

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Affordable Housing Charitable Exemption

Bill Number(s): CS/CS/SB998

Entire Bill

Partial Bill: Section 5

Sponsor(s): Sen. Hutson

Month/Year Impact Begins: 7/1/2020

Date of Analysis: 2/18/2020

Section 1: Narrative

- a. **Current Law:** No provision exists under current law that allows the board of county commissioners of any county or the governing authority of any municipality to adopt an ordinance to grant an ad valorem tax exemption for property used for the charitable purpose of providing affordable housing.

Section 420.0004 provides the following definitions:

(9) "Extremely-low-income persons" means one or more natural persons or a family whose total annual household income does not exceed 30 percent of the median annual adjusted gross income for households within the state. The Florida Housing Finance Corporation may adjust this amount annually by rule to provide that in lower income counties, extremely low income may exceed 30 percent of area median income and that in higher income counties, extremely low income may be less than 30 percent of area median income.

11) "Low-income persons" means one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater.

(12) "Moderate-income persons" means one or more natural persons or a family, the total annual adjusted gross household income of which is less than 120 percent of the median annual adjusted gross income for households within the state, or 120 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater.

(17) "Very-low-income persons" means one or more natural persons or a family, not including students, the total annual adjusted gross household income of which does not exceed 50 percent of the median annual adjusted gross income for households within the state, or 50 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater.

Section 420.9071 provides the following definition: (2) "Affordable" means that monthly rents or monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in subsection (19), subsection (20), or subsection (28). However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing, and housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark.

- b. **Proposed Change:** Amends section 196.196 to read: (5)(a) Property owned by an exempt organization qualified as charitable under s. 501(c)(3) of the Internal Revenue Code, and property owned by a person granted an exemption under paragraph (b), is used for a charitable purpose if the organization or person has taken affirmative steps to prepare the property to provide affordable housing to persons or families that meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004. The term "affirmative steps" means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate a commitment of the property to providing affordable housing.
- (b) The board of county commissioners of any county, or the governing authority of any municipality, may adopt an ordinance to grant an ad valorem tax exemption under s. 3, Art. VII of the State Constitution, for property used for the charitable purpose of providing affordable housing, if the person owning such property has taken affirmative steps as defined in paragraph (a) to prepare the property to provide affordable housing to persons or families that meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004.
- (c)(b)1. If property owned by an organization or person granted an exemption under this subsection is transferred for a purpose other than directly providing affordable homeownership or rental housing to persons or families who meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004, or is not in actual use to provide such affordable housing within 5 years after the date the organization or person is granted the exemption, the property

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appraiser making such determination shall serve upon the organization or person that illegally or improperly received the exemption a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that organization or person in the county, and such property must shall be identified in the notice of tax lien. The organization or person owning such property is subject to the taxes otherwise due and owing as a result of the failure to use the property to provide affordable housing plus 15 percent interest per annum and a penalty of 50 percent of the taxes owed.

2. Such lien, when filed, attaches to any property identified in the notice of tax lien owned by the organization or person that illegally or improperly received the exemption. If such organization or person no longer owns property in the county but owns property in any other county in the state, the property appraiser shall record in each such other county a notice of tax lien identifying the property owned by such organization or person in such county which shall become a lien against the identified property. Before any such lien may be filed, the organization or person so notified must be given 30 days to pay the taxes, penalties, and interest.

3. If an exemption is improperly granted as a result of a clerical mistake or an omission by the property appraiser, the organization or person improperly receiving the exemption shall not be assessed a penalty or interest.

4. The 5-year limitation specified in this subsection may be extended if the holder of the exemption continues to take affirmative steps to develop the property for the purposes specified in this subsection.

Section 2: Description of Data and Sources

2019 Real Property Tax rolls

Income in the past 12 months, in 2018 inflation adjusted dollars

Survey/Program: American Community Survey

Table ID: S1901

Product: 2018: ACS 5-Year Estimates Subject Tables

2020Q1 Mortgage rate from the 12/2019 National Economic Estimating Conference (3.75%)

2019 statewide millage rates

Section 3: Methodology (Include Assumptions and Attach Details)

Using the median household income data from the American Community Survey, multiplied the median income by 120% to obtain the moderate income limit for each county. Then applied the 30% affordable limit to arrive at a maximum annual housing cost including property taxes and insurance. Assumed that property tax and insurance were 20% of the total annual housing cost. Reduced the annual housing cost amount by this 20% amount and then divided by 12 to get a monthly housing amount. To determine the value of property that would be considered affordable, the analyst then took the present value of 360 payments at the 3.75% annual mortgage rate. This was done by county and produced a maximum property value that is assumed available to provide affordable housing. The tax rolls were then used to extract those parcels where the just value was below the limit for each county. The total taxable school and non-school values were obtained and the 2019 statewide millage rates were applied to generate an assumed upper bound for the possible impact if all counties enacted an ordinance broadly exempting property available for affordable housing. For this scenario it was assumed that the affirmative steps language would allow for improved property to be treated as charitable as affirmative steps would have been taken at some point in the past.

Another scenario was explored where the impact was assumed to be limited to vacant residential and vacant commercial properties. Those properties with use code 0 – vacant residential - and use code 10 – vacant commercial – were extracted from the tax rolls and the school and non-school taxable values for those properties were obtained. 2019 statewide millage rates were applied to generate a maximum possible impact if the exemption is limited to properties that are vacant.

Because a county or municipality must pass an ordinance to authorize the proposed exemption, the impact is negative indeterminate.

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Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21			0	(**)		
2021-22			(**)	(**)		
2022-23			(**)	(**)		
2023-24			(**)	(**)		
2024-25			(**)	(**)		

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted a negative indeterminate impact because implementation requires action by a local government. Given the lack of specificity in the language, the various options for implementation could result in significant property tax losses, including losses to jurisdictions other than the granting jurisdiction.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	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	(**)	(**)	(**)	(**)
2024-25	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G	H	I	J
1										
2	Rental or mortgage amounts									
3	Very Low income -30% of 50% of median income									
4	Low income - 30% of 80% of median income									
5	moderate Income - 30% of 120% of median income									
6										
7	Assumed property tax and insurance portion 20%									
8	Assumed Mortgage Rate 3.75%									
9	Median Household Income									
10	County #	County	Median Income	Monthly maximum mortgage or rent (including property taxes and insurance)	Assumed Mortgage or rent amount minus Property Tax and insurance portion assumed to be 20%	Mortgage value - @ 3.75%	After adjustment for first and eighth criteria (15%)	Total Taxable Value - School	Total Taxable Value - NonSchool	Parcels
11	11	Alachua	\$49,078	\$1,472	\$1,178	\$255,131	\$216,862	\$4,841,487,472	\$4,032,622,059	56,670
12	12	Baker	\$61,769	\$1,853	\$1,482	\$321,105	\$272,939	\$493,091,964	\$397,007,262	6,698
13	13	Bay	\$51,829	\$1,555	\$1,244	\$269,432	\$229,017	\$6,108,960,964	\$5,366,632,614	66,320
14	14	Bradford	\$46,197	\$1,386	\$1,109	\$240,154	\$204,131	\$415,185,620	\$336,811,412	7,822
15	15	Brevard	\$54,359	\$1,631	\$1,305	\$282,585	\$240,197	\$15,411,673,230	\$12,582,283,197	177,149
16	16	Broward	\$57,333	\$1,720	\$1,376	\$298,045	\$253,338	\$38,100,282,400	\$31,740,035,240	371,292
17	17	Calhoun	\$38,609	\$1,158	\$927	\$200,708	\$170,602	\$117,029,859	\$91,073,820	3,638
18	18	Charlotte	\$49,225	\$1,477	\$1,181	\$255,895	\$217,511	\$6,117,357,467	\$5,132,704,496	66,813
19	19	Citrus	\$41,424	\$1,243	\$994	\$215,342	\$183,041	\$3,440,037,368	\$2,822,725,979	57,619
20	20	Clay	\$62,653	\$1,880	\$1,504	\$325,701	\$276,846	\$6,648,829,423	\$5,591,617,977	64,101
21	21	Collier	\$65,675	\$1,970	\$1,576	\$341,411	\$290,199	\$15,594,955,221	\$14,311,232,534	106,158
22	22	Columbia	\$44,491	\$1,335	\$1,068	\$231,286	\$196,593	\$1,085,762,667	\$861,160,430	18,605
23	23	Dade	\$48,982	\$1,469	\$1,176	\$254,632	\$216,437	\$35,861,262,366	\$29,745,653,767	333,735
24	24	Desoto	\$35,057	\$1,052	\$841	\$182,243	\$154,907	\$376,226,593	\$301,633,628	7,324
25	25	Dixie	\$38,237	\$1,147	\$918	\$198,775	\$168,958	\$215,119,643	\$197,838,624	6,512
26	26	Duval	\$53,473	\$1,604	\$1,283	\$277,979	\$236,282	\$21,636,335,356	\$18,258,875,666	243,173
27	27	Escambia	\$49,286	\$1,479	\$1,183	\$256,213	\$217,781	\$6,920,946,391	\$5,714,778,088	92,768
28	28	Flagler	\$58,872	\$1,766	\$1,413	\$306,045	\$260,138	\$4,616,021,610	\$3,791,018,650	38,114
29	29	Franklin	\$42,855	\$1,286	\$1,029	\$222,781	\$189,364	\$300,548,293	\$259,360,769	4,843
30	30	Gadsden	\$40,922	\$1,228	\$982	\$212,732	\$180,823	\$607,239,414	\$500,329,524	13,599
31	31	Gilchrist	\$42,357	\$1,271	\$1,017	\$220,192	\$187,163	\$289,620,249	\$235,105,073	5,138
32	32	Glades	\$39,879	\$1,196	\$957	\$207,310	\$176,214	\$201,001,011	\$172,970,880	3,933
33	33	Gulf	\$53,646	\$1,609	\$1,288	\$278,878	\$237,046	\$447,363,444	\$395,512,195	7,018
34	34	Hamilton	\$34,583	\$1,037	\$830	\$179,779	\$152,812	\$110,541,284	\$89,737,053	3,227
35	35	Hardee	\$37,594	\$1,128	\$902	\$195,432	\$166,117	\$233,998,011	\$190,564,366	5,297
36	36	Hendry	\$40,728	\$1,222	\$977	\$211,724	\$179,965	\$437,939,291	\$357,440,631	9,198
37	37	Hernando	\$46,030	\$1,381	\$1,105	\$239,286	\$203,393	\$4,820,919,511	\$3,786,972,747	65,830
38	38	Highlands	\$37,314	\$1,119	\$896	\$193,976	\$164,880	\$1,874,580,496	\$1,542,267,390	33,914
39	39	Hillsborough	\$56,137	\$1,684	\$1,347	\$291,827	\$248,053	\$31,704,356,490	\$26,365,592,384	314,370
40	40	Holmes	\$38,608	\$1,158	\$927	\$200,703	\$170,598	\$167,841,106	\$130,322,068	4,576
41	41	Indian River	\$52,336	\$1,570	\$1,256	\$272,068	\$231,258	\$5,161,789,954	\$4,383,387,739	51,048
42	42	Jackson	\$39,002	\$1,170	\$936	\$202,751	\$172,339	\$475,848,349	\$394,568,351	12,535
43	43	Jefferson	\$48,173	\$1,445	\$1,156	\$250,427	\$212,863	\$189,350,883	\$155,406,669	3,747
44	44	Lafayette	\$39,543	\$1,186	\$949	\$205,564	\$174,729	\$70,548,455	\$58,409,016	1,684
45	45	Lake	\$51,884	\$1,557	\$1,245	\$269,718	\$229,261	\$9,777,918,819	\$8,044,061,197	100,467
46	46	Lee	\$54,691	\$1,641	\$1,313	\$284,310	\$241,664	\$24,630,774,875	\$21,511,141,109	226,474
47	47	Leon	\$51,201	\$1,536	\$1,229	\$266,168	\$226,243	\$5,519,924,471	\$4,737,179,528	62,878
48	48	Levy	\$37,634	\$1,129	\$903	\$195,640	\$166,294	\$636,964,725	\$511,590,091	15,090
49	49	Liberty	\$37,363	\$1,121	\$897	\$194,231	\$165,096	\$56,163,416	\$45,777,477	1,866
50	50	Madison	\$35,509	\$1,065	\$852	\$184,593	\$156,904	\$159,534,582	\$129,614,323	4,529

