption of \$7 average entrance fee.					
Fees Type	Fee	Estimated Attendance (or Purchases of annual passes)			
		FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Daily Entrance Fee - Vehicle (average)	\$7	2,829,832	2,758,298	2,652,024	2,370,112
Daily Entrance Fee - Honor (average)	\$7	287,299	267,394	249,650	214,874
Daily Entrance Fee - Economic Disadvantaged (average)	One-half of base admission fee (\$3.50)	12,149	13,935	17,028	19,171
Annual Pass - Individual	\$ 60	15,378	14,203	13,207	12,548
Annual Pass - Family	\$ 120	25,697	24,276	22,212	20,488
Daily Entrance Fee - Florida National Guard (Active members, spouses, and minor children; validation required) (average)	One-half of base admission fee (\$3.50)	2,304	2,111	2,327	395
Annual Pass - Individual Military Discount (Retired U. S. military, honorably discharged veterans, active-duty U. S. military and reservists; validation required)	\$ 45	1,940	1,892	1,688	1,698
Annual Pass - Family Military Discount (Retired U. S. military, honorably discharged veterans, active-duty U. S. military and reservists; validation required)	\$ 90	6,458	6,162	5,398	5,470

	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14
Daily Entrance Purchases (Vehicle and Honor)	3,117,131	3,025,692	2,901,675	2,584,986
Annual Pass Purchases	41,075	38,478	35,419	33,035
Military Discounted Annual Pass Purchases	8,398	8,054	7,086	7,169
% annual passes - Military	17.0%	17.3%	16.7%	17.8%
Average % annual passes - Military	<b>17.2%</b>			
Average attendance growth FY 2013-14 through FY 2016-17	<b>6.4%</b>			

Florida National Guard	11,711	<a href="#">Counts of Active Duty and Reserve Service Members, DMDC</a>	19.7%
Active Duty Members Armed Forces	55,862	<a href="#">Counts of Active Duty and Reserve Service Members, DMDC</a>	
Reserve Armed Forces	24,676	<a href="#">Counts of Active Duty and Reserve Service Members, DMDC</a>	
Honorably Discharged Armed Forces	1,429,330	<a href="#">ACS, 2016 Estimate of Veterans</a>	
<b>Total Eligible for Discount</b>	<b>1,521,579</b>		

<b>HIGH</b>	<b>FY 2016-17</b>
National Guard Attendance	2,304
Florida National Guard	11,711
Participation Rate	19.7%
19.7% discounted purchases	<b>613,221</b> (3,117,131 * 19.7%)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
19.7% of entrance purchases receive military discount (# of visits)	613,221	652,704	694,729	739,459	787,069	837,745	891,684
Discount @\$3.50			\$ (2.4)	\$ (2.6)	\$ (2.8)	\$ (2.9)	\$ (3.1)

MIDDLE							
17.2% of entrance purchases receive military discount (# of visits)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
(3,117,131 * 17.2%)	536,024	570,536	607,271	646,370	687,987	732,283	779,432
Cost (@ \$3.50)			\$ (2.1)	\$ (2.3)	\$ (2.4)	\$ (2.6)	\$ (2.7)

<u>LOW</u>								
National Guard/Total Discount Pool	<u>0.8%</u>	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Daily Entrance (Attendance) of Discount Pool		299,335	318,607	339,121	360,955	384,196	408,932	435,262
Cost (@ \$3.50)				\$ (1.2)	\$ (1.3)	\$ (1.3)	\$ (1.4)	\$ (1.5)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use tax

**Issue:** Business Rent Tax exemptions

**Bill Number(s):** HB 409, SB 902

☒ **Entire Bill**

☐ **Partial Bill:**

**Sponsor(s):** Rep. Ahern, Sen. Perry

**Month/Year Impact Begins:** February 2019

**Date of Analysis:** 12/19/2017

### Section 1: Narrative

- a. **Current Law:** Section 212.031, F.S. provides for a tax of 5.8% of an on the total rent or license fee charged for such real property.
- b. **Proposed Change:** Creates the following amounts that are exempt for the tax imposed by 212.031 under this section on each lease or license of real property on an annual basis:
- January 1, 2019 – the first \$10,000
  - January 1, 2020 – the first \$20,000
  - January 1, 2021 – the first \$30,000
  - January 1, 2022 – the first \$40,000
  - January 1, 2023 – the first \$50,000
  - January 1, 2024 – the first \$60,000
  - January 1, 2025 – the first \$70,000
  - January 1, 2026 – the first \$80,000
  - January 1, 2027 – the first \$90,000

Repeals section 212.031, F.S., effective January 1, 2028.

### Section 2: Description of Data and Sources

2013 DOR Calendar Year Sales Tax file

2014 DOR Calendar Year Sales Tax file

2015 DOR Calendar Year Sales Tax file

2016 DOR Calendar Year Sales Tax file

Business Investment Growth Rates – August 17, 2017 General Revenue Estimating Conference

Results of October 27, 2017 Impact Conference

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

Those entities that had reported either commercial rent on the DR 15, line 3c or were in kind code 82 and filed on the DR 15EZ were identified for each of the years 2013 to 2016 from the respective DOR Calendar Year Sales Tax File. Those identified entities were then tiered on the annual amount of sales tax with the tiers based on the tiered exemption amount. The total amount of taxable sales and number of entities was identified for each tier. State sales tax was calculated by applying the 6% state rate. The percentage of total taxpayers and total tax on commercial rent was calculated for each tier for 2016. Also calculated was the growth in the number of taxpayers in each of the historic years.

The data from the DOR Calendar Year file which provides information for certain entities remitting commercial rent was adjusted as follows:

Additional information was obtained about property management companies and county control accounts (Master Accounts) and the underlying number of accounts associated with these property management accounts and county control accounts. The additional data was matched to the 2016 Calendar Year file data to extract form type, originally assigned tier, as well as taxable sales and taxable commercial rent. For those Master accounts with a 1040EZ form type, the taxable sales were divided by the number of underlying accounts for that account to get an average commercial rent per underlying account. For those master accounts that were not form type 1040EZ, the taxable commercial rent was divided by the number of underlying accounts for that account to get an average commercial rent per underlying account. These average rent per underlying account amounts were used to assign the underlying accounts into the ten tiers based on the same value ranges used previously. The 2016 data was then adjusted by subtracting from each tier the number and amount of taxable commercial rent at the master account level and adding to each tier the number and amount of tax for each tier and the underlying account level.

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use tax

**Issue:** Business Rent Tax exemptions

**Bill Number(s):** HB 409, SB 902

Commercial rent amounts calculated at for the Impact Analysis adopted for SB 60 adopted October 27, 2017 were used. These were converted to the 5.8% rate that will be the current law rate over the impact period. In order to estimate total sales tax on commercial rent for years outside the forecast period, the rate of 3.3% was used for all such years. To estimate growth in the total number of taxpayers, the average of the historic growth rates for number of taxpayers was used.

The future commercial rent collections were then broken into tiers based on the 2016 percent of total revenues and total taxpayers. For each tier, it was assumed that there were a set number of leases per taxpayer and that each lease was at the average amount for that tier. For the high, middle, and low, the number of leases per taxpayer per tier was varied. Where the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8% exceeded the total commercial rent for that tier, the impact was the total commercial rent for that tier. Where the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8% did not exceed the total commercial rent for that tier, the impact was the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8%. The impact per tier was summed to get the total impact per calendar year. The calendar years were then converted to state fiscal years. The cash impact for all but the first year is the annualized impact. For the first year cash, an additional analysis was done as the amount that is exempt in the first year is the lesser of 5/12<sup>th</sup> of the rent per lease or \$10,000. The recurring impact is the estimate of total collections from the tax license or lease to use real property in any given year, as the bill specifies a total repeal as of January 1, 2028

### Section 4: Proposed Fiscal Impact –

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$386.0 M)	(\$1,747.6 M)	(\$220.5 M)	(\$1,747.6 M)	(\$136.9 M)	(\$1,747.6 M)
2019-20	(\$835.8 M)	(\$1,821.8 M)	(\$462.1 M)	(\$1,821.8 M)	(\$286.9 M)	(\$1,821.8 M)
2020-21	(\$993.9 M)	(\$1,892.8 M)	(\$565.4 M)	(\$1,892.8 M)	(\$352.3 M)	(\$1,892.8 M)
2021-22	(\$1,340.4 M)	(\$1,959.0 M)	(\$767.6 M)	(\$1,959.0 M)	(\$487.2 M)	(\$1,959.0 M)
2022-23	(\$1,699.6 M)	(\$2,023.6 M)	(\$960.1 M)	(\$2,023.6 M)	(\$613.0 M)	(\$2,023.6 M)

