

REVENUE ESTIMATING CONFERENCE

Tax: Article V and Highway Safety Fees

Issue: Payments to Clerks of the Circuit Courts

Bill Number(s): HB 557 and SB 386

Entire Bill

Partial Bill:

Sponsor(s): Representative LeMarca and Senator Wright

Month/Year Impact Begins: 07/01/2021

Date of Analysis: 03/19/2021

Section 1: Narrative

- a. Current Law:** Section 28.24, F.S. states that the clerk of the Circuit Court shall charge for services rendered in recording documents. Section 28.246, F.S. provides that the clerk of the circuit court shall accept partial payments for court-related fees, service charges, costs, and fines in accordance with the terms of an established payment plan. An individual seeking to defer payment shall apply to the clerk for enrollment in a payment plan. The clerk shall enter into a payment plan with an individual who the court determines is indigent for costs. A monthly payment amount, calculated based upon all fees and anticipated costs, is presumed to correspond to the person's ability to pay if the amount does not exceed 2 percent of the person's annual net income divided by 12. Section 28.42, F.S. instructs the clerks of court to produce and disseminate a manual of filing fees, service charges, costs, and fines imposed pursuant to state law. Section 318.15, F.S. states that if a person fails to comply with the civil penalties provided in s. 318.18 within the time period specified, fails to enter into or comply with the terms of a penalty payment plan with the clerk of the court, fails to attend driver improvement school, or fails to appear at a scheduled hearing, the clerk of the court shall notify the Department of Highway Safety and Motor Vehicles who shall immediately issue an order suspending the driver license and privilege to drive. Section 318.20, F.S. instructs the Department of Highway Safety and Motor Vehicles to prepare a notification form to be appended to or incorporated as part of the uniform traffic citation. Section 322.245, F.S. provides for the suspension of license upon failure of person charged with specified offense under chapter 316, chapter 320, and chapter 322, failure to comply with directives ordered by traffic court, failure to pay child support in non-IV-D cases as provided in chapter 61, or failure to pay any financial obligation in any other criminal case.
- b. Proposed Change:** Section 28.24, F.S. is revised so that the monthly \$5 service charge assessed by the clerks is abolished, leaving only a one-time charge of \$25, which may be paid in no more than five equal installments. Section 28.246, F.S. is revised to direct the clerk of the circuit court to accept partial payments electronically, by mail, or in person and enroll the person who seeks to defer payment of fees, costs, service charges, or fines imposed by the court in a payment plan. If the person is incarcerated, the person shall apply to the clerk for enrollment in a payment plan within 30 days of release. The clerk shall enroll individuals with a deposit or credit card account into an automatic payment arrangement. If the clerk enters into a payment plan with an individual the court determines is indigent, the payment plan shall be the greater of \$10 per month or 2% of the person's annual net income divided by 12 and must be inclusive of all amounts assessed by that county's court. The court may on its own motion or by petition, waive, modify, or convert the outstanding obligation to community service. The clerk may electronically or by mail send notices to remind an individual of missed or upcoming payment. Section 28.42, F.S. is revised to direct the clerks of court to develop a uniform payment plan form. Section 318.15, F.S. is revised to extend the deadline for the clerk of court to notify the Department of Highway Safety and Motor Vehicles that a person failed to comply with the civil penalties provided in s. 318.18 within the time period specified, fails to enter into or comply with the terms of a penalty payment plan with the clerk of the court, fails to attend driver improvement school, or fails to appear at a scheduled hearing from 10 days to 30 days. Section 318.20, F.S. is revised to require that the uniform traffic citation include information on paying the civil penalty to the clerk of court and that the person may contact the clerk of court to establish a payment plan. Section 322.245, F.S. is revised to limit the language which provides for the suspension of a driver license upon failure of person to pay any financial obligation in any criminal case other than those specified in chapters 316, 320, or 322 to apply to only suspensions which involve the operation of a motor vehicle. A person whose driver license was suspended solely for nonpayment in a criminal case not involving a motor vehicle prior to July 1, 2021 may have his or her driver license reinstated upon payment of the reinstatement fee. Sections 27.52, F.S., and 57.082, F.S., are revised to conform to changes made elsewhere in the bill.

Section 2: Description of Data and Sources

Highway Safety REC held 12/04/2020 and conference history

Article V REC held 03/03/2021 and conference history

Contact with CCOC and HSMV staff

HSMV Driver's License Suspensions and Revocations FY 2016, FY 2017, FY 2018, and FY 2019

Phone and email contact with the Fines and Fees Justice Center

REVENUE ESTIMATING CONFERENCE

Tax: Article V and Highway Safety Fees

Issue: Payments to Clerks of the Circuit Courts

Bill Number(s): HB 557 and SB 386

Section 3: Methodology (Include Assumptions and Attach Details)

Payment Plan Service Charges (Section 2)

The bill changes the payment plan service charge assessed by clerks from either a \$5 monthly or \$25 one-time fee to just a \$25 one-time fee which may be paid in no more than five equal installments. The impact from this change is indeterminate. In current administration of this provision, there is a lack of uniformity between clerks with some charging only the \$5 fee, some charging only the \$25 fee, and others charging both fees with different criteria used to determine which fee is charged. The statewide collection of the current \$5 and \$25 fees is unknown. Adding to the uncertainty, for individual cases moving from the \$5 monthly fee to the \$25 one-time fee, the change can be net positive or net negative. For example, a three month payment plan would pay \$25 instead of \$15 while a six month payment plan would pay \$25 instead of \$30. Lastly, there is uncertainty concerning how many individuals will pay the \$25 in one payment or installments, variability in length of installments (up to five months), and whether the timing of the installments partially pushes collection of the fee into a second fiscal year.

Payment Plans (Sections 3, 4, and 7)

The bill makes the following changes to payment plans:

- Automatically enrolls an individual into a payment plan upon receipt of a partial payment.
- Standardizes payment plans to be the greater of \$10 per month or 2% of a person's net income divided by 12.
- If an individual was incarcerated, provides for a 30 day grace period after release for initiation of a payment plan.
- Directs clerks to enroll individuals with a deposit or credit card account into an automatic payment arrangement.
- The court may review the reasonableness of payment plans and waive, modify, or convert the outstanding obligation to community service.
- The clerk may electronically or by mail send notices to remind an individual of a missed or upcoming payment.
- Provides for the creation of a statewide standard payment plan form.
- Requires that uniform traffic citations include information that the person may contact the clerk of court to establish a payment plan.

While the bill aims to strengthen and standardize the language associated with court related payment plans, with lack of data regarding the current status of various payments plans (i.e. amount being paid, length of the plan, original fine amount, etc.) the impact is indeterminate. Further, the language which allows the court to waive or modify the remaining financial obligations would likely have a negative impact on the collection of outstanding balances; however, uncertainty with the amount of outstanding balances to be waived and discretion of the courts to waive or modify amounts inhibits the ability to assign a specific number on this impact. When considering all of the changes to payment plans, the negative impacts will likely exceed the positive ones, resulting in a net indeterminate negative impact.

Suspension Reinstatement Fee - Remove Non-Driving from 322.245 (Section 8)

Driver license suspensions translate into revenue through reinstatement fees. Section 322.21, F.S. requires a person who applies for reinstatement following a driver license suspension for "failure to comply" to pay a \$60 reinstatement fee. Additionally, the county tax collectors are required to charge a service fee of \$6.25 when providing services in chapter 322, F.S., including reinstatements. There is also a \$25 delinquency fee which is paid to the clerk of court. Of that amount, \$10 is transferred to General Revenue. To calculate the impact from partially reducing the suspensions per 322.245, F.S., the calendar year 2016 through 2019 proportion of suspensions which would be eliminated was applied to the total forecast of 322.245, F.S. suspensions per the most recent Highway Safety REC. The local impact is derived from the forecasted state trust fund and GR fees in the latest Highway Safety REC. The first year's cash impact was adjusted for suspensions which were initiated prior to the bill's effective date and individuals who would otherwise not have reinstated their suspended driver license who now may do so only paying the reinstatement fee.

In addition to the direct impact from reinstatement fees, there is potentially an impact to fines and fees collected from the courts if there is no longer the threat of driver license suspension for nonpayment. Without the punitive threat of license suspension, it is possible that unpaid criminal obligations could increase. In contrast, there is the possibility that not suspending the driver license of individuals who owe delinquent fines could result in more collections which would have either not occurred or occurred at a later date. The large degree of uncertainty causes the negative adjustment to the criminal obligations collections by the court to be indeterminate. To show the range of possibilities, the court assessed fines and charges which would potentially be impacted by this bill were identified from the most recent Article V REC. These amounts were reduced by 5%, 10%, and 20% resulting in total combined annual impacts to General Revenue and Local Funds ranging from -\$2.3 million to -\$9.1 million (see attached).

REVENUE ESTIMATING CONFERENCE

Tax: Article V and Highway Safety Fees

Issue: Payments to Clerks of the Circuit Courts

Bill Number(s): HB 557 and SB 386

Section 4: Proposed Fiscal Impact

Payment Plan Service Charges (Section 2) – Article V Fees

GR/Trust/ Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			+/-	+/-		
2022-23			+/-	+/-		
2023-24			+/-	+/-		
2024-25			+/-	+/-		
2025-26			+/-	+/-		

Payment Plans (Sections 3, 4, and 7) – Article V Fees

GR/Trust/ Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(**)	(**)		
2022-23			(**)	(**)		
2023-24			(**)	(**)		
2024-25			(**)	(**)		
2025-26			(**)	(**)		

Suspension Reinstatement Fee - Remove Non-Driving from 322.245 (Section 8) – Highway Safety Fees

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(0.3)	(0.6)		
2022-23			(0.6)	(0.6)		
2023-24			(0.7)	(0.7)		
2024-25			(0.7)	(0.7)		
2025-26			(0.7)	(0.7)		

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(0.2)	(0.3)		
2022-23			(0.3)	(0.3)		
2023-24			(0.3)	(0.3)		
2024-25			(0.3)	(0.3)		
2025-26			(0.3)	(0.3)		

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(0.2)	(0.3)		
2022-23			(0.3)	(0.3)		
2023-24			(0.3)	(0.3)		
2024-25			(0.3)	(0.3)		
2025-26			(0.3)	(0.3)		

REVENUE ESTIMATING CONFERENCE

Tax: Article V and Highway Safety Fees

Issue: Payments to Clerks of the Circuit Courts

Bill Number(s): HB 557 and SB 386

Suspension Reinstatement Fee - Remove Non-driving from 322.245 (Section 8) – Article V Fees

GR/Trust/ Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22			(**)	(**)		
2022-23			(**)	(**)		
2023-24			(**)	(**)		
2024-25			(**)	(**)		
2025-26			(**)	(**)		

List of affected Trust Funds: General Revenue Funds; Highway Safety Operating Trust Fund; Local Tax Collectors; Clerk’s Fines and Forfeiture Funds

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the proposed impacts for each issue. The conference looked at a range of possible reductions to court assessed fines and charges, and concluded that the result in indeterminate negative.

Payment Plan Service Charges (Section 2) – Article V Fees

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2022-23	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2023-24	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2024-25	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-
2025-26	+/-	+/-	+/-	+/-	+/-	+/-	+/-	+/-

Payment Plans (Sections 3, 4, and 7) – Article V Fees

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2024-25	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2025-26	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)

Suspension Reinstatement Fee - Remove Non-Driving from 322.245 (Section 8) – Highway Safety Fees

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(0.3)	(0.6)	(0.2)	(0.3)	(0.2)	(0.3)	(0.7)	(1.2)
2022-23	(0.6)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(1.2)
2023-24	(0.7)	(0.7)	(0.3)	(0.3)	(0.3)	(0.3)	(1.3)	(1.3)
2024-25	(0.7)	(0.7)	(0.3)	(0.3)	(0.3)	(0.3)	(1.3)	(1.3)
2025-26	(0.7)	(0.7)	(0.3)	(0.3)	(0.3)	(0.3)	(1.3)	(1.3)

Suspension Reinstatement Fee - Remove Non-driving from 322.245 (Section 8) – Article V Fees

