REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Affordable Housing - Recorded Agreements at 100%
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s):
Month/Year Impact Begins: January 1, 2020
Date of Analysis: April 19, 2019

Section 1: Narrative

a. Current Law:

Section 196.195, Florida Statutes, lays out requirements to determine whether or not an exemption applicant is considered nonprofit. S. 196.196, F.S., provides an exemption for charitable, religious, or scientific, or literary use.

S. 196.1978, F.S., provides an exemption for affordable housing. Subsection 1 contains an exemption for affordable housing owned entirely by nonprofit entities.

S. 196.1978(2), F.S., states "(2)(a) Notwithstanding ss. 196.195 and 196.196, property in a multifamily project that meets the requirements of this paragraph is considered property used for a charitable purpose and shall receive a 50 percent discount from the amount of ad valorem tax otherwise owed beginning with the January 1 assessment after the 15th completed year of the term of the recorded agreement on those portions of the affordable housing property that provide housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004. The multifamily project must:

"1. Contain more than 70 units that are used to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004; and

"2. Be subject to an agreement with the Florida Housing Finance Corporation recorded in the official records of the county in which the property is located to provide affordable housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004.

"This discount terminates if the property no longer serves extremely-low-income, very-low-income, or low-income persons pursuant to the recorded agreement.

"(b) To receive the discount under paragraph (a), a qualified applicant must submit an application to the county property appraiser by March 1.

"(c) The property appraiser shall apply the discount by reducing the taxable value on those portions of the affordable housing property that provide housing to natural persons or families meeting the extremely-low-income, very-low-income, or low-income limits specified in s. 420.0004 before certifying the tax roll to the tax collector.

"1. The property appraiser shall first ascertain all other applicable exemptions, including exemptions provided pursuant to local option, and deduct all other exemptions from the assessed value.

"2. Fifty percent of the remaining value shall be subtracted to yield the discounted taxable value.

"3. The resulting taxable value shall be included in the certification for use by taxing authorities in setting millage.

"4. The property appraiser shall place the discounted amount on the tax roll when it is extended."

b. Proposed Change:

This language would increase the discount in s. 196.1978(2), F.S., from 50% to 100%.
The effective date is January 1, 2020.

Section 2: Description of Data and Sources

2017-2018 (final) real property assessment rolls
March 2019 Ad Valorem Assessments Revenue Estimating Conference estimates (non-residential just and taxable value)
List of Affordable Rental Properties in Florida, provided by the Florida Housing Finance Corporation

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis is based on 2018 roll values for parcels that already have an affordable housing exemption (EXMPT_15 field) and parcels that were matched with FHFC developments reaching their 15^{th} year of providing housing within the forecast period.

To gather the cohort of parcels with a current exemption under s. 196.1978(2), F.S., all parcels with a current affordable housing exemption were filtered from a statewide dataset. Any parcel with an affordable housing exemption greater than 50% of the assessed value was removed. Additionally, parcels with use code 75 (used for "other non-profit or charitable services") or with an affordable housing exemption in 2017 (before the 50% exemption was added to the rolls) was removed from the dataset. At the parcel level, the county-level exemption was doubled or, if the parcel had other exemptions, increased to the maximum value possible. The increased exemption was used to calculate the new county-level taxable value (TV) for each parcel. The proportion of county TV removed in this calculation was applied to the school-level TV to estimate the new school TV. The TV impact for current affordable housing properties is the difference between the original and new TVs. The impact was grown by the annual growth rates of non-residential just value (for school impact) and taxable value (for county impact) from the most recent Ad Valorem Assessments REC throughout the forecast period.

Using a list of affordable housing rental properties provided by the Florida Housing Finance Corporation (FHFC), developments that had more than 70 units, were owned by for profit entities, and would reach the 15th year of providing affordable housing within the forecast period were extracted. This included 192 developments. These developments were all matched to the assessment rolls. A sizeable minority of the individual projects did not perfectly match individual parcels on the rolls. These developments either had multiple parcels for one project, multiple projects within a single parcel (e.g., phase 1 and phase 2 of a larger development), or the parcel's number of residential units reported on the roll did not match the FHFC's total units for the project. Projects that were located on multiple parcels were aggregated into a single record. For the other two types of discrepancies, the roll values were adjusted by the proportion of FHFC units to the roll's units. Additionally, parcels that were assigned use code 75 were removed.

The roll values for each development were reduced by the percent of total units that are considered "affordable" by the FHFC. The apartments that can be rented at market rate aren't exempt from taxation, so the they are excluded from the analysis.

The 2018 roll values were then aggregated by the year each development started offering affordable housing. The year each group becomes eligible for the affordable housing exemption is the start year plus 15. The total 2018 school and county taxable values for the grouped developments were grown throughout the forecast period using the same annual growth rates that were used above. The county and school taxable value impacts for properties that will be exempt in the forecast period were calculated separately.

Beginning in the first year of the forecast period, only developments that started providing affordable housing in 2004 were included in the impact. A new cohort was added to the total taxable value of eligible properties each year (highlighted in blue) and the impacts were stacked. As the property value was already reduced to the portion of the property used for affordable housing, it was assumed that the exemption under current law is the taxable value divided by two. The TV impact of this change in law is the difference between the current exemption and the total TV.

The annual impact of currently exempt parcels was added to the impact of these soon-to-be-exempt properties. The 2018 effective statewide millage rates were applied to the total county and school TV impacts to calculate the annual fiscal impact. The middle impact was adjusted by 5% in either direction to create the high and low impacts.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	$ -	$ (23.9 M)	$ -	$ (22.7 M)	$ -	$ (21.6 M)
2020-21	$ (27.1 M)	$ (27.1 M)	$ (25.8 M)	$ (25.8 M)	$ (24.5 M)	$ (24.5 M)
2021-22	$ (29.9 M)	$ (29.9 M)	$ (28.5 M)	$ (28.5 M)	$ (27.1 M)	$ (27.1 M)
2022-23	$ (32.7 M)	$ (32.7 M)	$ (31.1 M)	$ (31.1 M)	$ (29.6 M)	$ (29.6 M)
2023-24	$ (35.9 M)	$ (35.9 M)	$ (34.2 M)	$ (34.2 M)	$ (32.4 M)	$ (32.4 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 04/19/2019): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	0.0	(8.8)	0.0	(13.9)	0.0	(22.7)
2020-21	(10.0)	(10.0)	(15.8)	(15.8)	(25.8)	(25.8)
2021-22	(11.0)	(11.0)	(17.5)	(17.5)	(28.5)	(28.5)
2022-23	(11.9)	(11.9)	(19.2)	(19.2)	(31.1)	(31.1)
2023-24	(13.1)	(13.1)	(21.1)	(21.1)	(34.2)	(34.2)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem
Issue: Affordable Housing - Recorded Agreements at 100%
Bill Number(s): Proposed Language

	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	(22.7)	0.0	(22.7)
2020-21	0.0	0.0	0.0	0.0	(25.8)	(25.8)	(25.8)	(25.8)
2021-22	0.0	0.0	0.0	0.0	(28.5)	(28.5)	(28.5)	(28.5)
2022-23	0.0	0.0	0.0	0.0	(31.1)	(31.1)	(31.1)	(31.1)
2023-24	0.0	0.0	0.0	0.0	(34.2)	(34.2)	(34.2)	(34.2)

Impact for existing 50% exemptions

- All parcels with an affordable housing exemption were extracted from the 2018 final rolls.
- Parcels with any of the following were excluded:
  - Exemption 15 value more than 50% of the assessed value (to exclude parcels with an exemption under s. 196.1978(1), F.S.)
  - Use Code 75
  - Exemption 15 on previous tax rolls (the 50% exemption was only added to the roll in 2018)
- The exemption value was doubled to calculate the a 100% exemption for the portion of the property used for affordable housing.