### List of affected Trust Funds:

Sales Tax Group

### Section 5: Consensus Estimate (Adopted: 12/20/2017): The Conference adopted the high as an at least as number.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(341.8)	(1,547.5)	(Insignificant)	(0.1)	(11.4)	(51.5)	(32.8)	(148.5)
2019-20	(740.1)	(1,613.2)	(0.1)	(0.2)	(24.6)	(53.6)	(71.0)	(154.8)
2020-21	(880.1)	(1,676.1)	(0.1)	(0.2)	(29.3)	(55.7)	(84.5)	(160.8)
2021-22	(1,186.9)	(1,734.6)	(0.1)	(0.2)	(39.5)	(57.7)	(113.9)	(166.5)
2022-23	(1,505.0)	(1,791.9)	(0.1)	(0.2)	(50.0)	(59.6)	(144.4)	(172.0)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(43.5)	(196.7)	(87.7)	(396.7)	(429.5)	(1,944.3)
2019-20	(94.1)	(205.1)	(189.7)	(413.5)	(929.9)	(2,026.9)
2020-21	(111.9)	(213.1)	(225.6)	(429.6)	(1,105.8)	(2,105.9)
2021-22	(150.9)	(220.5)	(304.3)	(444.7)	(1,491.3)	(2,179.5)
2022-23	(191.3)	(227.8)	(385.8)	(459.3)	(1,890.9)	(2,251.4)

	A	B	C	D	E	F	G
1	Tier	Range - Taxable Commercial Rent	4 year Average - Percent of Total Count	4 year Average - Percent of Total Value		Historic growth in number of Commercial Rent taxpayers	
2	1	\$0 to \$10,000	17.17%	0.34%		2014	5.57%
3	2	\$10,001 to \$20,000	12.55%	1.01%		2015	1.89%
4	3	\$20,001 to \$30,000	9.85%	1.35%		2016	-0.91%
5	4	\$30,001 to \$40,000	7.22%	1.38%		Average	2.18%
6	5	\$40,001 to \$50,000	5.98%	1.47%			
7	6	\$50,001 to \$60,000	5.04%	1.52%			
8	7	\$60,001 to \$70,000	3.75%	1.33%			
9	8	\$70,001 to \$80,000	3.35%	1.37%			
10	9	\$80,001 to \$90,000	2.79%	1.30%			
11	10	Greater than \$90,000	32.30%	88.93%			
12							
13	2016 - unmodified						
14	Tier	Taxable Commercial Rent	Count	State Tax Amount	Percent of total - Count	Percent of Total - Value	Average Rent per taxpayer
15	1	\$89,553,481	22,893	\$5,373,209	15.94%	0.33%	\$3,912
16	2	\$258,789,714	17,457	\$15,527,383	12.16%	0.95%	\$14,824
17	3	\$347,670,360	13,900	\$20,860,222	9.68%	1.28%	\$25,012
18	4	\$371,933,031	10,594	\$22,315,982	7.38%	1.37%	\$35,108
19	5	\$397,245,941	8,834	\$23,834,756	6.15%	1.46%	\$44,968
20	6	\$409,544,218	7,414	\$24,572,653	5.16%	1.50%	\$55,239
21	7	\$359,699,520	5,539	\$21,581,971	3.86%	1.32%	\$64,939
22	8	\$369,703,257	4,949	\$22,182,195	3.45%	1.36%	\$74,703
23	9	\$351,904,778	4,138	\$21,114,287	2.88%	1.29%	\$85,042
24	10	\$24,262,427,485	47,895	\$1,455,745,649	33.35%	89.14%	\$506,575
25	Total - 2016	\$27,218,471,785	143,613	\$1,633,108,307	100.00%	100.00%	\$189,527
26							
27	Property Management Accounts		272		County Control Accounts		158
28	Underlying accounts		2,087		Underlying accounts		3,817
29							
30	Tier	Number of Accounts - annual	Sum of Taxable Rent		Tier	Number of Underlying acco	Sum of Taxable Rent
31	0	33	\$0		0	436	\$0
32	1	33	\$146,521		1	2662	\$3,367,457
33	2	28	\$421,616		2	1235	\$17,877,655
34	3	20	\$479,147		3	761	\$19,210,497
35	4	28	\$998,394		4	166	\$5,821,140
36	5	19	\$860,340		5	79	\$3,428,183
37	6	17	\$930,237		6	102	\$5,753,873
38	7	20	\$1,289,641		7	58	\$3,836,742
39	8	18	\$1,342,845		8	44	\$3,289,235
40	9	17	\$1,446,153		9	34	\$2,945,757
41	10	197	\$151,638,612		10	327	\$94,022,966
42	Grand Total	430	\$159,553,505		Grand Total	5904	\$159,553,505
43							

	A	B	C	D	E	F	G
44							
45	2016 - Revised						
46	Tier	Taxable Commercial Rent	Count	State Tax Amount	Percent of total - Count	Percent of Total - Value	Average Rent per taxpayer
47	1	\$92,774,418	25,522	\$5,566,465	17.17%	0.34%	\$3,635
48	2	\$276,245,753	18,664	\$16,574,745	12.55%	1.01%	\$14,801
49	3	\$366,401,710	14,641	\$21,984,103	9.85%	1.35%	\$25,026
50	4	\$376,755,777	10,732	\$22,605,347	7.22%	1.38%	\$35,106
51	5	\$399,813,784	8,894	\$23,988,827	5.98%	1.47%	\$44,953
52	6	\$414,367,854	7,499	\$24,862,071	5.04%	1.52%	\$55,256
53	7	\$362,246,621	5,577	\$21,734,797	3.75%	1.33%	\$64,954
54	8	\$371,649,647	4,975	\$22,298,979	3.35%	1.37%	\$74,703
55	9	\$353,404,382	4,155	\$21,204,263	2.79%	1.30%	\$85,055
56	10	\$24,204,811,839	48,025	\$1,452,288,710	32.30%	88.93%	\$504,004
57	Total - 2016	\$27,218,471,785	148,684	\$1,633,108,307	100.00%	100.00%	\$183,063
58					Assumptions		
59					Number of leases per taxpayer per tier		
60	Tier	Range - Taxable Commercial Rent	4 year Average - Percent of Total Count	4 year Average - Percent of Total Value	High	Middle	Low
61	1	\$0 to \$10,000	17.17%	0.34%	1	1	1
62	2	\$10,001 to \$20,000	12.55%	1.01%	1	1	1
63	3	\$20,001 to \$30,000	9.85%	1.35%	2	1	1
64	4	\$30,001 to \$40,000	7.22%	1.38%	2	2	1
65	5	\$40,001 to \$50,000	5.98%	1.47%	3	2	1
66	6	\$50,001 to \$60,000	5.04%	1.52%	3	2	1
67	7	\$60,001 to \$70,000	3.75%	1.33%	3	2	1
68	8	\$70,001 to \$80,000	3.35%	1.37%	5	2	1
69	9	\$80,001 to \$90,000	2.79%	1.30%	5	2	1
70	10	Greater than \$90,000	32.30%	88.93%	10	5	3
71							



	A	B	C	D	E	F	G
72	Estimated Future tier distributions using 4 year average						
73		Commercial Rent Sales Tax Forecast @ 6%	Business Investment Growth Rate (GR-REC 8/17)		Commercial Rent Sales Tax Forecast @ 5.8%		
74		As implied by October 27, 2017 Adopted Impact		Taxable Commercial Rent	As implied by October 27, 2017 Adopted Impact	Assumed number of taxpayers	Exemption Amount per lease
75	2018	\$1,768,953,551	4.20	\$29,482,559,178	\$1,709,988,432	158,631	
76	2019	\$1,846,787,507	4.40	\$30,779,791,782	\$1,785,227,923	162,092	\$10,000
77	2020	\$1,922,505,795	4.10	\$32,041,763,245	\$1,858,422,268	165,629	\$20,000
78	2021	\$1,993,638,509	3.70	\$33,227,308,485	\$1,927,183,892	169,242	\$30,000
79	2022	\$2,059,428,580	3.30	\$34,323,809,665	\$1,990,780,961	172,935	\$40,000
80	2023	\$2,127,389,723	3.30	\$35,456,495,384	\$2,056,476,732	176,709	\$50,000
81	2024	\$2,197,593,584	3.30	\$36,626,559,731	\$2,124,340,464	180,564	\$60,000
82	2025	\$2,270,114,172	3.30	\$37,835,236,202	\$2,194,443,700	184,504	\$70,000
83	2026	\$2,345,027,940	3.30	\$39,083,798,997	\$2,266,860,342	188,530	\$80,000
84	2027	\$2,422,413,862	3.30	\$40,373,564,364	\$2,341,666,733	192,644	\$90,000
85	2028	\$2,502,353,519	3.30	\$41,705,891,988	\$2,418,941,735	196,847	Total
86	2029	\$2,584,931,185	3.30	\$43,082,186,424	\$2,498,766,813	201,142	Total
87							
88	2019 Estimated	Exemption	\$10,000				
89	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
90	1	\$6,084,966	27,823	\$6,084,966	\$6,084,966	\$6,084,966	
91	2	\$18,118,638	20,347	\$11,801,289	\$11,801,289	\$11,801,289	
92	3	\$24,031,862	15,961	\$18,515,075	\$9,257,537	\$9,257,537	
93	4	\$24,710,973	11,700	\$13,571,736	\$13,571,736	\$6,785,868	
94	5	\$26,223,321	9,696	\$16,871,089	\$11,247,393	\$5,623,696	
95	6	\$27,177,906	8,175	\$14,224,904	\$9,483,269	\$4,741,635	
96	7	\$23,759,335	6,080	\$10,579,049	\$7,052,699	\$3,526,350	
97	8	\$24,376,068	5,424	\$15,728,519	\$6,291,407	\$3,145,704	
98	9	\$23,179,383	4,530	\$13,136,079	\$5,254,432	\$2,627,216	
99	10	\$1,587,565,471	52,356	\$303,663,161	\$151,831,580	\$91,098,948	
100	Total	\$1,785,227,923	162,092	\$424,175,867	\$231,876,310	\$144,693,209	
101							
102							

