REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees
Issue: Prohibition of Future Levies
Bill Number(s): CS/HB693, CS/CS/SB1000

☐ **Entire Bill**
☒ **Partial Bill**: CS/HB693 Sections 2 & 3, CS/CS/SB1000 Section 2
Sponsor(s): Rep Fischer, Sen Hutson
Month/Year Impact Begins: 7/1/2019
Date of Analysis: 3/28/2019

Section 1: Narrative

a. Current Law: Local governments may require and collect permit fees from any provider of communications services that uses or occupies municipal or county roads or rights-of-way, provided that the fees are "reasonable and commensurate with the direct and actual cost of the regulatory activity," "demonstrable," and "equitable among users of the roads or rights-of-way."

Before July 16, 2001, a municipality or charter county that elected to charge permit fees, its local CST was automatically reduced by a rate of 0.12 percent. Conversely, a municipality or charter county that elected not to charge permit fees was authorized to increase its local CST by a rate of up to 0.12 percent. A non-charter county that elected to charge permit fees was not subject to a reduction in its CST rate. A non-charter county that elected not to charge permit fees was authorized to increase its local CST by a rate of up to 0.24 percent to replace the revenue it would have otherwise received from such permit fees.

Each local government is authorized to change its election without limitation on the number of times it may do so. A municipality or charter county that changes its election in order to charge permit fees will have its local CST rate automatically reduced by 0.12 percent plus the percentage, if any, by which the rate was increased due to its previous election. A municipality or charter county that changes its election in order to discontinue charging permit fees is authorized to increase its local CST rate by an amount not to exceed 0.24 percent. A non-charter county that changes its election in order to charge permit fees will have its local CST rate automatically reduced by the percentage, if any, by which the rate was increased due to its previous election. A non-charter county that changes its election in order to discontinue charging permit fees is authorized to increase its local CST rate by an amount not to exceed 0.24 percent.

According to the Department of Revenue, three local governments – one municipality (i.e., City of Bowling Green in Hardee County), one charter county (i.e., Orange County), and one non-charter County (i.e., Hernando County) – have made a permit fee election, as of January 2019.

b. Proposed Change: Local governments that were not imposing permit fees as of January 1, 2019, may not reverse this election and may not elect to impose permit fees. Local governments that were imposing permit fees as of January 1, 2019, may continue to do so or may elect to no longer impose permit fees. For the latter group, the bill retains the provisions of current law that specify the impacts of an election to no longer impose fees.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

Any impact would have to assume a behavior change by local governments voluntarily opting in the future to replace their current permit fees with a change in the local CST rate. The low assumes the status quo is maintained. Indeterminate is chosen for the high as data does not capture the level of detail needed to assess current collections of permit fees and whether they are or are not fully replaced by the offsetting increases in the local CST rates.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees
Issue: Prohibition of Future Levies
Bill Number(s): CS/HB693, CS/CS/SB1000

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	+/-	+/-			$0	$0
2020-21	+/-	+/-			$0	$0
2021-22	+/-	+/-			$0	$0
2022-23	+/-	+/-			$0	$0
2023-24	+/-	+/-			$0	$0

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted a zero/negative indeterminate impact.

	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/(**)
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/(**)
2023-24	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax
Issue: Florida Rural Job and Business Recovery Act
Bill Number(s): CS/HB 739

- [x] **Entire Bill**
- [ ] **Partial Bill**:

Sponsor(s): Workforce Development and Tourism Subcommittee and Rep. Hill
Month/Year Impact Begins: 10/01/2019 – two year lag before first credit taken on return
Date of Analysis: 03/27/2019

Section 1: Narrative

a. **Current Law**:
Florida has a number of programs that provide or facilitate access to capital for Florida businesses through equity investment, loans or loan support:

- The State Board of Administration's Florida Growth Fund, with $621.6 million invested in 46 technology and growth companies and 33 private equity funds across 13 Florida counties;
- The Florida Venture Capital Program, capitalized with $43.5 million in Federal State Small Business Credit Initiative (SSBCI) funds;
- The Small Business Loan Support Program, capitalized with $47 million in SSBCI funds; and
- The Florida Opportunity Fund, capitalized with $29.5 million, invests in seed and early stage venture capital funds, and provides direct investments in and loans to Florida-based technology businesses and infrastructure projects;
- The Clean Energy Investment Program within the Florida Opportunity Fund was capitalized with $36 million for the US Department of Energy to provide funding to businesses to increase the use of energy efficient or renewable energy, equipment and materials in the State.
- The Florida New Markets Development Program, with $216.34 million in tax credits authorized and allocated to tax credit investors to date.

With the exception of the New Markets Development Program, these programs are designed to preserve and redeploy program capital and returns, providing a revolving funding source for future loans and investments.

The Rural Job Tax Credit program offers tax credits for job creation, ranging from $1,000 to $1,500 per qualified employee, taken against either the Florida corporate income tax or the Florida sales and use tax. [Sections 212.098 & 220.1895, F.S.]

Florida also offers a number of programs to facilitate economic development in rural communities of the state. While these programs may indirectly benefit small businesses, the grants are principally to local governments or economic development organizations.

Currently, there is no Florida program that allocates tax credits to investors in Rural Business Investment Companies, Small Business Investment Companies or affiliates of private equity firms that specifically invest in or loan to businesses in non-urban areas.

b. **Proposed Change**: CS/HB 739 creates section 288.062, F.S., the Florida Jobs and Business Recovery Act. The bill would enable Florida insurance companies to earn Insurance Premium tax credits by investing in a Growth Fund (a federally licensed rural or small business investment company or its affiliate) that makes investments in or loans to qualified Growth Businesses in non-urban areas of the state. Insurance companies would receive a tax credit in the amount of their investment, redeemed in equal installments over the last five years of the 7-year investment term. Unused tax credits may be carried forward for up to ten years.

Section 2: Description of Data and Sources

Department of Revenue return data

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax
Issue: Florida Rural Job and Business Recovery Act
Bill Number(s): CS/HB 739

Section 3: Methodology (Include Assumptions and Attach Details)

The program architecture enabled by the Florida Jobs and Business Recovery Act is similar to that of Florida's Certified Capital Company program (CAPCO, s. 288.99, F.S., repealed in 2010) and to some extent Florida's New Markets Development Program (NMDP, s. 288.991, F.S.), which uses complex inter-related, multiple-step transaction structures to facilitate loans or equity investments in qualified businesses, with a portion of the equity or the loan principal generated through the provision or sale of tax credits.

Similar legislation has been enacted in at least 4 states (GA, OH, PA & UT; legislation passed in 2018 in New York was vetoed) and is currently under consideration in nine states (KY, MA, MO, MS, NE, RI, SC, TX & WA). In the past, similar legislation has been proposed in at least 6 other states (AL, AZ, KS, LA, & MN).

Under this proposal, the Department of Economic Opportunity (DEO) can accept applications after September 1, 2019, and is authorized to issue $25 million in cumulative tax credits – limited to redemptions of $5 million per year – for $33.33 million in Investment Authority. This term is defined as "the amount stated" in the Growth Fund certification notice, at least ten percent of which must consist of equity investments contributed by affiliates of the Growth Fund. The certification must also specify the investor contributions committed in the application, inferring that 75 percent of the Investment Authority consists of Insurance Company investor contributions. Growth Fund affiliate equity, investor contributions and additional investments of cash, if necessary, must "at least equal" the Growth Fund's Investment Authority specified in the certification. This definition suggests that funding sources identified in the application and certification could be supplemented by or substituted with funds from other sources to make Growth Investments in qualified Growth Businesses. Because Growth Funds are a federally licensed rural or small business investment company or its affiliate, the Investment Authority could include equity investments from Farm Credit System banks and associations, or loans from the Small Business Administration (SBA). Additional funding sources could also include loans from commercial lenders and equity generated from other public subsidies.

Staff of the U.S. Department of Agriculture report that currently, there are five certified Rural Business Investment Companies in the U.S, 3 additional companies with conditional licenses, and 2 companies with applications pending. The Congressional Research Service reports that in 2018, there were 305 licensed Small Business Investment Companies.

The amount of certified Investment Authority must be initially used for Growth Investments in qualified Growth Businesses within two years of the closing date of the Growth Fund, which is within 60 days after certification of the Growth Fund by DEO. At this initial stage of the investment period, the ratio of leveraged capital (private funds and other public subsidies) to allocated state tax credits is 1:3. At the end of the investment period, the ratio is required to be 1:1, and distributions and payments are not required to be recycled into new growth investments.

The bill defines Growth Investments as "any capital or equity investment in a growth business or any loan to a growth business with a stated maturity at least 1 year after the date of issuance."

The bill defines Growth Businesses eligible for investments as a business that at the time of the initial Growth Investment has fewer than 200 employees; has its principal place of business operations in one or more non-urban areas in the state (as defined by the US Bureau of the Census); and is engaged in industries related to agribusiness, mining, oil and gas extraction, utilities, construction, manufacturing, transportation and warehousing, professional, scientific and technical services, healthcare and social assistance, or if not engaged in such industries, upon a determination by the department that the investment will "create new jobs or result in jobs retained."

The remaining investment parameters are indirectly addressed in the tax credit revocation conditions specified in the bill. Given these investment parameters, it appears that Growth Funds need only maintain all of its certified amount of Investment Authority in investments in Growth Businesses for two of the 7 years of the investment period, and perhaps less if the Growth Fund makes a distribution or payment from the fund. Loans to an individual Growth Business must have a "stated maturity" of at least one year. The bill does not specify how long equity investments in Growth Businesses must be maintained.

Required annual reports on Growth Fund investments may only provide a "snapshot" of Growth Investments, as the duration of the investments are not required to be reported. In addition, reporting of redeemed or repaid investments

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax
Issue: Florida Rural Job and Business Recovery Act
Bill Number(s): CS/HB 739

need only be provided "if the annual report for such investments is available." Growth Funds are not required to identify other sources of investment funds, either private or subsidized, actually used to make Growth Investments.

Given the possible funding sources for Growth Investments, the broad eligibility of market or resource dependent Growth Businesses for loans or equity investments, and the apparent flexible duration of both Investment Authority and individual Growth Investments, it is likely there will be full participation in the proposed program. (The Georgia, Ohio, and Utah programs report full participation in their programs. The Pennsylvania program is unused, as the ratio of tax credits awards to Investment Authority is very low.)

The bill limits the amount of program Investment Authority to a total that will result in no more than $5 million in tax credits taken in any one year, excluding credits carried forward by the tax credit investor (Insurance Company). The bill includes a sunset date of December 21, 2030.

The low uses the behavior of the New Markets program to forecast the timing of the credits that could be taken under this program. The New Markets program has a similar investment strategy and some of the insurance companies who are investors in the New Markets program may also participate in this program. The high assumes that the investment credits can meet their maximum investment in the first year and be fully utilized within the parameters of the program.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($0.0m)	($5.0m)		
2020-21			($0.0m)	($5.0m)		
2021-22			($5.0m)	($5.0m)		
2022-23			($5.0m)	($5.0m)		
2023-24			($5.0m)	($5.0m)		

List of affected Trust Funds: Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	(5.0)	0.0	0.0	0.0	0.0	0.0	(5.0)
2020-21	0.0	(5.0)	0.0	0.0	0.0	0.0	0.0	(5.0)
2021-22	(5.0)	(5.0)	0.0	0.0	0.0	0.0	(5.0)	(5.0)
2022-23	(5.0)	(5.0)	0.0	0.0	0.0	0.0	(5.0)	(5.0)
2023-24	(5.0)	(5.0)	0.0	0.0	0.0	0.0	(5.0)	(5.0)

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees
Issue: Expands the definition of public bodies that are exempt from the Public Service Tax authorized pursuant to s. 166.231, F.S.
Bill Number(s): Proposed House Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): House Ways and Means Committee
Month/Year Impact Begins: July 1, 2019
Date of Analysis: March 29, 2019

Section 1: Narrative

a. Current Law:

<u>*Public Service Tax*</u>
Pursuant to s. 166.231(1), F.S., municipalities and charter counties may levy a public service tax on the purchase of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. The tax is levied only upon purchases within the municipality or within the charter county's unincorporated area and cannot exceed 10 percent of the payments received by the seller of the taxable item. Services competitive with those listed above, as defined by ordinance, can be taxed on a comparable base at the same rates; however, the tax rate on fuel oil cannot exceed 4 cents per gallon. The tax proceeds are considered general revenue for the municipality or charter county.

All municipalities are eligible to levy the tax within the area of its tax jurisdiction. By virtue of a number of legal rulings in Florida case law, a charter county may levy the tax within the unincorporated area. The tax is collected by the seller of the taxable item from the purchaser at the time of payment. The seller of the service remits the taxes collected to the governing body in the manner prescribed by ordinance. At the discretion of the local taxing authority, the tax may be levied on a physical unit basis. Using this basis, the tax is levied as follows: electricity, number of kilowatt hours purchased; metered or bottled gas, number of cubic feet purchased; fuel oil and kerosene, number of gallons purchased; and water service, number of gallons purchased. A number of tax exemptions are specified in law.

<u>*H. Lee Moffitt Cancer Center and Research Institute*</u>
Section 1004.43, F.S., establishes the H. Lee Moffitt Cancer Center and Research Institute, a statewide resource for basic and clinical research and multidisciplinary approaches to patient care and provides that the Board of Trustees of the University of South Florida shall enter into a lease agreement for the utilization of the lands and facilities on the campus of the University of South Florida to be known as the H. Lee Moffitt Cancer Center and Research Institute, including all furnishings, equipment, and other items of tangible property used in the operation of such facilities, with a Florida not-for-profit corporation organized solely for the purpose of governing and operating the Institute.

Section 210.201, F.S., provides that the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute shall construct, furnish, and equip, and shall covenant to complete, the cancer research and clinical and related facilities of the H. Lee Moffitt Cancer Center and Research Institute with proceeds from the Cigarette Tax Collection Trust Fund pursuant to s. 210.20, F.S.

b. Proposed Change: The proposed language amends s. 166.231(5), F.S., as follows:

166.231 Municipalities; public service tax.—
(5) Purchases by the United States Government, this state, and all counties, school districts, and municipalities of the state, and by public bodies exempted by law or court order, are exempt from the tax authorized by this section. <u>Public bodies exempted by law include a Florida not-for-profit corporation established by statute for the purpose of governing and operating a research institute as an instrumentality of the state.</u> A municipality may exempt from the tax imposed by this section the purchase of taxable items by any other public body as defined in s. 1.01, or by a nonprofit corporation or cooperative association organized under chapter 617 which provides water utility services to no more than 13,500 equivalent residential units, ownership of which will revert to a political subdivision upon retirement of all outstanding indebtedness, and shall exempt purchases by any recognized church in this state for use exclusively for church purposes.

The proposed change would take effect July 1, 2019.

According to the House Ways and Means Committee staff, the exempted public body referenced in the proposed language is the Moffitt Cancer Center.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees
Issue: Expands the definition of public bodies that are exempt from the Public Service Tax authorized pursuant to s. 166.231, F.S.
Bill Number(s): Proposed House Language

Section 2: Description of Data and Sources
In a March 27, 2019 e-mail to EDR staff, the City of Tampa's Intergovernmental Relations Manager, made the following statement.