	EXMPT_15 (County-Level)	TV_NSD	TV_SD
Reported	1,121,489,571	1,253,480,028	1,337,552,533
Adjusted	2,238,638,277	136,331,322	146,017,872
Difference	1,117,148,706	1,117,148,706	1,191,534,661

Year	Non-Res TV Total	County Growth	County TV Impact
2018	473,064,999,241		-1,117,148,706
2019	504,106,001,958	6.56%	-1,190,452,409
2020	532,542,335,901	5.64%	-1,257,605,154
2021	560,571,707,982	5.26%	-1,323,796,855
2022	589,372,192,550	5.14%	-1,391,809,547
2023	618,678,650,180	4.97%	-1,461,017,100
2024	648,449,704,817	4.81%	-1,531,321,805

Year	Non-Res JV Total	School Growth	School TV Impact
2018	723,563,491,043		-1,191,534,661
2019	766,622,149,116	5.95%	-1,262,441,892
2020	806,263,656,313	5.17%	-1,327,721,900
2021	845,632,371,744	4.88%	-1,392,552,684
2022	886,501,694,527	4.83%	-1,459,854,608
2023	928,403,911,675	4.73%	-1,528,857,459
2024	971,176,872,465	4.61%	-1,599,294,216

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25	**Calculations for Developments nearing 15-year threshold**											
26												
27		- FHFC's dataset for developments greater than 70 units was filtered for developments with affordable rentals starting between 2004-2009 so the 15th year would be within the forecast period.										
28		- Developments were filtered by type to exclude those labeled "Non-Profit." Only "For Profit" (and one "not avail.") were kept.										
29		- The remaining developments were matched to the rolls. Some were split into multiple parcels, some matched perfectly to a single parcel, and three parcels contained multiple developments. Comparing the NAL's field containing the number of residential units and the total number of units reported by the FHFC, developments where these counts were very different (by ~25% or more) had their values adjusted proportionally.										
30		- Parcels with use code 75 were removed from the dataset.										
31		- The values were further adjusted to remove the portion of the property that can be rented at market rate. For example, if a 100-unit project has 85 affordable units, 15% of the parcel's value was removed from the analysis.										
32		- The adjusted values were aggregated, grouping totals by whether the taxable values were greater than or equal to zero.										
33												
34						VALUE FOR "AFFORDABLE" PORTION OF DEVELOPMENTS						
35			START YEAR	15th YEAR	AFFORDABLE UNITS	JV	AV_NSD	EXMPT_NSD	TV_NSD	AV_SD	EXMPT_SD	TV_SD
36		TV=0	2004	2019	1,142	34,119,500	31,803,940	31,803,940	0	34,119,500	34,119,500	0
37			2005	2020	305	25,649,718	24,023,019	24,023,019	0	25,649,718	25,649,718	0
38			2006	2021	774	57,935,822	57,715,843	57,715,843	0	57,935,822	57,935,822	0
39			2007	2022	320	14,092,107	13,281,521	13,281,521	0	13,284,306	13,284,306	0
40			2008	2023	428	59,527,740	59,527,740	59,527,740	0	59,527,740	59,527,740	0
41		TV > 0	2004	2019	5,573	188,265,780	184,777,479	1	184,777,478	188,265,780	1	188,265,779
42			2005	2020	5,683	194,880,830	185,816,574	597,271	185,219,303	194,880,830	753,120	194,127,710
43			2006	2021	3,639	136,767,887	132,743,613	0	132,743,613	136,767,887	0	136,767,887
44			2007	2022	3,239	127,002,726	124,366,906	12,330,443	112,036,463	127,002,726	13,624,533	113,378,193
45			2008	2023	3,426	135,082,282	134,632,038	0	134,632,038	135,082,282	0	135,082,282
46			2009	2024	436	17,328,000	17,203,000	0	17,203,000	17,328,000	0	17,328,000
47												

	A	B	C	D	E	F	G	H	I	J	K	L
48	**County TV Impact Calculations**											
49						Non-School TV Grown by Year						
50			15TH YEAR	2018 TV_NSD		2019	2020	2021	2022	2023	2024	
51			2019	184,777,478		196,901,981	208,009,111	218,957,282	230,206,647	241,653,643	253,282,110	
52			2020	185,219,303		197,372,798	208,506,485	219,480,835	230,757,099	242,231,466	253,887,738	
53			2021	132,743,613		141,453,822	149,433,152	157,298,287	165,379,798	173,603,288	181,957,145	
54			2022	112,036,463		119,387,935	126,122,541	132,760,765	139,581,613	146,522,291	153,573,000	
55			2023	134,632,038		143,466,159	151,559,004	159,536,029	167,732,509	176,072,987	184,545,687	
56			2024	17,203,000		18,331,805	19,365,892	20,385,180	21,432,509	22,498,238	23,580,862	
57												
58				Included Non-School TV Total		196,901,981	416,515,596	595,736,404	765,925,158	980,083,676	1,050,826,541	
59				50% Exemption		98,450,991	208,257,798	297,868,202	382,962,579	490,041,838	525,413,271	
60				Impact for future exemptions		-98,450,991	-208,257,798	-297,868,202	-382,962,579	-490,041,838	-525,413,271	
61												
62				Impact for Currently Exempted		-1,190,452,409	-1,257,605,154	-1,323,796,855	-1,391,809,547	-1,461,017,100	-1,531,321,805	
63				Total County Impact		-1,288,903,399	-1,465,862,952	-1,621,665,057	-1,774,772,126	-1,951,058,939	-2,056,735,076	
64												
65	**School TV Impact Calculations**											
66						School TV Grown by Year						
67			15TH YEAR	2018 TV_SD		2019	2020	2021	2022	2023	2024	
68			2019	188,265,779		199,469,318	209,783,740	220,027,184	230,661,074	241,563,716	252,692,919	
69			2020	194,127,710		205,680,088	216,315,664	226,878,053	237,843,045	249,085,156	260,560,883	
70			2021	136,767,887		144,906,830	152,399,863	159,841,333	167,566,447	175,486,800	183,571,740	
71			2022	113,378,193		120,125,234	126,336,828	132,505,677	138,909,662	145,475,496	152,177,771	
72			2023	135,082,282		143,120,916	150,521,600	157,871,357	165,501,263	173,324,001	181,309,297	
73			2024	17,328,000		18,359,175	19,308,515	20,251,323	21,230,067	22,233,547	23,257,880	
74												
75				Included School TV Total		199,469,318	426,099,404	606,746,569	774,980,229	984,935,169	1,053,570,489	
76				50% Exemption		99,734,659	213,049,702	303,373,285	387,490,114	492,467,584	526,785,245	
77				Impact for future exemptions		-99,734,659	-213,049,702	-303,373,285	-387,490,114	-492,467,584	-526,785,245	
78												
79				Impact for Currently Exempted		-1,262,441,892	-1,327,721,900	-1,392,552,684	-1,459,854,608	-1,528,857,459	-1,599,294,216	
80				Total School Impact		-1,362,176,551	-1,540,771,602	-1,695,925,969	-1,847,344,722	-2,021,325,044	-2,126,079,460	
81												