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2022-23	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2023-24	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2024-25	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
2025-26	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G	H	I
1	HB 557 & SB 386 DL Suspension Reinstatement Fee Impact - Remove Non-Driving from 322.245								
2									
3	Assumptions Calculations								
4	Failure to Pay Financial Obligation (322.245 Suspensions)								
5		# of Sanctions Created	# Restored Prior to Becoming Effective	% Restored Before Losing License	# Effective Sanctions	# Restored After Becoming Effective	% Restored After Losing License	# Not Restored as of July Following Year	% Not restored by July of Following Year
6	CY 2016	311,382	91,462	29.4%	219,920	83,890	38.1%	136,030	43.7%
7	CY 2017	319,974	93,710	29.3%	226,264	139,280	61.6%	86,984	27.2%
8	CY 2018	322,919	97,591	30.2%	225,328	88,301	39.2%	137,027	42.4%
9	CY 2019	357,804	104,623	29.2%	253,181	89,547	35.4%	163,634	45.7%
10								4 Year Avg.	39.8%
11								Adjusted for Additional Reinstatements in 1st year	44.3%
12		# of Sanctions Created (Failure to Pay)	% of 322.245 Suspensions						
13	CY 2016	98,585	31.7%						
14	CY 2017	104,681	32.7%						
15	CY 2018	103,209	32.0%						
16	CY 2019	127,684	35.7%						
17			33.0%	4 Year Avg.		Assume 90% non-driving	29.7%		
18									
19	Current Forecast - Reinstatement Fees Court Ordered Suspensions								
20	322.245 Suspensions								
21		Total	GR	HSOTF	Local (Tax Col.)	Local (Clerk)	Ch 2008-111		
22	SFY 2020	\$ 3,506,120	\$ 1,618,350	\$ 970,785	\$ 269,702	\$ 647,284	\$ 431,523		
23	SFY 2021	\$ 3,621,531	\$ 1,671,692	\$ 1,002,669	\$ 278,579	\$ 668,590	\$ 445,727		
24	SFY 2022	\$ 3,669,878	\$ 1,694,010	\$ 1,016,054	\$ 282,298	\$ 677,516	\$ 451,677		
25	SFY 2023	\$ 3,720,155	\$ 1,717,218	\$ 1,029,974	\$ 286,166	\$ 686,798	\$ 457,865		
26	SFY 2024	\$ 3,767,587	\$ 1,739,112	\$ 1,043,106	\$ 289,814	\$ 695,555	\$ 463,703		
27	SFY 2025	\$ 3,813,929	\$ 1,760,503	\$ 1,055,937	\$ 293,379	\$ 704,110	\$ 469,407		
28	SFY 2026	\$ 3,859,887	\$ 1,781,717	\$ 1,068,661	\$ 296,914	\$ 712,594	\$ 475,063		
29									
30	New Forecast - Reinstatement Fees								
31	322.245 Suspensions								
32		Total	GR	HSOTF	Local (Tax Col.)	Local (Clerk)	Ch 2008-111		
33	SFY 2021 (cash)	\$ 3,062,226	\$ 1,413,518	\$ 847,818	\$ 235,556	\$ 565,334	\$ 376,889		
34	SFY 2021 (recurring)	\$ 2,579,737	\$ 1,190,802	\$ 714,234	\$ 198,441	\$ 476,259	\$ 317,506		
35	SFY 2022	\$ 2,615,080	\$ 1,207,116	\$ 724,019	\$ 201,160	\$ 482,784	\$ 321,856		
36	SFY 2023	\$ 2,648,422	\$ 1,222,507	\$ 733,251	\$ 203,725	\$ 488,939	\$ 325,960		
37	SFY 2024	\$ 2,680,997	\$ 1,237,544	\$ 742,270	\$ 206,231	\$ 494,953	\$ 329,969		
38	SFY 2025	\$ 2,713,303	\$ 1,252,456	\$ 751,214	\$ 208,716	\$ 500,918	\$ 333,945		
39									
40	New Forecast - New Driver Licenses Positive Offset								
41		Added DL's 322.245	Added DL Fees to GR						
42	SFY 2021 (cash)	1,359	\$ 65,246						
43	Assumes 70% of added reinstatements had expired licenses								
44									
45	Impact - Reinstatement Fees								
46	322.245 Suspensions								
47		Total	GR	HSOTF	Local (Tax Col.)	Local (Clerk)			
48	SFY 2021 (cash)	\$ (607,652)	\$ (290,033)	\$ (168,236)	\$ (46,742)	\$ (112,182)			
49	SFY 2021 (recurring)	\$ (1,090,141)	\$ (637,378)	\$ (301,820)	\$ (83,857)	\$ (201,257)			
50	SFY 2022	\$ (1,105,076)	\$ (646,111)	\$ (305,955)	\$ (85,006)	\$ (204,014)			
51	SFY 2023	\$ (1,119,166)	\$ (654,348)	\$ (309,856)	\$ (86,090)	\$ (206,615)			
52	SFY 2024	\$ (1,132,931)	\$ (662,397)	\$ (313,667)	\$ (87,149)	\$ (209,157)			
53	SFY 2025	\$ (1,146,583)	\$ (670,379)	\$ (317,447)	\$ (88,199)	\$ (211,677)			

	A	B	C	D	E	F
1	HB 557 & SB 386 DL Suspension Article V Fee Impact - Remove Non-Driving from 322.245					
2						
3	Fees with Potential to be Impacted (Current Forecast in Millions)					
4		Clerk's Other 142.01(2) (16.2%)	10% of Fines to Clerks (11.8%)	Ch. 2008-111 Fees (5.55%)		
5	SFY 2022	\$ 40.5	\$ 2.0	\$ 3.1		
6	SFY 2023	\$ 41.7	\$ 2.1	\$ 3.2		
7	SFY 2024	\$ 42.4	\$ 2.2	\$ 3.2		
8	SFY 2025	\$ 42.8	\$ 2.2	\$ 3.3		
9	SFY 2026	\$ 43.1	\$ 2.2	\$ 3.3		
10						
11	Fee Reductions (5%)					
12		Clerk's Other 142.01(2) (16.2%)	10% of Fines to Clerks (11.8%)	Ch. 2008-111 Fees (5.55%)		
13	SFY 2022	\$ (2.0)	\$ (0.1)	\$ (0.2)		
14	SFY 2023	\$ (2.1)	\$ (0.1)	\$ (0.2)		
15	SFY 2024	\$ (2.1)	\$ (0.1)	\$ (0.2)		
16	SFY 2025	\$ (2.1)	\$ (0.1)	\$ (0.2)		
17	SFY 2026	\$ (2.2)	\$ (0.1)	\$ (0.2)		
18						
19	Fund Impact from Fee Reductions (5%)					
20		Total	GR	Clerks F&FF		
21	SFY 2022	\$ (2.3)	\$ (0.2)	\$ (2.1)		
22	SFY 2023	\$ (2.4)	\$ (0.2)	\$ (2.2)		
23	SFY 2024	\$ (2.4)	\$ (0.2)	\$ (2.2)		
24	SFY 2025	\$ (2.4)	\$ (0.2)	\$ (2.3)		
25	SFY 2026	\$ (2.4)	\$ (0.2)	\$ (2.3)		
26						
27	Fee Reductions (10%)					
28		Clerk's Other 142.01(2) (16.2%)	10% of Fines to Clerks (11.8%)	Ch. 2008-111 Fees (5.55%)		
29	SFY 2022	\$ (4.0)	\$ (0.2)	\$ (0.3)		
30	SFY 2023	\$ (4.0)	\$ (0.2)	\$ (0.3)		
31	SFY 2024	\$ (4.0)	\$ (0.2)	\$ (0.3)		
32	SFY 2025	\$ (4.0)	\$ (0.2)	\$ (0.3)		
33	SFY 2026	\$ (4.0)	\$ (0.2)	\$ (0.3)		
34						
35	Fund Impact from Fee Reductions (10%)					
36		Total	GR	Clerks F&FF		
37	SFY 2022	\$ (4.6)	\$ (0.3)	\$ (4.3)		
38	SFY 2023	\$ (4.6)	\$ (0.3)	\$ (4.3)		
39	SFY 2024	\$ (4.6)	\$ (0.3)	\$ (4.3)		
40	SFY 2025	\$ (4.6)	\$ (0.3)	\$ (4.3)		
41	SFY 2026	\$ (4.6)	\$ (0.3)	\$ (4.3)		
42						
43	Fee Reductions (20%)					
44		Clerk's Other 142.01(2) (16.2%)	10% of Fines to Clerks (11.8%)	Ch. 2008-111 Fees (5.55%)		
45	SFY 2022	\$ (8.1)	\$ (0.4)	\$ (0.6)		
46	SFY 2023	\$ (8.1)	\$ (0.4)	\$ (0.6)		
47	SFY 2024	\$ (8.1)	\$ (0.4)	\$ (0.6)		
48	SFY 2025	\$ (8.1)	\$ (0.4)	\$ (0.6)		
49	SFY 2026	\$ (8.1)	\$ (0.4)	\$ (0.6)		
50						
51	Fund Impact from Fee Reductions (20%)					
52		Total	GR	Clerks F&FF		
53	SFY 2022	\$ (9.1)	\$ (0.6)	\$ (8.5)		
54	SFY 2023	\$ (9.1)	\$ (0.6)	\$ (8.5)		
55	SFY 2024	\$ (9.1)	\$ (0.6)	\$ (8.5)		
56	SFY 2025	\$ (9.1)	\$ (0.6)	\$ (8.5)		
57	SFY 2026	\$ (9.1)	\$ (0.6)	\$ (8.5)		

HB 557 & SB 386 DL Suspension Impact - Analysis of Pending Legislation from Other States	
State	Fiscal Analysis Regarding Unpaid Court Obligations
Virginia	No Fiscal
Mississippi	No Fiscal
Tennessee	"...provisions may alter the timing of revenue collected for unpaid citations, the impact of which cannot be reasonably determined."
California	No Fiscal, Governor's signing statement stated "there does not appear to be a strong connection between suspending someone's driver license and collecting their fine or penalty."
Arkansas	Fiscal considered reinstatement fees, no mention of unpaid fines
Montana	Fiscal only considers General Fund, no impact
Alabama	"the bill could decrease receipts to the State General fund and municipal general funds from fines; decrease receipts to the State General Fund, county general funds, municipal general funds, and other funds to which court costs are deposited by an indeterminate amount..."
Maryland	"...revenues may be foregone entirely if the removal of existing enforcement mechanisms incentivizes nonpayment of citation fines"
New York	No Fiscal
Oregon	"The reduction in court collection will be about 36.5% that will no longer be due, because of the lack of suspension violations."
Washington	"In addition to loss from DWL-3 misdemeanor penalties, it is assumed that there will be additional loss for failure to pay or failure to respond to a traffic infraction or citation."

HB 903 DL Suspension Impact - Data from Other States	
State	Data Provided by Nation Conference of State Legislatures
California	"Since eliminating suspensions and introducing payment flexibility, the State of California has experienced an 8.9% increase in collections on newly issued tickets, from \$840.3 million in 2016–17 to \$922.3 million in 2017–18. The state Judicial Council attributes that increase to the court's 'implement[ation of] several mechanisms to help individuals pay or resolve their court-ordered debt,' including the end of driver's license suspensions."
Texas*	"Comparing the Dallas and Fort Worth Municipal Courts is particularly telling. The Dallas Municipal Court relies heavily upon OmniBase [prevention from renewing licenses unless traffic fines and costs are paid] for enforcement while the Fort Worth Municipal Court reported that it has not used OmniBase at all over the past three years. Yet there is virtually no difference in the revenue per case disposed between the two courts in the most recent year. The Fort Worth Municipal Court collects \$116 per case and the Dallas Municipal Court collects \$113 per case."

*Analyst Note: The quote (from an advocacy organization) claims that there is "virtually no difference." The Dallas Court collection per case is 2.6% lower.

REVENUE ESTIMATING CONFERENCE

Tax: CIT, IPT, SUT

Issue: Corporate, Insurance Premium, Sale and Use Tax Credits

Bill Number(s): SB 1246 (HB 863 identical)

Entire Bill

Partial Bill:

Sponsor(s): Senator Rodrigues (Representative Botana)

Month/Year Impact Begins: 07/01/2021

Date of Analysis: 03/19/2021

Section 1: Narrative

- a. Current Law:** Allows a qualifying project to take annual credits for the 20-year period immediately following the date it commences operations at the new or expanded facility. The business can use the credits to reduce its corporate income or insurance premium tax liability. However, the tax liability must arise out of the income generated by project. If the capital investment of the project is at least \$100 million, the unused amounts of the credits may be used in any one year or years beginning with the 21st year after the commencement of operations of the project and ending the 30th year after the commencement of operations of the project.
- b. Proposed Change:** Adds subsection (9) to s.220.191, F.S. allowing any qualifying business that operated a business within SIC 4724 (travel agency) or SIC 7514 (passenger car rental) with unused credits for calendar year 2020, and whose gross receipts between April 1, 2020 and December 31, 2020, were 50 percent less when compared to the same period in 2019, to use up to 50 percent of the unused credits in the tax year beginning January 1, 2021. The unused credits can be (a) transferred to another taxpayer subject to CIT or IPT; (b) used against amounts payable to DOR, either as a consumer or dealer, for sales or use tax; or (c) applying its unused tax credits against corporate income tax payments for tax years beginning January 1, 2021 and ending December 31, 2025. The Use of credits is limited to 50 percent of the maximum available.

Section 2: Description of Data and Sources

Florida DOR CITC tracking data based on final returns and audits and Florida DEO Economic Development Portal.

Section 3: Methodology (Include Assumptions and Attach Details)

A review of the DEO portal identified one project that could take advantage of the proposed law change. A review of the other projects suggests that there are potentially two more that may meet the industry requirement. All three have been certified by DEO. However, two of these three have not yet requested a technical assistance advisement (TAA) from DOR which is typically the final step before a business begins taking credits. DOR has adopted the (TAA) process as the method to obtain a written agreement, which at a minimum, specifies the method by which income generated by or arising out of the qualifying project will be determined. Once DOR has a TAA in place, DOR can begin tracking credit usage.

It is assumed that any business that would take advantage of the law change would choose to apply the unused credits against any sales tax liability they may incur, either as a consumer or dealer. This maximizes the present value of the credits if the business is unable to fully use allowable credits.

It is assumed under all scenarios that the profitability of the businesses will not recover sufficiently in 2021 to take full advantage of the entire allowable credits.