Pursuant to a voluntary annexation agreement between the City of Tampa and the University of South Florida (USF) (Resolution No. 7361-H, passed and adopted on February 7, 1985), USF and its campus direct support organizations were exempt from the Public Service Tax. During a TECO 2018 audit of electric PST, the City learned that Moffitt Cancer Center is no longer a USF direct support organization and thus no longer exempt.

The Florida Department of Revenue (DOR) gathers Public Service Tax (PST) data from local governments imposing the tax and provides it to the public, via an online database linked below, and the Department depends on each taxing authority to ensure the information is accurate. Local governments who self-administer PST are not required to report tax levy information to the Department. However, if a self-administering local government shares this information with the Department, it appears in the database. The database contains the following information for each taxing entity: public service(s) taxed, tax rate, effective date, and local government contact information. Refer to Florida Department of Revenue, *Municipal Public Service Tax*, http://floridarevenue.com/taxes/governments/Pages/mpst.aspx (last visited March 27, 2019).

According to the database, the following services / products are taxed by the City of Tampa.

1. Electricity: 10% (effective 10/1/1973).
2. Fuel Oil / Kerosene: $0.04 cents per gallon (effective 12/3/1980).
3. Gas - Liquefied Petroleum (LP): 10% (effective 10/1/1973).
4. Gas - Manufactured: 10% (effective 10/1/1973).
5. Gas - Natural: 10% (effective 10/1/1973).
6. Water: 10% (effective 10/1/1973).

Payment of PST on electricity service is paid to TECO – Tampa Electric. Payment of PST on water service is paid to City of Tampa Utilities. The City of Tampa provided 8 months of PST payments for electricity service (Jul. 2018 to Feb. 2019) and 6 fiscal years and 6 months of PST payments for water service (Oct. 2012 to Mar. 2019).

City of Tampa's reported PST revenues were obtained from Annual Financial Reports submitted to the Department of Financial Services. Refer to Office of Economic and Demographic Research, *Local Government – Data: Topics M to R, Public Service Tax,* http://edr.state.fl.us/Content/local-government/data/data-a-to-z/m-r.cfm (last visited March 27, 2019).

Section 3: Methodology (Include Assumptions and Attach Details)
The following is a general description of the methodology used. (See attached spreadsheet)

Using tax payment data provided by the City of Tampa, estimated FY 2018-19 PST-Electricity and PST-Water payments by Moffitt Cancer Center were calculated. Using PST electricity and water service revenues reported by the City of Tampa for the period of 2012-13 to 2016-17, separate compound annual growth rates for PST-Electricity and PST-Water were calculated. These separate rates were used to increase the most recent fiscal year of Tampa's reported PST-Electricity and PST-Water revenues (i.e., 2016-17) into the forecast period. Using FY 2018-19 estimates, Moffitt Cancer Center's proportional shares of Tampa's total PST-Electricity and PST-Water were calculated. Assuming the proportional shares remain constant during the forecast period, Moffitt's share of Tampa's projected PST-Electricity and PST-Water were calculated, and then summed to determine local fiscal impact.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees
Issue: Expands the definition of public bodies that are exempt from the Public Service Tax authorized pursuant to s. 166.231, F.S.
Bill Number(s): Proposed House Language

Section 4: Proposed Fiscal Impact (Millions)

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($0.5)	($0.5)		
2020-21			($0.5)	($0.5)		
2021-22			($0.5)	($0.5)		
2022-23			($0.5)	($0.5)		
2023-24			($0.6)	($0.6)		

List of Affected Trust Funds: Local funds only – City of Tampa.

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted ($0.5) million for the cash and recurring impact for every year.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2020-21	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2021-22	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2022-23	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)
2023-24	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.5)	(0.5)

	A	B	C	D	E	F	G	H
1	**Proposed House Language**							
2	**Public Service Tax - Public Bodies Exemption**							
3								
4								
5	**Public Service Taxes Paid by Moffitt Cancer Center (Data Source: City of Tampa)**							
6	**Taxes Paid**	**Electricity**	**Water**					
7	07/2018 to 02/2019	$ 316,955						
8	10/2012 to 03/2019		$ 24,917					
9								
10	**Monthly Average**	**Electricity**	**Water**					
11	07/2018 to 02/2019	$ 39,619		Note: Taxes paid on electric service / 8 months.				
12	10/2012 to 03/2019		$ 319	Note: Taxes paid on electric service / 78 months.				
13	2018-19	$ 475,432	$ 3,833	Note: Monthly average * 12 months.				
14								
15								
16	**City of Tampa's Reported Public Service Tax (PST) Revenues (Data Source: Annual Financial Reports via DFS)**							
17	**Fiscal Year**	**Electricity**	**Water**	**Gas**	**Fuel Oil**	**Propane**	**Other**	**Total**
18	2012-13	$ 30,374,339	$ 4,741,631	$ 1,188,870	$ 19,351	$ -	$ -	$ 36,324,191
19	2013-14	$ 32,543,373	$ 5,146,674	$ 1,415,173	$ 16,101	$ -	$ -	$ 39,121,321
20	2014-15	$ 32,521,891	$ 5,068,268	$ 1,561,490	$ 14,840	$ -	$ -	$ 39,166,489
21	2015-16	$ 33,254,609	$ 5,398,456	$ 1,551,309	$ -	$ -	$ -	$ 40,204,374
22	2016-17	$ 34,022,849	$ 5,767,153	$ 1,422,063	$ 6,055	$ -	$ -	$ 41,218,120
23								
24								
25	**Calculation of Compound Annual Growth Rate and Projection of City of Tampa's PST Revenues into the Forecast Period**							
26	2012-13 to 2016-17	2.88%	5.02%					
27								
28	**Fiscal Year**	**Electricity**	**Water**					
29	2017-18	$ 35,001,499	$ 6,056,475					
30	2018-19	$ 36,008,298	$ 6,360,311					
31	2019-20	$ 37,044,058	$ 6,679,389					
32	2020-21	$ 38,109,611	$ 7,014,475					
33	2021-22	$ 39,205,814	$ 7,366,372					
34	2022-23	$ 40,333,549	$ 7,735,921					
35	2023-24	$ 41,493,723	$ 8,124,011					
36								
37								
38	**Estimation of Moffitt Cancer Center's Proportional Share of City of Tampa's PST Revenues**							
39	**Fiscal Year**	**Electricity**	**Water**					
40	2018-19	1.32%	0.06%					
41								
42								
43	**Estimated Local Fiscal Impact - City of Tampa**							
44	**Fiscal Year**	**Electricity**	**Water**	**Total**				
45	2019-20	$ (489,108)	$ (4,026)	$ (493,133)				
46	2020-21	$ (503,177)	$ (4,228)	$ (507,404)				
47	2021-22	$ (517,650)	$ (4,440)	$ (522,090)				
48	2022-23	$ (532,540)	$ (4,662)	$ (537,203)				
49	2023-24	$ (547,858)	$ (4,896)	$ (552,755)				

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Job Training Organizations
Bill Number(s): SB 1098

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Senator Lee
Month/Year Impact Begins: July 1, 2019
Date of Analysis: March 29, 2019
Section 1: Narrative
a. Current Law: There is no current statute providing a sales tax refund for eligible job training organizations.

b. Proposed Change: Section 1. Section 212.094, F.S., is created to read:
212.094 Sales tax refund for eligible job training organizations. –
(1) As used in this section, the term:
(a) "Eligible job training organization" means an organization that:
1. Is an exempt organization under s. 501(c)(3) of the Internal Revenue Code of 1986, as amended;
2. Provides job training and employment services to low income persons as defined in s. 420.0004, individuals who have workplace disadvantages, or individuals with barriers to employment; and
3. Is accredited by the Commission on Accreditation of Rehabilitation Facilities.
(b) "Growth in employment hours" means the growth in the number of hours worked by employees at an eligible job training organization in the most recently completed state fiscal year, compared to the number of hours worked by employees at the eligible job training organization in the state fiscal year immediately before the most recently completed state fiscal year.
(c) "Job training and employment services" means programs and services that are provided to improve job readiness, to assist workers in gaining employment and adapting to the changing labor market, and to help workers achieve success through self-sufficiency.
(2) An eligible job training organization is entitled to a refund of 10 percent of the sales tax remitted to the department during the most recently completed state fiscal year on its sales of goods donated to the organization. The organization must reserve the refund exclusively for use in any of the following:
(a) Growth in employment hours.
(b) Job training and employment services to low-income persons as defined in s. 420.0004, individuals who have workplace disadvantages, and individuals with barriers to employment.
(c) Job training and employment services for veterans.
(3) The total amount of refunds that the department may issue under this section may not exceed $2 million in any state fiscal year. Refunds must be granted on a first-come, first served basis.
(4) An organization seeking a refund under this section must first submit an application to the Department of Economic Opportunity by July 15, which sets forth that the organization meets the requirements under paragraph (1)(a) and that the refund will be used exclusively for the purposes listed in Florida Senate - subsection (2). The organization must submit supporting information as prescribed by the Department of Economic Opportunity by rule.
(5)(a) The Department of Economic Opportunity shall verify the application and notify the organization of its determination within 15 days after receiving a complete application. The Department of Economic Opportunity shall communicate its decision in writing or, if agreed to by the applicant, via e-mail.
(b) If the Department of Economic Opportunity approves the application, the notice sent to the eligible job training organization must include a certification that the organization is eligible to receive a refund of certain sales and use tax remitted under this chapter. The Department of Economic Opportunity shall transmit a copy of the notice and certification, if applicable, to the department.
(c) Upon the Department of Economic Opportunity's issuance of a certification, the certification remains valid so long as the eligible job training organization is in compliance with the requirements of this section.
(6) An eligible job training organization certified under this section must apply to the department between August 1 and August 31 of each year to receive a refund. A copy of the certification must be included in an eligible job training organization's first application for a refund, but is not required to be included in subsequent applications. The organization must submit any information required by the department as part of its application for the refund.
(7) For purposes of this section, an eligible job training organization comprised of commonly owned and controlled entities is deemed to be a single organization.
(8) By August 1 following each state fiscal year in which an eligible job training organization received a refund pursuant to subsection (2), the organization must provide a report to the Department of Economic Opportunity regarding the use of the funds in accordance with subsection (2). The report must include at least all of the following:

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Job Training Organizations
Bill Number(s): SB 1098

(a) The amount of the refund used to create growth in employment hours.
(b) The total growth in employment hours.
(c) The amount of the refund used for job training and employment services.
(d) The number of individuals who participated in job training and employment services at the eligible job training organization.
(e) A statement declaring that the eligible job training organization continues to meet the requirements of this section.
(9)(a) The Department of Economic Opportunity may adopt rules to administer this section, including rules for the approval and disapproval of applications.
(b) If the Department of Economic Opportunity determines that an eligible job training organization no longer qualifies for the refund under this section, the Department of Economic Opportunity must notify the department immediately. The department may not issue a refund after receiving such notification.
(c) Notwithstanding s. 95.091(3)(a)6.b., the department may audit any refund within 4 years after a refund is granted overpayment of a refund or a refund issued to an ineligible organization is subject to repayment and interest at the rate calculated pursuant to s. 213.235.
Section 2. This act shall take effect July 1, 2019.

Section 2: Description of Data and Sources
Florida Department of Revenue Sales Tax CY Data (2017)

Section 3: Methodology (Include Assumptions and Attach Details)
The most recent sales tax revenue data reported by the Florida Department of Revenue was used to identify the job training organizations that may qualify for the refund granted by SB 1098. The most recent sales tax data indicates that the job training organizations eligible under SB 1098 would reach the maximum refund cap of $2 million.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			$(2M)	$(2M)		
2020-21			$(2M)	$(2M)		
2021-22			$(2M)	$(2M)		
2022-23			$(2M)	$(2M)		
2023-24			$(2M)	$(2M)		

List of affected Trust Funds:

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the proposed estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2020-21	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2021-22	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2022-23	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	(1.6)	(1.6)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2019-20	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2020-21	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2021-22	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)
2022-23	(0.2)	(0.2)	(0.4)	(0.4)	(2.0)	(2.0)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use tax
Issue: Tax Absorption
Bill Number(s): CS/SB 1066

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Sen. Baxley
Month/Year Impact Begins: 7/1/2019
Date of Analysis: 3/29/2019

Section 1: Narrative

a. Current Law: Section 212.07 (4) provides: (4) A dealer engaged in any business taxable under this chapter may not advertise or hold out to the public, in any manner, directly or indirectly, that he or she will absorb all or any part of the tax, or that he or she will relieve the purchaser of the payment of all or any part of the tax, or that the tax will not be added to the selling price of the property or services sold or released or, when added, that it or any part thereof will be refunded either directly or indirectly by any method whatsoever. A person who violates this provision with respect to advertising or refund is guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. A second or subsequent offense constitutes a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

Section 212.07 (8) reads: Any person who has purchased at retail, used, consumed, distributed, or stored for use or consumption in this state tangible personal property, admissions, communication or other services taxable under this chapter, or leased tangible personal property, or who has leased, occupied, or used or was entitled to use any real property, space or spaces in parking lots or garages for motor vehicles, docking or storage space or spaces for boats in boat docks or marinas, and cannot prove that the tax levied by this chapter has been paid to his or her vendor, lessor, or other person is directly liable to the state for any tax, interest, or penalty due on any such taxable transactions.

Section 212.15, Florida Statutes, reads in part: (1) The taxes imposed by this chapter shall, except as provided in s. 212.06(5)(a)2.e., become state funds at the moment of collection and shall for each month be due to the department on the first day of the succeeding month and be delinquent on the 21st day of such month. All returns postmarked after the 20th day of such month are delinquent.
(2) Any person who, with intent to unlawfully deprive or defraud the state of its moneys or the use or benefit thereof, fails to remit taxes collected under this chapter is guilty of theft of state funds, punishable as follows:
(a) If the total amount of stolen revenue is less than $300, the offense is a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. Upon a second conviction, the offender is guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083. Upon a third or subsequent conviction, the offender is guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(b) If the total amount of stolen revenue is $300 or more, but less than $20,000, the offense is a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(c) If the total amount of stolen revenue is $20,000 or more, but less than $100,000, the offense is a felony of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
(d) If the total amount of stolen revenue is $100,000 or more, the offense is a felony of the first degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

b. Proposed Change:

Revises 212.07 to allow for tax absorption by the dealer. Allows the dealer to advertise of hold out to the public, directly or indirectly, that he or she will absorb all or any part of the sales tax or that any part of it will be refunded to the purchaser, whether directly or indirectly, subject to both of the following conditions:

1. In so advertising or holding out to the public, the dealer shall expressly state on any charge ticket, sales slip, invoice, or other tangible evidence of sale given to the purchaser that such dealer will pay the tax imposed by this chapter to the state. The dealer may not indicate or imply that the transaction is exempt or excluded from the tax imposed by this chapter.
2. A charge ticket, sales slip, invoice, or other tangible evidence of sale given to the purchaser must separately state the amount of such.