82 **TV Impact Summary & Annual Impact Calculation**

	Category	2018 Millage
83	Category	2018 Millage
84	School	6.4596
85	Non-School	10.8122

	Roll Year	County TV Impact	School TV Impact	Roll Year	County Fiscal Impact	School Fiscal Impact
87	Roll Year	County TV Impact	School TV Impact	Roll Year	County Fiscal Impact	School Fiscal Impact
88	2019	-1,288,903,399	-1,362,176,551	2019	-13,935,881	-8,799,116
89	2020	-1,465,862,952	-1,540,771,602	2020	-15,849,203	-9,952,768
90	2021	-1,621,665,057	-1,695,925,969	2021	-17,533,767	-10,955,003
91	2022	-1,774,772,126	-1,847,344,722	2022	-19,189,191	-11,933,108
92	2023	-1,951,058,939	-2,021,325,044	2023	-21,095,239	-13,056,951
93	2024	-2,056,735,076	-2,126,079,460	2024	-22,237,831	-13,733,623

95 **Adjustments**

	High	Middle	Low
96	High	Middle	Low
97	5%	0%	-5%

99 **Impact Summary**

101 **School Impact**

		High		Middle		Low	
102		**High**		**Middle**		**Low**	
103	**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
104	2019-20		$ (9.2 M)		$ (8.8 M)		$ (8.4 M)
105	2020-21	$ (10.5 M)	$ (10.5 M)	$ (10.0 M)	$ (10.0 M)	$ (9.5 M)	$ (9.5 M)
106	2021-22	$ (11.5 M)	$ (11.5 M)	$ (11.0 M)	$ (11.0 M)	$ (10.4 M)	$ (10.4 M)
107	2022-23	$ (12.5 M)	$ (12.5 M)	$ (11.9 M)	$ (11.9 M)	$ (11.3 M)	$ (11.3 M)
108	2023-24	$ (13.7 M)	$ (13.7 M)	$ (13.1 M)	$ (13.1 M)	$ (12.4 M)	$ (12.4 M)

110 **Non-School Impact**

		High		Middle		Low	
111		**High**		**Middle**		**Low**	
112	**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**
113	2019-20		$ (14.6 M)		$ (13.9 M)		$ (13.2 M)
114	2020-21	$ (16.6 M)	$ (16.6 M)	$ (15.8 M)	$ (15.8 M)	$ (15.1 M)	$ (15.1 M)
115	2021-22	$ (18.4 M)	$ (18.4 M)	$ (17.5 M)	$ (17.5 M)	$ (16.7 M)	$ (16.7 M)
116	2022-23	$ (20.1 M)	$ (20.1 M)	$ (19.2 M)	$ (19.2 M)	$ (18.2 M)	$ (18.2 M)
117	2023-24	$ (22.2 M)	$ (22.2 M)	$ (21.1 M)	$ (21.1 M)	$ (20.0 M)	$ (20.0 M)

	A	B	C	D	E	F	G	H	I	J	K	L
119		**Total Impact Summary**										
120			**High**		**Middle**		**Low**					
121		**Year**	**Cash**	**Recurring**	**Cash**	**Recurring**	**Cash**	**Recurring**				
122		2019-20	$ -	$ (23.9 M)	$ -	$ (22.7 M)	$ -	$ (21.6 M)				
123		2020-21	$ (27.1 M)	$ (27.1 M)	$ (25.8 M)	$ (25.8 M)	$ (24.5 M)	$ (24.5 M)				
124		2021-22	$ (29.9 M)	$ (29.9 M)	$ (28.5 M)	$ (28.5 M)	$ (27.1 M)	$ (27.1 M)				
125		2022-23	$ (32.7 M)	$ (32.7 M)	$ (31.1 M)	$ (31.1 M)	$ (29.6 M)	$ (29.6 M)				
126		2023-24	$ (35.9 M)	$ (35.9 M)	$ (34.2 M)	$ (34.2 M)	$ (32.4 M)	$ (32.4 M)				
127												

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: 1031 Exchange Credit
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: Section authorizing credit operates retroactively to January 1, 2018
Date of Analysis: 4/17/2019

Section 1: Narrative

a. Current Law: There is no credit for entities that engage in 1031 exchanges.

b. Proposed Change: Creates section 220.197, Florida Statutes, to read:
220.197 1031 Exchange Credit. —
(1) A taxpayer is eligible for a $10 million credit against the tax imposed by this chapter for its 2018 taxable year if:
(a) The taxpayer is in NAICS national industry groups 532111. As used in this paragraph, "NAICS" means those classifications contained in the North American Industry Classification System, as published in 2007 by the Office of Management and Budget, Executive Office of the President;
(b) The taxpayer deferred gains on the sale of personal property assets for federal income tax purposes under s. 1031 of the Internal Revenue code during its taxable year beginning on or after August 1, 2016 and before August 1, 2017; and
(c) The taxpayer's final tax liability for its taxable year beginning on or after August 1, 2017 and before August 1, 2018, before application of the credit authorized by this section is greater than $15 million and is at least 700 percent greater than its final tax liability for its taxable year beginning on or after August 1, 2016 and before August 1, 2017.

Section 2: Description of Data and Sources
NAICS Code 532111 – Passenger Car Rental
IBISWorld Discussion of NAICS 532111 Industry Structure
CIT Payment and Return Data

Section 3: Methodology (Include Assumptions and Attach Details)
For the low, it was assumed that two entities would qualify for the credit. For the middle, it was assumed that three entities would qualify for the credit, and for the high it was assumed that ten entities would qualify for the credit.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	($100 M)		($30 M)		($20 M)	
2020-21						
2021-22						
2022-23						
2023-24						

List of affected Trust Funds: CIT Group

Section 5: Consensus Estimate (Adopted: 04/19/2019): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(30.0)	0.0	0.0	0.0	0.0	0.0	(30.0)	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: Highway Safety Fees
Issue: Driver License Reinstatement Days
Bill Number(s): CS HB 7125

☐ **Entire Bill**
☒ **Partial Bill**: Section 9
Sponsor(s): Renner
Month/Year Impact Begins: 10/01/2019
Date of Analysis: 04/19/2019

Section 1: Narrative

a. Current Law: The Department of Highway Safety and Motor Vehicles may, at the request of a clerk of court, suspend or revoke the driver license of an individual for certain financial reasons such as failure to pay certain court costs or traffic fines. Florida statutes currently does not contain any provisions which create or address Driver License Reinstatement Days.

b. Proposed Change: Section 322.75, F.S. is created to direct each clerk of court to establish a Driver License Days Reinstatement Program, which may include the Department of Highway Safety and Motor Vehicles, the state attorney's office, the public defender's office, the clerk of courts, and any interested community organization. The clerk shall select one or more days for an event at which a person may have his or her driver license reinstated. While the person must pay the full reinstatement fee, the clerk may waive other fees and cost to facilitate reinstatement. The following table depicts potential suspensions and revocations which would and would not be eligible for this program:

Eligible
Driving without a valid license
Driving with a suspended license
Failure to pay penalties on collection
Failure to appear in court for a traffic violation
Failure to comply with any provision of chapters 318 or 322
Not Eligible
Failure to fulfill court-ordered child support obligation
Driving Under the Influence (DUI) per s. 316.193, F.S.
Failure to complete driver training or education programs
Traffic related felony
Habitual traffic offender per s. 322.64, F.S.

