

2004
FLORIDA TAX HANDBOOK
Including
Fiscal Impact of Potential Changes



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NOTE

The estimates in this book are as accurate as possible given the scope of the study. An attempt has been made to provide point estimates of fiscal impact for all current exemptions, refunds and allowances and for potential rate changes. Such point estimates, however, may imply greater accuracy than was possible with the time and resources available. In many cases the estimates should be viewed more as an indication of the approximate or relative impact of a law change. As specific legislation is identified during the course of the session, and more work is done, these estimates may be revised.

It should also be noted that estimates presented in the analysis reflect an annual collection period for fiscal year 2004-05. **The estimates presented in this book represent what the revenue impact would be if the proposed tax law change were in effect for the entire year. Normal delays caused by effective dates as well as collection and implementation lags will reduce the actual revenue impact in the first year.** To the extent that tax law changes may only affect revenues for part of a year, these estimates will have to be adjusted. In addition, these estimates make no adjustments for the changes in quantity demanded resulting from changes in the tax rate nor do these estimates reflect potential losses due to tax avoidance behavior or unusual compliance and enforcement problems.

However, please note that the underlying revenue estimates will be updated in March 2004 and late fall 2004. These estimates can be viewed on-line at www.myflorida.com\edr

FOREWORD

The staffs of the Senate Finance and Taxation Committee, the House Committee on Finance and Tax, the Office of Economic and Demographic Research, and the Office of Research and Analysis of the Department of Revenue are pleased to provide the 2004 edition of the Florida Tax Handbook Including Fiscal Impact of Potential Changes. The Handbook reviews Florida state finances, provides statutory and administering authority for all specific revenue sources, together with a review of tax collections and disposition. Base and rate information and a brief history of sources are provided. The Handbook also gives current revenue estimates, and provides a comprehensive and systematic look at the revenue potential of selected alternative tax sources. This information can be used to analyze the revenue effects of proposals for tax relief, tax increases, dealer allowances, changes in exemptions or alterations to the mix of the existing tax structure.

The study is divided into seven sections.

Section I presents an overview of Florida state finances.

Section II presents an analysis of nineteen major state taxes and sixteen minor state revenue sources. For each major tax source, estimates are provided for the value of an incremental change (increase or decrease) in the existing rate. In addition, for each major tax, estimates are provided for the value of all major exemptions, refunds or credits, dealer allowances, deductions, and current distributions. Where possible, estimates are also provided for alternative bases. Value of rate changes are not made for the sixteen minor state revenue sources.

Section III analyzes a number of revenue sources available to local governments. As in Section II, estimates and analyses are provided where available. In addition, a summary of exemptions as “tax expenditures” is provided.

Section IV analyses a number of alternative tax sources. Attempts have been made, where information for analyses is available, to present estimates of revenues generated by these alternative taxes. A brief summary of the major advantages and disadvantages of each source is usually presented.

Section V discusses various issues which may be of possible interest for the 2004 session.

Section VI discusses major pending litigation which may affect Florida's tax revenues in the future.

Section VII provides Governmental Internet Data Sources

If further information is desired, you may contact the staff of: the Senate Finance and Taxation, Room 207, the Capitol, (850) 487-5920; the House Committee on Finance and Tax, Room 222, the Capitol, (850) 488-1601; the Office of Economic and Demographic Research, Room 576, Claude Pepper Building, (850) 487-1402; or the Department of Revenue, Office of Research and Analysis, Room 235, Carlton Building, (850) 488-2900, Tallahassee, Florida.

Notice of any errors appearing in this publication should be sent to the staff of the Senate Finance and Taxation Committee as well as any suggestions for improvement of future editions. Inquiries should be made to the Senate Finance and Taxation Committee, Room 207, The Capitol, 404 South Monroe Street, (850) 487-5920, Tallahassee, Florida 32399-1100.

The Florida Tax Handbook can be accessed on-line at: http://www.state.fl.us/edr/Reports/Special_Reports/2004_handbook.pdf

FLORIDA STATE FINANCES

FLORIDA STATE TREASURY FUNDS

All money received by any state agency is required to be deposited in the treasury, unless specifically exempted from this requirement. Receipts in any fund may be by direct deposit or by transfer from another fund. Disbursements from the treasury are by warrant drawn upon the treasury by the Chief Financial Officer upon initiative of the agency authorized to make the expenditure.

The state treasury consists of four funds in the custody of the Chief Financial Officer: (1) General Revenue Fund; (2) trust funds, (3) Working Capital Fund, and (4) Budget Stabilization Fund.

1. The General Revenue Fund consists of all moneys received by the state from every source, except moneys deposited into trust funds, the Working Capital Fund and the Budget Stabilization Fund. About forty-two percent of all taxes, licenses, fees, and other operating receipts are credited to General Revenue, either directly upon deposit into the treasury or by transfer from various clearing and distribution accounts of the trust funds. A 7.3 percent service charge is deducted from moneys and trust funds enumerated in s. 215.20(4), F.S., and a 7 percent service charge is deducted from all other trust funds not specifically exempt in s. 215.22, F.S., and deposited into the General Revenue Fund.

2. Trust funds consist of receipts that are earmarked for a specific purpose, either by general law, the Constitution, or a trust agreement. Each receipt is credited to the accounts which make up the trust funds. Based on their principal uses, trust fund accounts can be grouped into the following distinct types:

- a. Operating - funding specific activities or programs
- b. Distribution - disbursing to local governments
- c. Distribution - disbursing to individuals
- d. Projects - funding construction projects
- e. Projects - funding repairs and replacements of damaged facilities
- f. Clearing - dividing receipts among other accounts
- g. Revolving - providing loans, petty cash, or working capital funds.

3. The Working Capital Fund consists of funds available in the General Revenue Fund which are not needed for appropriations. The Working Capital Fund serves as a reserve fund to offset unanticipated expenditures, such as spending on emergencies.

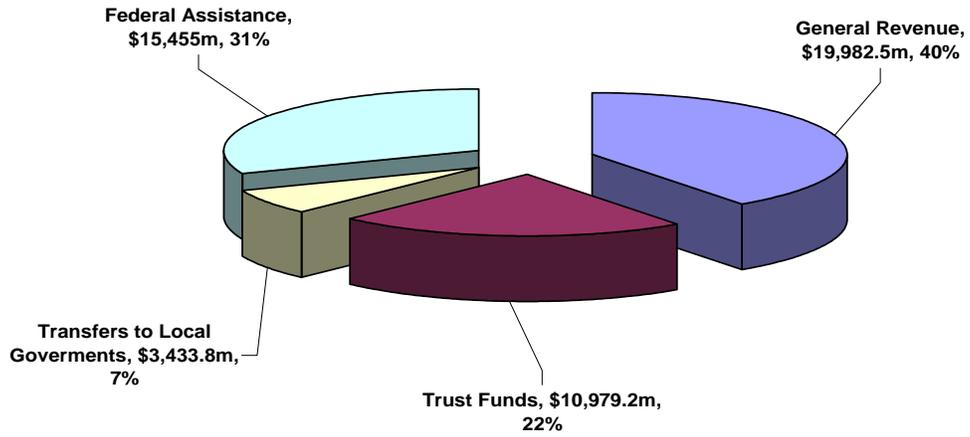
4. The Budget Stabilization Fund must be maintained at not less than 5% of the previous year's General Revenue Collections. Moneys in the fund may only be used to cover revenue shortfalls in the General Revenue Fund and for emergencies as defined by law. Expenditures from the fund must be restored in equal installments in each of the five succeeding fiscal years.

Constitution of Florida: Article III, Section 19.

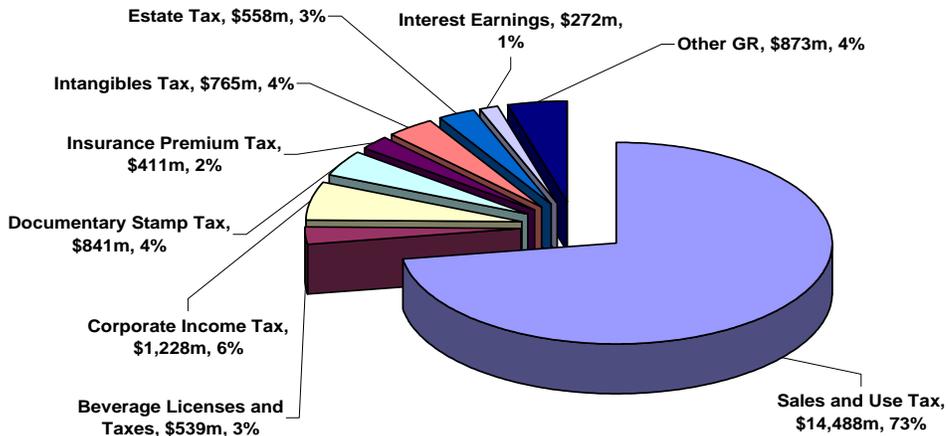
Florida Statutes: Sections 201.15; 215.18; 215.20; 215.22; 215.31; 215.32; 216.222.

Laws of Florida: 22833(1945); 59-91; 59-257; 61-119; 73-196; 73-316; 87-247; 89-255; 89-356; 94-250; 98-73; 2000-371; 2001-376.

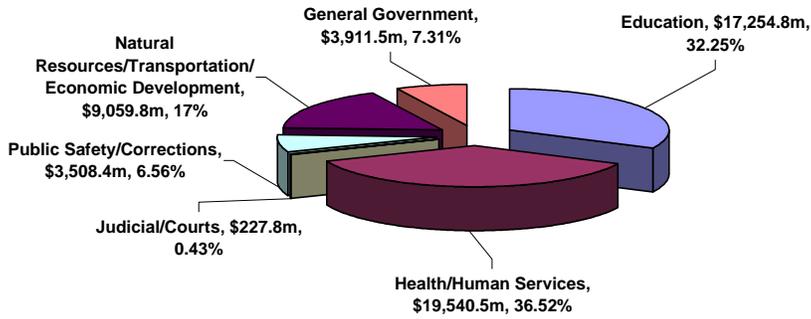
**Sources of State Revenue
FY 2002-03
\$49,850 million**



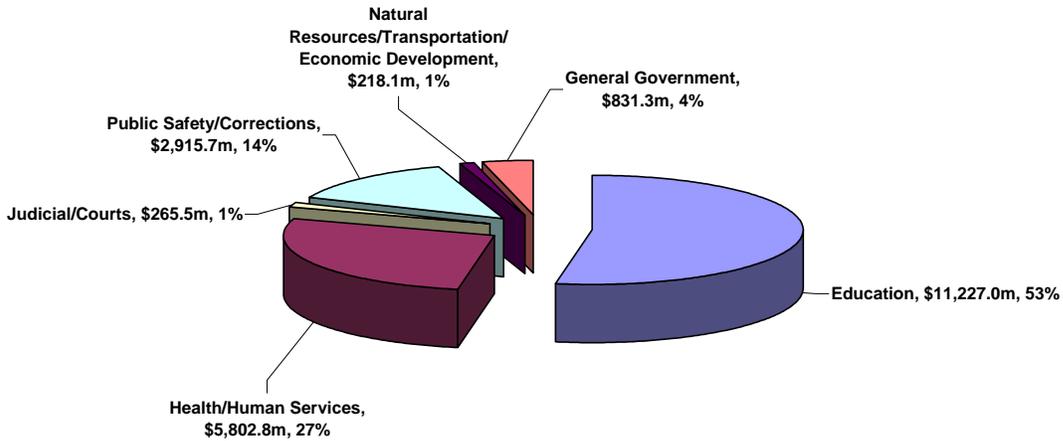
**Sources of General Revenue
FY 2002-03
\$19,975.5 million**



**Total Funding by Program Area
FY 2003-04
\$53,552.8 million**



**General Revenue Appropriations by Program Area
FY 2003-04
\$21,260.4 million**



TOTAL DIRECT REVENUE IN ALL FUNDS BY TYPE AND PRINCIPAL SOURCE, 1998-99 to 2002-03

(Millions of Dollars)

	1998-99		1999-00		2000-01		2001-02		2002-03	
	Amount	% of Total								
FROM OWN SOURCES:										
Sales and Use Tax	13,917.7	46.0%	15,076.9	48.3%	15,802.6	49.2%	16,045.5	48.7%	16,372.0	47.0%
Motor & Special Fuel Taxes	1,612.7	5.3%	1,673.4	5.4%	1,742.1	5.4%	1,817.6	5.5%	1,904.2	5.5%
Corporation Income Tax	1,472.2	4.9%	1,406.5	4.5%	1,344.8	4.2%	1,218.5	3.7%	1,228.1	3.5%
Documentary Stamp Tax	1,185.1	3.9%	1,223.5	3.9%	1,313.2	4.1%	1,572.5	4.8%	2,001.5	5.7%
Intangibles Tax	1,210.0	4.0%	994.7	3.2%	717.3	2.2%	783.3	2.4%	826.8	2.4%
Beverage Licenses and Tax	605.4	2.0%	604.6	1.9%	575.3	1.8%	578.2	1.8%	591.6	1.7%
Cigarette and Tobacco Products Tax	453.3	1.5%	443.1	1.4%	442.8	1.4%	446.5	1.4%	441.2	1.3%
Motor Veh. & Mobile Home Annual Reg.	558.5	1.8%	601.2	1.9%	517.4	1.6%	561.4	1.7%	566.2	1.6%
All Others	9,229.4	30.5%	9,218.1	29.5%	9,654.9	30.1%	9,928.9	30.1%	10,932.9	31.4%
TOTAL - OWN SOURCES	30,244.3	100.0%	31,242.0	100.0%	32,110.4	100.0%	32,952.4	100.0%	34,864.5	100.0%
FROM GRANTS & AIDS:										
Federal Aid	9,004.7	96.3%	10,140.1	96.3%	11,527.2	96.3%	13,406.8	93.3%	14,917.0	96.5%
Local Aid	78.1	0.8%	76.8	0.7%	85.8	0.7%	92.3	0.6%	79.7	0.5%
Other	268.3	2.9%	309.5	2.9%	358.9	3.0%	872.5	6.1%	458.3	3.0%
TOTAL GRANTS & AIDS	9,351.1	100.0%	10,526.4	100.0%	11,971.9	100.0%	14,371.6	100.0%	15,455.0	100.0%
TOTAL DIRECT REVENUE	39,595.4		41,768.4		44,082.3		47,324.0		50,319.5	
SUMMARY:										
From Own Sources	\$30,244.3	76.4%	\$31,242.0	74.8%	\$32,110.4	72.8%	\$32,952.4	69.6%	\$34,864.5	69.3%
From Grants & Aids	\$9,351.1	23.6%	\$10,526.4	25.2%	\$11,971.9	27.2%	\$14,371.6	30.4%	\$15,455.0	30.7%
TOTAL DIRECT REVENUE	\$39,595.4	100.0%	\$41,768.4	100.0%	\$44,082.3	100.0%	\$47,324.0	100.0%	\$50,319.5	100.0%

Sources: 2004 Florida Tax Handbook, State Revenue Sources and the Florida Consensus Estimating Conference, Book 2, Revenue Analysis, Volume II, Summer 2004.

NOTE: Revenues from some sources may have been revised for one or more years.

TOTAL DIRECT REVENUE, 1999-00 to 2002-03

(Thousands of Dollars)

REVENUE SOURCE	1999-00		2000-01		2001-02		2002-03		PER CAPITA*** 2002-03 (dollars)	
	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust
	Auto Title & Lien	30,298	86,060	28,555	96,366	27,737	96,637	28,065	100,515	1.64
Beverage Licenses	--	16,910	--	18,524	--	17,671	--	19,699	--	1.15
Beverage Tax	556,558	19,213	523,273	21,275	525,991	19,909	538,962	19,972	31.57	1.17
Citrus Tax	--	65,387	--	60,533	--	54,457	--	48,499	--	2.84
Communication Services Tax	--	--	--	--	525,553	--	817,109	--	47.86	--
Corp. Fees	99,907	22,594	107,454	23,377	113,671	19,879	120,850	22,055	7.08	1.29
Corp. Income	1,406,450	--	1,344,836	--	1,218,534	--	1,228,100	--	71.94	--
Documentary Stamp	452,161	771,306	479,181	834,344	602,945	969,587	840,866	1,160,663	49.26	67.99
Drivers Licenses	63,627	56,433	63,076	66,909	58,620	71,969	61,204	72,796	3.59	4.26
Dry Cleaning Tax	--	10,197	--	11,099	--	10,516	--	10,659	--	0.62
Estate Tax	778,660	--	767,138	--	751,293	--	558,415	--	32.71	--
Gross Receipts Utilities Tax	--	669,185	--	722,914	--	779,494	--	786,034	--	46.04
Health Care Assessment	--	276,040	--	256,252	--	300,341	--	293,700	--	17.20
Hotels & Restaurants Licenses	--	19,096	--	19,662	--	20,033	--	19,863	--	1.16
Hunting & Fishing Licenses	--	27,236	--	27,960	--	28,133	--	26,715	--	1.56
Inspection Licenses	--	36,269	--	33,973	--	35,381	--	34,599	--	2.03
Insurance Licenses	--	35,825	--	36,966	--	41,070	--	42,306	--	2.48
Insurance Premium	285,202	107,747	283,084	126,064	330,942	95,167	411,100	104,300	24.08	6.11
Intangibles Tax	578,458	416,204	660,765	56,550	726,801	56,515	765,447	61,295	44.84	3.59
Interest	230,794	459,519	300,556	639,677	227,001	512,681	271,955	456,693	15.93	26.75
Intergovt. Aid	--	10,526,293	--	11,971,846	--	14,371,575	--	15,454,959	--	905.31
Lottery	--	861,200	--	873,100	--	891,700	--	966,300	--	56.60
Motorboat Licenses	--	17,947	--	13,471	--	6,972	--	6,463	--	0.38
Motor & Diesel Fuel*	--	1,673,407	--	1,742,096	--	1,817,571	--	1,904,196	--	111.54
Motor Vehicle Initial Reg. Fees	83,364	37,422	90,885	43,772	91,149	39,082	40,023	93,386	2.34	5.47
Motor Veh. & Mobile Home Licenses	821	581,190	849	597,709	768	637,822	788	645,189	0.05	37.79
Oil & Gas Production	4,500	1,800	6,200	2,100	3,900	1,300	3,950	1,350	0.23	0.08
Pari-mutuel	11,000	46,400	16,300	18,400	18,600	16,600	17,200	15,400	1.01	0.90
Pollutant	--	237,411	--	242,505	--	241,827	--	246,334	--	14.43

TOTAL DIRECT REVENUE, 1999-00 to 2002-03

(Thousands of Dollars)

REVENUE SOURCE	1999-00		2000-01		2001-02		2002-03		PER CAPITA*** 2002-03 (dollars)	
	Gen. Rev.	Trust	Gen. Rev.	Trust						
Prof. & Occup. Licenses & Fees	--	38,379	--	43,166	--	34,578	--	52,758	--	3.09
Refunds**	(362,200)	--	(339,900)	--	(391,600)	--	(393,500)	--	--	--
Sales & Use Tax	13,799,477	1,134,331	13,945,130	1,850,406	14,148,026	1,897,437	14,424,052	1,947,902	844.92	114.10
Securities Fees	8,429	--	11,651	--	11,050	--	11,233	--	0.66	--
Service Charges	409,713	(409,713)	364,724	(364,724)	346,954	(346,954)	386,417	(386,417)	22.64	--
Solid Minerals Severance	22,650	27,950	15,165	23,835	12,800	22,100	16,600	24,800	0.97	1.45
Tobacco Tax	125,349	317,752	273,481	169,295	275,493	170,970	272,766	168,469	15.98	9.87
Unemployment Comp.	--	475,700	--	472,276	--	619,229	--	694,188	--	40.66
Workers' Comp. Tax	--	231,858	--	272,471	--	306,875	--	328,542	--	19.25
Misc. Sources	--	2,794,876	--	3,879,965	--	4,137,327	--	4,891,059	--	286.50
TOTAL DIRECT REVENUE (NET)	18,585,218	23,183,133	19,178,109	24,904,134	19,328,533	27,995,451	19,984,186	30,335,241	1,171	1,777
% of Total: General Revenue and Trust	44%	56%	44%	56%	41%	59%	40%	60%		
TOTAL-ALL FUNDS	41,768,351		44,082,243		47,323,984		50,319,427			
Annual Change	5.43%		5.54%		7.35%		6.33%			

* Motor & Diesel Fuel tax figures include the following collection allowances: \$3,116,460 in 1999-00, \$3,244,868 in 2000-01, \$3,427,272 in 2001-02 and \$3,563,758 in 2002-03.

** Tax refunds from the General Revenue Fund are treated as deductions from revenue receipts, rather than as disbursements under appropriation authority of Section 215.26, Florida Statutes. Refunds from trust fund revenue receipts are treated as authorized disbursements from the same account into which receipts were deposited.

*** Per capita amounts for 2002-03, were computed based on the April 1, 2003 population estimate of 17,071,508 as published by the Bureau of Economic and Business Research of the University of Florida.

NOTE: Revenues from some sources may have been revised for one or more years.

RESERVE FUNDS

Florida has two reserve funds designated for use if revenue collections in the General Revenue Fund are insufficient to meet appropriations. These are the Working Capital Fund, created in 1959, and the Budget Stabilization Fund, created by Constitutional amendment in 1992.

Working Capital Fund:

The Working Capital Fund is established pursuant to s. 215.32, F.S. It is statutorily created and not required by the Constitution. The Working Capital Fund (WCF) accrues from moneys in the General Revenue Fund in excess of the amount needed to meet General Revenue Fund appropriations. The Governor is required annually to transfer moneys between the WCF and the General Revenue Fund so that the WCF equals General Revenue in excess of the amount needed to meet appropriations for that year. No minimum is required for the WCF.

Section 216.221, F.S., provides procedures to prevent a deficit in the General Revenue Fund. The Governor, as chief budget officer, is charged with the responsibility to ensure that no deficit occurs in any state fund. The Legislature may provide direction in the General Appropriations Act regarding the use of the Working Capital Fund to offset General Revenue deficits. If in the opinion of the Governor, after consultation with the Revenue Estimating Conference, a deficit in the General Revenue Fund will occur, he is to so certify to the Administration Commission and the Chief Justice. Within 30 days, the Governor for the executive branch and the Chief Justice for the judicial branch are to develop plans to prevent a deficit from occurring. In developing these plans, a list of 17 guidelines is provided in statute including that the use of nonrecurring funds to solve recurring deficits should be minimized and that the Working Capital Fund should not be reduced to a level that would impair the financial stability of the state. However, if the projected deficit in the General Revenue Fund exceeds 1.5% of General Revenue Appropriations, the deficit is to be resolved by the Legislature. The Administration Commission and the Chief Justice are to implement the plans developed. Once actions have been taken to reduce budget authority, no action can be taken by the executive or judicial branches to restore those reductions.

When not required to meet General Revenue Fund appropriations, money in the WCF may be used as a revolving fund for short term transfers to other funds. Interest earned on WCF accrues to the General Revenue Fund.

Budget Stabilization Fund:

The Budget Stabilization Fund (BSF) was created upon approval of a constitutional amendment placed on the November 1992 ballot by the Taxation and Budget Reform Commission. The relevant portion of that amendment states:

(g) BUDGET STABILIZATION FUND. Beginning with the 1994-1995 fiscal year, at least 1% of an amount equal to the last completed fiscal year's net revenue collections for the General Revenue Fund shall be retained in a Budget Stabilization Fund. The Budget Stabilization Fund shall be increased to at least 2% of said amount for the 1995-1996 fiscal year, at least 3% of said amount for the 1996-1997 fiscal year, at least 4% of said amount for the 1997-1998 fiscal year, and at least 5% of said amount for the 1998-1999 fiscal year and thereafter. Subject to the provisions of this subsection, the Budget Stabilization Fund's principal balance shall be maintained at an amount equal to at least 5% of the last completed fiscal year's net revenue collections for the General Revenue Fund. The Budget Stabilization Fund's principal balance shall not exceed an amount equal to 10% of the last completed fiscal year's net revenue collections for the General Revenue Fund. The Legislature shall provide criteria for withdrawing funds from the Budget Stabilization Fund in a separate bill for the purpose only of covering revenue shortfalls of the General Revenue Fund or for the purpose of providing funding for an emergency, as defined by general law. General law shall provide for the restoration of this fund. The Budget Stabilization Fund shall be comprised of funds not otherwise obligated or committed for any purpose.

RESERVE FUNDS
(Continued)

Section 215.32(2)(c), F.S., provides for restoration of expenditures from the BSF. Unless otherwise provided by law, expenditures must be returned in five equal annual installments, beginning in the year after the withdrawal. Section 216.222, F.S., was enacted establishing criteria for transferring money from the Budget Stabilization Fund. These purposes are: offsetting a deficit in the General Revenue Fund; and, providing funding for an emergency as defined in s. 252.34, F.S. Section 252.34, F.S., is part of the State Emergency Management Act and defines emergency as any occurrence, or threat thereof, whether natural, technological, or manmade, in war or in peace, which results or may result in substantial injury or harm to the population or substantial damage to or loss of property. All required transfers to the BSF have been made to date. No funds have been transferred from the fund. Interest earned on the BSF accrues to the General Revenue Fund.

BUDGET STABILIZATION FUND

Fiscal Year	July 1 Balance	Transfers into Fund	Disbursements	June 30 Balance
2004-05*	\$996,390,000	\$32,800,000	-0-	\$999,190,000
2003-04*	958,890,000	7,500,000	-0-	966,390,000
2002-03	940,890,000	18,000,000	-0-	958,890,000
2001-02	893,990,000	46,900,000	-0-	940,890,000
2000-01	846,990,000	47,000,000	-0-	893,990,000
1999-00	786,890,000	61,100,000	-0-	846,990,000
1998-99	685,990,000	100,900,000	-0-	786,890,000
1997-98#	409,390,000	276,600,000	-0-	685,990,000
1996-97	260,790,000	148,600,000	-0-	409,390,000
1995-96	120,590,000	140,200,000	-0-	260,790,000
1994-95	-0-	120,590,000	-0-	120,590,000

* Est.

Transfer to BSF is greater than constitutionally mandated.

CONSENSUS ESTIMATING PROCESS

Consensus Forecasting -- Economic, demographic, caseload and revenue forecasts are essential for a variety of governmental planning and budgeting functions. The Governor's budget recommendations and the legislative appropriations process, in particular, require a wide range of forecasts. Economic and demographic forecasts are also used to support estimates of revenues and demands for state services. Revenue estimates are needed to develop a state financial plan and to insure that the State meets the constitutional requirement of a balanced budget. Caseload estimates are needed to support financial models for education, criminal justice, retirement, social service programs, and the child welfare system.

In Florida, the professional staffs from the Legislative, Executive and Judicial branches meet in a series of regularly scheduled Consensus Estimating Conferences to provide the forecasts needed to support the planning and budgeting process. These conferences are held at least three times a year, once in the fall to provide forecasts for the Governor's budget recommendations, once in the winter to provide final estimates for the Legislature's appropriation process, and once in the spring to adjust the winter forecast to reflect legislative changes. Impact conferences are held when estimates are needed to determine the impact of changes or proposed changes to current law or current administration.

Consensus estimating began on an official basis in 1970 and was limited to forecasts of the General Revenue Fund. The use of consensus forecasting to support planning and budgeting processes has expanded in recent years and there are now twelve estimating conferences:

1. Economic (Nation & State)
2. Demographic
3. Revenue
4. Education
5. Criminal Justice
6. Social Services
7. Child Welfare System
8. Juvenile Justice
9. Workforce
10. School Readiness
11. Self-Insurance
12. Actuarial Assumption

Statutory authority for the consensus forecasts is provided in ss. 216.133 to 216.137, F.S., which specify the duties of each conference and designates the conference principals and participants. Conference principals can call conferences and are generally responsible for developing and choosing the forecasts. Participants may be requested to provide alternative forecasts and to generate supporting information. All conferences are open public meetings. Conference forecasts are made under the assumption of current law and current administration.

Consensus forecasting requires the conference principals to arrive at agreed-upon forecasts. The procedure is truly by consensus with each principal having a veto. Section 216.133(3), F.S., defines "consensus" as "the unanimous consent of all of the principals." All parties must agree on the forecasts before they are finalized. All state agencies must use the official results of the conference in carrying out their duties under the state planning and budgeting system. The Legislature is not bound by law to use the official consensus forecasts, but since 1970, the Florida Legislature has consistently used the results of these conferences in its official duties.

Revenue Estimates -- Revenue estimating in Florida is carried on as part of the state's overall consensus estimating process described in the previous section. Section 216.136(3), F.S., provides that the principals of the Revenue Estimating Conference are the Executive Office of the Governor, the coordinator of the Office of Economic and Demographic Research, and professional staff of the House and Senate who have forecasting expertise, or their designees.

CONSENSUS ESTIMATING PROCESS

(Continued)

Historically, the representatives of the House and Senate have been the staff directors of the tax committees, and the policy coordinator overseeing tax issues has represented the Governor's Office.

The principals for the national and state economic forecasting conferences are identical to those on the revenue estimating conference. The Office of Economic and Demographic Research, the Finance and Economic Analysis Unit for of the Governor's Office of Planning and Budgeting and the Department of Revenue maintain econometric forecasting models of the state economy on which most revenue estimates are based. The Revenue Estimating Conference makes estimates for the General Revenue and the Working Capital Funds. In addition, estimates are made for all tax sources, any portion of which are distributed to the General Revenue Fund, all transportation revenues, gross receipts taxes, lottery revenues, tobacco settlement revenues, and estimates of statewide and county taxable value for ad valorem tax purposes.

Trust Fund Estimates -- Primary responsibility for estimating resources in the various Trust Fund accounts is borne by the agency for whose use the funds are dedicated. Exceptions to this include transportation revenues and public education funding sources. In addition, exceptions occur when a particular revenue source is divided between the General Revenue Fund and some earmarked purpose. The reasonableness of agency revenue estimates for each Trust Fund is subject to review by the Executive Office of the Governor in preparing the Governor's budget recommendations. It is also subject to review by House and Senate staff when working on the General Appropriations Bills.

Overriding Financial Limitations -- Florida's Constitution forbids any borrowing for operating purposes. The result is that despite any legislative appropriations or authorization of a larger amount of spending, no more can be expended from any fund than the amount of cash resources available in that fund during the fiscal year for which appropriations are authorized.

The Chief Financial Officer , who draws all state warrants for payment from the treasury, will refuse any voucher calling for an expenditure beyond available cash funds. In the case of the General Revenue Fund budget, an anticipated shortfall of revenue must be met either by the Governor and Cabinet cutting back the spending rate or by the Chief Financial Officer if the Governor and Cabinet fail to act.

SUMMARY OF THE CONSTITUTIONAL STATE REVENUE LIMITATION

In November 1994, the voters approved a constitutional amendment to limit state revenues. This amendment was placed before the voters by act of the Legislature (HJR 2053). It is a limit that sets a maximum amount of state revenues that is permitted and this amount is increased annually by the growth in the Florida economy. If more revenue is collected than is permitted by this limit, it may not be spent, but must be deposited in the Budget Stabilization Fund unless the Legislature, by two-thirds vote of both houses, decides to do otherwise. In any year, the revenue limit is determined by multiplying the average annual growth rate in Florida personal income over the previous five years by the *maximum* amount of revenue permitted under the cap in the previous year.

State revenue is defined as taxes, licenses, fees, and charges for services (but not for goods) imposed by the Legislature on individuals, businesses or agencies outside of state government. The definition of state revenues includes the proceeds of lottery ticket sales. Exempt from the limitation, either implicitly, through the definition of revenue, or explicitly, through specific exemption, are the following items:

1. lottery receipts returned as prizes;
2. balances carried forward from prior years;
3. the proceeds of sales of goods (e.g., land, buildings, surplus property);
4. funds used for debt service and other payments related to debt;
5. state funds used to match federal money for *most of* Medicaid (see below);
6. receipts of the Hurricane Catastrophe Trust Fund; and
7. revenues required to be imposed by amendment to the Constitution after July 1, 1994.

The revenues of cities, counties, school districts and special districts are not subject to the revenue limitation. In particular, required local effort millage levied by school districts and local option taxes authorized by state law, but levied at the discretion of local governments, are not subject to the revenue limitation. However, state revenues, such as the motor fuel tax, cigarette tax and sales tax, which are levied and collected by the state and shared, in part, with local governments through a variety of statutory revenue sharing formulas, are subject to the revenue limitation.

State funds used to match federal money for Medicaid are partially exempt from the revenue limitation. A portion of the state money used to match federal Medicaid funds is taken from the Public Medical Assistance Trust Fund (PMATF), a fund originally established to provide matching money for *discretionary* Medicaid programs. A tax on hospitals, some cigarette tax money and an annual appropriation from the general fund provide the revenues for this fund. Since the reason for exempting Medicaid from the revenue limitation is that it is effectively a federal mandate and since the programs funded from the PMATF were, at least initially, voluntary, the revenues of the PMATF were made subject to the revenue limitation. However, other revenues used to match federal Medicaid money were exempted from the revenue limitation. Additionally, state matching funds for future expansions of the Medicaid program that may be voluntarily undertaken by the state will be subject to the revenue limitation.

The Constitution requires the legislature to pass procedures necessary to administer the revenue limitation.

STATE REVENUE SOURCES

AUTO TITLE AND LIEN FEES

Florida Statutes: Chapter 319

Administered by: Department of Highway Safety and Motor Vehicles

Fiscal Year	Total Collections	Annual Change %	General Revenue	State Transportation Trust Fund **	Non-game Wildlife Trust Fund
2004-05*	\$138,100,000	2.52	\$29,200,000	\$106,300,000	\$2,600,000
2003-04*	134,700,000	2.80	28,500,000	103,700,000	2,500,000
2002-03	131,031,848	5.35	28,065,435	100,514,630	2,451,783
2001-02	124,374,007	-4.4	27,736,583	94,204,138	2,433,286
2000-01	124,921,966	7.36	28,555,377	94,005,194	2,361,395
1999-00	116,359,060	5.14	30,298,211	83,869,389	2,191,460
1998-99	110,673,184	4.71	24,268,036	84,225,826	2,179,322

* Est.

** These figures represent net numbers, less the following service charges: 1998-99 - \$6,172,616 million and 1999-00 - \$6,208,586 million. Effective July 1, 2000, the 7 percent General Revenue Service Charge was eliminated.

SUMMARY

Fees are imposed on motor vehicles titled in Florida. For each original certificate of title and for each duplicate copy, the fee is \$24. An additional \$4 fee is imposed on each original certificate of title issued for a motor vehicle previously registered outside Florida.

DISPOSITION

General Revenue Fund: \$3 per each original certificate of title and each duplicate copy of a certificate of title and all other fees collected by the department not specifically earmarked for deposit into a trust fund.

State Transportation Trust Fund: \$21 per each original certificate of title and each duplicate copy of a certificate of title.

Non-game Wildlife Trust Fund: additional \$4 per each original certificate of title issued for a vehicle previously registered outside Florida.

BASE AND RATE

\$24.00 fee and \$4.25 service charge for: original certificate of title and duplicates of title of all motor vehicles except for a motor vehicles for hire registered under s. 320.08(6), F.S.. There is also a \$4.25 service charge for the transfer of any certificate of title. \$2.00 fee for: assignment by a lienholder, memorandum certificates, and noting a lien and its satisfaction. There is a \$1.25 service charge for the recordation or notation of a lien which is not in connection with the purchase of a vehicle.

AUTO TITLE AND LIEN FEES

(Continued)

An additional service charge of not more than \$.50 may be imposed by any tax collector when any of the above mentioned transactions occur at any tax collector's branch office. Application for title must be made within 30 days of acquisition, subject to \$10.00 late fee penalty.

HISTORY

In 1923, Florida passed an act to protect the title of motor vehicles within the state. The act provided for the issuance and registration of certificates of ownership. The motor vehicle title law was revised in 1941 and fees were imposed for the first time. Fees were increased in 1947 and 1967. In 1990 the fee for each original certificate of title and each duplicate copy of a certificate of title on all motor vehicles, except those for hire, was increased from \$3 to \$24. The \$21 increase is for deposit into the State Transportation Trust Fund. Chapter 98-397, L.O.F., requires the Department of Highway Safety and Motor Vehicles to charge a fee of \$7.00 for each lien placed on a motor vehicle by the state child support enforcement program for deposit into the General Revenue Fund. Effective July 1, 2000, ch. 2000-257, L.O.F., eliminated the 7 percent General Revenue Service Charge on the \$24 original certificate of title fee and each duplicate copy fee, which increases the distribution to the State Transportation Trust Fund. Chapter 2002-235, L.O.F., requires all auto title and lien revenues collected by county officials to be submitted by electronic funds transfer to the State Treasury no later than 5 working days, instead of 7 working days as provided for in Chapter 116, after the close of the business day in which the funds were received.

OTHER STATES

All states plus the District of Columbia assess a fee or a tax for issuing a certificate of title or ownership. Most states charge a fee, ranging from \$1.00 to \$35.00, while others incorporate title fees into auto sales excise taxes. The most frequently occurring fees are in the range from \$1.00 to \$10.00.

VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of \$1 on all titles issued	\$5.3
 <u>VALUE OF EXEMPTIONS</u>	
\$21 exemption/for-hire vehicles	17.4
\$22 exemption/salvage certificate of title	1.4

BEVERAGE LICENSES

Florida Statutes: Chapters 561 to 568

Administered by: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

Distributions

Fiscal Year	Collections	Annual Change %	Cities	Counties	Trust Fund
2004-05*	\$28,800,000	1.05	\$5,600,000	\$5,500,000	\$17,700,000
2003-04*	28,500,000	-0.79	5,600,000	5,500,000	17,400,000
2002-03	30,933,250	-4.20	5,674,938	5,559,486	19,698,796
2001-02	29,227,872	-1.81	5,812,251	5,744,295	17,671,326
2000-01	29,766,257	7.04	5,625,069	5,616,885	18,524,305
1999-00	27,807,425	2.84	5,534,038	5,363,284	16,910,103
1998-99	27,039,467	-1.11	5,034,382	4,988,893	17,016,192

*Est.

SUMMARY

Beverage licenses are required for any person or entity that would manufacture, bottle, distribute, sell, or in any way deal with the commerce of alcoholic beverages.

DISPOSITION

24% of the base license tax imposed and collected within a county is returned to the county tax collector; 38% of the license tax imposed and collected within an incorporated municipality is returned to the municipality; remainder plus 100% of the surtax on beer and wine licenses is deposited into the Alcoholic Beverage and Tobacco Trust Fund.

BASE AND RATE

Beer: Vendor, on-premises \$40 - \$200 depending on county size; off-premises 50% of on-premises rate; surtax of 40% of license fee. Manufacturers of malt liquor \$3,000. Distributors \$1,250. Vendor/manufacturers of malt liquor \$500.

Wine: Vendor, on-premises \$120 - \$280 depending on size of county; off premises 50% of on-premises rate; surtax of 40% of license fee. Manufacturers of wine \$1,000; wine and cordials \$2,000. Distributors \$50 - \$1250.

Spirits: Vendor, on-premises \$624 - \$1,820 depending on size of county and the number of locations on the premises where consumption occurs; off-premises is 75% of on-premises rate. Manufacturers distilling liquors \$4,000; blending \$4,000. Distributors \$4,000. Different rates for vendor licenses apply to transportation companies, night clubs, private clubs, race tracks, and jai-alai frontons. License rates are stated as state, county and city licenses.