The high impact assumes all three businesses each take advantage of the law change, the two who have not requested a TAA do so, and that all firms have commenced operations by calendar year 2020. There is one firm from each tier and for the tier 1 and 3 firms, they have capital investment approved at the minimum level for their tier (\$25.0 and \$100.0 million, respectively). The tier 2 firm has verified capital investment per the DEO portal of \$90.2 million—a total of \$215.2 million, or \$10.8 million in credits per year (5% of their capital investment). It is further assumed that none of the firms has a corporate tax liability for 2021. Under current law, tier 1 firms are allowed to take only 50 percent of their tax liability; tier 2 firms are allowed to take only 75 percent of their liability; and tier 3 firms are allowed to take 100 percent of their tax liability.

The middle impact assumes only the tier 2 firm takes advantage of the law change. It is assumed that the firm has no corporate tax liability for 2021.

The low impact is the same as the middle impact with the additional assumption that the firm would have had sufficient corporate tax liability to have used \$1.0 million of the \$3.28 million available in 2021 tax year.

REVENUE ESTIMATING CONFERENCE

Tax: CIT, IPT, SUT

Issue: Corporate, Insurance Premium, Sale and Use Tax Credits

Bill Number(s): SB 1246 (HB 863 identical)

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$5.38	\$0	\$2.25	\$0	\$1.25	\$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
2025-26	\$0	\$0	\$0	\$0	\$0	\$0

List of affected Trust Funds: Corporate Income Tax; Sales and Use Tax; Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 03/19/20201): At a minimum, the Conference adopted the middle estimate, expecting the credit to be taken against sales tax. It assumes that the only credits that are affected are those applicable to calendar year 2020 and not any credits related to prior or future years, and that the full impact would be realized in FY 2021-22.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	1.7	0.0	Insignificant	0.0	0.1	0.0	0.2	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
2025-26	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
2021-22	0.3	0.0	0.6	0.0	2.3	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
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax

Issue: Real Property Platform

Bill Number(s): HB623 – Proposed Amendment

Entire Bill

Partial Bill:

Sponsor(s): Fischer

Month/Year Impact Begins: upon becoming a law

Date of Analysis: 03/19/2021

Section 1: Narrative

a. Current Law: section 201.02(1) (a) reads:

(1)(a) On deeds, instruments, or writings whereby any lands, tenements, or other real property, or any interest therein, shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or any other person by his or her direction, on each \$100 of the consideration therefor the tax shall be 70 cents. When the full amount of the consideration for the execution, assignment, transfer, or conveyance is not shown in the face of such deed, instrument, document, or writing, the tax shall be at the rate of 70 cents for each \$100 or fractional part thereof of the consideration therefor. For purposes of this section, consideration includes, but is not limited to, the money paid or agreed to be paid; the discharge of an obligation; and the amount of any mortgage, purchase money mortgage lien, or other encumbrance, whether or not the underlying indebtedness is assumed. If the consideration paid or given in exchange for real property or any interest therein includes property other than money, it is presumed that the consideration is equal to the fair market value of the real property or interest therein.

Section 201.031 subsections (1) reads:

(1) Each county, as defined by s. 125.011(1), may levy, subject to the provisions of s. 125.0167, a discretionary surtax on documents taxable under the provisions of s. 201.02, except that there shall be no surtax on any document pursuant to which the interest granted, assigned, transferred, or conveyed involves only a single-family residence. The single-family residence may be a condominium unit, a unit held through stock ownership or membership representing a proprietary interest in a corporation owning a fee or a leasehold initially in excess of 98 years, or a detached dwelling.

b. Proposed Change: This bill adds a subsection to s. 201.02, F.S., to read:

(12)(a) For purposes of this subsection, the term "real property platform" means a corporation (including any affiliated group of corporations as defined under s.220.03(1)(b) of the Florida Statutes, whether or not such affiliated group of corporations elects to file a consolidated return pursuant to sec. 220.131 of the Florida Statutes) whose shares are publicly traded on a recognized stock exchange located in the United States and that operates an internet website or internet application that:

1. Disseminates residential property information to consumers through the website or application, and consumers through the website or application, and
2. Facilitates real property transactions to enable consumers to purchase and sell residential property.

(b) For the conveyance of, or vesting of interest in, a residential property that was previously conveyed to, or an interest in which was vested in, a real property platform, itself or through an affiliated group of corporations as defined under s.220.03(1)(b) of the Florida Statute (whether or not such affiliated group of corporations elects to file a consolidated return pursuant to sec. 220.131 of the Florida Statutes), in or to an unrelated subsequent purchaser in an arm's-length transaction, the consideration for the tax imposed by this section shall be limited to the difference between the consideration paid by the real property platform, itself or through an affiliated group of corporations, as defined under s.220.03(1)(b), of the Florida Statutes (whether or not such affiliated group of corporations elects to file a consolidated return pursuant to sec. 220.131 of the Florida Statutes) for such residential property, and the consideration paid to the real property platform or an affiliated group of corporations, as defined under s.220.03(1)(b), of the real property platform by the subsequent purchaser for the property, if the real property platform or an affiliated group of corporations, as defined under s.220.03(1)(b), of the real property platform:

1. Conveys or vests an interest in the residential property classified in paragraphs (1)(a) 1. and 4. of s. 195.073 that is a single dwelling unit.
2. Conveys or vests an interest in the residential property to the unrelated subsequent purchaser within 180 calendar days immediately following the date on which such property was conveyed to, or interest in such property was vested in, the real property platform or an affiliated group of corporations, as defined under s.220.03(1)(b), of the real property platform.
3. Does not use the residential property as a home, residence, sleeping place, or as a dwelling unit as defined in s. 83.43, while it owns the real property other than to allow a short-term seller holdover arrangement incidental to the sale of such residential property.

REVENUE ESTIMATING CONFERENCE

Tax: Documentary Stamp Tax

Issue: Real Property Platform

Bill Number(s): HB623 – Proposed Amendment

4. Receives consideration for conveyance of, or vesting of interest in, the residential property from the unrelated subsequent purchaser of an amount no greater than 110 percent of the amount of the consideration paid by the real property platform or an affiliated group of corporations, as defined under s.220.03(1)(b), of the real property platform for such residential property.

Section 2: Description of Data and Sources

Sale Data Files – Repeated Sales 2020

FEEC – Single Family and Multi Family Growth Rates

iBuyers Resale data from Zillow

Section 3: Methodology (Include Assumptions and Attach Details)

Parcels that experienced repeated sales with arm’s length in 2018 and 2019 are identified first. Then single family homes and condominiums in this dataset are filtered into two groups: parcels with the number of days between the prior and the subsequent sales less than or equal to 180 (called Group A) and those with the number of days greater than 180 (Group B). In Group A, sales with price increase between zero percent and 10 percent are the ones that will be impacted by this bill.

There is also a data issue that needs to be addressed. The year and month, but no date, of a sale, is recorded in Sale Data Files. In order to count the number of days between the prior and subsequent sales, the first day of a month is assigned as the “date” to all the sales that take place in the same month. This method could, however, identify some of the sales that are actually out of the 180 day window as “meeting the 180 day condition”, while disqualifying some other sales that actually meet the 180 day condition. One way to address this data issue is to find the parcels with the days between the prior and subsequent sales less than 212 (in Group B). These sales will be also possibly impacted by the bill.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$0.3 m)	(\$0.3 m)	(\$0.2 m)	(\$0.2 m)	(\$0.1 m)	(\$0.1 m)
2022-23	(\$0.4 m)	(\$0.4 m)	(\$0.2 m)	(\$0.2 m)	(\$0.1 m)	(\$0.1 m)
2023-24	(\$0.5 m)	(\$0.5 m)	(\$0.3 m)	(\$0.3 m)	(\$0.2 m)	(\$0.2 m)
2024-25	(\$0.6 m)	(\$0.6 m)	(\$0.4 m)	(\$0.4 m)	(\$0.2 m)	(\$0.2 m)
2025-26	(\$0.8 m)	(\$0.8 m)	(\$0.5 m)	(\$0.5 m)	(\$0.3 m)	(\$0.3 m)

List of affected Trust Funds:

Documentary Stamp Tax Group

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the middle forecast.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.0	(0.2)	(0.2)
2022-23	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.0	(0.2)	(0.2)
2023-24	(0.1)	(0.1)	(0.2)	(0.2)	0.0	0.0	(0.3)	(0.3)
2024-25	(0.2)	(0.2)	(0.2)	(0.2)	0.0	0.0	(0.4)	(0.4)
2025-26	(0.2)	(0.2)	(0.3)	(0.3)	0.0	0.0	(0.5)	(0.5)

	A	B	C	D	E	F	G
1							
2	2020 Sales File data (2019 Sales Activity)	Subsequent Sales	Total Sale Price - subsequent sales	Doc Stamp Tax - Current Law	Doc stamp tax - proposed law	State Impact	Local Impact
3	Residential sales where the parcel sold more than once -other than Miami-dade *	50,519	\$13,275,809,111	\$92,930,664	\$88,185,760	-\$4,744,904	
4	Residential sales where the parcel sold more than once -Miami-dade *	3,687	\$1,377,024,484	\$8,262,147	\$8,042,151	-\$219,995	\$0
5	* single family and condominium (on which there is no surcharge collected in Miami-Dade county)	54,206					
6							
7	Parcels within the 180 Day Window (Group A)						
8							
9	non-Miami-Dade Counties	16,951	\$3,648,051,299	\$25,536,359	\$21,434,075	-\$4,102,284	
10	Miami-Dade	1,119	\$358,066,367	\$2,148,398	\$1,960,061	-\$188,337	\$0
11							
12	Group A(1)						
13	Subsequent sales with price chg <= 0% - Other than Miami-Dade	1,828	\$419,961,283	\$2,939,729	\$2,939,729	\$0	
14	Subsequent sales with price chg <= 0% - Miami-Dade	73	\$32,383,800	\$194,303	\$194,303	\$0	\$0
15							
16	Group A(2)						
17	Subsequent sales with 0% < price chg <= 10% - Other than Miami-Dade	2,549	\$615,724,841	\$4,310,074	\$207,790	-\$4,102,284	
18	Subsequent sales with 0% < price chg <= 10% - Miami-Dade	108	\$36,170,400	\$217,022	\$28,685	-\$188,337	\$0
19							
20	Group A(3)						
21	Subsequent sales with price chg > 10% - Other than Miami-Dade**	12,574	\$2,612,365,175	\$18,286,556	\$18,286,556	\$0	
22	Subsequent sales with price chg > 10% - Miami-Dade**	938	\$289,512,167	\$1,737,073	\$1,737,073	\$0	\$0
23	** assume that none of the sales with negative price growth are done by "real property platforms"						

	A	B	C	D	E	F	G
24							
25	Parcels Out of the 180 Day Window (Group B)						
26							
27	Non-Miami-Dade Counties	33,568	\$9,627,757,812	\$67,394,305	\$67,394,305	\$0	
28	Miami-Dade	2,568	\$1,018,958,117	\$6,113,749	\$6,113,749	\$0	\$0
29							
30	Group B(1)						
31	Subsequent sales with price chg <= 0% - Other than Miami-Dade	2,732	\$865,784,092	\$6,060,489	\$6,060,489	\$0	
32	Subsequent sales with price chg <= 0% - Miami-Dade	302	\$174,118,900	\$1,044,713	\$1,044,713	\$0	\$0
33							
34	Group B(2)						
35	Subsequent sales with 0% < price chg <= 10% - Other than Miami-Dade	6,778	\$2,199,992,504	\$15,399,948	\$15,399,948	\$0	
36	Subsequent sales with 0% < price chg <= 10% - Miami-Dade	337	\$141,459,900	\$848,759	\$848,759	\$0	\$0
37							
38	Group B(3)						
39	Subsequent sales with price chg > 10% - Other than Miami-Dade	24,058	\$6,561,981,216	\$45,933,869	\$45,933,869	\$0	
40	Subsequent sales with price chg > 10% - Miami-Dade	1,929	\$703,379,317	\$4,220,276	\$4,220,276	\$0	\$0
41							
42	A data issue with 180 day window ***						
43	Group B(2) - 0% < price chg <= 10% (short term)						
44	Subsequent sales with days >= 212 betw two sales - Other than Miami-Dade	6,426	\$2,104,029,209	\$14,728,204	\$14,728,204	\$0	
45	Subsequent sales with days >= 212 betw two sales- Miami-Dade	321	\$136,002,000	\$816,012	\$816,012	\$0	\$0
46							
47	Subsequent sales with 180 <days < 212 betw two sales - Other than Miami-Dade***	352	\$95,963,295	\$671,743	\$29,123	-\$642,620	
48	Subsequent sales with 180< days < 212 betw two sales - Miami-Dade***	16	\$5,457,900	\$32,747	\$1,089	-\$31,658	\$0
49	***because there is no sale date recorded within a month, all sales that take place in the same month are assigned with one sale date (the first of the month). Assume the proposed bill will "move those sales in						
50	the "7th month" into the 180 day window, either because some of them are actually within the 180 day windwo or the proposed language would incetivize sellers to shorten the days between the prior and						
51	subsequent sales in order to be qualified for paying less doc stam tax..						