In addition, a person is only eligible for reinstatement if the period of suspension or revocation has elapsed and the person has completed all courses or programs required for reinstatement such as driver improvement or alcohol abuse education. The clerk of court must collect and report data to the Florida Clerk of Courts Operations Corporation including cases paid in full, cases put on a payment plan, number of driver license reinstatements, driver licenses made eligible for reinstatement, fees and cost collected, costs incurred by the court, and cases which fail to comply with the payment plan.

Section 2: Description of Data and Sources

Phone and email contact with staff from the Department of Highway Safety and Motor Vehicles
Staff analysis for HB 943 prepared by the House Appropriations Committee on 03/19/2019

Section 3: Methodology (Include Assumptions and Attach Details)

The creation of Reinstatement Days will have a positive/negative indeterminate impact on the General Revenue Fund, various state trust funds, and local funds. While every clerk of the court is instructed to have a Reinstatement Days program, the length and timing is to be determined by individual clerks. The lack of consistency regarding program timing and duration introduces a layer of uncertainty to any potential impact. In addition, while there is a potential negative impact from the clerk of courts having the authority to "waive other fees and cost to facilitate reinstatement," the discretion to waive any set of to-be-determined fees causes the impact from such actions to be unquantifiable. There is also a potential positive impact to reinstatement fees and non-waived court fees due to acceleration of driver license reinstatements; however, this positive impact is also non quantifiable. To qualify for the program, an individual must pay the complete reinstatement fee and have completed the entire term of suspension/revocation. It is very possible that most reinstatements which take place during the Reinstatement Days program would likely have occurred at a later date during the current fiscal year. Plus, any reinstatements which are accelerated from a subsequent fiscal year would cause an offsetting, indeterminate negative impact during the fiscal year in which they would have otherwise occurred. In conclusion, the

Tax: Highway Safety Fees
Issue: Driver License Reinstatement Days
Bill Number(s): CS HB 7125

net indeterminate impact cannot definitively be categorized as positive or negative because of the unknown balance resulting from the offsetting positive impact from accelerated reinstatement fee payments, the negative impacts from payments which are being shifted to a prior fiscal year, and the negative impacts from fees which might be waived by the clerk of courts at their discretion.

Section 4: Proposed Fiscal Impact

GR, Trust, Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			(**)/**	(**)/**		
2020-21			(**)/**	(**)/**		
2021-22			(**)/**	(**)/**		
2022-23			(**)/**	(**)/**		
2023-24			(**)/**	(**)/**		

List of affected Trust Funds:
General Revenue Fund
Highway Safety Operating Trust Fund
State Attorney Trust Fund
Indigent Criminal defense Trust Fund
State Courts Revenue Trust Fund
Local Trust Funds

Section 5: Consensus Estimate (Adopted: 04/19/2019): The Conference adopted the proposed estimate.

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

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety Fees
Issue: Driver License Reinstatements
Bill Number(s): CSHB 7125

☐ **Entire Bill**
☒ **Partial Bill**: Sections 6, 7, 19, 20, 23, 36, and 43
Sponsor(s): Renner
Month/Year Impact Begins: 10/01/2019
Date of Analysis: 04/19/2019

Section 1: Narrative

a. Current Law: Section 322.056, F.S. directs the court to withhold, suspend, or revoke the driver license of a person under 18 years of age found guilty of certain tobacco, alcohol, or drug related offenses. Examples of these offenses include possession of tobacco products, purchase of tobacco products, misrepresenting age when attempting to purchase tobacco products, possession of alcoholic beverages, and misrepresenting age when attempting to purchase alcohol. Section 322.057, F.S. allows the court to suspend or revoke the driver license of an individual who provides alcohol to persons under 21 years of age. Sections 562.11, 562.111, 569.111, and 877.112, F.S. provided conforming language to the withholding, suspension, or revocation of driver licenses for minors committing tobacco or alcohol offenses per section 322.056, F.S. and individuals providing alcohol to persons under 21 years of age per section 322.057, F.S. Section 812.0155, F.S. allows the court to suspend the driver license of individuals who are guilty of misdemeanor thefts per sections 812.014 and 812.015, F.S. either in addition to sentencing or in lieu of sentencing.

b. Proposed Change: Section 322.056, F.S. is revised to remove the suspension, revocation, or withholding of driver licenses for individuals under 18 years of age found guilty of certain tobacco and alcohol offenses. Section 322.057, F.S. is revised to remove the suspension or revocation of the driver license of an individual who provides alcohol to persons under 21 years of age. Sections 562.11, 562.111, 569.111, and 877.112, F.S. are revised to conform to changes made earlier in the bill. Section 812.0155, F.S. is revised allow the court to suspend the driver license of individuals who are guilty of misdemeanor thefts per sections 812.014 and 812.015, F.S. <u>only</u> in lieu of sentencing.

Section 2: Description of Data and Sources
Highway Safety REC held 02/28/2019
HSMV Driver's License Suspensions and Revocations CY 2015, CY 2016, and CY 2017

Section 3: Methodology (Include Assumptions and Attach Details)
Driver license suspension and revocations translate into revenue through reinstatement fees. Section 322.21(8), F.S., requires a person who applies for reinstatement following a suspension or revocation to pay a service fee of $45 following a suspension and $75 following a revocation. Additionally, the county tax collectors are required to charge a service fee of $6.25, when providing services in ch. 322, F.S., including driver license reinstatements. Abolishing the driver license suspension or revocation for the offenses outlined in the bill will have a negative impact on the General Revenue Fund, Highway Safety Operating Trust Fund, and Local Trust Funds from nonpayment of these fees.

To estimate the revenue impact of this bill's removal of certain driver license suspensions or revocations, a three year average of the proportion of the suspensions and revocations to be removed or repealed by the proposed language (approximately 0.1199% and 0.2301% respectively) was applied to the total suspensions and revocations from the most recent HSMV REC forecast. To account for the impact to local tax collectors, the reinstatement transactions lost were multiplied by their base fee, $6.25. To account for the outstanding suspensions that continue to reinstate upon this bill being effective (10/1/2019), the first fiscal year cash impact was reduced by approximately 61.49% for revocations and 62.68% for suspensions, which represents the three year average reinstatements within the year for the offenses being impacted by the bill.

Note that the changes made to section 812.0155, F.S. do not necessarily prevent the suspension or revocation of driver licenses for misdemeanor theft offenses. Rather, the court may only suspend or revoke a license in lieu of sentencing rather than in addition to sentencing. While the changes to this bill will not eliminate all licenses suspensions and revocations pursuant to that section, the entirety was included in the analysis for display purposes, the results of which were still comfortably under the insignificant threshold.

REVENUE ESTIMATING CONFERENCE

Tax: Highway Safety Fees
Issue: Driver License Reinstatements
Bill Number(s): CSHB 7125

Section 4: Proposed Fiscal Impact

GR, Trust, Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			(*)	(*)		
2020-21			(*)	(*)		
2021-22			(*)	(*)		
2022-23			(*)	(*)		
2023-24			(*)	(*)		

List of affected Trust Funds:
General Revenue Fund
Highway Safety Operating Trust Fund
Local Trust Funds

Section 5: Consensus Estimate (Adopted: 04/19/2019): The Conference adopted the proposed estimate.