	A	B	C	D	E	F	G	H	I	J
	County #	County	Median Income	Monthly maximum mortgage or rent (including property taxes and insurance)	Assumed Mortgage or rent amount minus Property Tax and insurance portion assumed to be 20%	Mortgage value - @ 3.75%	After adjustment for first and eighth criteria (15%)	Total Taxable Value - School	Total Taxable Value - NonSchool	Parcels
10										
51	51	Manatee	\$56,036	\$1,681	\$1,345	\$291,302	\$247,607	\$10,031,554,347	\$8,690,499,397	96,012
52	52	Marion	\$43,361	\$1,301	\$1,041	\$225,412	\$191,600	\$7,460,252,266	\$6,164,550,071	116,307
53	53	Martin	\$57,959	\$1,739	\$1,391	\$301,299	\$256,104	\$4,157,154,133	\$3,500,180,403	41,669
54	54	Monroe	\$67,023	\$2,011	\$1,609	\$348,418	\$296,155	\$1,869,753,997	\$1,694,215,320	10,407
55	55	Nassau	\$66,297	\$1,989	\$1,591	\$344,644	\$292,947	\$3,078,238,558	\$2,658,153,662	26,566
56	56	Okaloosa	\$62,048	\$1,861	\$1,489	\$322,556	\$274,172	\$7,298,892,808	\$6,426,819,624	64,762
57	57	Okeechobee	\$40,367	\$1,211	\$969	\$209,847	\$178,370	\$608,596,438	\$502,702,032	12,354
58	58	Orange	\$54,335	\$1,630	\$1,304	\$282,460	\$240,091	\$25,140,982,642	\$20,954,092,371	235,549
59	59	Osceola	\$50,063	\$1,502	\$1,202	\$260,252	\$221,214	\$10,318,179,049	\$8,944,591,867	92,922
60	60	Palm Beach	\$59,943	\$1,798	\$1,439	\$311,613	\$264,871	\$36,438,688,391	\$31,201,805,077	341,227
61	61	Pasco	\$50,417	\$1,513	\$1,210	\$262,092	\$222,778	\$12,571,589,355	\$10,542,104,954	160,745
62	62	Pinellas	\$51,454	\$1,544	\$1,235	\$267,483	\$227,360	\$21,939,540,818	\$18,301,001,581	253,556
63	63	Polk	\$48,500	\$1,455	\$1,164	\$252,127	\$214,308	\$15,128,288,517	\$12,502,906,546	190,457
64	64	Putnam	\$45,202	\$1,356	\$1,085	\$234,982	\$199,735	\$1,334,782,770	\$1,101,281,065	29,430
65	65	Saint Johns	\$77,323	\$2,320	\$1,856	\$401,963	\$341,668	\$12,138,762,061	\$10,791,567,859	75,973
66	66	Saint Lucie	\$49,373	\$1,481	\$1,185	\$256,665	\$218,165	\$8,265,704,768	\$6,589,840,182	87,370
67	67	Santa Rosa	\$66,242	\$1,987	\$1,590	\$344,358	\$292,704	\$4,613,460,475	\$3,820,992,781	50,695
68	68	Sarasota	\$58,644	\$1,759	\$1,407	\$304,860	\$259,131	\$16,587,976,064	\$14,673,484,071	137,944
69	69	Seminole	\$63,760	\$1,913	\$1,530	\$331,455	\$281,737	\$13,230,832,635	\$11,167,799,419	110,355
70	70	Sumter	\$55,228	\$1,657	\$1,325	\$287,102	\$244,037	\$4,576,874,935	\$3,957,182,324	38,931
71	71	Suwannee	\$42,686	\$1,281	\$1,024	\$221,903	\$188,617	\$587,077,737	\$477,390,791	12,005
72	72	Taylor	\$36,934	\$1,108	\$886	\$192,001	\$163,201	\$312,009,270	\$266,682,418	7,790
73	73	Union	\$41,770	\$1,253	\$1,002	\$217,141	\$184,570	\$99,030,618	\$79,037,042	2,417
74	74	Volusia	\$46,760	\$1,403	\$1,122	\$243,081	\$206,619	\$12,086,828,410	\$9,547,552,089	143,013
75	75	Wakulla	\$62,778	\$1,883	\$1,507	\$326,351	\$277,398	\$817,673,788	\$671,226,521	11,027
76	76	Walton	\$53,785	\$1,614	\$1,291	\$279,601	\$237,660	\$1,934,458,256	\$1,732,782,553	21,441
77	77	Washington	\$37,188	\$1,116	\$893	\$193,321	\$164,323	\$300,198,301	\$243,854,527	6,912
78								\$488,802,714,150	\$412,477,312,570	5,053,608
79							Millage	6.5223	10.8014	
80							Maximum possible impact	\$3,188,117,943	\$4,455,332,444	
81	Vacant properties									
82	Use code 0	Vacant Residential								
83		School	NonSchool							
84	Taxable Value	\$46,669,447,065	\$41,222,461,078							
85	Millage	6.5223	10.8014							
86	Tax	\$304,392,135	\$445,260,291							
87										
88										
89										
90	Use code 10	Vacant Commercial								
91		School	NonSchool							
92	Taxable Value	\$21,023,533,864	\$18,358,464,968							
93	Millage	6.5223	10.8014							
94	Tax	\$137,121,795	\$198,297,124							

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Affordable Housing/Vacant Units/100% of Units Affordable

Bill Number(s): [Proposed Language](#)

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: Upon Becoming a law and applies retroactively assessments as of January 1, 2019.

Date of Analysis: 2/18/2020

Section 1: Narrative

- a. Current Law:** Section 196.1978(1) provides: (1) Property used to provide affordable housing to eligible persons as defined by s. 159.603 and natural persons or families meeting the extremely-low-income, very-low-income, low-income, or moderate-income limits specified in s. 420.0004, which is owned entirely by a nonprofit entity that is a corporation not for profit, qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and in compliance with Rev. Proc. 96-32, 1996-1 C.B. 717, is considered property owned by an exempt entity and used for a charitable purpose, and those portions of the affordable housing property that provide housing to natural persons or families classified as extremely low income, very low income, low income, or moderate income under s. 420.0004 are exempt from ad valorem taxation to the extent authorized under s. 196.196. All property identified in this section must comply with the criteria provided under s. 196.195 for determining exempt status and applied by property appraisers on an annual basis. The Legislature intends that any property owned by a limited liability company which is disregarded as an entity for federal income tax purposes pursuant to Treasury Regulation 301.7701-3(b)(1)(ii) be treated as owned by its sole member
- b. Proposed Change:** Amends section 196.1978(1) to read: Section 196.1978(1) provides: (1) Property used to provide affordable housing to eligible persons as defined by s. 159.603 and natural persons or families meeting the extremely-low-income, very-low-income, low-income, or moderate-income limits specified in s. 420.0004, which is owned entirely by a nonprofit entity that is a corporation not for profit, qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and in compliance with Rev. Proc. 96-32, 1996-1 C.B. 717, is considered property owned by an exempt entity and used for a charitable purpose, and those portions of the affordable housing property that provide housing to natural persons or families classified as extremely low income, very low income, low income, or moderate income under s. 420.0004 are exempt from ad valorem taxation to the extent authorized under s. 196.196. All property identified in this section must comply with the criteria provided under s. 196.195 for determining exempt status and applied by property appraisers on an annual basis. The Legislature intends that any property owned by a limited liability company which is disregarded as an entity for federal income tax purposes pursuant to Treasury Regulation 301.7701-3(b)(1)(ii) be treated as owned by its sole member. Property in an affordable housing project that otherwise qualifies for exemption under this paragraph is exempt despite being vacant on January 1, but only if all of the residential units within the project are required by a Land Use Restrictive Agreement to be used in a manner that qualifies for exemption under this paragraph.

Section 2: Description of Data and Sources

2019 Final Real Property Taxrolls

2019-20 Statewide Millage Rates

Nonresidential real Property Growth Rates from January 6, 2020 Ad Valorem Assessments Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Those parcels with Exemption 15 – Affordable Housing Exemption provided in section 196.1978, Florida Statutes, were identified. Those with either school or non-school taxable value greater than zero were further identified. For those parcels with both an exemption value for exemption 15 and either school or non-school taxable value greater than zero a statistic for percent exempt was computed by dividing the exempt value in the exemption 15 field by the just value of the property. From various conversations the indicated vacancy rate for affordable housing ranged from 5% to 10%. As the proposed language requires that all of the residential units within the project are required by a land Use Restrictive Agreement to be used in a manner that qualifies for the exemption under this paragraph, it was assumed that those properties 90% exempt or above would be the parcels impacted. For the high, it was assumed that those properties 90% exempt or above would be 100% exempt under the proposed language. For the middle, it was assumed that those properties 93% exempt or above would be 100% exempt under the proposed language. For the low it was assumed that those properties 97% exempt or above would be 100% exempt under the proposed language.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Affordable Housing/Vacant Units/100% of Units Affordable

Bill Number(s): [Proposed Language](#)

The indicated newly exempt taxable value was then grown into the forecast period using the nonresidential real property growth rates from the January 6, 2020 Ad Valorem assessments estimating conference. The 2019 statewide school and non-school millage rates were applied to the estimates of impacted taxable value to arrive at tax impact.