Further provides that (b) Notwithstanding any law to the contrary, if a dealer directly or indirectly advertises or holds out to the public that the dealer will pay the tax to the purchaser subject to the
conditions in subparagraphs (a)1. and 2., the dealer is solely responsible and liable for any tax imposed by this chapter.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use tax
Issue: Tax Absorption
Bill Number(s): CS/SB 1066

Amends section 212.15, Florida statutes to provide that any person who, with intent to unlawfully deprive or defraud the state of its moneys or the use or benefit thereof, fails to remit taxes collected or absorbed under this chapter is guilty of theft of state funds.

Section 2: Description of Data and Sources
March 14, 2019 General Revenue Estimating Conference – Sales Tax forecast

Section 3: Methodology (Include Assumptions and Attach Details)
For the high, assumed 10 Percent of the sales tax currently collected would be absorbed and that ten percent of that amount would only be recoverable from the dealer subject to a finding under an audit. For the middle it was assumed the seven percent of the tax would be absorbed and five percent would be recoverable under audit. For the low it was assumed that 3 percent of the tax would be absorbed and 2 percent of that would be recoverable under audit.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	($262.3 M)	($286.1 M)	($100.2 M)	($100.2 M)	($15.7 M)	($17.2 M)
2020-21	($297.6 M)	($297.6 M)	($104.2 M)	($104.2 M)	($17.9 M)	($17.9 M)
2021-22	($308.5 M)	($308.5 M)	($108.0 M)	($108.0 M)	($18.5 M)	($18.5 M)
2022-23	($319.2 M)	($319.2 M)	($111.7 M)	($111.7 M)	($19.2 M)	($19.2 M)
2023-24	($330.0 M)	($330.0 M)	($115.5 M)	($115.5 M)	($19.8 M)	($19.8 M)

List of affected Trust Funds:
Sales and Use Tax Funds

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted a negative indeterminate impact. The negative indeterminacy reflects that there are some undefined concepts introduced and fewer avenues for audit recovery.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2020-21	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2021-22	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)

	A	B	C	D	E	F
1						
2						
3	March 14, 2019 General Revenue Estimating Conference					
4	Total Sales Tax Collections - state 6%					
5				Assumed Amount absorbed		
6			High	Middle	Low	
7			10%	7%	3%	
8						
9				Incidence of Use Tax Liability (Recoverable from Dealer via Audit)		
10			10%	5%	2%	
11	Combined rates		1.00%	0.35%	0.06%	
12						
13		Sales Tax	Millions			
14			High	Middle	Low	
15	2019-20	$28,614.8	-$286.1	-$100.2	-$17.2	
16	2020-21	$29,760.7	-$297.6	-$104.2	-$17.9	
17	2021-22	$30,850.9	-$308.5	-$108.0	-$18.5	
18	2022-23	$31,921.3	-$319.2	-$111.7	-$19.2	
19	2023-24	$32,999.7	-$330.0	-$115.5	-$19.8	
20						
21	First year cash		11/12th			
22						
23	2019-20		High	Middle	Low	
24			-$262.3	-$91.8	-$15.7	
25						

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Condominium Associations
Bill Number(s): HB Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s):
Month/Year Impact Begins: July 2019
Date of Analysis: March 29, 2019

Section 1: Narrative

a. Current Law:

Bill Section 1: Section 194.011, Florida Statutes, governs assessment notices and objections to assessments. Paragraph (3)(e) states "(e) A condominium association, cooperative association, or any homeowners' association as defined in s. 723.075, with approval of its board of administration or directors, may file with the value adjustment board a single joint petition on behalf of any association members who own parcels of property which the property appraiser determines are substantially similar with respect to location, proximity to amenities, number of rooms, living area, and condition. The condominium association, cooperative association, or homeowners' association as defined in s. 723.075 shall provide the unit owners with notice of its intent to petition the value adjustment board and shall provide at least 20 days for a unit owner to elect, in writing, that his or her unit not be included in the petition."

Bill Section 2: S. 194.036, F.S., concerns appeals to VAB decisions. If a property appraiser disagrees with a VAB decision, they may appeal to the circuit court if one or more of three criteria are met. The second criteria is " (b) There is a variance from the property appraiser's assessed value in excess of the following: 15 percent variance from any assessment of $50,000 or less; 10 percent variance from any assessment in excess of $50,000 but not in excess of $500,000; 7.5 percent variance from any assessment in excess of $500,000 but not in excess of $1 million; or 5 percent variance from any assessment in excess of $1 million…"

Bill Section 3: S. 194.181, F.S., states (in part) "Parties to a tax suit.— (2) In any case brought by the taxpayer or association contesting the assessment of any property, the county property appraiser shall be party defendant. In any case brought by the property appraiser pursuant to s. 194.036(1)(a) or (b), the taxpayer shall be party defendant. In any case brought by the property appraiser pursuant to s. 194.036(1)(c), the value adjustment board shall be party defendant."

Bill Section 4: S. 718.111, F.S., defines and limits the powers of a condominium association. It states (in relevant part) "(3) POWER TO MANAGE CONDOMINIUM PROPERTY AND TO CONTRACT, SUE, AND BE SUED; CONFLICT OF INTEREST.—The association may contract, sue, or be sued with respect to the exercise or nonexercise of its powers. For these purposes, the powers of the association include, but are not limited to, the maintenance, management, and operation of the condominium property. After control of the association is obtained by unit owners other than the developer, the association may institute, maintain, settle, or appeal actions or hearings in its name on behalf of all unit owners concerning matters of common interest to most or all unit owners, including, but not limited to, the common elements; the roof and structural components of a building or other improvements; mechanical, electrical, and plumbing elements serving an improvement or a building; representations of the developer pertaining to any existing or proposed commonly used facilities; and protesting ad valorem taxes on commonly used facilities and on units; and may defend actions in eminent domain or bring inverse condemnation actions. If the association has the authority to maintain a class action, the association may be joined in an action as representative of that class with reference to litigation and disputes involving the matters for which the association could bring a class action. Nothing herein limits any statutory or common-law right of any individual unit owner or class of unit owners to bring any action without participation by the association which may otherwise be available. An association may not hire an attorney who represents the management company of the association."

b. Proposed Change:

Bill Section 1: s.194.011(3)(e), F.S., is amended to read "(e)<u>1.</u> A condominium association <u>as defined in s. 718.103</u>, cooperative association <u>as defined in s. 719.103</u>, or any homeowners' association as defined in s. 723.075, with approval of its board of administration or directors, may file with the value adjustment board a single joint petition on behalf of any association members who own <u>units or</u> parcels of property which the property appraiser determines are substantially similar with respect to location, proximity to amenities, number of rooms, living area, and condition. The condominium association, cooperative association, or homeowners' association as defined in s. 723.075 shall provide the unit <u>or parcel</u> owners with notice of its intent to petition the value adjustment board and shall provide at least 20 days for a unit owner to elect, in writing, that his or her unit or parcel not be included in the petition.

"2. A condominium or cooperative association that has filed a single joint petition pursuant to s. 194.011(3) may continue to represent, prosecute, and defend the unit parcel owners through any related subsequent proceeding in any tribunal, including judicial review under part II of this chapter and any appeal thereof. This subparagraph is intended to clarify existing law and applies to any pending case."

Bill Section 2: S. 194.036(1)(b), F.S., is amended to read "(b) There is a variance from the property appraiser's assessed value in excess of the following: 25 ~~15~~ percent variance from any assessment of $50,000 or less; 20 ~~10~~ percent variance from any assessment in excess of $50,000 but not in excess of $500,000; 17.5 ~~7.5~~ percent variance from any assessment in excess of $500,000 but not in excess of $1 million; or 15 ~~5~~ percent variance from any assessment in excess of $1 million…"

Bill Section 3: S. 194.181(2), F.S., is amended to read "(2) The defendant in any tax suit shall be:

"(a) In any case brought by the taxpayer or brought by a condominium or cooperative association on behalf of some or all owners contesting the assessment of any property, the county property appraiser shall be party defendant.

"(b) In any case brought by the property appraiser pursuant to s. 194.036(1)(a) or (b), the taxpayer shall be party defendant.

"(c) In any case brought by the property appraiser pursuant to s. 194.036(1)(a) or (b), concerning a value adjustment board decision on a single joint petition filed by a condominium or cooperative association pursuant to s. 194.011(3), the (i) condominium or cooperative association and (ii) all unit or parcel owners included in the single joint petition shall be party defendants. The condominium or cooperative association shall provide unit owners with notice of its intent to respond to or answer the property appraiser's complaint and shall advise unit or parcel owners that they may elect (i) to retain their own counsel to defend the appeal, (ii) not to defend the appeal, or (iii) be represented together with other unit owners in the response or answer filed by the condominium or cooperative association. Such notice shall be mailed, delivered, or electronically transmitted to unit owners and posted conspicuously on the condominium property in the same manner required for notice of board meetings pursuant to 718.112(2). Any unit or parcel owner who does not respond to the association's notice will have opted-in to the condominium or cooperative association's written response or answer.

"(d) In any case brought by the property appraiser pursuant to s. 194.036(1)(c), the value adjustment board shall be party defendant."

Bill Section 4: S. 718.111(3), F.S., is broken up into paragraphs and subparagraphs. It now reads: "(a) The association may contract, sue, or be sued with respect to the exercise or nonexercise of its powers. For these purposes, the powers of the association include, but are not limited to, the maintenance, management, and operation of the condominium property.

"(b) After control of the association is obtained by unit owners other than the developer, the association may:

"1. Institute, maintain, settle, or appeal actions or hearings in its name on behalf of all unit owners concerning matters of common interest to most or all unit owners, including, but not limited to, the common elements; the roof and structural components of a building or other improvements; mechanical, electrical, and plumbing elements serving an improvement or a building; representations of the developer pertaining to any existing or proposed commonly used facilities;

"2. Protest ~~and protesting~~ ad valorem taxes on commonly used facilities and on units; and may

"3. Defend actions pertaining to ad valorem taxation of commonly used facilities or units, or related to ~~in~~ eminent domain or

"4. Bring inverse condemnation actions.

"(c) If the association has the authority to maintain a class action, the association may be joined in an action as representative of that class with reference to litigation and disputes involving the matters for which the association could bring a class action.

"(d) The association, in its own name, or on behalf of some or all unit owners , may institute, file, protest, maintain, or defend any administrative challenge, lawsuit, appeal, or other challenge to ad valorem taxes assessed on units or that values commonly used facilities or common elements. The affected association members are not necessary or indispensable parties to any such action. This paragraph is intended to clarify existing law and applies to any pending action.

"(e) Nothing herein limits any statutory or common-law right of any individual unit owner or class of unit owners to bring any action without participation by the association which may otherwise be available. An association may not hire an attorney who represents the management company of the association."

This bill's effective date is July 1, 2019.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Condominium Associations
Bill Number(s): HB Proposed Language

Section 2: Description of Data and Sources

Conversations with Property Appraiser Staff
2015-2017 Final Real Property Assessment Rolls
DR-529 (Tax Impact of the Value Adjustment Board), All Counties, 2011-2017
2015-2018 Ad Valorem Data Book, Property Tax Oversight, Department of Revenue

Section 3: Methodology (Include Assumptions and Attach Details)

Bill Sections 1, 3, & 4:

These sections amend the power of condominium and co-op associations to allow the associations or their tax representatives to continue representing unit or parcel owners if the property appraiser appeals the VAB's decision when a joint petition was filed for the parcels within the association under s. 194.011, F.S. Section 4 of the language amends the chapter limiting the power of a condo association. There is no similar amendment to the chapter governing cooperative associations, so the analysis will be limited to condos.

Currently, if a property appraiser appeals the VAB's decision on a joint petition of condominium parcels, the property appraiser files suit against each condo's owner(s) separately. Owners who do not respond to the suit are defaulted against and the VAB's decision for those parcels is overturned, raising the value of the parcel and increasing the taxes levied. Assuming condo associations will always respond, the estimated impact of this bill can be based on the taxes levied on the value returned to the roll due to the individual condo owner's lack of response to the property appraiser's suit.

According to data from Miami-Dade County's property appraiser's office, the total shift in taxes levied due to VAB actions being appealed in ongoing cases stemming from jointly filed condo petitions is $23,874,217 for the 2014-2017 tax years. This is an annual average fiscal impact of $5.9 million.

The high, middle, and low impacts hinge on the percentage of condo owners who choose not to respond to a suit brought by the property appraiser and will therefore be defaulted against. The high estimate is set at 60%, the middle at 40%, and the low at 20%.

Additionally, the impact must consider the rate at which the condo associations would prevail. For purposes of the estimates, it was assumed that the association would prevail 75% of the time in the high, 50% in the middle and 25% in the middle. The single-year impact is grown at the average annual growth rate of taxes levied (using data from the Ad Valorem Data Book).

The total impacts are separated into school and non-school by using the percent of the total 2018 statewide effective millage rate belonging to each category.

Bill Section 2:

This analysis is based on data provided by the Miami-Dade Property Appraiser's Office. The office provided the fiscal impact of the appeals filed against VAB decisions where the assessment reduction was greater than the current threshold but does not exceed the proposed threshold. These cases had a fiscal impact of $3.3 million in 2016 and $5.6 million in 2017, assuming the PA's office prevailed and the value was reverted to the original assessment. As these cases include property types other than condos, the Miami-Dade impact was scaled up to a statewide impact using the ratio of Miami-Dade's shift in taxes levied compared to the statewide shift due to VAB decisions.

The impact was grown throughout the forecast period using the 4-year average annual growth rate in statewide taxes levied. As the numbers provided by the Miami-Dade PA's Office assumed the PA won all cases, the high, middle, and low estimates assume smaller percentages of cases are won. The high impact assumes a 90% victory rate, the middle impact has 75%, and the low 50%.

The total impacts are separated into school and non-school by using the percent of the total 2018 statewide effective millage rate belonging to each category.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$ (9.8 M)	$ (9.8 M)	$ (7.0 M)	$ (7.0 M)	$ (4.1 M)	$ (4.1 M)
2020-21	$ (10.5 M)	$ (10.5 M)	$ (7.5 M)	$ (7.5 M)	$ (4.4 M)	$ (4.4 M)
2021-22	$ (11.1 M)	$ (11.1 M)	$ (7.9 M)	$ (7.9 M)	$ (4.6 M)	$ (4.6 M)
2022-23	$ (11.8 M)	$ (11.8 M)	$ (8.4 M)	$ (8.4 M)	$ (4.9 M)	$ (4.9 M)
2023-24	$ (12.5 M)	$ (12.5 M)	$ (8.9 M)	$ (8.9 M)	$ (5.2 M)	$ (5.2 M)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Condominium Associations
Bill Number(s): HB Proposed Language

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the middle for the Condo Association impact and adopted the low for the first year's cash, the middle for the second year and the high for the out years. The recurring impact is equal to the high fifth year's cash.