	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	G	H	I
1	**Current Forecast**								
2	**Reinstatement of Revocation**					**Reinstatement of Suspension**			
3		Total	GR	HSOTF			Total	GR	HSOTF
4	2019-20	$ 3,691,712	$ 1,722,387	$ 1,969,325		2019-20	$ 2,003,612	$ 668,031	$ 1,335,581
5	2020-21	$ 3,719,400	$ 1,735,305	$ 1,984,095		2020-21	$ 2,037,673	$ 679,388	$ 1,358,286
6	2021-22	$ 3,747,530	$ 1,748,429	$ 1,999,101		2021-22	$ 2,066,201	$ 688,899	$ 1,377,302
7	2022-23	$ 3,768,003	$ 1,757,981	$ 2,010,022		2022-23	$ 2,086,863	$ 695,788	$ 1,391,075
8	2023-24	$ 3,801,776	$ 1,773,738	$ 2,028,038		2023-24	$ 2,105,645	$ 702,050	$ 1,403,595
9									
10	% Share of Revocations/Suspensions Eliminated								
11		Revocation	Suspension						
12	3 Yr AVG	0.2301%	0.1199%						
13									
14	% Paid Within First Year (For Cash Impact)								
15		Revocation	Suspension						
16	3 Yr AVG	38.5130%	37.3165%						
17		61.4870%	62.6835%						
18	**HB 7125 - Reductions**								
19	**Reinstatement of Revocation**					**Reinstatement of Suspension**			
20		Total	GR	HSOTF			Total	GR	HSOTF
21	2019-20	$ (8,495)	$ (3,964)	$ (4,532)		2019-20	$ (2,402)	$ (801)	$ (1,601)
22	2020-21	$ (8,559)	$ (3,993)	$ (4,566)		2020-21	$ (2,443)	$ (814)	$ (1,628)
23	2021-22	$ (8,624)	$ (4,023)	$ (4,600)		2021-22	$ (2,477)	$ (826)	$ (1,651)
24	2022-23	$ (8,671)	$ (4,045)	$ (4,625)		2022-23	$ (2,502)	$ (834)	$ (1,668)
25	2023-24	$ (8,749)	$ (4,082)	$ (4,667)		2023-24	$ (2,524)	$ (842)	$ (1,683)
26									
27	**Adjusted for Reinstatement Lag (For Cash Impact)**								
28		Total	GR	HSOTF			Total	GR	HSOTF
29	2019-20	$ (3,272)	$ (1,526)	$ (1,745)		2019-20	$ (896)	$ (299)	$ (597)
30									
31	**Calculation of Tax Collector Fee Impact**								
32		Transactions Lost	$6.25 Tax Collector Fee						
33	2019-20	-167	$ (1,042)						
34	2019-20***	-64	$ (397)						
35	2020-21	-168	$ (1,053)						
36	2021-22	-170	$ (1,063)						
37	2022-23	-171	$ (1,070)						
38	2023-24	-173	$ (1,080)						
39	2019-20*** is the cash impact								

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees
Issue: $75 Fee for Sealing Criminal Records
Bill Number(s): CS HB 7125

☐ **Entire Bill**
☒ **Partial Bill**: Section 52
Sponsor(s): Renner
Month/Year Impact Begins: 10/01/2019
Date of Analysis: 04/19/2019

Section 1: Narrative

a. **Current Law**: Section 943.059, F.S. allows for the sealing of a criminal history via court order, rendering that history exempt from Florida's public records laws with some exceptions (licensing, employment, etc.). Prior to petitioning the court to seal a criminal history record, a person seeking to seal a criminal history record shall apply to the Florida Department of Law Enforcement (FDLE) for a certificate of eligibility for sealing. A certificate of eligibility for sealing is valid for 12 months after the date stamped on the certificate when issued by the department. The department shall issue a certificate of eligibility for sealing to a person who is the subject of a criminal history record provided that such person has submitted to the department a certified copy of the disposition of the charge to which the petition to seal pertains and remits a $75 processing fee to the department for placement into the Department of Law Enforcement Operating Trust Fund, unless such fee is waived by the executive director.

b. **Proposed Change**: Section 943.0595, F.S. is created so that a person is automatically eligible to have a criminal record sealed if that record is not the result of a charging document for a forcible felony (a felony that involves use or threat of physical violence). The record will be automatically sealed if the charges are not filed, the charges are dismissed unless due to incompetency to proceed, or the defendant is acquitted either by verdict or judgement. Individuals whose criminal record is sealed pursuant to this new section will not be required to pay the $75 fee.

Section 2: Description of Data and Sources
Phone and email contact with FDLE staff
Staff Analysis for CS HB 7125 prepared by the Appropriations Committee on 04/17/2019
Schedule 1 for the Law Enforcement Operating Trust Fund

Section 3: Methodology (Include Assumptions and Attach Details)
There would be a negative impact to the Law Enforcement Operating Trust Fund because a segment of the population which currently pays the $75 to have their eligibility for court sealing researched would now have those records sealed automatically without paying the fee. The impact is indeterminate because there is no way to determine what portion of the current population which currently pays the $75 application fee, an indeterminate number of whom are ineligible, would automatically qualify pursuant to this bill. The Schedule 1 for the trust fund shows $1.2M for each of the past two fiscal years on a line which combine BOTH the $75 fee for sealing AND expunging a criminal record, the second of which would not be impacted by this bill. For display purposes, if one was to take the average of the two fiscal year's schedule 1 data, reduce to 80% to exclude expunging of records, reduce again to 50% for invalid or ineligible applications, then reduce again for 50% becoming automatically sealed and thus exempt from the $75 fee, the result would be a negative impact of -$0.2M:

FY 2016-17	$ 1,263,763
FY 2017-18	$ 1,211,858
Average	$ 1,237,811
80% For Sealing Records	$ 990,248
50% Currently Eligible	$ 495,124
50% Becomes Exempt From Fee	$ (247,562)

REVENUE ESTIMATING CONFERENCE

Tax: Other Taxes and Fees
Issue: $75 Fee for Sealing Criminal Records
Bill Number(s): CS HB 7125

Section 4: Proposed Fiscal Impact

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			(**)	(**)		
2020-21			(**)	(**)		
2021-22			(**)	(**)		
2022-23			(**)	(**)		
2023-24			(**)	(**)		

List of affected Trust Funds:
Law Enforcement Operating Trust Fund

Section 5: Consensus Estimate (Adopted: 04/19/2019): 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	(**)	(**)
2020-21	(**)	(**)	(**)	(**)	0.0	0.0	(**)	(**)
2021-22	(**)	(**)	(**)	(**)	0.0	0.0	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	0.0	0.0	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	0.0	0.0	(**)	(**)

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax
Issue: Penalty Thresholds
Bill Number(s): HB 7125

☐ **Entire Bill**
☒ **Partial Bill**: Section 1
Sponsor(s): Judiciary Committee, Rep. Renner, Rep. Daniels
Month/Year Impact Begins: 10/1/2019
Date of Analysis: 4/17/2019

Section 1: Narrative

a. Current Law: Section 212.15, Florida Statutes, provides (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 section 212.15(2) (a) to provide that if the total amount of stolen revenue is less than $1000, the offense is a misdemeanor of the second degree. Revises s. 212.15(2)(b) to provide that if the total amount of stolen revenue is $1000 of 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.

