

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety Fees

Issue: Heavy Trucks Registration Timing

Bill Number(s): CS HB 87

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Ponder

Month/Year Impact Begins: 07/01/2019

Date of Analysis: 02/08/2019

Section 1: Narrative

- a. Current Law:** Section 320.055, F.S. dictates renewal periods for motor vehicle registrations per 320.08. All heavy trucks registered under 320.08(4), F.S. are currently registered with a period beginning December 1. Sections 320.07 and 320.0705, F.S. allows these vehicles to register semiannually. Sections 320.0609 and 328.01, F.S. allow a surviving spouse of a vehicle owner to request a free title transfer upon presenting the death certificate of the vehicle owner.
- b. Proposed Change:** Effective September 1, 2020, Section 320.055, F.S. is revised to change the renewal period for heavy trucks registered per 320.08(4)(a) and (b) from the December 1 renewal period to the owner's birth month. This change will only apply to vehicles owned by a natural person. In order to implement these changes, the Department of Highway Safety and Motor Vehicles (DHSMV) shall develop a methodology to prorate motor vehicle registration renewal fees. The methodology shall give customers the option to renew their registrations on their birth dates in 2021 or 2022. Customers whose dates of birth occur during January through June may choose to renew for 1 to 18 months. Customers whose dates of birth occur during July through December may choose to renew for 7 to 24 months. Proration is limited to the renewal of unexpired registrations or registrations that have been expired for no more than 30 days. Sections 320.07 and 320.0705, F.S. are revised to no longer allow heavy trucks registered per 320.08(4)(a) and (b) to register semiannually. Sections 320.0609 and 328.01, F.S. are revised to allow a surviving spouse of a vehicle owner to request a free title transfer upon presenting an electronic file of death record maintained by the Department of Health and presented to a Florida tax collector.

Section 2: Description of Data and Sources

November 30, 2018 Highway Safety REC and REC History

Phone and email communication with DHSMV staff

DHSMV Heavy Truck Renewal Report, November 15, 2018

Section 3: Methodology (Include Assumptions and Attach Details)

The forecasted amount for base tag registrations per sections 320.08(4)(a) and (b) was pulled from the most recent Highway Safety REC. Note that these amounts are distributed 26% to GR and 74% to STTF. Also note that this analysis only applies to base tag fees because ancillary fees will not be prorated. Thus, there will be no state revenue impact on a fiscal year basis from ancillary fees. The DHSMV provided the birth month percentages including the percentage owned by businesses, which will not be impacted by this bill. The fee paid by each birth month subset was calculated based upon whether each birth month chooses to renew in 2021 or 2022. The assumed preferences for the January to June birth months are attached, which start at 2% selecting 2021 for January birth months and steadily growing - eventually reaching 30% for June birth months. It is further assumed that 98% of January to June birth months selecting to renew until their 2021 birth month will renew again on their 2021 birth month. For July to December birth months, the second 12 months for customers who renew for 13 to 24 months will be treated the same as a biennial registration, with the revenue associated with the second 12 months being placed in the Clearing Fund and distributed in FY 2021-22. Thus, whether the customer chooses to renew until their 2021 or 2022 birth month will not change the base impact calculation for July to December birth months.

In most scenarios, January to June birth months would be paying higher than the current base tag for a longer renewal period, July to November birth months would be paying a smaller amount for a shorter renewal period, and December birth months would not change. The transactions by birth month were calculated using the FY 2020-21 forecast and the birth month rates provided by DHSMV. While there is a calendar year offset, there is no negative offset in fiscal year 2021-22 because all registrations will begin paying the current base tag rate starting with the July 2021 birth month.

The bill states that proration is limited to the renewal of unexpired registrations or registrations that have been expired for no more than 30 days. Essentially, delinquent registrations will fall into one of two groups: January to June birth months who will pay the full amount twice in FY 2020-21, and July to December birth months who will pay the full amount for a shorter registration period. Using the ratio of delinquent fee to reflector fee transactions for FY 2017-18, the high scenario assumed that 7% of transactions are

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety Fees

Issue: Heavy Trucks Registration Timing

Bill Number(s): CS HB 87

delinquent, which has the effect of increasing the total impact by \$1.8 million. The low scenario assumes that either there are no delinquent transactions, or that the DHSMV will be permitted to prorate late renewals.