	A	B	C	D
1	Impact - state	(\$4,964,900)		
2	Impact - local	\$0		
3				
4	Doc Stamp Growth Rates			
5	2020-21	25.85%		
6	2021-22	-11.92%		
7	2022-23	-2.92%		
8	2023-24	-1.09%		
9	2024-25	1.07%		
10	2025-26	0.64%		
11				
12	Impact - State			
13	2021-22	(\$5,503,717)		
14	2022-23	(\$5,342,878)		
15	2023-24	(\$5,284,481)		
16	2024-25	(\$5,341,094)		
17	2025-26	(\$5,375,456)		
18				
19	Market Share of Real Property Platform	High	middle	low
20	2021-22	6.0%	3.0%	1.5%
21	2022-23	8.00%	4.5%	2.5%
22	2023-24	10.0%	6.0%	3.5%
23	2024-25	12.0%	7.5%	4.5%
24	2025-26	14.0%	9.0%	5.5%
25				
26	Assumed Share of Real Property Platform:			
27	Impact - State	High	Middle	Low
28	2021-22	(\$330,223)	(\$165,112)	(\$82,556)
29	2022-23	(\$427,430)	(\$240,429)	(\$133,572)
30	2023-24	(\$528,448)	(\$317,069)	(\$184,957)
31	2024-25	(\$640,931)	(\$400,582)	(\$240,349)
32	2025-26	(\$752,564)	(\$483,791)	(\$295,650)
33				
34	Impact - Local Discretionary Surtax	High	Middle	Low
35	2021-22	\$0	\$0	\$0
36	2022-23	\$0	\$0	\$0
37	2023-24	\$0	\$0	\$0
38	2024-25	\$0	\$0	\$0
39	2025-26	\$0	\$0	\$0

1	A	B	C	D	E	F	G	H	I	J	K
2		(from FEEC)									
3		existing s.f. avg price	existing s.f. units sold	s.f. New Const (\$ mil)	s.f. sale vol (\$ mil)	existing m.f. avg price	existing m.f. units sold	m.f. New Const (\$ mil)	m.f. sale vol (\$ mil)	deeds base of (\$ mil)	Growth
4	FY17-18	\$329,580.63	271,884	\$26,184.81	\$115,792.51	\$260,114.99	113,302	\$9,659.97	\$39,131.57	\$154,924.08	
5	FY18-19	\$338,609.12	279,932	\$28,463.68	\$123,251.06	\$268,022.41	113,882	\$9,061.23	\$39,584.15	\$162,835.21	5.1%
6	FY19-20	\$355,898.70	285,683	\$30,394.40	\$132,068.55	\$278,844.15	108,931	\$10,523.10	\$40,897.98	\$172,966.53	6.2%
7	FY20-21	\$385,049.67	352,776	\$35,186.09	\$171,022.25	\$282,184.67	126,967	\$10,826.69	\$46,654.71	\$217,676.96	25.8%
8	FY21-22	\$343,400.72	347,707	\$35,490.54	\$154,893.39	\$244,237.23	107,450	\$10,601.04	\$36,844.37	\$191,737.77	-11.9%
9	FY22-23	\$346,405.18	331,562	\$34,725.26	\$149,579.96	\$242,490.70	108,729	\$10,188.70	\$36,554.52	\$186,134.48	-2.9%
10	FY23-24	\$348,577.61	320,895	\$35,114.26	\$146,971.21	\$242,764.75	109,936	\$10,440.14	\$37,128.84	\$184,100.05	-1.1%
11	FY24-25	\$350,706.94	317,487	\$36,404.49	\$147,749.47	\$244,498.91	110,953	\$11,194.85	\$38,322.86	\$186,072.33	1.1%
12	FY25-26	\$353,775.98	314,566	\$36,874.27	\$148,160.17	\$248,053.43	110,267	\$11,757.26	\$39,109.25	\$187,269.43	0.6%
13	FY26-27	\$357,912.73	311,954	\$36,503.10	\$148,155.25	\$253,203.93	109,442	\$12,079.07	\$39,790.14	\$187,945.40	0.4%

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax

Issue: Florida Small Manufacturing Business Recovery Act

Bill Number(s): SB 1444 & HB 1161

Entire Bill

Partial Bill:

Sponsor(s): Senator Wright and Rep. Shoaf

Month/Year Impact Begins: 07/2021

Date of Analysis: 03/19/2021

Section 1: Narrative

a. Current Law:

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

- The State Board of Administration's Florida Growth Fund, with \$827.2 million invested in 62 technology and growth companies and 43 private equity funds across 14 Florida counties;
- The Florida Venture Capital Program, capitalized with \$43.5 million in Federal State Small Business Credit Initiative (SSBCI) funds;
- The Small Business Loan Support Program, capitalized with \$47 million in SSBCI funds;
- The Florida Opportunity Fund, capitalized with \$29.5 million, invests in seed and early stage venture capital funds, and provides direct investments in and loans to Florida-based technology businesses and infrastructure projects;
- The Clean Energy Investment Program within the Florida Opportunity Fund was capitalized with \$36 million for the US Department of Energy to provide funding to businesses to increase the use of energy efficient or renewable energy, equipment and materials in the State; and
- The Florida New Markets Development Program, with \$216.34 million in tax credits authorized and allocated to date.

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

- #### b. Proposed Change:
- SB 1444 and HB 1161 create section 288.175, F.S., the Florida Small Manufacturing Business Recovery Act. The Act would enable taxpayers to earn transferable Insurance Premium tax credits equal to their investment in an entity (Relief Fund) that makes capital or equity investments in or loans to (Relief Investments) small manufacturing businesses in Florida. Tax credits are available to any taxpaying investor in the Relief Fund, and are transferable to any entity that pays insurance premium taxes in Florida. The credits are disbursed in five equal installments beginning in 2023. Unused tax credits may be carried forward indefinitely.

Federally approved or licensed rural business investment companies or small business investment companies are eligible to qualify as a **Relief Fund** in this program. Staff of the U.S. Department of Agriculture report that as of November 2019, there were five certified Rural Business Investment Companies in the U.S, 3 additional companies with conditional licenses, and 2 companies with applications pending. The Congressional Research Service reported that in 2018, there were 305 licensed Small Business Investment Companies.

Relief Investments are "any capital or equity investment in an impact business or any loan to an impact business with a stated maturity at least two years after the date of issuance." **Impact businesses** are defined as a manufacturing business that, at the time of the initial relief investment, has fewer than 200 employees and has its principal business operations in Florida. However, any business in this state is eligible for a Relief Investment if the Department of Economic Opportunity (DEO) "determines that an investment in the business will be beneficial to this state's recovery."

The program architecture enabled by the Florida Small Manufacturing Business Recovery Act is similar to that of Florida's Certified Capital Company program (CAPCO, s. 288.99, F.S., repealed in 2010), the Florida's New Markets Development Program (NMDP, s. 288.991, F.S.), and the Florida Jobs and Business Recovery program (proposed in Florida in 2018, 2019 and 2020, with similar programs proposed in at least seven states this year and enacted in at least six states). These programs use complex inter-related, multiple-step transaction structures to facilitate loans or equity investments in qualified businesses, with all or a portion of the equity or the loan principal generated through the provision or sale of tax credits.

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax

Issue: Florida Small Manufacturing Business Recovery Act

Bill Number(s): SB 1444 & HB 1161

Under this proposal, DEO can accept applications for approval as a Relief Fund after August 1, 2021 and by inference, is authorized to issue \$80 million in tax credits to taxpayers contributing to the Relief Fund. (While the term “taxpayer” is ambiguous, the context infers Insurance Premium Tax payers.) DEO may approve \$100 million in **Relief Investment Authority**, which is defined as the amount stated on the notice of tax credit allocation issued to the Relief Fund after collecting **Relief Contributions** from taxpayers and equity investments from affiliates of the Relief Fund. Capital or equity investments or loans to Impact Businesses must have a “stated maturity” of at least two years.

Relief Investments in an amount equal to the Relief Investment Authority must be maintained for intermittent periods through the fifth year of the 7-year compliance period. Seventy percent of the Relief Investment Authority is required to be invested in Relief Investments in the first year, and 100 percent in the second year. In years 3 through 5, sold or repaid Relief Investments must be reinvested within one year in another Relief Investment. Regularly scheduled principal payments on a loan must be reinvested by the end of the following calendar year. Finally, the Relief Fund is authorized to make distributions or payments through the sixth year, provided the Relief Investment Authority is maintained in Relief Investments or “held in cash or marketable securities available for investment.” It is unclear if or how this last provision affects or supersedes the previous requirements to maintain or reinvest recovered Relief Investments.

As previously noted, Relief Investment Authority is defined as the “amount stated” on the notice of tax credit allocation, not the proceeds from Relief Contributions and equity investments from affiliates of the Relief Fund. Because a Relief Fund is a federally licensed rural or small business investment company or its affiliate, the Relief Fund could use equity investments from Farm Credit System banks and associations, or loans from the Small Business Administration (SBA) to make Relief Investments. Additional funding sources could also include loans from commercial lenders and equity generated from other public subsidies.

Required annual reports on Relief Fund investments provide a “snapshot” of Growth Investments. Reports capture information on initial investments, which could be tallied to show the cumulative amounts of investments through the compliance period. Annual reports are not required to show the duration of investments, or to identify other sources of investment funds, private or public, used in the Relief Investments.

Section 2: Description of Data and Sources

N/A

Section 3: Methodology (Include Assumptions and Attach Details)

Given the broad latitude given to eligible loans or equity investments, the parameters for maintaining the required threshold for total Relief Investments, the ability to use other funding sources for Relief Investments, proliferation of legislation in other states for similar programs, and the ability to retain residual program capital and returns at the end of the compliance period, it is likely there will be full participation in the proposed program.

The analysis expects DEO to authorize \$80 million in tax credits by the end of 2023. According to the proposed language, DEO is required “on or before” the anniversaries of the closing date occurring in 2023, 2024, 2025, 2026, and 2027 to issue a tax credit certificate equal to one-fifth of the relief contributions allocated to the taxpayer. The analysis believes the language authorizes the tax credit distribution to begin in FY2023-24. Therefore, the middle assumes a 5 year, \$16 million tax credit distribution starting in FY 2023-24, with the credit being applied in each calendar year Insurance Premium Tax return.

Another interpretation of “on or before” could lead to disbursements beginning in FY 2020-21. The analysis believes this is an unlikely interpretation. However, the analysis still decided to include an earlier distribution impact as the high estimate.

REVENUE ESTIMATING CONFERENCE

Tax: Insurance Premium Tax

Issue: Florida Small Manufacturing Business Recovery Act

Bill Number(s): SB 1444 & HB 1161

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$16.0m)	(\$16.0m)	(\$0.0m)	(\$16.0m)		
2022-23	(\$16.0m)	(\$16.0m)	(\$0.0m)	(\$16.0m)		
2023-24	(\$16.0m)	(\$16.0m)	(\$16.0m)	(\$16.0m)		
2024-25	(\$16.0m)	(\$16.0m)	(\$16.0m)	(\$16.0m)		
2025-26	(\$16.0m)	(\$16.0m)	(\$16.0m)	(\$16.0m)		

List of affected Trust Funds: Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the middle estimate assuming that the credits cannot start before the anniversary of closing dates occurring in 2023.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	(16.0)	0.0	0.0	0.0	0.0	0.0	(16.0)
2022-23	0.0	(16.0)	0.0	0.0	0.0	0.0	0.0	(16.0)
2023-24	(16.0)	(16.0)	0.0	0.0	0.0	0.0	(16.0)	(16.0)
2024-25	(16.0)	(16.0)	0.0	0.0	0.0	0.0	(16.0)	(16.0)
2025-26	(16.0)	(16.0)	0.0	0.0	0.0	0.0	(16.0)	(16.0)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Broadband infrastructure

Bill Number(s): Proposed amendment to HB 1239/ SB 1592

Entire Bill

Partial Bill:

Sponsor(s): Senator Burgess/ Representative Tomkow

Month/Year Impact Begins: July 1, 2021

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., the purchase, lease, or sale of equipment specified in the bill is subject to the 6% Sales and Use Tax.

b. Proposed Change:

The proposed amendment exempts the purchase or lease of qualifying equipment in this state by a provider of communications services or internet access services.

The proposed amendment defines "qualifying equipment" as "equipment, machinery, software, or other infrastructure that is used to provide communications services or internet access services, which must also be located within a central office, headend, or hub operated by a provider of communications services or Internet access services.

3. The exemption in this paragraph does not apply to:

- a. Land;
 - b. Improvements to land;
 - c. Office furniture and fixtures;
 - d. General office equipment and machinery that is not used to provide communications services or Internet access services;
 - e. Vehicles;
 - f. Customer premise equipment; or
 - g. The facilities used to distribute signals to customer locations beyond the central office, headend, or hub facilities described herein, including fiber optic, coaxial or other transmission cables; amplifiers; taps; and customer drops.
4. The exemption provided by this paragraph does not apply to the tax levied under s. 212.031."