Section 4: Proposed Fiscal Impact

School

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(\$36,863)	(\$36,863)	(\$22,399)	(\$22,399)	(\$5,739)	(\$5,739)
2020-21	(\$39,204)	(\$39,204)	(\$23,822)	(\$23,822)	(\$6,104)	(\$6,104)
2021-22	(\$41,537)	(\$41,537)	(\$25,239)	(\$25,239)	(\$6,467)	(\$6,467)
2022-23	(\$43,904)	(\$43,904)	(\$26,678)	(\$26,678)	(\$6,835)	(\$6,835)
2023-24	(\$46,279)	(\$46,279)	(\$28,121)	(\$28,121)	(\$7,205)	(\$7,205)
2024-25	(\$48,695)	(\$48,695)	(\$29,589)	(\$29,589)	(\$7,581)	(\$7,581)

NonSchool

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2019-20	(\$52,342)	(\$52,342)	(\$31,749)	(\$31,749)	(\$8,841)	(\$8,841)
2020-21	(\$55,666)	(\$55,666)	(\$33,765)	(\$33,765)	(\$9,403)	(\$9,403)
2021-22	(\$58,978)	(\$58,978)	(\$35,774)	(\$35,774)	(\$9,962)	(\$9,962)
2022-23	(\$62,340)	(\$62,340)	(\$37,813)	(\$37,813)	(\$10,530)	(\$10,530)
2023-24	(\$65,712)	(\$65,712)	(\$39,858)	(\$39,858)	(\$11,100)	(\$11,100)
2024-25	(\$69,142)	(\$69,142)	(\$41,939)	(\$41,939)	(\$11,679)	(\$11,679)

List of affected Trust Funds:

Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted a negative insignificant cash and recurring impact for the prospective aspects of the bill. The Conference adopted a negative insignificant cash impact for the retrospective piece of the bill that impacts the current fiscal year, FY 2019-20. The Conference assumes the vacancies provided for are being actively offered for rent.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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	(*)	(*)	(*)	(*)
2024-25	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)

	A	B	C	D	E	F	G	H	I	
1	Total Taxable Value for Properties with Exemption 15 -196.1978 Affordable Housing Exemption									
2										
3		Assessed Value	Taxable Value	Parcels						
4	School	\$4,283,458,153	\$2,102,507,445	600						
5	NonSchool	\$3,992,423,762	\$1,982,136,922	600						
6										
7	Taxable Value for properties with Exemption 15 where exemption is 97% or more of total Just Value									
8	LOW	Assessed Value	Taxable Value	Parcels						
9	School	\$65,966,879	\$879,932	20						
10	NonSchool	\$65,856,445	\$818,545	20						
11										
12	Taxable Value for properties with Exemption 15 where exemption is 93% or more of total Just Value									
13	MIDDLE	Assessed Value	Taxable Value	Parcels						
14	School	\$129,780,448	\$3,434,251	36						
15	NonSchool	\$127,725,717	\$2,939,295	36						
16										
17	Taxable Value for properties with Exemption 15 where exemption is 90% or more of total Just Value									
18	HIGH	Assessed Value	Taxable Value	Parcels						
19	School	\$158,906,432	\$5,651,853	59						
20	NonSchool	\$155,941,941	\$4,845,857	59						
21										
22	Non Residential Real Property									
23	2020	6.35%								
24	2021	5.95%								
25	2022	5.70%								
26	2023	5.41%								
27	2024	5.22%								
28										
29	Taxable Value Impact									
30		School			NonSchool					
31		High	Middle	Low	High	Middle	Low			
32	2019	\$5,651,853	\$3,434,251	\$879,932	\$4,845,857	\$2,939,295	\$818,545			
33	2020	\$6,010,746	\$3,652,326	\$935,808	\$5,153,569	\$3,125,940	\$870,523			
34	2021	\$6,368,385	\$3,869,639	\$991,488	\$5,460,206	\$3,311,934	\$922,319			
35	2022	\$6,731,383	\$4,090,209	\$1,048,003	\$5,771,438	\$3,500,714	\$974,891			
36	2023	\$7,095,551	\$4,311,489	\$1,104,700	\$6,083,673	\$3,690,103	\$1,027,632			
37	2024	\$7,465,939	\$4,536,549	\$1,162,365	\$6,401,241	\$3,882,726	\$1,081,275			
38										
39	2019 Statewide Millage Rates									
40	School	6.5223								
41	NonSchool	10.8014								
42										
43	Tax Impact	School			NonSchool					
44		High	Middle	Low	High	Middle	Low			
45	2019	\$36,863	\$22,399	\$5,739	\$52,342	\$31,749	\$8,841			
46	2020	\$39,204	\$23,822	\$6,104	\$55,666	\$33,765	\$9,403			
47	2021	\$41,537	\$25,239	\$6,467	\$58,978	\$35,774	\$9,962			
48	2022	\$43,904	\$26,678	\$6,835	\$62,340	\$37,813	\$10,530			

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Assessment of Building or Structures on Agricultural Lands

Bill Number(s): [CS/CS/SB 1514](#)

Entire Bill

Partial Bill: Section 1

Sponsor(s): Sen. Albritton

Month/Year Impact Begins: 7/1/2020

Date of Analysis: 2/18/2020

Section 1: Narrative

a. Current Law: Article VII, Section 4 (a) of the Florida Constitution reads: Agricultural land, land producing high water recharge to Florida's aquifers, or land used exclusively for noncommercial recreational purposes may be classified by general law and assessed solely on the basis of character or use.

Section 193.461(6)(c), Florida Statutes, reads:

1. For purposes of the income methodology approach to assessment of property used for agricultural purposes, irrigation systems, including pumps and motors, physically attached to the land shall be considered a part of the average yields per acre and shall have no separately assessable contributory value.
2. Litter containment structures located on producing poultry farms and animal waste nutrient containment structures located on producing dairy farms shall be assessed by the methodology described in subparagraph 1.
3. Structures or improvements used in horticultural production for frost or freeze protection, which are consistent with the interim measures or best management practices adopted by the Department of Agriculture and Consumer Services pursuant to s. [570.93](#) or s. [403.067](#)(7)(c), shall be assessed by the methodology described in subparagraph 1.
4. Screened enclosed structures used in horticultural production for protection from pests and diseases or to comply with state or federal eradication or compliance agreements shall be assessed by the methodology described in subparagraph 1.

b. Proposed Change: adds subparagraph 5. to s. 193.461(6)(c) to read: 5. Any building or structure located on land that is classified as agricultural and which is used in and in furtherance of the agricultural purpose of the land, including, but not limited to, buildings or structures used for production, packaging, processing, or storage, shall be assessed by the methodology described in subparagraph 1.

Section 2: Description of Data and Sources

2019F Statewide Real Property roll

Detailed Special Feature report from PTO Office

Section 3: Methodology (Include Assumptions and Attach Details)

The 2019F Real Property roll was filtered to identify parcels with Classified Use Just Value>0—"contains the just value of only the portion of the property that is classified as agricultural." Of these, parcels with exactly one residential unit and one building were excluded because this implies that that building is not for ag use, but instead for residential use.

The middle estimate assumes that all buildings and structures would become exempt, and this estimate is the total residential-non-residential assessed value of parcels with Classified Use.

The low estimate is the middle impact minus 10%.

The high estimate is the middle estimate, plus 30% of the residential-non-residential assessed value for parcels that did not have classified use and had DOR Use Codes 43 (*lumber yards, sawmills, planing mills*), 44 (*packing plants, fruit and vegetable packing plants, meat packing plants*), 45 (*canneries, fruit and vegetable, bottlers and brewers, distilleries, wineries*), or 46 (*other food processing, candy factories, bakeries, potato chip factories*).

The values were grown forward using the annual growth rate of the Assessed Value for Non-Homestead Non-Residential from the most recent Ad Valorem REC.

Section 4: Proposed Fiscal Impact

List of affected Trust Funds: Ad Valorem

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Assessment of Building or Structures on Agricultural Lands

Bill Number(s): [CS/CS/SB 1514](#)

Total Impact Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21		(\$99.7)		(\$88.9)		(\$80.0)
2021-22	(\$106.0)	(\$106.0)	(\$94.5)	(\$94.5)	(\$85.1)	(\$85.1)
2022-23	(\$112.4)	(\$112.4)	(\$100.2)	(\$100.2)	(\$90.2)	(\$90.2)
2023-24	(\$118.9)	(\$118.9)	(\$106.0)	(\$106.0)	(\$95.4)	(\$95.4)
2024-25	(\$125.5)	(\$125.5)	(\$111.9)	(\$111.9)	(\$100.7)	(\$100.7)

(\$ millions)

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	(33.5)	0.0	(55.4)	0.0	(88.9)
2021-22	(35.6)	(35.6)	(58.9)	(58.9)	(94.5)	(94.5)
2022-23	(37.7)	(37.7)	(62.5)	(62.5)	(100.2)	(100.2)
2023-24	(39.9)	(39.9)	(66.1)	(66.1)	(106.0)	(106.0)
2024-25	(42.1)	(42.1)	(69.8)	(69.8)	(111.9)	(111.9)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	0.0	0.0	0.0	(88.9)	0.0	(88.9)
2021-22	0.0	0.0	0.0	0.0	(94.5)	(94.5)	(94.5)	(94.5)
2022-23	0.0	0.0	0.0	0.0	(100.2)	(100.2)	(100.2)	(100.2)
2023-24	0.0	0.0	0.0	0.0	(106.0)	(106.0)	(106.0)	(106.0)
2024-25	0.0	0.0	0.0	0.0	(111.9)	(111.9)	(111.9)	(111.9)

	A	B	C	D	E	F	G	H
1	School Impact		High		Middle		Low	
2		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
3		2020-21		(\$37.6)		(\$33.5)		(\$30.1)
4		2021-22	(\$39.9)	(\$39.9)	(\$35.6)	(\$35.6)	(\$32.0)	(\$32.0)
5		2022-23	(\$42.3)	(\$42.3)	(\$37.7)	(\$37.7)	(\$34.0)	(\$34.0)
6		2023-24	(\$44.8)	(\$44.8)	(\$39.9)	(\$39.9)	(\$35.9)	(\$35.9)
7		2024-25	(\$47.3)	(\$47.3)	(\$42.1)	(\$42.1)	(\$37.9)	(\$37.9)
8								
9	Non-School Impact		High		Middle		Low	
10		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
11		2020-21		(\$62.2)		(\$55.4)		(\$49.9)
12		2021-22	(\$66.1)	(\$66.1)	(\$58.9)	(\$58.9)	(\$53.0)	(\$53.0)
13		2022-23	(\$70.1)	(\$70.1)	(\$62.5)	(\$62.5)	(\$56.2)	(\$56.2)
14		2023-24	(\$74.2)	(\$74.2)	(\$66.1)	(\$66.1)	(\$59.5)	(\$59.5)
15		2024-25	(\$78.3)	(\$78.3)	(\$69.8)	(\$69.8)	(\$62.8)	(\$62.8)
16								
17	Total Impact		High		Middle		Low	
18		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
19		2020-21		(\$99.7)		(\$88.9)		(\$80.0)
20		2021-22	(\$106.0)	(\$106.0)	(\$94.5)	(\$94.5)	(\$85.1)	(\$85.1)
21		2022-23	(\$112.4)	(\$112.4)	(\$100.2)	(\$100.2)	(\$90.2)	(\$90.2)
22		2023-24	(\$118.9)	(\$118.9)	(\$106.0)	(\$106.0)	(\$95.4)	(\$95.4)
23		2024-25	(\$125.5)	(\$125.5)	(\$111.9)	(\$111.9)	(\$100.7)	(\$100.7)