Section 2: Description of Data and Sources
Conversations with GTA Criminal Investigations staff

Section 3: Methodology (Include Assumptions and Attach Details)
Low Impact - $0
Criminal prosecution is not likely to occur where the amount involved is less than $1000.
High impact – Negative indeterminate. Reduction in the possible criminal penalties has some impact on voluntary compliance.

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: Sales Tax Group

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax
Issue: Penalty Thresholds
Bill Number(s): HB 7125

Section 5: Consensus Estimate (Adopted: 04/19/2019): The Conference adopted a zero impact. This reflects the Department's current administration.

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

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Piggyback Bill, Decouple GILTI (RETRO), Repeal Rate Reduction, Extend Refunds One Year
Bill Number(s): CS/CS/SB 576

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: Applies retroactively to January 1, 2019, affecting revenues in 2019-20
Date of Analysis: 4/16/2019

Section 1: Narrative

a. Current Law: Florida adopted the provisions with respect to taxation of Global Intangible Low Taxed Income (GILTI).

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 exceeded the forecast collection amount times 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: Decouples from the taxation of GILTI by providing for a subtraction for all amounts included in taxable income under s. 951A of the Internal Revenue Code.
Extends the refund provision to also apply to 2019-20 compared to the February 23, 2018 REC estimate. Provides that refunds issued due to receipts in 2018-19 exceeding the February 23, 2018 estimate times 1.07 are not included in determining whether the 2019-20 trigger is hit.
Eliminates the Rate Reduction Mechanism.
Provides for certain information reporting by CIT filers. Provides for penalties of $1000 or 1% of the tax determined to be due, whichever is greater, for failure to provide the required information.

Section 2: Description of Data and Sources

February 23, 2018 General Revenue Estimating Conference workpapers
March 14, 2019 General Revenue Estimating Conference workpapers
Joint Committee on Taxation 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
Conversations with staff of the Joint Committee on Taxation.

Section 3: Methodology (Include Assumptions and Attach Details)

Simulated additional refunds based upon the specified trigger amounts not including excess collection refunds in determining whether trigger is hit. If trigger is hit, measured the amount of additional refunds to be issued. Removed any impact from the rate reduction for 2019 liability.

The current forecast revenues from the 3/14/2019 General Revenue Estimating Conference were adjusted to eliminate the 2019 liability year rate reduction impact under current law from the forecast.

<u>Provisions decoupling from GILTI</u>

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 change item 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.

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Piggyback Bill, Decouple GILTI (RETRO), Repeal Rate Reduction, Extend Refunds One Year
Bill Number(s): CS/CS/SB 576

Impacts indicated to occur in 2017-18 and 2018-19 for GILTI by this analysis were rolled into 2019-20 as they would have to be realized by refund.

Section 4: Proposed Fiscal Impact

Repeal Rate Reduction, Extend Refunds One Year

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			$121.5	$0		
2020-21			($151.3 M)	$0		
2021-22			$3.0	$0		
2022-23			$0	$0		
2023-24			$0	$0		

Decouple from GILTI

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($320.1 M)	($105.5 M)		
2020-21			($109.7 M)	($105.5 M)		
2021-22			($107.7 M)	($105.5 M)		
2022-23			($104.4 M)	($105.5 M)		
2023-24			($105.5 M)	($105.5 M)		

List of affected Trust Funds:
CIT Group

Section 5: Consensus Estimate (Adopted: 04/19/2019) 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 represents a substantial share of that amount. The exclusion of GILTI 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 GILTI decoupling to apply retroactively produces a multi-year impact in FY 2019-20 from those prior year reversals. Finally, the extension of the refund provision introduces additional uncertainty regarding the net effect of the bill. 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	(**)	(**)

	A	B	C	D	E	F	G	H	I	J	K
1	February 23, 2018 Corporate Income Tax Forecast										
2		Net Collections	Net collections * 1.07	Forecast/ Simulated Collections							
3	2019-20	$2,185.50	$2,338.49								
4	2020-21	$2,234.40	$2,390.81								
5	2021-22	$2,288.00	$2,448.16								
6	2022-23	$2,359.50	$2,524.67								
7											
8											
9	March 14, 2019 Corporate Income Tax Forecast										
10		Total Collections	Refunds	Unadjusted Net Collections	Excess collection from prior period refund	Effect of Rate Reduction on collections	Total forecast collections				
11	2016-17	$2,366.4	$193.9	$2,172.5							
12	2017-18	$2,413.0	$230.0	$2,183.0							
13	2018-19	$2,754.8	$262.7	$2,492.1							
14	2019-20	$2,816.1	$268.5	$2,547.6	$166.3	$121.5	$2,259.8				
15	2020-21	$2,856.7	$272.5	$2,584.2		$57.8	$2,526.4				
16	2021-22	$2,919.8	$268.6	$2,651.2		$3.0	$2,648.2				
17	2022-23	$3,001.9	$276.2	$2,725.7			$2,725.7				
18	2023-24	$3,074.5	$282.9	$2,791.6			$2,791.6				
19											
20											
21	March 14, 2019 Corporate Income Tax Forecast										
22		Total Collections	Refunds	Unadjusted Net Collections	Excess collection from prior period refund		Total forecast collections	Net Collections before excess collection refunds	Trigger Amount	Is Trigger hit?	Excess Collections refunds to be issued
23	2016-17	$2,366.4	$193.9	$2,172.5							
24	2017-18	$2,413.0	$230.0	$2,183.0							
25	2018-19	$2,754.8	$262.7	$2,492.1							
26	2019-20	$2,816.1	$268.5	$2,547.6	$166.3		$2,381.3	$2,547.6	$2,338.5	Yes	$209.1
27	2020-21	$2,856.7	$272.5	$2,584.2	$209.1		$2,375.1				
28	2021-22	$2,919.8	$268.6	$2,651.2			$2,651.2				
29	2022-23	$3,001.9	$276.2	$2,725.7			$2,725.7				
30	2023-24	$3,074.5	$282.9	$2,791.6			$2,791.6				
31											
32											
33		Repeal of Rate Cut Mechanism	additional Refunds	Total Impact							
34	2019-20	$ 121.5		$ 121.5							
35	2020-21	$ 57.8	$ (209.1)	$ (151.3)							
36	2021-22	$ 3.0	$ -	$ 3.0							
37	2022-23	$ -	$ -	$ -							
38	2023-24	$ -	$ -	$ -							