	A	B	C	D	E	F	G
103	2020 Estimated	Exemption	\$20,000				
104	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
105	1	\$6,334,450	28,431	\$6,334,450	\$6,334,450	\$6,334,450	
106	2	\$18,861,502	20,791	\$18,861,502	\$18,861,502	\$18,861,502	
107	3	\$25,017,169	16,310	\$25,017,169	\$18,919,064	\$18,919,064	
108	4	\$25,724,123	11,955	\$25,724,123	\$25,724,123	\$13,867,864	
109	5	\$27,298,477	9,908	\$27,298,477	\$22,985,610	\$11,492,805	
110	6	\$28,292,200	8,354	\$28,292,200	\$19,380,379	\$9,690,189	
111	7	\$24,733,468	6,213	\$21,619,757	\$14,413,172	\$7,206,586	
112	8	\$25,375,487	5,542	\$25,375,487	\$12,857,366	\$6,428,683	
113	9	\$24,129,737	4,629	\$24,129,737	\$10,738,162	\$5,369,081	
114	10	\$1,652,655,655	53,498	\$620,577,877	\$310,288,938	\$186,173,363	
115	Total	\$1,858,422,268	165,629	\$823,230,780	\$460,502,766	\$284,343,588	
116							
117	2021 Estimated	Exemption	\$30,000				
118	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
119	1	\$6,568,824	29,051	\$6,568,824	\$6,568,824	\$6,568,824	
120	2	\$19,559,378	21,245	\$19,559,378	\$19,559,378	\$19,559,378	
121	3	\$25,942,804	16,665	\$25,942,804	\$25,942,804	\$25,942,804	
122	4	\$26,675,916	12,216	\$26,675,916	\$26,675,916	\$21,255,681	
123	5	\$28,308,521	10,124	\$28,308,521	\$28,308,521	\$17,615,358	
124	6	\$29,339,011	8,536	\$29,339,011	\$29,339,011	\$14,852,437	
125	7	\$25,648,606	6,348	\$25,648,606	\$22,091,490	\$11,045,745	
126	8	\$26,314,380	5,663	\$26,314,380	\$19,706,860	\$9,853,430	
127	9	\$25,022,538	4,730	\$25,022,538	\$16,458,694	\$8,229,347	
128	10	\$1,713,803,914	54,665	\$951,177,862	\$475,588,931	\$285,353,359	
129	Total	\$1,927,183,892	169,242	\$1,164,557,840	\$670,240,430	\$420,276,363	
130							
131	2022 Estimated	Exemption	\$40,000				
132	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
133	1	\$6,785,596	29,685	\$6,785,596	\$6,785,596	\$6,785,596	
134	2	\$20,204,837	21,708	\$20,204,837	\$20,204,837	\$20,204,837	
135	3	\$26,798,916	17,029	\$26,798,916	\$26,798,916	\$26,798,916	
136	4	\$27,556,221	12,482	\$27,556,221	\$27,556,221	\$27,556,221	
137	5	\$29,242,702	10,345	\$29,242,702	\$29,242,702	\$23,999,622	
138	6	\$30,307,199	8,722	\$30,307,199	\$30,307,199	\$20,235,346	
139	7	\$26,495,010	6,487	\$26,495,010	\$26,495,010	\$15,049,010	
140	8	\$27,182,755	5,786	\$27,182,755	\$27,182,755	\$13,424,569	
141	9	\$25,848,281	4,833	\$25,848,281	\$22,423,753	\$11,211,877	
142	10	\$1,770,359,444	55,858	\$1,295,909,446	\$647,954,723	\$388,772,834	
143	Total	\$1,990,780,961	172,935	\$1,516,330,963	\$864,951,712	\$554,038,828	
144							

	A	B	C	D	E	F	G
145	2023 Estimated	Exemption	\$50,000				
146	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
147	1	\$7,009,520	30,332	\$7,009,520	\$7,009,520	\$7,009,520	
148	2	\$20,871,597	22,182	\$20,871,597	\$20,871,597	\$20,871,597	
149	3	\$27,683,281	17,401	\$27,683,281	\$27,683,281	\$27,683,281	
150	4	\$28,465,576	12,755	\$28,465,576	\$28,465,576	\$28,465,576	
151	5	\$30,207,712	10,570	\$30,207,712	\$30,207,712	\$30,207,712	
152	6	\$31,307,336	8,912	\$31,307,336	\$31,307,336	\$20,676,871	
153	7	\$27,369,345	6,628	\$27,369,345	\$27,369,345	\$15,377,372	
154	8	\$28,079,786	5,913	\$28,079,786	\$28,079,786	\$13,717,487	
155	9	\$26,701,275	4,938	\$26,701,275	\$26,701,275	\$11,456,514	
156	10	\$1,828,781,305	57,077	\$1,655,231,924	\$827,615,962	\$496,569,577	
157	Total	\$2,056,476,732	176,709	\$1,882,927,352	\$1,055,311,389	\$672,035,507	
158							
159	2024 Estimated	Exemption	\$60,000				
160	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
161	1	\$7,240,834	30,994	\$7,240,834	\$7,240,834	\$7,240,834	
162	2	\$21,560,359	22,666	\$21,560,359	\$21,560,359	\$21,560,359	
163	3	\$28,596,829	17,780	\$28,596,829	\$28,596,829	\$28,596,829	
164	4	\$29,404,940	13,033	\$29,404,940	\$29,404,940	\$29,404,940	
165	5	\$31,204,566	10,801	\$31,204,566	\$31,204,566	\$31,204,566	
166	6	\$32,340,478	9,107	\$32,340,478	\$32,340,478	\$32,340,478	
167	7	\$28,272,534	6,773	\$28,272,534	\$28,272,534	\$15,712,898	
168	8	\$29,006,419	6,042	\$29,006,419	\$29,006,419	\$14,016,796	
169	9	\$27,582,417	5,046	\$27,582,417	\$27,582,417	\$11,706,490	
170	10	\$1,889,131,088	58,322	\$1,889,131,088	\$1,014,808,952	\$608,885,371	
171	Total	\$2,124,340,464	180,564	\$2,124,340,464	\$1,250,018,328	\$800,669,562	
172							
173	2025 Estimated	Exemption	\$70,000				
174	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
175	1	\$7,479,782	31,671	\$7,479,782	\$7,479,782	\$7,479,782	
176	2	\$22,271,851	23,160	\$22,271,851	\$22,271,851	\$22,271,851	
177	3	\$29,540,524	18,168	\$29,540,524	\$29,540,524	\$29,540,524	
178	4	\$30,375,304	13,317	\$30,375,304	\$30,375,304	\$30,375,304	
179	5	\$32,234,317	11,037	\$32,234,317	\$32,234,317	\$32,234,317	
180	6	\$33,407,714	9,306	\$33,407,714	\$33,407,714	\$33,407,714	
181	7	\$29,205,527	6,921	\$29,205,527	\$29,205,527	\$29,205,527	
182	8	\$29,963,630	6,174	\$29,963,630	\$29,963,630	\$14,322,635	
183	9	\$28,492,636	5,156	\$28,492,636	\$28,492,636	\$11,961,919	
184	10	\$1,951,472,414	59,595	\$1,951,472,414	\$1,209,776,836	\$725,866,102	
185	Total	\$2,194,443,700	184,504	\$2,194,443,700	\$1,452,748,121	\$936,665,675	
186							