<u>CONDO ASSOCIATIONS</u>

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(0.5)	(0.5)	(0.8)	(0.8)	(1.3)	(1.3)
2019-20	(0.5)	(0.5)	(0.9)	(0.9)	(1.4)	(1.4)
2020-21	(0.6)	(0.6)	(0.9)	(0.9)	(1.5)	(1.5)
2021-22	(0.6)	(0.6)	(1.0)	(1.0)	(1.6)	(1.6)
2022-23	(0.6)	(0.6)	(1.1)	(1.1)	(1.7)	(1.7)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(1.3)	(1.3)	(1.3)	(1.3)
2020-21	0.0	0.0	0.0	0.0	(1.4)	(1.4)	(1.4)	(1.4)
2021-22	0.0	0.0	0.0	0.0	(1.5)	(1.5)	(1.5)	(1.5)
2022-23	0.0	0.0	0.0	0.0	(1.6)	(1.6)	(1.6)	(1.6)
2023-24	0.0	0.0	0.0	0.0	(1.7)	(1.7)	(1.7)	(1.7)

<u>APPEAL THRESHOLD</u>

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2018-19	(1.4)	(3.2)	(2.4)	(5.4)	(3.8)	(8.7)
2019-20	(2.3)	(3.2)	(3.8)	(5.4)	(6.0)	(8.7)
2020-21	(2.9)	(3.2)	(4.8)	(5.4)	(7.7)	(8.7)
2021-22	(3.1)	(3.2)	(5.1)	(5.4)	(8.2)	(8.7)
2022-23	(3.2)	(3.2)	(5.4)	(5.4)	(8.7)	(8.7)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	0.0	0.0	0.0	(3.8)	(8.7)	(3.8)	(8.7)
2020-21	0.0	0.0	0.0	0.0	(6.0)	(8.7)	(6.0)	(8.7)
2021-22	0.0	0.0	0.0	0.0	(7.7)	(8.7)	(7.7)	(8.7)
2022-23	0.0	0.0	0.0	0.0	(8.2)	(8.7)	(8.2)	(8.7)
2023-24	0.0	0.0	0.0	0.0	(8.7)	(8.7)	(8.7)	(8.7)

	A	B	C	D	E	F	G	H
1	Condo Association Impact							
2	**Sections 1, 3, & 4**							
3	**Shift in Tax Dollars involved in Appellate Court Cases**							
4								
5		When the PA seperatly files against individual condo owners, those who do not respond are defaulted against.						
6		The cases in front of the appellate court have a potential shift in tax dollars spread over four years.						
7		Most of the overall VAB shift in taxes takes place in Miami-Dade County. On the 2017 roll, 99.7% of the just value changes due to VAB actions for condo parcels (use code = 4) were within Miami-Dade County. This analysis assumes Miami-Dade's court activity is the same as the state's.						
8								
9		Years	Potential Shift					
10		2014	$ 3,274,998					
11		2015	$ 7,750,708					
12		2016	$ 2,560,186					
13		2017	$ 10,288,325					
14		Single Year	$ 5,968,554					
15								
16	**Annual Impact**							
17								
18		If the PA files a single suit against the condo association, the association is assumed to respond and fight against higher valuation.						
19		The impact stems from the percentage of condos where the owners did not respond to the suit and were defaulted against, but whose condo association will now handle the court case.						
20								
21			HIGH	MIDDLE	LOW			
22		Percent of Condo Owners Non-Responsive to Suits	60%	40%	20%			
23		Newly Not Defaulted Tax Dollars	$ 3,581,133	$ 2,387,422	$ 1,193,711			
24								

	A	B	C	D	E	F	G	H
25	**Annual Growth Rate in Statewide Taxes Levied**							
26								
27		Year	Percent Increase Since Previous Year					
28		2015	6.80%					
29		2016	5.15%					
30		2017	6.08%					
31		2018	6.49%					
32		Average Annual Increase	6.13%					
33		Taken from the Millage and Taxes Levied Report in DOR's Data Book.						
34								
35	**Rate at which Condo Associations would prevail at Circuit Court under proposed law**							
36		HIGH	MIDDLE	LOW				
37		75%	50%	25%				
38								
39	**Impact Calculation**							
40			Lost Tax Dollars					
41		YEAR	HIGH	MIDDLE	LOW			
42		Single Historical Year	$ (2,685,849)	$ (1,193,711)	$ (298,428)			
43		2018	$ (2,850,492)	$ (1,266,885)	$ (316,721)			
44		2019	$ (3,025,227)	$ (1,344,545)	$ (336,136)			
45		2020	$ (3,210,674)	$ (1,426,966)	$ (356,742)			
46		2021	$ (3,407,488)	$ (1,514,439)	$ (378,610)			
47		2022	$ (3,616,367)	$ (1,607,274)	$ (401,819)			
48		2023	$ (3,838,050)	$ (1,705,800)	$ (426,450)			
49								
50	**Impact Estimate: School & Non-School**							
51			**High**		**Middle**		**Low**	
52		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
53		2019-20	($3.0)	($3.0)	($1.3)	($1.3)	($0.3)	($0.3)
54		2020-21	($3.2)	($3.2)	($1.4)	($1.4)	($0.4)	($0.4)
55		2021-22	($3.4)	($3.4)	($1.5)	($1.5)	($0.4)	($0.4)
56		2022-23	($3.6)	($3.6)	($1.6)	($1.6)	($0.4)	($0.4)
57		2023-24	($3.8)	($3.8)	($1.7)	($1.7)	($0.4)	($0.4)
58								

	A	B	C	D	E	F	G	H
59	**Separate School from Non-School**							
60								
61		2018 Statewide Effective Millage Rates						
62			Rate	Percent				
63		School	6.4596	37%				
64		Non-School	10.8122	63%				
65		Total	17.2718	100%				
66								
67	**School Impact**							
68			**High**		**Middle**		**Low**	
69		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
70		2019-20	($1.1)	($1.1)	($0.5)	($0.5)	($0.1)	($0.1)
71		2020-21	($1.2)	($1.2)	($0.5)	($0.5)	($0.1)	($0.1)
72		2021-22	($1.3)	($1.3)	($0.6)	($0.6)	($0.1)	($0.1)
73		2022-23	($1.4)	($1.4)	($0.6)	($0.6)	($0.2)	($0.2)
74		2023-24	($1.4)	($1.4)	($0.6)	($0.6)	($0.2)	($0.2)
75								
76	**Non-School Impact**							
77			**High**		**Middle**		**Low**	
78		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
79		2019-20	($1.9)	($1.9)	($0.8)	($0.8)	($0.2)	($0.2)
80		2020-21	($2.0)	($2.0)	($0.9)	($0.9)	($0.2)	($0.2)
81		2021-22	($2.1)	($2.1)	($0.9)	($0.9)	($0.2)	($0.2)
82		2022-23	($2.3)	($2.3)	($1.0)	($1.0)	($0.3)	($0.3)
83		2023-24	($2.4)	($2.4)	($1.1)	($1.1)	($0.3)	($0.3)

Appeal Threshold Impact

Miami-Dade Fiscal Impact

2016: - The Miami-Dade PA's office filed 56 cases appealing VAB decisions.
- Of the 56 cases, 15 would not meet the proposed thresholds.

2017: - The Miami-Dade PA's office filed 66 cases appealing VAB decisions.
- Of the 66 cases, 12 would not meet the proposed thresholds.

Roll Year	Fiscal Impact	Mills	TV Impact
2016	3,352,423	20	167,621,144
2017	5,653,739	20	282,686,950

Scale Up to Statewide Impact

	Shift in Taxes Levied			
Area	2014	2015	2016	2017
Florida	62,659,724	74,209,158	58,749,983	69,433,569
Miami-Dade	52,640,403	61,379,757	50,039,464	58,392,050
Percent of Total	84%	83%	85%	84%

Average	84%

Statewide Impact	
Roll Year	Fiscal Impact
2016	3,991,062
2017	6,730,780

Annual Growth Rate in Statewide Taxes Levied

Roll Year	Percent Increase Since Previous Year
2015	6.80%
2016	5.15%
2017	6.08%
2018	6.49%
Average Annual Increase	6.13%

Taken from the Millage and Taxes Levied Report in DOR's Data Book.

	A	B	C	D	E	F	G	H
39	**High, Middle, and Low**							
40								
41			Percent of Cases Won Under Current Law					
42			High	Middle	Low			
43			90%	75%	50%			
44								
45		Roll Year	High	Middle	Low	ADOPTED		
46		2017	-6,057,702	-5,048,085	-3,365,390			
47		2018	-6,429,039	-5,357,533	-3,571,688	CASH	RECURRING	
48		2019	-6,823,139	-5,685,949	-3,790,633	-3,790,633	-8,656,392	
49		2020	-7,241,398	-6,034,498	-4,022,999	-6,034,498	-8,656,392	
50		2021	-7,685,295	-6,404,413	-4,269,609	-7,685,295	-8,656,392	
51		2022	-8,156,404	-6,797,003	-4,531,336	-8,156,404	-8,656,392	
52		2023	-8,656,392	-7,213,660	-4,809,106	-8,656,392	-8,656,392	
53								
54	**Impact Estimate: School & Non-School**							
55								
56			**High**		**Middle**		**Low**	
57		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
58		2019-20	($6.8)	($6.8)	($5.7)	($5.7)	($3.8)	($3.8)
59		2020-21	($7.2)	($7.2)	($6.0)	($6.0)	($4.0)	($4.0)
60		2021-22	($7.7)	($7.7)	($6.4)	($6.4)	($4.3)	($4.3)
61		2022-23	($8.2)	($8.2)	($6.8)	($6.8)	($4.5)	($4.5)
62		2023-24	($8.7)	($8.7)	($7.2)	($7.2)	($4.8)	($4.8)
63								

	A	B	C	D	E	F	G	H
64	**Separate School from Non-School**							
65								
66		2018 Statewide Effective Millage Rates						
67			Rate	Percent				
68		School	6.4596	37%				
69		Non-School	10.8122	63%				
70		Total	17.2718	100%				
71								
72	**School Impact**							
73			**High**		**Middle**		**Low**	
74		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
75		2019-20	($2.6)	($2.6)	($2.1)	($2.1)	($1.4)	($1.4)
76		2020-21	($2.7)	($2.7)	($2.3)	($2.3)	($1.5)	($1.5)
77		2021-22	($2.9)	($2.9)	($2.4)	($2.4)	($1.6)	($1.6)
78		2022-23	($3.1)	($3.1)	($2.5)	($2.5)	($1.7)	($1.7)
79		2023-24	($3.2)	($3.2)	($2.7)	($2.7)	($1.8)	($1.8)
80								
81	**Non-School Impact**							
82			**High**		**Middle**		**Low**	
83		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
84		2019-20	($4.3)	($4.3)	($3.6)	($3.6)	($2.4)	($2.4)
85		2020-21	($4.5)	($4.5)	($3.8)	($3.8)	($2.5)	($2.5)
86		2021-22	($4.8)	($4.8)	($4.0)	($4.0)	($2.7)	($2.7)
87		2022-23	($5.1)	($5.1)	($4.3)	($4.3)	($2.8)	($2.8)
88		2023-24	($5.4)	($5.4)	($4.5)	($4.5)	($3.0)	($3.0)

	A	B	C	D	E	F	G
1	**Impact Summary**						
2							
3	**School Impact**						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2019-20	$ (3.7 M)	$ (3.7 M)	$ (2.6 M)	$ (2.6 M)	$ (1.5 M)	$ (1.5 M)
7	2020-21	$ (3.9 M)	$ (3.9 M)	$ (2.8 M)	$ (2.8 M)	$ (1.6 M)	$ (1.6 M)
8	2021-22	$ (4.1 M)	$ (4.1 M)	$ (3.0 M)	$ (3.0 M)	$ (1.7 M)	$ (1.7 M)
9	2022-23	$ (4.4 M)	$ (4.4 M)	$ (3.1 M)	$ (3.1 M)	$ (1.8 M)	$ (1.8 M)
10	2023-24	$ (4.7 M)	$ (4.7 M)	$ (3.3 M)	$ (3.3 M)	$ (2.0 M)	$ (2.0 M)
11							
12	**Non-School Impact**						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2019-20	$ (6.2 M)	$ (6.2 M)	$ (4.4 M)	$ (4.4 M)	$ (2.6 M)	$ (2.6 M)
16	2020-21	$ (6.5 M)	$ (6.5 M)	$ (4.7 M)	$ (4.7 M)	$ (2.7 M)	$ (2.7 M)
17	2021-22	$ (6.9 M)	$ (6.9 M)	$ (5.0 M)	$ (5.0 M)	$ (2.9 M)	$ (2.9 M)
18	2022-23	$ (7.4 M)	$ (7.4 M)	$ (5.3 M)	$ (5.3 M)	$ (3.1 M)	$ (3.1 M)
19	2023-24	$ (7.8 M)	$ (7.8 M)	$ (5.6 M)	$ (5.6 M)	$ (3.3 M)	$ (3.3 M)
20							
21	**Total Impact**						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2019-20	$ (9.8 M)	$ (9.8 M)	$ (7.0 M)	$ (7.0 M)	$ (4.1 M)	$ (4.1 M)
25	2020-21	$ (10.5 M)	$ (10.5 M)	$ (7.5 M)	$ (7.5 M)	$ (4.4 M)	$ (4.4 M)
26	2021-22	$ (11.1 M)	$ (11.1 M)	$ (7.9 M)	$ (7.9 M)	$ (4.6 M)	$ (4.6 M)
27	2022-23	$ (11.8 M)	$ (11.8 M)	$ (8.4 M)	$ (8.4 M)	$ (4.9 M)	$ (4.9 M)
28	2023-24	$ (12.5 M)	$ (12.5 M)	$ (8.9 M)	$ (8.9 M)	$ (5.2 M)	$ (5.2 M)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Value Adjustment Board Scheduling
Bill Number(s): CS/SB 710/HB 1261

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): Sen. Baxley/ Rep. Fernandez
Month/Year Impact Begins: 7/1/2019
Date of Analysis: 3/20/2019

Section 1: Narrative
a. Current Law: Section 194.011(3), F.S, reads (in part): A petition shall also describe the property by parcel number and shall be filed as follows:
(a) The clerk of the value adjustment board and the property appraiser shall have available and shall distribute forms prescribed by the Department of Revenue on which the petition shall be made. Such petition shall be sworn to by the petitioner.
(b) The completed petition shall be filed with the clerk of the value adjustment board of the county, who shall acknowledge receipt thereof and promptly furnish a copy thereof to the property appraiser.
(c) The petition shall state the approximate time anticipated by the taxpayer to present and argue his or her petition before the board.
(d) The petition may be filed, as to valuation issues, at any time during the taxable year on or before the 25th day following the mailing of notice by the property appraiser as provided in subsection (1). With respect to an issue involving the denial of an exemption, an agricultural or high-water recharge classification application, an application for classification as historic property used for commercial or certain nonprofit purposes, or a deferral, the petition must be filed at any time during the taxable year on or before the 30th day following the mailing of the notice by the property appraiser under s. 193.461, s. 193.503, s. 193.625, s. 196.173, or s. 196.193 or notice by the tax collector under s. 197.2425.

