

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SB 284](#)

Entire Bill

Partial Bill:

Sponsor(s): Sen. Diaz

Month/Year Impact Begins: January 1, 2021

Date of Analysis: December 20, 2019

Section 1: Narrative

a. Current Law:

Article VII, section 4 of the Florida Constitution states (in part) that the assessment value of a homestead shall change on January 1 of each year “but those changes in assessments shall not exceed the lower of the following:

“a. Three percent (3%) of the assessment for the prior year.

“b. The percent change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.”

b. Proposed Change:

This bill creates s. 193.626, F.S., to read: “193.626 Homestead assessment limitation for school district levy purposes for certain persons age 65 years or older.—

“(1) For purposes of school district levies, the assessed value of real estate used as a homestead by a person age 65 years or older who has legal or equitable title to the property and who has held legal or equitable title to the property and maintained permanent residence thereon for at least 25 years shall not increase above the assessed value on the January 1 immediately following the date the property owner becomes eligible for treatment under this section.

“(2) Those persons entitled to and receiving the homestead exemption under s. 196.031 may apply for and receive the assessment limitation provided under this section.

“(3) If title is held jointly with right of survivorship, the person residing on the property and otherwise qualifying may receive the entire amount of the assessment limitation provided under this section.

“(4) If a property appraiser determines that, for any year within the immediately previous 10 years, a person who was not entitled to the assessment limitation under this section was granted such limitation, the property appraiser shall serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person in the county, which property must be identified in the notice of tax lien. Any property that is owned by the taxpayer and that is situated in this state is subject to the taxes limited by the improper assessment limitation, plus a penalty of 50 percent of the unpaid taxes for each year and interest at a rate of 15 percent per annum. However, if such assessment limitation is improperly granted as a result of a clerical error or omission by the property appraiser, the person who improperly received the limitation may not be assessed the penalty and interest. Before any such lien is filed, the owner must be given 30 days within which to pay the taxes, penalties, and interest. Such a lien is subject to the procedures and provisions set forth in s. 196.161(3).

“(5) This section first applies to the 2021 property tax roll.”

Section 2 states “Section 2. This act shall take effect on the effective date of the amendment to the State Constitution proposed by SJR__ or a joint resolution having substantially the same specific intent and purpose, if such amendment to the State Constitution is approved at the general election held in November 2020 or at an earlier special election specifically authorized by law for that purpose.”

Section 2: Description of Data and Sources

2008-2018 Real Property Assessment Rolls

Tenure by Age of Householder by Year Householder Moved into Unit, U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Ad Valorem Assessments Revenue Estimating Conference, August 2019

Section 3: Methodology (Include Assumptions and Attach Details)

The estimate’s methodology is identical to the analysis for SJR 282, though that proposed fiscal impact is indeterminate and this bill’s proposed impact is negative.

The final assessment rolls for each year between 2008 and 2018 were used to create a single merged dataset containing only parcels that had some value classified as homestead for the past 11 years. The 2.7 million parcels in this dataset include

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SB 284](#)

parcels whose ownership changed, so parcels with reported sales had to be excluded. Current (post-2008) assessment rolls include up to two sales that have occurred since the January 1 prior to the roll year. The 2008 rolls contained the two most recent sales, regardless of sale year. Flags were created to flag sales over \$100 for 2008-2018. The sale year for the most recent sale over \$100 on the 2008 roll was calculated. Any parcels that were sold for more than \$100 in or after 1996 were removed, leaving 975,928 homesteads. The base cohort consisted of this group of parcels. (Any sales on or after January 1, 1996, would mean the homeowner could not have maintained residence for at least 25 years when the amendment takes effect on January 1, 2021.)

The 2018 assessed value for the homestead portions of these parcels had to be projected throughout the next two years before the law goes into effect, including annual decay and assessment value growth. The conference previously adopted a decay rate of 4.0%. The estimated assessed value of the eligible cohort is the prior year’s value increased by the assessment cap rate and decreased by the decay rate. Starting in 2021, a second assessed value projection with no assessment limitation increase was calculated.

After 2022, a cohort growth rate is also folded in. The cohort growth rate is the annual percent change in the number of homesteads that haven’t sold for at least 25 years. The estimated cohort growth between 2021 and 2022, for example, is the percent change between homesteads whose most recent sale was 1995 or earlier (975,928) and the number of homesteads whose most recent sale was 1996 or earlier (1,046,921), which is 6.78%. This growth rate was calculated for each year throughout the forecast period. The projections for 2022-2026 include both cohort decay and growth. The assessed value impact is the difference between the estimated values under current law and without assessed value increases beginning in 2021.

The annual assessed value impacts include anyone who has maintained a homestead for at least 25 years, not just those over 65. Using data from the 2017 5-year American Community Survey, non-seniors were excluded by reducing the impact by 62%. Of owner-occupied Floridian households whose householder was, in 2017, 35 years or older and moved into their residence before 1999, 54% of householders were over 65. After an 80% reduction in the number of householders that moved into their residence from 1990-1999 (to remove those that moved in from 1992-1999, leaving only those who maintained their residence for at least 25 years as of 2017), an estimated 62% of householders were over 65, owned their residence, and moved in at least 25 years ago.

The high, middle, and low estimates are differentiated by the percent of assessed value that flows through to taxable value (that is, the percent of the assessed value that will not be exempted). The high assumes that the taxable value impact includes 85% of the assessed value impact. The middle estimate is 80%, and the low estimate is 70%. The 2018 effective statewide millage rate for school purposes is then applied to the 2021-2026 taxable value impacts to calculate the fiscal year impact. The 2026 fiscal year impact is used for the recurring estimate.

Section 4: Proposed Fiscal Impact

Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$ -	\$ (63.8 M)	\$ -	\$ (60.1 M)	\$ -	\$ (52.6 M)
2021-22	\$ (6.9 M)	\$ (63.8 M)	\$ (6.5 M)	\$ (60.1 M)	\$ (5.7 M)	\$ (52.6 M)
2022-23	\$ (17.7 M)	\$ (63.8 M)	\$ (16.7 M)	\$ (60.1 M)	\$ (14.6 M)	\$ (52.6 M)
2023-24	\$ (28.0 M)	\$ (63.8 M)	\$ (26.3 M)	\$ (60.1 M)	\$ (23.0 M)	\$ (52.6 M)
2024-25	\$ (38.9 M)	\$ (63.8 M)	\$ (36.6 M)	\$ (60.1 M)	\$ (32.0 M)	\$ (52.6 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 12/20/2019): The impact of the implementing bill to the constitutional amendment is zero/negative indeterminate due to the requirement for a statewide referendum. If the constitutional amendment does not pass, the impact is zero.

If approved, the Conference adopted the following impact:

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SB 284](#)

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	(60.1)	0.0	0.0	0.0	(60.1)
2021-22	(6.5)	(60.1)	0.0	0.0	(6.5)	(60.1)
2022-23	(16.7)	(60.1)	0.0	0.0	(16.7)	(60.1)
2023-24	(26.3)	(60.1)	0.0	0.0	(26.3)	(60.1)
2024-25	(36.6)	(60.1)	0.0	0.0	(36.6)	(60.1)

	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	0/(**)	0.0	0/(**)
2021-22	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2022-23	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2023-24	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2024-25	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

	A	B	C	D	E	F
1	Cohort Decay Rate					
2						
3	Historic Homestead Sales					
4		Group	Count	% Sold in 2018		
5		All HX w/ no Sales from 1993-2017	867,189	2.30%		
6		Sold HX in 2018 (for first time in at least 25 years)*	19,938			
7	* Sales in 2018 recorded on October rolls have been adjusted upwards by 1/6, assuming 2 months of sales are unrecorded.					
8						
9	Typical Homestead Sale Rate					
10		2016	4.26%			
11		2017	4.32%			
12		Average	4.29%			
13						
14	Homestead Sale Rate - First Sale in at least 25 Years					
15		Sold in 2018 (for first time in at least 25 years)	2.30%			
16		Decay rate adopted For 3/22/2019 Analysis	4.00%			
17		Average of Decay Rates (not used)	3.29%			
18						
19	Cohort Growth Rate					
20						
21		Last Recorded Sale Year	Roll Year Eligible	Parcel Count	Total Parcels	Percent Added That Year
22		1994 or before		913,551		
23		1995	2021	62,377	975,928	6.39%
24		1996	2022	70,993	1,046,921	6.78%
25		1997	2023	75,679	1,122,600	6.74%
26		1998	2024	86,860	1,209,460	7.18%
27		1999	2025	97,485	1,306,945	7.46%
28		2000	2026	103,445	1,410,390	7.33%

	A	B	C	D	E	F	G
1	Census Data						
2							
3	Owner Occupied Households by Age Group of Householder						
4							
5		Households					
6		Age Group of Householder	15 to 34 years	35 to 64 Years	65 or older		
7		Move In Year					
8		- Moved in 2015 or later	62,693	178,492	82,823		
9		- Moved in 2010 to 2014	174,428	615,449	299,890		
10		- Moved in 2000 to 2009	92,532	1,092,086	640,340		
11		- Moved in 1990 to 1999	9,209	520,334	420,110		
12		- Moved in 1980 to 1989	3,771	167,718	233,777		
13		- Moved in 1979 or earlier	88	53,739	221,348		
14	Source: U.S. Census Bureau, 2017 5-Year American Community Survey, Table ACS_17_5YR_B25128						
15							
16	Age Limit Calculation						
17							
18		Florida	Householder Age Group				
19		Move In Year	35 to 64	65 years and over	Total		
20		- Moved in 1990 to 1999	520,334	420,110	940,444		
21		- Moved in 1980 to 1989	167,718	233,777	401,495		
22		- Moved in 1979 or earlier	53,739	221,348	275,087		
23		Moved in 1999 or earlier	741,791	875,235	1,617,026		
24		Percent of Total	45.87%	54.13%			
25							
26		Reduction to remove move-ins from 1992-1999	80%				
27							
28			Householder Age Group				
29		Move In Year	35 to 64	65 years and over	All Ages Total		
30		- Moved in 1990 to 1991	104,067	84,022	188,089		
31		- Moved in 1980 to 1989	167,718	233,777	401,495		
32		- Moved in 1979 or earlier	53,739	221,348	275,087		
33		Moved in 1995 or earlier	325,524	539,147	864,671		
34		Percent of Total	37.65%	62.35%			

	A	B	C	D	E	F	G	H	I	J	K
1	Impact Calculations										
2											
3	Cohort Estimate										
4											
5	- Parcels had some value classified as homestead on every final roll from 2008 to 2018.										
6	- Any sales over \$100 were flagged. The last flagged sale (on the 2008 roll) was before January 1, 1996. There were no flagged sales after that.										
7	- There is an assumed decay in the cohort until 2021 and both decay and new parcels joining the cohort after 2021.										
8											
9	New to Cohort						6.78%	6.74%	7.18%	7.46%	7.33%
10	Decay		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
11	Homestead Cap		1.90%	2.27%	1.69%	2.49%	2.18%	2.15%	2.17%	2.17%	2.17%
12	Roll Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	
13	PARCELS:	975,928									
19	JV_HMSTD	218,726,520,765									
20	AV_HMSTD	129,838,334,664									
21											
22	Projected AV (including cohort decay and growth)										
23											
24	Roll Year		2019	2020	2021	2022	2023	2024	2025	2026	
25	AV Homestead, Capped under current law		127,013,052,502	124,700,398,842	121,735,522,159	127,898,229,553	133,916,649,351	140,755,343,311	148,355,039,335	156,183,895,742	
26	AV Homestead, Cap frozen at 0 beginning in 2021		127,013,052,502	124,700,398,842	119,712,382,888	122,717,017,666	125,750,272,763	129,390,049,976	133,479,601,033	137,538,870,920	
27	AV Impact		0	0	-2,023,139,271	-5,181,211,887	-8,166,376,589	-11,365,293,335	-14,875,438,302	-18,645,024,822	
28											
29	Reduction for Age Limitation										
30											
31	Reduction for Age Limitation	62%									
32											
33	Roll Year		2019	2020	2021	2022	2023	2024	2025	2026	
34	AV Impact, Homeowner 65+		0	0	-1,261,485,259	-3,230,633,953	-5,091,969,613	-7,086,585,792	-9,275,261,677	-11,625,706,798	
35											

	A	B	C	D	E	F	G	H	I	J	K
36	High, Middle, and Low Estimates of AV flowing through to TV										
37											
38		Percent of AV that flows to TV									
39		HIGH	MIDDLE	LOW							
40		85%	80%	70%							
41											
42	TV Impact										
43	Roll Year	HIGH	MIDDLE	LOW							
45	2020	0	0	0							
46	2021	-1,072,262,470	-1,009,188,208	-883,039,682							
47	2022	-2,746,038,860	-2,584,507,163	-2,261,443,767							
48	2023	-4,328,174,171	-4,073,575,690	-3,564,378,729							
49	2024	-6,023,597,923	-5,669,268,633	-4,960,610,054							
50	2025	-7,883,972,425	-7,420,209,342	-6,492,683,174							
51	2026	-9,881,850,778	-9,300,565,438	-8,137,994,759							
52	Fiscal Year Impact										
53											
54	2018 School Millage			6.4596							
55											
56	Fiscal Year	HIGH	MIDDLE	LOW							
58	2020	0	0	0							
59	2021	-6,926,387	-6,518,952	-5,704,083							
60	2022	-17,738,313	-16,694,882	-14,608,022							
61	2023	-27,958,274	-26,313,670	-23,024,461							
62	2024	-38,910,033	-36,621,208	-32,043,557							
63	2025	-50,927,308	-47,931,584	-41,940,136							
64	2026	-63,832,803	-60,077,933	-52,568,191							
65	Impact Summary										
66											
67	School Impact										
68		High		Middle		Low					
69	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring				
71	2020-21	\$ -	\$ (63.8 M)	\$ -	\$ (60.1 M)	\$ -	\$ (52.6 M)				
72	2021-22	\$ (6.9 M)	\$ (63.8 M)	\$ (6.5 M)	\$ (60.1 M)	\$ (5.7 M)	\$ (52.6 M)				
73	2022-23	\$ (17.7 M)	\$ (63.8 M)	\$ (16.7 M)	\$ (60.1 M)	\$ (14.6 M)	\$ (52.6 M)				
74	2023-24	\$ (28.0 M)	\$ (63.8 M)	\$ (26.3 M)	\$ (60.1 M)	\$ (23.0 M)	\$ (52.6 M)				
75	2024-25	\$ (38.9 M)	\$ (63.8 M)	\$ (36.6 M)	\$ (60.1 M)	\$ (32.0 M)	\$ (52.6 M)				

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SJR 282](#)

Entire Bill

Partial Bill:

Sponsor(s): Sen. Diaz

Month/Year Impact Begins: January 1, 2021

Date of Analysis: December 20, 2019

Section 1: Narrative

a. Current Law:

Article VII, section 4 of the Florida Constitution states (in part) that the assessment value of a homestead shall change on January 1 of each year “but those changes in assessments shall not exceed the lower of the following:

“a. Three percent (3%) of the assessment for the prior year.

“b. The percent change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.”

b. Proposed Change:

This joint resolution would add subsection (k) to section 4. It reads “(k) By general law, and subject to conditions specified therein, the legislature may, for school district levy purposes, prohibit increases in the assessed value of property qualifying for a homestead exemption under section 6 of this article, if the legal or equitable title to the property is held by a person who:

“(1) Has attained age sixty-five; and

“(2) Has held legal or equitable title to the property and maintained permanent residence thereon for at least twenty-five years.”

Article XII is amended to include “Assessment limitation for school district levy purposes for certain persons who have attained age sixty-five.—This section and the amendment to Section 4 of Article VII authorizing the legislature, for school district levy purposes, to prohibit increases in the assessed value of homestead property if the legal or equitable title to the property is held by a person who has attained age sixty-five and if he or she has held legal or equitable title to the property and maintained permanent residence thereon for at least twenty-five years, shall take effect January 1, 2021.”

The ballot measure to amend the constitution will state “HOMESTEAD ASSESSMENT LIMITATION FOR SCHOOL DISTRICT LEVY PURPOSES FOR CERTAIN PERSONS AGE 65 OR OLDER.—Authorizes the Legislature, by general law, to prohibit increases in the assessed value of homestead property, for school district levy purposes, if the legal or equitable title to the property is held by a person who is 65 years of age or older and if he or she has held such title and maintained permanent residence on the property for at least 25 years. This amendment takes effect January 1, 2021.”