BEVERAGE LICENSE (Continued)

HISTORY

Florida legalized the manufacturing and selling of alcoholic beverages in 1933, subject to county approval. The same form and rates of licenses were in effect from 1935 until 1971. The 1971 Legislature rewrote the alcoholic beverage laws. License fees were increased substantially for vendors of wine and liquor. Vendors' licenses are limited to one per 2,500 residents, but special licenses are issued to certain organizations. Until 1986, distributions of license revenues were as follows: 24% to county where collected; 38% to city where collected; remainder to the General Revenue Fund. Beginning July 1, 1986, all beverage license revenue, less distributions to counties and cities, was earmarked for deposit into the Alcoholic Beverage and Tobacco Trust Fund, to be used to operate the Division of Alcoholic Beverages and Tobacco. A surtax of 40% of license fees for beer and wine vendors was imposed, for deposit into the trust fund. In 1989, a \$35 surcharge was imposed upon each permanent alcoholic vendor license upon renewal or issuance, to be used to fund the "Responsible Vendors Program". Section 21 of ch. 91-60, L.O.F., repealed the \$35 Responsible Vendors Program surcharge. Bottle clubs became subject to the licensing provisions of chapter 561 in 1990, with an annual license fee of \$500. In 1992, the Legislature expanded the definition of "licensed premises" to include sidewalks and other outside cafes, increased the fee for a new liquor license from \$5,000 to \$10,750 and revised the formula for the issuance of quota alcoholic beverage licenses. The Legislature also provided for the issuance of a special license for consumption on-premises only, for a qualified performing arts center.

In 1997, the Legislature amended s. 561.24, F.S., to prohibit a wine manufacturer from being dually licensed as a distributor and registered as an exporter. A grandfather clause exempts any manufacturer of wine that holds a distributor's license on April 1, 1997, from the new prohibition. An additional exemption is provided for certified Florida Farm Wineries as defined in s. 599.004, F.S., to hold a manufacturer's license and a distributor's license. The Legislature also clarified that the licensure of distributors of spirituous or vinous beverages does not apply for cider. Chapter 2000-191, L.O.F., provided the following changes to the Beverage License Laws: increased the quota license restriction from one license for every 5,000 residents to one license for every 7,500 residents in a county; required that a transfer fee equal to fifty times the annual license fee be assessed on the transfer of any quota license issued after October 1, 2000, which is in addition to the transfer fees assessed in s. 561.32(3)(a), F.S.; and created a special alcoholic beverage license for caterers.

OTHER STATES

Every state that allows alcoholic beverages to be sold by private industry imposes a vendor's license fee. All states impose a license fee on manufacturing or distribution of alcoholic beverages. Some states charge a licensing fee for importers in addition to wholesale license fees. There is no uniform rate schedule among the states for comparisons, but in amount of revenues raised, Florida ranks high.

B E V E R A G E T A X

Florida Statutes: Chapters 561 to 568

Administered by: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

Fiscal Year	Total Collections	Annual Change %	Excise Tax on Spirits, Wine and Beer	On-Premise Consumption Surcharge**
2004-05*	\$595,500,000	2.73	\$550,700,000	\$44,800,000
2003-04*	579,700,000	3.39	536,200,000	43,500,000
2002-03	560,694,331	2.38	518,941,586	41,752,745
2001-02	547,682,590	0.40	505,234,062	42,448,528
2000-01	545,487,831	-5.16	497,483,688	48,004,143
1999-00	575,169,581	-0.28	487,776,151	87,393,430
1998-99	576,761,809	1.98	466,337,924	110,423,885

Excise Tax Collections by Source

Beverage Tax Distributions

Fiscal Year	Spirits(a)	Wine(a)	Beer(a)	General Revenue	CASA*** Trust Fund	Alcoholic Beverage and Tobacco Trust Fund
2004-05*	\$180,500,000	\$114,000,000	\$256,300,000	\$573,800,000	\$11,300,000	\$10,200,000
2003-04*	176,700,000	109,500,000	250,000,000	516,300,000	11,000,000	9,900,000
2002-03	172,801,896	104,113,763	242,021,814	538,961,680	10,650,940	9,621,175
2001-02	166,444,497	97,690,462	240,788,547	525,990,743	10,512,311	9,397,426
2000-01	165,013,736	95,854,079	236,616,036	523,272,736	12,041,812	9,233,348
1999-00	160,613,194	83,707,159	243,462,504	556,557,515	10,167,930	9,044,950
1998-99	151,972,696	77,947,187	236,422,513	562,052,718	10,173,395	8,698,707

* Est.

** Effective September 1, 1999, the surcharge was reduced by one-third, and again by one-half on July 1, 2000.

*** Children and Adolescents Substance Abuse Trust Fund.

(a) Spirits, Wine, and Beer figures are from Department of Business and Professional Regulation fiscal year report and do not add to total collections due to the fact that the Department's accounting system (SAMAS) is on an accrual accounting basis versus the comptroller's records which are on a cash basis of accounting.

SUMMARY

Taxes on alcoholic beverages are levied in two different ways in Florida. An excise tax is imposed on the distributor or manufacturer on each gallon as follows: beer at \$.48 per gallon; wine at \$2.25 to \$3.50 per gallon; and spirits at \$6.50 to

BEVERAGE TAX
(Continued)

\$9.53 per gallon, with rates varying with the alcohol content of the beverage. Additionally, a surtax must be paid by each seller of alcoholic beverages for consumption on the premises at the rate of \$.0334 per 1 ounce of spirits or 4 ounces of wine, \$.0134 per 12 ounces of beer, and \$.02 per 12 ounces of cider.

DISPOSITION

Viticulture Trust Fund: 50% of all revenue collected from the excise taxes imposed on wine products produced by Florida manufacturers from products grown in the state, less 7.3% General Revenue Service Charge.

Alcoholic Beverage and Tobacco Trust Fund: 2% of Excise Tax collections, less 7.3% General Revenue Service Charge.

Children and Adolescents Substance Abuse Trust Fund: 27.2% of On-Premises Consumption Surcharge, less 7% General Revenue Service Charge.

General Revenue Fund: Receives the remainder of the proceeds.

BASE AND RATE

Type of Beverage	Alcohol By Volume	Per Gallon	Surcharge
Beer	all	\$.48	\$.0134/ 12 ounces
Wine	less than 17.259%	2.25	.0334/ 4 ounces
Wine	17.259% or more	3.00	.0334/ 4 ounces
Sparkling Wine	all	3.50	.0334/ 4 ounces
Wine Coolers	all	2.25	.0334/ 4 ounces
Liquor	Less than 17.259%	2.25	.0334/ 1 ounces
Liquor	17.259% - 55.780%	6.50	.0334/ 1 ounce
Liquor	55.780% or more	9.53	.0334/ 1 ounce

Beer distributors are allowed 2.5% of taxes collected and remitted; liquor distributors are allowed 1.0% of taxes collected and remitted, and wine distributors are allowed 1.9% of taxes collected and remitted as a dealer collection allowance.

HISTORY

In 1933, Florida authorized the sale of alcoholic beverages and a tax was placed on manufacturers, distributors, and vendors. In 1935, the beverage tax was extended to include beer, wine, and liquor. In 1949, the primary tax rates were raised substantially and the classification of beverages were established as they now exist. Rates were also increased in 1971, 1977, and 1983 on all alcoholic beverages. The drinking age was increased from 19 to 21 in 1985 and in 1986, the measurement for alcoholic content was changed from % of alcohol by weight to % of alcohol by volume.

In 1985, a lower tax rate was imposed for wines and liquors manufactured from Florida citrus products and sugarcane. In 1988, the Supreme Court of Florida ruled that the lower state tax rates for wines and liquors were unconstitutional. The 1988 Legislature imposed an import tax on alcoholic beverages imported into the state, which was declared unconstitutional by the 2nd Judicial Circuit Court. As a result, all alcoholic beverages sold in the state became subject to the full state excise tax. In 1990, a surcharge of 10 cents per ounce of liquor, 10 cents per 4 ounces of wine, and 4 cents per 12 ounces of beer

BEVERAGE TAX
(Continued)

was imposed on alcoholic beverages sold for on-premise consumption, to be paid by the retail vendor. In 1997, several provisions increasing enforcement for unlawful shipments of beverages from out-of-state were passed, and the surcharge rate on cider was reduced from \$.10 per four ounce for unlawful serving to \$.06 per 12 ounce serving. In 1999, all surcharge tax rates were reduced by 1/3, and in 2000 they were reduced by 1/2. In 2001, the Legislature removed the 8,12, and 16-ounce restrictions on container sizes of malt beverages sold at retail, allowing malt beverages to be sold in individual containers of any size of 32 ounces or less.

OTHER STATES

All states plus the District of Columbia tax the sale of alcoholic beverages. Among the states for which comparisons can be made, Alaska is the only state with higher excise tax rates for some categories of wine and distilled spirits; Hawaii, North Carolina, Alabama, South Carolina, and Alaska have higher excise tax rates on beer.

VALUE OF RATE CHANGES, EXEMPTIONS, REFUNDS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1 cent per gallon levy on beer	\$ 5.3
Value of 10 cents per gallon levy on liquor	2.9
Value of 10 cents per gallon levy on wine	5.0

(Note: After collection allowances)

VALUE OF EXEMPTIONS

Beverages sold on military installations (s. 563.05, beer), (s. 564.06(8), wine), (s. 565.12(4), liquor)	7.4
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VALUE OF REFUNDS AND ALLOWANCES

Dealer allowance on wine (1.9%) (s. 564.06(6))	2.2
Dealer allowance on beer (2.5%) (s. 563.07)	6.6
Dealer allowance on liquor (1.0%) (s. 565.13)	1.8

ALTERNATIVE BASES

Price Based Alcoholic Beverage Tax - The current alcoholic beverage tax is a volume based tax. Growth in tax revenue is tied, therefore, to increases in consumption and not increases in price. As an alternative to the current tax base, the alcoholic beverage tax could be converted to a price-based tax. The rate could be either fixed or varied based on an item's alcoholic content. The price used could be at the manufacturing, wholesale, or retail level.

Indexed Alcoholic Beverage Tax - Another option would be to index the current alcoholic beverage tax rate based on general price increases or a percentage increase in alcoholic beverage prices. For example, alcoholic beverage taxes could be annually adjusted by the percentage change in the Consumer Price Index (CPI). This would allow taxes to be adjusted for inflation.

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

Florida Statutes: Chapter 210

Administered by: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

Fiscal Year	Total Collections	Cigarette Tax Collections	Annual Change %	Other Tobacco Products Tax Collections	General Revenue Distribution**
2004-05*	\$453,400,000	\$426,500,000	0.00	\$26,900,000	\$246,300,000
2003-04*	452,800,000	426,500,000	2.50	26,300,000	251,000,000
2002-03	441,235,321	416,085,041	-1.63	25,150,280	247,616,020
2001-02	446,463,379	422,864,590	0.86	23,598,789	251,894,210
2000-01	442,776,069	419,247,235	-0.47	23,528,834	249,951,903
1999-00	443,101,007	421,236,834	-2.63	21,864,173	103,485,313
1998-99	453,256,431	432,623,935	-3.23	20,632,496	111,936,743

* Est.

** Does not include service charges to General Revenue. Effective July 1, 2000, the distribution of cigarette tax collections to The Municipal Revenue Sharing Trust Fund and The Municipal Financial Assistance Trust Fund was eliminated, thereby increasing the General Revenue distribution.

SUMMARY

Taxes are imposed on the sale of cigarettes and other non-cigar tobacco products in Florida. The tax must be paid by the wholesale dealer at the time of first sale within the state. For cigarettes of common size the rate is \$.339 per pack, with rates varying proportionately for cigarettes and packs of non-standard size. For other tobacco products, the tax is at 25% of the wholesale price.

DISPOSITION

Cigarette Tax: Seven and three-tenths percent of total collections is deducted as service charges and 0.9% to the Alcoholic Beverage and Tobacco Trust Fund. Distributions are then made as follows: 2.9% to County Revenue Sharing, 29.3% to the Public Medical Assistance Trust Fund to fund indigent health care, 2.8532% to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute (beginning in 2004-05), and the remainder to General Revenue.

Other Tobacco Products Tax: General Revenue Fund

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX
(Continued)

Distributions

Fiscal Year	Municipal Financial Assistance Trust Fund @	Municipal Revenue Sharing @	County Revenue Sharing	Public Medical Assistance Trust Fund	General Revenue***@	H. Lee Moffitt Cancer Center & Research Institute****
2004-05*	-0-	-0-	\$11,200,000	\$113,300,000	\$277,100,000	\$15,900,000
2003-04*	-0-	-0-	11,200,000	113,000,000	281,800,000	11,200,000
2002-03	-0-	-0-	11,070,756	113,000,000	277,973,062	11,222,420
2001-02	-0-	-0-	11,211,024	110,300,000	282,632,881	10,200,000
2000-01	132,732	741,466	11,168,250	112,837,842	280,576,295	10,279,895
1999-00	22,265,662	124,380,593	12,054,081	112,479,981	134,012,571	10,529,317
1998-99	22,890,350	127,870,234	10,523,925	115,635,736	143,320,478	4,500,000

* Est.

** Amounts distributed vary from amounts collected due to changing balances of undistributed collections. Distributions do not include refunds, administrative costs, or service charges to General Revenue.

*** Includes 7.3 percent General Revenue Service Charge.

**** Effective January 1, 1999, and continuing through 2015-16.

@ Effective July 1, 2000, the distribution of cigarette tax collections to The Municipal Revenue Sharing Trust Fund and The Municipal Financial Assistance Trust Fund was eliminated, thereby increasing the General Revenue distribution.

BASE AND RATE

Cigarettes of common size (not over 3 lbs. per 1,000), 33.9 cents per pack. For larger sizes and non-standard packs, other rates are specified (see section 210.02 F.S.).

All non-cigarette tobacco products other than cigars are taxed at the rate of 25% of the wholesale sales price.

HISTORY

Florida began taxing cigarettes at 3 cents per pack in 1943. The tax rate was increased in 1949, 1963, 1971, 1977, 1986, and 1990. In 1949, cities were authorized by the state to levy a 2 cent cigarette tax which was credited against the state tax and collected by the state. In 1971, the cigarette tax was increased by 2 cents per pack for a total of 17 cents. The additional 2 cents per pack was for deposit into the Municipal Financial Assistance Trust Fund. In 1972, municipal authority to levy a cigarette tax was repealed. In the Revenue Sharing Act of 1972, cities were allocated 13/17, counties 1/17, and the General Revenue Fund 3/17 of net collections.

In 1982, the first proceeds of funds earmarked for deposit into the General Revenue Fund, to a certain amount, were directed to be deposited into the Chronic Disease Research and Treatment Center Trust Fund for a period of three years. In 1985, a 25% tax on the wholesale price of chewing tobacco, snuff and loose tobacco was imposed for the first time. The 1990 cigarette tax increase of 9.9 cents per pack was earmarked for deposit into the Public Medical Assistance Trust Fund. The Division of Alcoholic Beverages and Tobacco was authorized by the 1990 Legislature to withhold 0.9 percent of cigarette tax collections for deposit into the Alcoholic Beverage and Tobacco Trust Fund to fund the Division. In 1998,

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX
(Continued)

the Legislature authorized a 10 year distribution of 2.59% to the H. Lee Moffitt Cancer Center and Research Institute, reducing the General Revenue distribution accordingly. In 2000, the distribution from cigarette tax to the Municipal Revenue Sharing Trust Fund and the Municipal Financial Assistance Trust Fund was eliminated, increasing the distribution to the General Revenue Fund. The 2002 Legislature provided for an additional distribution the H. Lee Moffitt Cancer Center and Research Institute. The additional distribution will be .2632% in 2002-03 and 2003-04, and 1.47% in 2004-05 through 2015-16. The General Revenue distribution will be reduced accordingly.

OTHER STATES

All states and the District of Columbia tax cigarettes at rates varying from 2.5 cents in Virginia to \$2.05 in New Jersey. Thirty-eight states and the District of Columbia currently have higher cigarette taxes than Florida.

VALUE OF RATE CHANGES, EXEMPTIONS, REFUNDS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Cigarette Tax:	
Value of 1 cent per pack tax levy	\$ 12.6
Tobacco Products Tax:	
Value of 1% levy on currently taxed products	1.1

VALUE OF EXEMPTIONS

Cigarette Tax:	
Cigarettes sold at federal installations (s. 210.04(4)(a)) (Note: Title 4, Section 107 USC (Buck Act), prohibits states from levying excise taxes on cigarettes sold at federal installations)	25.0
Cigarettes sold on Indian reservations (s. 210.05(5)) (Note: The General Revenue share based on the distribution formula for cigarette excise taxes would be \$7.3 m for fiscal year 2003-04.)	10.5
Tobacco Products Tax:	
Cigars (s. 210.025(11))	8.7

VALUE OF REFUNDS AND ALLOWANCES

Dealer collection allowance (s. 210.05(3)(a)) (2% of taxes collected and due calculated on a 24 cent tax rate)	6.2
Refund for unsold products (s. 210.22)	5.2

CITRUS TAXES

Florida Statutes: Chapter 601

Administered by: Department of Citrus

Fiscal Year	Collections	Annual Change %
2004-05	\$59,900,000	24.81
2003-04*	48,000,000	-1.02
2002-03	48,499,496	-10.94
2001-02	54,457,170	-10.03
2000-01	60,533,481	-7.42
1999-00	65,387,143	20.33
1998-99	54,338,722	-15.61

* Est.

SUMMARY

Each box of fresh and processed citrus is subject to the citrus tax, the rate of which varies with the size of the crop.

DISPOSITION

Citrus Advertising Trust Fund

BASE AND RATE

Fresh: grapefruit, 25.0 cents/box; oranges, 20.0 cents/box; all other varieties, 21.0 cents/box.

Processed: grapefruit, 24.0 cents/box; oranges 15 cents/box; imported, 15 cents/box; all other varieties, 15 cents/box.
(Current rates)

HISTORY

The Citrus Commission was established in 1935 to protect health and welfare, and to stabilize the citrus industry in the state. The citrus tax was increased in 1953, 1970, 1971, and 1973 and over the years, various minor rate changes and restrictions on Commission actions have been passed. Revenues raised by the citrus tax fluctuate with the size of the crop so that when a large crop is harvested there is also a large fund available to promote the demand. Section 601.156, F.S., which imposed an additional excise tax of 2 cents per box on each box of oranges grown in Florida and sold or delivered for processing, was repealed effective July 1, 1995.

OTHER STATES

The nature of this tax prohibits any interstate comparisons, but some states do have similar taxes used to promote a major industry in the area.

COMMUNICATIONS SERVICES TAX

Florida Statutes: Chapter 202

Administered by: Department of Revenue

Fiscal Year	Total Collections	Annual Change %	Distributed by Sales Tax Distribution Formula	Distributed Directly to Local Governments
2004-05*	\$944,700,000	3.88	\$911,300,000	\$33,400,000
2003-04*	909,400,000	8.49	877,500,000	31,900,000
2002-03	838,224,659	55.34	817,109,018	21,115,641
2001-02	539,614,653	N/A	525,552,884	14,061,769

* Est.

SUMMARY

The communications services tax is imposed on retail sales of communications services which originate and terminate in Florida, or originate or terminate in Florida and are billed to a Florida address. Communications services include all forms of telecommunications previously taxed by the gross receipts tax plus cable television and direct-to-home satellite service. The law specifically states that the tax also applies to communications services provided through any "other medium or method now in existence or hereafter devised." The tax imposed by chapter 203 on communications services is also administered under chapter 202.

DISPOSITION

Except for the tax on direct-to-home satellite service, the state tax collected under this chapter is distributed by the same formula as the sales and use tax, as prescribed in s. 212.20(6), F.S. Sixty-three percent of the tax on direct-to-home satellite is distributed by the sales tax formula (with an adjustment to s. 212.20(6)(d), F.S.) and the remainder is transferred to the Local Government Half-Cent Clearing Trust Fund and is allocated in the same proportion as the half-cent sales tax under s. 218.61, F.S., and the emergency distribution under s. 218.65, F.S. (The gross receipts tax which is administered under this law goes to the Public Education Capital Outlay and Debt Service Trust Fund.)

BASE AND RATE

The sale of communications services which originate and terminate in Florida, or originate or terminate in Florida and are billed to a Florida address, is taxed at 6.8 percent. The sales price of private communications systems is taxed at the same rate, and a use tax is imposed on the cost of operating a substitute communications system. Direct-to-home satellite service is taxed at 10.8 percent. (This does not include the 2.37 percent gross receipts tax also imposed on these services.)

HISTORY

Prior to 2001, nonresidential telecommunication services were subject to sales and use tax under chapter 212 at the rate of 7 percent. Cable television and direct satellite television were subject to sales and use tax at a rate of 6 percent. Telecommunication services were also subject to gross receipts tax under chapter 203. Chapter 2000 - 260, L.O.F., created the Communications Services Tax Simplification Law which provided for a new statewide tax on communications services to replace the sales and use tax on telecommunications services, cable and direct satellite television. It also provided for a different administration of the gross receipts tax on telecommunication services and extended that tax to cable and direct satellite television. The Communications Services Tax Simplification Law, which applied to bills issued by communications services providers on or after October 1, 2001, also provided for local communications services taxes to be administered by the Department of Revenue. Chapter 2001 - 140, L.O.F., established the revenue-neutral tax rates for the

COMMUNICATION SERVICES TAX
(Continued)

state-wide and local communication services taxes. Chapter 2002-48, L.O.F. conforms the communications services tax exemption for religious and educational institutions to similar provisions in the sales tax statute. It also provides an exemption for the public lodging industry from the requirement that dealers separately state the communications services tax.

2003 LEGISLATIVE CHANGES

Chapter 2003-254, L.O.F., exempted homes for the aged from the tax on communication services.

VALUE OF RATE CHANGES, EXEMPTIONS, REFUNDS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of a 1% levy on communications services	\$ 134.1
 <u>VALUE OF EXEMPTIONS, CREDITS, AND DEDUCTIONS</u>	
Residential telephone (not including mobile telephone) (s. 202.125)	290.2
Sales to government agencies and religious or educational 501(c)(3) organizations (s. 202.125)	225.5
\$100,000 cap on taxes on incoming interstate communications services for holders of direct-pay permits (s. 202.12(3))	9.8
Internet access (s. 202.17(3))	Indeterminate
Dealer collection allowance	4.6
Homes for the aged	0.1

CORPORATION FEES

Florida Statutes: Sections 15.091; 607.0122; 607.193; 608.452; 620.182.

Administered by: Department of State, Division of Corporations

Collections

Fiscal Year	Partnerships Fees	Annual Report Fees**	Corporate Fees	Miscellaneous Fees***	Total Fees	Supplemental Corp. Fees****
2004-05*	\$8,300,000	\$41,800,000	\$23,900,000	\$17,700,000	\$91,700,000	-0-
2003-04*	8,200,000	41,100,000	23,500,000	17,400,000	90,100,000	-0-
2002-03	8,022,357	40,346,982	23,080,864	17,044,704	88,494,908	\$54,409,558
2001-02	7,913,603	37,317,961	19,721,412	17,084,025	82,037,000	49,600,000
2000-01	8,619,449	40,742,612	20,055,005	11,843,935	81,261,000	49,672,460
1999-00	7,598,791	38,740,745	17,796,695	11,912,532	76,048,763	46,437,720
1998-99	8,916,026	38,215,958	16,998,742	12,700,799	76,831,525	45,656,213

Distributions

Fiscal Year	Total Collections	Annual Change %	General Revenue Fund @	Annual Change %	Corporations Trust Fund	Annual Change %
2004-05*	\$152,000,000	2.01	\$152,000,000	2.01	-0-	0.0
2003-04*	149,000,000	4.27	149,000,000	23.29	-0-	0.0
2002-03	142,904,466	7.00	120,849,757	6.32	22,054,709	10.95
2001-02	133,549,343	2.08	113,670,702	5.79	19,878,641	-14.97
2000-01	130,830,982	6.80	107,453,893	7.55	23,377,089	3.47
1999-00	122,500,701	0.01	99,907,080	4.68	22,593,621	-16.45
1998-99	122,487,738	2.52	95,444,225	-6.28	27,043,513	53.34

* Est.

** Annual report fees include annual reports for the arts.

*** Miscellaneous fees include: trademarks, service of process, lien, fictitious name, federal tax lien, penalties-NSF, certificates, certified and photocopies.

**** On January 1, 1997 the Supplemental Corporate Fee for corporations-for-profit was reduced from \$138.75 to \$103.75 and reduced further to \$88.75 on January 1, 1998.

@ On July 1, 2003, the Corporations Trust Fund was terminated and balances were transferred to the General Revenue Fund. The increase in the General Revenue Fund is due to the termination of the Corporations Trust Fund.

SUMMARY

All corporations doing business in Florida must register annually with the Department of State. Corporations must pay various fees for the right to do business in Florida. The major fees are the annual report filing fee, corporate filing fees, and the supplemental corporate fee.

CORPORATION FEES
(Continued)

DISPOSITION

Supplemental Corporate Fee: General Revenue Fund

All Other Fees: Corporations Trust Fund. 2.9% of all money deposited monthly is transferred to the Corporations Tax Administration Trust Fund. In the last six months of any fiscal year, 43% of all money deposited monthly is transferred to the General Revenue Fund. In addition, any unencumbered money in the trust fund in excess of \$300,000 each quarter is transferred to the General Revenue Fund.

BASE AND RATE

PROFIT

Supplemental Corporate Fee \$ 88.75

PROFIT, NON-PROFIT, AND TRADEMARKS

Filing Fees	35.00
Registered Agent Designation	35.00
* Certified Copy (optional)	8.75
Amendment of any record	35.00
Profit Annual Report (& Supplemental Fee)	150.00
Profit Annual Report (Received after May 1)	550.00
Amended Profit Annual Report	61.25
Articles of Correction	35.00
Non-Profit Annual Report	61.25
Certificate of Status	8.75
* Certified Copy	8.75 (see below)
* Photocopies	10.00 (see below)
Change of registered agent	35.00
Dissolution & withdrawal	35.00
Foreign Name registration	87.50
Foreign Name renewal	87.50
Merger (per party)	35.00
Reinstatement (Profit)	600.00
Reinstatement (Non-Profit)	175.00
Resignation of Reg. Agent (active corporation)	87.50
Resignation of Reg. Agent (inactive corporation)	35.00
Revocation of Dissolution	35.00
Substitute service of process (Chapter 48, F.S.)	8.75
Trade & Service Marks (per class)	87.50
Trade & Service Mark assignment	50.00
Trade & Service Mark renewals (per class)	87.50

* Certified Copies are \$8.75 for the first 8 pages and \$1.00 for each additional page, not to exceed a maximum of \$52.50. This fee is applied only to requests that are done in person.

All mail-in requests are charged a flat \$8.75.

* Photocopies are \$1.00 per page for requests that are done in person. All mail-in requests are charged a flat \$10.00.

CORPORATION FEES
(Continued)

LIMITED LIABILITY COMPANY

Annual Report	\$ 50.00
Certificate of Status	5.00
Certified Copy of Record	30.00
New Florida/Foreign LLC	
Filing Fee (Required)	100.00
Registered Agent Fee (Required)	25.00
Change of Registered Agent	25.00
Articles of Correction	25.00
Certificate of Conversion (+ New LLC Fees)	25.00
Registered Agent Resignation (active)	85.00
Registered Agent Resignation (dissolved)	25.00
Reinstatement Fee	100.00
Any Other Amendment	25.00
Articles of Dissolution/Withdrawal	25.00
Articles of Revocation of Dissolution	100.00
Articles of Merger (Unless Other Fee Specified)	25.00

LIMITED PARTNERSHIP

* Filing Fees (minimum)	52.50
(maximum)	1,750.00
Registered Agent Designation	35.00
Affidavit decreasing contributions	52.50
Affidavit increasing contributions on increase (\$52.20 min. - \$1750 max.)	7.00 per \$1,000
Amendment (other than specified)	52.50
Annual Report (invested capital, and required supplemental corp. fee of \$88.75.)	7.00 per \$1,000
Cancellation	52.50
Certificate of Status (certificate of fact)	8.75
Certified Copy (15 pages or fewer, \$1 each page thereafter)	52.50
Change of Reg. Agent/Office	35.00
Reinstatement (\$500 for each year or part thereof the partnership was revoked plus the delinquent annual report fees)	500.00
Resignation of registered agent	87.50
Photocopies (please call (850) 245-6053 for a page count)	1.00 per page

* (The filing fee is based on the total amount contributed and anticipated to be contributed by the limited partners as shown in the affidavit at a rate of \$7 per \$1000.00. The filing fee for an Application to Register a Foreign Limited Partnership is based on the total amount contributed by the limited partners allocated for the purpose of transacting business in the State of Florida at a rate of \$7 per \$1000.)

CORPORATION FEES
(Continued)

GENERAL PARTNERSHIP

Partnership Registration Statement	\$ 50.00
Statement of Partnership Authority	25.00
Statement of Denial	25.00
Statement of Dissociation	25.00
Statement of Dissolution	25.00
Statement of Qualification FL or FOR LLP	25.00
Statement of Qualification FL LLLP	25.00
Limited Liability Partnership Annual Report	25.00
Statement of Merger for each party	25.00
Amendment to Statement or Registration	25.00
Cancellation of Statement or Registration	25.00
Certified Copy	52.50
Certificate of Status	8.75
Photocopies	10.00

HISTORY

In 1943, the Uniform Limited Partnership Law was enacted. Fees of not less than \$10 or more than \$500 were adopted and increases were made in 1967, 1971 and 1990. Filing fees for corporations-not-for-profit were first introduced in 1959 and increased by the 1967, 1989 and 1990 Legislatures. In 1965, fees for filing financial statements under chapter 679 of the Uniform Commercial Code were established and increased in 1967, 1971, 1989, 1990 and 1992. Since 1972, a number of minor changes have been made in fees. In 1987, 1988 and 1990, a number of corporate filing fees for corporations-for-profit were increased. The 1989 Legislature adopted the Revised Model Business Corporation Act, which went into effect July 1, 1990. In 1990, all fees processed by the Department of State and deposited into the Corporations Trust Fund were increased by 75% with forty-three percent of all moneys deposited each month into the trust fund to be transferred to the General Revenue Fund. Also in 1990 a supplemental corporate fee of \$138.75 was imposed on each business entity authorized to do business in Florida and required to file an annual report with the Department of State. Revenues from the supplemental fee are for deposit into the General Revenue Fund. The date for filing the annual report was changed from July 1 to May 1 of each year. Fees for filing financial statements and for searching records were increased. In 1993, the annual report filing fee was increased for limited liability companies. In 1995, the supplemental corporate fee for not-for-profit corporations was reduced from \$138.75 to \$68.75 and the fee for not-for-profit corporations was repealed on January 1, 1996. On January 1, 1997 the supplemental corporate fee for corporations-for-profit was reduced from \$138.75 to \$103.75 and to \$88.75 on January 1, 1998. In addition, the supplemental corporate fee late charge was increased from \$25 to \$385 on January 1, 1997 and increased to \$400 on January 1, 1998. In 2001, the legislature authorized the Department of State to reduce the annual filing fee by an amount equal to the convenience fee. Secondly, authorization has been granted to the Department to waive supplemental corporate late charges for filers who have not received the department's prescribed forms.

2003 LEGISLATIVE HISTORY

During the 2003 Legislative session, several trust funds within the Department of State were eliminated. Among those trust funds eliminated was the Corporation Trust Fund. All current balances were transferred to the General Revenue Fund.

OTHER STATES

All fifty states and the District of Columbia require corporate filing fees, annual report fees, and general fees for doing business in their state.

CORPORATION INCOME AND EMERGENCY EXCISE TAX

Florida Statutes: Chapters 220 and 221

Administered by: Department of Revenue

Fiscal Year	Gross Collections	Annual Change %	Refunds	Net Collections
2004-05*	\$1,433,300,000	8.68	220,000,000	\$1,213,300,000
2003-04*	1,318,800,000	7.39	225,000,000	1,093,800,000
2002-03	1,228,137,024	0.79	267,200,000	960,937,024
2001-02	1,218,533,797	-9.39	255,200,000	963,333,797
2000-01	1,344,836,363	-4.38	206,300,000	1,138,536,363
1999-00	1,406,450,495	-4.46	217,200,000	1,189,250,495
1998-99	1,472,188,494	5.48	205,200,000	1,266,988,494

* Est.

SUMMARY

Corporations doing business in Florida must pay a corporate income tax of 5.5% on income earned in Florida. Florida piggybacks the federal income tax code in its determination of taxable income. Taxable income earned by corporations operating in more than one state is taxed in Florida on an apportioned basis using a formula based 25% on property, 25% on payroll and 50% on sales. The Emergency Excise Tax is based on certain Accelerated Cost Recovery System property put in place before 1987. Little or no tax is currently being paid, although some corporations continue to receive credits for EET paid in prior years.

DISPOSITION

General Revenue Fund

BASE AND RATE

Corporation Income Tax: 5.5% of net income less \$5,000 exemption. Net income is defined as the share of adjusted federal income which is apportioned to this state for such year under s. 220.15 F.S. Apportionment is weighted by factors of sales (50%), property (25%) and payroll (25%). All business income is apportioned. Non-business income is allocated to a single jurisdiction, generally the state of commercial domicile. The legislature cannot raise the rate above 5.5% without 3/5 vote by the respective houses (Article VII, Section 5(b)).

Emergency Excise Tax: 2.2% of the deduction apportioned to this state allowed under s.168 of the Internal Revenue Code of 1954, as amended (Accelerated Cost Recovery System-ACRS). Federal law however limits the use of the ACRS to assets placed in service before January 1, 1987.

HISTORY

In response to a constitutional amendment which authorized the levy of a state corporate income tax, the 1971 Legislature adopted a 5% corporate income tax, which became effective on corporate incomes earned after January, 1972. In 1982, a 2% Emergency Excise Tax was enacted to counter federal changes to the Internal Revenue Code.

CORPORATION INCOME AND EMERGENCY EXCISE TAX

(Continued)

The 1983 Legislature significantly changed Florida's corporate income tax base by: 1) adopting a worldwide unitary approach for determining income; 2) distinguishing between business and non-business income for taxation purposes; 3) adopting a "throwback rule" for sales to the federal government and to entities where profits can not be taxed; and 4) repealing the exemption on profits from foreign sales and foreign source dividends. In a December 1984 special session, the unitary apportionment, both domestic and worldwide, was repealed along with the taxation of foreign source dividends and the "throwback rule" and replaced with an increase in the tax rate. The corporate income tax rate was increased to 5.5% and the emergency excise tax was increased to 2.2%.

The 1987 Legislature provided for the piggybacking of the Florida Income Tax Code with the Federal Tax Reform Act of 1986. In 1990, a general definition of "taxable income" was provided for any taxpayer whose taxable income is not otherwise defined and the Alternative Minimum Tax Credit allowed in later years was clarified. The 1991 Legislature merged most of chapter 214 (Administrative Procedures and Judicial Review) with chapter 220. In 1992 and 1994, eligibility requirements for enterprise zone property tax credits against the corporate income tax for Duval County were modified. Also in 1994 the community contribution tax credit was extended from June 30, 1994 to June 30, 2005 but was restricted to projects within enterprise zones or benefiting low-income housing. The allowable annual contribution amount was reduced from a total of \$3 million annually to \$2 million annually. A 15% enterprise zone job credit was adopted by the 1996 Legislature for WAGES participants and a 5% job credit was adopted for non-WAGES employees whose wages exceed \$1,500 a month. In 1997, ch. 97-50, L.O.F., created the Rural Job Tax Credit Program and the Urban High Crime Area Job Tax Credit Program. Each program authorizes qualified corporations to take a tax credit per eligible employee of \$500, \$1,000 or \$1,500. This credit can be taken against the corporate income tax or the sales and use tax, but not both.

The 1998 Legislature provided for eight changes in the Florida Income Tax Code. The new laws: (1) created an exemption for research and development activities through a university, (2) created a capital tax credit equal to 5% of the capital costs generated by a project, (3) increased the credits available for community revitalization from \$2 to \$5 million, (4) created a credit for establishing or providing child care facilities, (5) created a credit for the rehabilitation of contaminated sites, (6) created an exemption for limited liability companies, (7) repealed the intangible tax credit for banks, and (8) created a credit for the rehabilitation of contaminated sites. The 1999 Legislature provided for four changes in the Florida Income Tax Code. The new laws: (1) provided that a citrus processing company may elect to use an apportionment formula determined solely by the sales factor, (2) eliminated an apportionment option available to insurance companies, (3) increased the community contribution tax credit from \$5 million to \$10 million, and (4) created an exemption for limited liability companies. The 2001 Legislature provided for one change in the Florida Income Tax Code by introducing a tax credit for contributions made by Florida corporations to non-profit scholarship funding organizations (SFOs). The 2002 Legislature provided for the piggybacking of the Florida Income Tax Code with the accelerated/bonus depreciation provisions of the Federal Job Creation and Worker Assistance Act of 2002, P.L. 107-147. Other changes pertained to the expansion of the SFO credit scholarship recipients to students in kindergarten and first grade, the change in the apportionment factor for industries in SIC 2037 (frozen fruit juices, and vegetables), and the change in the manner of calculating interest on tax deficiencies.

2003 LEGISLATIVE CHANGES

The 2003 Legislature included certain financial services facilities as qualified projects for the capital investment tax credit. Chapter 2003-395, L.O.F., created an amnesty program for taxpayers. This law also increased the interest rate on certain tax deficiencies to prime plus four percent. Chapter 2003-391, L.O.F., amended the corporate income tax credit scholarship program to provide a cap of \$88 million in annual tax credits and the carry forward of tax credits. In special session, the Legislature subsequently reduced from \$88 million to \$50 million the maximum amount of corporate tax credits and carry forward tax credits for contributions to scholarship funding organizations for fiscal year 2003-04.