Section 197.323, F.S. Provides: Extension of roll during adjustment board hearings.—
(1) Notwithstanding the provisions of s. 193.122, the board of county commissioners may, upon request by the tax collector and by majority vote, order the roll to be extended prior to completion of value adjustment board hearings, if completion thereof would otherwise be the only cause for a delay in the issuance of tax notices beyond November 1. For any parcel for which tax liability is subsequently altered as a result of board action, the tax collector shall resolve the matter by following the same procedures used for correction of errors. However, approval by the department is not required for refund of overpayment made pursuant to this section.
(2) A tax certificate or warrant shall not be issued under s. 197.413 or s. 197.432 with respect to delinquent taxes on real or personal property for the current year if a petition currently filed with respect to such property has not received final action by the value adjustment board.

Section 194.032, Florida Statues, provides that the petitioner and the property appraiser may each reschedule the hearing a single time for good cause and provides that the term "good cause" means circumstances beyond the control of the person seeking to reschedule the hearing which reasonably prevent the party from having adequate representation at the hearing.
12D-9.015, FAC reads (in part) 12D-9.015 Petition; Form and Filing Fee.
(11) Late Filed Petitions.
(a) The board may not extend the time for filing a petition. The board is not authorized to set and publish a deadline for late filed petitions. However, the failure to meet the statutory deadline for filing a petition to the board does not prevent consideration of such a petition by the board or special magistrate when the board or board designee determines that the petitioner has demonstrated good cause justifying consideration and that the delay will not, in fact, be harmful to the performance of board functions in the taxing process. "Good cause" means the verifiable showing of extraordinary circumstances, as follows:
1. Personal, family, or business crisis or emergency at a critical time or for an extended period of time that would cause a reasonable person's attention to be diverted from filing; or
2. Physical or mental illness, infirmity, or disability that would reasonably affect the petitioner's ability to timely file; or
3. Miscommunication with, or misinformation received from, the board clerk, property appraiser, or their staff regarding the necessity or the proper procedure for filing that would cause a reasonable person's attention to be diverted from timely filing; or
4. Any other cause beyond the control of the petitioner that would prevent a reasonably prudent petitioner from timely filing.
(b) The board clerk shall accept but not schedule for hearing a petition submitted to the board after the statutory deadline has expired, and shall submit the petition to the board or board designee for good cause consideration if the petition is accompanied by a written explanation for the delay in filing. Unless scheduled together or by the same notice, the decision regarding good cause for late filing of the petition must be made before a hearing is scheduled, and the parties shall be notified of such decision.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Decouple for GILTI and Net Interest Limitation; Repeal Rate Cut Mechanism
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: Upon becoming law
Date of Analysis: 4/4/2019

Section 1: Narrative

a. Current Law: With respect to the Global Low-Taxed Income (GILTI) and Net Interest Limitations, the Florida Corporate Income Tax fully conforms to the Federal Income Tax provisions.

Section 220.1105 provides for a one-time rate reduction applicable to liabilities for tax years beginning on or after January 1, 2019 and requires mandatory refunds if collections for 2018-19 exceed 1.07 times the CIT collections as forecast by the Revenue Estimating Conference on February 23, 2018.

b. Proposed Change: Provides that for tax years beginning after 12/31/2017, there shall be subtracted from such taxable income the amount of business interest expense not allowed for federal income tax purposes pursuant to s. 163(j)(1) of the internal Revenue Code. Specifies that this subtraction must occur in the taxable year in which the business interest expense is incurred and may not include any carryforward of disallowed business interest expense pursuant to s. 163 (j)(2) of the Internal Revenue Code.

Further provides for an addition for the amount of business interest expense disallowed under s. 163 (J) (1) of the Internal Revenue Code carried forward from a prior taxable year pursuant to s. 163(j)(2) of the Internal Revenue Code and deducted for federal purposes in the current taxable year.

Provides for, to the extent included in federal taxable income, a subtraction for all amounts included in taxable income under s. 951A of the Internal Revenue Code. (This section provides for the taxation of GILTI.) Further provides there shall be a corresponding addition against any deduction of GILTI pursuant to s. 250 (a)(1)(b) of the Internal Revenue Code.

Repeals section 220.1105 providing for rate reduction and automatic refunds.

Section 2: Description of Data and Sources

Publication JCX-67-17 Estimated Budget Effects of the Conference Agreement for H.R. 1, The "Tax Cuts and Jobs Act" by United States Congress Joint Committee of Taxation (JCT) - December 18, 2017

March 14, 2019 General Revenue Estimating Conference Workpapers
Conversations with staff of the Joint Committee on Taxation

Section 3: Methodology (Include Assumptions and Attach Details)

The JCT analysis of the impacts of HR 1 – the Tax Cuts and Jobs Act was the starting point for the analysis. Impacts at the federal level were converted to base impacts using the new federal CIT rate of 21% for most items. There were certain business tax changes items that JCT indicated were a mixture of impacts to CIT and Personal Income Tax. The Rate used for PIT impacts was 19% for those changes that JCT indicated were split between CIT and PIT, the splits were obtained and then converted to reflect the various effective rates. These base amounts were then shared to Florida using an assumed share of 4.4% of federal taxable profits. The 5.5% state rate was then applied.

Amounts were then converted to Florida's July 1 to June 30 fiscal year from the federal October 1 to September 30th fiscal year. The average annual percent of total collections for the months of July, August, and September was 21.04% over the period from July 2009 to June 2018. This share was used to convert federal fiscal years to state fiscal years under the assumption that federal receipts would have the same percentage share of total collections as Florida does for this three-month period.

Impacts indicated to occur in 2017-18 by this analysis were rolled into 2019-20 as they would have to be realized by refund. Positive impacts for eliminating the rate reduction and automatic refunds were offset against the net impact from decoupling from the three provisions to arrive at the total impact.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Decouple for GILTI and Net Interest Limitation; Repeal Rate Cut Mechanism
Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact
Decouple from GILTI and Net Interest Limitation

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($186.6 M)	($434.4 M)		
2020-21			($269.0 M)	($434.4 M)		
2021-22			($367.8 M)	($434.4 M)		
2022-23			($426.2 M)	($434.4 M)		
2023-24			($434.4 M)	($434.4 M)		

List of affected Trust Funds: Corporate Income Tax Group

Section 5: Consensus Estimate (Adopted: 04/05/2019) - REVISED: The Revenue Estimating Conference has identified that as much as $340 million of Corporate Income Tax receipts on a recurring basis is attributable to the Federal Tax Cuts and Jobs Act. Provisions relating to GILTI and the Net Interest Limitation represent a substantial share of that amount. Their exclusion as a result of this bill will likely cause downward revisions to the future CIT forecasts that support the General Revenue Fund. In addition, the ability for the decoupling to apply retroactively produces a multi-year impact in FY 2019-20 from those prior year reversals. However, the repeal of the rate reduction and automatic refunds will have a positive effect from the restoration of $287.8 million in FY 2019-20; $57.8 million in FY 2020-21; and $3.0 million in FY 2021-22 to the forecast. The Conference adopted a negative indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)
2020-21	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)
2021-22	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)
2022-23	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)
2023-24	(**)	(**)	0.0	0.0	0.0	0.0	(**)	(**)

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Decouple for GILTI, Interest Income Limitation; Repeal Rate Cut Mechanism
Bill Number(s): Proposed Language

- [x] **Entire Bill**
- [ ] **Partial Bill**:

Sponsor(s): N/A
Month/Year Impact Begins: Upon becoming law
Date of Analysis: 3/28/2019

Section 1: Narrative

a. Current Law: With respect to the Global Low-Taxed Income (GILTI) and Interest Income Deduction Limitations, the Florida Corporate Income Tax fully conforms to the Federal Income Tax provisions.

Section 220.1105 provides for a one-time rate reduction applicable to liabilities for tax years beginning on or after January 1, 2019 and requires mandatory refunds if collections for 2018-19 exceed 1.07 times the forecasted net CIT collections as forecast by the Revenue Estimating Conference on February 23, 2018.

b. Proposed Change: Provides that for tax years beginning after 12/31/2017, there shall be subtracted from such taxable income the amount of business interest expense not allowed for federal income tax purposes pursuant to s. 163(j)(1) of the internal Revenue Code. Specifies that this subtraction must occur in the taxable year in which the business interest expense is incurred and may not include any carryforward of disallowed business interest expense pursuant to s. 163 (j)(2) of the Internal Revenue Code.

Further provides for an addition for the amount of business interest expense disallowed under s. 163 (J) (1) of the Internal Revenue Code carried forward from a prior taxable year pursuant to s. 163 (j)(2) of the Internal Revenue Code and deducted for federal purposes in the current taxable year.

Provides for, to the extent included in federal taxable income, a subtraction for all amounts included in taxable income under s. 951A of the Internal Revenue Code. (This section provides for the taxation of GILTI.) further provides there shall be a corresponding addition against any deduction of GILTI pursuant to s. 250 (a)(1)(b) of the Internal Revenue Code.

Repeals section 220.1105 providing for rate reduction and automatic refunds.

Section 2: Description of Data and Sources

Publication JCX-67-17 Estimated Budget Effects of the Conference Agreement for H.R. 1, The “Tax Cuts and Jobs Act” by United States Congress Joint Committee of Taxation (JCT) - December 18, 2017
March 14, 2019 General Revenue Estimating Conference Workpapers
Conversations with staff of the Joint Committee on Taxation

Section 3: Methodology (Include Assumptions and Attach Details)

The JCT analysis of the impacts of HR 1 – the Tax Cuts and Jobs Act was the starting point for the analysis. Impacts at the federal level were converted to base impacts using the new federal CIT rate of 21% for most items. There were certain business tax changes items that JCT indicated were a mixture of impacts to CIT and Personal Income Tax. The Rate used for PIT impacts was 19% for those changes that JCT indicated were split between CIT and PIT, the splits were obtained and then converted to reflect the various effective rates. These base amounts were then shared to Florida using an assumed share of 4.4% of federal taxable profits. The 5.5% state rate was then applied.

Amounts were then converted to Florida’s July 1 to June 30 fiscal year form the federal October 1 to September 3oth fiscal year. The average annual percent of total collections for the months of July, August, and September was 21.04% over the period from July 2009 to June 2018). This share was used to convert federal fiscal years to state fiscal years under the assumption that federal receipts would have the same percentage share of total collections as Florida does for this three-month period.

Impacts indicated to occur in 2017-18 by this analysis were rolled into 2019-20 as they would have to be realized by refund. Positive impacts for eliminating the rate reduction and automatic refunds were offset against the net impact from decoupling from the three provisions to arrive at the total impact.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Decouple for GILTI, Interest Income Limitation; Repeal Rate Cut Mechanism
Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($186.6 M)	($419.2 M)		
2020-21			($269.0 M)	($419.2 M)		
2021-22			($367.8 M)	($419.2 M)		
2022-23			($426.2 M)	($419.2 M)		
2023-24			($419.2 M)	($419.2 M)		

Note –the analysis also indicates an impact for 2018-19 of -$7.7 M

List of affected Trust Funds: Corporate Income Tax Group

Section 5: Consensus Estimate (Adopted: 03/29/2019):
<u>Repeal of Rate Reduction and Automatic Refunds</u>
The Conference adopted the proposed 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	287.8	0.0	0.0	0.0	0.0	0.0	287.8	0.0
2021-22	57.8	0.0	0.0	0.0	0.0	0.0	57.8	0.0
2022-23	3.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0
2023-24	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

<u>GILTI and Interest Rate Limitation</u>
The Revenue Estimating Conference has identified that as much as $340 million of Corporate Income Tax receipts on a recurring basis is attributable to the Federal Tax Cuts and Jobs Act. Provisions relating to GILTI and the Interest Rate Limitation represent a substantial share of that amount. Their exclusion as a result of this bill will likely cause downward revisions to the future CIT forecasts that support the General Revenue Fund. The Conference adopted a negative indeterminate impact.

	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/(**)
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/(**)
2023-24	0/(**)	0/(**)	0.0	0.0	0.0	0.0	0/(**)	0/(**)

	A	B	C	D	E	F	G	H
1	Repeal of rate reduction and automatic refunds							
2								
3	Amounts related to the rate reduction and refunds in the 3/14/2019 General Revenue Workpapers							
4			Millions					
5		Reduced revenues	Increased Refunds	Total Impact	Impact of Repeal			
6	2019-20	121.5	166.3	-287.8	287.8			
7	2020-21	18.4	39.4	-57.8	57.8			
8	2021-22	3	0	-3	3			
9								
10	GILTI - JCT Methodology							
11		Table 1 - (Millions)						
12	**Line**	Federal Fiscal Years	**2018**	**2019**	**2020**	**2021**	**2022**	**2018 - 2022**
13	**1**	Global Intangible Low Taxed Income	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
14	**2**	100% Federal CIT Impact	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
15	**3**	Conversion to base impact	$36,667	$59,524	$45,714	$45,238	$44,286	**$231,429**
16	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,613	$2,619	$2,011	$1,990	$1,949	**$10,183**
17	**5**	Florida Tax Impact prior to state fiscal year conversion	$89	$144	$111	$109	$107	**$560**
18	**6**	Conversion to Florida Fiscal Year	$70	$132	$118	$110	$108	**$538**
19								
20		Table 2 - (Millions)						
21	**Line**	Federal Fiscal Years	**2023**	**2024**	**2025**	**2026**	**2027**	**2018 - 2027**
22	**1**	Global Intangible Low Taxed Income	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
23	**2**	100% Federal CIT Impact	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
24	**3**	Conversion to base impact	$42,857	$43,810	$44,286	$71,905	$100,952	**$535,238**
25	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,886	$1,577	$1,594	$2,589	$3,634	**$21,463**
26	**5**	Florida Tax Impact prior to state fiscal year conversion	$104	$87	$88	$142	$200	**$1,180**
27	**6**	Conversion to Florida Fiscal Year	$104	$90	$87	$131	$188	**$1,138**
28								