There is no impact resulting from changes to sections 320.0609 and 328.01, F.S. which allow a surviving spouse of a vehicle owner to request a free title transfer upon presenting an electronic file of death record maintained by the Department of Health and presented to a Florida tax collector.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20						
2020-21	0.9	0.0			0.4	0.0
2021-22						
2022-23						
2023-24						

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20						
2020-21	2.5	0.0			1.1	0.0
2021-22						
2022-23						
2023-24						

List of affected Trust Funds:

General Revenue Fund

State Transportation Trust Fund

Section 5: Consensus Estimate (Adopted: 02/08/2019): The Conference adopted the high estimate, assuming the impact is based in part from the fact that proration is not allowed for late renewals.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2020-21	0.9	0.0	2.5	0.0	0.0	0.0	3.4	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
2023-24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Low Scenario, Assumes No Delinquencies

Current Forecast - Base Tag*						
	320.08(4)(a)		320.08(4)(b)		Total	
	#	\$	#	\$	#	\$
FY 2019-20	393,241	\$ 22,324,568	467,712	\$ 37,938,251	860,953	\$ 60,262,819
FY 2020-21	401,145	\$ 22,773,292	477,113	\$ 38,700,810	878,258	\$ 61,474,102
FY 2021-22	409,008	\$ 23,219,648	486,464	\$ 39,459,346	895,472	\$ 62,678,994
FY 2022-23	416,779	\$ 23,660,822	495,707	\$ 40,209,073	912,486	\$ 63,869,895
FY 2023-24	424,447	\$ 24,096,181	504,828	\$ 40,948,920	929,275	\$ 65,045,101

* Does not include biennials or ancillary fees. Amounts above are distributed 26% to GR and 74% to STTF

Percentage Choosing Birth Month		
	2021	2022
January	2%	98%
February	5%	95%
March	10%	90%
April	10%	90%
May	20%	80%
June	30%	70%

Percentage of Jan. to June Birth Months choosing to renew until 2021 birth month continuing registration.	
	98%

320.08(4)(b) and (b) Birthday Monthly Rates											
January	February	March	April	May	June	July	August	September	October	November	December
7.46%	6.72%	7.20%	6.73%	6.89%	6.85%	7.59%	7.80%	7.93%	7.82%	7.44%	7.78%
Business*											11.79%

* Business renewal periods will not change.

Prorated Base Tag Amount to be Paid During December 2020 Renewal Period (Not Including Business)

320.08(4)(a)								320.08(4)(b)							
Current Fee	\$	60.75						Current Fee	\$	87.75					
Prorated	\$	5.06						Prorated	\$	7.31					

	2021 Birth Month	2022 Birth Month	Transactions (21 BM)	Transactions (22 BM)	Current Law	Proposed	Difference	Fee Based on Birth Month	2021 Birth Month	2022 Birth Month	Transactions (21 BM)	Transactions (22 BM)	Current Law	Proposed	Difference
January	\$ 5.06	\$ 65.81	598	29,307	\$ 1,816,751	\$ 1,967,420	\$ 150,669	January	\$ 7.31	\$ 95.06	711	34,857	\$ 3,121,159	\$ 3,380,007	\$ 258,848
February	\$ 10.13	\$ 70.88	1,349	25,625	\$ 1,638,624	\$ 1,910,090	\$ 271,465	February	\$ 14.63	\$ 102.38	1,604	30,477	\$ 2,815,139	\$ 3,281,514	\$ 466,375
March	\$ 15.19	\$ 75.94	2,887	25,986	\$ 1,754,088	\$ 2,189,101	\$ 435,014	March	\$ 21.94	\$ 109.69	3,434	30,908	\$ 3,013,504	\$ 3,760,853	\$ 747,349
April	\$ 20.25	\$ 81.00	2,755	24,314	\$ 1,644,413	\$ 2,189,203	\$ 544,791	April	\$ 29.25	\$ 117.00	3,213	28,919	\$ 2,819,557	\$ 3,753,771	\$ 934,213
May	\$ 25.31	\$ 86.06	5,531	22,125	\$ 1,680,096	\$ 2,373,416	\$ 693,320	May	\$ 36.56	\$ 124.31	6,579	26,315	\$ 2,886,387	\$ 4,077,503	\$ 1,191,116
June	\$ 30.38	\$ 91.13	8,409	19,245	\$ 1,679,988	\$ 2,509,765	\$ 829,777	June	\$ 43.88	\$ 131.63	9,810	22,889	\$ 2,869,330	\$ 4,286,779	\$ 1,417,449
July	\$ 35.44		30,460		\$ 1,850,443	\$ 1,079,425	\$ (771,018)	July	\$ 51.19		36,228		\$ 3,179,041	\$ 1,854,441	\$ (1,324,601)
August	\$ 40.50		31,281		\$ 1,900,346	\$ 1,266,897	\$ (633,449)	August	\$ 58.50		37,205		\$ 3,264,774	\$ 2,176,516	\$ (1,088,258)
September	\$ 45.56		31,794		\$ 1,931,466	\$ 1,448,599	\$ (482,866)	September	\$ 65.81		37,815		\$ 3,318,238	\$ 2,488,679	\$ (829,560)
October	\$ 50.63		31,361		\$ 1,905,164	\$ 1,587,636	\$ (317,527)	October	\$ 73.13		37,300		\$ 3,273,051	\$ 2,727,542	\$ (545,508)
November	\$ 55.69		29,839		\$ 1,812,715	\$ 1,661,655	\$ (151,060)	November	\$ 80.44		35,490		\$ 3,114,225	\$ 2,854,706	\$ (259,519)
December	\$ 60.75		31,189		\$ 1,894,747	\$ 1,894,747	\$ -	December	\$ 87.75		37,096		\$ 3,255,155	\$ 3,255,155	\$ -
Total					\$ 21,508,839	\$ 22,077,955	\$ 569,116	Total					\$ 36,929,561	\$ 37,897,466	\$ 967,905