	A	B	C	D	E	F	G
187	2026 Estimated	Exemption	\$80,000				
188	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
189	1	\$7,726,615	32,362	\$7,726,615	\$7,726,615	\$7,726,615	
190	2	\$23,006,822	23,666	\$23,006,822	\$23,006,822	\$23,006,822	
191	3	\$30,515,361	18,565	\$30,515,361	\$30,515,361	\$30,515,361	
192	4	\$31,377,689	13,608	\$31,377,689	\$31,377,689	\$31,377,689	
193	5	\$33,298,049	11,278	\$33,298,049	\$33,298,049	\$33,298,049	
194	6	\$34,510,169	9,509	\$34,510,169	\$34,510,169	\$34,510,169	
195	7	\$30,169,310	7,072	\$30,169,310	\$30,169,310	\$30,169,310	
196	8	\$30,952,430	6,308	\$30,952,430	\$30,952,430	\$30,952,430	
197	9	\$29,432,893	5,269	\$29,432,893	\$29,432,893	\$12,222,922	
198	10	\$2,015,871,004	60,895	\$2,015,871,004	\$1,412,769,781	\$847,661,869	
199	Total	\$2,266,860,342	188,530	\$2,266,860,342	\$1,663,759,119	\$1,081,441,236	
200							
201	2027 Estimated	Exemption	\$90,000				
202	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
203	1	\$7,981,593	33,068	\$7,981,593	\$7,981,593	\$7,981,593	
204	2	\$23,766,047	24,182	\$23,766,047	\$23,766,047	\$23,766,047	
205	3	\$31,522,368	18,970	\$31,522,368	\$31,522,368	\$31,522,368	
206	4	\$32,413,152	13,905	\$32,413,152	\$32,413,152	\$32,413,152	
207	5	\$34,396,885	11,524	\$34,396,885	\$34,396,885	\$34,396,885	
208	6	\$35,649,004	9,716	\$35,649,004	\$35,649,004	\$35,649,004	
209	7	\$31,164,897	7,226	\$31,164,897	\$31,164,897	\$31,164,897	
210	8	\$31,973,860	6,446	\$31,973,860	\$31,973,860	\$31,973,860	
211	9	\$30,404,179	5,383	\$30,404,179	\$30,404,179	\$30,404,179	
212	10	\$2,082,394,747	62,224	\$2,082,394,747	\$1,624,045,172	\$974,427,103	
213	Total	\$2,341,666,733	192,644	\$2,341,666,733	\$1,883,317,158	\$1,233,699,089	
214							
215	Cash Impact - 2018-19						
216	2019 Estimated	Exemption	\$10,000	Assumed Number of Leases per account			
217	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
218	1	\$6,084,966	27,823	1	1	1	
219	2	\$18,118,638	20,347	1	1	1	
220	3	\$24,031,862	15,961	2	1	1	
221	4	\$24,710,973	11,700	2	2	1	
222	5	\$26,223,321	9,696	3	2	1	
223	6	\$27,177,906	8,175	3	2	1	
224	7	\$23,759,335	6,080	3	2	1	
225	8	\$24,376,068	5,424	5	2	1	
226	9	\$23,179,383	4,530	5	2	1	
227	10	\$1,587,565,471	52,356	10	5	3	
228	Total	\$1,785,227,923	162,092				

	A	B	C	D	E	F	G
229							
230	Assumed Rent per lease						
231	Tier	High	Middle	Low			
232	1	\$3,771	\$3,771	\$3,771			
233	2	\$15,353	\$15,353	\$15,353			
234	3	\$12,980	\$25,959	\$25,959			
235	4	\$18,208	\$18,208	\$36,415			
236	5	\$15,543	\$23,315	\$46,630			
237	6	\$19,106	\$28,659	\$57,318			
238	7	\$22,459	\$33,688	\$67,377			
239	8	\$15,498	\$38,745	\$77,490			
240	9	\$17,646	\$44,114	\$88,228			
241	10	\$52,280	\$104,561	\$174,268			
242	Total	\$192,843	\$336,373	\$592,809			
243							
244	Exempt Rent - first 5 months of implementation						
245	Assumed Exemption per lease				2018-19 Cash Impact		
246	Tier	High	Middle	Low	High	Middle	Low
247	1	\$1,571	\$1,571	\$1,571	\$2,535,403	\$2,535,403	\$2,535,403
248	2	\$6,397	\$6,397	\$6,397	\$7,549,432	\$7,549,432	\$7,549,432
249	3	\$5,408	\$10,000	\$10,000	\$10,013,276	\$9,257,537	\$9,257,537
250	4	\$7,587	\$7,587	\$10,000	\$10,296,239	\$10,296,239	\$6,785,868
251	5	\$6,476	\$9,715	\$10,000	\$10,926,384	\$10,926,384	\$5,623,696
252	6	\$7,961	\$10,000	\$10,000	\$11,324,127	\$9,483,269	\$4,741,635
253	7	\$9,358	\$10,000	\$10,000	\$9,899,723	\$7,052,699	\$3,526,350
254	8	\$6,458	\$10,000	\$10,000	\$10,156,695	\$6,291,407	\$3,145,704
255	9	\$7,352	\$10,000	\$10,000	\$9,658,076	\$5,254,432	\$2,627,216
256	10	\$10,000	\$10,000	\$10,000	\$303,663,161	\$151,831,580	\$91,098,948
257	Total				\$386,022,516	\$220,478,384	\$136,891,789
258							
259							
260		Impact	High	Middle	Low		
261		2018	0	0	0		
262		2019	\$424,175,867	\$231,876,310	\$144,693,209		
263		2020	\$823,230,780	\$460,502,766	\$284,343,588		
264		2021	\$1,164,557,840	\$670,240,430	\$420,276,363		
265		2022	\$1,516,330,963	\$864,951,712	\$554,038,828		
266		2023	\$1,882,927,352	\$1,055,311,389	\$672,035,507		
267		2024	\$2,124,340,464	\$1,250,018,328	\$800,669,562		
268		2025	\$2,194,443,700	\$1,452,748,121	\$936,665,675		
269		2026	\$2,266,860,342	\$1,663,759,119	\$1,081,441,236		
270		2027	\$2,341,666,733	\$1,883,317,158	\$1,233,699,089		
271		2028	\$2,418,941,735	\$2,418,941,735	\$2,418,941,735		
272							

	A	B	C	D	E	F	G
273	Conversion to Fiscal Year						
274		Impact - Annualized Cash	High	Middle	Low	Impact - Recurring	
275		2018-19	\$424,175,867	\$231,876,310	\$144,693,209	\$1,747,608,178	
276		2019-20	\$835,791,257	\$462,127,693	\$286,865,003	\$1,821,825,096	
277		2020-21	\$993,894,310	\$565,371,598	\$352,309,975	\$1,892,803,080	
278		2021-22	\$1,340,444,402	\$767,596,071	\$487,157,596	\$1,958,982,426	
279		2022-23	\$1,699,629,158	\$960,131,551	\$613,037,168	\$2,023,628,846	
280		2023-24	\$2,003,633,908	\$1,152,664,859	\$736,352,534	\$2,090,408,598	
281		2024-25	\$2,159,392,082	\$1,351,383,225	\$868,667,618	\$2,159,392,082	
282		2025-26	\$2,230,652,021	\$1,558,253,620	\$1,009,053,455	\$2,230,652,021	
283		2026-27	\$2,304,263,537	\$1,773,538,139	\$1,157,570,162	\$2,304,263,537	
284		2027-28	\$2,380,304,234	\$2,151,129,447	\$1,826,320,412	\$2,380,304,234	
285		2028-29	\$2,458,854,274	\$2,458,854,274	\$2,458,854,274	\$2,458,854,274	
286							
287							
288		High		Middle		Low	
289		Cash	Recurring	Cash	Recurring	Cash	Recurring
290	2018-19	(\$386.0)	(\$1,747.6)	(\$220.5)	(\$1,747.6)	(\$136.9)	(\$1,747.6)
291	2019-20	(\$835.8)	(\$1,821.8)	(\$462.1)	(\$1,821.8)	(\$286.9)	(\$1,821.8)
292	2020-21	(\$993.9)	(\$1,892.8)	(\$565.4)	(\$1,892.8)	(\$352.3)	(\$1,892.8)
293	2021-22	(\$1,340.4)	(\$1,959.0)	(\$767.6)	(\$1,959.0)	(\$487.2)	(\$1,959.0)
294	2022-23	(\$1,699.6)	(\$2,023.6)	(\$960.1)	(\$2,023.6)	(\$613.0)	(\$2,023.6)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use tax

**Issue:** Business Rent Tax \$2500 Exemption per Lease

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

☒ **Entire Bill**

☐ **Partial Bill:**

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

**Month/Year Impact Begins:** February 2019

**Date of Analysis:** 12/19/2017

### Section 1: Narrative

- a. **Current Law:** Section 212.031, F.S. provides for a tax of 5.8% of an on the total rent or license fee charged for such real property. There is no per lease exemption under current law.
- b. **Proposed Change:** Creates a \$2500 that are exempt for the tax imposed by 212.031 under this section on each lease or license of real property on an annual basis.

### Section 2: Description of Data and Sources

2016 DOR Calendar Year Sales Tax file

Business Investment Growth Rates – August 17, 2017 General Revenue Estimating Conference

Results of October 27, 2017 Impact Conference

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

Methodology 1

Those entities that had reported either commercial rent on the DR 15, line 3c or were in kind code 82 and filed on the DR 15EZ were identified for 2016 from the respective DOR Calendar Year Sales Tax File. Those identified entities were then tiered on the annual amount of sales tax with the tiers based on the tiered exemption amount. The total amount of taxable sales and number of entities was identified for each tier. State sales tax was calculated by applying the 6% state rate. The percentage of total taxpayers and total tax on commercial rent was calculated for each tier for each of the historic years examined. Also calculated was the growth in the number of taxpayers in each of the historic years from 2013 to 2016.

Commercial rent amounts calculated at for the Impact Analysis adopted for SB 60 adopted October 27, 2017 were used. These were converted to the 5.8% rate that will be the current law rate over the impact period. To estimate growth in the total number of taxpayers, the average of the historic growth rates for number of taxpayers was used.

The future commercial rent collections were then broken into tiers based on the 2016 percent of total revenues and total taxpayers. The 2016 calendar year file data was modified using additional information. Additional information was obtained about property management companies and county control accounts (Master Accounts) and the underlying number of accounts associated with these property management accounts and county control accounts. The additional data was matched to the 2016 Calendar Year file data to extract form type, originally assigned tier, as well as taxable sales and taxable commercial rent. For those Master accounts with a 1040EZ form type, the taxable sales were divided by the number of underlying accounts for that account to get an average commercial rent per underlying account. For those master accounts that were not form type 1040EZ, the taxable commercial rent was divided by the number of underlying accounts for that account to get an average commercial rent per underlying account. These average rent per underlying account amounts were used to assign the underlying accounts into the ten tiers based on the same value ranges used previously. The 2016 data was then adjusted by subtracting from each tier the number and amount of taxable commercial rent at the master account level and adding to each tier the number and amount of tax for each tier and the underlying account level.