	A	B	C	D	E	F	G	H
29	Net Interest Limitation - JCT Methodology							
30		Table 1 - (Millions)						
31	**Line**	Federal Fiscal Years	**2018**	**2019**	**2020**	**2021**	**2022**	**2018 - 2022**
32	**1**	Limit Net Interest Deduction to 30% of Adjusted Taxable Income, Carryforward of Denied Deduction	$8,400	$17,700	$19,700	$19,600	$24,900	**$90,200**
33	**2**	96% Federal CIT Impact	$8,064	$16,992	$18,912	$18,816	$23,904	**$86,688**
34	**3**	Conversion to base impact	$38,400	$80,914	$90,057	$89,600	$113,829	**$412,800**
35	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,690	$3,560	$3,963	$3,942	$5,008	**$18,163**
36	**5**	Florida Tax Impact prior to state fiscal year conversion	$93	$196	$218	$217	$275	**$999**
37	**6**	Conversion to Florida Fiscal Year	$73	$174	$213	$217	$263	**$941**
38								
39								
40		Table 2 - (Millions)						
41	**Line**	Federal Fiscal Years	**2023**	**2024**	**2025**	**2026**	**2027**	**2018 - 2027**
42	**1**	Limit Net Interest Deduction to 30% of Adjusted Taxable Income, Carryforward of Denied Deduction	$30,200	$29,600	$31,800	$34,700	$36,900	**$253,400**
43	**2**	96% Federal CIT Impact	$28,992	$28,416	$30,528	$33,312	$35,424	**$243,360**
44	**3**	Conversion to base impact	$138,057	$135,314	$145,371	$158,629	$168,686	**$1,158,857**
45	**4**	Florida taxable Income Share of Federal Base (4.4%)	$6,075	$5,954	$6,396	$6,980	$7,422	**$50,990**
46	**5**	Florida Tax Impact prior to state fiscal year conversion	$334	$327	$352	$384	$408	**$2,804**
47	**6**	Conversion to Florida Fiscal Year	$322	$329	$347	$377	$403	**$2,719**
48								
49								
50								
51		Florida Impacts of Coupling to GILTI ,Net Interest Deduction and Dividends Received Deduction	Impacts of retroactive decoupling		Repeal of Rate reduction and automatic Refunds	Total Impact		
52	2017-18	$143.4						
53	2018-19	$306.6	-$306.6			-$306.6		
54	2019-20	$330.9	-$474.4		287.8	-$186.6		
55	2020-21	$326.8	-$326.8		57.8	-$269.0		
56	2021-22	$370.8	-$370.8		3	-$367.8		
57	2022-23	$426.2	-$426.2			-$426.2		
58	2023-24	$419.2	-$419.2			-$419.2		

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax
Issue: Remote Sales
Bill Number(s): Proposed Language

☐ **Entire Bill**
☒ **Partial Bill**: Sections 1,2,3,5,7 and 8
Sponsor(s): N/A
Month/Year Impact Begins: 7/1/2019
Date of Analysis: 3/28/2019

Section 1: Narrative
a. Current Law: See attached section by section spreadsheet

b. Proposed Change: See attached section by section spreadsheet

Section 2: Description of Data and Sources
2017 Calendar Year Sales Tax File
EDR Research on Top 1000 Internet retailers
REC Monthly Estimates

Section 3: Methodology (Include Assumptions and Attach Details)
Used EDR research on Florida's likely share of the 2017 activity of the top 1000 internet retailers not currently collecting and remitting sales tax to Florida of $145.4 M. Assumed annual growth of 15% for the high, 12% for the middle and 10% for the low to grow amounts into and throughout the forecast period. Converted from calendar year to fiscal year. Assumed rate of voluntary compliance with the proposed language for the high of 75% in the first year and growing by 5% in each year of the forecast period, for the middle of 60% in the high and growing 5% each year, and for the low of 50% also growing 5% each year in the forecast period. The compliance rate was applied to the remote sales activity forecast to estimate revenues from voluntary compliance with the proposed legislation.

Audit recoveries were estimated as follows:
Annual noncompliance amounts were identified by taking the difference between Activity and voluntary compliance. For the high it was assumed there was a one year lag to audit recoveries and in the first year following noncompliance, 30% of the noncompliant amount was recovered, in the second year following noncompliance, 30% of the remaining amount was recovered, and in the third year, 30% of the remaining noncompliant amount was recovered. For the middle it was assumed there was a two year lag to audit recoveries and in the first year following the lag, 30% of the noncompliant amount was recovered, in the second year following the lag, 20% of the remaining amount was recovered, and in the third year, 10% of the remaining noncompliant amount was recovered. For the low it was assumed there was a three year lag to audit recoveries, with recoveries of 20% in the first year following the lag and 20% in the second year.

Local Option Sales Tax impact
Section 3 of the bill has an additional impact as it repeals and exception to the requirement to collect and remit local option sales tax for certain mail order entities with no physical presence in Florida. To estimate the impact of eliminating this provision, those sales tax dealers that were identified as out of state from the 2017 Calendar Year Sales tax file were identified. These entities were broken into two cohorts – those that collected discretionary surtax and those that did not. The amount of sales tax for those that did not collect surtax were identified and grown into the forecast period using 15% annual growth for the high, 12% for the middle and 4% for the low. The high and middle growth rates were based on the growth in internet sales, which the low was based on the assumption that while the overall internet sales were growing at that high rate, some of these remote sellers would likely establish physical nexus requiring them to collect surtax under current law and thus resulting in a lower overall growth rate. The forecast amounts were then converted to state fiscal years. The amount of surtax was then estimated using the 14.8% relationship of local surtax to 6% sales tax derived from the underlying the 2019-20 fiscal year estimates from the REC Monthly Revenue Estimates Conference Workpapers.

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax
Issue: Remote Sales
Bill Number(s): Proposed Language

Section 4: Proposed Fiscal Impact

State Sales Tax – Remote Sellers

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$155.0 M	$155.0 M	$116.0 M	$116.0 M	$84.7 M	$129.3 M
2020-21	$205.7 M	$205.7 M	$140.8 M	$140.8 M	$111.8 M	$142.2 M
2021-22	$257.5 M	$257.5 M	$193.0 M	$193.0 M	$134.1 M	$156.5 M
2022-23	$311.4 M	$311.4 M	$237.3 M	$237.3 M	$178.3 M	$172.1 M
2023-24	$360.4 M	$360.4 M	$279.7 M	$279.7 M	$222.4 M	$189.3 M

Local Discretionary Surtax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$47.3 M	$47.3 M	$44.2 M	$44.2 M	$33.6 M	$36.7 M
2020-21	$54.4 M	$54.4 M	$49.5 M	$49.5 M	$38.1 M	$38.1 M
2021-22	$62.5 M	$62.5 M	$55.5 M	$55.5 M	$39.7 M	$39.7 M
2022-23	$71.9 M	$71.9 M	$62.1 M	$62.1 M	$41.3 M	$41.3 M
2023-24	$82.7 M	$82.7 M	$69.6 M	$69.6 M	$42.9 M	$42.9 M

List of affected Trust Funds:

Sales Tax Group
Local Discretionary Surtax

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the low for both impacts.

State Sales Tax – Remote Sellers

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	81.9	125.1	0.0	0.0	2.8	4.2	0.0	0.0
2020-21	108.2	137.6	0.0	0.0	3.6	4.6	0.0	0.0
2021-22	129.7	151.4	0.0	0.0	4.4	5.1	0.0	0.0
2022-23	172.5	166.5	0.0	0.0	5.8	5.6	0.0	0.0
2023-24	215.1	183.1	0.0	0.0	7.3	6.2	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	13.7	21.0	16.5	25.2	98.4	150.3
2020-21	18.1	23.0	21.7	27.6	129.9	165.2
2021-22	21.7	25.4	26.1	30.5	155.8	182.0
2022-23	28.9	27.9	34.7	33.5	207.2	200.0
2023-24	36.0	30.7	43.3	36.9	258.4	220.0

Local Discretionary Surtax

	GR		Trust		Revenue Sharing		Local Half Cent	
	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

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax
Issue: Remote Sales
Bill Number(s): Proposed Language

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	33.6	36.7	0.0	0.0	33.6	36.7
2020-21	38.1	38.1	0.0	0.0	38.1	38.1
2021-22	39.7	39.7	0.0	0.0	39.7	39.7
2022-23	41.3	41.3	0.0	0.0	41.3	41.3
2023-24	42.9	42.9	0.0	0.0	42.9	42.9

EDR Estimate of Potential Sales Tax Revenue			
	High	Middle	Low
Growth Rate	15%	12%	10%

Forecast of Remote Sales Activity not currently remitting -Millions			
Calendar Year	High	Middle	Low
2017	$145.4	$145.4	$145.4
2018	$167.2	$162.8	$159.9
2019	$192.3	$182.4	$175.9
2020	$221.1	$204.3	$193.5
2021	$254.3	$228.8	$212.9
2022	$292.5	$256.2	$234.2
2023	$336.3	$287.0	$257.6
2024	$386.8	$321.4	$283.3

Fiscal Year Conversion - Forecast Period			
	High	Middle	Low
2019-20	$206.7	$193.3	$184.7
2020-21	$237.7	$216.5	$203.2
2021-22	$273.4	$242.5	$223.5
2022-23	$314.4	$271.6	$245.9
2023-24	$361.5	$304.2	$270.5

Assumed Voluntary Compliance Rate			
	High	Middle	Low
2019-20	75%	60%	50%
2020-21	80%	65%	55%
2021-22	85%	70%	60%
2022-23	90%	75%	65%
2023-24	95%	80%	70%

Assumed Voluntary Remittances			
	High	Middle	Low
2019-20	$155.0	$116.0	$92.4
2020-21	$190.2	$140.7	$111.8
2021-22	$232.4	$169.8	$134.1
2022-23	$282.9	$203.7	$159.8
2023-24	$343.5	$243.4	$189.3

Noncompliance Amounts			
	High	Middle	Low
2019-20	$51.7	$77.3	$92.4
2020-21	$47.5	$75.8	$91.4
2021-22	$41.0	$72.8	$89.4
2022-23	$31.4	$67.9	$86.1
2023-24	$18.1	$60.8	$81.1

	High	Middle	Low
Audit Lag	1 year	2 years	3 years

Assumed Audit Recovery Time - for amounts not remitted voluntarily			
Recovery year	High	Middle	Low
First year	30%	30%	20%
Second Year	30%	20%	20%
Third Year	30%	10%	10%
Fourth year		10%	10%
Fifth Year		10%	10%

Audit recoveries	High	Middle	Low
2019-20	$0	$0	$0
2020-21	$15.50	$0	$0
2021-22	$25.12	$23.20	$0
2022-23	$28.49	$33.56	$18.47
2023-24	$16.95	$36.30	$33.07

Total Revenues	High	Middle	Low
2019-20	$155.04	$116.00	$92.37
2020-21	$205.68	$140.75	$111.76
2021-22	$257.49	$192.96	$134.11
2022-23	$311.43	$237.28	$178.29
2023-24	$360.41	$279.67	$222.39

Impact of requiring Local Option Surtax to be collected by all Remote Sellers

Note - this impact focuses solely on those remote sellers remitting the state 6% sales tax but remitting zero local option

Calendar Year 2017

County -Out of State	Count	6% Tax Collected	Surtax Collected	Surtax as a % of state 6%
Collecting Surtax	15134	$2,635,059,222	$265,289,537	10.1%
Not Collecting Surtax	10614	$224,041,510	$0	0.0%
Total	25748	$2,859,100,732	$265,289,537	9.3%

Source - REC Monthly Revenue Estimates	
2019-20 Sales Tape Estimate	$28,641
2019-20 Local Surtax Estimate	$4,250
Surtax as a % of state 6%	14.8%

	High	Middle	Low
Growth Rate	15%	12%	4%

Forecast - Remote sellers not collecting Local Surtax total Sales Tax			
Calendar Year	High	Middle	Low
2017	$224,041,510	$224,041,510	$224,041,510
2018	$257,647,737	$250,926,491	$233,003,170
2019	$296,294,897	$281,037,670	$242,323,297
2020	$340,739,132	$314,762,191	$252,016,229
2021	$391,850,001	$352,533,653	$262,096,878
2022	$450,627,501	$394,837,692	$272,580,753
2023	$518,221,627	$442,218,215	$283,483,984
2024	$595,954,871	$495,284,401	$294,823,343

Conversion to Fiscal year			
	High	Middle	Low
2019-20	$318,517,014	$297,899,930	$247,169,763
2020-21	$366,294,566	$333,647,922	$257,056,554
2021-22	$421,238,751	$373,685,673	$267,338,816
2022-23	$484,424,564	$418,527,953	$278,032,368
2023-24	$557,088,249	$468,751,308	$289,153,663

Surtax Impact	High	Middle	Low
2019-20	$47,262,918	$44,203,667	$36,676,108
2020-21	$54,352,356	$49,508,107	$38,143,152
2021-22	$62,505,209	$55,449,080	$39,668,878
2022-23	$71,880,991	$62,102,969	$41,255,633
2023-24	$82,663,139	$69,555,326	$42,905,858

	A	B	C	D	E	F
1	Section	Statute Amended	Current Law	Change	Effective date	Remote Seller/Marketplace Provider
2	1	212.02(14)	Provides definition of retail sale	Amends definition of retail sale to change "mail order sale" to "remote sale" and to include sales facilitated through a marketplace	7/1/2019	Both
3	2	212.05	Imposes sales tax on all sales of tangible personal property, including those made by mail order sale	Changes "mail order sale" to "remote sale"	7/1/2019	Remote Sales
4	3	212.0596	Defines "mail order sale"; sets out situations in which nexus over mail order sales will be found; provides exception for mail order dealers to not be required to collect local option surtaxes	Changes "mail order sale" to "remote sale"; adds provision setting out nexus based on substantial number of sales, defined as $100,000 or 200 retail sales of TPP in the previous calendar year; strikes provision providing that local option surtaxes are not required to be collected	7/1/2019	Both
5	4	212.05965	N/A	Provides for collection and remittance of tax by marketplace providers who make a substantial number of remote sales; excludes sellers of travel agency services from definition of "marketplace provider"; provides prohibition from assessing marketplace sellers under specified conditions; requires marketplace sellers to collect and remit tax on sales made outside the marketplace; relieves marketplace providers from liability under specified conditions; provides that a marketplace is a separate place of business for purposes of registration; authorizes the Department to compromise tax, interest, or penalty assessed on sales through a marketplace; provides that the tax violation reward program and burden of proof provisions related to obtaining a refund apply to marketplace sales.	7/1/2019	Market Place Providers
6	5	212.06	Defines "dealer" to include retailers who make mail order sales	Amends dealer to replace "mail order sale" with "remote sale" and to add "marketplace provider"	7/1/2019	Both
7	6	212.12	Excludes mail order dealers from normal collection allowance provision (2.5% of the tax remitted); allows the Department to negotiate a collection allowance with mail order dealers based on the dealer's estimated costs of collecting the tax, the volume and value of the dealer's mail order sales to Florida customers, and the administrative and legal costs; the negotiated collection allowance may not exceed 10% of the tax remitted	Strikes the exclusion for mail order dealers from the normal collection allowance provision; strikes the negotiated collection allowance provision	7/1/2019	
8	7	212.18	Provides that an exhibitor who makes a mail order sale must register as a dealer	Changes "mail order sale" to "remote sale"	7/1/2019	Remote Sales
9	8	212.2	Requires the Department to determine and refund amounts determined by a court to be unconstitutional	Reenacts this provision for purposes of incorporating changes made to the mail order statute	7/1/2019	Remote Sales
10	9	N/A	N/A	Provides emergency rulemaking authority	7/1/2019	Both
11	10	N/A	N/A	Provides severability if any portion of the law is found to be invalid	7/1/2019	Both
12	11	N/A	N/A	Provides an effective date of July 1, 2019	7/1/2019	Both

Remote Sales

EDR purchased the 2018 Edition of the Top 1000 Internet Retailers from a private vendor. The Retailer Top 1000 accounted for approximately 92% of the 2017 online retail sales in the United States and Canada. Because the distribution of sales among the Top 1000 is so skewed to a few sellers with many sales, producing a long tail of many sellers with relatively few sales, EDR concentrated on the Top 350.