CORPORATION INCOME AND EMERGENCY EXCISE TAX
(Continued)

OTHER STATES

Forty-five states and the District of Columbia currently impose some form of corporate income or franchise tax. Most states employ flat rates, ranging from 2.25% to 10.84%. Fifteen states employ two or more rates, ranging from 1.0% to 12.0%. Individual state's rates can be found at www.taxadmin.org

VALUE OF RATE CHANGE, EXEMPTIONS, CREDITS AND DEDUCTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of a 1% levy on apportioned net income	\$ 220.6

VALUE OF EXEMPTIONS, CREDITS, AND DEDUCTIONS

Exemptions:

Chapter S Corporations	I.R.C.	\$ 777.7
Master Limited Partnerships	I.R.C.	28.7
Standard \$5,000**	s. 220.14(1)	15.3
Limited Liability Companies	s. 220.02(1)	129.4

Subtractions From Federal Taxable Income:

Foreign Source Income (<i>s.78 I.R.C. Income</i>)	s. 220.13(1)(b)2.b.	29.4
Foreign Source Income (<i>s.951 I.R.C. Subpart F Income</i>)	s. 220.13(1)(b)2.b.	35.7
Net Foreign Source Dividends	s. 220.13(1)(b)2.a.	21.4
Florida Net Operating Loss Carryover	s. 220.13(1)(b)1.a.	17.6
Florida Net Capital Loss Carryover	s. 220.13(1)(b)1.b.	19.6
Florida Excess Charitable or EPB Contribution Carryover	s. 220.13(1)(b)1.c.	.8
Florida Targeted Jobs Deduction	s. 220.13(1)(b)3.	2.5
Non-Florida Non-Business Income	s. 220.13(1)(b)4.	42.6
International Banking Facility Income	s. 220.63(5)	9.8

Credits Against Florida Tax Liability:

Florida HMO Consumer Assistance Assessment	s. 631.828	.1
Capital Investment	s. 220.191	.1
Enterprise Zone Jobs	s. 220.181	.9
Community Contribution (\$10m cap)	s. 220.183	3.9
Enterprise Zone Ad Valorem	s. 220.182	1.0
Rural Job Tax (\$5m cap)	s. 220.1895	1.5
Urban High-Crime Area Job Tax (\$5m cap)	s. 220.1895	1.4
Emergency Excise Tax	s. 221.02	.8
Hazardous Waste Facility	s. 220.184	.5
Alternative Minimum Tax (AMT)	s. 220.186	1.5
Rehabilitation of Contaminated Sites (\$2m cap)	s. 220.1845	2.0
Child Care Facility (\$2m cap)	s. 220.19	2.0
State Housing Tax	s. 220.185	0.0
Scholarship Funding Organizations (\$50m cap)	s. 220.187	83.9

**The Florida Constitution states that there shall be exempt not less than \$5,000 (Article VII, Section 5(b)).

CORPORATION INCOME AND EMERGENCY EXCISE TAX

(Continued)

<u>VALUE OF EXEMPTIONS, CREDITS, AND DEDUCTIONS</u>	<u>2004-05</u> (millions)
Deductions From Florida Apportioned Income:	
University Research and Development	s. 220.15(2)(c) 3.1
 <u>ALTERNATIVE BASES</u>	
Base Reduction Measures:	
Exempt Florida Non-Business Income s. 220.16	(5.4)
Delete Florida Alternative Minimum Tax s. 220.11(3)	(13.9)
Exempt Interest Received from Federal Government Notes and Bonds s. 220.13(1)(a)2.	(73.2)
 Base Expansion Measures:	
Delete the deduction for advertising expenditures	638.2
Delete the deduction for interest expenses (include financial institutions)	3,197.6
Delete the deduction for interest expenses (exclude financial institutions)	1,177.5
Create an addition for deductible Florida Credit	Insignificant
Limit net loss carry forward to 1 year	Indeterminate
 Impose a minimum payment requirement of \$200:	
On C Corporations Only	43.5
On C and S Corporations	123.7
 Require combined reporting of all domestic corporations (waters-edge unitary apportionment)	
	303.3
 Adopt the throwback rule	
	18.1
 Apply the tax to gross receipts rather than net profits:	
Status C Corporations (replace CIT)*	79,884.1
Partnerships	17,134.8
Status S Corporations	16,602.6
Proprietorships	<u>3,712.4</u>
TOTAL	117,333.9
 Apply the tax to Earned Surplus (gross profits plus compensation of officers):	
Status C Corporations (replace CIT)*	28,724.3
Partnerships	8,027.9
Status S Corporations	6,709.8
Proprietorships	<u>2,319.0</u>
TOTAL	45,781.0

* Figure represents excess over tax revenue estimates of \$1,433,300,000 for FY 2004-05.

DOCUMENTARY STAMP TAXES

Florida Statutes: Chapter 201

Administered by: Department of Revenue

Distributions**

Fiscal Year	Total Collections	Annual Change %	General Revenue	Preservation 2000 Debt Service	Florida Forever Debt Service	Ecosystem Management and Restoration Trust Fund
2004-05*	\$1,725,800,000	-19.06	\$628,800,000	\$268,600,000	\$88,000,000	\$30,000,000
2003-04*	2,132,100,000	6.52	881,800,000	271,500,000	60,100,000	30,000,000
2002-03	2,001,528,246	27.28	840,865,713	261,703,489	30,903,709	30,000,000
2001-02	1,572,532,151	19.72	602,944,833	260,635,595	13,844,247	30,000,000
2000-01	1,313,525,116	7.36	479,180,989	253,527,793	-0-	30,000,000
1999-00	1,223,466,711	3.23	452,161,110	232,857,000	-0-	20,000,000
1998-99	1,185,139,025	13.37	479,923,537	197,614,046	-0-	10,000,000

Distributions**

Fiscal Year	Land Acquisition Trust Fund	Water Management Lands Trust Fund	Conservation and Recreational Land Trust Fund	General Revenue Service Charge	State Housing Trust Fund	Local Government Housing Trust Fund
2004-05*	\$150,300,000	\$66,500,000	\$60,200,000	\$120,800,000	\$76,700,000	\$179,600,000
2003-04*	186,300,000	82,300,000	74,500,000	149,200,000	95,000,000	222,300,000
2002-03	174,735,731	77,251,587	77,251,587	140,066,689	89,115,223	208,671,250
2001-02	136,124,129	60,181,194	60,181,194	109,294,778	69,423,306	162,560,868
2000-01	114,178,663	70,189,831	70,189,831	91,902,803	58,231,118	136,353,361
1999-00	104,876,866	64,701,220	64,701,220	84,684,294	50,299,647	125,090,983
1998-99	104,254,233	63,454,595	63,454,595	82,628,358	52,643,410	123,269,243

Distributions**

Fiscal Year	Marine Resources Conservation Trust Fund	Aquatic Plant Control Trust Fund	State Game Trust Fund	DEP Water Quality Assurance Trust Fund	DACS General Inspection Trust Fund
2004-05*	\$2,000,000	\$36,100,000	\$14,200,000	\$4,000,000	\$4,000,000
2003-04*	2,000,000	44,700,000	17,600,000	4,900,000	4,900,000
2002-03	2,000,000	41,936,576	9,196,617	4,598,309	4,598,309
2001-02	2,000,000	32,669,791	7,164,428	3,582,214	3,582,214
2000-01	2,000,000	-0-	-0-	-0-	-0-
1999-00	-0-	-0-	-0-	-0-	-0-
1998-99	-0-	-0-	-0-	-0-	-0-

DOCUMENTARY STAMP TAXES

(Continued)

* Est.

** Actual distributed amounts differ from amounts collected due to refunds and beginning and ending fund balances.

SUMMARY

The documentary stamp tax is actually two taxes imposed on different bases at different tax rates. The tax on deeds and other documents related to real property is at the rate of 70 cents per \$100. Certificates of indebtedness, promissory notes, wage assignments and retail charge account agreements are taxed at 35 cents per \$100. Revenue from documentary stamps is divided between the General Revenue Fund and various trust funds used to acquire public lands or support affordable housing.

DISPOSITION

Seven percent of total collections is deducted as General Revenue service charge. Distributions are then made as follows:

- 62.63 percent to the General Revenue Fund
- Debt service for Preservation 2000, Florida Forever, and Everglades Restoration bonds and distributions to the Ecosystem Management and Restoration Trust Fund and the Marine Resources Conservation Trust Fund are made out of the General Revenue distribution.
- 9.5 percent to the Land Acquisition Trust Fund
- 4.2 percent to the Water Management Lands Trust Fund
- 3.801 percent to the Conservation and Recreation Lands Trust Fund
- 0.899 percent to the State Game Trust Fund
- 2.28 percent to Aquatic Plant Control Trust Fund
- 0.25 percent to Water Quality Assurance Trust Fund
- 0.25 percent to DACS General Inspection Trust Fund
- 4.8475 percent to the State Housing Trust Fund
- 11.3425 percent to the Local Government Housing Trust Fund

BASE AND RATE

Deeds and other documents relating to realty: 70 cents per \$100 or fractional part of \$100 of the consideration. (In Dade County the rate is 60 cents.) Corporate shares, bonds, certificates of indebtedness, promissory notes, wage assignments, retail charge account agreements: 35 cents per \$100 or fractional part of \$100 of the consideration.

HISTORY

Florida first enacted a documentary stamp tax in 1931, at the rate of 10 cents per \$100 of consideration. In 1957, the tax on documents relating to realty (mainly deeds) was raised to 20 cents, and the tax has been assessed at two separate rates on deeds and notes ever since. Major rate increases occurred in 1957, 1963, 1979, 1981, 1985, 1987, 1990, 1991, and 1992. In 1983, the Legislature authorized Dade County to levy a discretionary surtax on deeds of up to 45 cents for each \$100 except for deeds on single family residences.

Until 1967 all proceeds from documentary stamps went to General Revenue. In that year a surtax was imposed on documents relating to realty with the proceeds going to the Land Acquisition Trust Fund. The surtax was repealed in 1979 and replaced with an increase in the documentary stamp tax on deeds, and the Land Acquisition Trust Fund was given a distribution from this tax. Since 1979 increases in the documentary stamp tax rate have been used to fund several programs, including acquisition of environmentally sensitive land, funding state infrastructure, and funding affordable housing. In 1990 the General Revenue Service Charge was extended to the Documentary Stamp Clearing Trust Fund

DOCUMENTARY STAMP TAXES

(Continued)

(among other trust funds), which reduced all distributions from this fund by seven percent on a recurring basis. Chapter 90-217, L.O.F., authorized a portion of documentary stamp tax proceeds which had been allocated to General Revenue to be used for Preservation 2000 debt services. By 2000, nine P2000 bond series were authorized by the legislature. Pursuant to ch. 92-317, L.O.F., effective July 1, 1995, the distribution to the General Revenue Fund was reduced by 8.66 percent and the distribution to the State Housing Trust Fund was increased by 8.66 percent. In 1997, transactions of real property made pursuant to the dissolution of marriage were exempted from the tax. Chapter 98-187, L.O.F., allowed promissory notes to be renewed at an increased level of obligation without the borrower having to pay documentary stamp tax on the full amount of the obligation, but only on the amount of the increase. Chapter 98-311, L.O.F., provided that documentary stamp tax receipts shall be deposited in the Ecosystem Management and Restoration Trust Fund for the purpose of funding erosion control; beach preservation, restoration, and renourishment; and storm and hurricane protection. This money would otherwise have been deposited in the General Revenue Fund.

In 1999, the Legislature authorized a portion of documentary stamp tax proceeds which had been allocated to General Revenue to be used for Florida Forever debt services. Additional debt service is limited to \$30 million in each fiscal year for ten years, and total annual debt service may not exceed \$300 million. This bill also reduced the documentary stamp distribution to the Water Management Lands Trust Fund and the Conservation and Recreation Lands Trust Fund and provided for distributions to the State Game Trust Fund, the Aquatic Plant Control Trust Fund, the Department of Environmental Protection Water Quality Assurance Trust Fund and the Department of Agriculture and Consumer Affairs General Inspection Trust Fund. In 2000, the Legislature provided that \$2 million shall be paid into the Marine Resources Conservation Trust Fund annually from the documentary stamp General Revenue distribution. Chapter 2002-128, L.O.F., capped the amount of documentary stamp tax due on unsecured loans at \$2,450. Chapter 2002-218, L.O.F., repealed the tax on original issues of stock certificates. Chapter 2002-261, L.O.F., provided for a portion of the documentary stamp tax collections to be used to pay the debt service on Everglades Restoration Bonds.

OTHER STATES

Taxes on documentation of the recording or transfer of certain intangibles are levied by 39 states and the District of Columbia. Although most of these states levy document recording taxes only on real estate, many, including Florida, have a more general tax levied on the transfer of deeds. In many states the rates vary as a result of surtaxes or increased rates intended to pick up expiring federal taxes. In other states, county and municipal governments were allowed to pick up the expiring federal taxes.

VALUE OF RATE CHANGES, EXEMPTIONS, DIFFERENTIALS, REFUNDS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1 cent levy for each \$100 of consideration on deeds (.0001)	\$ 14.1
Value of 1 cent levy for each \$100 of consideration on corporate shares, bonds, certificates of indebtedness, promissory notes, wage assignments, and retail charge account agreements	21.1
<u>VALUE OF EXEMPTIONS AND DIFFERENTIALS</u>	
Stock transfers (s. 201.05)	22.8
Renewal notes (s. 201.09)	84.7

DOCUMENTARY STAMP TAXES
(Continued)

<u>VALUE OF EXEMPTIONS AND DIFFERENTIALS</u>	<u>2004-05</u> (millions)
Certificates of deposit (s. 201.10)	Indeterminate
Wholesale warehouse mortgage agreements (s. 201.21)	53.5
Leases	181.7
Uniform Commercial Code documents (s. 201.22)	Indeterminate
Security dealers - 30 days or less (s. 517.32)	81.6
Foreign notes (s. 201.23(1))	5.8
Obligations of political subdivisions (s. 201.24)	6.6
International banking transactions (s. 201.23(4))	29.7
Out-of-state notes held by Florida businesses (s. 201.08)	4.7
Supplements on utility bond financing (s. 201.08(4))	Indeterminate
10 cent rate differential for Miami-Dade County (s. 201.031)	16.6
Dissolution of marriage (s. 201.02(7))	6.9
Cross collateralization of loans (s. 201.08(7))	1.8
Tax only on increased amount of renewed loans (s. 201.09(1))	0.3
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Agents commission (.5%) (s. 201.11(2))	8.6
Clerk of the Circuit Court fee (1% of tax on deeds) (s. 201.022(3))	9.9

DRIVER LICENSES

Florida Statutes: Chapter 322 and Section 233.063

Administered by: Department of Highway Safety and Motor Vehicles

Distributions

Fiscal Year	Collections	Annual Change %	General Revenue	Highway Safety Operating Trust Fund
2004-05*	\$145,200,000	4.57	\$69,800,000	\$75,400,000
2003-04*	138,900,000	3.66	64,000,000	74,900,000
2002-03	134,000,351	2.61	61,203,880	72,796,471
2001-02	130,588,907	4.65	58,619,781	71,969,126
2000-01	129,984,067	8.27	63,075,562	66,908,505
1999-00	120,059,664	0.05	63,626,653	56,433,011
1998-99	119,504,048	2.80	62,266,344	57,237,704

* Est.

SUMMARY

Driver licenses fees are collected from individuals who apply for the following types of licenses (originals and renewals): Class D or Class E operators, restricted motorcycle use operators, and commercial drivers. In addition, there are fees collected for delinquent renewals, reinstatements following suspension, and reinstatements following revocation.

DISPOSITION

General Revenue Fund.

Highway Safety Operating Trust Fund.

BASE AND RATE

Six-year or four-year licenses: Original Class D or Class E operators license fee and an original license restricted to motorcycle use only - \$20.00; renewal or extension license fee - \$15.00; original or renewal commercial drivers' license fee - \$50.00; (each of these fees includes a 50 cent per year driver education fee earmarked for Public School Driver Education). Additional fees: \$3.00 assessment fee on all new applicants for deposit into the Highway Safety Operating Trust Fund; delinquent renewal - \$1.00 additional; duplicate fee - \$10.00, \$5.00 for deposit into the Highway Safety Operating Trust Fund and \$5.00 for deposit into the General Revenue Fund; replacement fee - \$10.00, \$9.00 for deposit into the Highway Safety Operating Trust Fund and \$1.00 for deposit into the General Revenue Fund; reinstatement fee following suspension - \$25.00, \$15 for deposit into the General Revenue Fund and \$10 for deposit into the Highway Safety Operating Trust Fund; reinstatement fee following revocation - \$50.00, \$35 for deposit into the General Revenue Fund and \$15 for deposit into the Highway Safety Operating Trust Fund. Persons convicted of a DUI under s. 316.193, must pay an additional suspension or revocation fee of \$105, for deposit into the Highway Safety Operating Trust Fund.

DRIVERS LICENSES

(Continued)

HISTORY

Drivers licenses for operators and chauffeurs were established in 1939. Proceeds were earmarked for expenses of the Department of Public Safety. In 1951, earmarking ceased and collections were placed in the General Revenue Fund. In 1955, a 50 cent per year driver education fee was added to the issuance of driver's licenses and earmarked for public school driver education. Driver license fee increases were adopted in 1941, 1945, 1955, 1971, 1984, and 1989. In 1983, a \$4 fee was authorized in order to operate a motorcycle or motor-driven vehicle. The 1989 Legislature provided for re-classification of drivers licenses and increased most chauffeur license fees to \$50, effective April 1, 1991.

In 1986, reinstatement fees following a suspension or revocation of a license were increased, and such increase earmarked for deposit into the Accidents Report Trust Fund. Effective October 1, 1989, in order for a minor to receive a driver's license, such minor must be enrolled in an approved educational program or have received a high school diploma, a high school equivalency or special diploma or a certificate of high school completion. Beginning January 1, 1990, no new driver's licenses may be issued until the applicant successfully completes the traffic law and substance abuse education course as created by the 1989 Legislature. A \$3 assessment fee is charged to participate in the course and deposited into the Drivers' Education Trust Fund. In 1990, the duplicate driver's license fee was raised from \$5 to \$10 and the replacement driver's license fee was raised from \$1 to \$10. The increased revenue is earmarked for deposit into the Accidents Report Trust Fund. On July 1, 1994, the Accidents Report Trust Fund and the Drivers' Education Trust Fund were redesignated as the Highway Safety Operating Trust Fund.

2003 LEGISLATIVE HISTORY

During Special Session A of 2003, the Legislature increased reinstatement fees charged for a suspension or revocation by \$10. In addition, identification card renewals were raised from \$3 to \$10 and a new re-exam fee was created. Drivers failing the written exam are charged \$5 for each time they must retake the exam and \$10 for each time they re-take the driving exam.

OTHER STATES

All states license vehicle operators. Most states issue four-year licenses at costs ranging from \$4.50 to \$50.00. It is common to require somewhat higher fees for a commercial license than for an operator's license.

VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1% levy on all driver's licenses issued	\$ 0.7
<u>VALUE OF EXEMPTIONS</u>	
Drivers of emergency vehicles**	2.1
Farmers**	1.0
Military personnel	Indeterminate
Drivers of recreational vehicles	Indeterminate

** This is not an annual number since these licensed drivers do not renew annually. These numbers reflect the total number of people on file at any one time.

DRYCLEANING TAX

Florida Statutes: Sections 376.303, 376.70 and 376.75

Administered by: Department of Environmental Protection and the Department of Revenue

Fiscal Year	Total Collections	Annual Change %	Gross Receipts Tax Collections	Perchloroethylene Tax Collections	Registration Fee Collections
2004-05*	\$11,200,000	2.32	\$10,000,000	\$1,100,000	\$135,000
2003-04*	10,900,000	2.47	9,700,000	1,100,000	135,000
2002-03	10,659,000	1.36	9,487,000	1,037,000	135,000
2001-02	10,516,023	-5.25	9,358,201	1,022,822	135,000
2000-01	11,099,056	8.84	9,902,296	1,061,076	135,000
1999-00	10,197,470	8.85	8,895,525	1,167,030	134,915
1998-99	9,368,142	5.96	8,094,984	1,140,958	132,200

* Est.

SUMMARY

The drycleaning tax is levied in the amount of 2% on gross receipts of all drycleaning facilities from the drycleaning or laundering of clothing or other fabrics at the facility. The drycleaning facility may separately state the tax on retail receipts. An additional tax is imposed of \$5 per gallon of perchloroethylene that is sold or imported by a drycleaning facility.

DISPOSITION

Total collections, less administrative costs and General Revenue Service Charge, are deposited in the Water Quality Assurance Trust Fund.

BASE AND RATE

Drycleaning Facilities and Wholesale Suppliers Registration Fee: \$100 annually

Tax on the Gross Receipts of Drycleaning Facilities:

2% of the gross receipts from the drycleaning or laundering of clothing or other fabrics. (The tax rate was 1.5% from October 1, 1994 to December 31, 1995.)

\$30 initial registration fee for any person taxable under the Gross Receipts of Drycleaning Facilities Tax.

Tax on the Sale or Importation of Perchloroethylene:

\$5 per gallon on the sale or importation of perchlorethylene by a drycleaning facility.

\$30 initial registration fee for any person producing or importing perchloroethylene.

DRYCLEANING TAX (Continued)

HISTORY

Taxation of gross receipts from drycleaning and laundry services and the production and importation of perchloroethylene was enacted in 1994, with proceeds used to fund drycleaning facility restoration. The 1995 Legislature adopted the following changes to the drycleaning tax: exempted uniform rental and linen supply services from the gross receipts tax, retroactive to October 1, 1994; exempted perchloroethylene not used by a drycleaning facility from the \$5 per gallon tax; repealed the gross receipts tax sale-for-resale exemption; and increased the gross receipts tax from 1.5% to 2% effective January 1, 1996. The 1996 Legislature changed the disposition of funds from the Hazardous Waste Management Trust Fund to the Water Quality Assurance Trust Fund. In 1998, the Legislature clarified that the gross receipts tax applies to drop-off facilities, as well as, dry cleaning facilities. The Legislature also authorized a sale for resale exemption for services provided where gross receipts are collected for those same services.

2003 LEGISLATIVE HISTORY

OTHER STATES

Drycleaning services are taxed under the general sales or gross receipts tax systems in 21 states, at rates ranging from .4% to 7%, plus local sales or gross receipts tax rates. Connecticut, Illinois, Kansas, Minnesota, North Carolina, South Carolina, Oregon, Tennessee and Wisconsin also levy environmental taxes on drycleaning services or materials.

ESTATE TAX

Florida Statutes: Chapter 198

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %
2004-05*	\$232,300,000	-37.0
2003-04*	369,000,000	-33.9
2002-03	558,415,378	-25.7
2001-02	751,293,360	-2.1
2000-01	767,137,728	-1.5
1999-00	778,659,967	15.5
1998-99	694,057,329	13.3

* Est.

SUMMARY

The estate tax is imposed on the estate for the privilege of transferring property at death. It is limited to the amount allowable as a credit against federal estate tax for state death taxes paid, and does not increase the total amount of tax paid by the estate.

DISPOSITION

General Revenue Fund

BASE AND RATE

An estate tax is imposed on the estate for the privilege of transferring property at death. The tax on estates of resident decedents is equal to the amount allowable as a credit against federal estate tax for state death taxes paid, less any amount paid to other states. Thus, the Florida estate tax on resident decedents will not increase the total tax liability of the estate. The tax on estates of nonresident decedents is equal to the amount allowable as a credit against federal estate tax for state death taxes paid multiplied by the ratio of the value of the property taxable in Florida over the value of the entire gross estate.

HISTORY

Prior to 1924, there were no restrictions on the imposition of a Florida estate or inheritance tax. In 1924, the Florida electorate adopted an amendment to the constitution to prohibit the imposition of inheritance and income taxation. In 1930, the electorate adopted a constitutional amendment allowing the imposition of estate or inheritance taxes on residents to the extent such tax was allowed to be credited against a similar tax imposed by the federal government. In 1984, the date for filing and paying the Florida estate tax was changed to coincide with the date for filing and paying the federal estate tax. In 1991, the legislature imposed a late penalty of 5% of any unpaid tax for the first 30 days and 10% of any unpaid tax due for more than 30 days. In 1992, this late penalty was increased to 10% for the first 30 days and 20% for more than 30 days. The Federal Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax and repeals the state credit against the federal tax by 2005. Since Section 5 of Article VII of the Florida Constitution prohibits any estate tax in excess of the amount which may be credited upon or deducted from any similar tax levied by the

ESTATE TAX
(Continued)

United States or any state, the federal law change will eliminate Florida's estate tax by 2005.

2003 LEGISLATIVE HISTORY

OTHER STATES

All fifty states plus the District of Columbia impose some form of estate or inheritance tax. All states impose the tax to the extent of the credit allowed against the federal estate tax. Four states (Mississippi, New York, Ohio, and Oklahoma) impose an additional estate tax. Twelve states impose an inheritance tax.

VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
A 10% change in the total amount levied would have the following impact	\$ 23.2
 <u>VALUE OF EXEMPTIONS</u>	
Federal basic exemption	Indeterminate

ALTERNATIVE BASE

Additional Estate Tax - Any increase in the estate tax base or rate requires a constitutional amendment because the estate tax would exceed the amount allowed as a federal credit. For a potential constitutional amendment, several options exist including the elimination/reduction of the exemption amount and imposition of a graduated tax rate either on the federal tax liability or the value of the estate.

GROSS RECEIPTS TAX ON UTILITIES

Florida Statutes: Chapter 203; Constitution Article XII Section 9(a)

Administered by: Department of Revenue

Fiscal Year	Collections**	Annual Change %
2004-05*	\$823,600,000	4.63
2003-04*	811,300,000	3.21
2002-03	786,034,362	0.84
2001-02	779,494,043	7.83
2000-01	722,914,209	8.03
1999-00	669,184,906	4.68
1998-99	639,274,743	7.73

* Est.

** Actual collections are net of refunds.

SUMMARY

The Gross Receipts Tax is imposed at the rate of 2.5% on the gross receipts of sellers of electricity and natural or manufactured gas, and at a rate of 2.37% on the gross receipts of sellers of telecommunications services.

DISPOSITION

Public Education Capital Outlay and Debt Service Trust Fund.

BASE AND RATE

A tax of 2.5% is imposed on the gross receipts from the sale of electricity, gas, cogenerated electrical power transmission, and a tax of 2.37% is imposed on the sale of communications services. Both privately held and publicly held corporations are required to pay the tax. Firms purchasing services for resale are granted a credit equal to the tax paid by their supplier. Gross receipts from the sale of gas used to generate electricity are exempt from the tax. Tax payments are due monthly. The gross receipts tax on telecommunication services is remitted as a component of the communications services tax. Late penalties range from 10% to 50% of unpaid taxes.

HISTORY

A tax on gross receipts of public utility firms was enacted in 1931. The rate was set at \$1.50 per \$100 of receipts and remained unchanged until 1990. In 1963, collections were earmarked by constitutional amendment for funding capital outlay needs of the universities and junior colleges and for bonds. A 1974 amendment to the state constitution opened up use of these funds to include public schools and authorized the issuance of general obligation bonds in lieu of the former authorization for revenue bonds only.

In 1990, the 1.5% tax rate was increased to 2.0%, again to 2.25% on July 1, 1991 and to 2.5% on July 1, 1992. In addition, the tax base was expanded to include electricity produced by most cogeneration or small power producers which is in excess of electricity produced and not taxed during the twelve-month period ending June 30, 1990. In 1991, the definition

GROSS RECEIPTS TAX ON UTILITIES

(Continued)

of "electricity" was clarified for the purpose of the tax base; and the exemption from gross receipts tax for separately stated tax for telecommunications was repealed. SJR 2H was placed on the November 1992 ballot by the 1992 Legislature and adopted by the electorate. The amendment removed the July 1, 2025 ending date for the bonding of gross receipts taxes, permanently allowing such bonding of revenues, but with a maturity date on the bonds not to exceed 30 years from date of issuance. In 1998, Internet access fees were exempted from gross receipts and other taxes. Effective October 1, 2001, the definition of telecommunications was changed as part of a communications tax overhaul. The new definition includes cable and direct satellite television, and the rate was decreased from 2.5% to 2.37%. The gross receipts tax on communications services is remitted as a component of the communications services tax which includes sales tax and local government tax components as well.

2003 LEGISLATIVE CHANGES

Chapter 2003-17, L.O.F., exempted the sale of manufactured gas to an electric utility from the gross receipts tax and ch. 2003-254, L.O.F., exempted homes for the aged from the gross receipts tax on communications services.

OTHER STATES

A few states, such as Georgia and Indiana, tax public utilities the same as other businesses. Most states tax them by special forms of taxation, of which the most common is a gross receipts tax. In some states, gross receipts taxes are combined with other measures. Some special taxes on utilities are for revenue; some are simply sufficient to pay regulatory costs. Gross receipts tax rates vary from less than 1% to as much as 10%. Frequently, different rates are applied to nearly every type of utility. The Florida rate is low in comparison with states basing their tax on gross receipts; however, utilities are also subject to the Florida corporation income tax.

VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 0.1% levy on the current base	\$33.8
<u>VALUE OF EXEMPTIONS</u>	
Sale of LP Gas – residential (s. 203.012)	7.6
Sale of LP gas – nonresidential (s. 203.012)	3.6
Sale of natural or manufactured gas used to generate electricity (s.203.01(3))	24.0
Sale of communications services to governments, tax-exempt religious or educational organizations and homes for the aged (s. 202.125)	
Sale of manufactured gas to an electric utility	68.0
<u>ALTERNATIVE BASES</u>	
Water Services	53.6
Sewer Services	60.7
Solid Waste Services	66.3

HEALTH CARE ASSESSMENTS

Florida Statutes: Sections 395.701 and 395.7015

Administered by: Agency for Health Care Administration

Fiscal Year	Total Collections	Annual Change %	Hospital Assessments**	Ambulatory Assessments***
2004-05*	\$300,900,000	12.8	\$300,900,000	-0-
2003-04*	266,800,000	1.4	266,800,000	-0-
2002-03	363,093,886	20.89	363,093,886	-0-
2001-02	300,341,475	17.21	283,068,366	17,273,119
2000-01	256,251,788	-7.17	244,389,039	11,862,749
1999-00	276,039,920	11.25	260,119,355	15,920,563
1998-99	248,130,077	-8.74	231,318,704	16,816,371

* Est.

** In 2003, a number of hospitals brought separate administrative actions challenging AHCA's implementation of those portions of Ch. 2000-256, Laws of Florida, enacting the assessment rate changes currently in effect. The application of the rate changes, and any corrected assessment amounts, will be determined by final order. Collections will be effected for FY 2000-02, 2001-02, 2002-03.

*** Ambulatory Assessments: AHCA appealed a final declaratory judgment that found s. 395.7015, F.S., to be unconstitutional and that enjoined the agency from imposing further ambulatory assessments. The action was stayed, during appeal, and AHCA continued to collect assessments which were deposited in escrow pending the outcome of the appeal. AHCA won the appeal, however, the plaintiffs are seeking an appeal to the Florida Supreme Court. The plaintiffs also reactivated the case in the trial court with a new theory of liability. The plaintiffs won in the Florida Supreme Court the right to challenge the PMATF as an unconstitutional income tax.

SUMMARY

Health care assessments are imposed at the rate of 1.5% of the net operating revenues on inpatient services of hospitals, ambulatory surgical centers, clinical laboratories, freestanding radiation therapy centers, and freestanding diagnostic imaging centers. Outpatient services assessments are imposed at the rate of 1.0% of their net operating revenues.

DISPOSITION

Public Medical Assistance Trust Fund

BASE AND RATE

An assessment of 1.5% is imposed on the annual net operating revenue for in-patient services for each hospital, ambulatory surgical center, clinical laboratory, freestanding radiation therapy center, and freestanding diagnostic imaging center. In addition, an assessment of 1.0% is imposed on the annual net operating revenue for out-patient services for each hospital, ambulatory surgical center, clinical laboratory, freestanding radiation therapy center, and freestanding diagnostic imaging center. The annual net operating revenue is determined by the Agency based on the health care entity's prior fiscal year experience. The assessment is payable in equal quarterly amounts on or before the first day of each calendar quarter.

HEALTH CARE ASSESSMENTS
(Continued)

HISTORY

The assessment on hospitals was enacted in 1984. The assessment was imposed on all hospitals other than those operated by the Department of Health and Rehabilitative Services (now, the Department of Health) and the Department of Corrections, at the rate of 1% of annual net operating revenue for each hospital's first fiscal year following the act, and at the rate of 1.5% for each hospital's fiscal year thereafter. The act created the Public Medical Assistance Trust Fund and specified its use to reimburse hospitals for unreimbursed health care services provided to indigent patients. In July 1991, the assessment base was expanded to apply to ambulatory surgical centers, clinical laboratories, freestanding radiation therapy centers, and freestanding diagnostic imaging centers. In July 1992, an assessment was imposed on nursing home facilities in the amount of \$1.50 for each patient day provided by the nursing home. The nursing home assessment was repealed on May 1, 1993. Patient radiation therapy services provided by a hospital were exempted from the assessment in 1998. Effective July 1, 2000, outpatient services assessments were imposed at the rate of 1.0% of their net operating revenues.

OTHER STATES

Health care provider taxes are levied in twenty-six states. Such taxes generally are levied as a percentage of net revenue or as a bed tax per patient day. Of the twenty-six states, eighteen levy assessments on hospitals, sixteen tax nursing homes, eleven tax intermediate care facilities for the mentally retarded, two tax HMO's, one taxes gross receipts from home care providers, two tax proceeds from prescription drugs, two tax physicians, and one taxes other providers.

VALUE OF RATE CHANGE AND EXEMPTIONS

RATE CHANGE

2004-05
(millions)

Value of 0.5% levy on current base:
Inpatient Net Operating Revenues
Outpatient Net Operating Revenues

\$ 76.6
35.5

VALUE OF EXEMPTIONS

Hospitals operated by the Department of Health
or the Department of Corrections

Insignificant

HOTEL AND RESTAURANT LICENSES AND FEES

Florida Statutes: Sections 509.251, 509.302, and 399.07

Administered by: Department of Business and Professional Regulation, Division of Hotels and Restaurants

Fiscal Year	Collections	Annual Change %
2004-05*	\$23,200,000	1.31
2003-04*	22,900,000	15.28
2002-03	19,863,400	-0.84
2001-02	20,032,837	1.88
2000-01	19,661,712	2.96
1999-00	19,096,246	2.69
1998-99	18,595,407	2.98

* Est.

SUMMARY

Apartments, condominiums, hotels, motels and rooming houses and food service establishments must pay an annual license fee to the Department of Business and Professional Regulation to cover the cost of regulation. The fee is based on the number of units for public lodging or the number of seats for food service establishments.

DISPOSITION

Hotel and Restaurant Trust Fund

BASE AND RATE

Public lodgings: Apartments - basic fee - transient unit - \$100, non-transient unit - \$75, plus additional amount based on number of units. 5 to 24 units - \$10; 25 to 50 units - \$20; 51 to 100 units - \$30; 101 to 200 units - \$50; 201 to 300 units - \$70; 301 to 400 units - \$90; 401 to 500 units - \$110; over 500 units - \$130. Hotels, Motels & Rooming Houses - basic fee \$100, plus additional amount based on number of units, same as apartment, except single unit - \$ 5; 2 to 25 units - \$10. Condominiums - basic fee - \$80, plus additional amount based on number of units, same as hotels, motels, and rooming houses.

Food service: Each establishment \$120 plus additional amount according to seats - 0 to 149 seats \$45; 150 to 249 - \$60; 250 to 349 - \$75; 350 to 499 - \$90; 500 or more seats - \$105. Mobile food dispensary vehicle licenses - \$260. Temporary food service licenses - \$74. Aggregate fees per establishment may not exceed \$400.

Hospitality Education Fee: Imposed on each lodging and food service establishment - up to \$10.

Elevator Inspection Fees: Based on the number of landings, (2) - \$80, (3-5) - \$85, (6-10) - \$90, (11-15) - \$95, over 15 - \$100.

HOTEL AND RESTAURANT LICENSES AND FEES

(Continued)

HISTORY

Beginning in 1899, sanitary inspection of hotels and restaurants was assigned to the Board of Health and a \$2 fee was prescribed. In 1913, hotel and restaurant inspections were taken over by a Hotel and Restaurant Commissioner. Fee changes have been made at frequent intervals by the Division of Hotels and Restaurants. From 1953 to 1975, all collections were deposited into the General Revenue Fund, from which administrative costs were appropriated. In 1975, an increase in fees was enacted and disposition of funds was changed to the Hotel and Restaurant Trust Fund. The \$3 hospitality education fee was increased in 1990 to "no more than \$6" and is to be "included in" instead of "in addition to" each lodging and food service license fee. In 1992, s. 559.925, F.S., providing for the licensure of receptive tour operators, was repealed. In 1996, the Legislature required that all hospitality education fees be used for the sole purpose of funding the Hospitality Education Program. In 2002, the Hospitality Education Fee cap was increased from \$6 to \$10.

OTHER STATES

It is common among the states to inspect and regulate hotels, motels, restaurants, and other food service establishments, by either state or local authority. This may be done by the health authorities, or by some specially appointed agency.

HUNTING AND FISHING LICENSES

Florida Statutes: Chapter 372 and Section 370.0605

Administered by: Fish and Wildlife Conservation Commission

Distributions

Fiscal Year	Total Collections**	Annual Change %	State Game Trust Fund	Marine Resources Conservation Trust Fund
2004-05*	\$27,700,000	-2.12	\$13,000,000	\$14,700,000
2003-04*	28,300,000	5.93	13,400,000	14,900,000
2002-03	26,715,106	-5.03	12,551,808	14,163,298
2001-02	28,132,879	.61	13,020,818	15,112,061
2000-01	27,959,899	2.65	13,095,426	14,864,473
1999-00	27,235,792	3.08	12,971,346	14,264,446
1998-99	26,419,759	10.19	12,346,758	14,073,001

* Est.

** Total collections include \$210,555 in 1998-99; \$243,400 in 1999-00; \$207,275 in 2000-01; \$364,405 in 2001-02; \$436,505 in 2002-03; and estimates of \$405,900 in 2003-04; and \$392,600 in 2004-05, in five-year resident hunting and fishing license fees and \$185,733 in 1998-99; \$181,915 in 1999-00; \$185,350 in 2000-01; \$197,652 in 2001-02; \$212,979 in 2002-03; and estimates of \$223,600 in 2003-04; and \$234,800 in 2004-05, in lifetime resident sportsman and lifetime hunting and fishing license fees.

SUMMARY

Persons wanting to hunt and fish in Florida must purchase hunting and fishing licenses. Hunting, freshwater fishing licenses and saltwater fishing licenses can be purchased from the Fish and Wildlife Conservation Commission.

DISPOSITION

Hunting and Freshwater Fishing License Fees: State Game Trust Fund

Saltwater Fishing License Fees: Marine Resources Conservation Trust Fund to be used as follows: 5% is transferred to the Fish and Wildlife Conservation Commission; not less than 2.5% shall be used for aquatic education. The remainder of the fees are to be used for the following program functions: 5% for administration of the licensing program and for information and education; 30% for law enforcement; 27.5% for marine research and 30% for fishery enhancement.

Recreational Crawfish License Fees: Marine Resources Conservation Trust Fund.

BASE AND RATE

Hunting and Freshwater Fishing License Fees

Freshwater Fishing License: resident - \$12 annual; \$60 5-year; lifetime - 4 years or younger - \$125; 5 - 12 years - \$225; 13 years or older - \$300; non-resident - \$30, and a 7-day \$15. Game Hunting License: resident - \$11 annual; \$55 5-year; lifetime - 4 years or younger - \$200; 5 - 12 years - \$350; 13 - 63 years - \$500; non-resident \$150. Fur-bearing Animal

HUNTING AND FISHING LICENSES

(Continued)

License: resident \$25; non-resident \$100. Waterfowl Stamp: \$3. Management Area Stamp: \$25. Muzzle-loading Gun Stamp: \$5. Archery Stamp: \$5. Florida Turkey Stamp: \$5. Fish Pond License: \$3 per surface acre. Freshwater Fish Dealer's License: resident \$40; non-resident \$100. Retail Fish Dealer's License: non-resident \$100. Wholesale Fish Dealer's License: non-resident \$500. Wholesale Fish Buyer's License: non-resident \$50. Gear License: trawl seines \$50; haul seines \$100. Alligator Trapping License: resident - \$250; non-resident - \$1,000. Sportsman License: resident only - \$66. Permanent Hunting and Fishing License: resident 64 years or older - \$12.

Combination Resident License Fees

Freshwater and saltwater fishing - \$24 annual; Hunting, freshwater and saltwater fishing - \$34 annual; Freshwater Fishing and Game Hunting License - \$22.