	A	B	C	D	E
1					
2	2019 Ag Land Values				
3		AV_RESD_NON_RESD	\$ 4,784,921,575		
4	Source: 2019F NAL Roll filtered to include only parcels with Classified Use JV>0, merged with PTO Office's detailed report of parcels with special feature values				
5					
6	AV Non-Homestead Non-Residential Growth Rates				
7		2019	\$727,195,486,243		
8		2020	\$780,120,763,905	7.28%	
9		2021	\$829,056,482,893	6.27%	
10		2022	\$879,252,913,423	6.05%	
11		2023	\$930,267,988,340	5.80%	
12		2024	\$981,878,078,486	5.55%	
13		2025	\$1,032,358,921,742	5.14%	
14	Source: Jan 2020 REC Conference Cell EA14				
15					
16	High estimate				
17		Use Code	Count	AV_RESD_NON_RESD	
18			43	414 \$ 449,607,313	
19			44	421 \$ 537,701,090	
20			45	115 \$ 460,406,328	
21			46	319 \$ 632,733,207	
22		SUM	1,269	2,080,447,938	
23	Source: 2019F NAL Roll--Parcels with no Classified Use JV, but with DOR_UC 43-46				
24					
25			Portion considered	30%	
26			Amount added	\$ 624,134,381	
27					
28	Low Estimate				
29		Adjustment factor	-10%		
30					
31		High	Middle	Low	
32	2020	\$ 5,757,302,484	\$ 5,133,168,103	\$ 4,619,851,292.31	
33	2021	\$ 6,118,448,796	\$ 5,455,163,470	\$ 4,909,647,122.73	
34	2022	\$ 6,488,899,177	\$ 5,785,454,276	\$ 5,206,908,848.34	
35	2023	\$ 6,865,391,165	\$ 6,121,131,734	\$ 5,509,018,560.94	
36	2024	\$ 7,246,274,374	\$ 6,460,724,373	\$ 5,814,651,935.53	
37					
38	2019 Statewide Millage Rates				
39		School	6.5223		
40		Non-School	10.8014		
41					

	A	B	C	D	E
42	School Impact				
43		Year	High	Middle	Low
44		2020-21	(\$37,550,854)	(\$33,480,062)	(\$30,132,056)
45		2021-22	(\$39,906,359)	(\$35,580,213)	(\$32,022,191)
46		2022-23	(\$42,322,547)	(\$37,734,468)	(\$33,961,022)
47		2023-24	(\$44,778,141)	(\$39,923,858)	(\$35,931,472)
48		2024-25	(\$47,262,375)	(\$42,138,783)	(\$37,924,904)
49					
50	Non-School Impact				
51		Year	High	Middle	Low
52		2020-21	(\$62,186,927)	(\$55,445,402)	(\$49,900,862)
53		2021-22	(\$66,087,813)	(\$58,923,403)	(\$53,031,062)
54		2022-23	(\$70,089,196)	(\$62,491,006)	(\$56,241,905)
55		2023-24	(\$74,155,836)	(\$66,116,792)	(\$59,505,113)
56		2024-25	(\$78,269,908)	(\$69,784,868)	(\$62,806,381)
57					
58	Total Impact				
59		Year	High	Middle	Low
60		2020-21	(\$99,737,781)	(\$88,925,464)	(\$80,032,918)
61		2021-22	(\$105,994,171)	(\$94,503,615)	(\$85,053,254)
62		2022-23	(\$112,411,743)	(\$100,225,474)	(\$90,202,927)
63		2023-24	(\$118,933,977)	(\$106,040,650)	(\$95,436,585)
64		2024-25	(\$125,532,283)	(\$111,923,651)	(\$100,731,286)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Construction or Industrial Equipment: Inventory

Bill Number(s): Proposed Language

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2020

Date of Analysis: February 21, 2020

Section 1: Narrative

a. Current Law:

Section 4, Article VII of the Florida Constitution provides (in part): "Taxation; assessments. —By general law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation, provided:

"(c) Pursuant to general law tangible personal property held for sale as stock in trade and livestock may be valued for taxation at a specified percentage of its value, may be classified for tax purposes, or may be exempted from taxation."

S. 192.001(11)(c), F.S., defines inventory. It reads: "(c)1 'Inventory' means only those chattels consisting of items commonly referred to as goods, wares, and merchandise (as well as inventory) which are held for sale or lease to customers in the ordinary course of business. Supplies and raw materials shall be considered to be inventory only to the extent that they are acquired for sale or lease to customers in the ordinary course of business or will physically become a part of merchandise intended for sale or lease to customers in the ordinary course of business. Partially finished products which when completed will be held for sale or lease to customers in the ordinary course of business shall be deemed items of inventory. All livestock shall be considered inventory. Items of inventory held for lease to customers in the ordinary course of business, rather than for sale, shall be deemed inventory only prior to the initial lease of such items. For the purposes of this section, fuels used in the production of electricity shall be considered inventory.

"2. 'Inventory' also means construction and agricultural equipment weighing 1,000 pounds or more that is returned to a dealership under a rent-to-purchase option and held for sale to customers in the ordinary course of business. This subparagraph may not be considered in determining whether property that is not construction and agricultural equipment weighing 1,000 pounds or more that is returned under a rent-to-purchase option is inventory under subparagraph 1."

S. 196.185, F.S., reads "Exemption of inventory. —All items of inventory are exempt from ad valorem taxation."

b. Proposed Change:

This language would add a third paragraph to s. 192.001(11), F.S. It states "3. Notwithstanding any provision in this section to the contrary, the term 'inventory', for all levies other than school district levies, also means construction equipment owned by a heavy equipment rental dealer for sale or short-term rental in the normal course of business on the annual assessment date. For the purposes of this chapter and chapter 196, the term 'heavy equipment rental dealer' means a person or entity principally engaged in the business of short term rental and sale of equipment described under 532412 of the North American Industry Classification System including attachments for the equipment or other ancillary equipment. As used in this subparagraph, the term 'short-term rental' means the rental of a dealer's heavy equipment rental property for a period of less than 365 days, or under an open ended contract, or under a contract with unlimited terms. The prior short-term rental of any construction or industrial equipment shall not disqualify such property from qualifying as inventory under this subsection following the term of such rental. This section may not be construed to consider as inventory heavy equipment rented with an operator."

Section 2: Description of Data and Sources

2019 Final Tangible Personal Property (TPP) Rolls

Ad Valorem Assessments Revenue Estimating Conference, January 2020

Communications with various property appraiser's offices

Section 3: Methodology (Include Assumptions and Attach Details)

This impact is based on the aggregated just and taxable values for specific NAICS codes on the 2019 final TPP rolls. The analysis primarily uses the value of TPP accounts classified under NAICS code 532412.

The just value of TPP is reported in two parts: leasehold improvements (JV_LESE_IMP) and furniture/fixtures/equipment (JV_F_F_E). The total taxable value of the NAICS 532412 accounts was adjusted to exclude leasehold improvements.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Construction or Industrial Equipment: Inventory

Bill Number(s): Proposed Language

Under the assumption that owners of leased equipment currently assigned a related NAICS code would attempt to reclassify their equipment to NAICS 532412 to reduce their tax liability, the middle and high estimates have portions of code 532490 (Other Commercial and Industrial Machinery and Equipment Rental and Leasing) added to the impact estimate. The low estimate only includes NAICS 532412 (and the seven misclassified accounts). The middle estimate also includes 0.75% of NAICS 532490's F/F/E taxable value and the high estimate also includes 1.5%.

The 2019 taxable values are grown throughout the forecast period by the annual growth rate of the adopted TPP taxable value estimates from the most recent Ad Valorem REC. As the language limits the change to non-school levies, the fiscal impact was calculated with the 2019 effective statewide millage rate for non-school purposes.

This language is a committee amendment to proposed language that goes into effect July 1, 2020. The cash impacts begin in the 2021-22 fiscal year.

Section 4: Proposed Fiscal Impact

List of affected Trust Funds: Ad Valorem

Non-School Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$ -	\$ (20.8 M)	\$ -	\$ (20.5 M)	\$ -	\$ (20.2 M)
2021-22	\$ (21.4 M)	\$ (21.4 M)	\$ (21.1 M)	\$ (21.1 M)	\$ (20.8 M)	\$ (20.8 M)
2022-23	\$ (22.1 M)	\$ (22.1 M)	\$ (21.8 M)	\$ (21.8 M)	\$ (21.5 M)	\$ (21.5 M)
2023-24	\$ (22.7 M)	\$ (22.7 M)	\$ (22.4 M)	\$ (22.4 M)	\$ (22.1 M)	\$ (22.1 M)
2024-25	\$ (23.4 M)	\$ (23.4 M)	\$ (23.1 M)	\$ (23.1 M)	\$ (22.8 M)	\$ (22.8 M)

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted the middle estimate.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	0.0	(20.5)	0.0	(20.5)
2021-22	0.0	0.0	(21.1)	(21.1)	(21.1)	(21.1)
2022-23	0.0	0.0	(21.8)	(21.8)	(21.8)	(21.8)
2023-24	0.0	0.0	(22.4)	(22.4)	(22.4)	(22.4)
2024-25	0.0	0.0	(23.1)	(23.1)	(23.1)	(23.1)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	0.0	0.0	0.0	(20.5)	0.0	(20.5)
2021-22	0.0	0.0	0.0	0.0	(21.1)	(21.1)	(21.1)	(21.1)
2022-23	0.0	0.0	0.0	0.0	(21.8)	(21.8)	(21.8)	(21.8)
2023-24	0.0	0.0	0.0	0.0	(22.4)	(22.4)	(22.4)	(22.4)
2024-25	0.0	0.0	0.0	0.0	(23.1)	(23.1)	(23.1)	(23.1)

	A	B	C	D	E	F	G	H
1	Impact Calculations							
2								
3	Taxable Value Aggregates							
4								
5			- 2019F TPP rolls were aggregated by NAICS Code					
6			- Base calculation only includes TPP already classified as 532412.					
7								
8		NAICS_CODE	JV_F_F_E	JV_LESE_IMP	JV_TOTAL	AV_TOTAL	EXMPT_VAL	TAX_VAL
9		532412	1,824,291,157	7,942,811	1,832,233,968	1,832,233,968	20,188,504	1,812,045,464
10		532490	3,692,281,522	40,452,976	3,732,734,498	3,732,556,017	137,522,067	3,595,033,950
11								
12	Adjustments to exclude leasehold improvements							
13			- Because Leasehold Improvements are not subject to this exemption, the same ratio of JV_F_F_E:JV_TOTAL is used to adjust the TAX_VAL					
14								
15	Basic Calculation							
16		NAICS_CODE	% of TPP not LESE_IMP on Rolls	2019 TV for Relevant TPP				
17		532,412	99.6%	1,804,190,171				
18								
19	Add related NAICS that may be reclassified to receive exemption							
20								
21		NAICS_CODE	Adjusted % of TPP not LESE_IMP	2019 TV for Relevant TPP				
22		532490	98.9%	3,556,073,284				
23								
24		Estimate	% Reclassified	Other NAICS Added to Base Estimate	Base + Added Value			
25		High	1.5%	53,341,099	1,857,531,270			
26		Middle	0.75%	26,670,550	1,830,860,721			
27		Low	0%	0	1,804,190,171			
28								