For each tier, it was assumed that there were a set number of leases per taxpayer and that each lease was at the average amount for that tier. For the high, middle, and low, the number of leases per taxpayer per tier was varied. Where the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8% exceeded the total commercial rent for that tier, the impact was the total commercial rent for that tier. Where the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8% did not exceed the total commercial rent for that tier, the impact was the exemption amount times the number of leases per taxpayer times the number of taxpayers times 5.8%. The impact per tier was summed to get the total impact per calendar year. For cash impact in the first year, the amount of rent that would be due per lease for the first 5/12<sup>th</sup> of 2019 was calculated. If that amount of rent was less than the exemption amount, the impact for that tier is the rent times the number of leases times the number of taxpayers times 5.8%. if the rent amount for the 5 months is greater than the exemption

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use tax

**Issue:** Business Rent Tax \$2500 Exemption per Lease

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

amount, then that tier experiences the full annual impact in the first year. in this analysis, every tier receives the full exemption amount except the first tier for the high, middle and low estimates.

### Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(\$106.9 M)	(\$107.1 M)	(\$58.9 M)	(\$59.1 M)	(\$37.1 M)	(\$37.3 M)
2019-20	(\$109.5 M)	(\$109.5 M)	(\$60.4 M)	(\$60.4 M)	(\$38.1 M)	(\$38.1 M)
2020-21	(\$111.9 M)	(\$111.9 M)	(\$61.7 M)	(\$61.7 M)	(\$38.9 M)	(\$38.9 M)
2021-22	(\$114.3 M)	(\$114.3 M)	(\$63.0 M)	(\$63.0 M)	(\$39.8 M)	(\$39.8 M)
2022-23	(\$116.8 M)	(\$116.8 M)	(\$64.4 M)	(\$64.4 M)	(\$40.7 M)	(\$40.7 M)

### List of affected Trust Funds:

Sales Tax Group

### Section 5: Consensus Estimate (Adopted: 12/20/2017): The Conference adopted the high estimates as an at least as number.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(94.6)	(94.9)	(Insignificant)	(Insignificant)	(3.1)	(3.2)	(9.1)	(9.1)
2019-20	(96.9)	(96.9)	(Insignificant)	(Insignificant)	(3.2)	(3.2)	(9.3)	(9.3)
2020-21	(99.1)	(99.1)	(Insignificant)	(Insignificant)	(3.3)	(3.3)	(9.5)	(9.5)
2021-22	(101.2)	(101.2)	(Insignificant)	(Insignificant)	(3.4)	(3.4)	(9.7)	(9.7)
2022-23	(103.4)	(103.4)	(Insignificant)	(Insignificant)	(3.4)	(3.4)	(9.9)	(9.9)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(12.0)	(12.1)	(24.3)	(24.3)	(118.9)	(119.2)
2019-20	(12.3)	(12.3)	(24.9)	(24.9)	(121.8)	(121.8)
2020-21	(12.6)	(12.6)	(25.4)	(25.4)	(124.5)	(124.5)
2021-22	(12.9)	(12.9)	(26.0)	(26.0)	(127.2)	(127.2)
2022-23	(13.1)	(13.1)	(26.5)	(26.5)	(129.9)	(129.9)



	A	B	C	D	E	F	G
1	Historic growth in number of Commercial Rent						
2	2014	5.57%					
3	2015	1.89%					
4	2016	-0.91%					
5	Average	2.18%					
6							
7							
8	2016 - unmodified						
9	Tier	Taxable Commercial Rent	Count	State Tax Amount	Percent of total - Count	Percent of Total - Value	Average Rent per taxpayer
10	1	\$4,773,597	9,655	\$286,416	6.72%	0.02%	\$494
11	2	\$84,779,884	13,238	\$5,086,793	9.22%	0.31%	\$6,404
12	3	\$258,789,714	17,457	\$15,527,383	12.16%	0.95%	\$14,824
13	4	\$347,670,360	13,900	\$20,860,222	9.68%	1.28%	\$25,012
14	5	\$371,933,031	10,594	\$22,315,982	7.38%	1.37%	\$35,108
15	6	\$397,245,941	8,834	\$23,834,756	6.15%	1.46%	\$44,968
16	7	\$409,544,218	7,414	\$24,572,653	5.16%	1.50%	\$55,239
17	8	\$359,699,520	5,539	\$21,581,971	3.86%	1.32%	\$64,939
18	9	\$369,703,257	4,949	\$22,182,195	3.45%	1.36%	\$74,703
19	10	\$351,904,778	4,138	\$21,114,287	2.88%	1.29%	\$85,042
20	11	\$24,262,427,485	47,895	\$1,455,745,649	33.35%	89.14%	\$506,575
21	Total - 2016	\$27,218,471,785	143,613	\$1,633,108,307	100.00%	100.00%	\$189,527
22							
23	Property Management Accounts		272		County Control Accounts		158
24	Underlying accounts		2,087		Underlying accounts		3,817
25							
26	Tier	Number of Accounts - annual	Sum of Taxable Rent		Tier	Number of Underlying acco	Sum of Taxable Rent
27	0	33	\$0		0	436	\$0
28	1	21	\$63,835		1	2136	\$416,220
29	2	12	\$82,685		2	526	\$2,951,236
30	3	28	\$421,616		3	1235	\$17,877,655
31	4	20	\$479,147		4	761	\$19,210,497
32	5	28	\$998,394		5	166	\$5,821,140
33	6	19	\$860,340		6	79	\$3,428,183
34	7	17	\$930,237		7	102	\$5,753,873
35	8	20	\$1,289,641		8	58	\$3,836,742
36	9	18	\$1,342,845		9	44	\$3,289,235
37	10	17	\$1,446,153		10	34	\$2,945,757
38	11	197	\$151,638,612		11	327	\$94,022,966
39	Grand Total	430	\$159,553,505		Grand Total	5904	\$159,553,505
40							

	A	B	C	D	E	F	G
41	2016 - Revised						
42	Tier	Taxable Commercial Rent	Count	State Tax Amount	Percent of total - Count	Percent of Total - Value	Average Rent per taxpayer
43	1	\$5,125,982	10,169	\$307,559	6.88%	0.02%	\$504
44	2	\$87,648,435	14,445	\$5,258,906	9.77%	0.32%	\$6,068
45	3	\$276,245,753	18,664	\$16,574,745	12.63%	1.01%	\$14,801
46	4	\$366,401,710	14,641	\$21,984,103	9.91%	1.35%	\$25,026
47	5	\$376,755,777	10,732	\$22,605,347	7.26%	1.38%	\$35,106
48	6	\$399,813,784	8,894	\$23,988,827	6.02%	1.47%	\$44,953
49	7	\$414,367,854	7,499	\$24,862,071	5.07%	1.52%	\$55,256
50	8	\$362,246,621	5,577	\$21,734,797	3.77%	1.33%	\$64,954
51	9	\$371,649,647	4,975	\$22,298,979	3.37%	1.37%	\$74,703
52	10	\$353,404,382	4,155	\$21,204,263	2.81%	1.30%	\$85,055
53	11	\$24,204,811,839	48,025	\$1,452,288,710	32.50%	88.93%	\$504,004
54	Total - 2016	\$27,218,471,785	147,776	\$1,633,108,307	100.00%	100.00%	\$184,187
55					Assumptions		
56					Number of leases per taxpayer per tier		
57	Tier	Range - Taxable Commercial Rent	Percent of Total Count	Percent of Total Value	High	Middle	Low
58	1	\$0 to \$2500	6.88%	0.02%	1	1	1
59	2	\$2501 to \$10,000	9.77%	0.32%	1	1	1
60	3	\$10,001 to \$20,000	12.63%	1.01%	1	1	1
61	4	\$20,001 to \$30,000	9.91%	1.35%	2	1	1
62	5	\$30,001 to \$40,000	7.26%	1.38%	2	2	1
63	6	\$40,001 to \$50,000	6.02%	1.47%	3	2	1
64	7	\$50,001 to \$60,000	5.07%	1.52%	3	2	1
65	8	\$60,001 to \$70,000	3.77%	1.33%	3	2	1
66	9	\$70,001 to \$80,000	3.37%	1.37%	5	2	1
67	10	\$80,001 to \$90,000	2.81%	1.30%	5	2	1
68	11	Greater than \$90,000	32.50%	88.93%	10	5	3
69							
70	Estimated Future tier distributions using 4 year average						
71		Commercial Rent Sales Tax Forecast @ 6%	Business Investment Growth Rate (GR-REC 8/17)		Commercial Rent Sales Tax Forecast @ 5.8%		
72		As implied by October 27, 2017 Adopted Impact		Taxable Commercial Rent	As implied by October 27, 2017 Adopted Impact	Assumed number of taxpayers	Exemption Amount per lease
73	2018	\$1,768,953,551	4.20	\$29,482,559,178	\$1,709,988,432	157,662	
74	2019	\$1,846,787,507	4.40	\$30,779,791,782	\$1,785,227,923	161,102	\$2,500
75	2020	\$1,922,505,795	4.10	\$32,041,763,245	\$1,858,422,268	164,617	\$2,500
76	2021	\$1,993,638,509	3.70	\$33,227,308,485	\$1,927,183,892	168,209	\$2,500
77	2022	\$2,059,428,580	3.30	\$34,323,809,665	\$1,990,780,961	171,879	\$2,500
78	2023	\$2,127,389,723	3.30	\$35,456,495,384	\$2,056,476,732	175,629	\$2,500
79							