Section 2: Description of Data and Sources

2008-2018 Real Property Assessment Rolls

Tenure by Age of Householder by Year Householder Moved into Unit, U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Ad Valorem Assessments Revenue Estimating Conference, August 2019

Section 3: Methodology (Include Assumptions and Attach Details)

The estimate’s methodology is identical to the analysis for SB 284, though this proposed fiscal impact is indeterminate as the joint resolution must be approved by voters and legislation implemented.

The final assessment rolls for each year between 2008 and 2018 were used to create a single merged dataset containing only parcels that had some value classified as homestead for the past 11 years. The 2.7 million parcels in this dataset include parcels whose ownership changed, so parcels with reported sales had to be excluded. Current (post-2008) assessment rolls include up to two sales that have occurred since the January 1 prior to the roll year. The 2008 rolls contained the two most recent sales, regardless of sale year. Flags were created to flag sales over \$100 for 2008-2018. The sale year for the most recent sale over \$100 on the 2008 roll was calculated. Any parcels that were sold for more than \$100 in or after 1996 were removed, leaving 975,928 homesteads. The base cohort consisted of this group of parcels. (Any sales on or after January 1, 1996, would mean the homeowner could not have maintained residence for at least 25 years when the amendment takes effect on January 1, 2021.)

The 2018 assessed value for the homestead portions of these parcels had to be projected throughout the next two years before the law goes into effect, including annual decay and assessment value growth. The conference previously adopted a decay rate of 4.0%. The estimated assessed value of the eligible cohort is the prior year’s value increased by the assessment cap

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SJR 282](#)

rate and decreased by the decay rate. Starting in 2021, a second assessed value projection with no assessment limitation increase was calculated.

After 2022, a cohort growth rate is also folded in. The cohort growth rate is the annual percent change in the number of homesteads that haven't sold for at least 25 years. The estimated cohort growth between 2021 and 2022, for example, is the percent change between homesteads whose most recent sale was 1995 or earlier (975,928) and the number of homesteads whose most recent sale was 1996 or earlier (1,046,921), which is 6.78%. This growth rate was calculated for each year throughout the forecast period. The projections for 2022-2026 include both cohort decay and growth. The assessed value impact is the difference between the estimated values under current law and without assessed value increases beginning in 2021.

The annual assessed value impacts include anyone who has maintained a homestead for at least 25 years, not just those over 65. Using data from the 2017 5-year American Community Survey, non-seniors were excluded by reducing the impact by 62%. Of owner-occupied Floridian households whose householder was, in 2017, 35 years or older and moved into their residence before 1999, 54% of householders were over 65. After an 80% reduction in the number of householders that moved into their residence from 1990-1999 (to remove those that moved in from 1992-1999, leaving only those who maintained their residence for at least 25 years as of 2017), an estimated 62% of householders were over 65, owned their residence, and moved in at least 25 years ago.

The high, middle, and low estimates are differentiated by the percent of assessed value that flows through to taxable value (that is, the percent of the assessed value that will not be exempted). The high assumes that the taxable value impact includes 85% of the assessed value impact. The middle estimate is 80%, and the low estimate is 70%. The 2018 effective statewide millage rate for school purposes is then applied to the 2021-2026 taxable value impacts to calculate the fiscal year impact. The 2026 fiscal year impact is used for the recurring estimate.

As the joint resolution is dependent on the ballot outcome and implementing legislation, the proposed fiscal impact is indeterminate.

Section 4: Proposed Fiscal Impact

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

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted a zero / negative indeterminate impact since this is a joint resolution proposing an amendment to be submitted to the voters. If the constitutional amendment does not pass, the impact is zero.

If approved, the Conference adopted the following impact:

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	(60.1)	0.0	0.0	0.0	(60.1)
2021-22	(6.5)	(60.1)	0.0	0.0	(6.5)	(60.1)
2022-23	(16.7)	(60.1)	0.0	0.0	(16.7)	(60.1)
2023-24	(26.3)	(60.1)	0.0	0.0	(26.3)	(60.1)
2024-25	(36.6)	(60.1)	0.0	0.0	(36.6)	(60.1)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: School Taxes/Elderly Long Term Residents

Bill Number(s): [SJR 282](#)

	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/(**)	0.0	0/(**)
2021-22	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2022-23	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2023-24	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)
2024-25	0.0	0.0	0.0	0.0	0/(**)	0/(**)	0/(**)	0/(**)

	A	B	C	D	E	F
1	Cohort Decay Rate					
2						
3	Historic Homestead Sales					
4		Group	Count	% Sold in 2018		
5		All HX w/ no Sales from 1993-2017	867,189	2.30%		
6		Sold HX in 2018 (for first time in at least 25 years)*	19,938			
7	* Sales in 2018 recorded on October rolls have been adjusted upwards by 1/6, assuming 2 months of sales are unrecorded.					
8						
9	Typical Homestead Sale Rate					
10		2016	4.26%			
11		2017	4.32%			
12		Average	4.29%			
13						
14	Homestead Sale Rate - First Sale in at least 25 Years					
15		Sold in 2018 (for first time in at least 25 years)	2.30%			
16		Decay rate adopted For 3/22/2019 Analysis	4.00%			
17		Average of Decay Rates (not used)	3.29%			
18						
19	Cohort Growth Rate					
20						
21		Last Recorded Sale Year	Roll Year Eligible	Parcel Count	Total Parcels	Percent Added That Year
22		1994 or before		913,551		
23		1995	2021	62,377	975,928	6.39%
24		1996	2022	70,993	1,046,921	6.78%
25		1997	2023	75,679	1,122,600	6.74%
26		1998	2024	86,860	1,209,460	7.18%
27		1999	2025	97,485	1,306,945	7.46%
28		2000	2026	103,445	1,410,390	7.33%

	A	B	C	D	E	F	G
1	Census Data						
2							
3	Owner Occupied Households by Age Group of Householder						
4							
5		Households					
6		Age Group of Householder	15 to 34 years	35 to 64 Years	65 or older		
7		Move In Year					
8		- Moved in 2015 or later	62,693	178,492	82,823		
9		- Moved in 2010 to 2014	174,428	615,449	299,890		
10		- Moved in 2000 to 2009	92,532	1,092,086	640,340		
11		- Moved in 1990 to 1999	9,209	520,334	420,110		
12		- Moved in 1980 to 1989	3,771	167,718	233,777		
13		- Moved in 1979 or earlier	88	53,739	221,348		
14	Source: U.S. Census Bureau, 2017 5-Year American Community Survey, Table ACS_17_5YR_B25128						
15							
16	Age Limit Calculation						
17							
18		Florida	Householder Age Group				
19		Move In Year	35 to 64	65 years and over	Total		
20		- Moved in 1990 to 1999	520,334	420,110	940,444		
21		- Moved in 1980 to 1989	167,718	233,777	401,495		
22		- Moved in 1979 or earlier	53,739	221,348	275,087		
23		Moved in 1999 or earlier	741,791	875,235	1,617,026		
24		Percent of Total	45.87%	54.13%			
25							
26		Reduction to remove move-ins from 1992-1999	80%				
27							
28			Householder Age Group				
29		Move In Year	35 to 64	65 years and over	All Ages Total		
30		- Moved in 1990 to 1991	104,067	84,022	188,089		
31		- Moved in 1980 to 1989	167,718	233,777	401,495		
32		- Moved in 1979 or earlier	53,739	221,348	275,087		
33		Moved in 1995 or earlier	325,524	539,147	864,671		
34		Percent of Total	37.65%	62.35%			

	A	B	C	D	E	F	G	H	I	J	K
1	Impact Calculations										
2											
3	Cohort Estimate										
4											
5	- Parcels had some value classified as homestead on every final roll from 2008 to 2018.										
6	- Any sales over \$100 were flagged. The last flagged sale (on the 2008 roll) was before January 1, 1996. There were no flagged sales after that.										
7	- There is an assumed decay in the cohort until 2021 and both decay and new parcels joining the cohort after 2021.										
8											
9	New to Cohort						6.78%	6.74%	7.18%	7.46%	7.33%
10	Decay		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
11	Homestead Cap		1.90%	2.27%	1.69%	2.49%	2.18%	2.15%	2.17%	2.17%	2.17%
12	Roll Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	
13	PARCELS:	975,928									
19	JV_HMSTD	218,726,520,765									
20	AV_HMSTD	129,838,334,664									
21											
22	Projected AV (including cohort decay and growth)										
23											
24	Roll Year		2019	2020	2021	2022	2023	2024	2025	2026	
25	AV Homestead, Capped under current law		127,013,052,502	124,700,398,842	121,735,522,159	127,898,229,553	133,916,649,351	140,755,343,311	148,355,039,335	156,183,895,742	
26	AV Homestead, Cap frozen at 0 beginning in 2021		127,013,052,502	124,700,398,842	119,712,382,888	122,717,017,666	125,750,272,763	129,390,049,976	133,479,601,033	137,538,870,920	
27	AV Impact		0	0	-2,023,139,271	-5,181,211,887	-8,166,376,589	-11,365,293,335	-14,875,438,302	-18,645,024,822	
28											
29	Reduction for Age Limitation										
30											
31	Reduction for Age Limitation	62%									
32											
33	Roll Year		2019	2020	2021	2022	2023	2024	2025	2026	
34	AV Impact, Homeowner 65+		0	0	-1,261,485,259	-3,230,633,953	-5,091,969,613	-7,086,585,792	-9,275,261,677	-11,625,706,798	
35											

	A	B	C	D	E	F	G	H	I	J	K
36	High, Middle, and Low Estimates of AV flowing through to TV										
37											
38		Percent of AV that flows to TV									
39		HIGH	MIDDLE	LOW							
40		85%	80%	70%							
41											
42	TV Impact										
43	Roll Year	HIGH	MIDDLE	LOW							
45	2020	0	0	0							
46	2021	-1,072,262,470	-1,009,188,208	-883,039,682							
47	2022	-2,746,038,860	-2,584,507,163	-2,261,443,767							
48	2023	-4,328,174,171	-4,073,575,690	-3,564,378,729							
49	2024	-6,023,597,923	-5,669,268,633	-4,960,610,054							
50	2025	-7,883,972,425	-7,420,209,342	-6,492,683,174							
51	2026	-9,881,850,778	-9,300,565,438	-8,137,994,759							
52	Fiscal Year Impact										
53											
54	2018 School Millage		6.4596								
55											
56	Fiscal Year	HIGH	MIDDLE	LOW							
58	2020	0	0	0							
59	2021	-6,926,387	-6,518,952	-5,704,083							
60	2022	-17,738,313	-16,694,882	-14,608,022							
61	2023	-27,958,274	-26,313,670	-23,024,461							
62	2024	-38,910,033	-36,621,208	-32,043,557							
63	2025	-50,927,308	-47,931,584	-41,940,136							
64	2026	-63,832,803	-60,077,933	-52,568,191							
65	Impact Summary										
66											
67	School Impact										
68		High		Middle		Low					
69	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring				
71	2020-21	\$ -	\$ (63.8 M)	\$ -	\$ (60.1 M)	\$ -	\$ (52.6 M)				
72	2021-22	\$ (6.9 M)	\$ (63.8 M)	\$ (6.5 M)	\$ (60.1 M)	\$ (5.7 M)	\$ (52.6 M)				
73	2022-23	\$ (17.7 M)	\$ (63.8 M)	\$ (16.7 M)	\$ (60.1 M)	\$ (14.6 M)	\$ (52.6 M)				
74	2023-24	\$ (28.0 M)	\$ (63.8 M)	\$ (26.3 M)	\$ (60.1 M)	\$ (23.0 M)	\$ (52.6 M)				
75	2024-25	\$ (38.9 M)	\$ (63.8 M)	\$ (36.6 M)	\$ (60.1 M)	\$ (32.0 M)	\$ (52.6 M)				

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: TPP – Construction Work in Progress

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

Entire Bill

Partial Bill:

Sponsor(s): N/A

Month/Year Impact Begins: First applies to the 2020 Property Tax Roll

Date of Analysis: 12/19/2019

Section 1: Narrative

a. Current Law: Paragraph D of Subsection (11) of section 192.001 reads:

192.001 Definitions.—All definitions set out in chapters 1 and 200 that are applicable to this chapter are included herein. In addition, the following definitions shall apply in the imposition of ad valorem taxes:

(11) "Personal property," for the purposes of ad valorem taxation, shall be divided into four categories as follows:

(d) "Tangible personal property" means all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in s. 1(b), Art. VII of the State Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself. "Construction work in progress" consists of those items of tangible personal property commonly known as fixtures, machinery, and equipment when in the process of being installed in new or expanded improvements to real property and whose value is materially enhanced upon connection or use with a preexisting, taxable, operational system or facility. Construction work in progress shall be deemed substantially completed when connected with the preexisting, taxable, operational system or facility. Inventory and household goods are expressly excluded from this definition.

b. Proposed Change:

Adds the following language to paragraph (d) of Subsection (11) of Section 192.001: for the purposes of tangible personal property constructed or installed by an electric utility, construction work in progress shall not be deemed substantially complete unless all permits or approvals required for commercial operation have been received and approved.

Section 2: Description of Data and Sources

2013 – 2018 Tangible Personal Property Tax Rolls

2019-20 statewide millage rates

August 2019 Ad Valorem Assessments Estimating Conference Tangible Personal Property Growth rates

December 2019 National Economic Estimating Conference Consumer Price Index Levels and Percent Change

Section 3: Methodology (Include Assumptions and Attach Details)

Methodology 1 - Unlike the real property rolls, which have a field for new construction, Construction work in progress is not reported to the department on the tangible personal property tax rolls. To estimate construction work in progress, values for tangible personal property of electric utilities were extracted by county for each year from 2013 to 2018. The change for each year was measured at the county level where the subsequent year value exceeded the prior year value. These amounts were aggregated at the state level for each year. It was assumed that 15% of the value was impacted for the low at the average statewide amount, 30% for the middle and 45% for the high to get the taxable value impact. 2018-19 school and non-school millage were applied to get a tax impact. Note – this methodology utilizes net growth to approximate those values that may be treated under the proposed law as Construction work in progress that today is being assessed. Net growth is a combination of depreciation and retirement of for tangible personal property with newly deployed for tangible personal property. Neither of these are explicitly provided on the for tangible personal property rolls

Methodology 2 - For method 2, the Jenks Natural Breaks Optimization was applied to obtain 5 classes for the county metrics developed by DOR. This is the method is in lieu of arbitrarily selecting all values above \$100 million or some other number. The results are color-coded on the first tab of attached spreadsheet.

Explanation...The Jenks optimization method, also called the Jenks natural breaks classification method, is a data clustering method designed to determine the best arrangement of values into different classes. This is done by seeking to minimize each class's average deviation from the class mean, while maximizing each class's deviation from the means of the other groups. In other words, this method minimizes the variation within each range, so the areas within each range are as close as possible in value to each other. It is also sometimes referred to as the Goodness of Variance Fit (GVF) method. One user-friendly explanation for 5 classes would be high; high-middle; middle; low-middle; and low.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: TPP – Construction Work in Progress

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

The results are on Row 86 of the first tab. The “Low” estimate on the worksheet only uses the values coded to the middle cohort (green-shaded cells in Column A) and removes the first 2 years to develop a 3-year average. The “High” estimate on the worksheet uses the high-middle; middle; and low-middle cohorts (gold- and green-shaded cells in Column A) and removes the first 2 years to develop a 3-year average. The results are:

LOW: 898,503,990
 HIGH: 1,808,538,515

The proposal is that these numbers would become the two alternative TPP values that begin to frame the universe into a pool that is likely to occur each year — especially important given how noisy the data is.