	A	B	C	D	E	F	G	H
29	Taxable Value Projections							
30								
31					TAXABLE VALUE ESTIMATES			
32		Roll Year	Projected Total TPP TV	Annual Growth	HIGH	MIDDLE	LOW	
33		2019	\$ 131,449		1,857,531,270	1,830,860,721	1,804,190,171	
34		2020	\$ 136,049	3%	1,922,534,761	1,894,930,887	1,867,327,013	
35		2021	\$ 140,471	3%	1,985,022,899	1,956,521,817	1,928,020,734	
36		2022	\$ 144,685	3%	2,044,571,749	2,015,215,661	1,985,859,572	
37		2023	\$ 149,026	3%	2,105,915,261	2,075,678,398	2,045,441,536	
38		2024	\$ 153,496	3%	2,169,081,696	2,137,937,886	2,106,794,076	
39	Source: Jan 2020 AV REC Conference Package							
40	Fiscal Impact Calculation							
41								
42	- Amended bill only applies to non-school levies.							
43								
44	2019 Statewide Millage Rate							
45	Non-School	10.8014						
46								
47	Tax Impact Estimates							
48		Roll Year	HIGH	MIDDLE	LOW			
49		2020	-20,766,067	-20,467,906	-20,169,746			
50		2021	-21,441,026	-21,133,175	-20,825,323			
51		2022	-22,084,237	-21,767,150	-21,450,064			
52		2023	-22,746,833	-22,420,233	-22,093,632			
53		2024	-23,429,119	-23,092,722	-22,756,326			
54								
55	Impact Summary							
56								
57	Non-School Impact							
58			High		Middle		Low	
59		Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
60		2020-21	\$ -	\$ (20.8 M)	\$ -	\$ (20.5 M)	\$ -	\$ (20.2 M)
61		2021-22	\$ (21.4 M)	\$ (21.4 M)	\$ (21.1 M)	\$ (21.1 M)	\$ (20.8 M)	\$ (20.8 M)
62		2022-23	\$ (22.1 M)	\$ (22.1 M)	\$ (21.8 M)	\$ (21.8 M)	\$ (21.5 M)	\$ (21.5 M)
63		2023-24	\$ (22.7 M)	\$ (22.7 M)	\$ (22.4 M)	\$ (22.4 M)	\$ (22.1 M)	\$ (22.1 M)
64		2024-25	\$ (23.4 M)	\$ (23.4 M)	\$ (23.1 M)	\$ (23.1 M)	\$ (22.8 M)	\$ (22.8 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Aircraft and Equipment Used on Dept. of Defense Contracts

Bill Number(s): SB 1642

Entire Bill

Partial Bill: Section 2

Sponsor(s): Senator Gruters

Month/Year Impact Begins: July 1, 2020

Date of Analysis: 2/21/2020

Section 1: Narrative

a. Current Law: There is currently no exemption for “Aircraft and Equipment Used on Dept. of Defense Contracts”.

b. Proposed Change: “Aircraft and Equipment Used on Dept. of Defense Contracts”

Paragraph 212.08 (5) (u) F.S. is created: Aircraft equipment used in governmental contracts.— Equipment, including electric and hydraulic ground power units, jet starter units, oxygen servicing and test equipment, engine trim boxes, and communications and avionics test sets, which is used to service, test, operate, upgrade, or configure aircraft for advanced training purposes as part of any contract with the United States Department of Defense or with a military branch of a recognized foreign government, is exempt from the tax imposed by this chapter.

Subparagraph 212.08 (5) (fff) 3 F.S. Is created: An aircraft owned by a nonresident is exempt from the use tax imposed under this chapter if the aircraft enters or remains in this state exclusively to be used in service of a contract with the United States Department of Defense or with a military branch of a recognized foreign government. The exemption provided in this subparagraph is in addition to the exemptions provided in subparagraph 1. and s. 212.05(1)(a).

Section 2: Description of Data and Sources

Aviation Market Data

Dept. of Defense contract data

Section 3: Methodology (Include Assumptions and Attach Details)

Dept. of Defense contract research assisted in developing an approximate price per plane that could be brought into the State for training programs referenced in the bill. The market research was able to provide an approximate number of planes that may fall under the provisions as outlined in the proposed bill. The first-year cash impacts reflect the best available market data regarding the number of potentially eligible planes. It is assumed there will be some planes that will be brought into Florida to replace aging air frames each year and there may be some expansion in the industry. This is shown as fleet growth percentages and is based upon starting fleet size in the high, and middle. The low assumes that the nature of these planes, and available planning opportunities, could result in no taxable planes being brought into the state. The yearly cost of taxable planes entering the State is then multiplied by the tax rate to give the potential impact. The recurring is equal to fifth year cash.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(8.1 M)	\$(0.3 M)	\$(1.8 M)	\$(0.1 M)	\$-	\$-
2021-22	\$(0.8 M)	\$(0.3 M)	\$(0.2 M)	\$(0.1 M)	\$-	\$-
2022-23	\$(0.6 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$-	\$-
2023-24	\$(0.7 M)	\$(0.3 M)	\$(0.2 M)	\$(0.1 M)	\$-	\$-
2024-25	\$(0.3 M)	\$(0.3 M)	\$(0.1 M)	\$(0.1 M)	\$-	\$-

List of affected Trust Funds: Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted:

Aircraft (fff): A cash impact of **(\$1.8m)** for the first year’s cash impact and negative indeterminate for the remaining years and negative indeterminate for recurring.

Equipment (u): A negative indeterminate impact for both cash and recurring.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Aircraft and Equipment Used on Dept. of Defense Contracts

Bill Number(s): SB 1642

Aircraft

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(1.6)	(**)	(**)	(**)	(0.1)	(**)	(0.2)	(**)
2021-22	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2024-25	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(0.3)	(**)	(0.5)	(**)	(2.1)	(**)
2021-22	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)
2024-25	(**)	(**)	(**)	(**)	(**)	(**)

Equipment

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2021-22	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2024-25	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G
1							
2	Average cost of plane		\$ 1,500,000				
3							
4	Taxable planes being brought into the state per year						
5		High	Middle	Low			
6	Number of Planes	90	20	0			
7							
8		Fleet Growth					
9	2020-21	0%					
10	2021-22	10%					
11	2022-23	8%					
12	2023-24	9%					
13	2024-25	4%					
14							
15	Taxable planes to be brought into state						
16		High	Middle	Low			
17	2020-21	90	20	0			
18	2021-22	9	2	0			
19	2022-23	7	2	0			
20	2023-24	8	2	0			
21	2024-25	4	1	0			
22							
23	Total cost of taxable planes being brought into state				*in millions		
24		High	Middle	Low			
25	2020-21	\$ 135.0	\$ 30.0	\$ -			
26	2021-22	\$ 13.5	\$ 3.0	\$ -			
27	2022-23	\$ 10.8	\$ 2.4	\$ -			
28	2023-24	\$ 12.2	\$ 2.7	\$ -			
29	2024-25	\$ 5.4	\$ 1.2	\$ -			
30							
31	Tax rate	6%					
32							
33		High		Middle		Low	
34		Cash	Recurring	Cash	Recurring	Cash	Recurring
35	2020-21	\$ (8.1 M)	\$ (0.3 M)	\$ (1.8 M)	\$ (0.1 M)	\$ -	\$ -
36	2021-22	\$ (0.8 M)	\$ (0.3 M)	\$ (0.2 M)	\$ (0.1 M)	\$ -	\$ -
37	2022-23	\$ (0.6 M)	\$ (0.3 M)	\$ (0.1 M)	\$ (0.1 M)	\$ -	\$ -
38	2023-24	\$ (0.7 M)	\$ (0.3 M)	\$ (0.2 M)	\$ (0.1 M)	\$ -	\$ -
39	2024-25	\$ (0.3 M)	\$ (0.3 M)	\$ (0.1 M)	\$ (0.1 M)	\$ -	\$ -

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax on Boat Repair Cap

Bill Number(s): [Proposed Language](#)

Entire Bill

Partial Bill:

Sponsor(s):

Month/Year Impact Begins: July 1, 2020

Date of Analysis: November 6, 2019

Section 1: Narrative

- a. **Current Law:** Section 212.05 (5) F.S., states: "Notwithstanding any other provision of this chapter, the maximum amount of tax imposed under this chapter and collected on each sale or use of boat in this state may not exceed \$18,000 and for each repair of a boat in this state may not exceed \$60,000."
- b. **Proposed Change:** The proposed language changes section 212.05 (5) F.S., to read: "Notwithstanding any other provision of this chapter, the maximum amount of tax imposed under this chapter and collected on each sale or use of boat in this state may not exceed \$18,000 and for each repair of a boat in this state may not exceed \$36,000."

Section 2: Description of Data and Sources

Department of Revenue Annual Sales Data 2014-2018

General Revenue Estimating Conference 08/2019

Previous Analysis conducted in 02/2017

Section 3: Methodology (Include Assumptions and Attach Details)

It is assumed that certain coastal businesses in specific NAICS codes are engaged primarily in the repair of boats. The number of transaction occurring at these locations that are currently over the limit set by the proposed language is unknown.

The sales and use tax due in this industry for businesses with more than \$3.95 million in Gross Sales in 2015 it was \$87.4 million, in 2016 it was \$96.4 million, in 2017 it was \$107.9 million, and in 2018 it was \$116.3 million.

From here three groups were created and added together to get the final total. The first two groups come from the previously adopted 2015 analysis, and they both use the businesses over \$3.95 million in Gross Sales as their base. The prior conference adopted the low estimate at 5% of taxable sales value coming from the portion of sales exceeding \$1 million. For all the dollars spent over \$1 million, there should be some additional piece that is attached to the previously adopted impact. This additional piece was calculated by using average boat repair prices for super yachts. The high uses 1.2 million, the middle uses 1.4 million and the low uses 1.8. Data provided by the industry indicates average repairs of boats in this price range vary from 1 to 2 million.

Within the businesses with over \$3.95 million in gross sales, there are entities that would additionally benefit beyond those sales previously exempt. These businesses' sales may not have been subject to the cap previously but the volume of sales subject to the new lower cap could offset the difference in total price. This second group is the adjustment for businesses with more than \$3.95 million less the sales previously adopted as exempt in the conference. This new total is then used to generate the same range of impacts where the middle estimate assumes that 10% of the tax remitted from these entities comes from tax due on transactions above this limit. The High is 12.5% and the low is 5% of tax due. The impact is grown at the other consumer durables growth rate.