Saltwater Fishing License Fees

Resident: \$12 annual - \$10 for 10 day licenses; \$60 - 5-year; lifetime - 4 years or younger - \$125; 5 - 12 years - \$225; 13 years or older - \$300; Non-resident: \$30 annual - \$5 for 3 day license; \$15 for 7 day license. Snook and Crawfish Permit Stamps: \$2 annual. Vessel operators: Licensed to carry more than 10 customers - \$800 per year; licensed to carry no more than 10 customers - \$400 per year; licensed to carry 6 or less customers - \$200 per year; Fishing piers charging a fee to customers - \$500 per year. Resident Lifetime Sportsman License Fee: 4 years or younger - \$400; 5 - 12 years - \$700; 13 years or older - \$1,000; 64 years or older - \$12. Special Recreational Crawfish License Fee: \$100 per year.

HISTORY

Florida enacted a law requiring hunting and freshwater fishing licenses in 1929. License fees were increased in 1961, 1963, 1977, 1979, 1985, 1989, and 1990. There have been many new types of licenses created over the years, including a combination hunting and fishing license established in 1985 and a resident sportsman license created in 1987. In 1989, the Legislature imposed saltwater fishing licenses for the first time. In 1990, persons who operate vessels licensed to carry customers fishing for a fee were authorized to obtain a saltwater license in the name of the individual and such license is transferable to any vessel operated by such individual where appropriate fees have been paid. Resident lifetime and 5-year hunting and fishing licenses were created by the 1991 Legislature. A special recreational crawfish license was created by the 1993 Legislature. Also, the special license fees for residents of contiguous states were repealed in 1993. Disposition of saltwater fishing license fees was changed by the 1996 Legislature, depositing all such license fees into the Marine Resources Conservation Trust Fund. Chapter 98-333, L.O.F., made the following changes to chapters 370 and 372: the \$10.00 for a 10-day license was eliminated; a \$12 fee for a permanent hunting and fishing license for a resident 64 years of age or older was created; the \$12 resident Lifetime Sportsman license was eliminated; and the 5-year Game Hunting License fee was reduced to \$55 from \$270. In 1999, the Legislature changed the name of the Game and Fresh Water Fish Commission to the Fish and Wildlife Conservation Commission and transferred all hunting and fishing licenses under the Commission. Chapter 2000-362, L.O.F., created the following combination residential licenses: hunting, freshwater, and saltwater fishing - \$34 for a 1-year license; and freshwater and saltwater fishing - \$24 for a 1-year license. A fee for electronic license sales may be established by competitive bid procedures that are overseen by the Fish and Wildlife Conservation Commission.

OTHER STATES

All states collect hunting and fishing license fees.

INSPECTION LICENSES AND FEES

Florida Statutes: (See chapters or sections listed below)

Administered by: Department of Agriculture and Consumer Services

Fiscal Year	Collections	Annual Change %
2004-05*	\$35,900,000	0.00
2003-04*	35,900,000	3.76
2002-03	34,598,660	-2.21
2001-02	35,381,372	1.49
2000-01	33,973,472	-6.33
1999-00	36,269,373	1.42
1998-99	35,760,215	1.85

* Est.

SUMMARY

The Department of Agriculture and Consumer Services is responsible for the regulation and inspection of all agriculture and consumer commodities. Inspection fees are imposed on such agriculture and consumer commodities in order to cover the cost of regulation and inspection.

DISPOSITION

General Inspection Trust Fund (s. 525.10, F.S.); Citrus Inspection Trust Fund (s. 601.59, F.S.).

COLLECTIONS (Thousands of Dollars)

Type of Inspection	Florida Statute	1998-99	1999-00	2000-01	2001-02	2003-03
Citrus Inspection Trust Fund:						
Citrus	601.28	\$11,557	\$10,685	\$10,574	\$10,832	\$8,377
Citrus Crop Estimate	601.28	1,514	1,689	1,455	1,664	1,680
Citrus Licenses	601.59	32	58	26	26	25
TOTAL		13,103	12,432	12,055	12,522	10,082
General Inspection Trust Fund:						
Gas and Kerosene Inspection	525.09	9,080	9,319	9,372	9,808	10,147
Produce Dealers Licenses	604.19	519	517	558	532	568
Pesticide Registration	487.045	3,130	3,157	3,086	3,044	3,695
Fairs & Expos Permits	616.242	454	456	436	536	1,487

INSPECTION LICENSES AND FEES
(Continued)

COLLECTIONS
(Thousands of Dollars)

Type of Inspection	Florida Statute	1998-99	1999-00	2000-01	2001-02	2002-03
Fruit & Vegetable Inspection	603.12	3,900	4,044	3,456	3,749	3,403
Feed Registration	580.041	355	355	322	386	392
Fertilizer Inspection	576.041	1569	1620	1,582	1,633	1,514
Seed Registration	578.08	434	427	515	476	467
Brake Fluid Permit	526.51	13	13	9	11	13
Phosphate and Lime Nitrogen	576.041	1,199	1,260	221	193	190
Telecomm. List Solicitor	501.605	790	1374	1,098	1,247	1,386
Water Vending Permits	500.459	99	88	92	107	99
Other		1,103	1,151	1,170	1,138	1,156
TOTAL		22,645	23,835	21,917	22,860	24,517

INSURANCE LICENSES

Florida Statutes: Chapter 624

Administered by: Department of Financial Services

Distributions

Fiscal Year	Collections	Annual Change %	Insurance Regulatory Trust Fund	Agents County Tax Trust Fund
2004-05*	\$48,700,000	-0.41	\$42,900,000	\$5,800,000
2003-04*	48,900,000	1.88	43,100,000	5,800,000
2002-03	48,030,183	3.91	42,306,101	5,724,082
2001-02	46,223,213	11.96	41,069,947	5,153,266
2000-01	41,284,360	4.05	36,965,819	4,318,078
1999-00	39,675,712	10.58	35,824,634	3,851,078
1998-99	35,878,257	-11.15	32,506,443	3,371,814

* Est.

SUMMARY

Each insurance company and insurance agent must be licensed to sell insurance in Florida. Insurance companies pay an annual license fee of \$1,000, while resident insurance agents pay biennial state license fees totaling \$54 and a biennial county license fee of \$6.

DISPOSITION

Insurance Regulatory Trust Fund: All "state tax" portions of the agents' licenses collected necessary to fund the administrative costs of the Division of Insurance Frauds.

General Revenue Fund: Residual of all "state tax" portions of agents' licenses collections remaining after the administrative distribution to the Insurance Regulatory Trust Fund. There has been no residual to the General Revenue Fund since 1992-93.

Agents County Tax Trust Fund: "County tax" portion of license fees.

BASE AND RATE

Each insurer company: \$1,000 annually.

Each property, marine, casualty, surety agent employed in Florida: \$12(resident), \$50(non-resident) and \$42 appointment fee biennial to state, \$6 biennial to county; life insurance agent: \$12(resident), \$20(non-resident) and \$42 appointment fee biennial to state, \$6 biennial to county; title insurance agent: \$12 and \$42 appointment fee biennial to state, \$6 biennial to county. Title insurer and title insurance agent administrative surcharge: \$200 annually, to be deposited in the Insurance Regulatory Trust Fund. There is a \$15.00 fee for each service provided, to be deposited in the Insurance Regulatory Trust Fund.

INSURANCE LICENSES

(Continued)

HISTORY

As far back as 1887, most insurers were required to be licensed in Florida. In 1903, a \$5 state license tax was imposed on agents and was increased in 1925 and 1982. In 1959, an additional county license tax of \$3 for each agent or solicitor was created and increased to \$6 in 1982. Additional state and county license fees for title insurance agents and limited surety agents were imposed in 1985. In 1989, an annual administrative surcharge of \$200 was imposed on all licensed title insurance agents. The \$7.50 service fee was increased to \$15. In 1992, the fee for filing application for original or modified certificate of authority of insurer was increased from \$25 to \$1,500 and the annual license tax of each insurer was increased from \$200 to \$1,000. All appointment fees were increased by \$20.

OTHER STATES

All states regulate insurance companies and agents. Fees or taxes imposed vary considerably from state to state. In some instances, they may be credited against premium taxes.

INSURANCE PREMIUM TAX

Florida Statutes: Chapter 624; ss. 626.932 and 626.938

Administered by: Department of Revenue and the Department of Financial Services

Fiscal Year	Collections	Annual Percent Change	General Revenue	Insurance Regulatory Trust Fund	Distributions**	
					Police & Firefighters Premium Tax Trust Fund	Emergency Management Preparedness & Assistance Trust Fund
2004-05*	\$566,700,000	6.51	\$488,300,000	\$29,200,000	\$132,700,000	\$15,600,000
2003-04*	531,900,000	3.2	460,300,000	28,000,000	126,800,000	15,300,000
2002-03	515,400,000	21.04	411,100,000	24,900,000	113,700,000	14,200,000
2001-02	426,109,000	4.14	330,942,400	21,200,000	98,774,848	12,000,000
2000-01	383,400,000	4.12	283,084,080	18,593,630	87,364,091	11,242,199
1999-00	370,700,000	0.78	285,201,678	19,200,000	85,736,442	13,100,000
1998-99	359,300,000	-6.23	257,909,957	18,000,000	83,817,285	12,500,000

* Est.

** Distributions do not equal collections due to cash balances, distributions to additional trust funds, and refunds.

SUMMARY

Taxes are imposed on insurance premiums and paid by insurance companies at the following rates: 1.75% on gross premiums minus reinsurance and return premiums; 1% on annuity premiums; 1.6% on self insurers; and 5% on surplus lines premiums and independently procured coverage.

DISPOSITION

Premium Tax: Assessments for Police and Firefighter pension funds are passed to the Department of Management Services for distribution to local governments. Fire Marshal assessments, filing fees and \$125,000 annually adjusted by the lesser of 20 percent or the growth in total retaliatory taxes are deposited into the Insurance Regulatory Trust Fund. The remainder of the premium tax is deposited into General Revenue. The tax on surplus lines and independently procured coverage is distributed 24.3 percent to the Insurance Regulatory Trust Fund and 75.7 percent to General Revenue.

Surcharge: Emergency Management, Preparedness, and Assistance Trust Fund.

BASE AND RATE

Premium Tax: Gross premiums minus reinsurance and returned premiums, 1.75%; annuity premiums 1%; gross premiums, contributions and self insurers, 1.6%, except that for dental service plans, 1.75%. Surplus lines premiums and independently procured coverage, 5%. Corporation income tax and the emergency excise tax, and the intangible tax paid to Florida are credited against premium tax liability. Exemptions are allowed on annuity premiums paid by annuity policy or contract holders in this state, if the savings are passed on to the consumer. A credit is allowed against the premium tax equal to 15% of the amount paid by the insurer in salaries to employees located or based in Florida who are covered by unemployment compensation. This credit in combination with the corporate credit may not exceed 65% of the tax due for the calendar year.

INSURANCE PREMIUM TAX (Continued)

Credits are also allowed for the municipal pension fund taxes, certain community contributions, certain exempt finance corporate investments, and workers compensation assessments.

Surcharge: \$2 surcharge imposed on every homeowner's, mobile homeowner's, tenant homeowner's, and condominium unit owner's policy. \$4 surcharge imposed on every commercial unit fire, commercial multiple peril, and business owner's property insurance policy.

HISTORY

Adoption of a revised insurance code in 1959 carried forward previous tax arrangements which totally exempted domestic companies and partially exempted foreign companies maintaining regional home offices in Florida. In 1982, a credit was authorized against the premium tax on the emergency excise tax paid to Florida. The 1986 Legislature created the "Tort Reform and Insurance Act", which provided significant reform to the insurance law. 1988 legislation removed statutory distinctions between domestic, regional home office, and foreign insurance companies, subjecting all insurance companies to a 2% premium tax. A new salary tax credit equal to 15% of the amount paid by the insurer in salaries to non-licensed employees was authorized with a cap on the combined sum of the salary credit and the corporate income tax credit of 75% of total premium tax liability. In 1989, the premium tax rate was reduced from 2% to 1.75% and the cap on the combined salary and corporate income tax credit from 75% to 65%. The 100% exclusion from considering the salary credit when calculating retaliatory taxes was reduced to an 80% exclusion. Also, the distribution of retaliatory taxes was changed with not more than 10% going to the Insurance Commissioner's Regulatory Trust Fund and the remainder for deposit into the General Revenue Fund.

In 1990, the tax on surplus lines and independently procured insurance was raised from 3% to 5% and the amount of such assessment going to the Department of Insurance was reduced from 3% to 2.75%. Annual tax credits for the FIGA and FLHIGA guaranty association assessments were reduced from 5% to 0.1% and totally eliminated after 3 years. Insurance premium taxes levied on "multiple-employer welfare arrangement" benefit plans were repealed. In 1991, refund payments were authorized to be made in the year following over-payment of premium taxes and such payments must be made out of the General Revenue Fund. The retaliatory tax distribution was changed in 1992 as well as rates for self-insurers.

The 1993 Legislature imposed an annual \$2 surcharge on every homeowner's, mobile homeowner's, tenant homeowner's, and condominium unit owner's policy and an annual \$4 surcharge on every commercial fire, commercial multiple peril, and business owner's property insurance policy. All proceeds from this surcharge are deposited into the Emergency Management, Preparedness, and Assistance Trust Fund. In 1994, the community contribution tax credit was extended from June 30, 1994 to June 30, 2005, but was restricted to projects within enterprise zones or benefiting low income housing. The allowable annual contribution amount was reduced from a total of \$3 million annually to \$2 million annually. Beginning with the 1995 tax year, municipal pension assessments were transferred to the Department of Management Services for distribution to local governments. The 1996 Legislature once again allowed the FLHIGA assessment credit against premium taxes paid.

Beginning with the 1997 tax year, companies are allowed to take a credit of 0.1% of their FLHIGA assessments paid prior to the 1997 tax year plus a credit of 5.0% of assessments paid after the 1996 tax year. These percentage credits may be taken in each year following the payment of the assessment until the full assessment amount has been credited. In 1998, the community contribution tax credit cap was raised to \$5 million and in 1999, it was raised to \$10 million.

The 2000 tax year introduced many changes in tax credits available. Insurance companies became exempt for the recurring intangible tax, which means the intangibles tax credit is no longer available. Investments in Capital Companies (CAPCO'S) became a tax credit with a limit of \$15 million for all companies per year. Investments in approved projects under s. 220.19 (2) F.S., the Capital Investment Tax Credit, became available against the Insurance Premium Tax. The Child Care Credit under s. 624.5107, F.S., also became available for insurance companies to take against their Premium taxes or Corporate Income Taxes.

INSURANCE PREMIUM TAX
(Continued)

2003 LEGISLATIVE HISTORY

Chapter 2003-395, L.O.F., changed the distribution of the tax on surplus lines and independently procured coverage from 55% to the Insurance Regulatory Trust Fund and 45% to General Revenue to 24.3% to the Insurance Regulatory Trust Fund and 75.7% to General Revenue.

OTHER STATES

Premium taxes are imposed in every state and in the District of Columbia on one or more types of insurance companies, usually in the form of excise or privilege taxes. In many states, premium taxes are in lieu of other taxes, except local property taxes. Rates for domestic companies range from .6% to 4.265%, with the average rate for all states being 2% to 3%. All insurance taxes are complicated by retaliatory taxes which nearly every state levies under some circumstances.

VALUE OF RATE CHANGE, CREDITS, DEDUCTIONS AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
0.5% Increase	\$ 142.1
0.5% Decrease	(90.3)

VALUE OF CREDITS

Community Contributions (s. 624.5105)	0.5
Corporate Income Credits Claimed (s. 624.509(4))	83.1
Florida Employee's Salaries (s. 624.509(5))	196.9
Capital Company Investment Credit (s. 288.99)	15.0
Municipal Firefighter's Pension Fund (s. 175.141)	64.9
Municipal Police Officer's Retirement Fund (s. 185.12)	69.4
Capital Investment Tax Credit (s. 220.191(2))	0.3
Child Care Credit (s. 624.5107)	0.5

VALUE OF DEDUCTIONS:

Workers Compensation Assessments Credit (s. 440.51)	60.7
Florida Health Insurance Guarantee Association Assessment (s. 631.711)	9.2

VALUE OF EXEMPTIONS:

Annuity premiums (s. 624.509(8)) - exempt from 1% tax when savings are passed on to policy holders.	99.7
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I N T A N G I B L E S T A X

Florida Statutes: Chapter 199

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	Annual Tax**	Mortgages	General Revenue Distribution***
2004-05*	\$655,600,000	-18.5	\$305,100,000	\$350,500,000	\$593,900,000
2003-04*	804,900,000	-2.6	305,300,000	499,600,000	742,400,000
2002-03	826,741,531	5.5	366,294,977	460,446,554	765,446,796
2001-02	783,316,259	9.2	450,473,698	332,842,561	726,800,993
2000-01	717,314,758	-27.9	479,472,575	237,842,183	660,765,057
1999-00	994,661,354	-17.8	784,749,938	209,911,417	578,457,521
1998-99	1,209,989,623	2.15	975,847,364	234,142,259	751,188,384

* Est.

** Beginning January 1, 1999, one-third of accounts receivable was exempted from the intangible tax. Beginning January 1, 2000, the exemption for accounts receivable was increased to two-thirds, and the annual tax on intangible assets was reduced from a 2 mill tax rate to a 1.5 mill tax rate. Beginning January 1, 2001, accounts receivable became totally exempt and the annual tax on intangible assets was reduced from 1.5 mills to 1 mill. Effective July 1, 2003, the exemption against the annual tax increases to \$250,000 for each natural taxpayer and spouse, and a \$250,000 exemption is created for businesses.

*** Beginning July 1, 2000, intangibles tax revenue is not distributed to the County Revenue Sharing Trust Fund.

SUMMARY

The tax on intangible personal property is the only property tax that the state may collect under the Florida Constitution, and the maximum rate allowed is 2 mills. (All other taxes based on property value are reserved for local governments.) The tax is imposed at a rate of 1 mill annually on stocks, bonds, notes, governmental leaseholds, and interests in limited partnerships registered with the SEC. Obligations secured by liens on Florida realty are taxed at 2 mills at the time they are recorded, and are exempt from the annual tax. Most intangibles tax revenue goes to the General Revenue Fund. (1 mill = .1 cent or \$.001; also expressed as \$1 per \$1,000 or .1%)

DISPOSITION

All intangibles tax revenue is deposited into the Intangibles Tax Trust Fund. From that fund, revenue collected pursuant to the tax on governmental leaseholds is returned to the local school boards in the counties where the leasehold property is located. Money is appropriated from the fund to pay for the activities of the Division of Property Tax Administration of the Department of Revenue. The balance is distributed to the General Revenue Fund.

BASE AND RATE

Stocks, bonds, including bonds secured by liens on Florida realty, notes, governmental leaseholds, interests in limited partnerships registered with the SEC, etc. are taxed at 1 mill annually. Banks, savings associations and insurers are exempt from the annual tax. Fiduciaries and trustees of trusts are not held responsible for collecting or paying the tax, and property owned, managed, or controlled by a trustee of a trust is exempt from the tax. A Florida resident with a beneficial interest in a trust is responsible for reporting his or her share of the trust assets and paying tax on it. Mortgages and other obligations secured by liens on Florida realty, including bonds, are taxed 2 mills at recordation (non-recurring). The tax rate for both

INTANGIBLES TAX (Continued)

the recurring and non-recurring intangibles tax cannot exceed 2 mills pursuant to Article VII, section 2 of the Florida Constitution. Each natural taxpayer and spouse and each business receives an exemption against the annual tax of \$250,000. Charitable trusts are exempt from the tax when 95% of the income of the trust is paid to organizations exempt from federal income tax under s. 501(c)3 of the Internal Revenue Code.

The minimum amount of tax due before a return and payment are required is \$60.

HISTORY

Prior to 1924, there was no constitutional distinction between intangible property and other property, and all was subject to ad valorem taxation. The Florida Constitution was amended in 1924 to allow a special tax rate for intangible property, and in 1931 this provision was enacted into law. The 2 mill tax was assessed and collected at the county level and was deposited into the states' General Revenue Fund. In 1941 intangibles tax revenue was used to fund county tax assessors and collectors, and the remainder was divided between General Revenue (75%) and the county where collected (25%). Tax rates were changed to 1 mill on stocks and bonds, 3 mills on mortgages, and 1/20 mill on money.

In 1951 the tax rate on mortgages was reduced to 2 mills, and in 1955 the disposition of intangibles tax revenue was changed to pay for retirement of state and county officers and employees, with the balance going to General Revenue. In 1957, the tax on stocks and bonds was raised to 2 mills. In 1961, the Legislature passed a 2-year phased reduction to 1 mill.

In 1967, 55% of net collections was shared with counties where collected. The Department of Revenue began assessing and collecting the tax in 1971 and the tax on money was repealed. The Revenue Sharing Act of 1972 channeled the counties 55% share through a revenue sharing formula. In 1974 the \$20,000 annual exemption for each taxpayer and spouse was created.

Several changes were made to the intangibles tax in 1990. The annual tax rate was increased to 1.5 mills with an additional exemption of \$100,000 per person and spouse against the additional .5 mill. The tax base was broadened to include interests in limited partnerships registered with the SEC and an exemption from the additional .5 mill levy was provided to charitable trusts which distribute 95% of their income to organizations exempt from federal income tax under s. 501(c)3. of the I.R.C. The credit that banks can take against the corporate income tax for intangible taxes paid was raised from 40% to 65% of corporate taxes due and banks were guaranteed the higher of this credit or a credit equal to 33% of their intangible tax liability. The distribution was changed in 1990 from 55% to 41.3% to the Revenue Sharing Trust Fund for Counties and from 45% to 58.7% to the General Revenue Fund.

In 1992, the tax on intangible personal property was increased from 1.5 mills to 2 mills with banks and savings associations being exempt from the .5 mill increase. The personal exemption of \$100,000 for individuals and \$200,000 per couple applied to the additional .5 mill. The intangibles tax distribution was changed from 41.3% to 33.5% to the Revenue Sharing Trust Fund for Counties and from 58.7% to 66.5% to the General Revenue Fund.

In 1998 several significant changes were made to the intangibles tax: the minimum tax amount of tax due before a return and payment are required was raised from \$5 to \$60 dollars; one-third of accounts receivable was exempted from the intangibles tax beginning January 1, 1999, and the act expressed the intent of the Legislature to increase the exempt amount to two-thirds on January 1, 2000, and to completely exempt accounts receivable on January 1, 2001; the penalties for late payment and late filing were limited to a total of 10 percent per month and 50 percent of the total tax due. The penalty for under reporting and undervaluation was reduced from 30 percent to 10 percent; and banks, savings associations, as defined in s. 220.62, F.S., and insurers, as defined in s. 624.03, F.S., were exempted from intangibles tax. The distribution rate was changed to 35.3% for the Revenue Sharing Trust Fund for Counties for FY 1998-1999, and to 37.7% for FY 1999-2000.

INTANGIBLES TAX
(Continued)

In 1999, the Legislature reduced the annual tax on intangible assets to a 1.5 mill tax rate, and increased the exemption for accounts receivable to two-thirds. The law also provided that limited liability companies may file consolidated intangibles tax returns. Certain charitable trusts were fully exempted from the annual tax, the calculation of tax on future advances was changed, and an exemption for unit investment trusts was provided. In 2000, the Legislature reduced the annual tax rate to 1 mill and fully exempted accounts receivable from the tax. It revised the treatment of Florida trusts, relieving Florida trustees of paying intangibles tax on trust assets, and it provided that a Florida resident with a beneficial interest in a trust is responsible for reporting his or her share of trust assets and paying intangibles tax on it. The law also repealed the sharing of intangibles tax with counties (and replaced the revenue with sales tax). Chapter 2001-225, L.O.F., increased the exemption against the annual tax to \$250,000 for each natural taxpayer and spouse, and created a \$250,000 exemption for all other taxpayers, mainly businesses. These changes were postponed until the 2004 tax year in Special Session C in December, 2001.

OTHER STATES

Most states include *income* from intangible personal property in the tax base of personal income. Along with Florida, the states of Alabama, Kentucky, Pennsylvania and West Virginia specifically tax some form of intangible property, either by a separate tax or by inclusion in the property tax base, or provide for a local option tax on intangibles. West Virginia's tax is scheduled for repeal. Rates vary from state to state and between classes of property, but appear to range from 1/10 of 1 mill to 6 mills on most forms of taxable intangible personal property in those states.

VALUE OF RATE CHANGES, EXEMPTIONS, REFUNDS AND ALLOWANCES, AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of .5 mill levy on stocks, bonds, notes, etc.*	\$ 153.5
Value of 1 mill levy on mortgages*	148.9
 <u>VALUE OF EXEMPTIONS</u>	
Standard \$250,000/\$500,000 exemption (s. 199.185(2))	117.0
\$60 minimum payment (s. 199.052(2))	1.2
Accounts receivable (s. 199.185(1)(l))	56.6
Intangibles of corporations or limited liability companies on a consolidated return which otherwise do not have taxable situs (s. 199.052(10))	Indeterminate
Charitable Trusts - exempt if 95% of income goes to s. 501(c)3. organizations (s. 199.185(4))	Indeterminate
Stocks or shares of a savings association held by a parent mutual holding company (s. 199.103(8))	Indeterminate
Exemption for banks (s. 199.185(5))	Indeterminate
Exemption for insurance companies (s. 199.185(8))	Indeterminate

INTANGIBLES TAX
(Continued)

<u>VALUE OF EXEMPTIONS</u>	<u>2004-05</u> (millions)
Exemption for property owned, managed, or controlled by a trustee of a trust (s. 199.184(4))	Indeterminate
Credit for taxes imposed by other states (s. 199.106)	Insignificant
Exemption for credit unions from state and local taxes (s. 213.12 (2))	Indeterminate
Exemption for state, county and municipal bonds (s. 199.185(1)(d))	Indeterminate
Exemption for partnership interest other than interest as a limited partner in a registered limited partnership (s. 199.185(1)(c))	Indeterminate
Exemption for franchises, patents, trademarks, service marks, and copyrights (s. 199.185(1)(b))	Indeterminate
Exemption for accounts receivable of certain liquor distributors (s. 199.185(6))	Insignificant
Exemption for professional sports retirement plans (s. 199.185(1)(f))	Insignificant
Exemption for real estate mortgage investment conduits and financial asset securitization trusts (s. 199.185(1)(k))	Indeterminate
Exemption for non-transferable stock options (s. 199.185(1)(m))	Indeterminate
Exemption for renewals of lines of credits (s. 199.143(3))	Indeterminate

VALUE OF REFUNDS AND ALLOWANCES

Clerk of Circuit Court Commission (.5%) (s. 199.135(3))	1.8
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DISTRIBUTION TO SCHOOL BOARDS

Government leasehold collections (s. 199.292(1))	Indeterminate
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* Article VII, section 2 of the Florida Constitution states that the tax rate for both the recurring and non-recurring tax on intangible personal property cannot exceed 2 mills.

I N T E R E S T

Florida Statutes: Sections 18.10; 18.15; 215.32; 215.44 to 215.53

Administered by: Chief Financial Officer; Board of Administration; various other agencies

Fiscal Year	Collections	General Revenue	Trust Fund**	Working Capital
2004-05*	\$807,000,000	\$316,000,000	\$491,000,000	-0-
2003-04*	734,000,000	260,700,000	473,300,000	-0-
2002-03	728,648,065	271,954,944	456,693,121	-0-
2001-02	739,681,842	227,001,003	512,680,839	-0-
2000-01	940,233,178	300,555,877	639,677,301	-0-
1999-00	690,313,203	230,793,961	459,519,012	-0-
1998-99	801,092,672	214,890,604	572,500,805	14,501,263

* Est.

** Amount of interest in Trust Fund accounts is understated by an unknown amount. This is due to the practice by some fund managers of recording both principal and interest receipts as "Sale of Investments".

SUMMARY

The Chief Financial Officer (CFO) is responsible by law for investing moneys in the State Treasury not needed for disbursement. Interest earned by the CFO is, for the most part, allocated back to the fund in which the balance exists. Because money could be needed for disbursement, investments are for short and medium time periods.

PRINCIPAL SOURCES

	1998-99	1999-00	2000-01	2001-02	2002-03
General Revenue Fund					
CFO's Investments*	\$210,882,110	\$230,793,961	\$300,555,877	\$223,416,586	\$268,552,491
Other agencies	4,008,494	-0-	-0-	3,584,417	3,402,453
TOTAL-Gen.Rev. Fund	214,890,604	230,793,961	300,555,877	227,001,003	271,954,944
Trust Funds	572,500,805	459,519,012	639,677,301	512,680,839	456,693,121
Working Capital Fund	14,501,263	-0-	-0-	-0-	-0-
TOTAL-ALL FUNDS	801,892,672	690,313,203	940,233,178	739,681,842	728,648,065
Annual Change	4.80%	-13.98%	36.62%	-21.33%	-1.49

INTEREST
(Continued)

- * These figures include interest earned from the Budget Stabilization Fund (BSF). Such interest earnings are credited to the General Revenue Fund.

DESCRIPTION OF PRINCIPAL SOURCES

1. General Revenue Fund:
 - a. Treasury Investments represent idle cash balances of the CFO invested in short term obligations of the United States Treasury.
 - b. Budget Stabilization Fund interest earned on balances in the budget stabilization fund accrue to General Revenue.
 - c. Other Sources of interest earned in General Revenue are mainly scholarship loans being repaid by recipients of prior years and investments of certain funds held by the institutions.
2. Trust Fund: Agencies collect interest in their trust fund account.
3. Working Capital Fund collects interest on investment of its balance only when the balance is less than the statutory limit. At other times, its investment earnings are credited to General Revenue.

INTERGOVERNMENTAL AID

Florida Statutes: 215.32(2)(b)

Administered by: Various agencies

Fiscal Year	Collections	Federal Grants	Local Governments	Other Donations/ Federal Assistance
2004-05*	\$19,184,100,000	\$18,581,500,000	\$89,200,000	\$513,400,000
2003-04*	18,084,200,000	16,574,600,000	83,800,000	1,425,800,000
2002-03	15,454,959,434	14,917,039,075	79,652,550	458,267,809
2001-02	14,371,575,386	13,406,853,079	92,270,627	872,451,679
2000-01	11,971,846,337	11,527,179,722	85,810,035	358,856,580
1999-00	10,526,293,296	10,140,067,437	76,763,629	309,462,229
1998-99	9,351,107,485	9,004,721,375	78,080,211	268,305,899

* Est.

DISPOSITION

Trust Fund (various earmarked accounts as appropriate to the purpose of each type of aid received).

BASIS

Various matching formulas, depending on program. Matching required for Federal aid may vary from zero to 100%.

PRINCIPAL AGENCIES RECEIVING FEDERAL GRANTS

	1999-00	2000-01	2001-02	2002-03
Dept. of CFS TANF Grants	\$2,725,945	-0-	-0-	-0-
Dept. of CFS/AHCA Medicaid Grants	4,194,419,427	4,836,567,786	5,598,076,632	6,542,200,000
Dept. of CFS All Other Grants	1,350,260,918	1,492,842,715	1,592,624,669	1,410,215,392
Dept. of Education Grants	1,340,574,573	1,564,269,458	1,812,132,355	2,013,539,086
Dept. of Transportation Grants	1,028,977,179	1,278,659,862	1,350,537,123	1,746,994,164
Labor and Workforce Innovation Grant	381,043,903	276,656,858	665,388,327	906,052,315
Other Grants	1,842,065,492	2,078,183,043	2,388,093,973	2,298,038,118
Total Federal Aid	10,140,067,437	11,527,179,722	13,406,853,079	14,917,039,075
Annual Change	12.60%	13.67%	16.30%	11.26%

L O T T E R Y

Florida Constitution: Article X, Section 15

Florida Statutes: Chapter 24

Administered by: Department of the Lottery

Distributions

Fiscal Year	Total Collections	Annual Change %	Education Enhancement Trust Fund**
2004-05*	\$3,050,300,000	0.18	\$981,800,000
2003-04*	3,044,800,000	5.60	982,900,000
2002-03	2,883,500,000	22.87	966,300,000
2001-02	2,346,800,000	2.13	891,700,000
2000-01	2,297,869,000	1.39	873,100,000
1999-00	2,266,543,000	7.26	861,200,000
1998-99	2,112,966,000	2.25	802,900,000

* Est.

** Except for the 2003-04 and 2004-05 estimates, these figures include extraordinary distributions resulting from direct appropriations or transfers of retained earnings. The 2003-04 and 2004-05 estimates only reflect the amount required by statute to be transferred.

SUMMARY

Florida operates both instant ticket games and on-line numbers games. A portion of the proceeds from these games is retained by the state.

DISPOSITION

Total collections are distributed as follows: at least 50% of the money is for prizes; at least 39% goes to the Educational Enhancement Trust Fund; and the remaining money goes to the Administrative Trust Fund. The unencumbered balance which remains in the Administrative Trust Fund at the end of the fiscal year is transferred to the Educational Enhancement Trust Fund.

HISTORY

In November, 1986, voters approved Article X, Section 15 to the State Constitution, providing for a state operated lottery. The Department of the Lottery was created during the 1987 Regular Session and the state lottery officially began selling tickets on January 12, 1988. Beginning July 1989, the allocation for education was increased from 35% to 37.5% and increased again to 38% in July 1990, and increased to 39% in July, 2003. During the 2002 legislative session, the Legislature authorized the Department of the Lottery to determine a variable percentage of revenue from instant lottery tickets that is to be returned as prizes. The lottery is to determine that percentage to maximize the amount going to education. The change is expected to increase annual lottery revenue to education by \$50 to \$60 million.

LOTTERY
(Continued)

2003 LEGISLATIVE HISTORY

In 2003, the legislature increased the percent of gross revenue transferred from on-line lottery tickets sales, instant ticket sales, and other earned income to the Educational Enhancement Trust Fund (EETF) from 38 percent to 39 percent. The legislature also eliminated the \$180 million cap on money used from the EETF for bond requirements, and removed designated transfers going to the Classroom First program. During Special Session E, HB 43-E transferred \$30,147,947 of unclaimed lottery prize money to the EETF.

OTHER STATES

Currently, thirty-eight (38) states and the District of Columbia are authorized to operate state lotteries. All 38 state lotteries and the District of Columbia operate instant ticket games and at least one form of on-line game.

VALUE OF CHANGE IN DISTRIBUTION AND REFUNDS AND ALLOWANCES

<u>CHANGE IN DISTRIBUTION</u>	<u>2004-05</u> (millions)
Value of each additional 1% of total collections distributed to the Educational Enhancement Trust Fund (Assumes at least 50% still returned as prizes)	\$ 30.5
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Retailer commissions (5% on all ticket sales and 1% cashing bonus on winnings paid out in prizes of less than \$600)	167.8

MOTORBOAT LICENSES

Florida Statutes: Chapter 328

Administered by: Department of Highway Safety and Motor Vehicles

Distributions

Fiscal Year	Collections	Annual Change %	Marine Resources Conservation Trust Fund**	State Agency Law Enforcement Radio System Trust Fund
2004-05*	\$6,800,000	1.49	\$5,800,000	\$1,000,000
2003-04*	6,700,000	3.66	5,700,000	1,000,000
2002-03	6,463,302	7.29	5,541,529	921,773
2001-02	6,972,084	-48.24	6,117,379	854,705
2000-01	13,471,128	-24.94	12,608,110	863,018
1999-00	17,947,012	40.47	16,752,027	1,194,985
1998-99	12,775,973	-8.52	12,052,334	723,639

* Est.

** Effective July 1, 2001, the county portion of vessel registration fees were retained by the county, instead of deposited into the Marine Resources Conservation Trust Fund for distribution back to the counties where collected.

SUMMARY

All motorboats operated on Florida waters must be registered annually with the Department of Environmental Protection. License fees are based on the length of the boat and range from a low of \$3.50 to a high of \$122.50. All counties are authorized to impose an annual vessel registration fee which must be equal to 50% of the applicable state vessel registration fee.

DISPOSITION

Marine Resources Conservation Trust Fund: Administration, recreational channel marking, public launching facilities, law enforcement, quality control programs, aquatic weed control, manatee protection, recovery, rescue, rehabilitation and marine mammal protection and recovery, and marine research.

State Agency Law Enforcement Radio System Trust Fund: Acquiring and implementing a state-wide radio communications system to serve state and local law enforcement agencies.

BASE AND RATE

All motorboats: Boats and canoes with motors under 12 feet - \$3.50; others - \$10.50 to \$122.50, depending on length. Dealer - \$16.50. \$2.50 service fee to issuing agent. All counties may impose an annual vessel registration fee which must be equal to 50% of the applicable state vessel registration fee.

In addition, a \$1.00 surcharge annually on each vessel registration as provided for in s. 327.25, (1), for deposit in the State Agency Law Enforcement Radio System Trust Fund. In addition, a 50 cents annual fee on each vessel registration to cover the cost of the Florida Real Time Vehicle Information System for deposit into the Highway Safety Operating Trust Fund.

MOTORBOAT LICENSES

(Continued)

HISTORY

In lieu of property taxes, boats must be registered and numbered in Florida. A major portion of collections are appropriated annually for boating related programs operated by counties. The 1984 Legislature authorized the annual appropriation of \$250,000 from the Motorboat Revolving Trust Fund to the Save the Manatee Trust Fund to be used to protect and recover manatee and other marine mammals. Applicants may pay an additional \$2 - \$5 voluntary contribution for manatee and marine protection and an additional \$5 voluntary contribution to the Marine Turtle Protection Trust Fund to be used for turtle protection, research, and recovery. In 1988, a \$1 surcharge was added to each annual vessel registration for deposit into the State Agency Law Enforcement Radio System Trust Fund for the acquisition and implementation of a state-wide law enforcement radio communications system. In 1990, all counties, not just those counties with a population of 100,000 or more, were authorized to impose an annual vessel registration fee. The fee must be equal to 50% of the applicable state vessel registration fee. The annual appropriation to the Save the Manatee Trust Fund was changed from a flat "\$250,000" to "equal to" \$1 for each vessel registration in the state. An additional 50 cents per vessel registration was authorized for transfer to the Save the Manatee Trust Fund in 1991 and vessel registrations fees were increased by 50 cents.

Chapter 95-333, L.O.F., transferred vessel registrations from the Department of Environmental Protection to the Department of Highway Safety and Motor Vehicles. Effective July 1, 1996, the vessel registration period was changed from June 1 to the vessel owner's birth month. Also, ch. 95-333, L.O.F., required county tax collectors to remit vessel registration fees to the department within 7 working days following the week the fees are collected. The 1996 Legislature terminated the Motorboat Revolving Trust Fund effective July 1, 1996 and provided for the deposit of vessel registration fees into the Marine Resources Conservation Trust Fund. Chapter 99-289, L.O.F., changed the Florida Statute references from chapter 327 to chapter 328. Chapter 99-248, L.O.F., added a 50 cents fee on every annual vessel registration for deposit into the Highway Safety Operating Trust Fund to cover the cost of the Florida Real Time Vehicle Information System. The 2000 Legislature authorized the tax collector to distribute the county portion of vessel registration fees directly to the board of county commissioners instead of to the Department of Highway Safety and Motor Vehicles for distribution back to the counties where collected. Chapter 2001-196, L.O.F., capped administrative costs for vessel registration at \$1.4 million for deposit in the Highway Safety Operating Trust Fund.

OTHER STATES

Registration of recreational boats is required in all states. Forty-seven states conduct their own registration and licensing within terms of Federal statutes. Registration in the other three states is performed by the U. S. Coast Guard.