Section 4: Proposed Fiscal Impact

Method 1

School Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$7.5 M)	(\$7.5 M)	(\$5.0 M)	(\$5.0 M)	(\$2.5 M)	(\$2.5 M)
2021-22	(\$7.7 M)	(\$7.7 M)	(\$5.2 M)	(\$5.2 M)	(\$2.6 M)	(\$2.6 M)
2022-23	(\$7.9 M)	(\$7.9 M)	(\$5.3 M)	(\$5.3 M)	(\$2.6 M)	(\$2.6 M)
2023-24	(\$8.2 M)	(\$8.2 M)	(\$5.5 M)	(\$5.5 M)	(\$2.7 M)	(\$2.7 M)
2024-25	(\$8.4 M)	(\$8.4 M)	(\$5.8 M)	(\$5.8 M)	(\$2.8 M)	(\$2.8 M)

NonSchool Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$12.4 M)	(\$12.4 M)	(\$8.3 M)	(\$8.3 M)	(\$4.1 M)	(\$4.1 M)
2021-22	(\$12.8 M)	(\$12.8 M)	(\$8.5 M)	(\$8.5 M)	(\$4.3 M)	(\$4.3 M)
2022-23	(\$13.1 M)	(\$13.1 M)	(\$8.8 M)	(\$8.8 M)	(\$4.4 M)	(\$4.4 M)
2023-24	(\$13.6 M)	(\$13.6 M)	(\$9.0 M)	(\$9.0 M)	(\$4.5 M)	(\$4.5 M)
2024-25	(\$14.0 M)	(\$14.0 M)	(\$9.3 M)	(\$9.3 M)	(\$4.7 M)	(\$4.6 M)

Method 2 – Low TPP

School Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$2.8 M)	(\$2.8 M)	(\$1.9 M)	(\$1.9 M)	(\$1.0 M)	(\$1.0 M)
2021-22	(\$2.9 M)	(\$2.9 M)	(\$1.9 M)	(\$1.9 M)	(\$1.0 M)	(\$1.0 M)
2022-23	(\$3.0 M)	(\$3.0 M)	(\$2.0 M)	(\$2.0 M)	(\$1.0 M)	(\$1.0 M)
2023-24	(\$3.1 M)	(\$3.1 M)	(\$2.0 M)	(\$2.0 M)	(\$1.0 M)	(\$1.0 M)
2024-25	(\$3.2 M)	(\$3.2 M)	(\$2.1 M)	(\$2.1 M)	(\$1.1 M)	(\$1.1 M)

NonSchool Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$4.6 M)	(\$4.6 M)	(\$3.1 M)	(\$3.1 M)	(\$1.6 M)	(\$1.6 M)
2021-22	(\$4.8 M)	(\$4.8 M)	(\$3.2 M)	(\$3.2 M)	(\$1.6 M)	(\$1.6 M)
2022-23	(\$4.9 M)	(\$4.9 M)	(\$3.3 M)	(\$3.3 M)	(\$1.6 M)	(\$1.6 M)
2023-24	(\$5.0 M)	(\$5.0 M)	(\$3.4 M)	(\$3.4 M)	(\$1.7 M)	(\$1.7 M)
2024-25	(\$5.2 M)	(\$5.2 M)	(\$3.5 M)	(\$3.5 M)	(\$1.7 M)	(\$1.7 M)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: TPP – Construction Work in Progress

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

Method 2 – High TPP
School Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$5.7 M)	(\$5.7 M)	(\$3.8 M)	(\$3.8 M)	(\$1.9 M)	(\$1.9 M)
2021-22	(\$5.8 M)	(\$5.8 M)	(\$3.9 M)	(\$3.9 M)	(\$1.9 M)	(\$1.9 M)
2022-23	(\$6.0 M)	(\$6.0 M)	(\$4.0 M)	(\$4.0 M)	(\$2.0 M)	(\$2.0 M)
2023-24	(\$6.2 M)	(\$6.2 M)	(\$4.1 M)	(\$4.1 M)	(\$2.1 M)	(\$2.1 M)
2024-25	(\$6.4 M)	(\$6.4 M)	(\$4.2 M)	(\$4.2 M)	(\$2.1 M)	(\$2.1 M)

NonSchool Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(\$9.4 M)	(\$9.4 M)	(\$6.3 M)	(\$6.3 M)	(\$3.1 M)	(\$3.1 M)
2021-22	(\$9.6 M)	(\$9.6 M)	(\$6.4 M)	(\$6.4 M)	(\$3.2 M)	(\$3.2 M)
2022-23	(\$10.0 M)	(\$10.0 M)	(\$6.6 M)	(\$6.6 M)	(\$3.3 M)	(\$3.3 M)
2023-24	(\$10.2 M)	(\$10.2 M)	(\$6.8 M)	(\$6.8 M)	(\$3.4 M)	(\$3.4 M)
2024-25	(\$10.5 M)	(\$10.5 M)	(\$7.0 M)	(\$7.0 M)	(\$3.5 M)	(\$3.5 M)

List of affected Trust Funds:

Ad Valorem Group

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted the low estimate of the low TPP estimate of Method 2 as an at least as number.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(1.0)	(1.0)	(1.6)	(1.6)	(2.6)	(2.6)
2021-22	(1.0)	(1.0)	(1.6)	(1.6)	(2.6)	(2.6)
2022-23	(1.0)	(1.0)	(1.6)	(1.6)	(2.6)	(2.6)
2023-24	(1.0)	(1.0)	(1.7)	(1.7)	(2.7)	(2.7)
2024-25	(1.1)	(1.1)	(1.7)	(1.7)	(2.8)	(2.8)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	0.0	0.0	0.0	0.0	(2.6)	(2.6)	(2.6)	(2.6)
2021-22	0.0	0.0	0.0	0.0	(2.6)	(2.6)	(2.6)	(2.6)
2022-23	0.0	0.0	0.0	0.0	(2.6)	(2.6)	(2.6)	(2.6)
2023-24	0.0	0.0	0.0	0.0	(2.7)	(2.7)	(2.7)	(2.7)
2024-25	0.0	0.0	0.0	0.0	(2.8)	(2.8)	(2.8)	(2.8)

	K	L	M	N	O	P	Q	R
1								
2								
3								
4								
5								
6								
7								
8								
9								
10	HIGH: Low-Middle, Middle and High Middle Values, treating all others as one-off outliers; exludes data from 2014 and 2015							
11	Change in TPP Values where greater than zero							
12	County	Co No	2014	2015	2016	2017	2018	
13	Alachua	11	\$ 334,903,516					
14	Baker	12						
15	Bay	13						
16	Bradford	14						
17	Brevard	15			\$ 66,795,024			
18	Broward	16	\$ 106,321,554		\$ 184,629,438		\$ 237,261,366	
19	Calhoun	17						
20	Charlotte	18				\$ 176,863,218		
21	Citrus	19	\$ 92,222,181			\$ 73,671,772		
22	Clay	20						
23	Collier	21	\$ 69,623,880		\$ 77,835,075			
24	Columbia	22						
25	Miami-Dade	23	\$ 479,703,660	\$ 151,350,678	\$ 203,599,520		\$ 387,921,994	
26	DeSoto	24				\$ 135,789,606	\$ 93,181,656	
27	Dixie	25						
28	Duval	26						
29	Escambia	27	\$ 51,519,800					
30	Flagler	28						
31	Franklin	29						
32	Gadsden	30						
33	Gilchrist	31						
34	Glades	32						
35	Gulf	33						
36	Hamilton	34						
37	Hardee	35						
38	Hendry	36					\$ 112,969,953	
39	Hernando	37			\$ 163,981,459			
40	Highlands	38						
41	Hillsborough	39	\$ 93,747,710		\$ 68,080,900	\$ 225,274,830	\$ 66,105,190	
42	Holmes	40						
43	Indian River	41						
44	Jackson	42						
45	Jefferson	43						
46	Lafayette	44						
47	Lake	45						
48	Lee	46			\$ 143,890,521	\$ 267,298,658	\$ 92,239,546	
49	Leon	47						
50	Levy	48						
51	Liberty	49						
52	Madison	50						
53	Manatee	51			\$ 92,706,799	\$ 119,035,694	\$ 169,288,173	
54	Marion	52						
55	Martin	53	\$ 108,061,019			\$ 91,364,095	\$ 235,415,018	
56	Monroe	54						
57	Nassau	55						
58	Okaloosa	56						
59	Okeechobee	57						
60	Orange	58	\$ 69,160,341	\$ 97,934,656		\$ 127,676,788		
61	Osceola	59						
62	Palm Beach	60	\$ 60,759,050		\$ 182,817,060		\$ 170,275,873	
63	Pasco	61	\$ 71,497,857		\$ 95,958,896			
64	Pinellas	62	\$ 66,554,036			\$ 135,712,564		
65	Polk	63				\$ 415,241,623	\$ 51,514,419	
66	Putnam	64					\$ 124,699,361	
67	St. Johns	65						
68	St. Lucie	66	\$ 53,295,784		\$ 111,415,627		\$ 162,972,665	
69	Santa Rosa	67						
70	Sarasota	68					\$ 84,409,981	
71	Seminole	69						
72	Sumter	70					\$ 105,777,013	
73	Suwannee	71						
74	Taylor	72						
75	Union	73						
76	Volusia	74					\$ 171,944,170	
77	Wakulla	75						
78	Walton	76						
79	Washington	77						
80								
81	STATEWIDE		\$ 1,299,245,834	\$ 607,409,888	\$ 1,391,710,319	\$ 1,767,928,848	\$ 2,265,976,378	
82	Count		9	6	11	10	15	
83					3-Year Average		1,808,538,515	
84					HIGH TPP			
85					1,808,538,515			
86				15%	\$271,280,777			
87				30%	\$542,561,555			
88				45%	\$813,842,332			
89								
90		School	NonSchool					
91	2019-20 Millage Rate		6.5223	10.8014				
92								
93	Tangible Personal Property Growth Rates			Taxable Value Impact				
94	2019	3.4%		High	Middle	Low		
95	2020	3.0%		2020	\$866,715,581	\$577,810,388	\$288,905,194	
96	2021	3.0%		2021	\$892,694,146	\$595,129,430	\$297,564,715	
97	2022	3.0%		2022	\$919,457,956	\$612,971,971	\$306,485,985	
98	2023	3.0%		2023	\$947,072,451	\$631,381,634	\$315,690,817	
99	2024	3.0%		2024	\$975,472,191	\$650,314,794	\$325,157,397	
100	2025	3.0%		2025	\$1,004,722,615	\$669,815,077	\$334,907,538	
101								
102	School Impact			NonSchool Impact				
103		High	Middle	Low	High	Middle	Low	
104	2020	\$5,652,979	\$3,768,653	\$1,884,326	2020	\$9,361,742	\$6,241,161	\$3,120,581
105	2021	\$5,822,419	\$3,881,613	\$1,940,806	2021	\$9,642,347	\$6,428,231	\$3,214,116
106	2022	\$5,996,981	\$3,997,987	\$1,998,994	2022	\$9,931,433	\$6,620,955	\$3,310,478
107	2023	\$6,177,091	\$4,118,060	\$2,059,030	2023	\$10,229,708	\$6,819,806	\$3,409,903
108	2024	\$6,362,322	\$4,241,548	\$2,120,774	2024	\$10,536,465	\$7,024,310	\$3,512,155
109	2025	\$6,553,102	\$4,368,735	\$2,184,367	2025	\$10,852,411	\$7,234,941	\$3,617,470