Additional Base Tag Revenue, FY 2020-21	
Total	\$ 1,537,021
Trust	\$ 1,137,395
GR	\$ 399,625

High Scenario, Assumes 7% Delinquencies

Current Forecast - Base Tag*							
	320.08(4)(a)		320.08(4)(b)		Total		
	#	\$	#	\$	#	\$	
FY 2019-20	393,241	\$ 22,324,568	467,712	\$ 37,938,251	860,953	\$ 60,262,819	
FY 2020-21	401,145	\$ 22,773,292	477,113	\$ 38,700,810	878,258	\$ 61,474,102	
FY 2021-22	409,008	\$ 23,219,648	486,464	\$ 39,459,346	895,472	\$ 62,678,994	
FY 2022-23	416,779	\$ 23,660,822	495,707	\$ 40,209,073	912,486	\$ 63,869,895	
FY 2023-24	424,447	\$ 24,096,181	504,828	\$ 40,948,920	929,275	\$ 65,045,101	

* Does not include biennials or ancillary fees. Amounts above are distributed 26% to GR and 74% to STTF

Percentage Choosing Birth Month		
	2021	2022
January	2%	98%
February	5%	95%
March	10%	90%
April	10%	90%
May	20%	80%
June	30%	70%

Percentage of Jan. to June Birth Months choosing to renew until 2021 birth month continuing registration.	
	98%

320.08(4)(b) and (b) Birthday Monthly Rates												
January	February	March	April	May	June	July	August	September	October	November	December	Business*
7.46%	6.72%	7.20%	6.73%	6.89%	6.85%	7.59%	7.80%	7.93%	7.82%	7.44%	7.78%	11.79%

* Business renewal periods will not change.

Prorated Base Tag Amount to be Paid During December 2020 Renewal Period (Not Including Business)