MOTOR FUEL TAXES
(Motor Fuel, Diesel Fuel, Off-Highway Fuel and Aviation Fuel)

Florida Statutes: Chapter 206; Section 212.0501, F.S.

Administered by: Department of Revenue

Fiscal Year	Total Collections**	Annual Change %	Chapter 206 & s. 212.0501	SCETS TAX
2004-05*	\$2,063,300,000	3.67	\$1,495,300,000	\$568,000,000
2003-04*	1,990,200,000	4.52	1,445,400,000	544,800,000
2002-03	1,904,196,285	4.77	1,382,145,152	522,051,133
2001-02	1,817,571,056	4.33	1,327,135,872	490,435,184
2000-01	1,742,095,990	4.10	1,281,467,803	460,281,187
1999-00	1,673,407,227	3.76	1,235,747,284	437,659,943
1998-99	1,612,721,117	6.32	1,188,703,552	424,017,565

* Est.

** These figures represent gross collections and include the following: 1998-99 - \$89.5 million in service charges, \$50.1 million in diversions, \$5.7 million in DOR administrative costs, and \$5.8 million to the Agricultural Emergency Eradication Trust Fund; 1999-00 - \$93.7 million in service charges, \$45.8 million in diversions, \$10.3 million in DOR administrative costs, and \$6.3 million to the Agricultural Emergency Eradication Trust Fund; 2000-01 - \$37.6 million in service charges, \$51.0 million in diversions, \$11.0 million in DOR administrative costs, and \$7.0 million to the Agricultural Emergency Eradication Trust Fund; 2001-02 - \$6.9 million in service charges, \$45.6 million in diversions, \$10.9 million in DOR administrative costs, and \$7.5 million to the Agricultural Emergency Eradication Trust Fund; 2002-03 - \$3.8 million in service charges, \$47.7 million in diversion, \$11.8 million in DOR administrative costs, and \$8.0 million to the Agricultural Emergency Eradication Trust Fund; 2003-04 - \$3.9 million in service charges, \$47.2 million in diversions; \$12.3 million in DOR administrative costs, \$8.4 million to the Agricultural Emergency Eradication Trust Fund, and \$2.5 million to the Marine Resources Conservation Trust Fund; 2004-05 - \$3.9 million in service charges, \$49.4 million in diversions; \$12.9 million in DOR administrative costs, \$8.8 million to the Agricultural Emergency Eradication Trust Fund, and \$5.0 million to the Marine Resources Conservation Trust Fund (Diversions consist of refunds, collection fees, an annual distribution of \$6.3 million to the Department of Environmental Protection for Aquatic Weed Control and other boating-related activities, \$2.5 million to the Fish and Wildlife Conservation Commission (FWC) to be used for recreational boating activities and fresh water fisheries management and research and \$2.5 million in 2003-04 and \$5.0 million in 2004-05 to the FWC for boating research, boating-related programs and activities, and for law enforcement on state waters.)

Allocation by Type Of Fuel**

Fiscal Year	Motor Fuel	Diesel Fuel	Off-Highway Fuel	Aviation
2004-05*	\$1,690,700,000	\$304,100,000	\$4,200,000	\$64,300,000
2003-04*	1,633,200,000	290,600,000	4,000,000	62,400,000
2002-03	1,558,942,519	277,125,991	3,444,389	64,683,386
2001-02	1,484,892,629	264,708,651	2,349,247	65,620,529
2000-01	1,410,376,664	252,033,795	2,982,227	76,703,304
1999-00	1,356,400,000	243,320,496	1,897,099	71,789,222

MOTOR FUEL TAXES
(Continued)

Fiscal Year	Motor Fuel	Diesel Fuel	Off-Highway Fuel	Aviation
1998-99	1,308,047,379	232,652,096	2,199,914	66,811,677

* Est.

** These Figures represent gross collections and include refunds, service charges, administrative costs, and collection allowances. The totals by fuel type will not equal Total Collections due to penalties, interest and other adjustments.

SUMMARY

Motor fuel, diesel fuel and aviation fuel are subject to taxation in Florida pursuant to chapter 206. Motor fuel and diesel fuel used on Florida's highways are subject to the following state fuel taxes: 4 cents per gallon excise tax; fuel sales tax at a rate determined annually by adjusting the legislative initially established tax rate of 6.9 cents per gallon by the percentage change in the average of the consumer price index; SCETS tax which is levied on motor fuel in each county levying a local option fuel tax, at a rate not to exceed 4 cents per gallon and on diesel fuel in each county at the rate of 4 cents per gallon. The SCETS tax on both motor fuel and diesel fuel is adjusted annually by the percentage change in the average of the consumer price index. Aviation fuel is taxed at 6.9 cents per gallon. Diesel fuel used for business purposes, upon which chapter 206 fuel taxes have not been paid, is subject to a 6% use tax.

DISPOSITION

Chapter 206

Fuel Tax Collection Trust Fund, from which distributions are made as follows:

Constitutional fuel tax (2 cent) to State Board of Administration for county road debt, residual to counties.

County fuel tax (1 cent) to counties.

Municipal fuel tax (1 cent) to Municipal Revenue Sharing Fund.

Aviation Fuel Tax: State Transportation Trust Fund.

Fuel Sales Tax: State Transportation Trust Fund

SCETS Tax: State Transportation Trust Fund

Section 212.0501

State Transportation Trust Fund

ALLOCATION FORMULAS

Constitutional and County gas tax: Area 25%; population 25%; collections 50% (See Article XII Sec. 9(c)(4) Constitution). Foregoing subject to debt service requirements established under earlier formula. (See Art. IX, Sec. 16(a), Constitution of 1885).

MOTOR FUEL TAXES (Continued)

BASE AND RATE

Chapter 206

Motor fuel, diesel fuel, and diesel fuel use tax, 4 cents per gallon. Counties may levy local option fuel taxes. (For details on local option fuel taxes, see pages 163-166)

Aviation fuel, 6.9 cents per gallon.

Fuel sales tax: The tax rate is determined annually by adjusting the legislative initially established tax rate of 6.9 cents per gallon by the percentage change in the average of the consumer price index. However, the rate cannot fall below 6.9 cents per gallon. The tax is collected from the terminal supplier.

SCETS tax: Levied on motor fuel in each county levying a local option fuel tax, at a rate equal to two-thirds of the sum of the county's local option fuel taxes, not to exceed 4 cents per gallon. Diesel fuel is taxed in each county at the rate of 4 cents per gallon. On January 1 of each year the SCETS tax on both motor fuel and diesel fuel is adjusted annually by the percentage change in the average of the consumer price index. The tax is collected from the terminal supplier.

Section 212.0501

6% use tax on diesel fuel used for business purposes, upon which chapter 206 fuel taxes have not been paid.

HISTORY

Florida began taxing gasoline in 1921. Starting with a rate of one cent per gallon, Florida had a series of rate increases until it was set at seven cents in 1931. In 1939, similar taxation of special motor fuels was provided. The rate was increased to 8 cents per gallon in 1971. With enactment of Revenue Sharing in 1972, all 8th cent proceeds were allocated to cities through the Revenue Sharing Trust Fund. The Special Fuel Use Tax was created in 1980.

In 1983 the Legislature repealed the sales tax exemption on motor and special fuels and repealed the "First Gas Tax" of 4 cents per gallon. The 4 cents per gallon tax was replaced with a 5% sales tax on all motor and special fuels and aviation fuel sold in Florida. In 1984, the term "alternative fuels" was created to include fuels previously defined as "special fuels", instead of being subject to the special fuels tax, these "alternative fuels" were made subject to fees as outlined in s. 206.87(7), F.S.

Aviation fuel was exempt from the state sales tax in 1985. Part III of chapter 206, F.S., was created, which imposed an excise tax of 5.7 cents per gallon on aviation fuel and which exempted aviation fuel from the County Voted 1-cent Gas Tax and the County 1-6 cents Local Option Gas Tax. All proceeds were deposited in the General Revenue Fund. In 1986, the proceeds from the aviation fuel tax, less service charges and refunds, were redirected for distribution to the State Transportation Trust Fund from the General Revenue Fund. Certain air carriers making an election pursuant to s. 212.0598, F.S., were authorized to use the apportionment formula in s. 212.0598, F.S., for their aviation fuel tax in 1988. In 1990, the sales tax on motor and special fuel was increased from 5% to 6% and annually adjusted by the change in the average of the Consumer Price Index. The excise tax on aviation fuel was increased from 5.7 cents per gallon to 6.9 cents per gallon. Effective January 1, 1991, the State Comprehensive Enhanced Transportation System (SCETS) tax was enacted. The equalization of local option fuel taxes on diesel was adopted. Effective calendar year 1994, the local option tax rate on diesel fuel was 7 cents per gallon. Chapter 94-146, L.O.F., provided that beginning in fiscal year 1997-98, all fuel tax administrative costs incurred by the Department of Revenue would begin to be phased-in over a three year period, so that by fiscal year 1999-2000, administrative costs would be deducted proportionally from all fuel taxes, except the Constitutional gas tax.

MOTOR FUEL TAXES
(Continued)

Chapter 95-417, L.O.F., re-wrote the motor and special fuel tax statutes, to conform to the federal diesel fuel dyed program. All of the motor and special fuel tax provisions found in chapters 206, 212 and 336, F.S., were combined into chapter 206, F.S. The major changes, which took effect July 1, 1996, were as follows: 1) changed the point of collection for state motor fuel and state and local diesel fuel tax from the wholesaler, special fuel dealer, importer, or retailer, to the terminal supplier; 2) changed the point of collection for local option motor fuel tax from the retailer to the wholesaler; 3) provided for the tax-free purchase of dyed diesel fuel by exempt users; and 4) imposed a 6% use tax on diesel fuel used for business purposes, upon which chapter 206, F.S., fuel taxes have not been paid.

Chapter 96-323, L.O.F., provided for a 5-year aviation fuel tax credit for air carriers offering transcontinental jet service who meet certain employment criteria. Also, kerosene was defined as aviation fuel and made subject to the 6.9 cents aviation fuel tax. Chapter 97-54, L.O.F., allowed owners of noncommercial vessels to purchase tax-exempt (dyed) diesel fuel, and provided that such fuel purchases were subject to the 6% general sales and use tax. Chapter 98-114, L.O.F., provided that, effective July 1, 1999, 0.65 percent of the fuel sales tax and the SCETS tax revenues on motor fuel are to be deposited into the Agricultural Emergency Eradication Trust Fund. Chapter 98-307, L.O.F., repealed, effective July 1, 1998, the \$1.5 million distribution of fuel tax revenues to the Board of Regents for the Center for Urban Transportation Research. Chapter 99-245, L.O.F., made the following changes to state fuel tax distributions: decreased the distribution to the Invasive Plant Control Trust Fund from \$7.55 million to \$6.3 million; and increased the distribution to the Fish and Wildlife Conservation Commission from \$1.25 million to \$2.5 million. Effective July 1, 2000, ch. 2000-257, L.O.F., eliminated the 7.3 percent General Revenue Service Charge on the Fuel Tax Collection Trust Fund. The July 1, 2000, date affects motor fuel and special fuel taxes, fuel use taxes, and off-highway fuel taxes. Effective July 1, 2001, the 7.3 percent General Revenue Service Charge is eliminated on SCETS tax collections. Chapter 2000-266, L.O.F., provided that taxes paid on diesel fuel purchased in Florida and consumed by a qualified motor coach during idle time for the purpose of running climate control systems and maintaining electrical systems is subject to a refund. Chapter 2002-218, L.O.F., reinstated the aviation fuel tax exemption for certain air carriers, which expired July 1, 2001.

2003 LEGISLATIVE CHANGES

Chapter 2003-156, L.O.F., provided that a portion of the moneys attributable to the sale of motor fuel and diesel fuel at marinas shall be transferred to the Marine Resources Conservation Trust Fund in the Fish and Wildlife Conservation Commission as follows: \$2.5 million in 2003-04; \$5.0 million in 2004-05; \$8.5 million in 2005-06; \$10.9 million in 2006-07; and \$13.4 million in 2007-08 and each fiscal year thereafter.

OTHER STATES

All states tax motor fuel and diesel fuel. Both motor fuel and diesel fuel state tax rates varying from 7.5 cents to 31 cents per gallon. Forty-six states plus the District of Columbia charge 10 cents or more per gallon of motor fuel and diesel fuel.

VALUE OF RATE CHANGES, EXEMPTIONS, REFUNDS AND CREDITS, AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1 cent levy per gallon of motor and diesel fuel (excludes off-highway use)	\$ 99.7
Value of 1 cent levy per gallon on aviation fuel (Note: Gross proceeds before deductions, transfers and refunds)	9.3

MOTOR FUEL TAXES
(Continued)

<u>VALUE OF EXEMPTIONS</u>	<u>2004-05</u> (millions)
Sales to U.S. Government (s. 206.62)	8.0
Farmers and Fishermen (s. 206.874(3)(a) and (e))	4.4
 <u>VALUE OF REFUNDS AND CREDITS</u>	
Aviation Fuel Employment Refund (s. 206.9855)	10.9
Refunds to Counties (ss. 206.41(4)(d), 206.625(1), 206.874(4))	11.0
Refunds to Municipalities (ss. 206.41(4)(d), 206.625(1), 206.874(4))	6.1
Refunds to School Districts (ss. 206.41(4)(e), 206.625(2), 206.874(4))	6.3
Refunds for Farmers and Fishermen (ss. 206.41(4)(c), 206.64)	0.9
Refunds to Local Transit Systems (ss. 206.41(4)(b), 206.874(5)(d))	7.2
Dealer Collection Allowances (ss. 206.43 and 206.91)	4.2
 <u>VALUE OF DISTRIBUTIONS</u>	
Aquatic Weed Control and Other Boating Related Activities (s. 206.606(1)(a) and (b))	8.8
Agricultural Emergency Eradication Trust Fund (ss. 206.606(1)(c) and 206.608(1))	8.8
Marine Resources Conservation Trust Fund (s. 206.606(1)(d))	5.0

DISTRIBUTION OF MOTOR FUEL AND DIESEL FUEL TAXES

	1999-00		2000-01		2001-02		2002-03	
	Motor	Diesel	Motor	Diesel	Motor	Diesel	Motor	Diesel
STATE SHARE OF SALES TAX ON FUEL								
Dept. of Transportation	\$ 620,002	\$ 107,263	\$ 683,706	\$ 119,249	\$ 733,579	\$ 125,583	\$ 768,401	\$ 131,720
Dept. of Env. Protection - Aquatic Weed Control	2,687	838	5,418	359	5,418	882	5,418	882
Fish and Wildlife Conservation Commission	3,424	329	2,141	882	2,141	359	2,141	359
Agr. Emergency Eradication Trust Fund	4,671	-	4,523	-	4,849	-	5,077	-
Refunds - Agric. and Commercial Fish	544	-	224	-	-	-	189	-
Refunds - City Transit	1,442	-	1,862	-	807	-	1,106	-
Refunds - Municipal, County & School District	2,414	-	9,655	-	4,828	-	7,242	-
Refunds as Result of '96 Fuel Tax Rewrite	4,524	9,473	4,597	9,802	5,337	10,638	5,590	10,832
Administrative Trust Fund	5,323	922	5,719	1,054	5,586	1,022	6,398	1,162
GR Service Charge (7.3%)	46,323	7,880	-	-	-	-	-	-
TOTAL	691,354	126,705	717,845	131,346	762,545	138,484	801,562	144,955
2 CENT CONSTITUTIONAL GAS TAX								
Counties & County Road Debt	149,401	25,925	151,901	26,073	156,340	26,756	160,209	27,399
Refunds as Result of '96 Fuel Tax Rewrite	167	1,139	185	1,167	271	1,263	172	1,189
TOTAL	149,568	27,064	152,086	27,240	156,611	28,019	160,381	28,588
1 CENT COUNTY TAX								
Administrative Trust Fund	581	102	622	113	590	106	638	114
Refunds - Municipalities, Counties & School Brds.	201	0	805	-	402	-	603	-
Refunds as Result of '96 Fuel Tax Rewrite	472	854	424	869	496	914	543	944
County Aid	67,218	11,108	67,787	11,147	70,171	11,441	71,596	11,651
GR Service Charge (7.3%)	5,339	883	5,387	887	5,572	909	5,688	926
TOTAL	73,811	12,947	75,025	13,016	77,231	13,370	79,068	13,635
1 CENT MUNICIPAL TAX								
Administrative Trust Fund	581	102	672	112	590	106	638	114
Revenue Sharing Trust Fund	67,753	11,380	68,815	11,412	70,855	11,703	72,543	11,974
Refunds - Farmers and Fishermen	13	0	50	-	25	-	38	-
Refunds as Result of '96 Fuel Tax Rewrite	84	569	67	584	136	832	1,123	594
GR Service Charge (7.3%)	5,381	904	5,468	908	5,626	930	5,763	952
TOTAL	73,231	12,853	75,072	13,016	77,232	13,571	80,105	13,634
TOTAL: Motor & Diesel Fuel*	987,964	179,569	1,020,028	184,618	1,073,619	193,444	1,121,116	200,812
TOTAL: Fuel Tax Distribution	1,167,533		1,204,646		1,267,063		1,321,928	
Annual Change	4.72%		3.18%		5.18%		4.33%	

* Collection allowances, none of which are charged against the 2 cents Constitutional Gas Tax are excluded from this data. These amounts were: \$3,116,460 in 1999-00; \$3,244,868 in 2000-01; \$3,427,272 in 2001-02; and \$3,563,758 in 2002-03.

MOTOR VEHICLE & MOBILE HOME LICENSES

Florida Statutes: Chapter 320

Administered by: Department of Highway Safety and Motor Vehicles

Annual Registration Fees

Fiscal Year	Collections****	Annual Change %
2004-05*	\$608,300,000	1.67
2003-04*	598,300,000	5.67
2002-03	566,206,185	0.86
2001-02	561,447,861	8.50
2000-01	517,387,846	-13.95
1999-00	601,236,272	7.65
1998-99	558,501,163	-0.40

* Est.

Note: \$22.8 million in deferred distributions from 2000-01 is included in the 2001-02 totals and \$8.1 million in deferred distributions from 2002-03 is included in the 2003-04 totals.

SUMMARY

Motor vehicles and mobile homes must register annually in Florida. License fees for private autos and light trucks range from \$14.50 to \$32.50 according to vehicle weight. License fees for truck tractors are based on gross vehicle weight and range from \$45 to \$979. Mobile home license fees range from \$20 to \$80 according to length and recreational vehicle license fees are \$10 to \$35 depending on vehicle type and weight.

DISPOSITION

First proceeds to District Capital Outlay and Debt Service Trust Fund (Constitution, Art. XII, Sec. 9(d)); mobile home licenses to local governments except for \$1.50 per tag which goes to the General Revenue Fund; \$.50 to repay costs of the retro-reflective tag feature; \$.50 to cover the costs of the Florida Real Time Vehicle Information System; \$1.00 for the Air Pollution Control Trust Fund; \$1.50 for the Transportation Disadvantaged Trust Fund; \$2.50 motorcycle safety education fee for deposit into the Highway Safety Operating Trust Fund; \$.10 per motor vehicle and moped registration for deposit into the Emergency Medical Service Trust Fund; \$1.00 surcharge on each annual motor vehicle registration (except mobile homes) for deposit into the State Agency Law Enforcement Radio System Trust Fund; \$5.00 surcharge on each commercial motor vehicle having a gross vehicle weight of 10,000 lbs. or more for deposit into the State Transportation Trust Fund; \$2.00 motor vehicle license surcharge on each annual motor vehicle registration except mobile homes for deposit into the State Transportation Trust Fund; \$2.00 motor vehicle license replacement fee on each annual motor vehicle registration except mobile homes for deposit into the Highway Safety Operating Trust Fund; \$1.00 surcharge on each annual motor vehicle registration except mobile homes to be deposited as follows: 58 percent into the General Revenue Fund and 42 percent into the Grants and Donations Trust Fund in the Department of Juvenile Justice to fund the community juvenile justice partnership grants program; and the remainder to the State Transportation Trust Fund.

MOTOR VEHICLE AND MOBILE HOME LICENSES
(Continued)

Distributions****

Fiscal Year	School**	State Transportation Trust Fund***	General Revenue	Local Govt.
2004-05*	\$115,800,000	\$492,500,000	\$800,000	\$19,100,000
2003-04*	113,700,000	484,600,000	790,000	19,000,000
2002-03	110,504,442	455,701,743	788,214	18,998,981
2001-02	108,626,638	452,821,223	768,292	19,095,622
2000-01	104,275,738	413,112,108	848,527	19,712,280
1999-00	104,029,758	401,550,416	820,616	19,225,232
1998-99	103,407,498	370,319,145	823,324	19,436,263

Distributions****

Fiscal Year	Emergency Medical Services Trust Fund	State Agency Law Enforcement Radio System Trust Fund	Highway Safety Operating Trust Fund
2004-05*	\$2,000,000	\$16,800,000	\$63,100,000
2003-04*	1,900,000	16,300,000	61,900,000
2002-03	1,293,042	15,742,875	61,946,843
2001-02	1,721,215	14,994,574	59,658,631
2000-01	2,523,851	15,383,152	62,413,960
1999-00	1,645,807	13,272,161	60,692,282
1998-99	1,777,523	12,108,486	50,628,924

* Est.

** Includes public schools and community colleges.

*** Includes the \$2.00 Motor Vehicle License Surcharge of \$27.8 million in 1998-99, \$28.3 million in 1999-00, \$31.4 million in 2000-01, \$30.0 million in 2001-02, \$31.5 million in 2002-03 and estimates of \$32.6 million in 2003-04 and \$33.6 million in 2004-05.

**** Collections and Distributions exclude fees of \$.50 for retro-reflective feature, \$.50 for the Florida Real Time Vehicle Information System Fund, \$1.00 for the Air Pollution Control Trust Fund, \$1.50 for the Transportation Disadvantaged Trust Fund; \$.60 motor vehicle theft prevention surcharge, \$.40 General Revenue Surcharge; \$1.25 service charge, and mailing fee if mail service is used.

BASE AND RATE

Passenger cars: \$14.50 to \$32.50 in three weight classes.

Trucks: \$14.50 to \$32.50 in three weight classes.

MOTOR VEHICLE AND MOBILE HOME LICENSES
(Continued)

- Truck Tractors: \$45 to \$979 per vehicle, according to gross vehicle weight: 5001-72,000+.
- Semi-Trailers drawn by a GVW truck tractor by means of a 5th wheel: \$10 annual or \$50 permanent registration.
- Trailers for private use: less than 501 lbs, \$5.00; 501 lbs or more \$2.50 plus \$.75 per CWT; for hire: less than 2,000 lbs, \$2.50 plus \$1.00 per CWT, 2000 lbs or more, \$10.00 plus \$1.00 per CWT.
- Wrecker License Plates: \$30 flat or \$87 to \$979 according to gross vehicle weight: 10,000 - 72,000+.
- Antique Cars & Trucks: \$7.50 flat.
- Recreational Vehicles: \$10 to \$35 depending on vehicle type and weight.
- Mobile Homes: \$20 to \$80 in eight groups according to length.
- Motorcycles: \$10.00 + \$2.50 motorcycle safety education fee.
- Mopeds: \$5.00 + \$2.50 motorcycle safety education fee.
- Motorized Bicycles: \$5 flat, one-time fee.
- Local Buses and Buses/Autos "for hire": \$1.50 per 100 lbs plus \$12.50.
- Dealer and Manufacturer License Plates: \$12.50 flat.
- School Buses: \$30 flat.
- Specialized Vehicles: Varying rates up to \$32.50.
- Temporary Tags: \$2 each. Exempt: \$3.00 for permanent tag.
- Transporter Tags: \$75 flat.
- Permanent Fleet Tags: \$6.00, in addition to applicable license tax pursuant to s. 320.08.
- Sample License Plates: \$10.00 flat.
- Annual Fleet Management Fee: \$2.00 flat.

In addition to the license taxes stated above, the following taxes are imposed: \$2.00 surcharge on each annual motor vehicle registration except for mobile homes; \$2.00 motor vehicle license replacement fee on each annual motor vehicle registration except for mobile homes; \$.10 on each motor vehicle as defined in s. 320.01, and on each moped, as defined in s. 316.003(2); \$1.00 surcharge on each annual motor vehicle registration as provided for in s. 320.08 (except for mobile homes); \$5.00 surcharge on each commercial motor vehicle having a gross vehicle weight of 10,000 lbs. or more.

BASE AND RATE

New Wheels-on-the-Road Fee

\$100 on the initial registration of private automobiles and light trucks except when the person registering the vehicle is replacing a vehicle already registered in Florida.

DISPOSITION

\$30 of the "new-wheels-on-the-road" fee is deposited into the General Revenue Fund and the remaining \$70, less the General Revenue Service Charge, is deposited into the State Transportation Trust Fund. (Effective July 1, 2001, the 7.3 percent General Revenue Service Charge is eliminated on the \$100 "new-wheels-on-the-road" fee.)

New-Wheels-On-The-Road Fee

Distributions**

Fiscal Year	Total Collections	Annual Change %	State Transportation Trust Fund	General Revenue Fund
2004-05*	\$142,300,000	3.19	\$99,600,000	\$42,700,000
2003-04*	137,900,000	3.76	96,500,000	41,400,000
2002-03	132,943,236	0.90	93,385,912	40,022,534
2001-02	131,764,000	-5.12	91,148,721	39,081,554
2000-01	138,875,510	8.19	90,885,026	43,771,903

MOTOR VEHICLE AND MOBILE HOME LICENSES
(Continued)

Fiscal Year	Total Collections	Annual Change %	State Transportation Trust Fund	General Revenue Fund
1999-00	128,363,570	7.29	83,363,570	37,422,489
1998-99	119,644,856	3.86	77,351,412	35,292,143

* Est.

** Distributions do not equal total collections due to refunds and General Revenue Service Charge.

BASE AND RATE

\$100 on the initial registration of private automobiles and light trucks except when the person registering the vehicle is replacing a vehicle already registered in Florida.

DISPOSITION

1997-1998 through 2000-2001, \$30 of the "new-wheels-on-the-road" fee is deposited into the General Revenue Fund and the remaining \$70, less the 7.3 percent General Revenue Service Charge, is deposited into the State Transportation Trust Fund. Beginning July 1, 2001, the 7.3 percent General Revenue Service Charge is eliminated. Effective July 1, 2005, the entire \$100 "new-wheels-on-the-road" fee, will be deposited into the State Transportation Trust Fund.

HISTORY

Motor vehicle licensing began in 1905, with one-time registration. In 1917, annual registrations began. Major revisions to the law occurred in 1927, 1931, 1947 and 1975. Reclassification of vehicles were made in 1953, 1959, 1961, 1972 and 1975. In 1963, rates were increased substantially and a transition to fiscal year licensing rather than calendar year was begun. Constitutional earmarking of the amount required to meet fixed capital outlay allocations under the Minimum Foundation Program ("school tag fees") was approved in November 1952, and amended in 1964 and 1972. By constitutional amendment adopted in 1930, motor vehicles as property were exempted from personal property assessments. In 1965, by further amendment, the following were added to the constitutional categories of motor vehicles: mobile homes, house trailers, camper-type mobile homes, and similar equipment. However, if these are permanently attached to the land, they are taxable as real estate. All mobile home license fees above \$2.00 went to the school district (50%) and county or city (50%) in which they were registered. Rates for truck-tractors and semi-trailers were revised in 1973 and 1983. The disposition of revenues was amended in 1977 to distribute, for the first time, 36.5% to the State Transportation Trust Fund. By 1985, all revenues remaining after school districts receive first proceeds, were transferred into the State Transportation Trust Fund.

A three-tier tag schedule for passenger cars and light trucks was created in 1977 and license fees for such motor vehicles were increased by \$2.00 per tag in 1983. In 1984, provisions were made for the issuance of apportioned motor vehicle licenses in accordance with the International Registration Plan. In 1989, a \$30 "new-wheels-on-the-road" fee was imposed upon the initial registration of certain automobiles for private use, trucks weighing less than 5,000 pounds, and recreational vehicles, for deposit into the Law Enforcement Trust Fund. In 1990, the \$30 "new-wheels-on-the-road" fee was increased to \$100, with the additional \$70 for deposit into the General Revenue Fund. In addition, a \$295 motor vehicle impact fee on the initial application for registration of certain automobiles for private use, trucks weighing less than 5,000 pounds, and recreational vehicles, was enacted effective July 1, 1990. The revenues from the impact fee were for deposit into the General Revenue Fund. The imposition of the \$295 motor vehicle impact fee was changed in 1991 to require payment at the time of original titling of a motor vehicle previous titled outside the state. In 1991, all motor vehicle license tag fees except mobile homes, charged a \$2.00 surcharge for deposit into the State Transportation Trust Fund. Also in 1991, a \$2.00

MOTOR VEHICLE AND MOBILE HOME LICENSES

(Continued)

motor vehicle license replacement fee was levied on each annual motor vehicle registration, except mobile homes, for deposit into the Motor Vehicle License Replacement Trust Fund.

In 1992, a \$.50 surcharge was levied on all motor vehicle license taxes imposed under s. 320.08, F.S., except for mobile homes, to be deposited into the Florida Motor Vehicle Theft Prevention Trust Fund. During the 1994 legislative session, the \$.50 motor vehicle license fee for deposit into the Transportation Disadvantaged Trust Fund was increased to \$1.50 and the temporary tag fee was increased from \$1.00 to \$2.00. The 1995 Legislature increased the \$.50 motor vehicle theft prevention surcharge to \$1.00. Chapter 95-140, L.O.F., repealed s. 319.231, F.S., the \$295 vehicle impact fee. Chapter 96-413, L.O.F., made the following changes to chapter 320: provided for a \$50 semi trailer permanent license plate; provided an exemption from the \$100 new-wheels-on-the-road tax for ancient or antique cars or trucks for private use and required that a transfer of title between households must be between family members living in the same house in order for such transactions to be exempt from the new-wheels-on-the-road tax; increased mobile home sticker fees based on length; and reduced the number of motor vehicles from 1,000 to 250 for a permanent fleet license plate.

Chapter 97-300, L.O.F., made the following changes to chapter 320: provided an exemption from the \$100 new-wheels-on-the-road tax for any member of the U.S. Armed Forces, or his or her spouse or dependent child, who was a resident of Florida at the time of enlistment, who purchased a motor vehicle while stationed outside of Florida and who continues to be stationed outside Florida; provided an exemption from the \$100 new-wheels-on-the-road tax for a motor vehicle registration that is being transferred from a vehicle that is not operational, in storage or will not be operated in Florida; provided for a \$10 sample license plate; and provided for wrecker license plate, with fees ranging from \$87 to \$979, according to gross vehicle weight. Chapter 98-324, L.O.F., requires that a wrecker used to tow a vessel must register and pay a license tax based on gross vehicle weight. Chapter 98-202, L.O.F., allows disabled persons to apply for a disabled license plate at no fee beyond the regular license tax. The disabled license plate would replace the \$13.50 long-term disabled parking placard. Chapter 99-248, L.O.F., created an annual \$12.50 manufacturer license plate; increased the Challenger license plate use fee from \$15 to \$25; and reduced the annual fleet license fee from \$6.00 to \$2.00. Effective July 1, 2001, ch. 2000-257, L.O.F., eliminated the 7.3 percent General Revenue Service Charge on the \$100 new-wheels-on-the-road fee. Also, effective July 1, 2005, the entire \$100 "new-wheels-on-the-road" fee will be deposited into the State Transportation Trust Fund. Chapter 2002-235, L.O.F., requires all taxes and fees collected under chapter 320, F.S., by county officials to be submitted by electronic funds transfer to the State Treasury no later than 5 working days, instead of 7 working days as provided for in chapter 116, after the close of the business day in which the funds were received. Chapter 2002-20, L.O.F., eliminated the \$13.50 state portion paid for a long term disabled parking placard.

2003 LEGISLATIVE HISTORY

Chapter 2003-179, L.O.F., changed the distribution of the \$1.00 surcharge imposed per motor vehicle license registration pursuant to s. 320.08046, F.S., by eliminating the 18% distribution to the Florida Motor Vehicle Theft Prevention Trust Fund and increasing the General Revenue distribution from 40% to 58%.

OTHER STATES

Motor vehicles are licensed in all states. In some states motor vehicles are subject to personal property taxes in addition to licenses. Most states base fees for private vehicles on weight; some employ a combination of horsepower and weight; a few relate the fee to original value of the car. Fees for commercial vehicles are based on weight, capacity, or both. Farm vehicles are commonly exempted or subjected to lower fees.

MOTOR VEHICLE AND MOBILE HOME LICENSES
(Continued)

VALUE OF RATE CHANGES AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1% levy on all licenses sold	
Passenger Cars	\$ 2.5
Light Trucks	.7
Heavy truck/truck tractors	.9
All Other	<u>1.0</u>
Total	5.1
 <u>VALUE OF EXEMPTIONS</u>	
Boy Scouts, Churches, etc. (s. 320.10)	.6
State and local government vehicles (s. 320.0655)	.7
Miscellaneous (disabled veterans, Seminole Indians, wheelchair users, etc.) (ss. 320.084, 320.0841, 320.0842)	.6
1/2 year tags (s. 320.0705)	15.1

PARI-MUTUEL TAX

Florida Statutes: Chapter 550

Administered by: Department of Business and Professional Regulation; Division of Pari-Mutuel Wagering

Fiscal Year	Collections**	Annual Change %	General Revenue Distributions***@	Annual Change %
2004-05*	\$31,300,000	-4.28	\$17,300,000	-22.73
2003-04*	32,700,000	0.31	22,400,000	30.31
2002-03	32,600,000	-7.39	17,200,000	-7.52
2001-02	35,200,000	1.44	18,600,000	14.11
2000-01	34,700,000	-39.55	16,300,000	48.18
1999-00	57,400,000	-5.12	11,000,000	-21.43
1998-99	60,500,000	-13.94	14,000,000	-45.74

* Est.

** Collections do not include collections for other state agencies, such as the escheats and unclaimed tickets which flow through to the State Principal School Fund, or proceeds which go to the Quarter Horse Racing Trust Fund and the proceeds of charity and scholarship days.

*** Does not include service charges to General Revenue.

@ An increase in General Revenue distributions between FY 1999-00 and FY 2000-01 occurs due to the new tax structure (effective July 1, 2000), and the repeal of the \$29.9 million being paid annually to the counties from the Pari-Mutuel Trust Fund.

BASE AND RATE

	Thoroughbreds	Harness	Quarter Horse	Greyhounds	Jai-Alai
Daily License Fee					
Live Simulcast	\$100 per race \$500 per day	\$100 per race \$500 per day	\$100 per race \$500 per day	\$80 per race \$500 per day	\$40 per game \$500 per day
Admissions Tax	15% or 10 cents, whichever is greater No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater No tax applies to free or complimentary passes
Tax on Handle					
Live	0.5% of handle	0.5% of handle	1.0% of handle	5.5% of handle 7.6% of handle for charity performances	2.0% of handle
ITW	2.0% of handle 0.5% of handle (I)	3.3% of handle 0.5% of handle (I)	2.0% of handle	5.5% of handle 3.9% of handle on regular performances, and 7.6% on charity performances (II) 0.5% of handle (I)	7.1% of handle 6.1% of handle (III) 3.3% of handle (IV) 2.3% of handle (III) 0.5% of handle (I)
Simulcast	0.5% of handle	0.5% of handle	1.0% of handle	5.5% of handle	2.0% of handle
ITW of Simulcast	2.4% of handle 0.5% of handle (I and V)	1.5% of handle 0.5% of handle (I)	1.0% of handle	5.5% of handle 3.9% of handle (II) 0.5% of handle (I)	Same as intertrack 0.5% of handle (I)

PARI-MUTUEL TAX
(Continued)

	Thoroughbreds	Harness	Quarter Horse	Greyhounds	Jai-Alai
Tax Credits	A credit not to exceed 1% of paid taxes in the previous fiscal year. The amount shall equal contributions made by the permitholder directly to the Jockeys' Guild or its health and welfare fund during the taxable year.			<p>Permitholders receive tax exemptions equal to either \$360,000 or \$500,000.</p> <p>Permitholders receive a tax credit equal to the amount of daily license fees on live races conducted in the previous state fiscal year.</p> <p>Permitholders may transfer unused portions of the \$360,000 tax exemption or daily license fee tax credit.</p> <p>Permitholders receive a tax credit each state fiscal year in an amount equal to the actual amount remitted in escheated tickets the prior state fiscal year.</p>	<p>Any permitholder that has incurred tax on handle and admissions tax that exceeds operating earnings in FY 97-98 or beyond is entitled to a tax credit.</p> <p>A \$30,000 performance exemption if live handle during the preceding state fiscal year was less than \$15 million.</p> <p>Permitholders are entitled to a tax credit each state fiscal year in an amount equal to 25% of the actual amount remitted in escheated tickets the prior state fiscal year.</p>
Tax Credits Special Events	Breeders' Cup Meet				Jai Alai Tournament of Champions
Breaks					
Live	To permitholder	To Fl Std-Bred Breeders & Owners Association	To Fl Quarter Horse Breeders and Owners Association	To permitholder	To the players as awards
ITW	To permitholder	To permitholder	To permitholder	To permitholder	To permitholder
Simulcast	To permitholder	To permitholder	To permitholder	To permitholder	To permitholder

- (I) If the host track and guest track are thoroughbred permitholders, or if the guest is located outside the market area of the host track and within the market area of a thoroughbred permitholder currently conducting a live race meet.
- (II) If permitholder is in Tampa-St. Pete, Dade-Broward, or Jacksonville area, and as specified in s. 550.615(6) or (9), F.S., among greyhound permitholders, then tax at alternative rates.
- (III) If permitholder in Dade-Broward tax at 6.1% except if current tax > FY 1992/93 then tax at 2.3%.
- (IV) If permitholder restricted from conducting live games on a yearly basis, then tax at 3.3% when current tax > FY 1992/93 tax.
- (V) If the guest is a thoroughbred permitholder located more than 35 miles away, the host track shall pay 0.5% tax, and 1.9% to guest solely for purses.

HISTORY

Pari-mutuel betting was first authorized in 1931, with the handle taxed at 3% plus an admissions tax. Jai-alai frontons were authorized in 1935, with the same tax provisions. In 1941, a tax on "breaks" was enacted. Daily license fees were authorized in 1963. Legislation in 1971 placed a ceiling of \$446,500 on the amount of racing revenues distributed annually to each county. The pari-mutuel laws were substantially revised during the 1980 Legislative session.

In 1984, all permitholders were authorized to withhold an additional 1% commission from exotic wagers to be used for capital improvements, with a 50% surtax on the additional commission. In 1987, the Legislature authorized the Florida Pari-mutuel Commission to provide recommendations to the Legislature for additional operating days on an annual basis. Additional taxes on handle for additional racing days were provided. Jai-alai and dog racing permitholders were authorized to withhold in fiscal year 1989-90, up to an additional 2% from exotic wagers. The additional 2% was subject to a 17.5%

PARI-MUTUEL TAX
(Continued)

surtax per percentage point. In 1990, intertrack wagering was authorized, with a 3% tax rate on handle for horses and a 6% tax rate on handle for greyhound racing and jai-alai. The additional 2% takeout on exotic wagering authorized for fiscal year 1989-90 to greyhound and jai-alai permitholders was allowed to continue. The Legislature adopted a provision that any increase in future years over the amount of taxes paid from all types of pari-mutuel wagering in fiscal year 1989-90 will be redistributed as tax credits to greyhound and jai-alai permitholders.