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	Total TPP Electric Utilities - Identified by NAICS code									Change in TPP Values where greater than zero							
2	County	Co No	2013	2014	2015	2016	2017	2018	County	Co No	2014	2015	2016	2017	2018		
3	Alachua	11	\$ 113,745,204	\$ 448,648,720	\$ 445,003,271	\$ 441,228,675	\$ 436,044,880	\$ 140,958,496	Alachua	11	\$ 334,903,516	\$ -	\$ -	\$ -	\$ -		
4	Baker	12	\$ 30,286,829	\$ 31,275,752	\$ 27,927,202	\$ 32,446,161	\$ 32,500,273	\$ 34,583,065	Baker	12	\$ 988,923	\$ -	\$ 4,518,959	\$ 54,112	\$ 2,082,792		
5	Bay	13	\$ 504,363,484	\$ 521,414,912	\$ 541,425,634	\$ 560,901,793	\$ 543,359,500	\$ 538,867,627	Bay	13	\$ 17,051,428	\$ 20,010,722	\$ 19,476,159	\$ -	\$ -		
6	Bradford	14	\$ 47,188,722	\$ 48,865,341	\$ 50,381,762	\$ 53,489,348	\$ 55,970,782	\$ 62,532,814	Bradford	14	\$ 1,676,619	\$ 1,516,421	\$ 3,107,586	\$ 2,481,434	\$ 6,562,032		
7	Brevard	15	\$ 231,374,340	\$ 214,441,750	\$ 204,200,690	\$ 270,995,714	\$ 240,809,099	\$ 222,472,789	Brevard	15	\$ -	\$ -	\$ 66,795,024	\$ -	\$ -		
8	Broward	16	\$ 1,715,948,211	\$ 1,564,768,903	\$ 1,671,090,457	\$ 1,855,719,895	\$ 3,272,469,021	\$ 3,509,730,387	Broward	16	\$ -	\$ 106,321,554	\$ 184,629,438	\$ 1,416,749,126	\$ 237,261,366		
9	Calhoun	17	\$ 17,376,970	\$ 18,100,865	\$ 19,244,804	\$ 20,391,637	\$ 20,695,155	\$ 21,868,986	Calhoun	17	\$ 723,895	\$ 1,143,939	\$ 1,146,833	\$ 303,518	\$ 1,173,831		
10	Charlotte	18	\$ 208,209,620	\$ 197,240,338	\$ 201,569,103	\$ 227,499,610	\$ 404,362,828	\$ 425,655,592	Charlotte	18	\$ -	\$ 4,328,765	\$ 25,930,507	\$ 176,863,218	\$ 21,292,764		
11	Citrus	19	\$ 3,077,969,228	\$ 1,054,986,620	\$ 1,147,208,801	\$ 1,149,239,062	\$ 1,222,910,834	\$ 1,230,332,965	Citrus	19	\$ -	\$ 92,222,181	\$ 2,030,261	\$ 73,671,772	\$ 7,422,131		
12	Clay	20	\$ 188,296,673	\$ 195,009,470	\$ 196,505,770	\$ 197,573,871	\$ 198,795,716	\$ 216,407,524	Clay	20	\$ 6,712,797	\$ 1,496,300	\$ 1,068,101	\$ 1,221,845	\$ 17,611,808		
13	Collier	21	\$ 301,468,668	\$ 371,092,548	\$ 338,094,240	\$ 415,929,315	\$ 450,591,976	\$ 492,208,058	Collier	21	\$ 69,623,880	\$ -	\$ 77,835,075	\$ 34,662,661	\$ 41,616,082		
14	Columbia	22	\$ 81,455,880	\$ 93,738,995	\$ 91,035,949	\$ 95,878,480	\$ 97,676,738	\$ 118,381,003	Columbia	22	\$ 12,283,115	\$ -	\$ 4,842,531	\$ 1,798,258	\$ 20,704,265		
15	Miami-Dad	23	\$ 4,521,075,098	\$ 5,000,778,758	\$ 5,152,129,436	\$ 5,355,728,956	\$ 5,252,585,557	\$ 5,640,507,551	Miami-Dade	23	\$ 479,703,660	\$ 151,350,678	\$ 203,599,520	\$ -	\$ 387,921,994		
16	DeSoto	24	\$ 209,121,799	\$ 200,913,866	\$ 187,446,000	\$ 199,455,999	\$ 335,245,605	\$ 428,427,261	DeSoto	24	\$ -	\$ -	\$ 12,009,999	\$ 135,789,600	\$ 93,181,656		
17	Dixie	25	\$ 31,715,421	\$ 31,399,914	\$ 31,402,006	\$ 31,940,521	\$ 33,801,071	\$ 33,686,916	Dixie	25	\$ -	\$ 2,092	\$ 538,515	\$ 1,860,506	\$ -		
18	Duval	26	\$ 294,876,259	\$ 263,351,703	\$ 269,385,681	\$ 181,458,546	\$ 187,950,964	\$ 136,638,573	Duval	26	\$ -	\$ 6,033,978	\$ -	\$ 6,492,418	\$ -		
19	Escambia	27	\$ 514,191,348	\$ 536,029,356	\$ 587,549,156	\$ 604,969,796	\$ 650,280,232	\$ 648,838,822	Escambia	27	\$ 21,838,008	\$ 51,519,800	\$ 17,420,640	\$ 45,310,436	\$ -		
20	Flagler	28	\$ 126,607,796	\$ 130,501,334	\$ 142,731,969	\$ 158,775,045	\$ 166,210,503	\$ 179,848,149	Flagler	28	\$ 3,893,538	\$ 12,230,635	\$ 16,043,076	\$ 7,435,458	\$ 13,637,646		
21	Franklin	29	\$ 34,703,719	\$ 38,188,020	\$ 38,188,020	\$ 42,932,273	\$ 50,383,566	\$ 51,898,268	Franklin	29	\$ 3,484,301	\$ -	\$ 4,744,253	\$ 7,451,293	\$ 1,514,702		
22	Gadsden	30	\$ 53,949,378	\$ 55,596,661	\$ 54,933,568	\$ 54,199,219	\$ 55,046,067	\$ 57,879,656	Gadsden	30	\$ 1,647,283	\$ -	\$ -	\$ 846,848	\$ 2,833,589		
23	Gilchrist	31	\$ 40,708,653	\$ 41,266,839	\$ 43,208,158	\$ 44,354,168	\$ 47,842,124	\$ 49,014,259	Gilchrist	31	\$ 558,186	\$ 1,941,319	\$ 1,146,010	\$ 3,487,956	\$ 1,172,135		
24	Glades	32	\$ 26,713,868	\$ 27,736,326	\$ 28,043,062	\$ 31,405,256	\$ 33,576,278	\$ 34,351,859	Glades	32	\$ 1,022,458	\$ 306,736	\$ 3,362,194	\$ 2,171,022	\$ 775,581		
25	Gulf	33	\$ 47,326,431	\$ 45,831,956	\$ 45,201,198	\$ 50,180,083	\$ 55,225,146	\$ 57,206,120	Gulf	33	\$ -	\$ -	\$ 4,978,885	\$ 5,045,063	\$ 1,980,974		
26	Hamilton	34	\$ 46,161,241	\$ 48,145,704	\$ 51,063,990	\$ 52,369,753	\$ 57,497,919	\$ 63,003,242	Hamilton	34	\$ 1,984,463	\$ 2,918,286	\$ 1,305,763	\$ 5,128,166	\$ 5,505,323		
27	Hardee	35	\$ 522,902,928	\$ 484,731,767	\$ 450,640,404	\$ 419,891,942	\$ 409,112,740	\$ 400,124,921	Hardee	35	\$ -	\$ -	\$ -	\$ -	\$ -		
28	Hendry	36	\$ 52,207,150	\$ 53,211,780	\$ 55,855,860	\$ 61,981,580	\$ 65,505,762	\$ 178,475,715	Hendry	36	\$ 1,004,630	\$ 2,644,080	\$ 6,125,720	\$ 3,524,182	\$ 112,969,953		
29	Hernando	37	\$ 263,439,172	\$ 264,599,640	\$ 277,437,219	\$ 441,418,678	\$ 451,998,515	\$ 461,730,000	Hernando	37	\$ 1,160,468	\$ 12,837,579	\$ 163,981,459	\$ 10,579,837	\$ 9,731,485		
30	Highlands	38	\$ 153,211,220	\$ 163,343,300	\$ 171,614,400	\$ 174,817,610	\$ 188,566,122	\$ 190,782,308	Highlands	38	\$ 10,132,080	\$ 8,271,100	\$ 3,203,210	\$ 13,748,512	\$ 2,216,186		
31	Hillsboroug	39	\$ 1,875,367,110	\$ 1,969,114,820	\$ 1,994,916,080	\$ 2,062,996,980	\$ 2,288,271,810	\$ 2,354,377,000	Hillsborough	39	\$ 93,747,710	\$ 25,801,260	\$ 68,080,900	\$ 225,274,830	\$ 66,105,190		
32	Holmes	40	\$ 30,446,544	\$ 32,366,977	\$ 35,566,175	\$ 42,036,816	\$ 41,971,199	\$ 43,133,834	Holmes	40	\$ 1,920,433	\$ 3,199,198	\$ 6,470,641	\$ -	\$ 1,162,635		
33	Indian River	41	\$ 102,642,443	\$ 104,118,594	\$ 114,323,285	\$ 126,805,069	\$ 139,348,011	\$ 185,599,443	Indian River	41	\$ 1,476,151	\$ 10,204,691	\$ 12,481,784	\$ 12,542,942	\$ 46,251,432		
34	Jackson	42	\$ 84,079,976	\$ 85,486,691	\$ 92,504,471	\$ 102,416,611	\$ 102,745,638	\$ 103,482,398	Jackson	42	\$ 1,406,715	\$ 7,017,780	\$ 9,912,140	\$ 329,027	\$ 736,760		
35	Jefferson	43	\$ 36,319,117	\$ 40,483,229	\$ 40,071,765	\$ 47,295,893	\$ 57,521,727	\$ 56,955,218	Jefferson	43	\$ 4,164,112	\$ -	\$ 7,224,128	\$ 10,225,834	\$ -		
36	Lafayette	44	\$ 12,464,637	\$ 13,475,088	\$ 13,712,273	\$ 14,169,185	\$ 15,142,791	\$ 15,465,121	Lafayette	44	\$ 1,010,451	\$ 237,185	\$ 456,912	\$ 973,606	\$ 322,330		
37	Lake	45	\$ 314,027,657	\$ 334,548,718	\$ 349,241,380	\$ 361,037,898	\$ 395,677,401	\$ 393,861,536	Lake	45	\$ 20,521,061	\$ 14,692,662	\$ 11,796,518	\$ 34,639,503	\$ -		
38	Lee	46	\$ 1,279,087,464	\$ 1,277,344,232	\$ 1,305,974,471	\$ 1,449,864,992	\$ 1,717,163,650	\$ 1,809,403,196	Lee	46	\$ -	\$ 28,630,239	\$ 143,890,521	\$ 267,298,658	\$ 92,239,546		
39	Leon	47	\$ 80,154,209	\$ 79,738,134	\$ 79,130,414	\$ 77,214,635	\$ 74,521,645	\$ 102,292,269	Leon	47	\$ -	\$ -	\$ -	\$ -	\$ 27,770,624		
40	Levy	48	\$ 86,413,504	\$ 93,513,015	\$ 95,085,030	\$ 95,090,412	\$ 100,735,173	\$ 104,048,452	Levy	48	\$ 7,099,511	\$ 1,572,015	\$ 5,382	\$ 5,644,761	\$ 3,313,279		
41	Liberty	49	\$ 22,015,052	\$ 20,538,798	\$ 20,444,573	\$ 21,620,013	\$ 22,881,940	\$ 23,654,004	Liberty	49	\$ -	\$ -	\$ 1,175,440	\$ 1,261,927	\$ 772,064		
42	Madison	50	\$ 45,830,355	\$ 48,512,081	\$ 50,075,524	\$ 52,324,301	\$ 56,602,333	\$ 58,937,596	Madison	50	\$ 2,681,726	\$ 1,563,443	\$ 2,248,777	\$ 4,278,032	\$ 2,335,263		
43	Manatee	51	\$ 840,628,945	\$ 841,375,236	\$ 848,153,088	\$ 940,859,887	\$ 1,059,895,581	\$ 1,229,183,754	Manatee	51	\$ 746,291	\$ 6,777,852	\$ 92,706,799	\$ 119,035,694	\$ 169,288,173		
44	Marion	52	\$ 298,531,829	\$ 333,691,258	\$ 352,927,933	\$ 366,831,781	\$ 400,244,183	\$ 403,942,567	Marion	52	\$ 35,159,429	\$ 19,236,675	\$ 13,903,848	\$ 33,412,402	\$ 3,698,384		
45	Martin	53	\$ 1,992,860,425	\$ 1,952,092,519	\$ 2,060,153,538	\$ 2,082,834,345	\$ 2,174,198,440	\$ 2,409,613,458	Martin	53	\$ -	\$ 108,061,019	\$ 22,680,807	\$ 91,364,095	\$ 235,415,018		
46	Monroe	54	\$ 74,329,670	\$ 88,633,175	\$ 88,623,815	\$ 94,735,583	\$ 93,678,786	\$ 96,064,642	Monroe	54	\$ 14,303,505	\$ -	\$ 6,111,768	\$ -	\$ 2,385,856		
47	Nassau	55	\$ 81,880,530	\$ 84,413,662	\$ 89,165,196	\$ 94,740,542	\$ 140,482,601	\$ 156,232,680	Nassau	55	\$ 2,533,132	\$ 4,751,534	\$ 5,575,346	\$ 45,742,059	\$ 15,750,079		
48	Okaloosa	56	\$ 183,384,785	\$ 190,025,775	\$ 195,487,427	\$ 201,083,536	\$ 209,125,293	\$ 221,081,995	Okaloosa	56	\$ 6,640,990	\$ 5,461,652	\$ 5,596,109	\$ 8,041,757	\$ 11,956,702		
49	Okeechobe	57	\$ 71,030,635	\$ 72,895,722	\$ 74,203,276	\$ 82,996,337	\$ 96,153,183	\$ 99,327,445	Okeechobee	57	\$ 1,865,087	\$ 1,307,554	\$ 8,793,061	\$ 13,156,846	\$ 3,174,262		
50	Orange	58	\$ 747,320,718	\$ 816,481,059	\$ 914,415,715	\$ 893,244,583	\$ 1,020,921,371	\$ 1,034,920,047	Orange	58	\$ 69,160,341	\$ 97,934,656	\$ -	\$ 127,676,788	\$ 13,998,676		
51	Osceola	59	\$ 416,684,884	\$ 402,025,323	\$ 355,428,272	\$ 332,749,964	\$ 346,621,333	\$ 342,886,680	Osceola	59	\$ -	\$ -	\$ -	\$ 13,981,369	\$ -		
52	Palm Beac	60	\$ 3,755,303,389	\$ 3,816,062,439	\$ 4,874,050,833	\$ 5,056,867,893	\$ 4,860,275,837	\$ 5,030,551,710	Palm Beach	60	\$ 60,759,050	\$ 1,057,988,394	\$ 182,817,060	\$ -	\$ 170,275,873		
53	Pasco	61	\$ 649,857,062	\$ 721,354,919	\$ 720,506,791	\$ 816,465,687	\$ 804,551,385										

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	Total TPP Electric Utilities - Identified by NAICS code																
2	County	Co No	2013	2014	2015	2016	2017	2018									
55	Polk	63	\$ 1,929,307,819	\$ 1,750,871,640	\$ 1,719,557,626	\$ 1,697,507,883	\$ 2,112,749,506	\$ 2,164,263,925									
56	Putnam	64	\$ 489,426,198	\$ 506,840,082	\$ 450,662,690	\$ 461,322,293	\$ 441,587,978	\$ 566,287,339									
57	St. Johns	65	\$ 147,389,578	\$ 154,798,027	\$ 164,220,172	\$ 184,741,147	\$ 212,261,156	\$ 248,816,936									
58	St. Lucie	66	\$ 2,301,153,636	\$ 2,354,449,420	\$ 2,354,447,843	\$ 2,465,863,470	\$ 2,449,737,301	\$ 2,612,709,966									
59	Santa Rosa	67	\$ 180,656,889	\$ 174,010,834	\$ 184,309,775	\$ 209,551,450	\$ 200,274,369	\$ 215,221,502									
60	Sarasota	68	\$ 330,982,083	\$ 360,596,419	\$ 381,258,717	\$ 423,914,831	\$ 458,315,612	\$ 542,725,593									
61	Seminole	69	\$ 360,096,494	\$ 373,757,868	\$ 391,243,641	\$ 412,117,602	\$ 460,528,008	\$ 480,135,309									
62	Sumter	70	\$ 250,722,048	\$ 277,601,246	\$ 308,669,469	\$ 354,489,552	\$ 360,791,637	\$ 466,568,650									
63	Suwannee	71	\$ 111,957,150	\$ 123,343,118	\$ 147,313,082	\$ 149,929,708	\$ 143,115,043	\$ 159,191,988									
64	Taylor	72	\$ 37,682,152	\$ 41,929,166	\$ 43,565,027	\$ 44,088,814	\$ 59,015,752	\$ 61,584,689									
65	Union	73	\$ 12,755,911	\$ 12,824,841	\$ 12,752,819	\$ 14,390,961	\$ 15,196,165	\$ 16,170,532									
66	Volusia	74	\$ 1,143,320,299	\$ 1,172,259,180	\$ 1,217,799,291	\$ 1,259,818,883	\$ 1,286,454,085	\$ 1,458,398,255									
67	Wakulla	75	\$ 53,281,463	\$ 69,147,998	\$ 68,578,185	\$ 79,292,681	\$ 79,665,440	\$ 86,928,821									
68	Walton	76	\$ 126,413,932	\$ 131,028,839	\$ 135,906,611	\$ 150,081,367	\$ 151,021,164	\$ 161,853,239									
69	Washington	77	\$ 75,176,800	\$ 41,312,894	\$ 43,006,956	\$ 44,231,113	\$ 46,344,996	\$ 47,831,081									
70																	
71	STATEWIDE		\$ 35,274,455,161	\$ 34,361,704,669	\$ 36,193,557,615	\$ 37,879,892,165	\$ 41,133,721,541	\$ 43,439,880,351									

Change in TPP Values where greater than zero										
County	Co No	2014	2015	2016	2017	2018				
Polk	63	\$ -	\$ -	\$ -	\$ 415,241,623	\$ 51,514,419				
Putnam	64	\$ 17,413,884	\$ -	\$ 10,659,603	\$ -	\$ 124,699,361				
St. Johns	65	\$ 7,408,449	\$ 9,422,145	\$ 20,520,975	\$ 27,520,009	\$ 36,555,780				
St. Lucie	66	\$ 53,295,784	\$ -	\$ 111,415,627	\$ -	\$ 162,972,665				
Santa Rosa	67	\$ -	\$ 10,298,941	\$ 25,241,675	\$ -	\$ 14,947,133				
Sarasota	68	\$ 29,614,336	\$ 20,662,298	\$ 42,656,114	\$ 34,400,781	\$ 84,409,981				
Seminole	69	\$ 13,661,374	\$ 17,485,773	\$ 20,873,961	\$ 48,410,406	\$ 19,607,301				
Sumter	70	\$ 26,879,198	\$ 31,068,223	\$ 45,820,083	\$ 6,302,085	\$ 105,777,013				
Suwannee	71	\$ 11,385,968	\$ 23,969,964	\$ 2,616,626	\$ -	\$ 16,076,945				
Taylor	72	\$ 4,247,014	\$ 1,635,861	\$ 523,787	\$ 14,926,938	\$ 2,568,937				
Union	73	\$ 68,930	\$ -	\$ 1,638,142	\$ 805,204	\$ 974,367				
Volusia	74	\$ 28,938,881	\$ 45,540,111	\$ 42,019,592	\$ 26,635,202	\$ 171,944,170				
Wakulla	75	\$ 15,866,535	\$ -	\$ 10,714,496	\$ 372,759	\$ 7,263,381				
Walton	76	\$ 4,614,907	\$ 4,877,772	\$ 14,174,756	\$ 939,797	\$ 10,832,075				
Washington	77	\$ -	\$ 1,694,062	\$ 1,224,157	\$ 2,113,883	\$ 1,486,085				
STATEWIDE		\$ 1,647,036,096	\$ 2,070,345,205	\$ 1,877,826,149	\$ 3,684,938,672	\$ 2,692,046,179				

Amount assumed delayed one year							AVG
15%		\$247,055,414	\$310,551,781	\$281,673,922	\$552,740,801	\$403,806,927	\$359,165,769
30%		\$494,110,829	\$621,103,562	\$563,347,845	\$1,105,481,602	\$807,613,854	\$718,331,538
45%		\$741,166,243	\$931,655,342	\$845,021,767	\$1,658,222,402	\$1,211,420,781	\$1,077,497,307

72																	
73																	
74																	
75																	
76																	
77		School	NonSchool														
78	2018-19 Millage Rate	6.5223	10.8014														

Tangible Personal Property Growth Rates			Taxable Value Impact			
Year	Rate		High	Middle	Low	
2019	3.4%					
2020	3.0%		\$1,147,499,544	\$764,999,696	\$382,499,848	
2021	3.0%		\$1,181,894,208	\$787,929,472	\$393,964,736	
2022	3.0%		\$1,217,328,509	\$811,552,339	\$405,776,170	
2023	3.0%		\$1,253,889,083	\$835,926,055	\$417,963,028	
2024	3.0%		\$1,291,489,295	\$860,992,863	\$430,496,432	
2025	3.0%		\$1,330,215,780	\$886,810,520	\$443,405,260	

School Impact			
Year	High	Middle	Low
2020	\$7,484,336	\$4,989,558	\$2,494,779
2021	\$7,708,669	\$5,139,112	\$2,569,556
2022	\$7,939,782	\$5,293,188	\$2,646,594
2023	\$8,178,241	\$5,452,161	\$2,726,080
2024	\$8,423,481	\$5,615,654	\$2,807,827
2025	\$8,676,066	\$5,784,044	\$2,892,022

NonSchool Impact			
Year	High	Middle	Low
2020	\$12,394,602	\$8,263,068	\$4,131,534
2021	\$12,766,112	\$8,510,741	\$4,255,371
2022	\$13,148,852	\$8,765,901	\$4,382,951
2023	\$13,543,758	\$9,029,172	\$4,514,586
2024	\$13,949,892	\$9,299,928	\$4,649,964
2025	\$14,368,193	\$9,578,795	\$4,789,398

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemptions for Independent Living Items

Bill Number(s): SB192/HB 93

Entire Bill

Partial Bill:

Sponsor(s): Senator Berman, Senator Cruz

Month/Year Impact Begins: January 1, 2020

Date of Analysis: 12/20/2019

Section 1: Narrative

- a. Current Law:** Current law provides for an exemption on medical equipment in certain circumstances. DOR works in conjunction with DBPR and DBPR's Drugs and Cosmetics Division to certify exempt items, published on the DR-46NT. Also exempt are prosthetic or orthopedic appliances dispensed by prescription written by a licensed practitioner. Building contractors are considered the end user of items purchased to be affixed to real property and pay sales tax on these purchases.
- b. Proposed Change:** Provides a sales tax exemption for specified items that assist in independent living when purchased for a noncommercial home or personal use. These items include: bed transfer handles, bed rails, grab bars, and shower seats. The exemption is under "Account of Use." The exemption does not apply to a purchase made by a business, including a medical institution or an assisted living facility. The proposed amendment sets price ceilings for each item as follows:

Item	Maximum Price (\$)
Bed Transfer Handle	60
Bed Rail	110
Grab Bar	100
Shower Seat	100

Section 2: Description of Data and Sources

SB 176 Impact Analysis, March 8, 2019 Revenue Estimating Conference,

<http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2019/pdf/page151-154.pdf>

Florida Demographic Estimating Conference, Population Database, December 2019.