As a first step, EDR performed a name search of all Florida registered sales tax dealers to remove registered taxpayers from the Top 350. Approximately 36 were clearly registered, and another 26 appeared to collect sales tax. The second part of this analysis was accomplished by placing an item in the cart and simulating a checkout with a shipping address in Florida. Of the remaining internet retailers, those who were dealers of exempt items (groceries, medicines, bullion, etc.) were removed. This left 62 retailers. (Note - The retailers who provide a marketplace platform are separately analyzed.)

EDR conducted an internet search for the online sales figures associated with these 62 retailers. Online resources included owler.com, e-commerce.com and Hoovers. The reliability of the data and what the sales reflect (there are different metrics for sales, including gross merchandise value, gross revenue, or gross sales) are inconsistent but the research suggests that most retailers are probably liable for less than $1 million each in Florida sales tax (calculated using a Florida share of 6.4% of total sales). The potential Florida sales tax due for these 62 retailers ranges from $17,000 to $2,800,000, averaging about $700,000 per retailer.

Given how the rankings were developed, the retailers ranked from 350 to 1,000 have even smaller levels of sales activity and market share. After apportioning their total sales to Florida, the sales volume drops even further. In addition, they are generally less likely to be registered to collect Florida sales tax. Therefore, they will not be excluded as a registrant with the same frequency as the top tiered internet retailers.

Remote Sellers - Estimate of Potential Sales Tax Revenue

Ranking	Unregistered Taxable dealers	Estimated Potential Taxpayers	Average Florida Sales Tax Share	Total Sales Tax
Top 350	18%	62	$ 0.7	$ 43.5
350-500	50%	75	$ 0.5	$ 39.4
500-750	60%	150	$ 0.3	$ 45.0
750-1000	70%	175	$ 0.1	$ 17.5
All dollar values are in millions			CY 2017	**$ 145.4**

The remaining 8%, those outside of the Top 1000, will have even lower volumes of sales. They were not addressed in this analysis. Because Wayfair requires what the Department of Revenue refers to as a "specific minimum safe harbor procedural safeguard threshold", many of their sales will likely fall below the threshold. Further, the ability of the Department of Revenue to aggressively enforce sales tax collections on small out-of-state businesses with sporadic sales will be challenging. Finally, many of the small online retailers also participate on one or more marketplaces.

Internet Retailer Research projects that the growth in online retail sales will average 15% per year.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Homestead Disqualification
Bill Number(s): CS/HB1151

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s):
Month/Year Impact Begins: January 1, 2020
Date of Analysis: March 29, 2019

Section 1: Narrative

a. Current Law:

Section 196.031, Florida Statutes, reads (in part) "(5) A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption provided by this section. This subsection does not apply to a person who has the legal or equitable title to real estate in Florida and maintains thereon the permanent residence of another legally or naturally dependent upon the owner."

Section 196.121 reads (in part) "(2) The forms shall require the taxpayer to furnish certain information to the property appraiser for the purpose of determining that the taxpayer is a permanent resident as defined in s. 196.012(16). Such information may include, but need not be limited to, the factors enumerated in s. 196.015."

b. Proposed Change:

This bill amends s. 196.031(5) to read "(5) A person <u>or household</u> who is ~~receiving or~~ claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption provided by this section. This subsection does not apply to a person who has the legal or equitable title to real estate in Florida and maintains thereon the permanent residence of another legally or naturally dependent upon the owner."

Section 196.121(2) would be amended to read "(2) The forms shall require the taxpayer to furnish certain information to the property appraiser for the purpose of determining that the taxpayer is a permanent resident as defined in s. 196.012(16). Such information may include, but need not be limited to, the factors enumerated in s. 196.015 <u>and any ad valorem tax exemption or a tax credit in another state where permanent residency is required as a basis for the granting of that ad valorem tax exemption or tax credit as described in s. 196.031(5)."</u>

This bill shall apply beginning with the 2020 tax roll.

Section 2: Description of Data and Sources

Adopted REC estimates of Homestead Back Taxes, Penalties, and Interest, 2/15/2019
2018 Final Real Property Assessment Rolls

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis is largely based on the removal of "receiving" to s. 196.031(5). The difference between "receiving" and "claiming" is unclear, so the low and high estimates assume different levels of risk.

The low estimate is based on the adopted estimates of 2019-2023 back taxes, penalties, and interest that is projected to be collected due to improper homestead classification. Of the total collections, 90% is assumed to be due to homeowners with residences in multiple states. These homeowners are assumed to be receiving a tax benefit but not actively "claiming" it.

The high estimate is based on the number of residential parcels whose owners mailing addresses and reported state of domicile on the 2018 final assessment rolls are not Florida. (If either the mailing address state or state of domicile was Florida, the owner was placed into the Florida category.) There are 1.4 million parcels in this category. This estimate assumes that the change in law clears a pathway for more property owners to receive homestead exemptions. An assumed 5% of the non-Floridian owners could apply for a homestead under the assumption they are not "claiming" a tax benefit based on residency in another state. The high is based solely on the first and second homestead exemptions. The school and non-school 2018 taxable value impact is grown at 2% annually throughout the forecast period. To calculate the fiscal impact, the 2018 statewide effective millage rates were applied.

The middle estimate is the average between the low and the high.

Section 4: Proposed Fiscal Impact

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Homestead Disqualification
Bill Number(s): CS/HB1151

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$ -	$ (48.5 M)	$ -	$ (31.2 M)	$ -	$ (14.0 M)
2020-21	$ (49.4 M)	$ (49.4 M)	$ (32.4 M)	$ (32.4 M)	$ (15.4 M)	$ (15.4 M)
2021-22	$ (50.4 M)	$ (50.4 M)	$ (33.5 M)	$ (33.5 M)	$ (16.7 M)	$ (16.7 M)
2022-23	$ (51.4 M)	$ (51.4 M)	$ (34.8 M)	$ (34.8 M)	$ (18.2 M)	$ (18.2 M)
2023-24	$ (52.5 M)	$ (52.5 M)	$ (36.1 M)	$ (36.1 M)	$ (19.7 M)	$ (19.7 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the low estimate with a 70% reduction for other classification reasons.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	(4.1)	0.0	(6.8)	0.0	(10.9)
2020-21	(4.5)	(4.5)	(7.5)	(7.5)	(11.9)	(11.9)
2021-22	(4.8)	(4.8)	(8.1)	(8.1)	(13.0)	(13.0)
2022-23	(5.3)	(5.3)	(8.8)	(8.8)	(14.1)	(14.1)
2023-24	(5.7)	(5.7)	(9.6)	(9.6)	(15.4)	(15.4)

	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	(10.9)	0.0	(10.9)
2020-21	0.0	0.0	0.0	0.0	(11.9)	(11.9)	(11.9)	(11.9)
2021-22	0.0	0.0	0.0	0.0	(13.0)	(13.0)	(13.0)	(13.0)
2022-23	0.0	0.0	0.0	0.0	(14.1)	(14.1)	(14.1)	(14.1)
2023-24	0.0	0.0	0.0	0.0	(15.4)	(15.4)	(15.4)	(15.4)

Low Impact

Adopted TV Not on Rolls due to Improper Classification

Roll Year	Missing Taxable Value	Back Taxes Collected	Penalties	Interest Collected	Total
2019	484,924,399	8,375,517	4,187,759	2,999,209	15,562,485
2020	531,772,480	9,184,668	4,592,334	3,288,960	17,065,962
2021	576,903,393	9,964,160	4,982,080	3,568,090	18,514,330
2022	629,226,181	10,867,869	5,433,934	3,891,702	20,193,505
2023	683,638,456	11,807,667	5,903,833	4,228,236	21,939,736

Adopted by the REC on 2/15/2019.

Reduction for Other Classification Reasons

Percent of Improper Classifications due to Multi-State Homeowners	70%

Low Estimate

Low Impact Estimate	
Roll Year	Total
2019	10,893,740
2020	11,946,173
2021	12,960,031
2022	14,135,453
2023	15,357,815

	A	B	C	D	E
1	High Estimate				
2					
3		This estimate assumes that the change in law clears a pathway for more property owners to receive homestead exemptions.			
4					
5	**Residenial Use Code, Non-Floridian Owner State**				
6					
7		- DOR_UC = 0, 1, 2, 4, 5, 6, 7, or 8.			
8		- Owner State is based on reported owner's mailing address and owner's state of domicile. If either was Florida, owner is assumed to be Floridian.			
9					
10			Parcel Counts		
11		Owner State (Mailing Address or State of Domicile)	Homestead	Non-Homestead	Total
12		Florida	4,422,141	3,056,482	7,478,623
13		Not Florida	35,522	1,419,222	1,454,744
14		Total	4,457,663	4,475,704	8,933,367
15					
16		Not Florida		46.43%	
17					
18	**Lever: Percent of Non-Florida owners who could change classification**				
19					
20		Percent	5%		
21					
22	**Reduced Parcel Count, Exemption Estimate**				
23					
24		Non-Floridian Owned Residential Parcels		70,961	
25					
26		Exemption	Ex. Value	TV Impact	
27		First Homestead	25,000	1,774,027,500	
28		Second Homestead	22,000	1,561,144,200	
29		Non-School TV Impact	47,000	3,335,171,700	
30		School TV Impact	25,000	1,774,027,500	
31					
32					
33		Annual Growth Rate	2%		
34					
35		Roll Year	School	Non-School	
36		2019	1,809,508,050	3,401,875,134	
37		2020	1,845,698,211	3,469,912,637	
38		2021	1,882,612,175	3,539,310,889	
39		2022	1,920,264,419	3,610,097,107	
40		2023	1,958,669,707	3,682,299,049	
41					

	A	B	C	D	E
42	**Apply Millage Rates**				
43					
44		2018 Statewide Effective Millage Rates			
45			Rate		
46		School	6.4596		
47		Non-School	10.8122		
48		Total	17.2718		
49					
50					
51		**Year**	School	Non-School	Total
52		2019-20	11,688,698	36,781,754	48,470,453
53		2020-21	11,922,472	37,517,389	49,439,862
54		2021-22	12,160,922	38,267,737	50,428,659
55		2022-23	12,404,140	39,033,092	51,437,232
56		2023-24	12,652,223	39,813,754	52,465,977

Low Impact

	% of Total		
	37%	63%	
Year	School	Non-School	Total
2019-20	-4,074,225	-6,819,515	-10,893,740
2020-21	-4,467,832	-7,478,341	-11,946,173
2021-22	-4,847,012	-8,113,019	-12,960,031
2022-23	-5,286,616	-8,848,837	-14,135,453
2023-24	-5,743,776	-9,614,040	-15,357,815

High Impact

Year	School	Non-School	Total
2019-20	-11,688,698	-36,781,754	-48,470,453
2020-21	-11,922,472	-37,517,389	-49,439,862
2021-22	-12,160,922	-38,267,737	-50,428,659
2022-23	-12,404,140	-39,033,092	-51,437,232
2023-24	-12,652,223	-39,813,754	-52,465,977

Middle

Average of Low and High

Year	School	Non-School	Total
2019-20	-7,881,462	-21,800,634	-29,682,096
2020-21	-8,195,152	-22,497,865	-30,693,017
2021-22	-8,503,967	-23,190,378	-31,694,345
2022-23	-8,845,378	-23,940,965	-32,786,343
2023-24	-9,197,999	-24,713,897	-33,911,896

Impact Summary

School Impact						
	High		Middle		Low	
Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20		$ (11.7 M)		$ (7.9 M)		$ (4.1 M)
2020-21	$ (11.9 M)	$ (11.9 M)	$ (8.2 M)	$ (8.2 M)	$ (4.5 M)	$ (4.5 M)
2021-22	$ (12.2 M)	$ (12.2 M)	$ (8.5 M)	$ (8.5 M)	$ (4.8 M)	$ (4.8 M)
2022-23	$ (12.4 M)	$ (12.4 M)	$ (8.8 M)	$ (8.8 M)	$ (5.3 M)	$ (5.3 M)
2023-24	$ (12.7 M)	$ (12.7 M)	$ (9.2 M)	$ (9.2 M)	$ (5.7 M)	$ (5.7 M)

Non-School Impact						
	High		Middle		Low	
Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20		$ (36.8 M)		$ (21.8 M)		$ (6.8 M)
2020-21	$ (37.5 M)	$ (37.5 M)	$ (22.5 M)	$ (22.5 M)	$ (7.5 M)	$ (7.5 M)
2021-22	$ (38.3 M)	$ (38.3 M)	$ (23.2 M)	$ (23.2 M)	$ (8.1 M)	$ (8.1 M)
2022-23	$ (39.0 M)	$ (39.0 M)	$ (23.9 M)	$ (23.9 M)	$ (8.8 M)	$ (8.8 M)
2023-24	$ (39.8 M)	$ (39.8 M)	$ (24.7 M)	$ (24.7 M)	$ (9.6 M)	$ (9.6 M)

Total Impact						
	High		Middle		Low	
Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$ -	$ (48.5 M)	$ -	$ (29.7 M)	$ -	$ (10.9 M)
2020-21	$ (49.4 M)	$ (49.4 M)	$ (30.7 M)	$ (30.7 M)	$ (11.9 M)	$ (11.9 M)
2021-22	$ (50.4 M)	$ (50.4 M)	$ (31.7 M)	$ (31.7 M)	$ (13.0 M)	$ (13.0 M)
2022-23	$ (51.4 M)	$ (51.4 M)	$ (32.8 M)	$ (32.8 M)	$ (14.1 M)	$ (14.1 M)
2023-24	$ (52.5 M)	$ (52.5 M)	$ (33.9 M)	$ (33.9 M)	$ (15.4 M)	$ (15.4 M)

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Tax Rate Cut/Refund Mechanism Extension Modification
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: July 2020
Date of Analysis: 3/28/2019

Section 1: Narrative

a. **Current Law**: Section 220.1105, Florida Statutes, provides for rate reduction and refunds if the net collections for 2018-19 exceed the amount of forecasted revenues for 2018-19 as forecast by the Revenue Estimating Conference on February 23, 2018 multiplied by 1.07. Any revenues that exceed the forecast collection amount by 1.07% would be refunded to taxpayers. In 2019-20. The tax rate for tax years beginning on or after January 1, 2019 would be reduced by the following factor: ((forecast collections as of 2/23/2018 x 1.07)/collections 2018-19) x 5.5%. The rate reduction was repealed for all tax years beginning January 1, 2020, returning the rate to 5.5% for all future years.

b. **Proposed Change**: The proposed change would extend the rate reduction and refunds provisions for two additional liability years. Collections for 2019-20 and 2020-21 would be compared to the forecast revenues (February 23, 2018 GR estimate x 1.07). if the collections in either year exceeded the forecast amount by more than 7%, automatic refunds and a rate reduction would be triggered. If the collections did not exceed the forecasted amount by more than 7% for 2019-20 collections, the rate would remain at whatever rate was in place for liabilities beginning January 1, 2019. For tax years beginning on or after January 1, 2022, the rate would remain at whatever rate was in place for tax years beginning January 1, 2021. For purposes of determining whether the trigger is hit in any given year, pro rata refunds granted due to the trigger being hit in a prior year are not included.