	A	B	C	D	E	F	G	H
1	GILTI - JCT Methodology							
2		Table 1 - (Millions)						
3	**Line**	Federal Fiscal Years	**2018**	**2019**	**2020**	**2021**	**2022**	**2018 - 2022**
4	**1**	Global Intangible Low Taxed Income	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
5	**2**	100% Federal CIT Impact	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
6	**3**	Conversion to base impact	$36,667	$59,524	$45,714	$45,238	$44,286	**$231,429**
7	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,613	$2,619	$2,011	$1,990	$1,949	**$10,183**
8	**5**	Florida Tax Impact prior to state fiscal year conversion	$89	$144	$111	$109	$107	**$560**
9	**6**	Conversion to Florida Fiscal Year	$70	$132	$118	$110	$108	**$538**
10								
11		Table 2 - (Millions)						
12	**Line**	Federal Fiscal Years	**2023**	**2024**	**2025**	**2026**	**2027**	**2018 - 2027**
13	**1**	Global Intangible Low Taxed Income	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
14	**2**	100% Federal CIT Impact	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
15	**3**	Conversion to base impact	$42,857	$43,810	$44,286	$71,905	$100,952	**$535,238**
16	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,886	$1,928	$1,949	$3,164	$4,442	**$23,550**
17	**5**	Florida Tax Impact prior to state fiscal year conversion	$104	$106	$107	$174	$244	**$1,295**
18	**6**	Conversion to Florida Fiscal Year	$104	$106	$107	$160	$230	**$1,244**
19								
20								
21		Florida Impacts of Coupling to GILTI	Impacts of Decoupling from GILTI					
22	2017-18	$70.1						
23	2018-19	$132.4						
24	2019-20	$117.7	-$320.1					
25	2020-21	$109.7	-$109.7					
26	2021-22	$107.7	-$107.7					
27	2022-23	$104.4	-$104.4					
28	2023-24	$105.5	-$105.5					

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Piggyback Bill, Decouple from GILTI (Retro), Extend Rate Mechanism & Refunds Two Years
Bill Number(s): HB7127

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): N/A
Month/Year Impact Begins: Applies retroactively to January 1, 2019, affecting revenues in 2020-21
Date of Analysis: 4/16/2019

Section 1: Narrative

a. Current Law: Florida adopted the provisions with respect to taxation of Global Intangible Low Taxed Income (GILTI).

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 exceeded the forecast collection amount times 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: Decouples from the taxation of GILTI by providing for a subtraction for all amounts included in taxable income under s. 951A of the Internal Revenue Code.
Extends the refund provision to also apply to 2019-20 and 2020-21 collections compared to the February 23, 2018 REC estimate. Extends the Rate Reduction Mechanism to also apply to 2020 and 2021 liability years if the CIT collections for 2019-20 or 2020-21 exceed the February 23, 2018 REC forecasted collections times 1.07. Provides that if the tax rate is adjusted with respect to the 2019, 2020, or 2021 liability the resulting tax rate will be the tax rate imposed for subsequent years unless further adjusted. Returns rate to 5.5% for tax years beginning on or after 1/1/2022.
Provides for certain information reporting by CIT filers. Provides for penalties of $1000 or 1% of the tax determined to be due, whichever is greater, for failure to provide the required information.

Section 2: Description of Data and Sources

February 23, 2018 General Revenue Estimating Conference workpapers
March 14, 2019 General Revenue Estimating Conference workpapers
Joint Committee on Taxation 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
Conversations with staff of the Joint Committee on Taxation.

Section 3: Methodology (Include Assumptions and Attach Details)

Simulated additional refunds based upon the specified trigger amounts not including excess collection refunds in determining whether trigger is hit. If trigger is hit, measured the amount of additional refunds to be issued. Removed any impact from the rate reduction for 2019 liability.

Simulated the impact of the rate reduction mechanism for the 2020 and 2021 liability years.

Note the impact for this provision was analyzed without any feedback from the other provisions of the bill.
In order to estimate the impact of the revised rate reduction, 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%

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Piggyback Bill, Decouple from GILTI (Retro), Extend Rate Mechanism & Refunds Two Years
Bill Number(s): HB7127

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.

<u>Provisions decoupling from GILTI</u>
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 change item 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 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 and 2018-19 for GILTI by this analysis were rolled into 2019-20 as they would have to be realized by refund.

Section 4: Proposed Fiscal Impact
Extend Rate Reduction Mechanism and Refunds Two Years

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			$0	$0		
2020-21			($95.2 M)	$0		
2021-22			($188.2 M)	$0		
2022-23			($28.3 M)	$0		
2023-24			($3.4 M)	$0		

Decouple from GILTI

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20			($320.1 M)	($105.5 M)		
2020-21			($109.7 M)	($105.5 M)		
2021-22			($107.7 M)	($105.5 M)		
2022-23			($104.4 M)	($105.5 M)		
2023-24			($105.5 M)	($105.5 M)		

List of affected Trust Funds:
CIT Group

REVENUE ESTIMATING CONFERENCE

Tax: Corporate Income Tax
Issue: Piggyback Bill, Decouple from GILTI (Retro), Extend Rate Mechanism & Refunds Two Years
Bill Number(s): HB7127

Section 5: Consensus Estimate (Adopted: 04/19/2019): 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 represents a substantial share of that amount. The exclusion of GILTI 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 GILTI decoupling to apply retroactively produces a multi-year impact in FY 2019-20 from those prior year reversals. Finally, the tax rate cut mechanism introduces additional uncertainty regarding the net effect of the bill. 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	(**)	(**)

	A	B	C	D	E	F	G	H
1	February 23, 2018 Corporate Income Tax Forecast							
2		Net Collections	Net collections * 1.07	Forecast/ Simulated Collections	Is Trigger hit	Rate	Tax year new rate begins to apply	
3	2019-20	$2,185.50	$2,338.49	$2,259.80	No	5.133%	2019	
4	2020-21	$2,234.40	$2,390.81	$2,431.20	Yes	5.048%	2021	
5	2021-22	$2,288.00	$2,448.16					
6	2022-23	$2,359.50	$2,524.67					
7		$2,416.1						
8								
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	2016-17	$2,366.4	$193.9	$2,172.5				
12	2017-18	$2,413.0	$230.0	$2,183.0				
13	2018-19	$2,754.8	$262.7	$2,492.1				
14	2019-20	$2,816.1	$268.5	$2,547.6	$166.3		$121.5	$2,259.8
15	2020-21	$2,856.7	$272.5	$2,584.2		$39.4	$18.4	$2,526.4
16	2021-22	$2,919.8	$268.6	$2,651.2			$3.0	$2,648.2
17	2022-23	$3,001.9	$276.2	$2,725.7				$2,725.7
18	2023-24	$3,074.5	$282.9	$2,791.6				$2,791.6
19								
20								
21	For 2017 Liability					Estimated total 2017 Liability		
22	Collection year	Share of collections	total 2016-17 forecast	2017 Liability	Share of total 2017 liability	$2,382.0		
23	2016-17	29.45%	$2,172.5	$639.8	26.9%			
24	2017-18			$1,462.09	61.4%			
25	2018-19			$240.35	10.1%			
26	2019-20			$31.46	1.3%			
27	2020-21			$7.15	0.3%			
28								
29	For 2018 Liability					Estimated total 2018 Liability		
30	Collection year	Share of collections	total 2017-18 forecast	2018 Liability	Share of total 2018 liability	$2,393.5		
31	2017-18	29.45%	$2,183.0	$642.9	26.9%			
32	2018-19			$1,469.15	61.4%			
33	2019-20			$241.51	10.1%			
34	2020-21			$31.61	1.3%			
35	2021-22			$7.18	0.3%			
36								
37	Conversion to liability year							
38	For 2019 Liability						Current Law Rate Reduction	
39	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 2020 liability
40	2018-19	29.45%	$2,492.1	$733.92	26.9%	$2,732.4	$2,550.1	$685.0
41	2019-20			$1,677.2	61.4%			$1,565.3
42	2020-21			$275.7	10.1%			$257.3
43	2021-22			$36.1	1.3%			$33.7
44	2022-23			$8.20	0.3%			$7.7