Smith, Stanley K.; House, Mark, Snowbirds, Sunbirds, and Stayers: Seasonal Migration of Elderly Adults in Florida, Journal of Gerontology: Social Sciences, v. 61B, No 5, S232-S239, 2006, e-mail correspondence from BEBR dated 10/23/2013, <https://www.bibr.ufl.edu/sites/default/files/Research%20Reports/J%20Geront%202006%20%28Elder%20Migr%29.pdf>.

Department of Revenue, Nontaxable Medical Items and General Grocery List, DR-46NT, R 01/18,

http://floridarevenue.com/Forms_library/current/dr46nt.pdf and emails and phone conversations dated 1/14/2019-1/16/2019.

U.S. Census Bureau, American Community Survey 2018, Public Use Microdata Sample population and housing files, custom tabulations by EDR.

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis is based on the REC impact of SB 176 – Proposed Amendment adopted on March 8, 2019. SB192/HB93 –does not appear to limit the exemption to a certain age group and does not seem to require any documents as proof of assisting independent living. The bill is silent on whether only residents are eligible. The bill specifies allowable maximum prices and precludes purchases by businesses. The methodology includes determination of an eligible population and assumptions about number of items purchased and frequency of purchases.

A population estimate of the Florida resident population¹ was reduced by using definitions and applying estimated shares from EDR tabulations of U.S. Census Bureau microdata². First, the Florida resident population was reduced to exclude those in institutions and

¹ Florida Demographic Estimating Conference, December 2019.

² U.S. Census Bureau, American Community Survey 2018, Public Use Microdata Sample population and housing files, custom tabulations by EDR.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemptions for Independent Living Items

Bill Number(s): SB192/HB 93

in group quarters and to include only those 5 and over since disability status for the types of disabilities of interest in this analysis is determined for persons five years and older. Second, the resulting population was reduced to include only those who own a home since some of the items have to be affixed to real property. Third, the share of this population with a self-care or ambulatory difficulty (disability) was identified by disability. “Self-care difficulty” is defined by the U.S. Census Bureau as having difficulty dressing or bathing and “ambulatory difficulty” is defined as having difficulty walking or climbing stairs. To produce a total eligible disabled population with one or the other difficulty, estimates for the eligible population with the above two difficulties were unduplicated to include those who have both disabilities only once.

Estimates of the snowbird population (defined as those 55 and over who spend one month or more in Florida, mostly in the winter) were reduced to include only those who stay in a residence that they own in Florida and are in fair or poor health³. EDR estimates assume that snowbirds today have the same ratio to the resident population 55 and over, own a secondary residence at the same rate, and rate their health similarly as they did in 2005. Snowbirds are assumed not to purchase bed transfer handles and bed rails as even the ones in “fair or poor health” are presumed likely to be in better health than their resident peers and thus not in need of such items since they are able to travel and stay away from home for extended periods of time. However, snowbirds are assumed to be likely to purchase the remaining items on the list even if just for convenience and safety.

This analysis assumes that the bill exempts only the items explicitly listed. Of the listed items, bed transfer handles and bed rails sales are assumed to be 75% percent prescribed by a doctor, while the sales of the remaining items are assumed to be 15% prescribed by a doctor and thus already exempt from sales tax as medical items. This analysis assumes that none of the items are currently exempt on DR-46NT. These assumptions are based on discussions of the rules with the Florida Department of Revenue. The assumed percentages that are purchased out of pocket for these items were then applied to the average expenditure to reduce the expenditure by those items purchased that would have been already exempt from sales tax if purchased through a prescription. The analysis uses the maximum set by the amendment as the average price for each item as the price research conducted by EDR supports this. Averages of prices collected through internet searches are shown in the worksheet for informational purposes only.

The analysis assumes that only the resident population with a self-care difficulty would be purchasing the bed transfer handles and the bed rails since this population has more significant difficulties with the activities of daily living. The remaining items are assumed to be purchased by the population with a self-care and ambulatory difficulty (total, unduplicated) and the snowbird population. The prices used are as adopted in the March 8, 2019 REC – 10% lower than the maximum allowable as tax exempt.

Section 4: Proposed Fiscal Impact

The FY 2019-20 cash impact reflects a January 1, 2020 effective date and thus a five-month impact.

List of affected Trust Funds: Sales and Use Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21			(1.3)	(3.2)		
2021-22			(3.2)	(3.2)		
2022-23			(3.3)	(3.3)		
2023-24			(3.3)	(3.3)		
2024-25			(3.4)	(3.4)		

³ Smith, Stanley K.; House, Mark, Snowbirds, Sunbirds, and Stayers: Seasonal Migration of Elderly Adults in Florida, Journal of Gerontology: Social Sciences, v. 61B, No 5, S232-S239, 2006, e-mail correspondence from BEBR dated 10/23/2013, <https://www.bibr.ufl.edu/sites/default/files/Research%20Reports/J%20Geront%202006%20%28Elder%20Migr%29.pdf>, accessed on 1/16/2019.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Exemptions for Independent Living Items

Bill Number(s): SB192/HB 93

Section 5: Consensus Estimate (Adopted: 12/20/2019): The conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(1.2)	(2.9)	(Insignificant)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)
2021-22	(2.9)	(2.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)
2022-23	(2.9)	(2.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)
2023-24	(2.9)	(2.9)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)
2024-25	(3.0)	(3.0)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.3)	(0.3)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(0.2)	(0.5)	(0.3)	(0.8)	(1.5)	(3.7)
2021-22	(0.5)	(0.5)	(0.8)	(0.8)	(3.7)	(3.7)
2022-23	(0.5)	(0.5)	(0.9)	(0.9)	(3.8)	(3.8)
2023-24	(0.5)	(0.5)	(0.9)	(0.9)	(3.8)	(3.8)
2024-25	(0.5)	(0.5)	(0.9)	(0.9)	(3.9)	(3.9)

	A	B	C	D	E	F	G	H
1	Senate Bill 192/House Bill 93, 2020 Session							
2								
3	Florida: Residents	FY 2020-21	ACS PUMS					
4	Florida resident population (FDEC201912)	21,808,618	shares*					
5	Non-institutional, non-group quarters population	21,367,967		98%				
6	Owns a home	14,073,012		66%				
7	Non-institutional, non-group quarters population 5 years and over	13,467,664		96%				
8	With a self-care difficulty	381,151		2.8%				
9	With an ambulatory difficulty	1,076,489		8.0%				
10	<i>With a self-care OR ambulatory difficulty (unique persons)</i>	1,125,125		8.4%				
11	Non-institutional, non-group quarters population 5 to 59 years	8,694,903		65%				
12	With a self-care difficulty	120,461		1.4%				
13	With an ambulatory difficulty	272,418		3.1%				
14	<i>With a self-care OR ambulatory difficulty (unique persons)</i>	302,763		3.5%				
15	Non-institutional, non-group quarters population 60 years and over	4,772,761		35%				
16	With a self-care difficulty	260,690		5.5%				
17	With an ambulatory difficulty	804,071		16.8%				
18	<i>With a self-care OR ambulatory difficulty (unique persons)</i>	822,362		17.2%				
19	*U.S. Census Bureau, American Community Survey 2018, Public Use Microdata Sample population and housing files, custom tabulations by EDR.							
20								
21	Florida: Snowbirds							
22	Snowbirds in own accommodations, rent or own (55 years and over, at winter peak stay)	981,494						
23	Own a secondary resident in FL	804,825						
24	Rate their health as fair or poor	96,579						
25	Source: Smith, Stanley K.; House, Mark, Snowbirds, Sunbirds, and Stayers: Seasonal migration of elderly adults in Florida, Journal of Gerontology: Social Sciences, v. 61B, No 5, S232-S239, 2006.							
26								
27	Total eligible population (unique persons):	1,221,704						
28	- Total Florida residents with a self-care or ambulatory difficulty (unique persons)							
29	- Snowbirds in fair or poor health							
30								
31	<i>Average Price (10% off of the maximum)</i>	\$ 54.00	\$ 99.00	\$ 90.00	\$ 90.00			0.1
32	Maximum Price per Proposed Amendment	\$ 60.00	\$ 110.00	\$ 100.00	\$ 100.00			
33	# of Items Purchased Per Person	1	1	4	1			
34	Years Between Purchases	7	7	10	7			
35	Covered by Medicare (likely to be bought exempt with RX)	w/hos.bed	w/hos.bed	N	N			
36	Exempt on DR-46NT	N	N	N	N			
37	Tax Exempt under 212.08(2)(a) prosthetic and orthopedic appliances with Rx	Y	Y	Y	Y			
38	Advantage Buy	0.0%	0.0%	0.0%	0.0%			
39	Percent bought with an RX or already exempt	75%	75%	15%	15%			
40	Disability	Self-care	Self-care	Self-care	Self-care			
41	Snowbirds	N	N	Y	Y			
42								
43	<i>converted to millions</i>							
44	Taxable Purchases	\$ 0.7	\$ 1.3	\$ 37.4	\$ 13.4			
45								
46								
47	Total Taxable Purchases	\$ 52.8 million						
48								
49	Fiscal Year	20/21	21/22	22/23	23/24	24/25		
50	Total Taxable Purchases (Millions)	\$ 52.8						
51	Sales Tax	\$ (3.2)	\$ (3.2)	\$ (3.3)	\$ (3.3)	\$ (3.4)		
52	Growth of population 5+ (FDEC)	1.6%	1.5%	1.5%	1.4%	1.3%		
53	Date of analysis: 12/20/2019							

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Job Training Organizations

Bill Number(s): SB 654

Entire Bill

Partial Bill: Section 1

Sponsor(s): Senator Lee

Month/Year Impact Begins: July 1, 2020

Date of Analysis: December 20, 2019

Section 1: Narrative

a. Current Law: There is no current statute providing a sales tax refund for eligible job training organizations.

b. Proposed Change: Section 1. Section 212.094, F.S., is created to read:

212.094 Sales tax refund for eligible job training organizations. –

(1) As used in this section, the term:

(a) “Eligible job training organization” means an organization that:

1. Is an exempt organization under s. 501(c)(3) of the Internal Revenue Code of 1986, as amended;

2. Provides job training and employment services to low income persons as defined in s. 420.0004, individuals who have workplace disadvantages, or individuals with barriers to employment; and

3. Is accredited by the Commission on Accreditation of Rehabilitation Facilities.

(b) “Growth in employment hours” means the growth in the number of hours worked by employees at an eligible job training organization in the most recently completed state fiscal year, compared to the number of hours worked by employees at the eligible job training organization in the state fiscal year immediately before the most recently completed state fiscal year.

(c) “Job training and employment services” means programs and services that are provided to improve job readiness, to assist workers in gaining employment and adapting to the changing labor market, and to help workers achieve success through self-sufficiency.

(2) An eligible job training organization is entitled to a refund of 10 percent of the sales tax remitted to the department during the most recently completed state fiscal year on its sales of goods donated to the organization. The organization must reserve the refund exclusively for use in any of the following:

(a) Growth in employment hours.

(b) Job training and employment services to low-income persons as defined in s. 420.0004, individuals who have workplace disadvantages, and individuals with barriers to employment.

(c) Job training and employment services for veterans.

(3) The total amount of refunds that the department may issue under this section may not exceed \$2 million in any state fiscal year. Refunds must be granted on a first-come, first served basis.

(4) An organization seeking a refund under this section must first submit an application to the Department of Economic Opportunity by July 15, which sets forth that the organization meets the requirements under paragraph (1)(a) and that the refund will be used exclusively for the purposes listed in Florida Senate - subsection (2). The organization must submit supporting information as prescribed by the Department of Economic Opportunity by rule.

(5)(a) The Department of Economic Opportunity shall verify the application and notify the organization of its determination within 15 days after receiving a complete application. The Department of Economic Opportunity shall communicate its decision in writing or, if agreed to by the applicant, via e-mail.

(b) If the Department of Economic Opportunity approves the application, the notice sent to the eligible job training organization must include a certification that the organization is eligible to receive a refund of certain sales and use tax remitted under this chapter. The Department of Economic Opportunity shall transmit a copy of the notice and certification, if applicable, to the department.

(c) Upon the Department of Economic Opportunity’s issuance of a certification, the certification remains valid so long as the eligible job training organization is in compliance with the requirements of this section.

(6) An eligible job training organization certified under this section must apply to the department between August 1 and August 31 of each year to receive a refund. A copy of the certification must be included in an eligible job training organization’s first application for a refund, but is not required to be included in subsequent applications. The organization must submit any information required by the department as part of its application for the refund.

(7) For purposes of this section, an eligible job training organization comprised of commonly owned and controlled entities is deemed to be a single organization.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Job Training Organizations

Bill Number(s): SB 654

(8) By August 1 following each state fiscal year in which an eligible job training organization received a refund pursuant to subsection (2), the organization must provide a report to the Department of Economic Opportunity regarding the use of the funds in accordance with subsection (2). The report must include at least all of the following:

(a) The amount of the refund used to create growth in employment hours.

(b) The total growth in employment hours.

(c) The amount of the refund used for job training and employment services.

(d) The number of individuals who participated in job training and employment services at the eligible job training organization.

(e) A statement declaring that the eligible job training organization continues to meet the requirements of this section.

(9)(a) The Department of Economic Opportunity may adopt rules to administer this section, including rules for the approval and disapproval of applications.

(b) If the Department of Economic Opportunity determines that an eligible job training organization no longer qualifies for the refund under this section, the Department of Economic Opportunity must notify the department by August 31. The department may not issue a refund after receiving such notification.

(c) The overpayment of a refund or a refund issued to an ineligible organization is subject to repayment and interest at the rate calculated pursuant to s. 213.235.

Section 2: Description of Data and Sources

Florida Department of Revenue Sales Tax CY Data (2018)

Section 3: Methodology (Include Assumptions and Attach Details)

The most recent sales tax revenue data reported by the Florida Department of Revenue was used to identify the job training organizations that may qualify for the refund granted by SB 654. The most recent sales tax data indicates that the job training organizations eligible under SB 654 would reach the maximum refund cap of \$2 million.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(2M)	\$(2M)	\$(0M)	\$(2M)		
2021-22	\$(2M)	\$(2M)	\$(2M)	\$(2M)		
2022-23	\$(2M)	\$(2M)	\$(2M)	\$(2M)		
2023-24	\$(2M)	\$(2M)	\$(2M)	\$(2M)		
2024-25	\$(2M)	\$(2M)	\$(2M)	\$(2M)		

List of affected Trust Funds: Sales and Use Tax

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted the high estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(1.5)	(1.5)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2021-22	(1.5)	(1.5)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2022-23	(1.5)	(1.5)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	(1.5)	(1.5)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)
2024-25	(1.5)	(1.5)	(Insignificant)	(Insignificant)	(0.1)	(0.1)	(0.1)	(0.1)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	(0.3)	(0.3)	(0.5)	(0.5)	(2.0)	(2.0)
2021-22	(0.3)	(0.3)	(0.5)	(0.5)	(2.0)	(2.0)
2022-23	(0.3)	(0.3)	(0.5)	(0.5)	(2.0)	(2.0)
2023-24	(0.3)	(0.3)	(0.5)	(0.5)	(2.0)	(2.0)
2024-25	(0.3)	(0.3)	(0.5)	(0.5)	(2.0)	(2.0)

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax

Issue: Remote Sales

Bill Number(s): SB 126/HB 159

Entire Bill

Partial Bill: Sections 1,2,3,4,6, 8

Sponsor(s): Sen. Gruters/Rep. Clemons

Month/Year Impact Begins: 7/1/2020

Date of Analysis: 12/19/2019

Section 1: Narrative

a. Current Law: See attached section by section spreadsheet

b. Proposed Change: See attached section by section spreadsheet

Section 2: Description of Data and Sources

2017 and 2018 Calendar Year Sales Tax File

EDR Research on Top 1000 Internet retailers

2019-20 REC Monthly Estimates

Section 3: Methodology (Include Assumptions and Attach Details)

Used EDR research on Florida's likely share of the 2018 activity of the top 500 internet retailers not currently collecting and remitting sales tax to Florida of \$110.8 M in the high, \$87.4 M in the middle and \$64.0 M in the low. Assumed annual growth of 10% (adopted growth rate from 2019 analysis) to grow amounts into and throughout the forecast period. Converted from calendar year to fiscal year. Assumed rate of voluntary compliance with the proposed language for the high of 75% in the first year and growing by 5% in each year of the forecast period, for the middle of 60% in the high and growing 5% each year, and for the low of 50% also growing 5% each year in the forecast period. The compliance rate was applied to the remote sales activity forecast to estimate revenues from voluntary compliance with the proposed legislation.