The final group is the businesses that would not have met the \$3.95 million in gross sales criteria for the first two groups. This group was found by taking the 2017 and 2018 Annual Sales tax data and finding the total of businesses that had Gross Sales below \$3.95 million and above three different breaks. The High is all businesses below the \$3.95 million, and above \$600 thousand in Gross Sales. The Middle is above \$1.2 million, and the low is those businesses that are above \$2.37 million in Gross Sales. The low group has the least number of total business meeting the \$36 thousand cap. Other Consumer Durables growth rates and the previously adopted percentage of Tax Collections generated by exempt dollars of 5% was applied to the group to obtain a total. The total from all three groups is then summed up.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Sales Tax on Boat Repair Cap

Bill Number(s): [Proposed Language](#)

The cash value for 2020-21 is equal to eleven months of collections to account for the one-month delay. In 2017, the conference adopted the middle for Groups 1 & 3 and the low for Group 2, the middle impact is derived from the previous adoption.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(24.0 M)	\$(26.1 M)	\$(11.2 M)	\$(12.3 M)	\$(8.1 M)	\$(8.9 M)
2021-22	\$(26.0 M)	\$(26.0 M)	\$(12.2 M)	\$(12.2 M)	\$(8.8 M)	\$(8.8 M)
2022-23	\$(26.0 M)	\$(26.0 M)	\$(12.2 M)	\$(12.2 M)	\$(8.9 M)	\$(8.9 M)
2023-24	\$(26.2 M)	\$(26.2 M)	\$(12.3 M)	\$(12.3 M)	\$(8.9 M)	\$(8.9 M)
2024-25	\$(26.7 M)	\$(26.7 M)	\$(12.5 M)	\$(12.5 M)	\$(9.1 M)	\$(9.1 M)

List of affected Trust Funds: Sales Tax Trust Fund Grouping

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted the middle estimate methodology but with different growth rates.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(18.5)	(20.2)	(Insignificant)	(Insignificant)	(0.6)	(0.7)	(1.8)	(1.9)
2021-22	(21.5)	(21.5)	(Insignificant)	(Insignificant)	(0.7)	(0.7)	(2.1)	(2.1)
2022-23	(22.6)	(22.6)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.2)	(2.2)
2023-24	(23.6)	(23.6)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.3)	(2.3)
2024-25	(24.9)	(24.9)	(Insignificant)	(Insignificant)	(0.8)	(0.8)	(2.4)	(2.4)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(3.0)	(3.3)	(5.4)	(5.9)	(23.9)	(26.1)
2021-22	(3.5)	(3.5)	(6.3)	(6.3)	(27.8)	(27.8)
2022-23	(3.7)	(3.7)	(6.6)	(6.6)	(29.2)	(29.2)
2023-24	(3.9)	(3.9)	(7.0)	(7.0)	(30.6)	(30.6)
2024-25	(4.1)	(4.1)	(7.3)	(7.3)	(32.2)	(32.2)

	A	B	C	D	E	F	G
1							
2							
3	2018		Gross	Exempt	Taxable	Tax	Count
4		3.95+	\$ 4,792,452,626	\$ 2,897,441,432	\$ 1,900,222,797	\$ 117,405,706	265
5		2.73-3.95	\$ 403,420,332	\$ 142,183,167	\$ 261,734,332	\$ 16,432,265	129
6		1.185m to 2.73m	\$ 304,832,701	\$ 122,813,284	\$ 183,060,784	\$ 11,669,687	177
7		600k to 1.185m	\$ 142,412,808	\$ 48,630,702	\$ 94,697,863	\$ 6,194,774	172
8		<600,000	\$ 182,167,757	\$ 60,204,044	\$ 122,486,395	\$ 8,090,525	1,827
9	2017		Gross	Exempt	Taxable	Tax	Count
10		3.95+	\$ 3,838,555,913	\$ 2,085,356,500	\$ 1,774,052,598	\$ 109,502,286	249
11		2.73-3.95	\$ 404,426,475	\$ 152,647,077	\$ 252,276,474	\$ 15,910,488	132
12		1.185m to 2.73m	\$ 290,732,185	\$ 111,597,710	\$ 179,260,921	\$ 11,435,779	170
13		600k to 1.185m	\$ 151,006,812	\$ 53,823,325	\$ 97,282,898	\$ 6,326,770	182
14		<600,000	\$ 184,639,786	\$ 59,832,936	\$ 126,019,119	\$ 8,323,183	1,745
15	2016		Gross	Exempt	Taxable	Tax	Count
16		3.95+	\$ 3,851,994,310	\$ 2,253,674,838	\$ 1,598,319,471	\$ 98,178,684	231
17		2.73-3.95	\$ 380,578,077	\$ 140,249,117	\$ 240,328,960	\$ 14,909,411	124
18		1.185m to 2.73m	\$ 274,936,405	\$ 100,162,695	\$ 174,773,710	\$ 11,006,609	160
19		600k to 1.185m	\$ 171,393,049	\$ 59,044,491	\$ 112,348,558	\$ 7,184,005	201
20		<600,000	\$ 181,488,406	\$ 56,657,543	\$ 124,830,862	\$ 8,131,735	1,846
21	2015		Gross	Exempt	Taxable	Tax	Count
22		3.95+	\$ 3,679,926,755	\$ 2,232,370,180	\$ 1,447,556,578	\$ 89,249,079	242
23		2.73-3.95	\$ 375,778,917	\$ 142,052,772	\$ 233,726,146	\$ 14,519,628	121
24		1.185m to 2.73m	\$ 277,726,872	\$ 102,560,170	\$ 175,166,702	\$ 11,010,706	160
25		600k to 1.185m	\$ 152,739,358	\$ 54,379,020	\$ 98,360,338	\$ 6,285,339	177
26		<600,000	\$ 192,881,481	\$ 62,980,880	\$ 129,900,601	\$ 8,459,984	1,976
27	2014		Gross	Exempt	Taxable	Tax	Count
28		3.95+	\$ 3,437,369,476	\$ 2,158,188,979	\$ 1,279,180,496	\$ 78,677,883	220
29		2.73-3.95	\$ 343,789,298	\$ 127,946,275	\$ 215,843,023	\$ 13,422,090	113
30		1.185m to 2.73m	\$ 281,093,486	\$ 108,218,756	\$ 172,874,730	\$ 10,771,287	164
31		600k to 1.185m	\$ 153,610,514	\$ 55,474,713	\$ 98,135,800	\$ 6,283,938	178
32		<600,000	\$ 190,007,906	\$ 60,733,978	\$ 129,273,928	\$ 8,404,512	2,022

	H	I	J	K	L	M	N	O
1								
2	Top 20 Businesses in Each Cohort				Ratio of Top 20 in Each Cohort			
3	Gross	Exempt	Taxable	Tax	Gross	Exempt	Taxable	Tax
4	\$ 1,701,482,888	\$ 1,363,305,951	\$ 339,414,065	\$ 20,640,919	35.5%	47.1%	17.9%	17.6%
5	\$ 77,313,638	\$ 33,261,672	\$ 44,259,351	\$ 2,740,523	19.2%	23.4%	16.9%	16.7%
6	\$ 45,698,545	\$ 22,109,530	\$ 23,605,489	\$ 1,490,920	15.0%	18.0%	12.9%	12.8%
7	\$ 22,651,173	\$ 6,073,933	\$ 16,577,240	\$ 1,049,030	15.9%	12.5%	17.5%	16.9%
8								
9								
10	\$ 1,207,479,855	\$ 878,841,029	\$ 329,232,120	\$ 20,015,547	31.5%	42.1%	18.6%	18.3%
11	\$ 75,580,841	\$ 30,492,978	\$ 45,255,801	\$ 2,841,748	18.7%	20.0%	17.9%	17.9%
12	\$ 45,576,602	\$ 14,210,967	\$ 31,371,383	\$ 2,008,070	15.7%	12.7%	17.5%	17.6%
13	\$ 22,725,841	\$ 7,775,324	\$ 15,006,910	\$ 956,510	15.0%	14.4%	15.4%	15.1%
14								
15								
16	\$ 1,445,795,371	\$ 322,493,676	\$ 1,123,301,694	\$ 19,527,038	37.5%	14.3%	70.3%	19.9%
17	\$ 74,614,198	\$ 48,920,496	\$ 25,693,702	\$ 3,040,763	19.6%	34.9%	10.7%	20.4%
18	\$ 45,792,691	\$ 33,874,414	\$ 11,918,278	\$ 2,128,381	16.7%	33.8%	6.8%	19.3%
19	\$ 23,011,330	\$ 17,337,557	\$ 5,673,773	\$ 1,076,461	13.4%	29.4%	5.1%	15.0%
20								
21								
22	\$ 1,337,736,901	\$ 315,925,048	\$ 1,021,811,855	\$ 19,110,594	36.4%	14.2%	70.6%	21.4%
23	\$ 76,128,726	\$ 35,772,418	\$ 40,356,308	\$ 2,224,210	20.3%	25.2%	17.3%	15.3%
24	\$ 45,513,680	\$ 30,468,209	\$ 15,045,471	\$ 1,861,663	16.4%	29.7%	8.6%	16.9%
25	\$ 22,747,419	\$ 15,690,691	\$ 7,056,728	\$ 974,232	14.9%	28.9%	7.2%	15.5%
26								
27								
28	\$ 1,280,897,334	\$ 212,771,358	\$ 1,068,125,976	\$ 12,870,417	37.3%	9.9%	83.5%	16.4%
29	\$ 74,946,477	\$ 44,664,263	\$ 30,282,214	\$ 2,779,789	21.8%	34.9%	14.0%	20.7%
30	\$ 45,298,084	\$ 24,295,268	\$ 21,002,816	\$ 1,487,712	16.1%	22.5%	12.1%	13.8%
31	\$ 22,839,478	\$ 13,438,957	\$ 9,400,521	\$ 826,644	14.9%	24.2%	9.6%	13.2%
32								