Section 2: Description of Data and Sources

- US Census Bureau, Annual Capital Expenditures Survey, Table 4a. Capital Expenditures for Structures and Equipment for Companies With Employees by Industry in the United States: 2019
- US Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020
- USTELECOM, The Broadband Association, <https://www.ustelecom.org/research/broadband-investment-remains-high-in-2019/>
- Telecom Advisory Services, ASSESSMENT OF THE ECONOMIC IMPACT OF TAXATION ON COMMUNICATIONS INVESTMENT IN THE UNITED STATES, A report to the Broadband Tax Institute, November 2019, [https://www.broadbandtax.org/downloads/Katz%20Study%20-%20Broadband Tax Institute 2019 Report v.Final 9.pdf](https://www.broadbandtax.org/downloads/Katz%20Study%20-%20Broadband%20Tax%20Institute%202019%20Report%20v.Final%209.pdf)

Section 3: Methodology (Include Assumptions and Attach Details)

The impact assumes that the proposed amendment exempts the initial purchase and lease of equipment. The bills do not limit the geographic area of the state, where sales tax exemptions will be applicable. The impact assumes the sales tax exemption is permanent. The impact selects sectors from NAICS industry Information. Capital expenditures for the selected NAICS sectors from the US Census Bureau's Annual Capital Expenditures survey for the US are reduced to exclude labor cost associated with the construction of the equipment, similar to previous impacts for data centers. The capital expenditures are further reduced to exclude the leasing of fiber optic networks. The remaining assumed capital expenditures are proportioned to Florida using Florida's population share of the US total. Broadband capital expenditures over 10 years from USTELECOM's US Broadband Investment reports are used to estimate a high, middle, and low growth rates.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Broadband infrastructure

Bill Number(s): Proposed amendment to HB 1239/ SB 1592

Section 4: Proposed Fiscal Impact:

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$146.00)	(\$159.3)	(\$84.67)	(\$92.4)	(\$49.45)	(\$53.9)
2022-23	(\$162.63)	(\$162.6)	(\$93.69)	(\$93.7)	(\$52.67)	(\$52.7)
2023-24	(\$166.06)	(\$166.1)	(\$95.03)	(\$95.0)	(\$51.41)	(\$51.4)
2024-25	(\$169.56)	(\$169.6)	(\$96.38)	(\$96.4)	(\$50.19)	(\$50.2)
2025-26	(\$173.14)	(\$173.1)	(\$97.76)	(\$97.8)	(\$49.00)	(\$49.0)

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the middle estimate.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(75.0)	(81.8)	(Insignificant)	(Insignificant)	(2.5)	(2.7)	(7.2)	(7.8)
2022-23	(83.0)	(83.0)	(Insignificant)	(Insignificant)	(2.8)	(2.8)	(8.0)	(8.0)
2023-24	(84.1)	(84.1)	(Insignificant)	(Insignificant)	(2.8)	(2.8)	(8.1)	(8.1)
2024-25	(85.4)	(85.4)	(Insignificant)	(Insignificant)	(2.9)	(2.9)	(8.2)	(8.2)
2025-26	(86.6)	(86.6)	(Insignificant)	(Insignificant)	(2.9)	(2.9)	(8.3)	(8.3)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(12.8)	(14.0)	(22.5)	(24.6)	(97.5)	(106.4)
2022-23	(14.2)	(14.2)	(24.9)	(24.9)	(107.9)	(107.9)
2023-24	(14.4)	(14.4)	(25.3)	(25.3)	(109.4)	(109.4)
2024-25	(14.6)	(14.6)	(25.6)	(25.6)	(111.0)	(111.0)
2025-26	(14.8)	(14.8)	(26.0)	(26.0)	(112.6)	(112.6)

	A	B	C	D	E	F	G	H	I	J	K																																																																																																																																																		
1	HB 1239 Broadband Internet Infrastructure - Sales Tax Exemption																																																																																																																																																												
2																																																																																																																																																													
3	1 US capital expenditures by companies in NAICS 51 Information																																																																																																																																																												
4	Table 4a. Capital Expenditures for Structures and Equipment for Companies With Employees by Industry in the United States: 2019 [Millions of current dollars.]																																																																																																																																																												
5	Source : 2019 Annual Capital Expenditures Survey																																																																																																																																																												
6	See Survey Description for meanings of abbreviations and symbols																																																																																																																																																												
7	See Definition of terms																																																																																																																																																												
8	See Sampling and estimation methodology																																																																																																																																																												
9																																																																																																																																																													
10	<table border="1"> <thead> <tr> <th rowspan="2">NAICS code</th> <th rowspan="2">Industry</th> <th rowspan="2">Total expenditures</th> <th rowspan="2">Total new expenditures</th> <th colspan="3">Expenditures for structures</th> <th colspan="3">Expenditures for equipment</th> </tr> <tr> <th>Total</th> <th>New</th> <th>Used</th> <th>Total</th> <th>New</th> <th>Used</th> </tr> </thead> <tbody> <tr> <td>All NAICS</td> <td>Total Expenditures by Industry</td> <td>1,807,827</td> <td>1,696,883</td> <td>710,339</td> <td>657,503</td> <td>52,836</td> <td>1,097,488</td> <td>1,039,380</td> <td>58,108</td> </tr> <tr> <td>51</td> <td>Information</td> <td>176,763</td> <td>172,836</td> <td>51,438</td> <td>D</td> <td>D</td> <td>125,325</td> <td>D</td> <td>D</td> </tr> <tr> <td>5111</td> <td>Newspaper, periodical, book, and directory publishers (except Internet)</td> <td>1,176</td> <td>1,125</td> <td>263</td> <td>D</td> <td>D</td> <td>912</td> <td>D</td> <td>D</td> </tr> <tr> <td>5112</td> <td>Software publishers (except Internet)</td> <td>10,332</td> <td>10,307</td> <td>2,665</td> <td>D</td> <td>D</td> <td>7,667</td> <td>D</td> <td>D</td> </tr> <tr> <td>512</td> <td>Motion picture and sound recording industries (except Internet)</td> <td>2,794</td> <td>D</td> <td>1,010</td> <td>D</td> <td>D</td> <td>1,783</td> <td>D</td> <td>D</td> </tr> <tr> <td>5151</td> <td>Radio and television broadcasting (except Internet)</td> <td>2,522</td> <td>D</td> <td>681</td> <td>D</td> <td>D</td> <td>1,841</td> <td>D</td> <td>D</td> </tr> <tr> <td>5152</td> <td>Cable and other subscription programming (except Internet)</td> <td>1,508</td> <td>1,503</td> <td>403</td> <td>402</td> <td>1</td> <td>1,105</td> <td>1,101</td> <td>5</td> </tr> <tr> <td>5171</td> <td>Wired telecommunications carriers, cable and other program distribution, broadband internet services providers</td> <td>47,142</td> <td>47,109</td> <td>9,240</td> <td>9,239</td> <td>1</td> <td>37,901</td> <td>37,870</td> <td>31</td> </tr> <tr> <td>5172</td> <td>Wireless telecommunications carriers (except satellite)</td> <td>40,347</td> <td>40,338</td> <td>7,254</td> <td>7,254</td> <td>0</td> <td>33,094</td> <td>33,084</td> <td>10</td> </tr> <tr> <td>5173, 5174, 5179</td> <td>Telecommunications resellers, satellite, and other telecommunications</td> <td>3,425</td> <td>3,394</td> <td>193</td> <td>193</td> <td>Z</td> <td>3,232</td> <td>3,201</td> <td>31</td> </tr> <tr> <td>5182</td> <td>Data processing, hosting, and related services</td> <td>28,026</td> <td>27,884</td> <td>9,887</td> <td>9,868</td> <td>19</td> <td>18,139</td> <td>18,016</td> <td>123</td> </tr> <tr> <td>519</td> <td>Other information services</td> <td>39,491</td> <td>D</td> <td>19,841</td> <td>D</td> <td>D</td> <td>19,650</td> <td>19,649</td> <td>1</td> </tr> <tr> <td colspan="2">Total communication services and internet access - United States (NAICS 515 & 517)</td> <td>158,431</td> <td>118,725</td> <td>46,415</td> <td>26,554</td> <td>20</td> <td>77,173</td> <td>75,256</td> <td>77</td> </tr> </tbody> </table>											NAICS code	Industry	Total expenditures	Total new expenditures	Expenditures for structures			Expenditures for equipment			Total	New	Used	Total	New	Used	All NAICS	Total Expenditures by Industry	1,807,827	1,696,883	710,339	657,503	52,836	1,097,488	1,039,380	58,108	51	Information	176,763	172,836	51,438	D	D	125,325	D	D	5111	Newspaper, periodical, book, and directory publishers (except Internet)	1,176	1,125	263	D	D	912	D	D	5112	Software publishers (except Internet)	10,332	10,307	2,665	D	D	7,667	D	D	512	Motion picture and sound recording industries (except Internet)	2,794	D	1,010	D	D	1,783	D	D	5151	Radio and television broadcasting (except Internet)	2,522	D	681	D	D	1,841	D	D	5152	Cable and other subscription programming (except Internet)	1,508	1,503	403	402	1	1,105	1,101	5	5171	Wired telecommunications carriers, cable and other program distribution, broadband internet services providers	47,142	47,109	9,240	9,239	1	37,901	37,870	31	5172	Wireless telecommunications carriers (except satellite)	40,347	40,338	7,254	7,254	0	33,094	33,084	10	5173, 5174, 5179	Telecommunications resellers, satellite, and other telecommunications	3,425	3,394	193	193	Z	3,232	3,201	31	5182	Data processing, hosting, and related services	28,026	27,884	9,887	9,868	19	18,139	18,016	123	519	Other information services	39,491	D	19,841	D	D	19,650	19,649	1	Total communication services and internet access - United States (NAICS 515 & 517)		158,431	118,725	46,415	26,554	20	77,173	75,256	77
NAICS code	Industry	Total expenditures	Total new expenditures	Expenditures for structures			Expenditures for equipment																																																																																																																																																						
				Total	New	Used	Total	New	Used																																																																																																																																																				
All NAICS	Total Expenditures by Industry	1,807,827	1,696,883	710,339	657,503	52,836	1,097,488	1,039,380	58,108																																																																																																																																																				
51	Information	176,763	172,836	51,438	D	D	125,325	D	D																																																																																																																																																				
5111	Newspaper, periodical, book, and directory publishers (except Internet)	1,176	1,125	263	D	D	912	D	D																																																																																																																																																				
5112	Software publishers (except Internet)	10,332	10,307	2,665	D	D	7,667	D	D																																																																																																																																																				
512	Motion picture and sound recording industries (except Internet)	2,794	D	1,010	D	D	1,783	D	D																																																																																																																																																				
5151	Radio and television broadcasting (except Internet)	2,522	D	681	D	D	1,841	D	D																																																																																																																																																				
5152	Cable and other subscription programming (except Internet)	1,508	1,503	403	402	1	1,105	1,101	5																																																																																																																																																				
5171	Wired telecommunications carriers, cable and other program distribution, broadband internet services providers	47,142	47,109	9,240	9,239	1	37,901	37,870	31																																																																																																																																																				
5172	Wireless telecommunications carriers (except satellite)	40,347	40,338	7,254	7,254	0	33,094	33,084	10																																																																																																																																																				
5173, 5174, 5179	Telecommunications resellers, satellite, and other telecommunications	3,425	3,394	193	193	Z	3,232	3,201	31																																																																																																																																																				
5182	Data processing, hosting, and related services	28,026	27,884	9,887	9,868	19	18,139	18,016	123																																																																																																																																																				
519	Other information services	39,491	D	19,841	D	D	19,650	19,649	1																																																																																																																																																				
Total communication services and internet access - United States (NAICS 515 & 517)		158,431	118,725	46,415	26,554	20	77,173	75,256	77																																																																																																																																																				
23																																																																																																																																																													
24																																																																																																																																																													
25	2 Exclude labor costs from capital expenditures (similar to Data Centers impact)																																																																																																																																																												
26																																																																																																																																																													
27	<table border="1"> <thead> <tr> <th>Construction cost, % of capital expenditures.</th> <th>Capital expenditures less labor cost (Millions of \$)</th> </tr> </thead> <tbody> <tr> <td>50%</td> <td>38,587</td> </tr> <tr> <td>30%</td> <td>23,152</td> </tr> <tr> <td>20%</td> <td>15,435</td> </tr> </tbody> </table>											Construction cost, % of capital expenditures.	Capital expenditures less labor cost (Millions of \$)	50%	38,587	30%	23,152	20%	15,435																																																																																																																																										
Construction cost, % of capital expenditures.	Capital expenditures less labor cost (Millions of \$)																																																																																																																																																												
50%	38,587																																																																																																																																																												
30%	23,152																																																																																																																																																												
20%	15,435																																																																																																																																																												
28																																																																																																																																																													
29																																																																																																																																																													
30																																																																																																																																																													
31																																																																																																																																																													
32	3 Exclude leasing of fiber optic cable networks																																																																																																																																																												
33	2019CY																																																																																																																																																												
34	<table border="1"> <tbody> <tr> <td>Dark Fiber Network operators' revenues in the US (Millions of \$)</td> <td>3,616</td> <td>% of Industry Revenues</td> </tr> <tr> <td>Revenues from sales to Communications service providers (Cellular Towers)</td> <td>\$ 784.67</td> <td>21.7%</td> </tr> </tbody> </table>											Dark Fiber Network operators' revenues in the US (Millions of \$)	3,616	% of Industry Revenues	Revenues from sales to Communications service providers (Cellular Towers)	\$ 784.67	21.7%																																																																																																																																												
Dark Fiber Network operators' revenues in the US (Millions of \$)	3,616	% of Industry Revenues																																																																																																																																																											
Revenues from sales to Communications service providers (Cellular Towers)	\$ 784.67	21.7%																																																																																																																																																											
35	Source: Dark Fiber Network Operators, US INDUSTRY (SPECIALIZED) REPORT OD5025, IBISWorld, February 2021.																																																																																																																																																												
36																																																																																																																																																													
37	4 Capital expenditures of Communication services and internet access industries in the United States (NAICS 515 & 517) less labor cost, less dark fiber leases																																																																																																																																																												
38	<table border="1"> <thead> <tr> <th>Construction cost, % of capital expenditures.</th> <th>Capital expenditures less labor cost less fiber optic leases, US (Millions of \$)</th> </tr> </thead> <tbody> <tr> <td>50%</td> <td>37,801.83</td> </tr> <tr> <td>30%</td> <td>22,367.23</td> </tr> <tr> <td>20%</td> <td>14,649.93</td> </tr> </tbody> </table>											Construction cost, % of capital expenditures.	Capital expenditures less labor cost less fiber optic leases, US (Millions of \$)	50%	37,801.83	30%	22,367.23	20%	14,649.93																																																																																																																																										
Construction cost, % of capital expenditures.	Capital expenditures less labor cost less fiber optic leases, US (Millions of \$)																																																																																																																																																												
50%	37,801.83																																																																																																																																																												
30%	22,367.23																																																																																																																																																												
20%	14,649.93																																																																																																																																																												
39																																																																																																																																																													
40																																																																																																																																																													
41																																																																																																																																																													