	A	B	C	D	E	F	G
80	2018 Estimated	Exemption	\$0				
81	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
82	1	\$322,038	10,849	\$0	\$0	\$0	
83	2	\$5,506,474	15,411	\$0	\$0	\$0	
84	3	\$17,355,017	19,913	\$0	\$0	\$0	
85	4	\$23,019,025	15,620	\$0	\$0	\$0	
86	5	\$23,669,515	11,450	\$0	\$0	\$0	
87	6	\$25,118,124	9,489	\$0	\$0	\$0	
88	7	\$26,032,477	8,001	\$0	\$0	\$0	
89	8	\$22,757,984	5,950	\$0	\$0	\$0	
90	9	\$23,348,724	5,308	\$0	\$0	\$0	
91	10	\$22,202,474	4,433	\$0	\$0	\$0	
92	11	\$1,520,656,581	51,238	\$0	\$0	\$0	
93	Total	\$1,709,988,432	157,662	\$0	\$0	\$0	
94							
95							
96	2019 Estimated	Exemption	\$2,500				
97	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
98	1	\$336,207	11,086	\$336,207	\$336,207	\$336,207	\$1,607,470.42
99	2	\$5,748,759	15,748	\$2,283,402	\$2,283,402	\$2,283,402	
100	3	\$18,118,638	20,347	\$2,950,322	\$2,950,322	\$2,950,322	
101	4	\$24,031,862	15,961	\$4,628,769	\$2,314,384	\$2,314,384	
102	5	\$24,710,973	11,700	\$3,392,934	\$3,392,934	\$1,696,467	
103	6	\$26,223,321	9,696	\$4,217,772	\$2,811,848	\$1,405,924	
104	7	\$27,177,906	8,175	\$3,556,226	\$2,370,817	\$1,185,409	
105	8	\$23,759,335	6,080	\$2,644,762	\$1,763,175	\$881,587	
106	9	\$24,376,068	5,424	\$3,932,130	\$1,572,852	\$786,426	
107	10	\$23,179,383	4,530	\$3,284,020	\$1,313,608	\$656,804	
108	11	\$1,587,565,471	52,356	\$75,915,790	\$37,957,895	\$22,774,737	
109	Total	\$1,785,227,923	161,102	\$107,142,334	\$59,067,445	\$37,271,670	
110							
111							

	A	B	C	D	E	F	G
112	2020 Estimated	Exemption	\$2,500				
113	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
114	1	\$349,992	11,328	\$349,992	\$349,992	\$349,992	
115	2	\$5,984,458	16,091	\$2,333,224	\$2,333,224	\$2,333,224	
116	3	\$18,861,502	20,791	\$3,014,697	\$3,014,697	\$3,014,697	
117	4	\$25,017,169	16,310	\$4,729,766	\$2,364,883	\$2,364,883	
118	5	\$25,724,123	11,955	\$3,466,966	\$3,466,966	\$1,733,483	
119	6	\$27,298,477	9,908	\$4,309,802	\$2,873,201	\$1,436,601	
120	7	\$28,292,200	8,354	\$3,633,821	\$2,422,547	\$1,211,274	
121	8	\$24,733,468	6,213	\$2,702,470	\$1,801,646	\$900,823	
122	9	\$25,375,487	5,542	\$4,017,927	\$1,607,171	\$803,585	
123	10	\$24,129,737	4,629	\$3,355,676	\$1,342,270	\$671,135	
124	11	\$1,652,655,655	53,498	\$77,572,235	\$38,786,117	\$23,271,670	
125	Total	\$1,858,422,268	164,617	\$109,486,575	\$60,362,715	\$38,091,367	
126							
127	2021 Estimated	Exemption	\$2,500				
128	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
129	1	\$362,941	11,575	\$362,941	\$362,941	\$362,941	
130	2	\$6,205,883	16,442	\$2,384,134	\$2,384,134	\$2,384,134	
131	3	\$19,559,378	21,245	\$3,080,476	\$3,080,476	\$3,080,476	
132	4	\$25,942,804	16,665	\$4,832,967	\$2,416,484	\$2,416,484	
133	5	\$26,675,916	12,216	\$3,542,614	\$3,542,614	\$1,771,307	
134	6	\$28,308,521	10,124	\$4,403,840	\$2,935,893	\$1,467,947	
135	7	\$29,339,011	8,536	\$3,713,109	\$2,475,406	\$1,237,703	
136	8	\$25,648,606	6,348	\$2,761,436	\$1,840,957	\$920,479	
137	9	\$26,314,380	5,663	\$4,105,596	\$1,642,238	\$821,119	
138	10	\$25,022,538	4,730	\$3,428,895	\$1,371,558	\$685,779	
139	11	\$1,713,803,914	54,665	\$79,264,822	\$39,632,411	\$23,779,447	
140	Total	\$1,927,183,892	168,209	\$111,880,830	\$61,685,112	\$38,927,815	
141							

	A	B	C	D	E	F	G
142	2022 Estimated	Exemption	\$2,500				
143	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
144	1	\$374,918	11,828	\$374,918	\$374,918	\$374,918	
145	2	\$6,410,677	16,801	\$2,436,155	\$2,436,155	\$2,436,155	
146	3	\$20,204,837	21,708	\$3,147,691	\$3,147,691	\$3,147,691	
147	4	\$26,798,916	17,029	\$4,938,420	\$2,469,210	\$2,469,210	
148	5	\$27,556,221	12,482	\$3,619,912	\$3,619,912	\$1,809,956	
149	6	\$29,242,702	10,345	\$4,499,929	\$2,999,953	\$1,499,976	
150	7	\$30,307,199	8,722	\$3,794,127	\$2,529,418	\$1,264,709	
151	8	\$26,495,010	6,487	\$2,821,689	\$1,881,126	\$940,563	
152	9	\$27,182,755	5,786	\$4,195,178	\$1,678,071	\$839,036	
153	10	\$25,848,281	4,833	\$3,503,711	\$1,401,485	\$700,742	
154	11	\$1,770,359,444	55,858	\$80,994,340	\$40,497,170	\$24,298,302	
155	Total	\$1,990,780,961	171,879	\$114,326,071	\$63,035,108	\$39,781,258	
156							
157	2023 Estimated	Exemption	\$2,500				
158	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
159	1	\$387,291	12,086	\$387,291	\$387,291	\$387,291	
160	2	\$6,622,230	17,168	\$2,489,310	\$2,489,310	\$2,489,310	
161	3	\$20,871,597	22,182	\$3,216,372	\$3,216,372	\$3,216,372	
162	4	\$27,683,281	17,401	\$5,046,174	\$2,523,087	\$2,523,087	
163	5	\$28,465,576	12,755	\$3,698,896	\$3,698,896	\$1,849,448	
164	6	\$30,207,712	10,570	\$4,598,115	\$3,065,410	\$1,532,705	
165	7	\$31,307,336	8,912	\$3,876,913	\$2,584,609	\$1,292,304	
166	8	\$27,369,345	6,628	\$2,883,257	\$1,922,171	\$961,086	
167	9	\$28,079,786	5,913	\$4,286,715	\$1,714,686	\$857,343	
168	10	\$26,701,275	4,938	\$3,580,161	\$1,432,064	\$716,032	
169	11	\$1,828,781,305	57,077	\$82,761,596	\$41,380,798	\$24,828,479	
170	Total	\$2,056,476,732	175,629	\$116,824,800	\$64,414,695	\$40,653,457	