Audit recoveries were estimated as follows:

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

To determine cash impacts, the assumed voluntary compliance amounts were summed with the assumed audit recoveries in each year of the forecast period. For the first year, 11/12th of the sum of assumed voluntary compliance and assumed audit recoveries was used. The recurring was developed by using the fifth year assumed voluntary compliance percentage applied to the fiscal year remote sales activity not currently remitting amount.

Local Option Sales Tax impact

Section 3 of the bill has an additional impact as it repeals and exception to the requirement to collect and remit local option sales tax for certain mail order entities with no physical presence in Florida. To estimate the impact of eliminating this provision, those sales tax dealers that were identified as out of state from the 2017 and 2018 Calendar Year Sales tax file were identified. These entities were broken into two cohorts – those that collected discretionary surtax and those that did not. The amount of sales tax for those that did not collect surtax were identified and grown into the forecast period using 15% annual growth for the high, 12% for the middle and 4% for the low. The high and middle growth rates were based on the growth in internet sales, which the low was based on the assumption that while the overall internet sales were growing at that high rate, some of these remote sellers would likely establish physical nexus requiring them to collect surtax under current law and thus resulting in a lower overall growth rate. The forecast amounts were then converted to state fiscal years. The amount of surtax was then estimated using the 14.5% relationship of local surtax to 6% sales tax derived from the underlying the 2020-21 fiscal year estimates from the REC Monthly Revenue Estimates Conference Workpapers. First year cash is 11/12th of recurring.

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax

Issue: Remote Sales

Bill Number(s): SB 126/HB 159

Section 4: Proposed Fiscal Impact

State Sales Tax – Remote Sellers

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$96.7 M	\$133.7 M	\$61.1 M	\$88.8 M	\$37.3 M	\$56.9 M
2021-22	\$123.1 M	\$147.1 M	\$72.2 M	\$97.7 M	\$44.7 M	\$62.6 M
2022-23	\$151.6 M	\$161.8 M	\$98.8 M	\$107.5 M	\$53.7 M	\$68.9 M
2023-24	\$177.9 M	\$177.9 M	\$122.0 M	\$118.2 M	\$72.1 M	\$75.8 M
2024-25	\$198.2 M	\$195.7 M	\$142.1 M	\$130.0 M	\$91.2 M	\$83.3 M

Local Discretionary Surtax - Removal of Exemption for Certain Current Remote Sellers

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$52.5 M	\$57.3 M	\$49.2 M	\$53.6 M	\$40.8 M	\$44.5 M
2021-22	\$65.9 M	\$65.9 M	\$60.1 M	\$60.1 M	\$46.3 M	\$46.3 M
2022-23	\$75.8 M	\$75.8 M	\$67.3 M	\$67.3 M	\$48.1 M	\$48.1 M
2023-24	\$87.2 M	\$87.2 M	\$75.3 M	\$75.3 M	\$50.0 M	\$50.0 M
2024-25	\$100.3 M	\$100.3 M	\$84.4 M	\$84.4 M	\$52.0 M	\$52.0 M

List of affected Trust Funds:

Sales Tax Group

Local Discretionary Surtax

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted the middle impact but at a 5% growth rate for the remote sellers and the low for Local Discretionary Surtax - Removal of Exemption for Certain Current Remote Sellers.

State Sales Tax – Remote Sellers

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	52.5	76.5	Insignificant	Insignificant	1.8	2.6	0.0	0.0
2021-22	65.2	80.2	Insignificant	Insignificant	2.2	2.7	0.0	0.0
2022-23	85.2	84.3	Insignificant	Insignificant	2.9	2.8	0.0	0.0
2023-24	98.9	88.5	Insignificant	Insignificant	3.3	3.0	0.0	0.0
2024-25	109.2	92.9	Insignificant	Insignificant	3.7	3.1	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	7.9	11.5	9.7	14.1	62.2	90.5
2021-22	9.8	12.1	12.0	14.8	77.2	95.0
2022-23	12.8	12.7	15.7	15.5	100.9	99.8
2023-24	14.9	13.3	18.2	16.3	117.1	104.8
2024-25	16.5	14.0	20.2	17.1	129.4	110.0

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax

Issue: Remote Sales

Bill Number(s): SB 126/HB 159

Local Discretionary Surtax - Removal of Exemption for Certain Current Remote Sellers

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
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
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	40.8	44.5	40.8	44.5	40.8	44.5
2021-22	46.3	46.3	46.3	46.3	46.3	46.3
2022-23	48.1	48.1	48.1	48.1	48.1	48.1
2023-24	50.0	50.0	50.0	50.0	50.0	50.0
2024-25	52.0	52.0	52.0	52.0	52.0	52.0

	A	B	C	D	E	F
1		EDR Estimate of Potential Sales Tax Revenue				
3		Growth Rate	5%			
4						
5		Forecast of Remote Sales Activity not currently remitting -Millions				
6		Calendar Year	High	Middle	Low	
7		2018	\$110,757,848	\$87,383,439	\$64,009,030	
8		2019	\$116,295,740	\$91,752,611	\$67,209,482	
9		2020	\$122,110,527	\$96,340,241	\$70,569,956	
10		2021	\$128,216,054	\$101,157,254	\$74,098,453	
11		2022	\$134,626,856	\$106,215,116	\$77,803,376	
12		2023	\$141,358,199	\$111,525,872	\$81,693,545	
13		2024	\$148,426,109	\$117,102,166	\$85,778,222	
14		2025	\$155,847,415	\$122,957,274	\$90,067,133	
15						
16		Fiscal Year Conversion - Forecast Period				
17			High	Middle	Low	
18		2020-21	\$125,163,291	\$98,748,748	\$72,334,204	
19		2021-22	\$131,421,455	\$103,686,185	\$75,950,915	
20		2022-23	\$137,992,528	\$108,870,494	\$79,748,460	
21		2023-24	\$144,892,154	\$114,314,019	\$83,735,883	
22		2024-25	\$152,136,762	\$120,029,720	\$87,922,678	
23						
24		Assumed Compliance Rate				
25			High	Middle	Low	Low - Recurring
26		2020-21	75%	60%	50%	70%
27		2021-22	80%	65%	55%	70%
28		2022-23	85%	70%	60%	70%
29		2023-24	90%	75%	65%	70%
30		2024-25	95%	80%	70%	70%
31						
32		Assumed New Remittances				
33			High	Middle	Low	Low - Recurring
34		2020-21	\$93,872,468	\$59,249,249	\$36,167,102	\$50,633,943
35		2021-22	\$105,137,164	\$67,396,020	\$41,773,003	\$53,165,640
36		2022-23	\$117,293,649	\$76,209,346	\$47,849,076	\$55,823,922
37		2023-24	\$130,402,939	\$85,735,514	\$54,428,324	\$58,615,118
38		2024-25	\$144,529,924	\$96,023,776	\$61,545,874	\$61,545,874

	A	B	C	D	E	F
39						
40		Noncompliance Amounts				
41			High	Middle	Low	
42		2020-21	\$31,290,823	\$39,499,499	\$36,167,102	
43		2021-22	\$26,284,291	\$36,290,165	\$34,177,912	
44		2022-23	\$20,698,879	\$32,661,148	\$31,899,384	
45		2023-24	\$14,489,215	\$28,578,505	\$29,307,559	
46		2024-25	\$7,606,838	\$24,005,944	\$26,376,803	
47						
48			High	Middle	Low	
49		Audit Lag	1 year	2 years	3 years	
50						
51		Assumed Audit Recovery Time - for amounts not remitted voluntarily				
52		Recovery year	High	Middle	Low	
53		First year	30%	30%	20%	
54		Second Year	30%	20%	20%	
55		Third Year	30%	10%	10%	
56		Fourth year		10%	10%	
57		Fifth Year		10%	10%	
58						
59						
60		Audit recoveries	High	Middle	Low	
61		2020-21	\$0	\$0	\$0	
62		2021-22	\$9,387,247	\$0	\$0	
63		2022-23	\$14,456,360	\$11,849,850	\$0	
64		2023-24	\$15,484,264	\$16,416,979	\$7,233,420	
65		2024-25	\$7,808,652	\$16,853,942	\$12,622,319	
66						
67		Total Revenues - Cash	High	Middle	Low	
68		First Year Cash (11/12)	\$86,049,762	\$54,311,811	\$33,153,177	
69		2020-21	\$93,872,468	\$59,249,249	\$36,167,102	
70		2021-22	\$114,524,411	\$67,396,020	\$41,773,003	
71		2022-23	\$131,750,009	\$88,059,196	\$47,849,076	
72		2023-24	\$145,887,202	\$102,152,493	\$61,661,745	
73		2024-25	\$152,338,576	\$112,877,718	\$74,168,193	
74						
75		Recurring Revenues	High	Middle	Low	
76		2020-21	\$118,905,126	\$78,998,998	\$50,633,943	
77		2021-22	\$124,850,382	\$82,948,948	\$53,165,640	
78		2022-23	\$131,092,901	\$87,096,395	\$55,823,922	
79		2023-24	\$137,647,547	\$91,451,215	\$58,615,118	
80		2024-25	\$144,529,924	\$96,023,776	\$61,545,874	

	A	B	C	D	E	F
81	Impact of requiring Local Option Surtax to be collected by all Remote Sellers					
82	Note - This impact focuses solely on those remote sellers remitting the state 6% sales tax but remitting zero local option.					
83						
84	Calendar Year 2017					
85	County - Out of State	Count	6% Tax Collected	Surtax Collected	Surtax as a % of state 6%	
86	Collecting Surtax	15,134	\$2,635,059,222	\$265,289,537	10.1%	
87	Not Collecting Surtax	10,614	\$224,041,510	\$0	0.0%	
88	Total	25,748	\$2,859,100,732	\$265,289,537	9.3%	
89						
90	Calendar Year 2018					
91	County - Out of State	Count	6% Tax Collected	Surtax Collected	Surtax as a % of state 6%	
92	Collecting Surtax	16,721	\$2,928,284,293	\$296,462,588	10.1%	
93	Not Collecting Surtax	11,100	\$278,514,722	\$0	0.0%	
94	Total	27,821	\$3,206,799,015	\$296,462,588	9.3%	
95						
96	Source - REC Monthly Revenue Estimates					
97	2020-21 Sales Tape Estimate		\$29,749			
98	2020-21 Local Surtax Estimate		\$4,308			
99	Surtax as a % of state 6%		14.5%			
100						
101		High	Middle	Low		
102	Growth Rate	15%	12%	4%		
103						
104	Forecast - Remote sellers not collecting Local Surtax total Sales Tax					
105	Calendar Year	High	Middle	Low		
106	2017	\$224,041,510	\$224,041,510	\$224,041,510		
107	2018	\$278,514,722	\$278,514,722	\$278,514,722		
108	2019	\$320,291,930	\$311,936,488	\$289,655,311		
109	2020	\$368,335,719	\$349,368,867	\$301,241,523		
110	2021	\$423,586,077	\$391,293,131	\$313,291,184		
111	2022	\$487,123,989	\$438,248,307	\$325,822,831		
112	2023	\$560,192,587	\$490,838,103	\$338,855,745		
113	2024	\$644,221,475	\$549,738,676	\$352,409,974		
114	2025	\$740,854,697	\$615,707,317	\$366,506,373		
115						
116	Conversion to Fiscal Year					
117		High	Middle	Low		
118	2020-21	\$395,960,898	\$370,330,999	\$307,266,353		
119	2021-22	\$455,355,033	\$414,770,719	\$319,557,008		
120	2022-23	\$523,658,288	\$464,543,205	\$332,339,288		
121	2023-24	\$602,207,031	\$520,288,390	\$345,632,859		
122	2024-25	\$692,538,086	\$582,722,996	\$359,458,174		
123						
124	Surtax Impact	High	Middle	Low		
125	2020-21 Cash (11/12)	\$52,555,140	\$49,153,332	\$40,782,881		
126	2020-21	\$57,332,880	\$53,621,816	\$44,490,415		
127	2021-22	\$65,932,812	\$60,056,434	\$46,270,032		
128	2022-23	\$75,822,733	\$67,263,206	\$48,120,833		
129	2023-24	\$87,196,143	\$75,334,791	\$50,045,667		
130	2024-25	\$100,275,565	\$84,374,966	\$52,047,493		

Remote Sales – 2020 Session

EDR purchased the 2019 Edition of the Top 500 Internet Retailers report and database from a private vendor. The sales of the Top 500 retailers accounted for approximately 89.8% of the 2018 online retail sales in North America. The distribution of sales among the Top 500 is skewed to a few sellers with many sales, producing a long tail of many sellers with relatively few sales. Internet Retailer Research projects that the growth in online retail sales will average 15% per year.

As a first step, EDR culled businesses that had physical nexus in Florida or where the database indicated they collected sales tax in 45 states or over (five states do not have a sales tax). Next, businesses that sold exempt items (groceries, medicines, bullion, etc.), or performed services, or had filed for bankruptcy were removed. Finally, companies that collected Florida sales tax which were discovered through a search of the website’s taxing policy or by placing an item in the website’s cart and simulating a checkout with a shipping address in Florida were removed. This left 69 retailers. (Note - The retailers who provide a marketplace platform are separately analyzed.)

The Internet Retailer Database produces a 2018 Web Sales Range for these retailers. The top tiered have web sales ranging from \$2 to \$5 billion while the lowest tiered range from \$75 to \$125 million. The top tiered ranges (\$2B-\$5B and \$500M-\$1B) contained 10 businesses. Individual research on 2018 sales was performed because of the vast difference in the low and high end of the top tiered ranges.

The high and low attributable to Florida sales were calculated using a Florida share of 6.57% of total sales and reducing the estimate of North American sales by 7.5% for Canadian and Mexican shares. At the low end, the potential Florida sales tax due for each of the individual 69 retailers ranges from \$278,888 for the lowest to \$6,600,000 for the highest. Just looking at the high range, the potential sales tax ranges from \$464,813 to \$6,600,000 per entity.

Top 500 Retailers - Estimate of Potential Sales Tax Revenue				
		Low	High	Average
CY 2018	\$	57,480,109	\$ 99,460,548	\$ 78,470,328
Top 500 Sales % of All Sales		89.80%	89.80%	89.80%
Potential Sales Tax	\$	64,009,030	\$ 110,757,848	\$ 87,383,439

Note: The high impact of \$110.8 million is lower than last year’s estimate of \$145.4 million, which is the most similar comparison. This is largely attributed to two reasons: (1) better data allowing for a more precise methodology; and (2) greater participation in sales tax collection efforts by remote sellers.

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax

Issue: Sales Using Marketplace Providers

Bill Number(s): SB 126/HB 159

Entire Bill

Partial Bill: Sections 2,3,5,6 and 7

Sponsor(s): Sen. Gruters / Rep. Clemons

Month/Year Impact Begins: 11/1/2020

Date of Analysis: 12/19/2019

Section 1: Narrative

a. Current Law: See attached section by section spreadsheet

b. Proposed Change: See attached section by section spreadsheet

Section 2: Description of Data and Sources

EDR Research on Top 1000 Internet retailers and existing Marketplace Activity

REC Monthly Estimates

Section 3: Methodology (Include Assumptions and Attach Details)

Used EDR research on Florida’s likely share of the 2019 sales activity of entities that would likely meet the definition of Marketplace Provider of \$514.6 M. Assumed annual growth of 15% for the high, 12% for the middle and 10% for the low to grow amounts into and throughout the forecast period. Converted from calendar year to fiscal year.