320.08(4)(a)								320.08(4)(b)							
Current Fee	\$	60.75						Current Fee	\$	87.75					
Prorated	\$	5.06						Prorated	\$	7.31					
	2021 Birth Month	2022 Birth Month	Transactions (21 BM)	Transactions (22 BM)	Current Law	Proposed	Difference	Fee Based on Birth Month	2021 Birth Month	2022 Birth Month	Transactions (21 BM)	Transactions (22 BM)	Current Law	Proposed	Difference
January	\$ 5.06	\$ 65.81	556	27,256	\$ 1,689,579	\$ 1,829,701	\$ 140,122	January	\$ 7.31	\$ 95.06	662	32,417	\$ 2,902,678	\$ 3,143,407	\$ 240,729
February	\$ 10.13	\$ 70.88	1,254	23,831	\$ 1,523,921	\$ 1,776,383	\$ 252,463	February	\$ 14.63	\$ 102.38	1,492	28,344	\$ 2,618,079	\$ 3,051,808	\$ 433,728
March	\$ 15.19	\$ 75.94	2,685	24,167	\$ 1,631,302	\$ 2,035,864	\$ 404,563	March	\$ 21.94	\$ 109.69	3,194	28,744	\$ 2,802,559	\$ 3,497,594	\$ 695,035
April	\$ 20.25	\$ 81.00	2,562	22,612	\$ 1,529,304	\$ 2,035,959	\$ 506,655	April	\$ 29.25	\$ 117.00	2,988	26,894	\$ 2,622,188	\$ 3,491,007	\$ 868,818
May	\$ 25.31	\$ 86.06	5,144	20,576	\$ 1,562,489	\$ 2,207,277	\$ 644,787	May	\$ 36.56	\$ 124.31	6,118	24,473	\$ 2,684,340	\$ 3,792,078	\$ 1,107,738
June	\$ 30.38	\$ 91.13	7,821	17,898	\$ 1,562,389	\$ 2,334,081	\$ 771,692	June	\$ 43.88	\$ 131.63	9,123	21,287	\$ 2,668,477	\$ 3,986,705	\$ 1,318,228
July	\$ 35.44		28,328		\$ 1,720,912	\$ 1,003,865	\$ (717,047)	July	\$ 51.19		33,692		\$ 2,956,508	\$ 1,724,630	\$ (1,231,879)
August	\$ 40.50		29,092		\$ 1,767,322	\$ 1,178,214	\$ (589,107)	August	\$ 58.50		34,601		\$ 3,036,240	\$ 2,024,160	\$ (1,012,080)
September	\$ 45.56		29,568		\$ 1,796,263	\$ 1,347,197	\$ (449,066)	September	\$ 65.81		35,168		\$ 3,085,961	\$ 2,314,471	\$ (771,490)
October	\$ 50.63		29,165		\$ 1,771,802	\$ 1,476,502	\$ (295,300)	October	\$ 73.13		34,689		\$ 3,043,937	\$ 2,536,614	\$ (507,323)
November	\$ 55.69		27,750		\$ 1,685,825	\$ 1,545,339	\$ (140,485)	November	\$ 80.44		33,005		\$ 2,896,229	\$ 2,654,876	\$ (241,352)
December	\$ 60.75		29,006		\$ 1,762,114	\$ 1,762,114	\$ -	December	\$ 87.75		34,499		\$ 3,027,294	\$ 3,027,294	\$ -
Delinquent 7-12	\$ 60.75		13,015		\$ 790,642	\$ 790,642	\$ -	Delinquent 7-12	\$ 87.75		15,479		\$ 1,358,314	\$ 1,358,314	\$ -
Delinquent 1-6	\$ 60.75		11,769		\$ 714,977	\$ 1,429,954	\$ 714,977	Delinquent 1-6	\$ 87.75		13,980		\$ 1,226,755	\$ 2,453,511	\$ 1,226,755
Total					\$21,508,839	\$ 22,753,094	\$ 1,244,255	Total					\$36,929,561	\$39,056,468	\$ 2,126,907

Additional Base Tag Revenue, FY 2020-21

Total	\$ 3,371,162
Trust	\$ 2,494,660
GR	\$ 876,502

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax

Issue: Surplus Lines Tax – 5% Tax Rate on All Risk

Bill Number(s): HB387/ SB538

☐ **Entire Bill**

☒ **Partial Bill:** Section 3 & 4 of HB387, Section 3 & 4 of SB538

Sponsor(s): Rep. Burton, Sen. Brandes

Month/Year Impact Begins: 1/1/2020

Date of Analysis: 2/7/2019

Section 1: Narrative

a. Current Law: Surplus Lines Tax is to be remitted at the same time as provided for the filing of the quarterly affidavit. If risk exposure is partially in Florida, and Florida is considered a home state under the Federal Nonadmitted and Reinsurance Reform Act of 2010, then the tax is computed on the gross premium and the tax rate must not exceed the tax rate where the risk or exposure is located.

b. Proposed Change: Section 3 of both bills conform remittance of tax to the FLSO with 626.9325 F.S., where tax is due on or before the 45th day following each calendar quarter and at the same time as the remittance of fees and interest required.

Section 4 states that all premiums must be taxed at 5% of gross premium volume unless the policy holder elects to be taxed at the rate where the risk exposure is located.

Section 2: Description of Data and Sources

Discussions with FLSO

Section 3: Methodology (Include Assumptions and Attach Details)

Section 3 is language clean up and conforming to current practice. Under 626.931 F.S., the affidavit is currently required to be filed on or before the 45th day of the calendar quarter. The impact is zero.

Section 4 gives the policy holder the option of paying the 5% Florida rate or a local tax rate. Under current law the tax rate shall not exceed the rate in the jurisdiction they are located. For a positive impact to occur the policy holder would have to choose to remain at Florida's 5% rate instead of opting for the lower local tax rate available. The high assumes an insignificant value in the event that a policy holder chooses to remit at the Florida rate of 5%.

Section 3 for both bills

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	*	*			\$0.0	\$0.0
2020-21	*	*			\$0.0	\$0.0
2021-22	*	*			\$0.0	\$0.0
2022-23	*	*			\$0.0	\$0.0
2023-24	*	*			\$0.0	\$0.0

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 02/08/2019): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2023-24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0