	A	B	C	D	E	F	G
171	Caash impact - 2018-19						
172	2019 Estimated	Exemption	\$2,500				
173	Tier	5.8% Commercial Rent	Assumed Number of Taxpayers	High	Middle	Low	
174	1	\$336,207	11,086	1	1	1	
175	2	\$5,748,759	15,748	1	1	1	
176	3	\$18,118,638	20,347	1	1	1	
177	4	\$24,031,862	15,961	2	1	1	
178	5	\$24,710,973	11,700	2	2	1	
179	6	\$26,223,321	9,696	3	2	1	
180	7	\$27,177,906	8,175	3	2	1	
181	8	\$23,759,335	6,080	3	2	1	
182	9	\$24,376,068	5,424	5	2	1	
183	10	\$23,179,383	4,530	5	2	1	
184	11	\$1,587,565,471	52,356	10	5	3	
185	Total	\$1,785,227,923	161,102				
186							
187	Assumed Rent Per Lease						
188	Tier	High	Middle	Low			
189	1	\$523	\$523	\$523			
190	2	\$6,294	\$6,294	\$6,294			
191	3	\$15,353	\$15,353	\$15,353			
192	4	\$12,980	\$25,959	\$25,959			
193	5	\$18,208	\$18,208	\$36,415			
194	6	\$15,543	\$23,315	\$46,630			
195	7	\$19,106	\$28,659	\$57,318			
196	8	\$22,459	\$33,688	\$67,377			
197	9	\$15,498	\$38,745	\$77,490			
198	10	\$17,646	\$44,114	\$88,228			
199	11	\$52,280	\$104,561	\$174,268			
200							
201	Exempt Rent - First 5 months of implementation				2018-19 Cash Impact		
202	Tier	High	Middle	Low	High	Middle	Low
203	1	\$218	\$218	\$218	\$140,086	\$140,086	\$140,086
204	2	\$2,500	\$2,500	\$2,500	\$2,283,402	\$2,283,402	\$2,283,402
205	3	\$2,500	\$2,500	\$2,500	\$2,950,322	\$2,950,322	\$2,950,322
206	4	\$2,500	\$2,500	\$2,500	\$4,628,769	\$2,314,384	\$2,314,384
207	5	\$2,500	\$2,500	\$2,500	\$3,392,934	\$3,392,934	\$1,696,467
208	6	\$2,500	\$2,500	\$2,500	\$4,217,772	\$2,811,848	\$1,405,924
209	7	\$2,500	\$2,500	\$2,500	\$3,556,226	\$2,370,817	\$1,185,409
210	8	\$2,500	\$2,500	\$2,500	\$2,644,762	\$1,763,175	\$881,587
211	9	\$2,500	\$2,500	\$2,500	\$3,932,130	\$1,572,852	\$786,426
212	10	\$2,500	\$2,500	\$2,500	\$3,284,020	\$1,313,608	\$656,804
213	11	\$2,500	\$2,500	\$2,500	\$75,915,790	\$37,957,895	\$22,774,737
214					\$106,946,213	\$58,871,324	\$37,075,549

	A	B	C	D	E	F	G
215							
216							
217		Impact	High	Middle	Low		
218		2018	\$0	\$0	\$0		
219		2019	\$107,142,334	\$59,067,445	\$37,271,670		
220		2020	\$109,486,575	\$60,362,715	\$38,091,367		
221		2021	\$111,880,830	\$61,685,112	\$38,927,815		
222		2022	\$114,326,071	\$63,035,108	\$39,781,258		
223		2023	\$116,824,800	\$64,414,695	\$40,653,457		
224							
225							
226		High		Middle		Low	
227		Cash	Recurring	Cash	Recurring	Cash	Recurring
228	2018-19	(\$106.9)	(\$107.1)	(\$58.9)	(\$59.1)	(\$37.1)	(\$37.3)
229	2019-20	(\$109.5)	(\$109.5)	(\$60.4)	(\$60.4)	(\$38.1)	(\$38.1)
230	2020-21	(\$111.9)	(\$111.9)	(\$61.7)	(\$61.7)	(\$38.9)	(\$38.9)
231	2021-22	(\$114.3)	(\$114.3)	(\$63.0)	(\$63.0)	(\$39.8)	(\$39.8)
232	2022-23	(\$116.8)	(\$116.8)	(\$64.4)	(\$64.4)	(\$40.7)	(\$40.7)

## REVENUE ESTIMATING CONFERENCE

**Tax:** Sales and Use Tax

**Issue:** Disaster Preparedness Holiday, 3 7-Day Holidays

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

☒ **Entire Bill**

☐ **Partial Bill:**

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

**Month/Year Impact Begins:** The bill is effective upon becoming law/ impact begins April 1, 2018 (affecting the 2017-18 and 2018-19 fiscal years because of the one-month collection lag).

**Date of Analysis:** December 20, 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 following time periods: April 1 – 7, 2018 (seven days, first day on Sunday); May 1 – 7, 2018 (seven days, first day on Tuesday); and June 1 – 7, 2018 (seven 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	\$ 50 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 AA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries	\$ 30 or less
Non-electric food storage cooler	\$ 30 or less
Reusable ice	\$ 10 or less
Portable generator	\$ 750 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/seasonsinfo.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](http://www.lowes.com); [www.walmart.com](http://www.walmart.com); [www.target.com](http://www.target.com); [www.homedepot.com](http://www.homedepot.com); [www.bestbuy.com](http://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 hurricane impacts.

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

**Household Purchases:** A ten-day holiday impact is calculated using the estimated number of Florida households for 2018, 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 8.6% of households would participate based on the highest reported losses in 2005 plus .1 percentage point for the impact of Hurricane Irma. The middle estimate is an average of the low and high, which is equivalent to 6.5% of households.

An amount of tax-free expenditures is assumed for each household: High = \$165; Middle = \$121 and Low = \$77. 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



## REVENUE ESTIMATING CONFERENCE

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expenses. The high estimate assumes that an amount equivalent to 30 days of expenditures would be spent during the holiday period. The low estimate assumes that an amount equivalent to 14 days of expenditures would occur during the holiday. The middle estimate is an average of the low and high. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 7-day holiday (66.5% adjustment).

**Portable Generators:** It is assumed a certain number of portable generators will be purchased during the tax-free holiday: High = 81,525 and Low = 32,610. The middle estimate of 57,068 generators is an average of the low and high estimates. The high estimate assumes 1% of households would purchase a tax-exempt generator. The low estimate assumes 0.4% of households would purchase a tax-exempt generator. The middle is an average of the low and high, which is equivalent to 0.7% of households. Additionally, a price per generator is assumed as follows: High = \$750; Middle = \$750; and Low = \$600. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 7-day holiday (66.5% adjustment).

**Three-Week Adjustment:** Based on the 7-day holiday impact calculations, assumptions are applied to represent participation levels for each holiday period. For the April holiday, the assumptions for Household Purchases are High = 15%; Middle = 10%; and Low = 5% and for Portable Generators the assumptions are High = 10%; Middle = 7.5%; and Low = 5%. For the May holiday, the assumptions for Household Purchases are High = 20%; Middle = 15%; and Low = 10% and the assumptions for Portable Generators are High = 15%; Middle = 10%; and Low = 5%. For the June holiday, the assumptions for both Household Purchases and Generators are High = 95%; Middle = 90%; and Low = 85%.

### **Alternative methodology:**

A ten-day holiday impact is calculated using the estimated number of Florida households for 2018, along with the average percentage of households reporting losses in the most recent major storms (occurring in 2004, 2005, 2008, 2016, and 2017). The estimate assumes 6.5% of households (529,916 households) will participate in the holiday and spend approximately \$121 for miscellaneous household equipment and home maintenance, repairs, insurance, and other expenses, based on the 2016 Consumer Expenditure Survey. It is also assumed that 1.1% of households will purchase a tax-exempt generator during the tax-free holiday, for 89,678 purchased generators at a price of \$750 per generator. Together, the estimated household purchases as well as the estimated generators purchased result in a ten-day holiday impact of \$7.8 million. The Day-by-Day Matrix is used to adjust the 10-day holiday to a 7-day holiday (33.5% downward adjustment), for a 7-day impact of \$5.21 million.

The Day-by-Day Matrix is again used to adjust the 7-day holiday to a 14-day holiday (58.1% upward adjustment), for a 14 day impact of \$8.24 million. However, because the matrix assumes the 14-day holiday period to be consecutive days, a further adjustment is made to account for the effect of additional advertising affects that will occur in the three weeks before the next 7-day holiday period. Therefore, the difference between the 7-day impact and the 14-day impact is increased by an additional 10% advertising behavioral factor, to produce an impact of \$3.3 million for the second 7-day holiday period and a combined 14-day holiday impact of \$8.55 million. To account for the remaining 7 day holiday period in the third month, the 14-day holiday impact is increased by half of the matrix percentage that would have taken the impact from 7-days to 14-days (29.1% upward adjustment), for an impact of \$2.48 in the final 7-day holiday period. All together, the three 7-day holiday periods result in a total 21-day holiday impact of \$11.03 million.

### **Section 4: Proposed Fiscal Impact**

	High		Middle		Low		Alternative	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2017-18								
<u>April Holiday</u>	(0.69)		(0.26)		(0.06)		(1.61)	
Household Purchases	(0.24)		(0.13)		(0.04)		(1.69)	
Portable Generators								
<u>May Holiday</u>	(0.92)		(0.39)		(0.11)		(1.07)	
Household Purchases	(0.36)		(0.17)		(0.04)		(1.13)	
Portable Generators								
	<b>(2.2)</b>		<b>(1.0)</b>		<b>(0.3)</b>		<b>(5.5)</b>	

# REVENUE ESTIMATING CONFERENCE

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<b>TOTAL</b>								
2018-19								
June Holiday								
Household Purchases	(4.37)		(2.34)		(0.94)		(2.68)	
Portable Generators	(2.28)		(1.53)		(0.68)		(2.82)	
<b>TOTAL</b>	<b>(6.7)</b>		<b>(3.9)</b>		<b>(1.6)</b>		<b>(5.5)</b>	
2019-20								
2020-21								
2021-22								
2022-23								

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

**Section 5: Consensus Estimate (Adopted: 12/20/2017) :** The Conference adopted the alternative estimate. There is a current year impact. In FY 2017-18 the impact to GR is (\$4.9m), TF is (\*) and Local is (\$1.2m).