Built in three additional levers for the analysis. First lever is percent of revenues that are not business to business transactions. The second lever is percent of revenues that are taxable for sales tax purposes. Both of these levers are set to 100% for high, middle and low. The third lever is percent of revenues not cannibalized from other revenues. For this lever, the high was set at 100% for all years, the middle was set at 80% in the first year and increased by 5% each year in the forecast period so that the out year was 100% not cannibalized. For the low, the lever was set at 75% for all years

Assumed rate of voluntary compliance with the proposed language for the high of 80% in the first year and growing by 5% in each year of the forecast period, for the middle of 75% in the high and growing 5% each year, and for the low of 70% also growing 5% each year in the forecast period. The compliance rate was applied to the remote sales activity forecast to estimate revenues from voluntary compliance with the proposed legislation.

Audit recoveries were estimated as follows: Annual noncompliance amounts were identified by taking the difference between Activity and voluntary compliance. For the high it was assumed there was a one- year lag to audit recoveries and in the first year following noncompliance, 30% of the noncompliant amount was recovered, in the second year following noncompliance, 30% of the remaining amount was recovered, and in the third year, 30% of the remaining noncompliant amount was recovered. For the middle it was assumed there was a two-year lag to audit recoveries and in the first year following the lag, 30% of the noncompliant amount was recovered, in the second year following the lag, 20% of the remaining amount was recovered, and in the third year, 10% of the remaining noncompliant amount was recovered. For the low it was assumed there was a three- year lag to audit recoveries, with recoveries of 20% in the first year following the lag and 20% in the second year. First year cash was 8/12th given the October 1, 2020 effective date of section

For the recurring amounts for each year, the fifth year compliance rate and fifth year non-cannibalization rate were used and audit recoveries were ignored.

Section 4: Proposed Fiscal Impact (revised Post-conference to correct formula errors)

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$339.3 M	\$508.9M	\$244.4 M	\$366.6	\$208.0 M	\$401.2 M
2021-22	\$660.0 M	\$621.9M	\$465.3 M	\$465.3	\$367.8 M	\$441.3 M
2022-23	\$816.8 M	\$757.2M	\$659.6 M	\$586.3	\$431.5 M	\$485.4 M
2023-24	\$982.7 M	\$919.2M	\$833.8 M	\$733.9	\$560.8 M	\$534.0 M
2024-25	\$1,132.9 M	\$1,112.7M	\$1010.2 M	\$913.2	\$689.8 M	\$587.4 M

REVENUE ESTIMATING CONFERENCE

Tax: Sales Tax

Issue: Sales Using Marketplace Providers

Bill Number(s): SB 126/HB 159

List of affected Trust Funds: Sales Tax Group

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted a revised low that reflects the net impact of a loss to the adopted baseline sales tax forecast coupled with a gain from marketplace sales.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	268.4	402.5	Insignificant	Insignificant	9.1	13.6	0.0	0.0
2021-22	450.6	450.6	Insignificant	Insignificant	15.2	15.2	0.0	0.0
2022-23	500.9	500.9	Insignificant	Insignificant	16.9	16.9	0.0	0.0
2023-24	587.3	552.9	0.1	Insignificant	19.8	18.7	0.0	0.0
2024-25	670.0	606.0	0.1	0.1	22.6	20.4	0.0	0.0

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	40.5	60.7	49.6	74.3	317.9	476.8
2021-22	67.9	67.9	83.1	83.1	533.7	533.7
2022-23	75.5	75.5	92.4	92.4	593.3	593.3
2023-24	88.5	83.4	108.3	102.1	695.7	655.0
2024-25	101.0	91.4	123.6	111.8	793.7	717.9

	A	B	C	D	E	F
1	Section	Statute Amended	Current Law	Change	Effective date	Remote Seller/Marketplace Provider
2	1	212.02(14)(e)	Provides definition of retail sale	Amends definition of retail sale to change "mail order sale" to "remote sale"	7/1/2020	Both
3	2	212.02(14)(f)	N/A	provides the term "retail sale" includes a sale facilitated through a marketplace as defined in s. 212.05965(1)	10/1/2020	Both
4	3	212.05	Imposes sales tax on all sales of tangible personal property, including those made by mail order sale	Changes "mail order sale" to "remote sale"	7/1/2020	Remote Sales
5	4	212.0596	Defines "mail order sale"; sets out situations in which nexus over mail order sales will be found; provides exception for mail order dealers to not be required to collect local option surtaxes	Changes "mail order sale" to "remote sale"; adds provision setting out nexus based on substantial number of sales, defined as \$100,000 or 200 retail sales of TPP in the previous calendar year; strikes provision providing that local option surtaxes are not required to be collected	7/1/2020	Both
6	5	212.05965	N/A	Provides for collection and remittance of tax by marketplace providers who make a substantial number of remote sales; excludes sellers of travel agency services from definition of "marketplace provider"; excludes Delivery network companies from the definition of "marketplace provider" if certain conditions are met; provides definitions of "Delivery network company", "Delivery network courier", "Delivery services", "Local Merchant", and "Local Product"; provides prohibition from assessing marketplace sellers under specified conditions; requires marketplace sellers to collect and remit tax on sales made outside the marketplace; relieves marketplace providers from liability under specified conditions; provides that a marketplace is a separate place of business for purposes of registration; authorizes the Department to compromise tax, interest, or penalty assessed on sales through a marketplace; provides that the tax violation reward program and burden of proof provisions related to obtaining a refund apply to marketplace sales.	10/1/2020	Market Place Providers
7	6	212.06	Defines "dealer" to include retailers who make mail order sales	Amends dealer to replace "mail order sale" with "remote sale" and to add "marketplace provider"	7/1/2020	Both
8	7	212.12	Excludes mail order dealers from normal collection allowance provision (2.5% of the tax remitted); allows the Department to negotiate a collection allowance with mail order dealers based on the dealer's estimated costs of collecting the tax, the volume and value of the dealer's mail order sales to Florida customers, and the administrative and legal costs; the negotiated collection allowance may not exceed 10% of the tax remitted	Strikes the exclusion for mail order dealers from the normal collection allowance provision; strikes the negotiated collection allowance provision	7/1/2020	
9	8	212.18	Provides that an exhibitor who makes a mail order sale must register as a dealer	Changes "mail order sale" to "remote sale"	7/1/2020	Remote Sales
10	9	212.2	Requires the Department to determine and refund amounts determined by a court to be unconstitutional	Reenacts this provision for purposes of incorporating changes made to the mail order statute	7/1/2020	Remote Sales
11	10	N/A	N/A	Provides emergency rulemaking authority	7/1/2020	Both
12	11	N/A	N/A	Provides severability if any portion of the law is found to be invalid	7/1/2020	Both
13	12	N/A	N/A	Provides an effective date of July 1, 2020, except as otherwise expressly provided, and except for this section	Upon becoming law	Both

Online Marketplace Sales

The current analysis relies heavily on the EDR analysis performed for the fiscal impact of “Sales Using Marketplace Providers” considered at the April 5, 2019 Fiscal Impact Conference. Where additional information has come available, it has been incorporated into the current analysis.

Subsequent to the prior analysis new statistics on U.S. e-commerce sales have been reported by the U.S. Census Bureau. They report that U.S. ecommerce sales have grown 14.2 percent for the first three quarters of 2019 over the same period in 2018. Sales for all of 2019 are expected to approach \$600 billion.

More importantly, in April Amazon confirmed that the percentage of gross merchandise sales in 2018 that came from third-party sellers was 58 percent--significantly lower than many previous estimates by researchers who study e-commerce trends. This has resulted in a revision Amazon's share of the online market. In the 2019 edition of “The Amazon Report” by Internet Retailer, it is estimated that Amazon accounts for 36.8 percent of consumer online purchases, down from their prior estimate of 47 percent. Similarly, eMarketer has reduced their projected share of total U.S. e-commerce retail sales in 2019 from 47 percent to 37.7 percent.

Amazon's gross merchandise sales in the U.S. for 2018 were estimated at \$188.9 billion (or about 4% of U.S. retail sales). Of this amount about \$79.8 billion was direct sales with the remaining \$109.1 billion attributable to third-party sales. Based on estimated sales through the third quarter, Amazon is in line to reach \$220 billion in sales this year—direct sales are growing about 13.5 percent per year with third-party sales growing about 20 percent per year.

Analyses by various groups that track marketplace sales place Amazon's share of the U.S. market at nearly 38% of the total, with the top 10 e-commerce businesses accounting for a combined share of about 60%.¹ Detailed information for this group of dominant players is readily available, so a concentrated focus on them presents a reasonable picture of the overall market.

Within the various marketplaces the two categories sales that are more likely to be exempt—“food and beverages” and “personal and health care products”—have been growing at a faster pace than overall e-commerce. Online grocery sales are projected by eMarketer to grow at a compound annual growth rate of 23.4 percent between 2018 and 2023. Online grocery sales have become increasingly important for Amazon with its acquisition of Whole Foods. They also represent a growing share of online activity for Walmart.

All of these factors have been incorporated into the updated analysis of potential sales tax collections from these marketplaces.

EDR performed an independent analysis of the major e-commerce marketplaces to assess the likely impact on state revenue if these companies (sometimes referred to as facilitators) were required to collect sales taxes on behalf of the participants using their e-marketplace platforms. These retailers generally fall into two categories: (1) those who sell their own products as well as provide platforms for third-party sellers (e.g., Amazon, Walmart); and (2) those who solely provide platforms for third-party sellers (e.g., Etsy, eBay).

¹ A recent eMarketer industry report indicates that Amazon marketplace sellers account for about 38% of total Amazon sales (direct sales about 22%). According to Internet Retailer, the other top ten U.S. marketplaces include eBay, Walmart, Apple, Home Depot, Wayfair, QVC, Costco, Macy's and Best Buy. Combined, they account for about 23% of sales.

The starting point for the analysis was to develop estimates of gross merchandise sales (GMS) for the largest marketplaces. An internet search of various sites that collect, project, and report on e-commerce was undertaken. In some instances, GMS was only reported on a worldwide basis, and additional information had to be found in order to estimate each marketplace's U.S. activity.

The next step was to identify which sales are taxable. A sale can be exempt from taxation for a number of reasons: (1) the item itself is exempt and not taxable under the state's statutes; (2) the sale is to a tax-exempt organization; or (3) the sale involves an item for resale or incorporation into another good.² To perform this analysis, research was undertaken to determine the kinds of purchases that are made through the various marketplaces. Some data was specific to the marketplace, while other data related the e-commerce industry as a whole. Where business-specific data was lacking or incomplete, EDR relied on information from U.S. Census Bureau analyses of retail sales by industry/commodity. As a result of this combined research, discrete adjustments were made. For example, the higher percentage of nontaxable items for Walmart reflects the growing importance of its online grocery business. This is also an area of growth for Amazon. For most other marketplaces, the items sold are assumed to be taxable; however, effectively, a 10% adjustment was made to total U.S. sales for all marketplaces.

Two additional adjustments are needed to U.S. taxable sales. First, it has already been mentioned that some marketplaces (such as Amazon) feature products offered by the owner of the site, as well as those placed for sale by third-parties. To tease out the discrete effect of the marketplace and avoid double-counting remote sales that have been separately treated, a factor was developed to indicate the share of sales occurring through third-party sellers.

The second adjustment reflects the fact that Florida is the third most-populated state and naturally attracts a large number of retail businesses that are population dependent. This indicates that there are a significant number of sellers that already have nexus to Florida. Because some taxes are currently collected from the individual marketplace sellers and some marketplaces sell their own products and remit taxes on those sales, a factor was needed to reflect the assumed level of remittance that is already occurring. The discrete assumptions underpinning this factor were based on a search of registrants in the DOR database, as well as an in-depth review of the tax collection procedures on individual websites.

With respect to the latter review, EDR had previously conducted an internet search of the Top 1000 remote sellers and their affiliates to determine if they had a physical presence in Florida. Various trade analyses show that the more dominant marketplaces attract well-established brands and retailers that are more likely to have an independent Florida presence. For these marketplaces, EDR attributed a share of its U.S. taxable sales to DOR-registered Florida sellers that are also availing themselves of the marketplace. EDR's selected method produced an estimated share of 44.5% of the portion of U.S. taxable sales associated with marketplace sellers.³ For the smaller marketplaces, 18% was used based on EDR's previous work on "Remote Sales." The industry data confirms that most sellers on platforms

² Many Business-to-Business (B2B) sales fall into this last category. While sales for resale or incorporation into another good can occur via e-commerce, they are typically treated separately and excluded from the retail sales figures reported for the various marketplaces. To the extent that any of these sales are part of the reported sales figures used in this analysis, they are assumed to be addressed through the adjustment for exempt sales.

³ To check the reliability of the 44.5% share, an alternative method was employed. The sales of the top 10 marketplaces, as reported by www.statista.com, were subtracted from the estimate of the total GMS of the Top 1000. A geometric weight was then estimated that produced a declining level of sales for the smaller 990 firms that summed to the total GMS attributable to this group. The sales of those with a Florida presence were summed and taken as a percent of those not in the group of five. This estimate produced a slightly higher estimate of just over 48%. This result seems to support the original estimate.

like eBay and Etsy are small businesses with limited market penetration. As such, they are less likely to be registered with a state for tax collection purposes.

Once these steps have been completed, all of the parameters necessary to estimate potential collections have been determined:

1. U.S. share of Gross Merchandise Sales (GMS)
2. Percent of exempt sales⁴
3. Third-party marketplace sellers' share of the total taxable sales
4. The share of taxable sales attributed to marketplace sellers provided by registered sellers
5. Florida's share of U.S. sales—assumed to be equal to the state's share of U.S. resident population

For convenience, all numbers on the accompanying table have been transformed into estimated Florida sales taxes. After completing the analysis for the 2019 calendar year, EDR's estimated universe of potential state sales taxes from marketplace sales is \$514.60 million.

⁴ There was some concern that streaming or digital sales may be included in the GMS estimates. Since these sales are not subject to sales taxes, it was felt the estimated percent non-taxable might be understated. EDR contacted the firm that publishes the Top 1000 listing (as well as other industry analyses) to ascertain the level of streaming and digital sales included in the GMS estimates provided by Internet Retailer. According to the Research Director, they define e-retail to focus on the sale of physical products and attempt to exclude purchases associated with streaming and downloads of software, music, books, and games.

EDR Projected Marketplace Provider Sales State Sales Tax Collections (\$ millions) - CY 2019^e

	<u>Amazon</u>	<u>ebay</u>	<u>Walmart</u>	<u>Etsy</u>	<u>Smaller Platforms [7]</u>
Total Sales [1]	\$221,504	\$28,748	\$21,679	\$4,859	\$196,181
U.S. Share (%) [2]	100.0%	100.0%	100.0%	65.3%	100.0%
U.S. Share of Sales (\$)	\$221,504	\$28,748	\$21,679	\$3,173	\$196,181
Percent of Exempt Sales [3]	12.50%	5.00%	18.00%	0.00%	10.00%
U.S. Taxable Sales (\$)	\$193,816	\$27,311	\$17,777	\$3,173	\$176,563
Marketplace Sellers [4]	59.00%	100.00%	10.00%	100.00%	37.50%
Registered Marketplace Sellers [5]	50.00%	25.00%	50.00%	25.00%	25.00%
U.S. Sales Escaping Taxation (\$)	\$57,176	\$20,483	\$889	\$2,380	\$49,658
Florida's Share (%) [6]	6.57%	6.57%	6.57%	6.57%	6.57%
Escaped Sales to Florida (\$)	\$3,755	\$1,345	\$58	\$156	\$3,262
Florida Tax Rate (%)	6.00%	6.00%	6.00%	6.00%	6.00%
Potential Gain in SUT (\$)	\$225.31	\$80.72	\$3.50	\$9.38	\$195.69

Potential Gain to State

\$514.60

[1] Total Sales is defined as **Gross Merchandise Sales (GMS)**. GMS is typically defined as the dollar value of items sold, excluding shipping fees and net of refunds associated with canceled transactions.

[2] In some instances, sales are only reported as "global" and an estimate may be provided of the portion that is in the U.S.

[3] Exempt sales include medicines and food and drink and some business-to-business transactions.

[4] An estimate of the share of sales that are made by third-party sellers. Sources: Amazon -Top 1000 Report; Walmart - Marketplace Pulse; Bloomberg News.

[5] Based on EDR review of registered top 1000 sellers. According to IR Research, "The Amazon Report (2019 Edition)," more than a third—176 of the merchants ranked in the IR Retailer Top 500 currently sell on Amazon, up 69.2% from 104 in 2017.

[6] It is assumed that Florida's share of sales matches its share of population.

[7] Smaller Platforms include First Dibs, Google Shopping, Facebook, Wish.com among others. Small marketplaces are mostly specialized. Internet Retailer reports that 34 of the 75 marketplaces it tracks only sell from one category such as apparel or home furnishings.

e - Based on three quarters of reported sales for U.S. ecommerce, Amazon, and Etsy.