The 1991 Legislature passed CS/SB 1342, which repealed, effective July 1, 1992, most of the pari-mutuel statutes, including tax credits and exemptions. Basic provisions relating to taxes and wagering were not repealed. The lower tax rate for intertrack wagering (ITW) was repealed, subjecting ITW to the higher tax rates. The 1992 Legislature failed to reenact the pari-mutuel statutes. During Special Session A, the 1993 Legislature reenacted the regulatory authority of the Division of Pari-mutuel Wagering and the former permitting and licensing provisions, with some modifications. Tax credits and exemptions and the lower ITW tax rate were not reenacted. In 1993, new tax structures for jai alai games, live harness races, and thoroughbred races were established. Another statutory change adopted in 1993 provides that if a jai alai or horseracing permitholder does not pay state taxes for 2 consecutive years and incurs no tax liability for failure to operate a full schedule of live races, the permit escheats to the state. The state may reissue the permit to a qualified applicant. Also, the Breeders' Cup Meet was reestablished, but without tax credits. In 1994, the daily license fee for jai alai was reduced from \$80 to \$40 per game and the tax on handle for live jai alai performances was reduced from 7.1 percent to 5 percent of handle. However, when the live handle during the preceding state fiscal year is less than \$15 million, the tax shall be paid on handle in excess of \$30,000 per performance per day. Chapter 94-328, L.O.F., created s. 550.2704, F.S., and authorized the licensing of one special Jai Alai Tournament of Champions Meet. The meet will consist of four performances at different locations, each year.

The 1996 Legislature enacted major pari-mutuel tax law changes. The significant changes were as follows: capped daily license fees on simulcast racing at \$500 per day; reduced tax rate on horse racing intertrack simulcast handle from 3.3% to 2.4%; reduced tax rate on greyhound intertrack handle from 7.6% to 6%; reduced the tax rate on jai alai intertrack handle from 7.1% to 6.1%; reduced the tax rate on live jai alai handle from 5% to 4.25%; eliminated the breaks on live greyhound handle, permitting such breaks to be retained by the permitholder instead of the state; greyhound permitholders were entitled to a tax exemption on their first \$100,000 of live handle with a total tax credit of either \$500,000 or \$360,000 per fiscal year and an \$80 per race tax credit multiplied by the number of live races conducted in the previous fiscal year; and full-card simulcasting was permitted for all thoroughbred, harness and jai alai permitholders.

In addition, the 1996 Legislature permitted the operation of card rooms at pari-mutuel facilities if such activity is approved by ordinance by the county commission where the pari-mutuel facility is located. The fee to operate a card room is \$1,000 for the first card table and \$500 for each additional cartable. A card room can only be operated in conjunction with live pari-mutuel wagering. The gross receipts of a card room are taxed at a rate of 10%. One-quarter of the revenues deposited into the Pari-Mutuel Trust Fund from card room operations is to be distributed to the counties where the card rooms are located.

The 1998 Legislature passed into law three bills. Two of the bills, CS/SB 440 and HB 1747, became effective on May 24 and contained continued tax breaks for the pari-mutuel industry by repealing the sunset language enacted in 1996. CS/SB 440 provided for the removal of the admission tax on free passes and complimentary cards issued by all permitholders. The bill allowed simulcasting beyond 10 p.m., reduced various tax rates on all wager types, and provided for a feasibility study of Hialeah Race Track to be performed to address State or municipal ownership. The 1999 Legislative Session allotted an additional \$700,000 to facilitate the relocation of the PMW Racing Laboratory from Tallahassee to Gainesville.

In 2000, the Florida Legislature passed a 76-page amendment, affecting pari-mutuel wagering, which included \$20 million in tax reductions for permitholders and an assortment of other revisions to Chapter 550. The following is a brief synopsis of what is contained in the amendment, which became effective, July 1, 2000:

PARI-MUTUEL TAX
(Continued)

- Reduced taxes for greyhound permitholders to an estimated amount of \$14.4 million annually.
- Reduced taxes for thoroughbred permitholders to an estimated amount of \$4.5 million annually.
- Reduced taxes for jai alai permitholders to an estimated amount of \$430,000 annually.
- Reduced taxes for harness permitholders to an estimated amount of \$600,000 annually.
- Designated the \$29.9 million paid annually to the counties be dispersed directly from the General Revenue Fund rather than the Pari-Mutuel Trust Fund.
- Increased tax credits associated with the Breeders' Cup Championship Meet for certain eligible permitholders.
- Reduced the frequency of tax and fee payments made by the permitholder to the Division from twice a week to once a week.
- Provided jai alai permitholders the option of conducting one additional Charity Day performance.
- Provided the authority for the Department to enter into an Interstate Compact that will reduce the administrative burden of issuing duplicative licenses to applicants from states that choose to participate.
- Eliminated the licensing requirement for all restricted licensees.

In 2001, s. 10, of ch. 2000-354, L.O.F., reenacted and amended paragraph (2) (a) of s. 550.09515, F.S., as amended by s. 4, ch. 98-190, L.O.F., effective July 1, 2001 for thoroughbred horseracing tax rates to read: The tax on handle for live thoroughbred horserace performances shall be 0.5 percent.

2003 LEGISLATIVE HISTORY

In 2003, s. 849.086, F.S., was amended to allow permitholders who operate a cardroom to raise the pot limits from a \$10 pot, to a bet limit of \$2 for up to three raises per round of play. Additionally, horseracing permitholders would be permitted to conduct simulcast racing after 7:00 PM and simultaneously operate a cardroom. Sections 550.26165 and 550.2625, F.S., modified the criteria for breeders' awards and the payment of special racing awards to owners of winning Florida-bred thoroughbred horses.

OTHER STATES

Forty states impose a tax on pari-mutuels conducted in their states. For calendar year 2000, Florida ranked 1st in total pari-mutuel handle and revenue to government from greyhound and jai alai, and 6th in handle revenue to government from horseracing.

VALUE OF RATE CHANGES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1% levy on pari-mutuel handle (Assuming no additional track allowance)	
Greyhound	\$2.0
Jai-Alai	.5
Harness and Thoroughbred	3.9
Inter-track Wagering	<u>8.0</u>
Total	14.4
Value of 1% tax on admission	Insignificant

POLLUTANT TAXES

Florida Statutes: Chapter 206 Part IV and Sections 403.718, 403.7185, and 403.7215

Administered by: Department of Revenue

Distributions**

Fiscal Year	Total Collections	Coastal Protection	Water Quality***	Inland Protection
2004-05*	\$258,600,000	\$7,900,000	\$30,900,000	\$219,800,000
2003-04*	252,500,000	7,700,000	30,200,000	214,600,000
2002-03	246,333,682	7,498,682	29,445,000	209,390,000
2001-02	241,826,557	7,375,813	28,761,863	205,688,861
2000-01	242,504,993	7,521,466	29,574,478	205,409,049
1999-00	237,411,468	7,028,432	28,554,202	201,828,834
1998-99	230,699,522	7,264,333	29,397,484	194,037,705

* Est.

** Distributions do not equal total collections due to cash balances, refunds, and service charges to general revenue.

*** The Water Quality numbers include the following revenues and estimates for the \$1.50 lead-acid battery fee: 1998-99 - \$9.5 million; 1999-00- \$9.4 million; 2000-01- \$9.2 million; 2001-02 - \$9.5 million; 2002-03 - \$9.5 million; 2003-04 – 9.6 million; and 2004-05 – 9.7 million.

SUMMARY

Every barrel of pollutant produced in or imported into Florida is subject to the pollutant tax. Taxable pollutants include petroleum products including gasoline and diesel fuel, pesticides, ammonia, chlorine, solvents, and motor oil and other lubricants. In addition, each new tire sold at retail is subject to a \$1 waste tire fee and each new or remanufactured lead-acid battery is subject to a \$1.50 lead-acid battery fee.

DISPOSITION

Florida Coastal Protection Trust Fund: Tax for Coastal Protection

Water Quality Assurance Trust Fund: Tax for Water Quality

Inland Protection Trust Fund: Tax for Inland Protection

BASE AND RATE

Tax For Coastal Protection: 2 cents per barrel of pollutant, produced in or imported into the state until the balance in the Coastal Protection Trust Fund equals or exceeds \$50 million. For the fiscal year immediately following the year in which the balance equals or exceeds \$50 million, the excise tax will be discontinued until it is necessary to reinstate the tax. If off-shore oil drilling is approved off Florida's coast, the cap on the trust fund is raised to \$100 million.

POLLUTANT TAXES

(Continued)

Provisions are made to increase the tax up to 10 cents per barrel if a catastrophic discharge of pollutants occurs, such as a major oil spill (see s. 206.9935(1)(b), F.S., for details).

Tax for Water Quality: \$1.50 per new or remanufactured lead-acid battery; 2.36 cents per gallon of solvents; 1 cent per gallon of motor oil or other lubricants; and 2 cents per barrel of petroleum products, ammonia, and chlorine produced in or imported into the state, until the unobligated balance of the Water Quality Assurance Trust Fund equals or exceeds a balance of \$12 million, at which time the tax will be discontinued until it is necessary to reinstate the tax. If the unobligated balance of the fund is or falls below \$3 million, the tax will be \$1.50 per new or remanufactured lead-acid battery; 5.9 cents per gallon of solvent; 2.5 cents per gallon of motor oil or other lubricants; 2 cents per barrel of ammonia; and 5 cents per barrel of petroleum products, pesticides, and chlorine, until the unobligated fund balance exceeds \$5 million, at which time the tax shall revert to the lower rate. Estimates are based on second tier rates (see ss. 206.9935(2)(b) and 403.7185(1), F.S., for details).

Tax for Inland Protection: 30 cents per barrel of pollutant, produced in or imported into the state if the unobligated balance of the Inland Protection Trust Fund is between \$100 million and \$150 million; 60 cents if the unobligated balance of the fund is above \$50 million, but below \$100 million; and 80 cents if the unobligated balance of the fund is \$50 million or less. If the unobligated balance in the fund exceeds \$150 million, the tax shall be discontinued until such time as the unobligated balance reaches \$100 million. Estimates are based on third tier rates (see s. 206.9935(3)(b), F.S., for details).

Waste Tire Fee: In addition to the pollutant taxes, there is a \$1 per tire fee imposed on each new motor vehicle tire sold at retail. The fee is imposed on tires sold separately or as component parts of a new motor vehicle. The fee is not imposed on recapped tires. The proceeds from the waste tire fee are deposited into the Solid Waste Management Trust Fund. Waste tire fee revenues are as follows: 1998-1999 - \$18.2 million; 1999-2000 - \$19.2 million; 2000-2001 - \$18.9 million; 2001-2002 - \$19.5 million; 2002-03 - \$18.9 million. Estimated revenues for 2003-2004 and 2004-2005 are \$19.2 and \$19.6 million.

Hazardous Waste Taxes and Fees: Local governments within Florida may assess a 3% gross receipts tax on facilities within their jurisdictions that store or dispose hazardous waste, with the proceeds being used for facility inspection, security and road construction costs related to the facility, and environmental protection purposes. The revenues are as follows: 1998-1999 - \$1.1 million; 1999-2000 - \$1.2 million; 2000-2001 - \$1.1 million; and 2001-2002 - \$1.0 million; 2002-03 - \$1.0 million. Estimated revenues for 2003-2004 and 2004-2005 are \$1.1 million.

HISTORY

In 1974, under s. 376.11, F.S., a pollutant tax of 2 cents per barrel of pollutant was levied and revenues deposited into the Florida Coastal Protection Trust Fund. As part of the "State Underground Petroleum Environmental Response Act of 1986", the 1986 Legislature replaced the pollutant tax provisions of chapter 376, F.S., with Part IV of chapter 206, F.S., which provides for the taxation of each barrel of pollutant produced in or imported into the state. The definition of "pollutant" included specified petroleum products as well as pesticides, ammonia, and chlorine. In addition to the Coastal Protection Trust Fund and the Water Quality Assurance Trust Fund, the Inland Protection Trust Fund was created and a tax imposed.

In 1987, the tax was expanded to include all pollutants as defined above, not just petroleum products. In 1988, the Legislature expanded the list of products subject to the Water Quality Assurance Tax to include solvents, lead-acid batteries, and motor oil or other lubricants and provided a two-tiered tax rate. Also in 1988, the Legislature adopted waste newsprint disposal fees. Solvent mixtures were added to the list of taxable pollutants under the Water Quality Assurance Tax in 1989 and tax rates were adjusted. The lead-acid battery tax was transferred to chapter 403, F.S. In 1990, the Legislature made the following provisions: if the U.S. Department of the Interior approves offshore oil drilling, excluding natural gas drilling activities, in waters off Florida's coast, the cap on the Coastal Protection Trust Fund will be increased to

POLLUTANT TAXES

(Continued)

\$100 million; and if a discharge of catastrophic proportions occurs, the Governor and Cabinet may, by rule, increase the levy of the pollutant tax to an amount not to exceed 10 cents per gallon for a period of time necessary to pay any proven claims against the fund and to restore the balance to \$50 million.

In 1992, the tax for inland protection was increased from 10 cents to 30 cents per barrel of taxable pollutant if the unobligated balance of the trust fund falls between \$100 million and \$150 million; increased from 20 cents to 60 cents if the unobligated balance of the trust fund is above \$50 million, but below \$100 million; and increased from 30 cents to 80 cents if the unobligated balance of the trust fund is \$50 million or less. The 1-cent Advance Disposal Fee, which was originally enacted in 1988 to take effect in 1992, was substantially amended and took effect October 1, 1993. The fee was scheduled to increase to 2 cents per container on January 1, 1995. Pursuant to ss. 71 and 72 of ch. 88-130, L.O.F., waste newsprint disposal fees and the advance disposal fee were repealed effective October 1, 1995. In 1996, the Legislature eliminated solvent mixtures from the definition of taxable pollutants, thus exempting solvent mixtures from the Water Quality Tax.

OTHER STATES

Thirty states besides Florida impose some form of pollutants, environmental protection, or oil contingency tax. California, Hawaii, Louisiana, Maine, Maryland, New Jersey, New York, and Washington impose a barrel-volume pollutants tax similar to that in Florida. Missouri and New Mexico impose petroleum products loading fees. The remaining twenty states impose pollutants tax on gallons of taxable pollutants produced or imported into the state. Twenty-three states impose a tax or fee on tires to pay for waste tire disposal.

VALUE OF RATE CHANGES AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of:	
1 cent levy per barrel of petroleum product	
Coastal Protection	\$ 3.5
Water Quality	3.3
Inland Protection	2.7
10 cent levy per battery	.6
1 cent levy per gallon of motor oil or other lubricant	.8
1 cent levy per gallon of solvent	<u>.2</u>
Total	\$11.1

VALUE OF EXEMPTIONS

Florida Coastal Protection Tax: (s. 206.9941(3))	
Crude Oil produced at a well site and exported from that site by pipeline, truck, or rail without intermediate storage or stoppage.	Indeterminate
Inland Protection Tax: (s. 206.9941(1))	
Grades no. 5 and no. 6 residual oils	20.0
Intermediate fuel oils (IFO) used by taxpayer for marine bunkering with viscosity of 30 or higher.	2.0
Asphalt Oil	2.4
Petrochemical feed stocks	2.4
Pesticides, ammonia, chlorine and derivatives	.2
Hydraulic fluid (such as brake and transmission fluid)	.2

PROFESSIONAL AND OCCUPATIONAL LICENSING FEES

Florida Statutes: Chapter 454 through 493 (Title XXX)

Administered by: Department of Business and Professional Regulation

Fiscal Year	Collections**	Annual Change %
2004-05*	\$50,300,000	44.54
2003-04*	34,800,000	-34.03
2002-03	52,758,077	52.57
2001-02	34,577,713	-19.89
2000-01	43,165,573	12.47
1999-00	38,379,276	-15.58
1998-99	45,459,429	18.23

* Est.

** Includes a 7.3 percent General Revenue Service Charge.

SUMMARY

Many professions and occupations are regulated by the Department of Business and Professional Regulation. Such professions and occupations pay annual or biennial examination and license fees. Revenue from such fees cover the cost of regulation.

DISPOSITION

Professional Regulation Trust Fund. Revenue receipts are subject to a 7.3% General Revenue Service Charge.

BASE AND RATE

Statutes under which each board operates usually specify rates for examinations, licenses, and renewals. Certain boards are authorized to set fees, especially those in accountancy, architecture, and the construction industry.

OTHER REGULATED PROFESSIONS AND OCCUPATIONS

Numerous other occupations, professions, and businesses are regulated through various departments of state government, usually with assistance from boards composed of members of regulated activities. From 1976-80, as a result of Sunset and Sundown legislation, major changes were made in the Department's structure and the responsibilities of the many regulatory boards that serve it. In 1983, ch. 83-329, L.O.F., made changes affecting the Department, various regulatory boards and nearly all of the professions currently regulated. License fees and caps have been increased over the years for a number of professions and new laws enacted to regulate professions for the first time. Chapter 92-149, L.O.F., required that professional license fees be set at a level sufficient to cover the costs of regulation of the profession. Professional licensing boards were given the authority to impose a one-time fee assessment to cover such costs. If a licensing board fails to increase fees to cover costs, then the Department is authorized to increase fees. Chapter 92-33, L.O.F., transferred the regulation and licensing of the medical profession from the Department of Business and Professional Regulation to the Agency for Health Care Administration, which transfer was delayed until July 1, 1994 by ch. 92-124, L.O.F.. Chapter 97-312, L.O.F., provided for the privatization of the regulation of the engineering profession.

PROFESSIONAL AND OCCUPATIONAL LICENSING FEES
(Continued)

2003 LEGISLATIVE CHANGES

Chapter 2003-416, L.O.F., amended s. 456.072(4), F.S., to define “costs related to the investigation and prosecution of a case”, enabling the Department of Health or a regulatory board to collect such costs. Prior to ch. 2003-416, L.O.F., costs were not assessed because they were not defined.

SALES AND USE TAX

Florida Statutes: Chapter 212

Administered by: Department of Revenue

Fiscal Year	Collections@	Annual Change %
2004-05*	\$18,302,200,000	5.57
2003-04*	17,336,100,000	5.89
2002-03	16,371,953,988	2.03
2001-02	16,045,462,607	1.58
2000-01	15,795,535,206	5.77
1999-00	14,933,807,688	8.26
1998-99	13,794,573,354	6.53

Distributions of the General Sales and Use Tax**@

Fiscal Year	General Revenue	Local Governments***	Ecosystem and Restoration Management Trust Fund	Sports Facilities Transfer	Emergency Distribution	Public Employees Relations Commission Trust Fund
2004-05*	\$16,251,700,000	\$1,977,900,000	\$36,600,000	\$19,500,000	\$15,100,000	\$1,400,000
2003-04*	15,284,800,000	1,986,000,000	34,600,000	19,500,000	9,800,000	1,400,000
2002-03	14,424,052,486	1,886,561,303	32,743,827	19,466,712	9,129,660	-0-
2001-02	14,148,026,001	1,836,890,357	32,126,039	19,466,712	8,953,498	-0-
2000-01	13,945,129,665	1,792,013,598	31,507,932	18,027,813	8,856,198	-0-
1999-00	13,799,476,854	1,257,419,045	30,000,000	16,000,000	7,004,101	-0-
1998-99	12,588,449,416	1,156,264,091	27,589,147	15,833,365	6,437,335	-0-

* Est.

** These figures reflect estimated distributions based on the state's fiscal year of July 1 to June 30.

*** Local Government distributions include the half-cent, county and municipal revenue sharing, and the shift of \$29,915,500 to counties that used to be funded from pari-mutual tax revenues.

@ These figures include state Communication Services Taxes imposed under chapter 202, F.S.

SUMMARY

Florida's sales and use tax is a 6% levy on retail sales of most tangible personal property, admissions, transient lodgings, commercial rentals, and motor vehicles.

SALES AND USE TAX
(Continued)

DISPOSITION

General sales and use tax:

Ecosystem and Restoration Management Trust Fund: 0.2% of total sales tax collections.

Local Government Half-cent Sales Tax Clearing Trust Fund: 9.653% of collections remaining after distribution to the General Revenue Fund in the amount previously distributed to the State Infrastructure Fund and the Ecosystem and Restoration Management Trust Fund. Beginning July 1, 2003, the amount to be transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund is reduced by 0.1%. The 0.1%, less \$5,000 each month, shall be distributed to the Public Employees Relations Commission Trust Fund.

Effective July 1, 2004, the distribution to the Local Government Half-cent Sales Tax Clearing Trust Fund is reduced to 8.814%

Emergency Distribution: After the above mentioned distributions, 0.065% is transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund, along with \$5,000 per month, and distributed to qualified counties pursuant to s. 218.65, F.S.

Effective July 1, 2004, the Emergency Distribution is increased to 0.095%

County Revenue Sharing: After the above distributions, 2.25% is transferred to the County Revenue Sharing Trust Fund. (These distributions used to be funded from intangibles taxes.)

Effective July 1, 2004, the County Revenue Sharing distribution is reduced to 2.0440%

Municipal Revenue Sharing: After the first three distributions, 1.0715% is distributed to the Municipal Revenue Sharing Trust Fund. (These distributions used to be funded from tobacco taxes.)

Effective July 1, 2004, the Municipal Revenue Sharing distribution is increased to 1.3409%

County Distribution: \$29,915,500 is distributed to counties in even shares. (These distributions used to be funded from the pari-mutuel tax.)

Professional Sports Franchise: \$166,667 distributed monthly to each applicant who qualifies as a "facility for a new professional sports franchise" and \$41,667 monthly to each applicant who qualifies as a "new spring training franchise".

Professional Golf Hall of Fame: \$166,667 distributed monthly for up to 300 months, to an applicant certified by the Office of Tourism, Trade and Economic Development.

International Game Fish Association World Center: \$83,333 distributed monthly for up to 180 months, to an applicant certified by the Office of Tourism, Trade and Economic Development.

General Revenue Fund: Remainder of taxes remitted.

SALES AND USE TAX (Continued)

Mail Order Sales Tax:

Mail Order Sales Tax Clearing Trust Fund: Payment to cooperating states for sales tax collected on mail orders pursuant to s. 212.06(5)(a)2., F.S.

Rental Car Surcharge(#): After deduction of administrative fees and the General Revenue Service Charge:

State Transportation Trust Fund: 80% of the rental car surcharge collections which are estimated to be \$94.1 million in 2003-04 and \$95.9 million in 2004-05.

Tourism Promotion Trust Fund: 15.75% of the rental car surcharge collections which are estimated to be \$18.5 million in 2004-05 and \$18.9 million in 2004-05.

Florida International Trade and Promotion Trust Fund: 4.25% of the rental car surcharge collections which are estimated to be \$5.0 million in 2003-04 and \$5.1 million in 2004-05.

(#) Revenue is not included in Collections on the previous page.

BASE AND RATE

Chapter 212, F.S.: 6% - Retail sales of most tangible personal property items; admissions to amusements; transient lodgings; commercial rentals; motor vehicles; ships and commercial fishing equipment. 6% - burglar protection services; detective services; nonresidential cleaning and pest control services; sale of rare coins. 7% - nonresidential electric services. 2.5% - Farm equipment. 4% - Coin-operated amusement machines. Use tax is imposed at corresponding rates.

Mail order sales - 6% for goods transported to a person in this state; for goods transported outside Florida, the rate is based on the tax laws of the cooperating states.

Rental Car Surcharge: \$2.00 per day is imposed upon the lease or rental of for-hire vehicles designed to carry less than nine passengers.

HISTORY

Since enactment in 1949, Florida's sales tax rate and/or base has been changed to some degree in nearly every legislative session. The most substantial increases were: in 1957, when inexpensive clothing, motor vehicles (1% rate), mixed drinks, cigarettes, and industrial machinery (\$1,000 maximum) were added; in 1968, when rates were increased from 3% to 4% on most items (2% on motor vehicles); in 1971, when rates on motor vehicles were made equal to the state rate; in 1982, when rates were increased from 4% to 5% and for the first time a portion of the receipts were deposited into a trust fund; (the trust monies, approximately 10 percent of total receipts, were distributed annually to eligible municipal and county governments); and in 1988 when the rates were again increased from 5% to 6%.

Chapter 83-310, L.O.F., created the "estimated sales tax liability" which was equal to 66% of the current month's sales tax liability or 66% of the tax liability for the same month in the prior year. The estimated sales tax liability rate of 66% was replaced in 1984 with a declining schedule from 50% for 1986 to 10% in 1990 and set for repeal by December 31, 1990. Chapter 90-132, L.O.F., increased the estimated sales tax liability for businesses with annual sales tax liability in excess of \$200,000 from 10% to 66%, and in 1991 the threshold for estimated sales tax payments was reduced to \$100,000.

SALES AND USE TAX

(Continued)

The 1986 Legislature passed ch. 86-166, L.O.F., which repealed the sales tax exemption for all services and for 44 non-service exemptions effective July 1, 1987. During the 1987 regular session, the Legislature passed CS/SB 777, ch. 87-6, L.O.F., and CS/HB 1506, ch. 87-101, L.O.F., which integrated the tax on services with the current tax on tangible personal property, providing a number of exemptions from the tax on services and reinstating selected service and non-service exemptions repealed in 1986.

During Special Session D in December 1987, the Legislature passed CS/CS/SB 5D & 6D, ch. 87 548, L.O.F. Effective January 1, 1988, the sales tax on all services taxed in 1986 or 1987 was repealed and the general sales tax rate was increased from 5% to 6%. The formula for the distribution of the half-cent sales tax to local governments was also changed. The cap on the State Infrastructure Fund was changed in 1987 and 1988. The "Fairness in Retail Sales Taxation Act" was created in 1987. The act requires every retailer who transacts a mail order sale in Florida to levy, collect, and remit the state sales tax.

In 1988 an additional annual sales tax dealer registration fee of \$25 to \$50 was levied and the transfer of 0.2% of total sales tax collections to the Solid Waste Management Trust Fund was required. The dealer collection allowance was amended in 1988, 1990, 1991, and 1992. A surcharge of 50 cents per day was imposed upon the lease or rental of for-hire motor vehicles designed to carry less than nine passengers in 1989 and increased to \$2.00 in 1990, with the \$1.50 increase for deposit into the State Transportation Trust Fund. The distribution for the rental car surcharge was changed in 1991. In 1991, the admissions tax was applied for the first time to all recreational or physical fitness facility fees. Amusement game machine sales were made subject to the sales tax in 1991. The gross receipts from vending machine sales became taxable at a calculated rate. Effective July 1, 1992, the 1991 Legislature authorized \$166,667 of sales tax revenue to be distributed monthly to each applicant who qualifies as a "facility for a new professional sports franchise" and \$41,667 to be distributed monthly to each applicant who qualifies as a "new spring training franchise".

In 1992, the sales tax on nonresidential telecommunication and electric services was increased from 6% to 7%. Effective September 1, 1992, a 6% sales and use tax was imposed on burglar protection services, detective services, nonresidential cleaning and pest control services and the sale of rare coins. The dealer collection allowance was capped at \$30 per month and enterprise zone tax credits were revised. In addition, penalties for failure to pay sales and use taxes were doubled. Services that are subject to the state sales and use tax were made subject to local option sales and use taxes in 1993. The exemption from the local option tax for goods which cost more than \$5,000 does not apply to service transactions. In addition, conditions under which a sale of tangible personal property or a service is deemed to occur in a certain county and when a local option tax applies to dealers outside a county are revised. The Legislature authorized \$166,667 of sales tax revenue to be distributed monthly to an applicant certified by the Department of Commerce as the professional golf hall of fame, for up to 300 months. In 1994, the emergency distribution from the Local Government Half-cent Sales Tax Clearing Trust Fund to qualified counties was changed from an annual General Revenue appropriation of not less than \$5.5 million to 0.054% of remaining sales tax collection after specific distributions. Effective January 1, 1995, the sales tax on amusement machines was reduced from 6% to 4% and effective July 1, 1995, an annual \$20 sticker per amusement machine was required. In 1995, the per machine decal for amusement machines was replaced by a location certificate for the number of machines at a location times \$30. The sports facility rebate was expanded to include current sports franchises.

The 1996 Legislature adopted a sales tax exemption for charges of electricity used to run certain machinery and equipment. The exemption was phased in over a five-year period beginning July 1, 1996. Also in 1996, the \$100,000 threshold for qualification for the machinery and equipment sales tax exemption for expanding businesses was decreased to \$50,000. In addition, the new and expanding industry sales tax exemption was expanded to include printing firms and those publishing firms that export at least 50 percent of their finished product out of the state. The 1997 Legislature adopted a sales tax exemption for Internet access service and similar on-line computer services by removing them from the definition of telecommunication services. In addition, ch. 97-50, L.O.F., created the Rural Job Tax Credit Program and the Urban High Crime Area Job Tax Credit Program. Each program authorizes qualified corporations to take a tax credit per eligible employee of \$500, \$1,000 or \$1,500. This credit can be taken against the sales and use tax or the corporate income tax, but not both. The 1998 Legislature enacted a sales tax free week in August 1998 for clothing sold

SALES AND USE TAX
(Continued)

for \$50 or less. It also extended the reduced 3% tax rate for some agricultural equipment to the rental of such equipment and to a variety of other agricultural equipments. Also exempted from sales tax was machinery and equipment purchased for a printing facility that expands by at least 10%, and pollution control and solid waste management equipment. The 1999 Legislature re-enacted a sales tax free week this time, however, it lasted 9 days and covered clothing sold for less than \$100. The threshold for estimated payments was raised to \$200,000 and the percentage lowered to 60%. Also, exemptions for the labor portion of repair of machinery and equipment, various advertising agency and printer purchases, and overhead expenses for government contractors were enacted. The 2000 Legislature enacted new exemptions for the space and semi-conductor industry, for the movie and entertainment industry, and for all 501(c)(3) organizations. It also repealed the additional registration fee for large dealers. Previously funded distributions to local government from the intangibles, tobacco, and pari-mutual tax revenues are now made from the sales tax. Also, effective October 1, 2001, the taxation of communications services was moved to a new chapter 202. The 2001 Legislature enacted a tax holiday on purchases of clothing and school supplies of \$50 or less.

2003 LEGISLATIVE CHANGES

Chapter 2003-404, L.O.F., reduced the sales tax distribution to the Local Government Half-cent Sales Tax Trust Fund by 0.1% effective July 1, 2003. The 0.1% of sales tax collections is distributed to the Public Employees Relations Commission Trust Fund, less \$5,000 each month. The \$5,000 each month is distributed to qualified counties pursuant to s. 218.65. Chapter 2003-402, L.O.F., changed sales tax distributions to local governments in order to provide funding for the judicial system. Effective July 1, 2004, sales tax distributions were changed as follows: the Local Government Half-cent Sales Tax Trust Fund was reduced from 9.653% to 8.814%; the Emergency Distribution was increased from 0.065% to 0.095%; the County Revenue Sharing Trust Fund was reduced from 2.25% to 2.0440%; and the Municipal Revenue Sharing Trust Fund was increased from 1.0715% to 1.3409%.

OTHER STATES

Alaska, Delaware, Montana, New Hampshire, and Oregon do not have a state sales tax. Rates in other states (other than special rates for specified types of transactions) vary from 2.9% to 7%. The most common rates are 4%, 5%, and 6%; however, many states allow local option sales taxes. Eight states have higher state rates than Florida. Individual state's rates can be found at: www.taxadmin.org.

VALUE OF RATE CHANGES AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1% levy on tax base. Chapter 212, F.S.	\$3,050.4

Note: The above estimate does not take into account reduced or increased demand as a result of the price effect of a tax change.

DISTRIBUTION TO LOCAL GOVERNMENT

Local Government Half-cent Sales Tax (s. 218.61, F.S.)	1,409.0
County Revenue Sharing	325.5
Municipal Revenue Sharing	213.5
County Share	29.9

SALES AND USE TAX
(Continued)

<u>DISTRIBUTION TO LOCAL GOVERNMENT</u>	<u>2004-05</u> (millions)
Emergency Distribution (s. 218.65, F.S.)	15.1
Public Employees Relations Commission (s. 212.20(6)(d)3.)	1.4
 <u>ALTERNATIVE BASES</u>	
Convert sales tax to an invoice-credit value added tax (Tax all final consumption @ 6%)	25,308.0
Broaden resale exemption under current sales tax to exempt any business purchase	(5,641.5)

EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

In Statutory Order

Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
1	1949	212.02(1),212.04(1)(b)	Federal tax on admissions.	0.4	H
2	1990	212.02(1)	Hospital physical fitness facility charges.	1.9	H
3	1949	212.02(2)	Occasional or isolated sales by businesses and individuals. (*1)	46.0	M
4	1970	212.02(2)	Rent on low income housing.	58.2	H
5	1990	212.02(2)	Leasing of real property between certain corporations.	4.8	B
6	1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars.	1.3	B
7	1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airports	7.4	B
8	1949	212.02(14)(a)	Items purchased for subsequent resale. (*2)	31,345.0	(*)
9	1949	212.02(14)(c)	Materials used for packaging.	31.4	B
10	1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods.	(*)3	B
11	1998	212.02(14)(c)	Parts incorporated into repair for resale	insig.	B
12	1998	212.02(16)	Federal excise taxes imposed on retailers	0.9	B
13	1949	212.02(19)	Intangible personal property. (*4)	16,802.5	(*)
14	1998	212.02(20)	Automobiles loaned to driver education and safety programs	insig.	B
15	1998	212.02(28) & (29)	Fish breeding	0.1	B
16	1949	212.03(4), 212.031(1)(a)2.	Rent charges paid by certain long term occupants.	3.5	H
17	1979	212.03(7)(a)	Rent charges paid by certain full-time students.	32.9	H
18	1979	212.03(7)(a)	Rent charges paid by active military personnel.	9.8	H
19	1972	212.03(7)(a)	Rent charges paid by permanent residents.	948.2	H
20	1972	212.03(7)(c)	Charges for rent in certain mobile home parks.	2.8	H
21	1979	212.03(7)(d)	Rent charges for living accommodations in migrant labor camps.	11.6	H
22	1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural.	15.6	B
23	1985	212.031(1)(a)4.	Condominium recreational leases.	6.9	B
24	1987	212.031(1)(a)5.	Streets used by a utility for utility purposes.	37.6	B
25	1999	212.031(1)(a)5.	Cell phone towers & co-located equipment	3.0	B
26	2000	212.031(1)(a)5.	Cell phone towers	0.8	B
27	1987	212.031(1)(a)6.	Toll road charges.	53.3	M
28	1987	212.031(1)(a)6.	Street parking meter charges.	1.2	M
29	1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading	53.0	B
30	1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships.	13.8	B
31	1997	212.031(1)(a)8.	Wharfage guarantees	0.3	B
32	1987	212.031(1)(a)9.	Leases/rentals of certain property used for movie productions	4.9	B
33	1983	212.031(1)(a)10.	Movie theater concession rent.	1.8	B
34	1999	212.031(1)(a)10.	Rents, subleases, or licenses in recr. or sports arenas, civic centers	0.6	B
35	2000	212.031(1)(a)13.	Commercial Leases/Space Flight	0.7	B
36	1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged	0.0	B
37	1977	212.031(5)	Convention hall subleases.	6.6	B
38	1978	212.031(6)	Leases by agricultural fair associations.	(*)5	B
39	1998	212.031(7)	Certain utility charges if separately billed	17.9	H
40	1998	212.031(8)	Certain lease termination payments	18.6	B
41	1999	212.031(9)	Highschool and college teams' stadium skyboxes	0.8	O
42	2000	212.031(10)	Entertainment Facilities	3.7	B
43	1998	212.04(1)(d)	Travel agent mark-up on taxed admissions or transient rentals	n/a	B
44	1949	212.04(2)(a)1.	Admissions to certain school and state events.	7.0	M
45	1978	212.04(2)(a)2.	Dues, fees, and admissions charged by non-profit entities.	35.6	O
46	1980	212.04(2)(a)3.	Admissions paid by students for required sports or recreation.	5.2	M
47	1981	212.04(2)(a)4.	Super Bowl football tickets (impact only when held in Florida)	(*)6	H
48	1994	212.04(2)(a)5.	Governmental participation or sponsorship fees	18.1	O
49	1989	212.04(2)(a)6.	Tickets for certain non-profit theater, opera or ballet events.	1.8	O
50	1998	212.04(2)(a)8.	Particip. fees to athletic events where spectators are charged admission	insig.	O
51	1963	212.04(2)(c), 212.02(20)	Pari-mutuel admissions tax imposed by s. 550.09.	insig.	B
52	1976	212.05(1)(a)2.	Sales of boats or airplanes removed from the state.	79.5	B
53	1971	212.05(1)(c)	Long term vehicle leases if tax paid when purchased by lessor.	1.9	B
54	1998	212.05(1)(h)	Newspaper and magazine inserts	41.7	B
55	1994	212.05(1)(j)1.	2% rate abatement for coin-operated amusement machines	4.3	B
56	1993	212.05(1)(k)	Law enforcement officers' protection services.	3.7	B
57	1999	212.05(1)(l)	US legal coins and coins in excess of \$500	0.3	B
58	1998	212.05(1)(n)	When TPP prizes are awarded, operator can pay tax on 25% of receipts	0.3	B
59	1989	212.0506(3)	Certain service warranties relating to real property fixtures.	3.5	B
60	1989	212.0506(7)	Service warranties on which ins. prem. tax is due (homeowner warr.).	2.6	B
61	1998	212.0506(10)	Certain materials and supplies used in fulfillment of service warranty	35.0	B
62	1998	212.051(1)	Pollution control equipment used in manufacturing	21.7	B
63	1998	212.051(2)	Solid waste management equipment	3.4	B
64	1982	212.052	Items fabricated for use in research and development activities.	32.1	B
65	1987	212.0598	Partial exemption for air carriers' maintenance bases.	(*)7	B
66	1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy. (*15)	25.4	B
67	1984	212.06(1)(b)	Electricity consumed or dissipated in the transmission of electricity. (*15)	23.4	B
68	1969	212.06(1)(b)	Fabrication labor used in the production of qualified motion pictures	8.5	B
69	1982	212.06(1)(b)	Portion of price of factory built building attributable to labor costs.	insig.	B
70	1988	212.06(1)(c)	Use tax on asphalt; special calculations.	(*)8	B
71	1999	212.06(1)(c)	Partial exemption for asphalt sold to governments	1.7	B
72	1998	212.06(1)(d)	Cost price calculation for certain industries	insig.	B
73	1992	212.06(2)(d),5(c),212.0596(Printing for out-of-state customer, when he provides the paper.	15.9	B
74	2000	212.06(3)(b)	Certain Printed Materials	0.3	B
75	1949	212.06(5)(a)	Tangible personal property imported or produced for export	4,161.4	(*)
76	1949	212.06(5)(a)	Aircraft being exported outside the U.S.	11.0	B
77	1949	212.06(5)(a), 212.081(5)	Any sale exempted by federal law or the U.S. Constitution.	n/a	M
78	1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas.	3.2	B
79	1949	212.06(7)	Credit for tax paid to other states.	57.5	M
80	1969	212.06(8)	Imported items if used in another state for 6 months or more.	150.4	M
81	1949	212.06(9)	Sales of religious items.	9.6	M
82	1992	212.06(11)	Certain magazine promotional materials, if exported	4.2	B

EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

In Statutory Order

Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
83	1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used by dealer	1.3	B
84	1998	212.06(14)	Mobile home lot improvements	insig.	B
85	1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use	1.5	B
86	2000	212.06(15)(a)	Fill Dirt	insig.	B
87	1987	212.0601	Partial exemption from use tax for motor vehicle dealers.	0.8	B
88	1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS table	insig.	B
89	1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made	0.3	B
90	1997/99	212.0602	Purchases of cinematography school, including leases	0.8	O
91	1949	212.07(5)	Sales of farm products sold directly by the producer.	1.7	B
92	1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on mark-up	0.5	B
93	1949	212.07(6)	Agricultural products consumed on the farm.	insig.	B
94	1949	212.07(7)	Purchases of ag. products for further processing for resale.	1,039.4	(*)
95	1949	212.08(1)(a)	Groceries purchased for human consumption.	1,800.0	H
96	1986	212.08(1)(b)	Food purchased with food stamps [not exempt under s. 212.08(1)(a)].	1.0	H
97	1949	212.08(2)(a)	Prescription drugs.	663.0	H
98	1949	212.08(2)(a)	Non-prescription drugs.	172.7	H
99	1949	212.08(2)(a)	Eyeglasses and other corrective lenses.	36.9	H
100	1949	212.08(2)(a)	Medical supplies and products such as syringes and prosthetics.	92.3	H
101	1951	212.08(2)(a)	Funerals except for tangible personal property used. (*9)	16.1	M
102	1990	212.08(2)(a)	Contact lens molds cost in excess of \$100,000.	5.6	B
103	1998	212.08(2)(d)	Lithotripters	0.3	B
104	1998	212.08(2)(e)	Human organs	insig.	B
105	1998	212.08(2)(f) & (h)	Veterinary medicines	7.2	B
106	1999	212.08(2)(f) & (h)	Non-retail pharmacies	491.3	B
107	1998	212.08(2)(j)	Special lettering or similar attachments used to aid handicapped persons	2.8	H
108	63/98	212.08(3)	2.5% partial exemption on sale of farm equipment.	18.5	B
109	1949	212.08(4)(a)1.	Metered Water, excluding well.	216.8	M
110	1949	212.08(4)(a)1.	Bottled (except carbonated) Water	39.8	M
111	1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities.	252.8	B
112	1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).	3.0	B
113	1987	212.08(4)(a)3.	Wheeling or transmission of electricity. (*15)	4.0	B
114	1949	212.08(5)(a)	Purchase of commercial fishing nets.	insig.	B
115	1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc.)	52.5	B
116	1978	212.08(5)(a)	Fuels used to heat poultry structures.	0.1	B
117	1998	212.08(5)(a)	Poultry structure generators	0.2	B
118	1978	212.08(5)(b)1.	Purchases of machinery and equipment by new businesses.	24.1	B
119	1978/89	212.08(5)(b)2.a.	M&E purchased by expanding businesses or for spacepools > \$50,000	26.3	B
120	1998	212.08(5)(b)2.b.	M&E purchased by expanding printing facilities	9.4	B
121	1980	212.08(5)(c)1.	Certain M&E used to produce energy. (*10)	12.7	B
122	1997	212.08(5)(c)2.	Proration of M&E using nonresidual fuels	0.8	B
123	2000	212.08(5)(c)1. & 2.	Boiler Fuels	0.4	B
124	1983	212.08(5)(d)	Certain M&E purchased pursuant to federal contract.	(*)7	B
125	1988	212.08(5)(e)	Butane and other gases (except natural) used for agricultural purposes.	0.9	B
126	1993	212.08(5)(e)	Natural gas used for agricultural purposes.	0.7	B
127	1983	212.08(5)(f)	Certain motion picture or recording equipment; refund.	2.6	B
128	2000	212.08(5)(f)	Add'l Movie Exemptions	13.8	B
129	2000	212.08(5)(f)	Motion Picture Video Equipment	4.7	B
130	1984	212.08(5)(g)	Certain building materials used in an enterprise zone	0.3	B
131	1984	212.08(5)(h)	Certain depreciable business equip. used in an enterprise zone; refund.	2.1	B
132	1988	212.08(5)(i)	Certain aircraft modification services.	25.7	B
133	1997	212.08(5)(j)	M & E used in silicon technology and related research (*11)	2.5	B
134	2000	212.08(5)(j)	Semi-conductor clean rooms	0.1	B
135	2000	212.08(5)(j)	Defense & Space M&E	2.1	B
136	1998	212.08(5)(k)	Paint color cards and samples	0.3	B
137	1998	212.08(5)(l)	Cattle growth enhancers	0.4	B
138	1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials	0.2	B
139	2000	212.08(5)(n)	Materials for construction of single-family homes in EZ	0.3	H
140	2000	212.08(5)(o)	Building materials in redevelopment projects	0.4	H
141	2000	212.08(5)(p)	Broad Band Technology	3.3	B
142	2001	212.08(5)(q)	Community Contribution Credit	8.0	B
143	1949	212.08(6)	Direct purchases by governm't (except electrical generating eq.). (*12)	381.7	O
144	1987	212.08(6)	Services by radio and TV stations.	(*)13	B
145	1978	212.08(7)(a)	Sales of artificial commemorative flowers by V.A.	insig.	O
146	1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing.	33.7	B
147	1974	212.08(7)(c)	Purchases of crab bait by commercial fishermen.	0.4	B
148	1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches.	19.5	B
149	1949	212.08(7)(e)	Film rentals, when admissions are charged.	4.4	B
150	1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters.	(*)14	B
151	1974	212.08(7)(f)	Sales of U.S. and State flags.	1.9	M
152	1982	212.08(7)(g)	Supplies & equipment by the Fla. Retired Educators' Assn.	insig.	O
153	1971	212.08(7)(h)	Purchases of, and supplies for, guide dogs for the blind.	insig.	H
154	1963	212.08(7)(i)	Charges for hospital meals and rooms.	485.0	H
155	1995	212.08(7)(i)	In-facility meals purchased by residents of homes for the aged	19.6	H
156	1972	212.08(7)(j)	Purchases of power & heating fuels by residential households. (*15)	1,045.2	H
157	1996	212.08(7)(j)	Purchases of power & heating fuels by licensed day care homes (*15)	0.3	B
158	1980	212.08(7)(j)	Utilities purchased for use in a residential model home. (*15)	0.2	B
159	1978	212.08(7)(k)	Charges for certain meals provided by non-profit orgs.	24.4	O
160	1983	212.08(7)(l)	Purchases by orgs. providing certain benefits to minors.	6.3	O
161	1949	212.08(7)(m)1.	Sales or leases to churches.	54.1	O
162	1983	212.08(7)(m)1.	Items purchased or leased by certain non-profit organizations.	10.0	O
163	1984	212.08(7)(m)2.	Non-profit orgs. providing free transportation to church members.	0.1	O
164	1988	212.08(7)(m)2.	Purchases by religious non-profit TV stations.	0.5	O

EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

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Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
165	1995	212.08(7)(m)2.	Purchases by orgs. providing religious services to state prisoners	insig.	O
166	1998	212.08(7)(m)2.	Religious tapes for the blind	0.1	O
167	1998	212.08(7)(m)2.	Organizations w/o permanent location conducting religious services	0.6	O
168	1995	212.08(7)(m)2.	Purchases by certain orgs. supporting charitable service providers	0.1	O
169	1978/99	212.08(7)(n)1.	Items purchased or leased by qualified veterans organizations.	0.6	O
170	1949/00	212.08(7)(o)	Schools, colleges, and universities	n/a	O
171	1949/00	212.08(7)(p)	Section 501(c)(3) organizations	41.3	O
172	1978	212.08(7)(q)	Purchases of "resource recovery equipment" by local govts.	0.2	O
173	1963	212.08(7)(r)	K-12 schoolbooks and lunches.	36.1	O
174	1998	212.08(7)(r)	School yearbooks, magazines, newspapers, and bulletins	6.0	O
175	1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting.	1.5	B
176	1986	212.08(7)(t)	Boats temporarily docked in Florida.	4.3	B
177	1969	212.08(7)(u)	Purchases of fire-fighting equipment by volunteer fire depts.	0.3	O
178	1949/88	212.08(7)(v)	Charges for professional, personal and insurance services:		
		1997 NAICS Code	PERSONAL SERVICES		
179	812		Personal and Laundry Services		
180	8121		Personal Care Services (includes Beauty and Barber Shops)	91.4	S
181	8123		Drycleaning and Laundry Services	80.9	S
182	8129		Other Personal Services (Pet Care, Photo Finishing, Valet Parking, Parking Lots and	14.4	S
			PROFESSIONAL SERVICES		
	531		Real Estate		
183	5312		Offices of Real Estate Agents and Brokers	295.2	S
184	5313		Activities Related to Real Estate (Property Managers and Appraisers)	166.5	S
185	533		Lessors of Non-Financial Intangible Assets (except Copyrighted Work)	40.8	S
	541		Professional, Scientific, and Technical Services		
186	5411		Legal Services - For Profit (includes Title Search and Abstract Services)	550.3	S
187	5411		Legal Services - Not For Profit	4.6	S
188	5412		Accounting, Tax Preparation, Bookkeeping, and Payroll Services	297.8	S
189	5413		Architectural, Engineering, and Related Services	345.6	S
190	5414		Specialized Design Services (Interior, industrial, Graphic, Fashion, and other Design Services)	80.6	S
191	5415		Computer Systems Design and Related Services	415.3	S
192	5416		Management, Scientific, and Technical Consulting Services	370.8	S
193	5417		Scientific Research and Development Services - For Profit	8.3	S
194	5417		Scientific Research and Development Services - Not For Profit	3.5	S
195	5418		Advertising and Related Services	165.8	S
196	5419		Other Professional, Scientific, and Technical Services (Marketing Research, Photographic,	76.6	S
	551		Management of Companies and Enterprises		
197	551111		Offices of Bank Holding Companies	19.2	S
198	551112		Offices of Other Holding Companies	30.9	S
199	551114		Corporate, Subsidiary, and Regional Managing Offices	11.8	S
	561		Administrative and Support Services		
200	5611		Office Administrative Services	147.3	S
201	5612		Facilities Support Services	37.7	S
202	5613		Employment Services	1,211.3	S
203	5614		Business Support Services (includes Credit and Colletion Agencies, Secretarial an Court Reporting Services)	192.4	S
204	5615		Travel Arrangement and Reservation Services (Travel Agencies and Tour Operators)	55.1	S
205	5616		Investigation and Security Services	0.0	
206	5617		Services to Buildings and Dwellings (includes Cleaning and Pest Control)	87.1	S
207	5619		Other Support Services (Packaging and Labeling Services, Convention and Trade Show Organizers)	79.1	S
	813		Professional Organizations		
208	8132		Grantmaking and Giving Services	10.9	S
209	8133		Social Advocacy Organizations	10.8	S
210	8134		Civic and Social Organizations	9.5	S
211	8139		Business, Professional, Labor, Political, and Similar Organizations	102.6	S
			BUSINESS SERVICES		
212	115		Support Activities for Agriculture and Forestry		
213	1151		Support Activities for Crop Production	71.1	S
214	1152		Support Activities for Animal Production	71.1	S
215	1153		Support Activities for Forestry	37.2	S
	213		Support Activities for Mining		
216	213111		Drilling Oil and Gas Wells	0.8	S
217	213112		Support Activities for Oil and Gas Operations	1.3	S
218	213113		Support Activities for Coal Mining	0.4	S
	323		Printing and Related Support Activities		
219	323122		Prepress Services	7.8	S
	492		Couriers and Messengers		
220	4921		Couriers	167.7	S
221	4922		Local Messengers and Local Delivery	14.1	S
			FINANCIAL SERVICES		
	522		Credit Intermediation and Related Activities		
222	5221		Depository Credit Intermediation (Banks, S&Ls, Credit Unions, et.al)	1,137.0	S

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Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
223		5222	Nondepository Credit Intermediation (Credit Cards, Sales Financing, Consumer Lending, Real Estate Credit)	567.7	S
224		5223	Activities Related to Credit Intermediation (Loan Brokers, EFT Networks, Clearinghouse Assoc., Credit Card Svcs)	228.9	S
		523	Securities, Commodity Contracts, and Other Financial Investments		
225		5231	Securities and Commodity Contracts Intermediation and Brokerage	368.5	S
		524	Insurance Carriers and Related Activities		
226		5241	Insurance Carriers	2,516.4	S
227		5242	Agencies, Brokerages, and Other Insurance Related Activities	345.6	S
		525	Funds, Trusts, and other Financial Vehicles		
228		5259	Other Investment Pools and Funds (UITs, REITs, etc.)	37.6	S
		511	MEDIA SERVICES		
		511	Publishing Industries		
229		5112	Software Publishers	147.8	S
		512	Motion Picture and Sound Recording Industries		
230		5121	Motion Picture and Video Industries	71.7	S
		513	Broadcasting and Telecommunications		
231		5131	Radio and Television Broadcasting	180.6	S
232		5132	Cable Networks and Program Distribution	177.9	S
		514	Information Services and Data Processing Services		
233		5141	Information Services (includes News and Feature Syndicates)	14.3	S
234		5142	Data Processing Services	89.4	S
		711	ENTERTAINMENT & SPORTS SERVICES		
		711	Performing Arts, Spectator Sports, and Related Industries		
235		7111	Performing Arts Companies - for profit	2.6	S
236		7111	Performing Arts Companies - not for profit	0.6	S
237		7112	Spectator Sports (Sports Teams and Clubs, Racetracks, etc.)	10.9	S
238		7113	Promoters of Performing Arts, Sports, and Similar Events - for profit	39.6	S
239		7113	Promoters of Performing Arts, Sports, and Similar Events - not for profit	9.9	S
240		7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	8.1	S
241		7115	Independent Artists, Writers, and Performers	12.8	S
		713	Amusement, Gambling, and Recreation Industries		
242		7139	Other Amusement and Recreation Industries - for profit (includes Physical Fitness Facilities,	18.2	S
243		7139	Other Amusement and Recreation Industries - not for profit	2.7	S
		233	CONSTRUCTION SERVICES		
		233	Building, Developing, and General Contracting		
244		2331	Land Subdivision and Land Development	194.2	S
245		2332	Residential Building Construction	421.5	S
246		2333	Nonresidential Building Construction	259.6	S
		234	Heavy Construction		
247		2341	Highway, Street, Bridge, and Tunnel Construction	141.1	S
248		2349	Other Heavy Construction (includes Heavy Equipment Rental with Operator)	177.0	S
		235	Special Trade Contractors		
249		2351	Plumbing, Heating, and Air-Conditioning Contractors	174.3	S
250		2352	Painting and Wall Covering Contractors	40.2	S
251		2353	Electrical Contractors	147.1	S
252		2354	Masonry, Drywall, Insulation, and Tile Contractors	112.2	S
253		2355	Carpentry and Floor Contractors	56.7	S
254		2356	Roofing, Siding, and Sheet Metal Contractors	53.6	S
255		2357	Concrete Contractors	64.1	S
256		2358	Water Well Drilling Contractors	6.6	S
257		2359	Other Special Trade Contractors	177.6	S
		562	INSTITUTIONAL SERVICES		
		562	Waste Management and Remediation Services		
258		5621	Waste Collection	73.7	S
259		5622	Waste Treatment and Disposal	27.3	S
260		5629	Remediation and Other Waste Management Services	27.7	S
		611	Educational Services - For Profit		
261		6114	Business Schools and Computer and Management Training	39.5	S
262		6115	Technical and Trade Schools	41.6	S
263		6116	Other Schools and Instruction	31.7	S
264		6117	Educational Support Services	7.1	S
		611	Educational Services - Not For Profit		
265		6114	Business Schools and Computer and Management Training	0.9	S
266		6115	Technical and Trade Schools	2.6	S
267		6116	Other Schools and Instruction	6.0	S
268		6117	Educational Support Services	1.3	S
		624	Social Assistance - For Profit		
269		6241	Individual and Family Services	12.0	S
270		6242	Community Food and Housing, and Emergency and Other Relief Services	0.2	S
271		6243	Vocational Rehabilitation Services	5.7	S
272		6244	Child Day Care Services	50.4	S
		624	Social Assistance - Not For Profit		
273		6241	Individual and Family Services	54.3	S
274		6242	Community Food and Housing, and Emergency and Other Relief Services	10.0	S

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Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
275	6243		Vocational Rehabilitation Services	12.5	S
276	6244		Child Day Care Services	13.1	S
			TRANSPORTATION SERVICES		
			481 Air Transportation		
277	481111		Scheduled Passenger Air Transportation	91.6	S
278	481112		Scheduled Freight Air Transportation	22.1	S
279	481211		Nonscheduled Chartered Passenger Air Transportation	7.7	S
280	481212		Nonscheduled Chartered Freight Air Transportation	2.9	S
281	481219		Other Nonscheduled Air Transportation	0.7	S
			482 Rail Transportation		
282	482111		Line-Haul Railroads (Long Distance Cargo and Passenger)	52.0	S
283	482112		Short Line Railroads (Short Distance Cargo)	13.0	S
			483 Water Transportation		
284	4831		Deep Sea, Coastal, and Great Lakes Water Transportation	17.8	S
285	4832		Inland Water Transportation	3.7	S
			484 Truck Transportation		
286	4841		General Freight Trucking	231.0	S
287	4842		Specialized Freight Trucking	113.6	S
			485 Transit and Ground Passenger Transportation		
288	4851		Urban Transit Systems	2.1	S
289	4852		Interurban and Rural Bus Transportation	3.4	S
290	4853		Taxi and Limousine Service	8.8	S
291	4854		School and Employee Bus Transportation	2.6	S
292	4855		Charter Bus Industry	5.9	S
293	4859		Other Transit and Ground Passenger Transportation	9.5	S
			486 Pipeline Transportation		
294	4862		Pipeline Transportation of Natural Gas	6.8	S
			487 Scenic and Sightseeing Transportation		
295	4871		Scenic and Sightseeing Transportation, Land	1.4	S
296	4872		Scenic and Sightseeing Transportation, Water	14.6	S
297	4879		Scenic and Sightseeing Transportation, Other	0.5	S
			488 Support Activities for Transportation		
298	4881		Support Activities for Air Transportation (Air Traffic Control and Airport Terminal Services)	51.0	S
299	4882		Support Activities for Rail Transportation (Loading Services, Terminal Services, Rail Car Rentals)	12.3	S
300	4883		Support Activities for Water Transportation (Port and Harbor Operations, Cargo Handling, Navigational Services)	20.9	S
301	4884		Support Activities for Road Transportation (Auto Towing, Terminal and Service Facilities)	15.2	S
302	4885		Freight Transportation Arrangement	67.6	S
303	4889		Other Support Activities for Transportation	18.3	S
			0.0 HEALTH SERVICES		
			621 Ambulatory Health Care Services		
304	6211		Offices of Physicians	920.4	S
305	6212		Offices of Dentists	233.2	S
306	6213		Offices of Other Health Practitioners	94.7	S
307	6214		Outpatient Care Centers - for profit	73.3	S
308	6214		Outpatient Care Centers - not for profit	47.0	S
309	6215		Medical and Diagnostic Laboratories	72.8	S
310	6216		Home Health Care Services - for profit	97.8	S
311	6216		Home Health Care Services - not for profit	30.3	S
312	6219		Other Ambulatory Health Care Services - for profit	16.2	S
313	6219		Other Ambulatory Health Care Services - not for profit	14.4	S
			622 Hospitals - For Profit		
314	6221		General Medical and Surgical Hospitals	105.4	S
315	6222		Psychiatric and Substance Abuse Hospitals	3.7	S
316	6223		Specialty (except Psychiatric and Substance Abuse) Hospitals	5.8	S
			622 Hospitals - Not For Profit		
317	6221		General Medical and Surgical Hospitals	312.0	S
318	6222		Psychiatric and Substance Abuse Hospitals	6.5	S
319	6223		Specialty (except Psychiatric and Substance Abuse) Hospitals	6.4	S
			623 Nursing and Residential Care Facilities - For Profit		
320	6231		Nursing Care Facilities	237.6	S
321	6232		Residential Mental Retardation/Health and Substance Abuse Facilities	11.8	S
322	6233		Community Care Facilities for the Elderly	49.3	S
323	6239		Other Residential Care Facilities	2.9	S
			623 Nursing and Residential Care Facilities - Not For Profit		
324	6231		Nursing Care Facilities	43.4	S
325	6232		Residential Mental Retardation/Health and Substance Abuse Facilities	18.9	S
326	6233		Community Care Facilities for the Elderly	38.5	S
327	6239		Other Residential Care Facilities	7.0	S
328	1990	212.08(7)(w)	Free advertising publications.	22.5	B
329	1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail	11.3	B
330	1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events.	0.1	B
331	1988	212.08(7)(y)	Charter fishing boats.	43.4	B
332	1988	212.08(7)(z)	Certain candy sold in vending machines by non-profit orgs	insig.	O
333	1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies	0.4	B

EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

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Line No.	Enactment Date	Florida Statute		FY 2004-05 Annualized Value \$m	Ex. Type
334	1992	212.08(7)(bb)	Community cemeteries.	0.1	B
335	1992/99	212.08(7)(cc)	Works of art provided to an educational institution.	6.7	B
336	1994	212.08(7)(dd)	Lease or license to use taxicab equipment	7.6	B
337	1994/98	212.08(7)(ee)	Aircraft repair and maintenance labor charges or aircraft > 15,000 lbs	2.7	B
338	1998	212.08(7)(ee)	Aircraft repair and maint. labor charges for helicopters > 10,000 lbs	0.2	B
339	1996	212.08(7)(ff)	Electricity used in Manufacturing (*15)	52.3	B
340	1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property	1.1	B
341	1996	212.08(7)(hh) & (ii)	State Park Citizen Support Organizations and Florida Folk Festival	0.1	B
342	1997	212.08(7)(jj)	Solar energy systems	1.2	B
343	1997	212.08(7)(kk)	Nonprofit cooperative hospital laundries	0.1	B
344	1997	212.08(7)(ll)	Complimentary meals served by hotels & motels	3.7	B
345	1997	212.08(7)(mm)	PRIDE	1.5	O
346	1998	212.08(7)(nn)	Items sold by PTO's and PTA's, if tax paid at purchase	1.8	O
347	1998	212.08(7)(nn)	Vending machine items in lunchrooms, if tax paid at purchase	0.2	O
348	1998	212.08(7)(oo)	Mobile home lot improvements	0.7	B
349	1998	212.08(7)(pp)	Portions of purchase price of boats, cars, planes paid by Veterans' Org.	0.2	O
350	1998	212.08(7)(qq)	Complimentary food items	0.7	B
351	1998	212.08(7)(rr)	Food or beverages donated to non-profit organizations.	0.3	O
352	1998	212.08(7)(ss)	Racing dogs by breeders	0.1	B
353	1998	212.08(7)(tt)	Parts and labor used in certain aircraft maintenance or repair	2.7	B
354	1998	212.08(7)(uu)	Aircraft leases and sales by common carriers, if in excess of 15,000 lbs	2.8	B
355	1999/00	212.08(7)(v v)	Non-profit water systems	0.8	O
356	1999	212.08(7)(ww)	Library co-operatives	0.1	O
357	1999	212.08(7)(xx)	Certain advertising services	15.4	B
358	1999	212.08(7)(yy)	Gold, silver, platinum bullion in excess of \$500	insig.	B
359	1999/00	212.08(7)(zz)	Shipping and parts and labor for repair of certain machinery	12.7	B
360	1999	212.08(7)(aaa)	Film and printing supplies	6.4	B
361	2000	212.08(7)(bbb)	People Mover Systems	0.3	B
362	2000	212.08(7)(ccc)	Crime Prevention	insig.	O
363	2000	212.08(7)(ddd)	Florida Fire and Emergency Services	insig.	O
364	2000	212.08(7)(eee)	Railroad Bed Materials	0.7	B
365	1957	212.08(8)	Vessels, parts & related items used in interstate commerce (partial).	15.6	B
366	1957	212.08(9)	RR equip, MV & pts. used in interstate commerce (partial).(*18)	59.7	B
367	1977	212.08(10)	Partial exemption on motor vehicles sold to out-of-state residents.	36.0	M
368	1978	212.08(11)	"Flyable aircraft" sold by a Fla. mfr. to out-of-state resident (partial)	7.2	B
369	1998	212.08(11)	Aircraft temporarily located in Fla for repairs.	6.9	B
370	1984	212.08(12)	Master tapes, records, films or video tapes (partial).	28.2	B
371	1984	212.08(15)	Certain electrical energy used in an enterprise zone. (*15)	0.4	B
372	1989	212.08(16)(a)1.	The sale or use of satellites or other space vehicles.	131.0	B
373	1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on satellites.	insig.	B
374	1999	212.08(17)	Overhead items purchased by certain gov't contractors	9.1	B
375	1984	212.0821(1)	Items bought by Parent-Teacher Orgs. through school districts.	1.7	O
376	1984	212.0821(2)	Items bought by certain community groups thru local govts.	insig.	O
377	1984	212.0821(3)	Items bought by certain library fund raising groups.	insig.	O
378	1949	212.09, 212.02(17)	The value of trade-ins or discounts.	600.3	M
379	1984	212.096	Credit for job creation in enterprise zones.	1.4	B
380	1997	212.097	Urban High-crime area job tax credit	5.6	B
381	1997	212.098	Rural job tax credit	insig.	B
382	1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first \$1,200 of tax per return.	53.8	B
383	1991	212.20(6)(g)4.a.	Up to \$2.0m annual subsidy for certain professional sports teams.	18.5	B
384	1993	212.20(6)(g)4.b.	\$2 million annual subsidy for Professional Golf Hall of Fame.	2.1	B
385	1996	212.20(6)(g)4.c.	\$1 m annual subsidy for Intern'l Game Fish Association World Center	1.1	B
386	1998	376.75(1)	Tax on perchloroethylene	0.1	B
GRAND TOTAL				26,459.9	
Note: Some exemptions overlap, so that repeal of all items would NOT yield the total shown.					

FISCAL IMPACT SUMMARY BY ITEM TYPE:

H = Household Items	5.41
O = Organizations	0.63
B = Business Items	2.12
S = Services (Household and Business)	17.06
M = Miscellaneous	1.24
Grand Total (*)	26.46

EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

Notes:

n/a - Estimate not available.

(*) Items shown in italics are NOT included in the grand total for all exemptions.

Repeal of items shown in italics would substantially alter the character of the tax. For example, repeal of the resale provision (item #8 and others) would effectively convert the sales tax to a transactional gross receipts tax.

- 1 Estimate reflects only sales by businesses.
- 2 Estimate excludes items exempt under other provisions as well.
- 3 Impact included in estimate for item #8
- 4 The estimate represents only sales of stocks and bonds traded in national markets. A variety of additional items would also be potentially taxed.
- 5 Impact included in estimate for #339.
- 6 The 2001 Super Bowl was held in Tampa. This exemption is estimated to cost \$1.3m.
- 7 No evidence exists that any taxpayers currently avail themselves of this exemption.
- 8 In the aggregate, the special calculation yields the same revenue as would the general law.
- 9 Estimate reflects entire charge for funeral and crematory services. Net revenue from repeal may be reduced by value of caskets, depending on the billing procedures of each business.
- 10 Based on exemption permits issued, this amount could increase significantly if taxpayers receive development authorization.
- 11 The exemption is granted only to the extent funds are appropriated for that purpose.
- 12 Excludes \$362.3m of tax on federal purchases. Taxation would require congressional authorization.
- 13 See NAICS codes 51
- 14 This exemption applies when delivery is by a physical medium. The estimate for NAICS codes 51 include both physical delivery and electronic transmission. The latter form dominates the market.
- 15 The statutory tax rate for electricity is 7%.
- 16 Estimate includes commuter transportation only. Federal law prohibits state taxation of Amtrak services.
- 17 Federal law prohibits state taxation of airline passenger charges. If federal law changes, it could generate \$352
- 18 Estimate assumes other supporting statutory changes in addition to exemption repeal.

ESTIMATED REVENUE FROM SALES TAX ON SERVICES

1997 NAICS Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts SFY 2004/05 \$m	6% First Year Cash SFY 2004/05 \$m	6% Annualized Receipts On Services Taxed in 1987 \$m
PERSONAL SERVICES				
812 Personal and Laundry Services				
8121	Personal Care Services (includes Beauty and Barber Shops)	91.4	68.3	0.0
8123	Drycleaning and Laundry Services	80.9	60.4	69.0
8129	Other Personal Services (Pet Care, Photo Finishing, Valet Parking, Parking Lots and Garages)	14.4	10.8	14.4
Subtotal: All Personal Services.....		186.7	139.5	83.4
PROFESSIONAL SERVICES				
531 Real Estate				
5312	Offices of Real Estate Agents and Brokers	295.2	220.6	150.0
5313	Activities Related to Real Estate (Property Managers and Appraisers)	166.5	124.4	84.6
533	Lessors of Non-Financial Intangible Assets (except Copyrighted Work) Buying, Licensing, Leasing of Industrial Designs, Franchises, Brand Names, Patents, Trademarks	40.8	30.5	40.8
541 Professional, Scientific, and Technical Services				
5411	Legal Services - For Profit (includes Title Search and Abstract Services)	550.3	411.2	491.3
5411	Legal Services - Not For Profit	4.6	3.5	4.1
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	297.8	222.5	297.8
5413	Architectural, Engineering, and Related Services	345.6	258.3	149.1
5414	Specialized Design Services (Interior, industrial, Graphic, Fashion, and other Design Services)	80.6	60.2	0.0
5415	Computer Systems Design and Related Services	415.3	310.3	394.5
5416	Management, Scientific, and Technical Consulting Services	370.8	277.1	370.8
5417	Scientific Research and Development Services - For Profit	8.3	6.2	0.0
5417	Scientific Research and Development Services - Not For Profit	3.5	2.6	0.0
5418	Advertising and Related Services	165.8	123.9	143.5
5419	Other Professional, Scientific, and Technical Services (Marketing Research, Photographic, Veterinary, Translation)	76.6	57.2	0.0
551 Management of Companies and Enterprises				
55111	Offices of Bank Holding Companies	19.2	14.4	19.2
55112	Offices of Other Holding Companies	30.9	23.1	30.9
55114	Corporate, Subsidiary, and Regional Managing Offices	11.8	8.8	11.8
561 Administrative and Support Services				
5611	Office Administrative Services	147.3	110.1	147.3
5612	Facilities Support Services	37.7	28.2	37.7
5613	Employment Services	1,211.3	905.2	181.7
5614	Business Support Services (includes Credit and Colletion Agencies, Secretarial an Court ReportingServices)	192.4	143.7	0.0
5615	Travel Arrangement and Reservation Services (Travel Agencies and Tour Operators)	55.1	41.2	0.0
5616	Investigation and Security Services	0.0	0.0	0.0
5617	Services to Buildings and Dwellings (includes Cleaning and Pest Control)	87.1	65.1	87.1
5619	Other Support Services (Packaging and Labeling Services, Convention and Trade Show Organizers)	79.1	59.1	39.5
813 Professional Organizations				
8132	Grantmaking and Giving Services	10.9	8.1	0.0
8133	Social Advocacy Organizations	10.8	8.1	0.0
8134	Civic and Social Organizations	9.5	7.1	0.0
8139	Business, Professional, Labor, Political, and Similar Organizations	102.6	76.6	0.0
Subtotal: All Professional Services.....		4,827.5	3,607.4	2,681.8
BUSINESS SERVICES				
115 Support Activities for Agriculture and Forestry				
1151	Support Activities for Crop Production	71.1	53.1	22.8
1152	Support Activities for Animal Production	71.1	53.1	22.8
1153	Support Activities for Forestry	37.2	27.8	0.0
213 Support Activities for Mining				
213111	Drilling Oil and Gas Wells	0.8	0.6	0.0
213112	Support Activities for Oil and Gas Operations	1.3	1.0	0.0
213113	Support Activities for Coal Mining	0.4	0.3	0.0
323 Printing and Related Support Activities				
323122	Prepress Services	7.8	5.8	7.8
492 Couriers and Messengers				
4921	Couriers	167.7	125.3	120.0

ESTIMATED REVENUE FROM SALES TAX ON SERVICES

1997 NAICS Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts SFY 2004/05 \$m	6% First Year Cash SFY 2004/05 \$m	6% Annualized Receipts On Services Taxed in 1987 \$m
4922	Local Messengers and Local Delivery	14.1	10.5	10.1
Subtotal: All Business Services.....		371.6	277.7	183.5
FINANCIAL SERVICES				
522 Credit Intermediation and Related Activities				
5221	Depository Credit Intermediation (Banks, S&Ls, Credit Unions, et.al)	1,137.0	849.7	0.0
5222	Nondepository Credit Intermediation (Credit Cards, Sales Financing, Consumer Lending, Real Estate Credit)	567.7	424.2	0.0
5223	Activities Related to Credit Intermediation (Loan Brokers, EFT Networks, Clearinghouse Assoc., Credit Card Svcs)	228.9	171.0	80.1
523 Securities, Commodity Contracts, and Other Financial Investments				
5231	Securities and Commodity Contracts Intermediation and Brokerage	368.5	275.4	77.4
524 Insurance Carriers and Related Activities				
5241	Insurance Carriers	2,516.4	1,880.4	0.0
5242	Agencies, Brokerages, and Other Insurance Related Activities	345.6	258.2	0.0
525 Funds, Trusts, and other Financial Vehicles				
5259	Other Investment Pools and Funds (UITs, REITs, etc.)	37.6	28.1	37.6
Subtotal: All Financial Services.....		5,201.7	3,887.1	195.1
MEDIA SERVICES				
511 Publishing Industries				
5112	Software Publishers	147.8	110.4	140.4
512 Motion Picture and Sound Recording Industries				
5121	Motion Picture and Video Industries	71.7	53.6	0.0
513 Broadcasting and Telecommunications				
5131	Radio and Television Broadcasting	180.6	134.9	180.6
5132	Cable Networks and Program Distribution	177.9	133.0	0.0
514 Information Services and Data Processing Services				
5141	Information Services (includes News and Feature Syndicates)	14.3	10.7	13.6
5142	Data Processing Services	89.4	66.8	85.0
Subtotal: All Media Services.....		681.8	509.5	419.5
ENTERTAINMENT & SPORTS SERVICES				
711 Performing Arts, Spectator Sports, and Related Industries				
7111	Performing Arts Companies - for profit	2.6	2.0	2.2
7111	Performing Arts Companies - not for profit	0.6	0.5	0.5
7112	Spectator Sports (Sports Teams and Clubs, Racetracks, etc.)	10.9	8.1	0.0
7113	Promoters of Performing Arts, Sports, and Similar Events - for profit	39.6	29.6	0.0
7113	Promoters of Performing Arts, Sports, and Similar Events - not for profit	9.9	7.4	0.0
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	8.1	6.0	6.8
7115	Independent Artists, Writers, and Performers	12.8	9.6	0.0
713 Amusement, Gambling, and Recreation Industries				
7139	Other Amusement and Recreation Industries - for profit (includes Physical Fitness Facilities, Dance Studios, Golf)	18.2	13.6	0.0
7139	Other Amusement and Recreation Industries - not for profit	2.7	2.0	0.0
Subtotal: All Entertainment and Sports Services.....		105.5	78.8	9.5
CONSTRUCTION SERVICES				
233 Building, Developing, and General Contracting				
2331	Land Subdivision and Land Development	194.2	145.2	0.0
2332	Residential Building Construction	421.5	315.0	421.5
2333	Nonresidential Building Construction	259.6	194.0	259.6
234 Heavy Construction				
2341	Highway, Street, Bridge, and Tunnel Construction	141.1	105.5	141.1
2349	Other Heavy Construction (includes Heavy Equipment Rental with Operator)	177.0	132.2	177.0
235 Special Trade Contractors				
2351	Plumbing, Heating, and Air-Conditioning Contractors	174.3	130.3	174.3
2352	Painting and Wall Covering Contractors	40.2	30.1	40.2
2353	Electrical Contractors	147.1	110.0	147.1
2354	Masonry, Drywall, Insulation, and Tile Contractors	112.2	83.9	112.2

ESTIMATED REVENUE FROM SALES TAX ON SERVICES

1997 NAICS Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts SFY 2004/05	6% First Year Cash SFY 2004/05	6% Annualized Receipts On Services Taxed in 1987
		\$m	\$m	\$m
2355	Carpentry and Floor Contractors	56.7	42.4	56.7
2356	Roofing, Siding, and Sheet Metal Contractors	53.6	40.0	53.6
2357	Concrete Contractors	64.1	47.9	64.1
2358	Water Well Drilling Contractors	6.6	4.9	6.6
2359	Other Special Trade Contractors	177.6	132.7	177.6
Subtotal: All Construction Services.....		2,025.9	1,513.9	1,831.7
INSTITUTIONAL SERVICES				
562 Waste Management and Remediation Services				
5621	Waste Collection	73.7	55.1	24.3
5622	Waste Treatment and Disposal	27.3	20.4	9.0
5629	Remediation and Other Waste Management Services	27.7	20.7	9.1
611 Educational Services - For Profit				
6114	Business Schools and Computer and Management Training	39.5	29.5	13.0
6115	Technical and Trade Schools	41.6	31.1	13.7
6116	Other Schools and Instruction	31.7	23.7	10.5
6117	Educational Support Services	7.1	5.3	2.3
611 Educational Services - Not For Profit				
6114	Business Schools and Computer and Management Training	0.9	0.7	0.0
6115	Technical and Trade Schools	2.6	2.0	0.0
6116	Other Schools and Instruction	6.0	4.5	0.0
6117	Educational Support Services	1.3	1.0	0.0
624 Social Assistance - For Profit				
6241	Individual and Family Services	12.0	9.0	0.0
6242	Community Food and Housing, and Emergency and Other Relief Services	0.2	0.2	0.0
6243	Vocational Rehabilitation Services	5.7	4.3	0.0
6244	Child Day Care Services	50.4	37.7	0.0
624 Social Assistance - Not For Profit				
6241	Individual and Family Services	54.3	40.6	0.0
6242	Community Food and Housing, and Emergency and Other Relief Services	10.0	7.5	0.0
6243	Vocational Rehabilitation Services	12.5	9.3	0.0
6244	Child Day Care Services	13.1	9.8	0.0
Subtotal: All Institutional Services.....		417.6	312.1	82.0
TRANSPORTATION SERVICES				
481 Air Transportation				
481111	Scheduled Passenger Air Transportation	91.6	68.5	74.4
481112	Scheduled Freight Air Transportation	22.1	16.5	17.9
481211	Nonscheduled Chartered Passenger Air Transportation	7.7	5.7	6.2
481212	Nonscheduled Chartered Freight Air Transportation	2.9	2.2	2.3
481219	Other Nonscheduled Air Transportation	0.7	0.5	0.6
482 Rail Transportation				
482111	Line-Haul Railroads (Long Distance Cargo and Passenger)	52.0	38.9	0.0
482112	Short Line Railroads (Short Distance Cargo)	13.0	9.7	0.0
483 Water Transportation				
4831	Deep Sea, Coastal, and Great Lakes Water Transportation	17.8	13.3	0.9
4832	Inland Water Transportation	3.7	2.8	0.2
484 Truck Transportation				
4841	General Freight Trucking	231.0	172.6	0.0
4842	Specialized Freight Trucking	113.6	84.9	0.0
485 Transit and Ground Passenger Transportation				
4851	Urban Transit Systems	2.1	1.6	0.1
4852	Interurban and Rural Bus Transportation	3.4	2.6	0.0
4853	Taxi and Limousine Service	8.8	6.5	0.0
4854	School and Employee Bus Transportation	2.6	2.0	0.1
4855	Charter Bus Industry	5.9	4.4	5.9
4859	Other Transit and Ground Passenger Transportation	9.5	7.1	0.5
486 Pipeline Transportation				
4862	Pipeline Transportation of Natural Gas	6.8	5.1	0.0

ESTIMATED REVENUE FROM SALES TAX ON SERVICES

1997 NAICS Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts SFY 2004/05 \$m	6% First Year Cash SFY 2004/05 \$m	6% Annualized Receipts On Services Taxed in 1987 \$m
487 Scenic and Sightseeing Transportation				
4871	Scenic and Sightseeing Transportation, Land	1.4	1.0	1.4
4872	Scenic and Sightseeing Transportation, Water	14.6	10.9	0.8
4879	Scenic and Sightseeing Transportation, Other	0.5	0.3	0.0
488 Support Activities for Transportation				
4881	Support Activities for Air Transportation (Air Traffic Control and Airport Terminal Services)	51.0	38.1	41.4
4882	Support Activities for Rail Transportation (Loading Services, Terminal Services, Rail Car Rentals)	12.3	9.2	12.3
4883	Support Activities for Water Transportation (Port and Harbor Operations, Cargo Handling, Navigational Services)	20.9	15.6	1.1
4884	Support Activities for Road Transportation (Auto Towing, Terminal and Service Facilities)	15.2	11.4	14.3
4885	Freight Transportation Arrangement	67.6	50.5	0.0
4889	Other Support Activities for Transportation	18.3	13.7	0.0
Subtotal: All Transportation Services.....		796.9	595.5	180.5
HEALTH SERVICES				
621 Ambulatory Health Care Services				
6211	Offices of Physicians	920.4	687.8	0.0
6212	Offices of Dentists	233.2	174.2	0.0
6213	Offices of Other Health Practitioners	94.7	70.8	0.0
6214	Outpatient Care Centers - for profit	73.3	54.8	0.0
6214	Outpatient Care Centers - not for profit	47.0	35.1	0.0
6215	Medical and Diagnostic Laboratories	72.8	54.4	0.0
6216	Home Health Care Services - for profit	97.8	73.1	0.0
6216	Home Health Care Services - not for profit	30.3	22.7	0.0
6219	Other Ambulatory Health Care Services - for profit	16.2	12.1	0.0
6219	Other Ambulatory Health Care Services - not for profit	14.4	10.8	0.0
622 Hospitals - For Profit				
6221	General Medical and Surgical Hospitals	105.4	78.7	0.0
6222	Psychiatric and Substance Abuse Hospitals	3.7	2.8	0.0
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	5.8	4.4	0.0
622 Hospitals - Not For Profit				
6221	General Medical and Surgical Hospitals	312.0	233.2	0.0
6222	Psychiatric and Substance Abuse Hospitals	6.5	4.9	0.0
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	6.4	4.8	0.0
623 Nursing and Residential Care Facilities - For Profit				
6231	Nursing Care Facilities	237.6	177.6	0.0
6232	Residential Mental Retardation/Health and Substance Abuse Facilities	11.8	8.8	0.0
6233	Community Care Facilities for the Elderly	49.3	36.8	0.0
6239	Other Residential Care Facilities	2.9	2.2	0.0
623 Nursing and Residential Care Facilities - Not For Profit				
6231	Nursing Care Facilities	43.4	32.4	0.0
6232	Residential Mental Retardation/Health and Substance Abuse Facilities	18.9	14.1	0.0
6233	Community Care Facilities for the Elderly	38.5	28.8	0.0
6239	Other Residential Care Facilities	7.0	5.2	0.0
Subtotal: All Health Services.....		2,449.3	1,830.2	0.0
TOTAL STATE 6% SALES & USE TAX ON SERVICE TRANSACTIONS		17,064.4	12,751.7	5,667.1

Notes: The estimates presume an exemption for Florida sales of services consumed out of state, and a use tax on services consumed in Florida. Also, the construction service estimates presume no internal pyramiding.