Section 2: Description of Data and Sources

February 23, 2018 General Estimating Conference Workpapers
March 14, 2019 General Estimating Conference Workpapers
March 14, 2019 General Revenue Estimating Conference - HB 70093 (2018) Adjustment Supporting Material
CIT Payment File data

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed change imposed the reduced rate of 5.133% underlying the current adopted CIT forecast for tax years beginning on or after 1/1/2020. In order to estimate the impact of this reduced rate, collection amounts had to be converted into their various underlying liability years. The conversion was based upon the liability for tax years beginning on or after January 1, 2015. Payment data with applied period ending 12/2015 to 11/2016 were examined to determine what fiscal years those receipts were received. Payments for tax years beginning on or after January 1, 2015 were spread across the years in the following pattern:

2014-15	26.9%
2015-16	61%
2016-17	10%
2017-18	1%
2018-19	0.3%

It was also observed that the 26.9% share of the 2015 liability was 29.5% of the total collections in 2014-15. As such, the observed relationship between payments received in 2014-15 and 2015 liability was (payments received in 2014-15 x 29.5%)/26.9% = 2015 liability. This relationship was assumed to hold for all future years and was used to simulate liability for years 2016 to 2023. The above distribution of collections associated with 2015 liability was also assumed to hold with respect to each liability year from 2016 to 2023. This assumption was used to convert assumed liability to implied collections for years 2020-21 to 2023-24 of the forecast period. These calculated implied collections were compared to the forecast collections in order to later scale results of simulated rate changes back to the forecast amounts.

The proposed language provides for tiered rate changes to potentially take place based upon revenues received in 2019-20 and 2020-21. The current forecast includes the effect of the current law rate reduction in 2019 on the revenues in 2019-20 and reveals that the second tier rate change is not triggered. Under the proposed language, the rate of 5.133% would then stay in place unless the trigger was hit for 2021 revenues received.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Tax Rate Cut/Refund Mechanism Extension Modification
Bill Number(s): Proposed Language

Next the rate change of 5.133% was modeled for liability years 2020 to 2023. This was referred to as the first tier rate cut. The impact of allowing this rate to stay in place was modeled across the liability years. The liability calculated using the lower rate for the applicable periods was then converted back to revenues received to model the impact of extending the reduced rate of 5.133%. It was also used to determine whether the 2019-20 and 2020-21 triggers were hit.

In the simulation, the 2019-20 trigger was hit, requiring additional refunds and further rate reduction. The rate reduction was referred to as the second tier rate reduction. The impact of the second year rate reduction was again modeled across the liability years and converted back to collection periods to measure the impacts. Required refund amounts were measured and timed in the same fashion as was used to model the impact and timing of refunds for the March 14, 2019 General Revenue Estimating Conference. With respect to 2020-21 revised collections at the additionally reduced rate, the 2020-21 trigger was not hit, leaving in place the rate resulting from the 2019-20 rate calculation of 4.948%.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($46.9 M)	($280.4 M)		
2020-21			($293.4 M)	($280.4 M)		
2021-22			($264.5M)	($280.4 M)		
2022-23			($273.5M)	($280.4 M)		
2023-24			($280.4 M)	($280.4 M)		

List of affected Trust Funds:
CIT Group

Section 5: Consensus Estimate (Adopted: 03/29/2019): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(46.9)	($280.4)	0.0	0.0	0.0	0.0	(46.9)	($280.4)
2020-21	(293.4)	($280.4)	0.0	0.0	0.0	0.0	(293.4)	($280.4)
2021-22	(264.5)	($280.4)	0.0	0.0	0.0	0.0	(264.5)	($280.4)
2022-23	(273.5)	($280.4)	0.0	0.0	0.0	0.0	(273.5)	($280.4)
2023-24	(280.4)	($280.4)	0.0	0.0	0.0	0.0	(280.4)	($280.4)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	February 23, 2018 Corporate Income Tax Forecast																
2		Net Collections	Net collections * 1.07	Forecast/ Simulated Collections for trigger purpose	Is Trigger hit	Rate	Tax year new rate begins to apply		Libility Year	Tax Rate							
3	2019-20	$2,185.50	$2,338.49	$2,426.10	Yes	4.948%	2020		2019	5.133%							
4	2020-21	$2,234.40	$2,390.81	$2,431.20	No				2020	4.948%							
5	2021-22	$2,288.00	$2,448.16						2021	4.948%							
6	2022-23	$2,359.50	$2,524.67						2022	4.948%							
7									2023	4.948%							
8									2024	4.948%							
9	March 14, 2019 Corporate Income Tax Forecast																
10		Total Collections	Refunds	Unadjusted Net Collections	Excess collection from prior period refund	Refunds associated with Rate Reduction	Effect of Rate Reduction on collections	Total forecast collections									
11	2015-16	$2,272.1	$301.2	$1,970.9													
12	2016-17	$2,366.4	$193.9	$2,172.5													
13	2017-18	$2,413.0	$230.0	$2,183.0													
14	2018-19	$2,754.8	$262.7	$2,492.1													
15	2019-20	$2,816.1	$268.5	$2,547.6	$166.3		$121.5	$2,259.8	$2,426.1								
16	2020-21	$2,856.7	$272.5	$2,584.2		$39.4	$18.4	$2,526.4									
17	2021-22	$2,919.8	$268.6	$2,651.2			$3.0	$2,648.2									
18	2022-23	$3,001.9	$276.2	$2,725.7				$2,725.7									
19	2023-24	$3,074.5	$282.9	$2,791.6				$2,791.6									
20	2024-25	Estimate		$2,838.6				$2,838.6									
21																	
22	For 2016 Liability					Estimated total 2016 Liability											
23	Collection year	Share of collections	total 2016-17 forecast	2017 Liability	Share of total 2017 liability	$2,160.9											
24	2015-16	29.45%	$1,970.9	$580.4	26.9%												
25	2016-17			$1,326.41	61.4%												
26	2017-18			$218.05	10.1%												
27	2018-19			$28.54	1.3%												
28	2019-20			$6.48	0.3%												
29																	
30																	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
31	For 2017 Liability					Estimated total 2017 Liability											
32	Collection year	Share of collections	total 2016-17 forecast	2017 Liability	Share of total 2017 liability	$2,382.0											
33	2016-17	29.45%	$2,172.5	$639.8	26.9%												
34	2017-18			$1,462.09	61.4%												
35	2018-19			$240.35	10.1%												
36	2019-20			$31.46	1.3%												
37	2020-21			$7.15	0.3%												
38																	
39	For 2018 Liability					Estimated total 2018 Liability											
40	Collection year	Share of collections	total 2017-18 forecast	2018 Liability	Share of total 2018 liability	$2,393.5											
41	2017-18	29.45%	$2,183.0	$642.9	26.9%												
42	2018-19			$1,469.15	61.4%												
43	2019-20			$241.51	10.1%												
44	2020-21			$31.61	1.3%												
45	2021-22			$7.18	0.3%												
46																	
47	Conversion to liability year																
48	For 2019 Liability						Current Law Rate Reduction										
49	Collection year	Share of collections	total 2018-19 forecast - unadjusted	2019 Liability	Share of total 2019 liability	Estimated total 2019 Liability @ 5.5%	2019 Liability at 5.133%	Revised Share of total 2019 liability									
50	2018-19	29.45%	$2,492.1	$733.92	26.9%	$2,732.4	$2,550.1	$685.0									
51	2019-20			$1,677.2	61.4%			$1,565.3									
52	2020-21			$275.7	10.1%			$257.3									
53	2021-22			$36.1	1.3%			$33.7									
54	2022-23			$8.20	0.3%			$7.7									
55																	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
56							First tier rate reduction		Second Tier Rate Reduction								
57	For 2020 Liability					Estimated total 2020 Liability	2020 total Liability at 5.133%		2020 total Liability at 4.948								
58	Collection year	Share of collections	total 2019-20 forecast Unadjusted	2020 Liability	Share of total 2020 liability	$2,793.25	$2,606.86	Revised Share of total 2020 liability	2,512.7	Revised Share of total 2020 liability							
59	2019-20	29.45%	$2,547.60	$750.27	26.9%			$700.20		$674.92							
60	2020-21			$1,714.53	61.4%			$1,600.12		$1,542.34							
61	2021-22			$281.85	10.1%			$263.04		$253.54							
62	2022-23			$36.89	1.3%			$34.43		$33.18							
63	2023-24			$8.38	0.3%			$7.82		$7.54							
64																	
65							First tier rate reduction										
66	For 2021 Liability					Estimated total 2021 Liability	2021 total Liability at 5.133%		2021 total Liability at 4.948								
67	Collection year	Share of collections	total 2020-21 forecast Unadjusted	2021 Liability	Share of total 2021 liability	$2,833.38	$2,644.31	Revised Share of total 2021 liability	2,548.8	Revised Share of total 2021 liability							
68	2020-21	29.45%	$2,584.2	$761.05	26.9%			$710.26		$684.61							
69	2021-22			$1,739.16	61.4%			$1,623.11		$1,564.49							
70	2022-23			$285.90	10.1%			$266.82		$257.19							
71	2023-24			$37.42	1.3%			$34.92		$33.66							
72	2024-25			$8.50	0.3%			$7.93		$7.65							
73																	
74							First tier rate reduction										
75	For 2022 Liability					Estimated total 2022 Liability	2022 total Liability at 5.133%		2022 total Liability at 4.948	Revised Share of total 2022 liability							
76	Collection year	Share of collections	total 2021-22 forecast unadjusted	2022 Liability	Share of total 2022 liability	$2,906.84	$2,712.87	Revised Share of total 2022 liability	2,614.9								
77	2021-22	29.45%	$2,651.2	$780.78	26.9%			$728.68		$702.36							
78	2022-23			$1,784.25	61.4%			$1,665.19		$1,605.06							
79	2023-24			$293.59	10.1%			$274.00		$264.10							
80	2024-25			$37.79	1.3%			$35.27		$33.99							
81	Outside forecast period			$8.72	0.3%			$8.14		$7.84							
82																	
83							First tier rate reduction										
84	For 2023 Liability					Estimated total 2023 Liability	2023 total Liability at 5.133%		2024 total Liability at 4.948	Revised Share of total 2023 liability							
85	Collection year	Share of collections	total 2022-23 forecast	2022 Liability	Share of total 2023 liability	$2,988.52	$2,789.10	Revised Share of total 2023 liability	2,688.4								
86	2022-23	29.45%	$2,725.7	$802.72	26.9%			$749.16		$722.10							
87	2023-24			$1,834.95	61.4%			$1,712.51		$1,650.67							
88	2024-25			$293.59	10.1%			$281.70		$271.53							
89	Outside forecast period			$46.51	1.6%			$44.63		$43.01							
90																	
91							First tier rate reduction										
92	For 2024 Liability					Estimated total 2024 Liability	2024 total Liability at 5.133%		2024 total Liability at 4.948	Revised Share of total 2024 liability							
93	Collection year	Share of collections	total 2023-24 forecast	2022 Liability	Share of total 2023 liability	$3,060.77	$2,856.54	Revised Share of total 2023 liability	2,753.4								
94	2023-24	29.45%	$2,791.6	$822.13	26.9%			$767.27		$739.56							
95	2024-25			$1,879.32	61.4%			$1,753.91		$1,690.57							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
96	Outside forecast period			$340.10	11.7%			$326.33		$322.15							
97																	
98																	
99	For 2025 Liability					Estimated total 2024 Liability	2024 total Liability at 5.133%		2024 total Liability at 4.948	Revised Share of total 2024 liability							
100	Collection year	Share of collections	total 2023-24 forecast	2022 Liability	Share of total 2023 liability	$3,112.31	$2,904.63	Revised Share of total 2023 liability	2,799.7								
101	2024-25	29.45%	$2,838.6	$835.97	26.9%			$767.27		$739.56							
102	Outside forecast period			$2,124.90	73.1%			$2,038.84		$2,012.72							
103																	
104																	
105																	
106																	
107																	
108																	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
109																	
110																	
111		Implied collections	forecast collections	Implied as a % of forecast	Implied collections at 5.133%	Adjusted by implied as a % of forecast at 5.133%	Current 2019-20 Forecast not including pro rata refunds	Reduced Revenues from first tier rate reduction - continuation of 5.133% rate to future years	2019-20 Trigger amount	Implied Collections at 4.9476%	Adusted as a percent of the forecast	Refunds and rate reduction impact from 2018-19 trigger being hit	Additional Refunds in 2020-21	Rate reductions realized as refunds	Reduced revenues from second tier rate reduction	Total Impact	
112	2019-20	$2,706.90	$2,547.6	106.3%	$2,544.92	$2,434.56	$2,426.10		$2,338.49	$2,519.63	$2,371.36	$121.5			-$46.95	-$46.95	-$54.74
113	2020-21	$2,790.04	$2,584.2	108.0%	$2,624.85	$2,431.2		-$153.0	$2,390.81	$2,523.02	$2,336.88	$57.80	$96.07	-$7.80	-$94.32	-$293.4	
114	2021-22	$2,845.05	$2,651.2	107.3%	$2,658.10	$2,477.0		-$174.2		$2,561.26	$2,386.74	$3.0			-$90.24	-$264.5	
115	2022-23	$2,917.95	$2,725.7	107.1%	$2,723.79	$2,544.3		-$181.4		$2,625.18	$2,452.21				-$92.12	-$273.5	
116	2023-24	$2,996.47	$2,791.6	107.3%	$2,796.52	$2,605.3		-$186.3		$2,695.53	$2,511.24				-$94.09	-$280.4	
117	2024-25	$3,055.16	$2,838.6	107.6%	$2,846.08	$2,644.3		-$194.3		$2,743.30	$2,548.84				-$95.50	-$289.8	
118																	
119		2019-20 Tax Rate calculations				2020-21 Tax Rate calculations											
120		2019-20 Trigger Amount		$2,338.5		2020-21 Trigger Amount		$2,390.8									
121		2021 Simulated Collections		$2,426.1		2021 Simulated Collections		$2,336.9	Trigger not hit in 2021								
122		Rate Reduction Factor		96.4%													
123		Prior Rate		5.133%													
124		New Rate		4.9476%													
125																	
126	Summary																
127		Current Forecast	Simulated Forecast	Impact	Comparison to 2/23/18 forecast												
128	2019-20	$2,259.8	$2,212.9	-$46.9	1.0125												
129	2020-21	$2,468.6	$2,175.2	-$293.4	1.0479												
130	2021-22	$2,648.2	$2,383.7	-$264.5	1.0418												
131	2022-23	$2,725.7	$2,452.2	-$273.5	1.0393												
132	2023-24	$2,791.6	$2,511.2	-$280.4													
133	2024-25	$2,838.6	$2,548.8	-$289.8													