**EDR Projected Marketplace Provider Sales
State Sales Tax Collections (\$ millions) – CY 2017 (original)**

	<u>Amazon</u>	<u>Walmart.com</u>	<u>Ebay</u>	<u>Etsy</u>	<u>Newegg</u>	<u>Smaller Platforms [6]</u>
Total Sales [1]	\$156,197	\$12,100	\$3,400	\$3,900	\$2,500	\$56,409
U.S. Share (%) [2]	100.0%	100.0%	100.0%	65.3%	100.0%	100.0%
U.S. Share of Sales (\$)	\$156,197	\$12,100	\$3,400	\$2,547	\$2,500	\$56,409
Percent of Exempt Sales [3]	10.00%	17.40%	0.00%	0.00%	0.00%	10.00%
U.S. Taxable Sales (\$)	\$140,577	\$9,995	\$3,400	\$2,547	\$2,500	\$50,768
Marketplace Sellers [4]	68.00%	8.00%	100.00%	100.00%	100.00%	100.00%
Registered Marketplace Sellers	44.50%	44.50%	18.00%	18.00%	44.50%	18.00%
U.S. Sales Escaping Taxation (\$)	\$53,054	\$444	\$2,788	\$2,088	\$1,388	\$41,630
Florida's Share (%) [5]	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
Escaped Sales to Florida (\$)	\$3,385	\$28	\$178	\$133	\$89	\$2,656
Florida Tax Rate (%)	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Potential Gain in SUT (\$)	\$203.09	\$1.70	\$10.67	\$7.99	\$5.31	\$159.36

Potential Gain to State \$388.13

[1] Total Sales is defined as **Gross Merchandise Sales (GMS)**. GMS is typically defined as the dollar value of items sold, excluding shipping fees and net of refunds associated with canceled transactions.

[2] In some instances, sales are only reported as "global" and an estimate may be provided of the portion that is in the U.S.

[3] Exempt sales include medicines and food and drink.

[4] An estimate of the share of sales that are by third-party.

[5] It is assumed that Florida's share of sales matches its share of population.

[6] Smaller Platforms include First Dibs, Google Shopping, Facebook, Wish.com

	B	C	D	E	F
1	EDR Estimate of Potential Sales Tax Revenue				
2		High	Middle	Low	Adopted
3	Growth Rate	15%	12%	10%	10%
4					
5	Forecast of Market Place Activity not currently remitting -Millions				
6	Calendar Year	High	Middle	Low	Adopted
7	2019	\$514.6	\$514.6	\$514.6	\$514.6
8	2020	\$591.8	\$576.4	\$566.1	\$566.1
9	2021	\$680.6	\$645.5	\$622.7	\$622.7
10	2022	\$782.6	\$723.0	\$684.9	\$684.9
11	2023	\$900.0	\$809.7	\$753.4	\$753.4
12	2024	\$1,035.0	\$906.9	\$828.8	\$828.8
13	2025	\$1,190.3	\$1,015.7	\$911.6	\$911.6
14					
15	Fiscal Year Conversion - Forecast Period				
16		High	Middle	Low	Adopted
17	2020-21	\$636.2	\$610.9	\$594.4	\$594.4
18	2021-22	\$731.6	\$684.2	\$653.8	\$653.8
19	2022-23	\$841.3	\$766.4	\$719.2	\$719.2
20	2023-24	\$967.5	\$858.3	\$791.1	\$791.1
21	2024-25	\$1,112.7	\$961.3	\$870.2	\$870.2
22					
23	Percent of Revenues that are non-business to business				
24		High	Middle	Low	Adopted
25	2020-21	100%	100%	100%	100%
26	2021-22	100%	100%	100%	100%
27	2022-23	100%	100%	100%	100%
28	2023-24	100%	100%	100%	100%
29	2024-25	100%	100%	100%	100%
30					
31	Percent of Revenues that are Taxable For Sales Tax Purposes				
32		High	Middle	Low	Adopted
33	2020-21	100%	100%	100%	100%
34	2021-22	100%	100%	100%	100%
35	2022-23	100%	100%	100%	100%
36	2023-24	100%	100%	100%	100%
37	2024-25	100%	100%	100%	100%
38					
39	Percent of Revenues that are not Cannibalized from other revenues				
40		High	Middle	Low	Adopted
41	2020-21	100%	80%	75%	100%
42	2021-22	100%	85%	75%	95%
43	2022-23	100%	90%	75%	90%
44	2023-24	100%	95%	75%	85%
45	2024-25	100%	100%	75%	80%
46					

	B	C	D	E	F
47	Assumed Compliance Rate				
48		High	Middle	Low	Adopted
49	2020-21	80%	75%	70%	70%
50	2021-22	85%	80%	75%	75%
51	2022-23	90%	85%	80%	80%
52	2023-24	95%	90%	85%	85%
53	2024-25	100%	95%	90%	90%
54					
55	Assumed New Remittances				
56		High	Middle	Low	Adopted
57	2020-21	\$508.9	\$366.6	\$312.0	\$416.1
58	2021-22	\$621.9	\$465.3	\$367.8	\$465.8
59	2022-23	\$757.2	\$586.3	\$431.5	\$517.8
60	2023-24	\$919.2	\$733.9	\$504.3	\$571.6
61	2024-25	\$1,112.7	\$913.2	\$587.4	\$626.5
62					
63	Noncompliance Amounts				
64		High	Middle	Low	Adopted
65	2020-21	\$127.2	\$244.4	\$282.3	\$178.3
66	2021-22	\$109.7	\$219.0	\$286.0	\$188.0
67	2022-23	\$84.1	\$180.1	\$287.7	\$201.4
68	2023-24	\$48.4	\$124.5	\$286.8	\$219.5
69	2024-25	\$0.0	\$48.1	\$282.8	\$243.7
70					
71		High	Middle	Low	Adopted
72	Audit Lag	1 year	2 years	3 years	3 years
73					
74	Assumed Audit Recovery Time - for amounts not remitted voluntarily				
75	Recovery year	High	Middle	Low	Adopted
76	First year	30%	30%	20%	20%
77	Second Year	30%	20%	20%	20%
78	Third Year	30%	10%	10%	10%
79	Fourth year		10%	10%	10%
80	Fifth Year		10%	10%	10%
81					
82	Audit recoveries	High	Middle	Low	Adopted
83	2020-21	\$0.0	\$0.0	\$0.0	\$0.0
84	2021-22	\$38.2	\$0.0	\$0.0	\$0.0
85	2022-23	\$59.6	\$73.3	\$0.0	\$0.0
86	2023-24	\$63.6	\$99.9	\$56.5	\$35.7
87	2024-25	\$20.3	\$96.9	\$102.4	\$66.1
88					
89	Cash				
90	Total Revenues	High	Middle	Low	Adopted
91	2020-21 (8/12ths)	\$339.3	\$244.4	\$208.0	\$277.4
93	2021-22	\$660.0	\$465.3	\$367.8	\$465.8
94	2022-23	\$816.8	\$659.6	\$431.5	\$517.8
95	2023-24	\$982.7	\$833.8	\$560.8	\$607.2
96	2024-25	\$1,132.9	\$1,010.2	\$689.8	\$692.7
97					
98	Recurring				
99	Total Revenues	High	Middle	Low	Adopted
100	2020-21	\$508.9	\$366.6	\$312.0	\$416.1
101	2021-22	\$621.9	\$465.3	\$367.8	\$465.8
102	2022-23	\$757.2	\$586.3	\$431.5	\$517.8
103	2023-24	\$919.2	\$733.9	\$504.3	\$571.6
104	2024-25	\$1,112.7	\$913.2	\$587.4	\$626.5

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Tax Absorption

Bill Number(s): SB 508 – [Proposed Amendment](#)

Entire Bill

Partial Bill:

Sponsor(s): Senator Baxley

Month/Year Impact Begins: July 1, 2020 (one and a half month lag to refund)

Date of Analysis:

Section 1: Narrative

- a. **Current Law:** Businesses are required to add the amount of sales tax imposed to the sales price. Additionally, businesses are broadly prohibited from advertising that they will absorb the sales tax on behalf of purchasers.
- b. **Proposed Change:** Subsection 212.07 (4) F.S. is modified: (a) Except as provided in paragraph (b), a dealer engaged in any business taxable under this chapter may not advertise or hold out to the public, in any manner, directly or indirectly, that he or she will pay ~~absorb~~ all or any part of the tax, or that he or she will relieve the purchaser of the payment of all or any part of the tax, or that the tax will not be added to the selling price of the property or services sold or released or, when added, that it or any part thereof will be refunded either directly or indirectly by any method whatsoever.
(b) Notwithstanding any provision of this chapter to the contrary, a dealer may advertise or hold out to the public that he or she will pay all or any part of the tax on behalf of the purchaser, subject to both of the following conditions:
 1. The dealer must expressly state on any charge ticket, sales slip, invoice, or other tangible evidence of sale given to the purchaser that the dealer will pay the tax imposed by this chapter to the state. The dealer may not indicate or imply that the transaction is exempt or excluded from the tax imposed by this chapter.
 2. A charge ticket, sales slip, invoice, or other tangible evidence of the sale given to the purchaser must separately state the sale price and the amount of the tax in accordance with subsection (2).

The effective date of the proposed amendment is July 1, 2020.

Section 2: Description of Data and Sources

Revenue Estimating Conference - General Revenue Fund 08/2019
 Department of Revenue – Sales and Use Tax Refund detail reports

Section 3: Methodology (Include Assumptions and Attach Details)

The Department of Revenue (DOR) detailed revenue report showing the total approved and denied refunds is used to calculate approved refunds as a percent of total refunds. The average percent of approved from FY 2015 to FY 2020 YTD is used to calculate the implied total refund volume from the forecasted General Revenue (GR) Sales Tax Refunds. The implied total refund minus the GR forecasted refunds results in an implied value for denied refunds.

Currently, businesses who apply for a refund of taxes must show that they have refunded the taxes paid by the purchaser before receiving a refund from DOR. However, businesses who sell tax exempt items to members of the public, and erroneously collect the tax on those items, may have no way to show that they have refunded the taxes paid to the purchaser. For example: how would a business that sells bottled water, and is incorrectly collecting the tax, show that they have refunded the sales tax paid in error to each purchaser? Under the proposed changes, if this business were an absorbing entity, this barrier could be lessened or eliminated.

The proposed language could generate increased refund amounts in two ways. First, through a reduction in the amount of refunds denied. Second, through an increase in the overall volume of refund applications. For refund denials, the high estimate assumes a 1.75% reduction, the middle estimate assumes a 1.25% reduction, and the low estimate assumes a 0.75% reduction. For refund volume increases, the high estimate assumes a 1.5% increase, the middle estimate assumes a 1.0% increase, and the low estimate assumes a 0.5% increase.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2020-21	\$(2.7 M)	\$(3.1 M)	\$(1.8 M)	\$(2.1 M)	\$(1.0 M)	\$(1.2 M)
2021-22	\$(3.1 M)	\$(3.1 M)	\$(2.1 M)	\$(2.1 M)	\$(1.2 M)	\$(1.2 M)
2022-23	\$(3.2 M)	\$(3.2 M)	\$(2.2 M)	\$(2.2 M)	\$(1.2 M)	\$(1.2 M)
2023-24	\$(3.3 M)	\$(3.3 M)	\$(2.3 M)	\$(2.3 M)	\$(1.3 M)	\$(1.3 M)
2024-25	\$(3.4 M)	\$(3.4 M)	\$(2.4 M)	\$(2.4 M)	\$(1.3 M)	\$(1.3 M)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Tax Absorption

Bill Number(s): SB 508 – [Proposed Amendment](#)

List of affected Trust Funds:

Sales and Use Tax Fund

Section 5: Consensus Estimate (Adopted: 12/20/2019): The Conference adopted a negative indeterminate impact because the number of businesses that would participate in tax absorption is unknown.

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

Sales Tax Absorption

	A	B	C	D	E	F	G
1	Sales Tax Refunds						
2		Approved		Denied		Total	
3	FY	Count	Value	Count	Value	Count	Value
4	14/15	7,476	\$ 70,896,410	3,052	\$ 48,357,263	10,528	\$ 119,253,673
5	15/16	4,817	\$ 60,472,525	2,696	\$ 44,928,087	7,513	\$ 105,400,613
6	16/17	4,604	\$ 94,933,207	2,480	\$ 66,645,646	7,084	\$ 161,578,854
7	17/18	5,186	\$ 84,639,642	7,264	\$ 58,991,026	12,450	\$ 143,630,668
8	18/19	4,820	\$ 76,589,264	3,003	\$ 64,229,751	7,823	\$ 140,819,015
9	19/20	1,586	\$ 28,812,328	1,079	\$ 21,372,850	2,665	\$ 50,185,178
10	Grand Total	28,489	\$ 416,343,376	19,574	\$ 304,524,624	48,063	\$ 720,868,000
11							
12	Approved Percent of Total						
13		Approved					
14	FY	Count	Value				
15	14/15	71.0%	59.5%				
16	15/16	64.1%	57.4%				
17	16/17	65.0%	58.8%				
18	17/18	41.7%	58.9%				
19	18/19	61.6%	54.4%				
20	19/20	59.5%	57.4%				
21	Avg. Percent 2014-2020	59.3%	57.8%				
22							
23	1908 GR Refunds Forecast						
24			(b25/c21)	(c26-b26)			
25		Refunds (approved)	Implied Refund Total	Refunds (denied)			
26	2020-21	\$ 109.8	\$ 190.1	\$ 80.3			
27	2021-22	\$ 112.0	\$ 193.9	\$ 81.9			
28	2022-23	\$ 115.8	\$ 200.5	\$ 84.7			
29	2023-24	\$ 119.5	\$ 206.9	\$ 87.4			
30	2024-25	\$ 123.3	\$ 213.5	\$ 90.2			
31							
32	Reduction of Denied Refunds						
33	Low	0.75%					
34	Middle	1.25%					
35	High	1.75%					
36							
37	Increased Refund Volume Overall						
38	Low	0.50%					
39	Middle	1.00%					
40	High	1.50%					
41							

Sales Tax Absorption

	A	B	C	D	E	F	G
42	Impact - Decreased Denial rate						
43		High		Middle		Low	
44	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
45	2020-21	\$ (1.2 M)	\$ (1.4 M)	\$ (0.9 M)	\$ (1.0 M)	\$ (0.5 M)	\$ (0.60 M)
46	2021-22	\$ (1.4 M)	\$ (1.4 M)	\$ (1.0 M)	\$ (1.0 M)	\$ (0.61 M)	\$ (0.61 M)
47	2022-23	\$ (1.5 M)	\$ (1.5 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (0.64 M)	\$ (0.64 M)
48	2023-24	\$ (1.5 M)	\$ (1.5 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (0.66 M)	\$ (0.66 M)
49	2024-25	\$ (1.6 M)	\$ (1.6 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (0.68 M)	\$ (0.68 M)
50							
51	Impact - Increased Volume of Refunds						
52		High		Middle		Low	
53	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
54	2020-21	\$ (1.4 M)	\$ (1.6 M)	\$ (1.0 M)	\$ (1.1 M)	\$ (0.5 M)	\$ (0.55 M)
55	2021-22	\$ (1.7 M)	\$ (1.7 M)	\$ (1.1 M)	\$ (1.1 M)	\$ (0.56 M)	\$ (0.56 M)
56	2022-23	\$ (1.7 M)	\$ (1.7 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.58 M)	\$ (0.58 M)
57	2023-24	\$ (1.8 M)	\$ (1.8 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.60 M)	\$ (0.60 M)
58	2024-25	\$ (1.8 M)	\$ (1.8 M)	\$ (1.2 M)	\$ (1.2 M)	\$ (0.62 M)	\$ (0.62 M)
59							
60	Impact - Total						
61		High		Middle		Low	
62	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
63	2020-21	\$ (2.7 M)	\$ (3.1 M)	\$ (1.8 M)	\$ (2.1 M)	\$ (1.0 M)	\$ (1.2 M)
64	2021-22	\$ (3.1 M)	\$ (3.1 M)	\$ (2.1 M)	\$ (2.1 M)	\$ (1.2 M)	\$ (1.2 M)
65	2022-23	\$ (3.2 M)	\$ (3.2 M)	\$ (2.2 M)	\$ (2.2 M)	\$ (1.2 M)	\$ (1.2 M)
66	2023-24	\$ (3.3 M)	\$ (3.3 M)	\$ (2.3 M)	\$ (2.3 M)	\$ (1.3 M)	\$ (1.3 M)
67	2024-25	\$ (3.4 M)	\$ (3.4 M)	\$ (2.4 M)	\$ (2.4 M)	\$ (1.3 M)	\$ (1.3 M)