	A	B	C	D	E	F	G	H	I	J	K
42											
43											
44			5 Florida share of US population								
45				July 1, 2020 Population							
46			United States			329,484,123					
47			Florida			21,733,312					
48			Florida's share of US total			6.6%					
49			Source: US Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, and the District of Columbia: April 1, 2010 to July 1, 2020								
50											
51			6 Florida capital expenditures by companies in select NAICS 51 Information codes - 2019								
52			Construction cost, % of capital expenditures.			Capital expenditures less labor cost less fiber optic leases, FL (Millions of \$)					
53			50%			2,493.47					
54			30%			1,475.38					
55			20%			966.33					
56											
57			7 Florida sales tax collections from capital expenditures by companies in select NAICS 51 Information codes - 2019								
58											
59			Construction cost, % of capital expenditures.			Florida sales tax collections (\$ Millions, 6%)					
60			50%			\$ 149.61					
61			30%			\$ 88.52					
62			20%			\$ 57.98					
63											
64			<i>ALTERNATIVES (Informational)</i>								
65						<i>USTELECOM (excludes capitalized wireless phones for leasing)</i>					
66						Florida estimated share based on population (\$ Billions)			5.152		
67						Sales tax collections (\$ Millions)			309.1		
68						Source: USTELECOM, The Broadband Association, https://www.ustelecom.org/research/broadband-investment-remains-high-in-2019/					
69											
70						<i>Telecom Advisory Services, The Broadband Tax Institute</i>					
71						Florida annual savings from sales tax available for reinvestment (\$ Million)			140.0		
72						Source: Telecom Advisory Services, ASSESSMENT OF THE ECONOMIC IMPACT OF TAXATION ON COMMUNICATIONS INVESTMENT IN THE UNITED STATES, A report to the Broadband Tax Institute, November 2019, https://www.broadbandtax.org/downloads/Katz%20Study%20-%20Broadband_Tax_Institute_2019_Report_v.Final_9.pdf					
73											

	A	B	C	D	E	F	G	H	I	J	K
74	8 Capital expenditures annual growth rates based on USTELECOM Capital Expenditures Annual Reports										
75	Source: USTELECOM, The Broadband Association, https://www.ustelecom.org/research/broadband-investment-remains-high-in-2019/										
76											
77	US Broadband Provider Capital Expenditures (\$ Billions)										
78				Capital	Annual						
79	CY			Expenditures	Growth Rate						
80	2009			64.5							
81	2010			67.9	5.3%						
82	2011			68.1	0.3%						
83	2012			69.6	2.2%						
84	2013			76	9.2%						
85	2014			78	2.6%						
86	2015			77.5	-0.6%						
87	2016			74.8	-3.5%						
88	2017			76.9	2.8%						
89	2018			80	4.0%						
90	2019			78.1	-2.4%						
91	Average (10-year)				2.1%						
92				High	Middle						
93				(10-Year	(Average 2017-	Low					
94				Average)	2019)	(2019)					
95	Annual growth rates			2.1%	1.4%	-2.4%					
96	9 Florida sales tax collections estimates growing the three levels of capital expenditures by the three growth rates.										
97				High	Middle	Low					
98	FY2019-20			\$ 152.8	\$ 89.8	\$ 56.6					
99	FY2020-21			\$ 156.0	\$ 91.1	\$ 55.3					
100	FY2021-22			\$ 159.3	\$ 92.4	\$ 53.9					
101	FY2022-23			\$ 162.6	\$ 93.7	\$ 52.7					
102	FY2023-24			\$ 166.1	\$ 95.0	\$ 51.4					
103	FY2024-25			\$ 169.6	\$ 96.4	\$ 50.2					
104	FY2025-26			\$ 173.1	\$ 97.8	\$ 49.0					

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(\$146.00)	(\$159.3)	(\$84.67)	(\$92.4)	(\$49.45)	(\$53.9)
2022-23	(\$162.63)	(\$162.6)	(\$93.69)	(\$93.7)	(\$52.67)	(\$52.7)
2023-24	(\$166.06)	(\$166.1)	(\$95.03)	(\$95.0)	(\$51.41)	(\$51.4)
2024-25	(\$169.56)	(\$169.6)	(\$96.38)	(\$96.4)	(\$50.19)	(\$50.2)
2025-26	(\$173.14)	(\$173.1)	(\$97.76)	(\$97.8)	(\$49.00)	(\$49.0)

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Saturday Sales Tax Holiday

Bill Number(s): CS/SB302

Entire Bill

Partial Bill:

Sponsor(s): Senator Taddeo

Month/Year Impact Begins: July 1, 2021 with a one month lag to collections

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law: No such provision exists under current law.

b. Proposed Change:

Section 1. Small Business Saturday sales tax holiday. —

Section 1. Small Business Saturday sales tax holiday. —

(1) As used in this section, the term “small business” means a dealer, as defined in s. 212.06, Florida Statutes, who registered with the Department of Revenue and began operation no later than January 8, 2021, and who owed and remitted to the Department of Revenue less than \$200,000 in total tax under chapter 212, Florida Statutes, for the 1-year period ending September 30, 2021. If the dealer has not been in operation for a 1-year period as of September 30, 2021, the dealer must have owed and remitted less than \$200,000 in total tax under chapter 212, Florida Statutes, for the period beginning on the day the dealer began operation and ending September 30, 2021, in order to qualify as a small business under this section. If the dealer is eligible to file a consolidated return pursuant to s.

212.11(1)(e), Florida Statutes, the total tax under chapter 212, Florida Statutes, owed and remitted from all of the dealer’s places of business must be less than \$200,000 for the applicable period ending September 30, 2021.

(2) Subject to subsection (3), the tax levied under chapter 212, Florida Statutes, may not be collected by a small business during the period from 12:01 a.m. on November 27, 2021, through 11:59 p.m. on November 27, 2021, on the retail sale, as defined in s. 212.02(14), Florida Statutes, of any item of tangible personal property, as defined in s. 212.02(19), Florida Statutes, having a sales price of \$1,000 or less per item.

(3) At its option, a small business may choose not to participate in the sales and use tax exemption provided in subsection (2) and may collect tax on all sales made on November 27, 2021. If a qualifying dealer chooses not to participate in the tax holiday, the dealer must notify the Department of Revenue in writing by November 16, 2021, of its election to collect sales tax during the holiday and must post a copy of that notice in a conspicuous location at its place of business.

(4) The Department of Revenue may, and all conditions are deemed to be met to, adopt emergency rules pursuant to ss. 120.536(1) and 120.54, Florida Statutes, to implement this section.

This act shall take effect July 1, 2021.

Section 2: Description of Data and Sources

2017, 2018, and 2019 Department of Revenue Annual Sales Tax Data Files

Total sales tax growth rate REC General Revenue 12/2020

Section 3: Methodology (Include Assumptions and Attach Details)

Taxable sales for filers with less than \$200,000 in sales tax owed or remitted were found using DOR annual sales files. Consolidated filers were combined into one entry, and assessed using the same \$200,000 threshold. The total sales tax amount due was divided by 365 to get the average daily sales tax collections for all qualifying filers. The \$1,000 per item limit means that for some types of business not all transactions should be included. Reduction factors were used to reduce the taxable sales affected by the sales tax holiday to reflect the per item limit. Further, it is assumed that some portion of purchases from the surrounding days would get shifted onto the sales tax holiday. The high estimate assumes 7 additional days. The middle estimate assumes 4 additional days, and the low estimate assumes 2 additional days.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax
Issue: Saturday Sales Tax Holiday
Bill Number(s): CS/SB302

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$(82.4 M)		\$(51.5 M)		\$(30.9 M)	
2022-23						
2023-24						
2024-25						
2025-26						

List of affected Trust Funds:

Sales and Use Tax Trust Fund Group

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the average of the middle and the low. It imposed a 10% reduction to address provisions allowing businesses an opt-out.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	(32.8)	0.0	(Insignificant)	0.0	(1.1)	0.0	(3.1)	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
2025-26	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
2021-22	(5.6)	0.0	(9.9)	0.0	(42.7)	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
2025-26	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G
9	Annual Totals for Business without estimated payments with less than \$200,000 Remitted or owed for purchases of \$1,000 or less						
10		Taxable Sales (\$M)	Sales Tax at 6% (\$M)				
11	2017 w/ Reduction factors	\$ 53,776	\$ 3,227				
12	2018 w/ Reduction factors	\$ 56,088	\$ 3,365				
13	2019 w/ Reduction factors	\$ 56,672	\$ 3,400				
14	CY to FY 2015-16	\$ 56,380	\$ 3,383				
15							
16	Daily Values (B16/365)	\$ 154.47	\$ 9.27				
17							
18	Grown at Total Sales Tax Growth (GR 12/2020 Table 15)						
19	2018-19	5.3%	\$ 9.8				
20	2019-20	-3.2%	\$ 9.4				
21	2020-21	1.5%	\$ 9.6				
22	2021-22	7.4%	\$ 10.3				
23	2022-23	4.6%	\$ 10.8				
24	2023-24	4.1%	\$ 11.2				
25	2024-25	3.7%	\$ 11.6				
26	2025-26	3.2%	\$ 12.0				
27							
28	The High estimate assumes 7 additional days of shifted purchases			7			
29	The Middle estimate assumes 4 additional days of shifted purchases			4			
30	The Low estimate assumes 2 additional days of shifted purchases			2			
31							
32							
33		High		Middle		Low	
34		Cash	Recurring	Cash	Recurring	Cash	Recurring
35	2021-22	\$ (82.4 M)	\$ -	\$ (51.5 M)	\$ -	\$ (30.9 M)	\$ -
36	2022-23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	2023-24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	2024-25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	2025-26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40							
41							
42			ADOPTED				
43		avg low/mid	90%				
44		\$ (41.2 M)	\$ (37.1 M)				
45							

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

Bill Number(s): CS/[HB 571](#)

Entire Bill

Partial Bill:

Sponsor(s): Representative Smith & Senator Rodriguez

Month/Year Impact Begins: January 1, 2022

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law: Section 196.1975, Florida Statutes reads (in part):

Nonprofit homes for the aged are exempt to the extent that they meet the following criteria: The applicant must be a corporation not for profit pursuant to chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit pursuant to chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under the provisions of s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.

Significant court case – Lakeland Highlands Road Facility, LLC v. Marsha Faux

Circuit Court – 10th Judicial Circuit case 2015-CA-1733

Trial court found that Lakeland Highlands did not qualify for the exemption under 196.1975 as it was not a corporation not for profit or a Florida limited partnership, the sole general partner of which is a corporation not for profit as Lakeland Highlands ownership structure was that of a limited partnership the sole general partner of which was a limited liability company.

b. Proposed Change: Revises subsection 196.1975 (1) to read: “The applicant must be a corporation not for profit pursuant to chapter 617 or a Florida limited partnership, the sole general partner of which is a corporation not for profit under pursuant to chapter 617 or an entity wholly owned by a corporation not for profit under chapter 617, and the corporation not for profit must have been exempt as of January 1 of the year for which exemption from ad valorem property taxes is requested from federal income taxation by having qualified as an exempt charitable organization under ~~the provisions of~~ s. 501(c)(3) of the Internal Revenue Code of 1954 or of the corresponding section of a subsequently enacted federal revenue act.”