	A	B	C	D	E	F	G	H	I
1									
2	Group 1: Additional Exemption for Prior Impact*								
3		High		Middle		Low		ADOPTED	
4		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
5	2020-21	\$ (10.3 M)	\$ (11.2 M)	\$ (5.1 M)	\$ (5.6 M)	\$ (2.6 M)	\$ (2.8 M)	\$ (6.2 M)	\$ (6.8 M)
6	2021-22	\$ (11.1 M)	\$ (11.1 M)	\$ (5.6 M)	\$ (5.6 M)	\$ (2.8 M)	\$ (2.8 M)	\$ (7.5 M)	\$ (7.5 M)
7	2022-23	\$ (11.1 M)	\$ (11.1 M)	\$ (5.5 M)	\$ (5.5 M)	\$ (2.8 M)	\$ (2.8 M)	\$ (7.8 M)	\$ (7.8 M)
8	2023-24	\$ (11.2 M)	\$ (11.2 M)	\$ (5.6 M)	\$ (5.6 M)	\$ (2.8 M)	\$ (2.8 M)	\$ (8.2 M)	\$ (8.2 M)
9	2024-25	\$ (11.4 M)	\$ (11.4 M)	\$ (5.7 M)	\$ (5.7 M)	\$ (2.8 M)	\$ (2.8 M)	\$ (8.6 M)	\$ (8.6 M)
10	*Amount of additional exemption for repairs that already exceed \$60K cap at large repair yards (> \$3.95 M gross)								
11									
12	Group 2:								
13	Portion of the Old Cohort after the 60K cap portion is removed*								
14		High		Middle		Low		ADOPTED	
15		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
16	2020-21	\$ (12.1 M)	\$ (13.2 M)	\$ (9.7 M)	\$ (10.6 M)	\$ (4.9 M)	\$ (5.3 M)	\$ (13.0 M)	\$ (14.2 M)
17	2021-22	\$ (13.2 M)	\$ (13.2 M)	\$ (10.6 M)	\$ (10.6 M)	\$ (5.3 M)	\$ (5.3 M)	\$ (14.9 M)	\$ (14.9 M)
18	2022-23	\$ (13.3 M)	\$ (13.3 M)	\$ (10.6 M)	\$ (10.6 M)	\$ (5.3 M)	\$ (5.3 M)	\$ (15.6 M)	\$ (15.6 M)
19	2023-24	\$ (13.4 M)	\$ (13.4 M)	\$ (10.7 M)	\$ (10.7 M)	\$ (5.4 M)	\$ (5.4 M)	\$ (16.4 M)	\$ (16.4 M)
20	2024-25	\$ (13.6 M)	\$ (13.6 M)	\$ (10.9 M)	\$ (10.9 M)	\$ (5.4 M)	\$ (5.4 M)	\$ (17.2 M)	\$ (17.2 M)
21	*Amount of exemption for repairs under the \$60K cap at large repair yards (> \$3.95 M gross)								
22									
23	Group 3:								
24	New Cohort which falls below the 60K cap and be above 36K cap*								
25		High		Middle		Low		ADOPTED	
26		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
27	2020-21	\$ (1.5 M)	\$ (1.7 M)	\$ (1.2 M)	\$ (1.4 M)	\$ (.7 M)	\$ (.8 M)	\$ (1.7 M)	\$ (1.8 M)
28	2021-22	\$ (1.7 M)	\$ (1.7 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (.8 M)	\$ (.8 M)	\$ (1.9 M)	\$ (1.9 M)
29	2022-23	\$ (1.7 M)	\$ (1.7 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (.8 M)	\$ (.8 M)	\$ (2.0 M)	\$ (2.0 M)
30	2023-24	\$ (1.7 M)	\$ (1.7 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (.8 M)	\$ (.8 M)	\$ (2.1 M)	\$ (2.1 M)
31	2024-25	\$ (1.7 M)	\$ (1.7 M)	\$ (1.4 M)	\$ (1.4 M)	\$ (.8 M)	\$ (.8 M)	\$ (2.2 M)	\$ (2.2 M)
32	*Repairs under the \$60K cap at smaller repair yards (≤ \$3.95 M gross)								
33									
34	Total								
35		High		Middle		Low		ADOPTED	
36		Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
37	2020-21	\$ (24.0 M)	\$ (26.1 M)	\$ (16.1 M)	\$ (17.6 M)	\$ (8.1 M)	\$ (8.9 M)	\$ (20.9 M)	\$ (22.8 M)
38	2021-22	\$ (26.0 M)	\$ (26.0 M)	\$ (17.5 M)	\$ (17.5 M)	\$ (8.8 M)	\$ (8.8 M)	\$ (24.3 M)	\$ (24.3 M)
39	2022-23	\$ (26.0 M)	\$ (26.0 M)	\$ (17.5 M)	\$ (17.5 M)	\$ (8.9 M)	\$ (8.9 M)	\$ (25.5 M)	\$ (25.5 M)
40	2023-24	\$ (26.2 M)	\$ (26.2 M)	\$ (17.7 M)	\$ (17.7 M)	\$ (8.9 M)	\$ (8.9 M)	\$ (26.7 M)	\$ (26.7 M)
41	2024-25	\$ (26.7 M)	\$ (26.7 M)	\$ (18.0 M)	\$ (18.0 M)	\$ (9.1 M)	\$ (9.1 M)	\$ (28.1 M)	\$ (28.1 M)

	A	B	C	D	E	F	G	H	I	J	K	L
1	Group 1: Additional Exemption on Previously Adopted Estimate (down to \$60K in 2015)											
2	Total Sales Tax Collections for Identified Businesses*											
3		2015	\$ 87.4									
4		2016	\$ 96.4									
5		2017	\$ 107.9									
6	Current Update	2018	\$ 116.3									
7	*for businesses with greater than \$3.95 million Gross Sales											
8												
9	Step 1: Convert to Calendar to Fiscal Year											
10		2015-2016	\$ 91.90									
11		2016-2017	\$ 102.16									
12	Current Update	2017-2018	\$ 112.07									
13												
14	Other Consumer Durables (CDRO) growth rates Adopted											
15		2018-19	0.4%	10.0%								
16		2019-20	-0.1%	10.0%								
17		2020 -21	-0.9%	10.0%								
18		2021-22	-0.3%	5.0%								
19		2022-23	0.5%	5.0%								
20		2023-24	1.1%	5.0%								
21		2024-25	1.6%	5.0%								
22												
23	Step 2: Apply the low percent of sales exempted as previously adopted and Growing at CDRO Rates											
24	Previous Exempt Percentage		5%									
25												
26	Fiscal Year	Previously Adopted Low- 5%										
27	2017-18		\$ (5.6 M)									
28	2018-19		\$ (5.6 M)									
29	2019-20		\$ (6.2 M)									
30	2020-21		\$ (6.8 M)									
31	2021-22		\$ (7.5 M)									
32	2022-23		\$ (7.8 M)									
33	2023-24		\$ (8.2 M)									
34	2024-25		\$ (8.6 M)									
35												
36	Step 3: Number of repairs necessary to generate the previously Adopted Low											
37	Average Boat Price (Millions)	High	Middle	Low								
38		\$1.2	\$1.4	\$1.8								
39	2017-18	467	233	117								
40	2018-19	467	233	117								
41	2019-20	514	257	128								
42	2020-21	565	283	141	2020-21	14150	9300	2325	25775			
43	2021-22	622	311	155	2021-22	15550	9600	2400	27550			
44	2022-23	653	326	163	2022-23	16300	9900	2475	28675			
45	2023-24	685	343	171	2023-24	17150	10200	2550	29900			
46	2024-25	720	360	180	2024-25	18000	10500	2625	31125			
47												
48	Step 4: Impact from Exempt Values 1 Million to 600 Thousand											
49	Additional Exemption Per Repair			\$0.024	(\$24000)							
50												
51		High	Middle	Low								
52		Cash	Recurring	Cash	Recurring	Cash	Recurring					
53	2019-20	\$ -	\$ (12.3 M)	\$ -	\$ (6.2 M)	\$ -	\$ (3.1 M)					
54	2020-21	\$ (12.4 M)	\$ (13.6 M)	\$ (6.2 M)	\$ (6.8 M)	\$ (3.1 M)	\$ (3.4 M)					
55	2021-22	\$ (14.9 M)	\$ (14.9 M)	\$ (7.5 M)	\$ (7.5 M)	\$ (3.7 M)	\$ (3.7 M)					
56	2022-23	\$ (15.7 M)	\$ (15.7 M)	\$ (7.8 M)	\$ (7.8 M)	\$ (3.9 M)	\$ (3.9 M)					
57	2023-24	\$ (16.4 M)	\$ (16.4 M)	\$ (8.2 M)	\$ (8.2 M)	\$ (4.1 M)	\$ (4.1 M)					
58	2024-25	\$ (17.3 M)	\$ (17.3 M)	\$ (8.6 M)	\$ (8.6 M)	\$ (4.3 M)	\$ (4.3 M)					
59												

	A	B	C	D	E	F	G	H	I
1	Group 2: Businesses with more than \$3.95 million Gross Sales less the prior estimated exempt Value								
2									
3	Total Sales Tax Collections for Identified Industries								
4		2015	\$ 87.4						
5		2016	\$ 96.4	10.4%					
6		2017	\$ 107.9	11.9%					
7	Current Update	2018	\$ 116.3	7.8%					
8				10.0%					
9	Step 1: Convert Calendar to Fiscal Year								
10		2015-2016	\$ 91.90						
11		2016-2017	\$ 102.16						
12	Current Update	2017-2018	\$ 112.07						
13									
14	Other Consumer Durables (CDRO) Growth Rates			Adopted					
15		2018-19	0.40%	10.0%					
16		2019-20	-0.10%	10.0%					
17		2020 -21	-0.90%	10.0%					
18		2021-22	-0.30%	5.0%					
19		2022-23	0.50%	5.0%					
20		2023-24	1.10%	5.0%					
21		2024-25	1.60%	5.0%					
22									
23	Previous Exempt Percentage	5%							
24	Step 2: (B23 X C12)	\$ 5.60							
25									
26	Step 3: Total Sales Tax Collections less Prior exempt amount (C12-B24)	\$ 106.47							
27									
28	Step 4: Create High/Middle/Low values using Total Sales Tax Collections Less Prior estimated exemption (B26)								
29	ex: (B26*B29*-1)	12.50%		10%		5%			
30	FY2017-2018	\$ (13.31)		\$ (10.65)		\$ (5.32)			
31									
32	Step 5: Grow Step 4 values at Other Consumer Durables Growth Rates								
33		High - 12.5%		Middle - 10%		Low - 5%			
34		Cash	Recurring	Cash	Recurring	Cash	Recurring		
35	2019-20	\$ -	\$ (16.1 M)	\$ -	\$ (12.9 M)	\$ -	\$ (6.4 M)		
36	2020-21	\$ (16.2 M)	\$ (17.7 M)	\$ (13.0 M)	\$ (14.2 M)	\$ (6.5 M)	\$ (7.1 M)		
37	2021-22	\$ (18.6 M)	\$ (18.6 M)	\$ (14.9 M)	\$ (14.9 M)	\$ (7.4 M)	\$ (7.4 M)		
38	2022-23	\$ (19.5 M)	\$ (19.5 M)	\$ (15.6 M)	\$ (15.6 M)	\$ (7.8 M)	\$ (7.8 M)		
39	2023-24	\$ (20.5 M)	\$ (20.5 M)	\$ (16.4 M)	\$ (16.4 M)	\$ (8.2 M)	\$ (8.2 M)		
40	2024-25	\$ (21.5 M)	\$ (21.5 M)	\$ (17.2 M)	\$ (17.2 M)	\$ (8.6 M)	\$ (8.6 M)		