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
45															
46							First tier rate reduction								
47	For 2020 Liability					Estimated total 2020 Liability	2020 total Liability at 5.133%								
48	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							
49	2019-20	29.45%	$2,547.60	$750.27	26.9%			$700.20							
50	2020-21			$1,714.53	61.4%			$1,600.12							
51	2021-22			$281.85	10.1%			$263.04							
52	2022-23			$36.89	1.3%			$34.43							
53	2023-24			$8.38	0.3%			$7.82							
54															
55							First tier rate reduction		Third tier rate reduction						
56	For 2021 Liability					Estimated total 2021 Liability	2021 total Liability at 5.133%		2021 Total Liability at 5.048%						
57	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	$2,600.38	Revised Share of total 2021 liability					
58	2020-21	29.45%	$2,584.2	$761.05	26.9%			$710.26		$698.46					
59	2021-22			$1,739.16	61.4%			$1,623.11		$1,596.14					
60	2022-23			$285.90	10.1%			$266.82		$262.39					
61	2023-24			$37.42	1.3%			$34.92		$34.34					
62	Outside forecast period			$8.50	0.3%			$7.93		$7.80					
63															
64							First tier rate reduction		Third tier rate reduction						
65	For 2022 Liability					Estimated total 2022 Liability	2022 total Liability at 5.133%		2022 Total Liability at 5.048%						
66	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	$2,667.80	Revised Share of total 2022 liability					
67	2021-22	29.45%	$2,651.2	$780.78	26.9%			$728.68		$716.57					
68	2022-23			$1,784.25	61.4%			$1,665.19		$1,637.53					
69	2023-24			$293.59	10.1%			$274.00		$269.45					
70	Outside forecast period			$46.51	1.6%			$43.41		$42.68					
71															
72							First tier rate reduction		Third tier rate reduction						
73	For 2023 Liability					Estimated total 2023 Liability	2023 total Liability at 5.133%		2023 Total Liability at 5.048%						
74	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	$2,742.77	Revised Share of total 2023 liability					
75	2022-23	29.45%	$2,725.7	$802.72	26.9%			$749.16		$736.71					
76	2023-24			$1,834.95	61.4%			$1,712.51		$1,684.06					
77	Outside forecast period			$349.66	11.7%			$326.33		$320.90					

	A	B	C	D	E	F	G	H	I	J
78										
79							First tier rate reduction		Third tier rate reduction	
80	For 2024 Liability					Estimated total 2024 Liability	2024 total Liability at 5.133%		2024 Total Liability at 5.048%	
81	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	$2,809.08	Revised Share of total 2023 liability
82	2023-24	29.45%	$2,791.6	$822.13	26.9%			$767.27		$736.71
83	Outside forecast period			$2,124.90	73.1%			$2,038.84		$2,004.96
84										
85										
86										
87										

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
88		Implied collections	forecast collections	Implied as a % of forecast	Implied collections at 5.133%	Adjusted by implied as a % of forecast at 5.133%	Reduced Revenues from first tier rate reduction	Trigger amount	Refunds and rate reduction impact from 2018-19 trigger being hit	Additional Refunds in 2021-22	Implied Collections at 5.048%	Adjusted by implied as a % of forecast	Rate reductions realized as refunds	Reduced revenues from third tier rate reduction	Total Impact
89	2020-21	$2,790.04	$2,584.2	108.0%	$2,624.85	$2,431.2	$153.0	$2,390.81	$57.80						-$95.2
90	2021-22	$2,845.05	$2,651.2	107.3%	$2,710.20	$2,525.5	$125.7		$3.0	$40.39	$2,683.23	$2,500.4		$25.13	-$188.2
91	2022-23	$2,917.95	$2,725.7	107.1%	$2,896.41	$2,705.6	$20.1				$2,891.98	$2,701.4	4.08	$4.14	-$28.3
92	2023-24	$2,996.47	$2,791.6	107.3%	$2,993.41	$2,788.8	$2.8				$2,992.83	$2,788.2		$0.54	-$3.4

	B	D
94	2020-21 Tax Rate calculations	
95	2020-21 Trigger Amount	$2,390.8
96	2021 Simulated Collections	$2,431.2
97	Rate Reduction Factor	98.3%
98	Prior Rate	5.133%
99	New Rate	5.0477%

Components of Impact

	Continuation of 5.133% rate	Additional Excess Payment Refunds	5.048% rate for 2021	Rate Reduction to 5.048 Realized thru refund	Total Impact
2019-20					$0.0
2020-21	-$95.2				-$95.2
2021-22	-$122.67	-$40.4	-$25.1		-$188.2
2022-23	-$20.12		-$4.1	-$4.08	-$28.3
2023-24	-$2.85		-$0.5		-$3.4

100				
101	Summary			
102		Current Forecast	Simulated Forecast	Impact
103	2019-20	2259.8	$2,259.8	0
104	2020-21	2526.4	$2,431.2	-$95.2
105	2021-22	2648.2	$2,460.0	-$188.2
106	2022-23	2725.7	$2,697.4	-$28.3
107	2023-24	2791.6	$2,788.2	-$3.4

	A	B	C	D	E	F	G	H
1	GILTI - JCT Methodology							
2		Table 1 - (Millions)						
3	**Line**	Federal Fiscal Years	**2018**	**2019**	**2020**	**2021**	**2022**	**2018 - 2022**
4	**1**	Global Intangible Low Taxed Income	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
5	**2**	100% Federal CIT Impact	$7,700	$12,500	$9,600	$9,500	$9,300	**$48,600**
6	**3**	Conversion to base impact	$36,667	$59,524	$45,714	$45,238	$44,286	**$231,429**
7	**4**	Florida taxable Income Share of Federal Base (4.4%)	$1,613	$2,619	$2,011	$1,990	$1,949	**$10,183**
8	**5**	Florida Tax Impact prior to state fiscal year conversion	$89	$144	$111	$109	$107	**$560**
9	**6**	Conversion to Florida Fiscal Year	$70	$132	$118	$110	$108	**$538**
10								
11		Table 2 - (Millions)						
12	**Line**	Federal Fiscal Years	**2023**	**2024**	**2025**	**2026**	**2027**	**2018 - 2027**
13	**1**	Global Intangible Low Taxed Income	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
14	**2**	100% Federal CIT Impact	$9,000	$9,200	$9,300	$15,100	$21,200	**$112,400**
15	**3**	Conversion to base impact	$42,857	$43,810	$44,286	$71,905	$100,952	**$535,238**
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17	**5**	Florida Tax Impact prior to state fiscal year conversion	$104	$106	$107	$174	$244	**$1,295**
18	**6**	Conversion to Florida Fiscal Year	$104	$106	$107	$160	$230	**$1,244**
19								
20								
21		Florida Impacts of Coupling to GILTI	Impacts of Decoupling from GILTI					
22	2017-18	$70.1						
23	2018-19	$132.4						
24	2019-20	$117.7	-$320.1					
25	2020-21	$109.7	-$109.7					
26	2021-22	$107.7	-$107.7					
27	2022-23	$104.4	-$104.4					
28	2023-24	$105.5	-$105.5					