Section 2: Description of Data and Sources

Polk County Ad Valorem assessment data and millage rates as indicated on the Polk County Property Appraiser’s website December, 2020 Ad Valorem Assessment Estimating Conference NonResidential Appreciation Rates and Nonresidential Property Growth rates

2020 Final Tax Roll Data for Entities currently partially exempt under s. 196.1975 (1) F.S., or s. 196.1975 (4)(a) F.S.

Section 3: Methodology (Include Assumptions and Attach Details)

Lakeland Impact:

Identified the Lakeland Highlands Property on the 2018 Polk County tax roll. Taxable value was \$3,823,593. Total school taxes were \$22,693.03. Total non-school taxes were \$30,739.73. For the low it was assumed this is the only parcel affected by the change. For the middle it was assumed 5 total parcels of like value and taxes would be affected by the change. For the high it was assumed 10 total parcels of like value and taxes were impacted. Future year impacts were derived by using the Dec 2020 Ad Valorem Assessment Estimating Conference NonResidential Appreciation Rates. It was assumed the millage rates would stay constant across the forecast period.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Ad Valorem Tax Exemption for Nonprofit Homes for the Aged

Bill Number(s): CS/[HB 571](#)

Section 4: Proposed Fiscal Impact

Total Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$ -	\$ (0.50 M)	\$ -	\$ (0.25 M)	\$ -	\$ (0.05 M)
2022-23	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2023-24	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2024-25	\$ (0.49 M)	\$ (0.49 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
2025-26	\$ (0.49 M)	\$ (0.49 M)	\$ (0.25 M)	\$ (0.25 M)	\$ (0.05 M)	\$ (0.05 M)

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/19/2021): The conference adopted two times the low.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	(*)	0.0	(0.1)	0.0	(0.1)
2022-23	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2024-25	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	(*)	(*)	(0.1)	(0.1)	(0.1)	(0.1)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
2022-23	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2023-24	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2024-25	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)
2025-26	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)

	A	B	C	D	E	F	G
1	Impact Summary						
2							
3	School Impact						
4		High		Middle		Low	
5	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
6	2021-22		\$ (0.21 M)		\$ (0.11 M)		\$ (0.02 M)
7	2022-23	\$ (0.20 M)	\$ (0.20 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
8	2023-24	\$ (0.20 M)	\$ (0.20 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
9	2024-25	\$ (0.21 M)	\$ (0.21 M)	\$ (0.10 M)	\$ (0.10 M)	\$ (0.02 M)	\$ (0.02 M)
10	2025-26	\$ (0.21 M)	\$ (0.21 M)	\$ (0.11 M)	\$ (0.11 M)	\$ (0.02 M)	\$ (0.02 M)
11							
12	Non-School Impact						
13		High		Middle		Low	
14	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
15	2021-22		\$ (0.29 M)		\$ (0.15 M)		\$ (0.03 M)
16	2022-23	\$ (0.27 M)	\$ (0.27 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
17	2023-24	\$ (0.27 M)	\$ (0.27 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
18	2024-25	\$ (0.28 M)	\$ (0.28 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
19	2025-26	\$ (0.28 M)	\$ (0.28 M)	\$ (0.14 M)	\$ (0.14 M)	\$ (0.03 M)	\$ (0.03 M)
20							
21	Total Impact						
22		High		Middle		Low	
23	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2021-22	\$ -	\$ (0.50 M)	\$ -	\$ (0.25 M)	\$ -	\$ (0.05 M)
25	2022-23	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
26	2023-24	\$ (0.48 M)	\$ (0.48 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
27	2024-25	\$ (0.49 M)	\$ (0.49 M)	\$ (0.24 M)	\$ (0.24 M)	\$ (0.05 M)	\$ (0.05 M)
28	2025-26	\$ (0.49 M)	\$ (0.49 M)	\$ (0.25 M)	\$ (0.25 M)	\$ (0.05 M)	\$ (0.05 M)

	A	B	C	D	E	F	G
1				December, 2020 Ad Valorem Assessment			
2		2020 Taxable Value		NonResidential Appreciation Rates			
3	Lakeland Highlands Road Facility	\$3,823,593.00		2021	-5.50%		
4				2022	-5.50%		
5	NonSchol Levies	\$30,736.73		2023	0.00%		
6	School Levies	\$22,693.03		2024	1.68%		
7				2025	2.00%		
8				2026	2.33%		
9							
10	School	High	Middle	Low			
11	2021-22	-\$214,449	-\$107,225	-\$21,445			
12	2022-23	-\$202,654	-\$101,327	-\$20,265			
13	2023-24	-\$202,654	-\$101,327	-\$20,265			
14	2024-25	-\$206,059	-\$103,030	-\$20,606			
15	2025-26	-\$210,180	-\$105,090	-\$21,018			
16							
17	NonSchool	High	Middle	Low			
18	2021-22	-\$290,462	-\$145,231	-\$29,046			
19	2022-23	-\$274,487	-\$137,243	-\$27,449			
20	2023-24	-\$274,487	-\$137,243	-\$27,449			
21	2024-25	-\$279,098	-\$139,549	-\$27,910			
22	2025-26	-\$284,680	-\$142,340	-\$28,468			

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Homestead Exemption – Change of ownership

Bill Number(s): [HB 1519](#), Section 1

Entire Bill

Partial Bill:

Sponsor(s): Rep. Duggan

Month/Year Impact Begins: July 1, 2021

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law:

Section 193.155 provides how homesteads will be assessed with respect Save our Homes assessment cap that limits assessment increases to the lower of 3% or the change in the consumer price index. Paragraph (3)(a) provides: Except as provided in this subsection or subsection (8), property assessed under this section shall be assessed at just value as of January 1 of the year following a change of ownership. Thereafter, the annual changes in the assessed value of the property are subject to the limitations in subsections (1) and (2). For the purpose of this section, a change of ownership means any sale, foreclosure, or transfer of legal title or beneficial title in equity to any person, except if:

1. Subsequent to the change or transfer, the same person is entitled to the homestead exemption as was previously entitled and:

a. The transfer of title is to correct an error;

b. The transfer is between legal and equitable title or equitable and equitable title and no additional person applies for a homestead exemption on the property;

c. The change or transfer is by means of an instrument in which the owner is listed as both grantor and grantee of the real property and one or more other individuals are additionally named as grantee. However, if any individual who is additionally named as a grantee applies for a homestead exemption on the property, the application is considered a change of ownership; or

d. The person is a lessee entitled to the homestead exemption under s. 196.041(1).

2. Legal or equitable title is changed or transferred between husband and wife, including a change or transfer to a surviving spouse or a transfer due to a dissolution of marriage;

3. The transfer occurs by operation of law to the surviving spouse or minor child or children under s. 732.401; or

4. Upon the death of the owner, the transfer is between the owner and another who is a permanent resident and who is legally or naturally dependent upon the owner.

b. Proposed Change:

Creates two additional provisions that describe transfers that are not treated as changes of ownership for purposes of retaining the cap. A new sub-subparagraph 193.155((3)(a) 1.d. to read:

The change or transfer is by means of an instrument where the owner entitled to homestead is listed as both grantor or grantee of the real property and one or more other individuals, all of whom held title as joint tenants with rights of survivorship with the owner, are named only as grantors and removed from the title; or

A new sub-sub paragraph 5. is created to read: The transfer occurs with respect to a property where:

a. Multiple owners hold title as joint tenants with rights of survivorship;

b. One or more owners were entitled to and received the homestead exemption on the property;

c. Death of one or more owners occurs; and

d. Subsequent to the transfer, the surviving owner or owners previously entitled to and receiving the homestead exemption and continue to be entitled to receive the exemption.

Section 2: Description of Data and Sources

Conversations with Property Appraisers and their representatives

Section 3: Methodology (Include Assumptions and Attach Details)

It was conveyed both during direct and relayed conversations that certain counties today either currently administer as the proposed language provides or allow the remaining owner that was entitled to the homestead exemption to maintain the save our homes cap through portability. For those counties that remove the cap and disallow the homestead but allow the remaining owner to reapply for homestead and port the cap back to the parcel, it is possible that a taxpayer ignores the notices and does not take action to reapply for homestead and to port the cap. For the low it is assumed that the proposed language is current administration for all counties and that any impacted homeowner would take steps necessary to reestablish their homestead exemption and Save our Homes cap. For the middle it is assumed that the proposed language is current administration for all counties, but some affected

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Homestead Exemption – Change of ownership

Bill Number(s): [HB 1519](#), Section 1

party does not take the necessary action to reestablish their homestead and cap. For the high it is assumed that not all counties administer as the proposed law provides.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$0	(Indeterminate)	\$0	(Insignificant)	\$0	\$0
2022-23	(Indeterminate)	(Indeterminate)	(Insignificant)	(Insignificant)	\$0	\$0
2023-24	(Indeterminate)	(Indeterminate)	(Insignificant)	(Insignificant)	\$0	\$0
2024-25	(Indeterminate)	(Indeterminate)	(Insignificant)	(Insignificant)	\$0	\$0
2025-26	(Indeterminate)	(Indeterminate)	(Insignificant)	(Insignificant)	\$0	\$0

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	0.0	(*)	0.0	(*)
2022-23	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2023-24	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2024-25	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)
2025-26	0.0	0.0	0.0	0.0	(*)	(*)	(*)	(*)

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Homestead Exemption – Change of ownership

Bill Number(s): [HB 1519](#), Sections 2, 3, 4

Entire Bill

Partial Bill: Representative Duggan

Sponsor(s):

Month/Year Impact Begins: July 1, 2021

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law:

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

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

b. Proposed Change:

Section 2. This bill amends s. 196.031(5) to read “(5) (a) A person or family unit who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption provided by this section, unless, upon a determination by the property appraiser that the person or family unit is receiving or has received the tax exemption or tax credit in another state, that person or family unit demonstrates to the satisfaction of the property appraiser that the person or family unit:

1. Did not apply for the tax exemption or tax credit in the other state; and
2. Is no longer receiving or will no longer receive the tax exemption or tax credit in the other state.

For purposes of this paragraph, an automatic renewal of a tax exemption or tax credit constitutes application for the tax exemption or tax credit if the renewal is subsequent to an initial application by the person or family unit.

(b) This subsection does not apply to a person or family unit that who has the legal or equitable title to real estate in Florida and maintains thereon the permanent residence of another legally or naturally dependent upon the owner.

Section 3. The provisions of this act relating to section 196.031, Florida Statutes, amending conditions under which a person or family unit is not entitled to the homestead exemption, apply to tax exemptions or tax credits in another state for which a benefit was received after 2009, and that are discovered by a property appraiser after July 1, 2020.

Section 4. Section 196.121(2) would be amended to read “(2) The forms shall require the taxpayer to furnish certain information to the property appraiser for the purpose of determining that the taxpayer is a permanent resident as defined in s. 196.012(16). Such information may include, but need not be limited to, the factors enumerated in s. 196.015 and any ad valorem tax exemption or tax credit granted in another state where permanent residency is required as a basis for the granting of the ad valorem tax exemption or tax credit as described in s. 196.031(5).”

Section 5. This act shall take effect July 1, 2021.

Section 2: Description of Data and Sources

Adopted REC estimates of Homestead Back Taxes, Penalties, and Interest, 2/15/2019
2018 Final Real Property Assessment Rolls
REC Ad Valorem Assessments Dec 20

Section 3: Methodology (Include Assumptions and Attach Details)

The low estimate is based on the notion that no one will be able to qualify for the protection afforded by the bill language, and therefore this change will have a null effect. We have included a list of example scenarios to illustrate some of the difficulties that may confront a property appraiser trying to evaluate claims made by a person or family unit.

The below list is neither exhaustive nor determinative in nature.

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Homestead Exemption – Change of ownership

Bill Number(s): [HB 1519](#), Sections 2, 3, 4

1. An agent applies for the exemption. It automatically renews the next year. The person stops the exemption at some point in the second year.
 - a. The agent's actions are at the direction of, or as a duly recognized legal representative of the person.
 - b. The automatic renewal is affirmative proof of the application.
 - c. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
2. An agent applies for the exemption. The person stops the exemption at some point in the same year.
 - a. The agent's actions are at the direction of, or as a duly recognized legal representative of the person.
 - b. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
3. A third party automatically grants the exemption. It automatically renews the next year. The person stops the exemption at some point in the second year.
 - a. The automatic renewal is affirmative proof of the application.
 - b. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
4. A third party automatically grants the exemption. The person stops the exemption at some point in that year.
 - a. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
5. The person explicitly declines the exemption or credit at the time of sale, but the exemption or credit is granted in error. The exemption automatically renews, and the exemption/credit is stopped by the person after the automatic renewal.
 - a. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
 - b. The person cannot provide documentation that they explicitly declined the automatic exemption.
 - c. The automatic renewal is affirmative proof of the application.
6. The person explicitly declines the exemption or credit at the time of sale, but the exemption or credit is granted in error. The exemption is canceled within the first year.
 - a. The sales contract, signed by the person to complete the sale, includes a declaration of the exemption or credit.
 - b. The person cannot provide documentation that they explicitly declined the automatic exemption.

The middle estimate is based on a previously adopted analysis of back taxes, penalties, and interest that is projected to be collected due to improper homestead classification. This analysis was originally part of the impact analysis for SB 444 and was adopted on February 15, 2019. "The Conference adopted an impact that assumes the average of the interest rate and penalties of Broward and Lee." The middle estimate assumes that 90% of these collections are due to homeowners with residences in multiple states. The middle estimate assumes that the homeowner will be able to prove to the property appraiser that they "did not apply" for the credit in the other state. The previously adopted analysis has been updated with data from the most recent Ad Valorem Assessment Revenue Estimating Conference.

The high estimate is based on the number of residential parcels whose owner's mailing address and reported state of domicile on the 2018 final assessment rolls are not Florida. (If either the mailing address state or state of domicile was Florida, the owner was placed into the Florida category.) There are 1.4 million parcels in this category. This estimate assumes that the change in law clears a pathway for more property owners to receive homestead exemptions. An assumed 5% of the non-Floridian owners could apply for a homestead if they "did not apply" for a tax benefit based on residency in another state. The high is based solely on the first and second homestead exemptions. The school and non-school 2018 taxable value impact is grown at 2% annually throughout the forecast period. To calculate the fiscal impact, the 2020 statewide effective millage rates were applied. This fiscal impact is combined with the middle estimate to generate the high Estimate.