	A	B	C	D	E	F	G
1	Group 3: Tax Collections from businesses with Gross Sales below \$3.95 Million and above \$600 Thousand						
2							
3	Step 1: Find the Sales Tax Collections of businesses that are above \$3.95 million in Gross Sales						
4		Greater than \$3.95 M		Less than \$3.95 M		Total	
5		No. of Businesses	Sales Tax Collected	No. of Businesses	Sales Tax Collected	No. of Businesses	Sales Tax Collected
6	2017	246	\$ 107.88	2195	\$ 41.45	2441	\$ 149.33
7	2018	262	\$ 116.26	2397	\$ 41.84	2659	\$ 158.10
8							
9	Step 2: Taxes Collected for businesses with Gross Sales between \$3.95 million and a lower bound						
10		High		Middle		Low	
11		Less Than 3.95 but Greater Than .6		Less Than 3.95 but Greater Than 1.185		Less Than 3.95 but Greater Than 2.37	
12	2017	\$	33.29	\$	27.02	\$	15.58
13	2018	\$	33.82	\$	27.67	\$	16.12
14							
15	Step 3: Convert Sales Tax Collections to Fiscal Year						
16		FY 2017-18	\$ 33.56		\$ 27.35		\$ 15.85
17							
18	Other Consumer Durables (CDRO) growth rates			Adopted			
19		2018-19	0.4%	10.0%			
20		2019-20	-0.1%	10.0%			
21		2020 -21	-0.9%	10.0%			
22		2021-22	-0.3%	5.0%			
23		2022-23	0.5%	5.0%			
24		2023-24	1.1%	5.0%			
25		2024-25	1.6%	5.0%			
26							
27	Step 4: Apply Previously Adopted Percentage to Fiscal Year Tax Collections and Grow at CDRO Rates						
28	Previously Adopted Percentage of Tax Collections Generated by Exempt Dollars					5%	
29							
30		High		Middle		Low	
31		Cash	Recurring	Cash	Recurring	Cash	Recurring
32	2019-20	\$ -	\$ (2.0 M)	\$ -	\$ (1.7 M)	\$ -	\$ (1.0 M)
33	2020-21	\$ (2.0 M)	\$ (2.2 M)	\$ (1.7 M)	\$ (1.8 M)	\$ (1.0 M)	\$ (1.1 M)
34	2021-22	\$ (2.3 M)	\$ (2.3 M)	\$ (1.9 M)	\$ (1.9 M)	\$ (1.1 M)	\$ (1.1 M)
35	2022-23	\$ (2.5 M)	\$ (2.5 M)	\$ (2.0 M)	\$ (2.0 M)	\$ (1.2 M)	\$ (1.2 M)
36	2023-24	\$ (2.6 M)	\$ (2.6 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (1.2 M)	\$ (1.2 M)
37	2024-25	\$ (2.7 M)	\$ (2.7 M)	\$ (2.2 M)	\$ (2.2 M)	\$ (1.3 M)	\$ (1.3 M)

	A	B	F	G	H	I	J
1	Tax Collections from businesses with gross sales below \$3.95 Million and above various thresholds						
2							
3	2017				Total Firms	2441	
4			Tax	Tax (\$M)	Count	% Total Firms	
5		Over 3.95	\$ 107,884,314	\$ 107.9	246	10.1%	
6		Under 3.95 and Over 2.37	\$ 15,584,900	\$ 15.6	129	5.3%	
7		Under 2.37	\$ 25,865,042	\$ 25.9	2066	84.6%	
8		Sub-Total for ≤ 3.95 \$M	\$ 41,449,942	\$ 41.4	2195	89.9%	
9							
10			Tax	Tax (\$M)	Count	% Total Firms	
11		Over 3.95	\$ 107,884,314	\$ 107.9	246	10.1%	
12		Under 3.95 and Over 1.185	\$ 27,020,145	\$ 27.0	297	12.2%	
13		Under 1.185	\$ 14,429,797	\$ 14.4	1898	77.8%	
14							
15			Tax	Tax (\$M)	Count	% Total Firms	
16		Over 3.95	\$ 107,884,314	\$ 107.9	246	10.1%	
17		Under 3.95 and Over .6	\$ 33,289,243	\$ 33.3	476	19.5%	
18		Under .6	\$ 8,160,699	\$ 8.2	1719	70.4%	
19							
20	2018				Total Firms	2536	
21			Tax	Tax (\$M)	Count	% Total Firms	
22		Over 3.95	\$ 116,263,682	\$ 116.3	262	10.3%	
23		Under 3.95 and Over 2.37	\$ 16,123,479	\$ 16.1	127	5.0%	
24		Under 2.37	\$ 25,715,302	\$ 25.7	2147	84.7%	
25		Sub-Total for ≤ 3.95 \$M	\$ 41,838,781	\$ 41.8	2274	93.2%	
26							
27			Tax	Tax (\$M)	Count	% Total Firms	
28		Over 3.95	\$ 116,263,682	\$ 116.3	262	10.3%	
29		Under 3.95 and Over 1.185	\$ 27,671,566	\$ 27.7	299	11.8%	
30		Under 1.185	\$ 14,167,215	\$ 14.2	1975	77.9%	
31							
32			Tax	Tax (\$M)	Count	% Total Firms	
33		Over 3.95	\$ 116,263,682	\$ 116.3	262	10.3%	
34		Under 3.95 and Over .6	\$ 33,818,335	\$ 33.8	469	18.5%	
35		Under .6	\$ 8,020,446	\$ 8.0	1805	71.2%	
36							
37							
38							

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Boat Repairs/ Exempt Labor and Services

Bill Number(s): [Proposed Language](#)

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: Upon Becoming Law (one-month lag to collections)

Date of Analysis: February 21, 2020

Section 1: Narrative

- a. **Current Law:** Subsection 212.05 (5) F.S., currently reads: Notwithstanding any other provision of this chapter, the maximum amount of tax imposed under this chapter and collected on each sale or use of a boat in this state may not exceed \$18,000 and on each repair of a boat in this state may not exceed \$60,000.
- b. **Proposed Change:** Subsection 212.05 (5) F.S., is amended to include: Labor and services associated with the repair of a boat are not subject to sales tax and surtax.

Section 2: Description of Data and Sources

Department of Revenue (DOR) Annual Sales Tax Data

Other Consumer Durables (CDRO) Growth rates – 1/2020 General Revenue REC

Section 3: Methodology (Include Assumptions and Attach Details)

North American Industrial Classification System (NAICS) code 441222 was used to identify the businesses most likely to be affected by this language from the 2017 and 2018 DOR Annual Sales Tax Data. The calendar year sales tax collections were converted to fiscal year and grown by the CDRO growth rate from the January 2020 General Revenue Estimating Conference. The estimate provides an array of divisions between the repair activities and all other Taxable Activities. The high estimate assumes that 70% of the taxes paid today are due to repairs by boat dealers under NAICS code 441222. The middle estimate assumes 60% repairs and the low estimate assumes 50% repairs. Some amount of repair is attributable to parts and supplies and the rest should be labor or services. The high estimate assumes that repair facilities will be able to charge a minimal amount for the goods portion of the repair and move most of the repair charges to labor and services. For this reason, the high estimate assumes that 1% of the cost of repair will be for goods and the remainder will be for labor and services. The middle estimate assumes 20% parts and supplies cost, and the low assumes 30% parts and supplies cost.

The first-year cash value is equal to the eleven months of the recurring based on a one-month lag to collections.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(102.6 M)	\$(111.9 M)	\$(71.1 M)	\$(77.5 M)	\$(51.8 M)	\$(56.5 M)
2021-22	\$(111.6 M)	\$(111.6 M)	\$(77.3 M)	\$(77.3 M)	\$(56.4 M)	\$(56.4 M)
2022-23	\$(112.2 M)	\$(112.2 M)	\$(77.7 M)	\$(77.7 M)	\$(56.6 M)	\$(56.6 M)
2023-24	\$(113.4 M)	\$(113.4 M)	\$(78.5 M)	\$(78.5 M)	\$(57.3 M)	\$(57.3 M)
2024-25	\$(115.2 M)	\$(115.2 M)	\$(79.8 M)	\$(79.8 M)	\$(58.2 M)	\$(58.2 M)

List of affected Trust Funds: Sales and Use Tax Group

Section 5: Consensus Estimate (Adopted: 02/21/2020): The Conference adopted the low estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(45.9)	(50.0)	(Insignificant)	(Insignificant)	(1.5)	(1.7)	(4.4)	(4.8)
2021-22	(49.9)	(49.9)	(Insignificant)	(Insignificant)	(1.7)	(1.7)	(4.8)	(4.8)
2022-23	(50.1)	(50.1)	(Insignificant)	(Insignificant)	(1.7)	(1.7)	(4.8)	(4.8)
2023-24	(50.8)	(50.8)	(Insignificant)	(Insignificant)	(1.7)	(1.7)	(4.9)	(4.9)
2024-25	(51.5)	(51.5)	(Insignificant)	(Insignificant)	(1.7)	(1.7)	(4.9)	(4.9)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Boat Repairs/ Exempt Labor and Services

Bill Number(s): [Proposed Language](#)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(7.6)	(8.2)	(13.5)	(14.7)	(59.4)	(64.7)
2021-22	(8.2)	(8.2)	(14.7)	(14.7)	(64.6)	(64.6)
2022-23	(8.3)	(8.3)	(14.8)	(14.8)	(64.9)	(64.9)
2023-24	(8.4)	(8.4)	(14.9)	(14.9)	(65.7)	(65.7)
2024-25	(8.5)	(8.5)	(15.2)	(15.2)	(66.7)	(66.7)

	A	B	C	D	E	F	G
1	NAICS	441222					
2	NAICS Desc.	This U.S. industry comprises establishments primarily engaged in					
3		(1) retailing new and/or used boats or retailing new boats in combination					
4		with activities, such as repair services and selling replacement parts and					
5		accessories, and/or (2) retailing new and/or used outboard motors,					
6		boat trailers, marine supplies, parts, and accessories.					
7							
8	Annual Sales Tax Data (\$M)						
9		Gross Sales	Taxable Sales	Sales Tax Collections			
10	2017	\$ 6,030.7	\$ 2,542.7	\$ 158.1			
11	2018	\$ 6,585.0	\$ 2,684.1	\$ 166.9			
12							
13	CY to FY (\$M)						
14		Gross Sales	Taxable Sales	Sales Tax Collections			
15	2017-18	\$ 6,307.8	\$ 2,613.4	\$ 162.5			
16							
17	Other Consumer Durable (CDRO) Growth Rate (01/20 GR)						
18		2018-19	0.4%				
19		2019-20	-0.1%				
20		2020 -21	-0.9%				
21		2021-22	-0.3%				
22		2022-23	0.5%				
23		2023-24	1.1%				
24		2024-25	1.6%				
25							
26	Grown by CDRO Growth rate (\$M)						
27		2018-19	\$ 163.2				
28		2019-20	\$ 163.0				
29		2020 -21	\$ 161.5				
30		2021-22	\$ 161.0				
31		2022-23	\$ 161.8				
32		2023-24	\$ 163.6				
33		2024-25	\$ 166.2				
34							

	A	B	C	D	E	F	G
35	Boat Sales vs. Boat Repair						
36		High	Middle	Low			
37	All Other Taxable Sales	30%	40%	50%			
38	Repair	70%	60%	50%			
39							
40	Goods vs. Services Split						
41		High	Middle	Low			
42	Parts and Supplies	1%	20%	30%			
43	Labor and Services	99%	80%	70%			
44							
45	Impact						
46		High		Middle		Low	
47	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
48	2020-21	\$ (102.6 M)	\$ (111.9 M)	\$ (71.1 M)	\$ (77.5 M)	\$ (51.8 M)	\$ (56.5 M)
49	2021-22	\$ (111.6 M)	\$ (111.6 M)	\$ (77.3 M)	\$ (77.3 M)	\$ (56.4 M)	\$ (56.4 M)
50	2022-23	\$ (112.2 M)	\$ (112.2 M)	\$ (77.7 M)	\$ (77.7 M)	\$ (56.6 M)	\$ (56.6 M)
51	2023-24	\$ (113.4 M)	\$ (113.4 M)	\$ (78.5 M)	\$ (78.5 M)	\$ (57.3 M)	\$ (57.3 M)
52	2024-25	\$ (115.2 M)	\$ (115.2 M)	\$ (79.8 M)	\$ (79.8 M)	\$ (58.2 M)	\$ (58.2 M)