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(4.9)	0.0	(Insignificant)	0.0	(0.2)	0.0	(0.5)	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	(0.6)	0.0	(1.2)	0.0	(6.1)	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**  
**2018 Sales Tax Holiday - Disaster Preparedness**

**7 Days (x3)**  
**Sunday, April 1 - Saturday, April 7**  
**Tuesday, May 1 - Monday, May 7**  
**Friday, June 1 - Thursday, June 7**

<b>1. # HOUSEHOLD PURCHASING ASSUMPTIONS:</b>	
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%
<b>Average Reported Loss %</b>	<b>4.4%</b>

2. AVAILABLE CASH FOR PURCHASES ASSUMPTIONS:					Methodology for HH Income
Using Florida After-Tax Income per Household					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)					
Median Florida Household After-Tax Income					
Using average annual expenditures from the 2016 Consumer Expenditure Survey, all consumer units:					
		2016 FY 2015-16 \$47,045 Fla \$ per HH	2017 FY 2016-17 \$49,208 Fla \$ per HH	2018 FY 2017-18 \$51,374 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 8.6% of households purchase exempt items equivalent to approximately 30 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 14 days of spending.					

<b>3. PORTABLE GENERATOR INFORMATION AND ASSUMPTIONS:</b>	
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% of Florida households purchase a tax-exempt generator.	
MIDDLE = Average of the high and low estimates, or 0.7% of households.	
LOW = Assume 0.4% of Florida households purchase a tax-exempt generator.	

<b>Estimate for 7-Day Holiday</b>				
<b>Household Purchases</b>				
	<u>Adopted</u>	<u>High</u>	<u>Middle</u>	<u>Low</u>
TOTAL Amount Purchased/HH	\$121.00	\$165.00	\$121.00	\$77.00
TOTAL Fla Households	8,152,543	8,152,543	8,152,543	8,152,543
TOTAL HHs Purchasing	529,916	701,119	529,916	358,712
TOTAL Expenditures (\$M)	\$ 64.1	\$ 115.7	\$ 64.1	\$ 27.6
<b>Sales Tax for 10-Day Holiday</b>	<b>\$ (3.8)</b>	<b>\$ (6.9)</b>	<b>\$ (3.8)</b>	<b>\$ (1.7)</b>
<b>Sales Tax for 7-Day Holiday</b>	<b>\$ (2.5)</b>	<b>\$ (4.6)</b>	<b>\$ (2.6)</b>	<b>\$ (1.1)</b>
<b>Portable Generators</b>				
	<u>Adopted</u>	<u>High</u>	<u>Middle</u>	<u>Low</u>
TOTAL Amount Purchased/HH	\$ 750	\$ 750	\$ 750	\$ 600
TOTAL Generators Purchased	89,678	81,525	57,068	32,610
TOTAL Expenditures (\$M)	\$ 67.3	\$ 61.1	\$ 42.8	\$ 19.6
<b>Sales Tax for 10-Day Holiday</b>	<b>\$ (4.0)</b>	<b>\$ (3.7)</b>	<b>\$ (2.6)</b>	<b>\$ (1.2)</b>
<b>Sales Tax for 7-Day Holiday</b>	<b>\$ (2.7)</b>	<b>\$ (2.4)</b>	<b>\$ (1.7)</b>	<b>\$ (0.8)</b>
<b>Total Estimated Impact (7-Day)</b>	<b>\$ (5.2)</b>	<b>\$ (7.0)</b>	<b>\$ (4.3)</b>	<b>\$ (1.9)</b>

**Proposed Language**  
**2018 Sales Tax Holiday - Disaster Preparedness**

**7 Days (x3)**  
**Sunday, April 1 - Saturday, April 7**  
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**Friday, June 1 - Thursday, June 7**

<b>Alternative Proposal Using Matrix (Adopted)</b>	
<b>Adjust 7-Day to 14-Day Holiday</b>	<u>Adopted</u>
Household Purchases	\$ (4.0)
Generators	\$ (4.2)
<b>Total Estimated Impact (14-Day)</b>	<b>\$ (8.2)</b>
<b>14-Day Holiday with 10% Behavioral Factor</b>	
Household Purchases	\$ (4.2)
Generators	\$ (4.4)
<b>Total Estimated Impact (14-Day with Behavioral Factor)</b>	<b>\$ (8.5)</b>
<b>Adjust 14-Day to 21-Day Holiday</b>	
Household Purchases	\$ (5.4)
Generators	\$ (5.6)
<b>Total Estimated Impact (21-Day)</b>	<b>\$ (11.0)</b>

<b>Apportion Impact to Three Weeks</b>					
<b>Estimated Impact of April Holiday (FY 2017-18)</b>	<b>Adopted</b>	<b>High</b>	<b>Middle</b>	<b>Low</b>	
Household Purchases	\$ (1.61)	\$ (0.69)	\$ (0.26)	\$ (0.06)	
Portable Generators	\$ (1.69)	\$ (0.24)	\$ (0.13)	\$ (0.04)	
<b>TOTAL</b>	<b>\$ (3.30)</b>	<b>\$ (0.90)</b>	<b>\$ (0.40)</b>	<b>\$ (0.10)</b>	
<b>Estimated Impact of May Holiday (FY 2017-18)</b>					
Household Purchases	\$ (1.07)	\$ (0.92)	\$ (0.39)	\$ (0.11)	
Portable Generators	\$ (1.13)	\$ (0.36)	\$ (0.17)	\$ (0.04)	
<b>TOTAL</b>	<b>\$ (2.20)</b>	<b>\$ (1.30)</b>	<b>\$ (0.60)</b>	<b>\$ (0.20)</b>	
<b>Estimated Impact of June Holiday (FY 2018-19)</b>					
Household Purchases	\$ (2.68)	\$ (4.37)	\$ (2.34)	\$ (0.94)	
Portable Generators	\$ (2.82)	\$ (2.28)	\$ (1.53)	\$ (0.68)	
<b>TOTAL</b>	<b>\$ (5.50)</b>	<b>\$ (6.70)</b>	<b>\$ (3.90)</b>	<b>\$ (1.60)</b>	
<b>TOTAL IMPACT FY 2017-18</b>	<b>\$ (5.50)</b>	<b>\$ (2.20)</b>	<b>\$ (1.00)</b>	<b>\$ (0.30)</b>	
<b>TOTAL IMPACT FY 2018-19</b>	<b>\$ (5.50)</b>	<b>\$ (6.70)</b>	<b>\$ (3.90)</b>	<b>\$ (1.60)</b>	
<b>TOTAL ESTIMATED IMPACT</b>	<b>\$ (11.00)</b>	<b>\$ (8.90)</b>	<b>\$ (4.90)</b>	<b>\$ (1.90)</b>	

Compared 2018 Proposed Language to 2017 Proposed Language

[http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2017/\\_pdf/page145-147.pdf](http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2017/_pdf/page145-147.pdf)

	2017 Proposed Language (9 Day Holiday)	2018 Proposed Language (10 Day Holiday) Middle	2018 Proposed Language (10 Day Holiday) High	2018 Proposed Language (10 Day Holiday)	
Household Purchases	513,590	529,916	701,119	529,916	
Amount Purchased	114	121	165	121	
<b>SALES TAX IMPACT (6%)</b>	<b>3.5</b>	<b>3.8</b>	<b>6.9</b>	<b>3.8</b>	
Generators Purchased	56,174	57,068	81,525	89,678	SB 620
Amount per Generator	750	750	750	750	
<b>SALES TAX IMPACT (6%)</b>	<b>2.5</b>	<b>2.6</b>	<b>3.7</b>	<b>4.0</b>	
<b>TOTAL IMPACT</b>	<b>6.0</b>	<b>6.4</b>	<b>10.6</b>	<b>7.8</b>	
<b>Adjust to 7-Day</b>	70.50%	66.50%	66.50%	66.50%	
<b>Adjusted Impact</b>	<b>4.23</b>	<b>4.26</b>	<b>7.05</b>	<b>5.21</b>	
<b>7 Day to 14 Day</b>			58.1%	<b>8.24</b>	
<b>Behaviorial Factor 10% to the increase from 7 to 14 day</b>				<b>8.55</b>	
<b>14 Day to 21 Day</b>			29.1%	<b>11.03</b>	

Example:	Calibrate to 10-day holiday	Disaster	% increase from lower # days to higher # days	7 Day Holiday to 14	7 Day Holiday to 14 /2
21-Day Holiday		136.6%	29.9%	105.4%	
14-Day Holiday	105.2%	105.2%	1.0%	58.1%	29.1%
13-Day Holiday	104.1%	104.1%	1.0%		
12-Day Holiday	103.1%	103.1%	1.0%		
11-Day Holiday	102.1%	102.1%	2.1%		
10-Day Holiday	100.0%	100.0%	6.0%		
9-Day Holiday	89.7%	94.3%	12.2%		
8-Day Holiday	84.0%	84.0%	26.4%		
7-Day Holiday	66.5%	66.5%	0.0%		
6-Day Holiday	66.5%	66.5%	1.7%		
5-Day Holiday	64.4%	65.4%	1.5%		
4-Day Holiday	64.4%	64.4%	3.3%		
3-Day Holiday	62.4%	62.4%	10.1%		
2-Day Holiday	56.7%	56.7%	57.1%		
1-Day Holiday	36.1%	36.1%			