Section 4: Proposed Fiscal Impact

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Homestead Exemption – Change of ownership

Bill Number(s): [HB 1519](#), Sections 2, 3, 4

Total Impact						
Year	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	\$ (66.3 M)	\$ (66.3 M)	\$ (16.2 M)	\$ (16.2 M)	\$ -	\$ -
2022-23	\$ (68.8 M)	\$ (68.8 M)	\$ (17.6 M)	\$ (17.6 M)	\$ -	\$ -
2023-24	\$ (71.2 M)	\$ (71.2 M)	\$ (19.1 M)	\$ (19.1 M)	\$ -	\$ -
2024-25	\$ (73.6 M)	\$ (73.6 M)	\$ (20.4 M)	\$ (20.4 M)	\$ -	\$ -
2025-26	\$ (54.3 M)	\$ (54.3 M)	\$ (21.8 M)	\$ (21.8 M)	\$ -	\$ -

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/19/2021): The Conference adopted a negative indeterminate impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2022-23	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2023-24	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2024-25	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)
2025-26	0.0	0.0	0.0	0.0	(**)	(**)	(**)	(**)

	A	B	C	D	E	F	G
1							
2	High Impact						
3							
4		Year	School	Non-School	Total		
5		2020-21	-17,402,451	-46,704,177	-64,106,628		
6		2021-22	-18,095,778	-48,216,193	-66,311,971		
7		2022-23	-18,875,018	-49,879,042	-68,754,060		
8		2023-24	-19,659,500	-51,557,837	-71,217,338		
9		2024-25	-20,420,464	-53,204,580	-73,625,044		
10		2025-26	-13,041,105	-41,233,358	-54,274,463		
11							
12	Middle						
13		% of Total					
14			37%	63%			
15		Year	School	Non-School	Total		
17		2021-22	-6,047,813	-10,122,943	-16,170,756		
18		2022-23	-6,586,094	-11,023,928	-17,610,022		
19		2023-24	-7,124,798	-11,925,621	-19,050,418		
20		2024-25	-7,635,067	-12,779,719	-20,414,787		
21		2025-26	-8,152,573	-13,645,931	-21,798,504		

	A	B	C	D	E	F	G
22	Impact Summary						
23							
24	School Impact						
25		High		Middle		Low	
26	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
28	2021-22	\$ (18.1 M)	\$ (18.1 M)	\$ (6.0 M)	\$ (6.0 M)	\$ -	\$ -
29	2022-23	\$ (18.9 M)	\$ (18.9 M)	\$ (6.6 M)	\$ (6.6 M)	\$ -	\$ -
30	2023-24	\$ (19.7 M)	\$ (19.7 M)	\$ (7.1 M)	\$ (7.1 M)	\$ -	\$ -
31	2024-25	\$ (20.4 M)	\$ (20.4 M)	\$ (7.6 M)	\$ (7.6 M)	\$ -	\$ -
32	2025-26	\$ (13.0 M)	\$ (13.0 M)	\$ (8.2 M)	\$ (8.2 M)	\$ -	\$ -
33							
34	Non-School Impact						
35		High		Middle		Low	
36	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
38	2021-22	\$ (48.2 M)	\$ (48.2 M)	\$ (10.1 M)	\$ (10.1 M)	\$ -	\$ -
39	2022-23	\$ (49.9 M)	\$ (49.9 M)	\$ (11.0 M)	\$ (11.0 M)	\$ -	\$ -
40	2023-24	\$ (51.6 M)	\$ (51.6 M)	\$ (11.9 M)	\$ (11.9 M)	\$ -	\$ -
41	2024-25	\$ (53.2 M)	\$ (53.2 M)	\$ (12.8 M)	\$ (12.8 M)	\$ -	\$ -
42	2025-26	\$ (41.2 M)	\$ (41.2 M)	\$ (13.6 M)	\$ (13.6 M)	\$ -	\$ -
43							
44	Total Impact						
45		High		Middle		Low	
46	Year	Cash	Recurring	Cash	Recurring	Cash	Recurring
48	2021-22	\$ (66.3 M)	\$ (66.3 M)	\$ (16.2 M)	\$ (16.2 M)	\$ -	\$ -
49	2022-23	\$ (68.8 M)	\$ (68.8 M)	\$ (17.6 M)	\$ (17.6 M)	\$ -	\$ -
50	2023-24	\$ (71.2 M)	\$ (71.2 M)	\$ (19.1 M)	\$ (19.1 M)	\$ -	\$ -
51	2024-25	\$ (73.6 M)	\$ (73.6 M)	\$ (20.4 M)	\$ (20.4 M)	\$ -	\$ -
52	2025-26	\$ (54.3 M)	\$ (54.3 M)	\$ (21.8 M)	\$ (21.8 M)	\$ -	\$ -

	A	B	C	D	E
1	High Estimate				
2					
3	This estimate assumes that the change in law clears a pathway for more property owners to receive homestead exemptions.				
4					
5	Residential Use Code, Non-Floridian Owner State				
6					
7	- DOR_UC = 0, 1, 2, 4, 5, 6, 7, or 8.				
8	- Owner State is based on reported owner's mailing address and owner's state of domicile. If either was Florida, owner is assumed to be Floridian.				
9					
10		2018 NAL Parcel Counts			
11		Owner State (Mailing Address or State of Domicile)	Homestead	Non-Homestead	Total
12		Florida	4,422,141	3,056,482	7,478,623
13		Not Florida	35,522	1,419,222	1,454,744
14		Total	4,457,663	4,475,704	8,933,367
15					
16		Not Florida		31.71%	
17					
18	Lever: Percent of Non-Florida owners who could change classification				
19					
20		Percent	5%		
21					
22	Reduced Parcel Count, Exemption Estimate				
23					
24		Non-Floridian Owned Residential Parcels		70,961	
25					
26		Exemption	Ex. Value	TV Impact	
27		First Homestead	25,000	1,774,027,500	
28		Second Homestead	22,000	1,561,144,200	
29		Non-School TV Impact	47,000	3,335,171,700	
30		School TV Impact	25,000	1,774,027,500	
31					

	A	B	C	D	E
32					
33		Annual Growth Rate	2%		
34					
35		Roll Year	School	Non-School	
38		2021	1,882,612,175	3,539,310,889	
39		2022	1,920,264,419	3,610,097,107	
40		2023	1,958,669,707	3,682,299,049	
41		2024	1,997,843,101	3,755,945,030	
42		2025	2,037,799,963	3,831,063,931	
43		2026	2,078,555,963	3,907,685,210	
44					
45	Apply Millage Rates				
46					
47		2020 Statewide Effective Millage Rates			
48			Rate		
49		School	6.3996	37%	
50		Non-School	10.7629	63%	
51		Total	17.1625		
52					
53					
54		Year	School	Non-School	Total
57		2021-22	12,047,965	38,093,249	50,141,214
58		2022-23	12,288,924	38,855,114	51,144,038
59		2023-24	12,534,703	39,632,216	52,166,919
60		2024-25	12,785,397	40,424,861	53,210,257
61		2025-26	13,041,105	41,233,358	54,274,463
62		2026-27	13,301,927	42,058,025	55,359,952

	A	B	C	D	E	F	G
1	Middle						
2							
3	Adopted TV Not on Rolls due to Improper Classification						
4							
5		Roll Year	Missing Taxable Value	Back Taxes Collected	Penalties	Interest Collected	Total
7		2021	563,429,995	9,669,867	4,834,934	3,462,706	17,967,507
8		2022	613,577,636	10,530,526	5,265,263	3,770,902	19,566,691
9		2023	663,764,692	11,391,862	5,695,931	4,079,339	21,167,132
10		2024	711,302,727	12,207,733	6,103,867	4,371,497	22,683,096
11		2025	759,514,926	13,035,175	6,517,587	4,667,797	24,220,560
12		2026	808,603,301	13,877,654	6,938,827	4,969,483	25,785,964
13		Adopted by the REC on 2/15/2019.					
14							
15	Reduction for Other Classification Reasons						
16							
17		Percent of Improper Classifications due to Multi-State Homeowners		90%			
18							
19							
20	Middle Estimate						
21							
22		Middle Impact Estimate					
23		Roll Year	Total				
25		2021	16,170,756				
26		2022	17,610,022				
27		2023	19,050,418				
28		2024	20,414,787				
29		2025	21,798,504				
30		2026	23,207,368				

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Nonprofit Property Tax Exemptions

Bill Number(s): CS/SB 1214

Entire Bill

Partial Bill:

Sponsor(s): Senator Gruters

Month/Year Impact Begins: July 1, 2021

Date of Analysis: March 19, 2021

Section 1: Narrative

a. Current Law: Section 196.196 Determining whether property is entitled to charitable, religious, scientific, or literary exemption.—

(1) In the determination of whether an applicant is actually using all or a portion of its property predominantly for a charitable, religious, scientific, or literary purpose, the following criteria shall be applied:

(a) The nature and extent of the charitable, religious, scientific, or literary activity of the applicant, a comparison of such activities with all other activities of the organization, and the utilization of the property for charitable, religious, scientific, or literary activities as compared with other uses.

(b) The extent to which the property has been made available to groups who perform exempt purposes at a charge that is equal to or less than the cost of providing the facilities for their use. Such rental or service shall be considered as part of the exempt purposes of the applicant.

(2) Only those portions of property used predominantly for charitable, religious, scientific, or literary purposes shall be exempt. In no event shall an incidental use of property either qualify such property for an exemption or impair the exemption of an otherwise exempt property.

(3) Property owned by an exempt organization is used for a religious purpose if the institution has taken affirmative steps to prepare the property for use as a house of public worship. The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate a commitment of the property to a religious use as a house of public worship. For purposes of this subsection, the term “public worship” means religious worship services and those other activities that are incidental to religious worship services, such as educational activities, parking, recreation, partaking of meals, and fellowship.

(4) Except as otherwise provided herein, property claimed as exempt for literary, scientific, religious, or charitable purposes which is used for profitmaking purposes shall be subject to ad valorem taxation. Use of property for functions not requiring a business or occupational license conducted by the organization at its primary residence, the revenue of which is used wholly for exempt purposes, shall not be considered profit making. In this connection the playing of bingo on such property shall not be considered as using such property in such a manner as would impair its exempt status.

(5)(a) Property owned by an exempt organization qualified as charitable under s. 501(c)(3) of the Internal Revenue Code is used for a charitable purpose if the organization has taken affirmative steps to prepare the property to provide affordable housing to persons or families that meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. [420.0004](#). The term “affirmative steps” means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate a commitment of the property to providing affordable housing.

(b)1. If property owned by an organization granted an exemption under this subsection is transferred for a purpose other than directly providing affordable homeownership or rental housing to persons or families who meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. [420.0004](#), or is not in actual use to provide such affordable housing within 5 years after the date the organization is granted the exemption, the property appraiser making such determination shall serve upon the organization that illegally or improperly received the exemption a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that organization in the county, and such property shall be identified in the notice of tax lien. The organization owning such property is subject to the taxes otherwise due and owing as a result of the failure to use the property to provide affordable housing plus 15 percent interest per annum and a penalty of 50 percent of the taxes owed.

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

REVENUE ESTIMATING CONFERENCE

Tax: Ad Valorem

Issue: Nonprofit Property Tax Exemptions

Bill Number(s): CS/SB 1214

3. If an exemption is improperly granted as a result of a clerical mistake or an omission by the property appraiser, the organization improperly receiving the exemption shall not be assessed a penalty or interest.
4. The 5-year limitation specified in this subsection may be extended if the holder of the exemption continues to take affirmative steps to develop the property for the purposes specified in this subsection.

b. Proposed Change: Amends subsection (2) of 196.196 F.S., to read: “Only those portions of property used predominantly for charitable, religious, scientific, or literary purposes are shall be exempt. The portions of property which are not predominantly used for charitable, religious, scientific, or literary purposes are not exempt. However, an exemption is not affected so long as the predominant use of the property is for charitable, religious, scientific, or literary purposes. In no event shall an incidental use of property either qualify such property for an exemption or impair the exemption of an otherwise exempt property.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed bill language appears to be a clarification of current law. The clarifying language does not appear to expand or contract the boundaries of the current exemption. The additional clarifying language may improve the accuracy of any current charitable exemptions. This impact may be positive or negative, and the middle estimate is presented as a positive/negative insignificant.

The bill applies to the 2022 tax roll, and it does not provide a basis for either a refund or an assessment of tax not paid before the effective date.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22				*/(*)		
2022-23			*/(*)	*/(*)		
2023-24			*/(*)	*/(*)		
2024-25			*/(*)	*/(*)		
2025-26			*/(*)	*/(*)		

List of affected Trust Funds: Ad Valorem

Section 5: Consensus Estimate (Adopted: 03/19/2021) The Conference adopted the middle estimate assuming that the sentence beginning with “however” does not expand or narrow the scope of the exemption that is otherwise determined by the rest of the statute.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2021-22	0.0	0.0	0.0	0.0	0.0	*/(*)	0.0	*/(*)
2022-23	0.0	0.0	0.0	0.0	*/(*)	*/(*)	*/(*)	*/(*)
2023-24	0.0	0.0	0.0	0.0	*/(*)	*/(*)	*/(*)	*/(*)
2024-25	0.0	0.0	0.0	0.0	*/(*)	*/(*)	*/(*)	*/(*)
2025-26	0.0	0.0	0.0	0.0	*/(*)	*/(*)	*/(*)	*/(*)