SECURITIES FEES

Florida Statutes: Chapter 517

Administered by: Office of Financial Regulation of the Financial Services Commission

Fiscal Year	Collections	Annual Change %
2004-05*	\$12,500,000	5.30
2003-04*	11,800,000	5.30
2002-03	11,233,346	1.67
2001-02	11,049,501	-5.16
2000-01	11,650,955	38.23
1999-00	8,428,662	10.20
1998-99	8,829,091	7.50

* Est.

SUMMARY

Securities, including stocks, bonds, notes, and certificates of deposit not exempted by statute, are required to be registered with the Department of Banking and Finance prior to issuance. Also, securities dealers are regulated by and required to be registered with the Department of Banking and Finance. Various fees are collected on these registrations.

DISPOSITION

General Revenue Fund

BASE AND RATE

Registration of securities: \$1,000 per application. Dealer or investment adviser registration fee: \$200 annually plus \$100 annually for each branch office. Associates registration fee: \$30 annually. Securities exempted include issues by governmental entities, national banks, public service utilities, and certain non-profit corporations.

HISTORY

The Securities Act was enacted in 1931. In 1978 the Florida Securities Act was passed, making substantial changes in Chapter 517. In 1978, 1979 and 1980 the statutes were adjusted to give the department a broader and clearer role in setting regulatory procedure and establishing enforcement policies, but the fee structure remained unchanged until 1985, 1988 and 1996.

OTHER STATES

Securities fees are integral to the Securities Acts passed in several states, which reflect a growing trend to establish "little" regulatory commissions patterned after the Federal Regulatory Commission.

SERVICE CHARGES

Florida Statutes: Sections 215.20; 215.22; 215.37; 206.60; 206.605; 570.30; 601.15(7)

Administered by: Department of Banking and Finance

Fiscal Year	Collections	Annual Change %
2004-05*	\$375,000,000	-5.47
2003-04*	396,700,000	2.66
2002-03	386,416,937	11.37
2001-02	346,954,143	-4.87
2000-01	364,724,081	-10.99
1999-00	409,712,878	2.04
1998-99	401,504,642	4.61

* Est.

SUMMARY

A service charge of either 7% or 7.3%, representing the estimated pro rata share of the cost of general government paid from the General Revenue Fund, is deducted from all income of a revenue nature deposited in all trust funds, except those specifically exempt in s. 215.22 or those exempt pursuant to ch. 2000-257, L.O.F..

DISPOSITION

General Revenue Fund, by transfer from specified trust fund accounts.

BASE AND RATE

All trust funds enumerated in s. 215.20(4), Florida Statutes: 7.3%; all other trust funds not specifically exempt in s. 215.22, Florida Statutes, - 7%; peanut, soybean, and tobacco marketing and the Citrus Advertising Trust Fund - 3%. Normally transferred during the quarter following the quarter in which revenue is collected.

Analysis of Collections

Fiscal Year	Regular 7% or 7.3%	Motor & Diesel Fuel 7.3% *	Agriculture & Citrus 3%	Total
2002-03	\$368,244,734	\$13,329,648	\$4,842,555	\$386,416,937
2001-02	328,995,609	13,037,712	4,920,822	346,954,143
2000-01	347,299,581	12,652,766	4,771,734	364,724,081
1999-00	338,333,643	66,709,115	4,670,120	409,712,878
1998-99	330,270,408	66,989,795	4,335,439	401,504,642
1997-98	315,650,437	63,563,577	4,587,759	383,801,773

SERVICE CHARGES

(Continued)

- * Effective July 1, 2000, the 7.3 percent service charge on the Fuel Tax Collection Trust Fund for motor fuel and diesel fuel was eliminated.

HISTORY

The policy of assessing certain specified trust funds a service charge was established in 1941 and rates were set at 3%. Rate changes occurred in 1961, 1979, 1983, and 1990. A large number of trust funds were added in 1983. In 1990, all trust funds not specifically exempt under s. 215.22, F.S., were made subject to the 7% General Revenue Service Charge. An additional .3% General Revenue Service Charge was imposed on trust funds specifically enumerated in s. 215.20(4), F.S. In order to fund Mobility 2000, service charges imposed on collections of motor fuel and diesel fuel taxes, local option fuel taxes, auto title fees, and the \$100 "new-wheels-on-the-road" fee were eliminated pursuant to ch. 2000-257, L.O.F. Effective July 1, 2000, the 7.3 percent General Revenue Service Charge was eliminated on the Fuel Tax Collection Trust Fund for motor fuel and diesel fuel tax collections and on the \$24 original certificate of title fee and each duplicate copy fee. Effective July 1, 2001, the 7.3 percent General Revenue Service Charge was eliminated on SCETS tax collections and on the \$100 "new-wheels-on-the road" fee. The service charge on local option fuel tax collections is phased out over a two-year period. Effective July 1, 2005 through June 30, 2006, the General Revenue Service Charge rate is reduced from 7.3 percent to 3.5 percent and effective July 1, 2006 and thereafter, the 3.5 percent General Revenue Service Charge is eliminated.

OTHER STATES

There is no data available for interstate comparison on such service charges. This is a phenomenon of extensive earmarking of revenues for particular agencies or programs. It may be viewed as an internal accounting device by which to apportion some of the costs of general government to specific functional activities that are supported entirely by earmarked funds.

SEVERANCE TAXES

Oil and Gas Production

Florida Statutes: Chapter 211, Part I

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	General Revenue Distribution
2004-05*	\$5,600,000	0.00	4,100,000
2003-04*	5,600,000	5.66	4,100,000
2002-03	5,300,000	1.92	3,950,000
2001-02	5,200,000	-37.35	3,900,000
2000-01	8,300,000	31.75	6,200,000
1999-00	6,300,000	61.54	4,500,000
1998-99	3,900,000	-45.83	3,135,000

* Est.

SUMMARY

Oil and gas production in Florida is subject to the severance tax. Oil is taxed at 8% of the gross value at the point of production and gas, sulfur and small well oil and tertiary oil are taxed at 5% of gross value at the point of production.

DISPOSITION

8% Oil tax:

75% to the General Revenue Fund
12.5% to the County in which produced
12.5% to the Mineral Trust Fund

5% Oil, gas, sulfur tax:

67.5% to the General Revenue Fund
20.0% to the County in which produced
12.5% to the Mineral Trust Fund

BASE AND RATE

Oil: 8% of the gross value at the point of production except that small wells (wells producing less than 100 barrels per day) or oil produced by tertiary methods are taxed at 5% of gross value.

Gas: The tax is determined by the volume, in mcf (1000 cubic feet), of gas produced and sold or used. The tax rate is based on the change in the annual monthly average of the gas fuels Producer Price Index for the previous calendar year times the base rate of \$.171 per mcf.

SEVERANCE TAX

(Continued)

Sulfur: The tax is determined by the long tons (2,240 lbs) of sulfur produced or recovered from the hydrogen sulfide gas contained in oil or gas production. The tax rate is based on the change in the annual monthly average of the sulfur producer price index for the previous calendar year times \$2.43 per long ton.

HISTORY

Severance taxation of oil and gas was begun in 1945 at a 5% rate. The rate has been increased only once on oil, in 1977, to 8%. In 1979, disposition of funds were changed to reflect the creation of the Division of State Lands, with 50% of the tax going to the Conservation and Recreation Land (C.A.R.L.) Trust Fund; 37.5% of the oil tax and 30% of the gas tax going to the General Revenue Fund; and 12.5% of the oil tax and 20% of the gas tax going to the producing county. In 1986, Part I of Chapter 211, F.S., was substantially rewritten to make the basis for the tax on severing gas and oil an indexed rate per unit of production instead of a percentage of value. Also, sulfur produced from hydrogen sulfide gas was made taxable. In 1987, the disposition of the oil, gas, and sulfur tax was changed. The 50% disposition to the C.A.R.L. Trust Fund was eliminated and placed into the General Revenue Fund, resulting in 87.5% of the 8% oil tax and 80% of the 5% oil, gas, and sulfur tax going to the General Revenue Fund. The disposition of the oil and gas tax was changed by the 1994 Legislature. Effective July 1, 1995, 75% of the 8% oil tax and 67.5% of the 5% oil, gas and sulfur tax was distributed to the General Revenue Fund, and 12.5% of all sources will go to the Mineral Trust Fund. Chapter 96-323, L.O.F., provided for a 5 year tax exemption for new oil wells completed after July 1, 1997.

OTHER STATES

Twenty-four states specifically tax the production of oil and gas. Several others include petroleum production taxes in mineral severance regulations. About two-thirds of the states levy specific rates per barrel of oil or cubic foot of gas. Some states charge a flat rate per barrel, ranging from 4 mills per barrel to 50 mills per barrel plus a CPI adjustment. Most state charge a percentage of the market value, ranging from .1 mill per dollar to 15%. The normal range for major oil and gas producing states is from 3% to 15%.

OIL AND GAS PRODUCTION VALUE OF RATE CHANGES AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of 1% levy on oil at point of severance	\$.4
Value of 10% change in tax base on gas	Insignificant
<u>DISTRIBUTION TO COUNTIES</u>	
12.5% of 8% oil and 20% of gas, tertiary oil, and sulfur collections (s. 211.06(2)(b))	.7

SEVERANCE TAX
(Continued)

Solid Mineral Severance

Florida Statutes: Chapter 211, Part II

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	General Revenue Distribution **
2004-05*	\$50,100,000	16.24	\$15,700,000
2003-04*	43,100,000	4.11	500,000
2002-03	41,400,000	18.62	16,600,000
2001-02	34,900,000	-10.51	12,800,000
2000-01	39,000,000	-22.92	15,165,000
1999-00	50,600,000	-19.80	22,650,000
1998-99	63,100,000	1.28	29,970,000

* Est.

** The distribution to the General Revenue Fund is re-directed for fiscal year 2003-04 to the Nonmandatory Land Reclamation Trust Fund and to counties that have been designated a Rural Area of Critical Economic Concern.

SUMMARY

Phosphate, heavy minerals and other solid minerals are subject to the severance tax. The tax rate for phosphate and heavy minerals is calculated annually by multiplying the base rate times the base rate adjustment. Other solid minerals are taxed at 8% of the value at the point of severance.

DISPOSITION

Beginning July 1, 2003:

Phosphate: First \$10 million to the Conservation and Recreation Lands Trust Fund
Of the remaining revenues:
18.75% to the County where mined
11.25% to the Phosphate Research Trust Fund
11.25% to the Mineral Trust Fund
43.75% to NMLRTF
15.0% to counties that have been designated a Rural Area of Critical Economic Concern

Beginning July 1, 2004:

Phosphate: First \$10 million to the Conservation and Recreation Lands Trust Fund
Of the remaining revenues:
40.1% to the General Revenue Fund
16.5% to the County where mined
9.3% to the Phosphate Research Trust Fund
10.7% to the Mineral Trust Fund
10.4% to NMLRTF
13.0% to counties that have been designated a Rural Area of Critical Economic Concern

SEVERANCE TAXES

(Continued)

Other Solid Minerals: 32% to the General Revenue Fund
(Excluding phosphate) 68% to the Mineral Trust Fund

BASE AND RATE

Phosphate: The tax rate is the base rate times the base rate adjustment for the tax year. The base rate adjustment is calculated based on the change in the unadjusted annual producer price index for the prior calendar year in relation to the unadjusted annual producer price index for calendar year 1987. Beginning taxable year 2000, the base rate shall be reduced by 20 percent, unless additional funding of the Nonmandatory Land Reclamation Trust Fund is approved by law.

Calendar Year	Tax Rate Per Ton of Phosphate	Total Tons
2005*	1.62	30,000,000
2004*	1.62	30,000,000
2003	1.31	30,000,000
2002	1.30	29,800,000
2001	1.30	25,064,000
2000	1.32	31,499,000
1999	1.68	33,585,000

Heavy Minerals: Calculated annually by multiplying the base rate (\$.84 per ton) by the base rate adjustment for that year. The base rate adjustment factor is a 5 year moving average of the annual producer price index for heavy metals.

Other Solid Minerals: 8% of value at point of severance.

HISTORY

Severance taxation of solid minerals was enacted into law in 1971. Transition rates were provided during the first four years, 1971 through 1975. Tax rates were changed in 1977, 1981, 1987 and 1988. The 1988 tax rate became the new base and is adjusted annually by changes in the phosphate rock index. Disposition of revenues were changed in 1979, 1980, 1987, 1989, 1991 and 1994. The disposition of the solid minerals severance tax was changed by the 2000 Legislature. Effective July 1, 2000, 55.15% of the phosphate tax and 32% of the other solid minerals tax was distributed to the General Revenue Fund and 14.35% of the phosphate tax and 68% of the other solid minerals tax will go to the Mineral Trust Fund.

2003 LEGISLATIVE CHANGES

During Special Session E, chapter 2003-423, L.O.F., amended Part II of chapter 211 to increase the severance tax on phosphate rock from \$1.31 per ton severed to \$1.62 per ton. In addition, a new distribution formula for the tax proceeds was adopted, eliminating the General Revenue distribution for fiscal year 2003-04. Beginning July 1, 2003, after the first \$10 million goes to the Conservation and Recreation Lands Trust Fund, the remaining revenues are distributed as follows: 18.75% to the County where mined; 11.25% to the Phosphate Research Trust Fund; 11.25% to the Mineral Trust Fund; 43.75% to NMLRTF; and 15.0% to counties that have been designated a Rural Area of Critical Economic Concern. Beginning July 1, 2004, after the first \$10 million goes to the Conservation and Recreation Lands Trust Fund, the remaining revenues are distributed as follows: 40.1% to the General Revenue Fund; 16.5% to the County where mined; 9.3% to the Phosphate Research Trust Fund; 10.7% to the Mineral Trust Fund; 10.4% to NMLRTF; and 13.0% to county designated a Rural Area of Critical Economic Concern.

SEVERANCE TAXES

(Continued)

OTHER STATES

Thirty-nine states levy a severance tax on natural resources. Many states levy taxes on specific resources, but some have general resource severance taxes which include oil and gas, minerals, and forestry products. The tax is generally based on the market value of the resource severed, with the exception of coal mined which the rate is sometimes based on the amount of production. Some states assess a percentage of gross value while others levy a dollar amount. The rate varies from state to state and is often graduated according to type and quality. Credits or refunds are sometimes given for reclamation work.

SOLID MINERAL SEVERANCE VALUE OF RATE CHANGES, EXEMPTIONS AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
10% change in rate for phosphate	\$ 4.9
Value of 1% on other solid minerals at point of severance	Insignificant
<u>VALUE OF EXEMPTIONS</u>	
Solid minerals subject to the sales tax (s. 211.3108(2))	Indeterminate
Credit for sales tax paid on machinery and equipment by new and expanding Phosphate mines (s. 212.08(5)(b)5.)	2.9
<u>DISTRIBUTION TO TRUST FUNDS</u> (ss. 211.31(1), 211.3103(1))	
Conservation & Recreation Lands Trust Fund	10.0
Phosphate Research Trust Fund	3.3
Mineral Trust Fund	5.3
<u>DISTRIBUTION TO COUNTIES</u> (s. 211.3103(1))	
10% of Phosphate Collections to County Where Mined	4.9

ALTERNATIVE BASES

Severance Tax on Timber. Currently, seven states, five of which are in the South, levy a severance tax on timber. A Florida tax on timber at the point of severance would generate revenues of approximately \$2.7 million for each 1% of tax levied in FY 2004-05.

UNEMPLOYMENT COMPENSATION TAX

Florida Statutes: Chapter 443

Administered by: Agency for Workforce Innovation and the Department of Revenue

Fiscal Year	Collections	Annual Change %
2004-05*	\$1,150,400,000	26.61
2003-04*	908,600,000	30.88
2002-03	694,187,697	12.10
2001-02	619,228,988	31.11
2000-01	472,275,989	-.73
1999-00	475,749,160	-5.54
1998-99	503,661,819	-2.84

* Est.

SUMMARY

Florida's Unemployment Compensation Program imposes a tax on wages paid by Florida employers to pay for unemployment benefits received by unemployed individuals. The tax is imposed on the first \$7,000 of compensation paid to each employee, and the tax rate varies from 0.1% to 5.4%, depending upon the benefit experience of the employer.

DISPOSITION

Unemployment Compensation Clearing Trust Fund. Collections are deposited in the U. S. Treasury, then withdrawn as needed to pay benefits through the Unemployment Compensation Benefit Trust Fund.

BASE AND RATE

The tax is applied to employees' annual wages up to \$7,000; employer pays rate varying from 0.1% to 5.4%, depending on the benefit experience of the employer.

HISTORY

The U. S. Social Security Act of 1935 provided for a Federal state program under a Federal tax against which state taxes up to 2.7% of covered payrolls could be credited. Florida's legislation was enacted in 1937 to comply with this plan. Florida's maximum benefit was first set at 50% of lost wages up to \$15 weekly. Maximum benefits were increased in 1974, 1975, 1979, 1980, 1981, 1983, 1985, 1987, and 1990. Rate schedules were changed in 1979 and 1984. In 1980, the Unemployment Compensation Act was extensively revised (ch. 80-95, L.O.F.). The maximum benefit was increased from \$200 to \$225 in 1990. Chapter 94-347, L.O.F., made administrative changes to unemployment compensation, including changing the time frames for tax notification and reporting to make employers' compliance fairer and easier. Chapter 97-29, L.O.F., reduced unemployment taxes for all Florida employers, except those employers that have paid at a rate of 5.4 percent for more than 36 months, by five tenths percent for one year and decreased the initial rate charged new employers from 2.7% to 2.0% for one year. These tax reductions are effective for the 1998 calendar year. The law also increased the maximum weekly amount an unemployed individual may receive from \$250 to \$275, effective January 1, 1998. Finally, the law raised the exemption for sole-proprietors from paying unemployment taxes on wages paid to their

UNEMPLOYMENT COMPENSATION TAX
(Continued)

children from 18 to 21 years of age. Chapter 99-131, L.O.F., reduced unemployment taxes and benefits, for calendar year 2000 in the same manner as was done for calendar year 1998. (See History above, ch. 97-29, L.O.F.) Chapter 2002-218, L. O. F., lowered the trigger for increasing the unemployment compensation tax rate from 4 percent of a taxable payrolls to 3.7 percent of taxable payrolls.

OTHER STATES

All states have unemployment benefit plans complying with Federal legislation. Average premiums paid vary considerably among the states. Florida's average premium is low among the states, however several states also included disability premiums in the rates for unemployment compensation.

Unemployment Compensation Account
with the United States Treasury

Fiscal Year	Revenue*	Benefits**	Fund Balance (June 30)
2002-03	\$795,660,211	\$1,189,879,589	\$1,694,461,847
2001-02	1,187,801,352	1,176,995,972	2,088,681,225
2000-01	650,126,285	757,797,273	2,077,875,845
1999-00	679,366,427	675,866,002	2,185,546,832
1998-99	707,181,147	718,504,526	2,182,046,408
1997-98	735,546,203	687,806,001	2,193,369,806
1996-97	792,102,188	661,292,464	2,145,629,605

* Revenue includes net collections, interest, and Federal program advances.

** Benefits includes regular, extended and Federal Supplemental Benefits programs.

WORKERS' COMPENSATION ASSESSMENTS

Florida Statutes: Chapter 440

Administered by: Department of Insurance; Division of Workers' Compensation

Fiscal Year	Workers' Compensation Administration Trust Fund	Annual Change %	Special Disability Trust Fund	Annual Change %
2004-05*	\$104,400,000	-1.88	\$170,000,000	0.0
2003-04*	106,400,000	-29.37	170,000,000	-4.43
2002-03	150,661,479	11.02	177,880,843	3.91
2001-02	135,698,964	22.72	171,175,762	5.73
2000-01	110,573,931	14.55	161,897,513	19.64
1999-00	96,533,056	29.81	135,325,280	4.82
1998-99	74,360,063	-4.37	129,101,133	-3.34

* Est.

SUMMARY

The Special Disability Trust Fund was created to facilitate the reemployment of a worker with a disability or reemployment of a worker following an injury by reducing an employer's insurance premium for reemploying an injured worker. The Workers' Compensation Administration Trust Fund was established for the purpose of providing for the payment of all expenses in respect to the administration of chapter 440. The Workers' Compensation Administration Trust Fund and the Special Disability Trust Fund are maintained by annual assessments on net premiums upon insurance companies writing workers' compensation in Florida.

DISPOSITION

Workers' Compensation Administration Trust Fund and Special Disability Trust Fund.

BASE AND RATE

Annual assessments: The rate for the Administration Trust Fund from July 1, 2000 - Dec. 1, 2000 was 3.74%. Beginning Jan. 1, 2001 – Dec. 1, 2001 the rate for the Administration Trust Fund is 2.75%. Effective January 1, 2000, this rate cannot exceed 2.75% of net premiums except for the period July 1, 2000, through December 31, 2000, the rate shall not exceed 4% of net assessments. Beginning January 1, 2001, such rate can not exceed 2.75%. The Special Disability Trust Fund rate is currently 4.52% and can not exceed 4.52%. Each notice of claim filed or refiled after July 1, 1997, must be accompanied by a \$250 notification fee and each proof of claim filed after July 1, 1997, must be accompanied by a \$500 proof of claim fee, for deposit in the Special Disability Trust Fund.

HISTORY

Florida adopted workers' compensation laws in 1935. The purpose of the assessments is to fund the Workers' Compensation Administration Trust Fund and The Special Disability Trust Fund. These funds are for administrative expenses and the funding of the Special Disability Trust Fund. Assessments are made annually according to estimated expenses. In 1979, major revisions were made in the statutes for administrative purposes. The 1990 Legislature did a comprehensive rewrite of the Workers' Compensation statute and in 1991, certain exemptions were reinstated. Substantial reform of the workers' compensation system was adopted by the 1993 Legislature in SB 12-C, during Special Session "C".

WORKER'S COMPENSATION TAXES

(Continued)

Chapter 96-423, L.O.F., postponed the Special Disability rate increase to 7.25% from July 1, 1996 to July 1, 1997. Chapter 97-262, L.O.F., provided that the Special Disability Trust Fund assessment rate could not exceed 4.52%. In addition, the Special Disability Trust Fund shall be supplemented by a \$250 notification fee on each notice of claim filed or refiled after July 1, 1997, and a \$500 fee on each proof of claim filed after July 1, 1997. Chapter 2000-150, L.O.F., reduced the cap on the assessment for the Administration Trust Fund from 4% to 2.75%, effective January 1, 2001.

2003 LEGISLATIVE CHANGES

Effective January 1, 2004, the department shall impose a \$25 penalty for late payments or disallowances or denials of medical, hospital, pharmacy or dental bills that are below the 95% timely performance standard, but meeting a 90% timely standard; and \$50 for each bill below a 90% timely performance standard. These penalties shall be paid by the carrier to the Workers Compensation Administration Trust Fund. In order to ensure carrier compliance the office shall impose a penalty of \$50 per number of installments below the 95% timely payment performance standard and equal to or greater than 90% timely payment performance standard; and \$100.00 per number of installments of compensation below a 90% timely payment performance standard to the Workers Compensation Administration Trust Fund.

OTHER STATES

All states and the District of Columbia have workers' compensation laws. Some require compulsory insurance, others allow self insurers to operate, as Florida does. Most levy a tax or assessment on insurance premiums to finance administration of the laws.

**MAJOR LOCAL GOVERNMENT
REVENUE SOURCES**

AD VALOREM TAXES

Florida Statutes: Chapters 192, 193, 194, 195, 196, 197, and 200

Constitution: Article VII, Section 9

Administered by: Units of Local Government and Florida Department of Revenue

Ad Valorem Taxes Levied* (Millions of Dollars)

Fiscal Year	Total Taxes Levied	% Change	Counties	% Change	School Districts	% Change	Municipalities	% Change	Special Districts**	% Change
2003-04#	20,048.8	10.2	7,601.1	9.7	8,302.6	8.5	2,356.2	7.9	1,788.8	25.5
2002-03	18,186.3	8.7	6,926.0	8.9	7,605.1	8.1	2,184.6	6.8	1,425.6	14.3
2001-02	16,724.6	9.4	6,358.8	9.2	7,074.3	8.7	2,044.9	9.4	1,246.7	13.8
2000-01	15,293.7	7.0	5,823.2	7.5	6,506.2	6.3	1,868.7	7.3	1,095.6	7.1
1999-00	14,293.8	4.1	5,415.2	7.0	6,115.5	1.3	1,740.8	9.2	1,022.5	-1.9
1998-99	13,731.3	6.6	5,059.2	5.9	6,035.2	5.9	1,594.3	7.8	1,042.6	14.0
1997-98	12,885.2	4.8	4,795.0	6.5	5,698.3	2.6	1,477.6	6.4	914.3	7.4
1996-97	12,294.5	5.2	4,502.0	4.1	5,552.1	6.0	1,389.1	7.9	851.2	1.3
1995-96	11,691.3	4.0	4,324.8	2.9	5,239.3	4.3	1,287.3	4.7	840.0	7.1
1994-95	11,238.9	5.7	4,202.0	4.6	5,023.4	8.1	1,229.0	3.6	784.4	0.4
1993-94	10,631.2	4.2	4,018.3	1.1	4,645.5	3.2	1,186.5	3.4	780.9	35.9
1992-93	10,199.4	2.2	3,974.7	5.5	4,503.2	2.2	1,147.0	2.0	574.5	-16.2
1991-92	9,982.4	5.1	3,767.7	3.6	4,404.2	8.2	1,124.6	-3.0	685.9	8.2
1990-91	9,500.3	11.8	3,636.6	12.4	4,070.8	13.1	1,158.8	7.9	634.2	7.4
1989-90	8,500.4	15.4	3,236.8	9.4	3,599.0	19.7	1,074.2	13.5	590.3	8.6
1988-89	7,367.5	11.1	2,959.6	11.0	3,007.5	11.0	946.7	10.3	543.8	37.2
1987-88	6,631.9	13.4	2,667.2	15.6	2,710.1	10.8	858.3	11.6	396.3	22.4
1986-87	5,846.4	14.4	2,306.5	15.3	2,446.7	13.3	769.2	13.4	323.9	18.8
1985-86	5,111.1	11.6	2,000.9	12.7	2,159.5	13.7	678.1	9.9	272.6	-4.9
1984-85	4,579.3	8.6	1,775.7	6.6	1,899.8	11.8	617.2	9.7	286.6	-1.0
1983-84	4,217.0	14.1	1,666.2	15.8	1,698.6	13.8	562.6	8.8	289.6	17.2
1982-83	3,694.6	3.1	1,438.3	1.8	1,492.1	5.2	517.1	-3.2	247.1	13.7
1981-82	3,582.7	21.1	1,413.1	23.9	1,417.9	24.7	534.4	12.0	217.4	6.8
1980-81	2,958.0	25.9	1,140.7	19.6	1,136.7	27.2	477.2	18.4	203.5	106.0

* Includes operating and debt service taxes.

AD VALOREM TAXES

(Continued)

** Includes independent special districts only; dependent special district and MSTU levies are included with supervisory unit levy.

Preliminary

SUMMARY

The local ad valorem tax is an annual tax levied by local governments based on the value of real and tangible personal property as of January 1 of each year. Florida's Constitution prohibits the state government from levying an ad valorem tax except on intangible personal property. The taxable value of real and tangible personal property is the fair, market value of the property adjusted for any exclusions, differentials or exemptions allowed by the constitution or the statutes. The constitution is highly restrictive with regard to legislatively enacted adjustments to just value. With certain exceptions for millage levies approved by the voters, the constitution limits county, municipal and school district levies to 10 mills each. Tax bills are mailed in November of each year based on the previous January 1st valuation and payment is due by the following March 31.

DISPOSITION

To Local Government

BASE

Taxable base is the fair market value of locally assessed real estate, tangible personal property (excluding intangible personal property which is separately assessed and taxed by the state), and state assessed railroad property, less certain exclusions, differentials, exemptions, and credits.

Exclusions are specific types of property constitutionally or statutorily removed from ad valorem taxation. Major categories include (1) transportation vehicles such as automobiles, boats, airplanes, and trailer coaches, which are constitutionally excluded from ad valorem taxes but "shall be subject to a license tax" (Article VII, Section 1(b), of the Florida Constitution); and (2) personal property brought into the state for transshipment, which statutorily is not considered to have acquired taxable situs and therefore is not part of the tax base.

Differentials are reductions in assessments which result from a valuation standard other than fair market value. Such standards are either (1) value in current use only (e.g., agricultural value), (2) value at a specified percentage of fair market value (e.g., the constitution allows inventory and livestock to be assessed on a percentage basis, although the legislature has exercised its option to totally exempt such property), or (3) value which results from a limitation on annual increases (e.g., increases in assessments of homestead property are limited to the lesser of 3% or the consumer price index up to the fair market value).

Exemptions are deductions from assessed value which are typically specified as a dollar amount (e.g., homestead exemption of \$25,000). However, certain exemptions are equal to the total assessed value of the property (e.g., property used exclusively for charitable purposes), or are equal to a portion of the total assessment, based on the ratio of exempt use to total use provided that the exempt use must exceed 50% (e.g., property used predominantly for charitable purposes).

Credits which may take the form of allowances, discounts, rebates, etc., are deductions from the tax liability of a particular taxpayer. Credits currently allowed in Florida are early payment and installment discounts of not more than 4%.

Deferrals do not reduce the overall tax liability of a taxpayer, but do allow for changes in the timing of payment. Under certain circumstances a taxpayer may defer a portion of the taxes due on homestead property for the remaining lifetime

AD VALOREM TAXES
(Continued)

of the property owner and his/her spouse or until sale of the property.

The following table shows the growth of just and taxable value, and the value of new construction. Dollar amounts are in billions.

Assessment Date	Just Value	% Increase	Taxable Value **	% Increase	Net New Construction	% of Revenue From New Const. @
1/1/04*	\$1,410.3	11.5	\$1,070.0	8.0	33.9	3.3
1/1/03*	1,264.6	13.6	990.4	11.5	30.7	3.2
1/1/02#	1,112.9	3.1	888.3	10.3	28.7	3.3
1/1/01	1,079.4	7.7	805.1	10.1	24.9	3.2
1/1/2000	1,002.3	7.3	731.2	8.0	21.5	3.0
1/1/99	934.4	6.9	677.1	7.2	19.5	3.0
1/1/98	874.4	6.1	630.0	6.2	16.4	2.7
1/1/97	824.0	5.5	592.9	6.0	15.4	2.6
1/1/96	781.3	3.9	559.5	4.5	13.5	2.5
1/1/95	752.0	4.1	535.6	4.0	11.9	2.3
1/1/94	722.4	5.2	514.9	4.9	12.7	2.5
1/1/93	686.9	2.4	491.0	2.3	9.4	2.0
1/1/92	670.5	1.9	480.0	1.0	12.1	2.6
1/1/91	658.1	5.5	475.1	5.8	14.1	3.1
1/1/90	623.6	8.3	449.1	8.7	14.1	3.3
1/1/89	576.0	8.6	413.3	9.3	14.3	3.6
1/1/88	530.3	6.8	378.1	7.3	13.7	3.8
1/1/87	496.5	8.4	352.4	9.1	13.5	4.0
1/1/86	458.2	8.3	322.9	9.0	11.0	3.5
1/1/85	423.2	10.1	296.0	11.2	12.5	4.4
1/1/84	384.5	8.1	266.1	9.3	9.6	3.7
1/1/83	355.9	10.3	243.5	7.5	10.2	4.4
1/1/82	322.8	10.3	226.6	13.1	10.3	4.8
1/1/81	292.7	24.1	200.4	23.5	10.5	5.7

* Estimates

** In 1981 school taxable value diverged from county taxable value due to differences in the value of the homestead exemption. School taxable value was \$193.3 billion in 1981. Beginning in 1984, county taxable value is slightly less than school taxable value, due to the economic development tax exemption for new and expanded businesses. The exemption does not apply for school purposes. Figures shown are school taxable value beginning in 1984.

Preliminary

AD VALOREM TAXES
(Continued)

@ Computed as New Construction divided by (Taxable Value - New Construction). This represents the aggregate growth in county wide revenue allowed by the rolled-back rate, as provided in s. 200.065(1), F.S., without the need to advertise a tax increase.

RATE

Millage rates vary among local governments, but are subject to both constitutional and statutory limitations. All counties, cities, and school districts are subject to a constitutional limitation of ten mills for operating purposes. In addition, school districts are subject to certain statutory caps less than ten mills to be eligible to participate in the state K-12 funding program (FEFP). Dependent special district millage rates are included in the cap applicable to the authority to which they are dependent. Independent special district millage rates are limited by law establishing such districts. Local voters, by referendum, may authorize additional mills to be levied above the ten mill limitation for debt service without a time restriction, and for other purposes for a period of not longer than two years. Counties providing municipal services may also levy up to an additional ten mills above the ten mill county limitation within those areas receiving municipal-type services. Finally, for fiscal years 1982-83 through 1984-85 county and municipal millage rates, including dependent districts, were subject to certain statutory limitations restricting the rate of growth in revenues. (See s. 200.085, F.S. (1985)).

Average Millage Rates* (1 mill = .1 cent or \$.001; also expressed as \$1 per \$1,000 or .1%)

Fiscal Year	Total Counties	School Boards	Municipalities	Total Millage Levied*
2003-04	7.67	8.38	4.38	20.24
2002-03	7.75	8.66	4.09	20.46
2001-02	8.14	8.73	4.64	20.75
2000-01	7.99	9.01	4.99	20.92
1999-00	7.61	9.48	5.12	21.11
1998-99	8.05	9.64	5.26	21.80
1997-98	8.06	9.58	5.18	21.73
1996-97	8.05	9.92	5.00	21.97
1995-96	8.07	9.78	5.06	21.83
1994-95	8.16	9.76	5.03	21.83
1993-94	8.18	9.46	5.04	21.65
1992-93	8.28	9.38	4.97	21.25
1991-92	7.93	9.27	4.92	21.01
1990-91	8.10	9.06	4.87	21.15
1989-90	7.83	8.71	4.87	20.57

AD VALOREM TAXES
(Continued)

Fiscal Year	Total Counties	School Boards	Municipalities	Total Millage Levied*
1988-89	7.83	7.95	4.71	19.49
1986-87	7.14	7.58	4.85	18.11
1985-86	6.76	7.30	4.63	17.27
1984-85	6.67	7.14	4.64	17.21
1983-84	6.84	6.98	4.59	17.32

* Includes both operating and debt service levies. Rates shown are weighted averages based on the sum of ad valorem taxes for each type of local government relative to their respective statewide taxable base. The school taxable base is utilized for both counties and school districts to allow comparability of rates. The Total Millage column includes special district levies not shown separately and is calculated to equal the millage rate which would raise the total taxes levied by all taxing authorities if applied against the statewide tax roll.

VALUE OF RATE CHANGE, EXEMPTIONS, DIFFERENTIALS, DISCOUNTS AND ALLOWANCES

RATE CHANGE

Value of 1 mill levy on 2004-05 tax base (est.) \$1,070 million

VALUE OF EXEMPTIONS, DIFFERENTIALS, ETC.

2004-05 Estimated 2004-05 Estimated
Taxable Value Loss Tax Loss#
(Millions of Dollars)

Administration

Assessment of real property at less than fair market value (includes 15.0% for application of 1st and 8th criteria and 2.7% for general underassessment)

\$201,998.4 \$4,089.1

Assessment of tangible personal property at less than fair market value (assumes 15% for general under-assessment)

\$ 16,830.7 \$ 340.7

Exclusions

Transportation vehicles
Property held for transshipment

Indeterminate Indeterminate
Indeterminate Indeterminate

Differentials

Homestead assessment limitation
(Save Our Homes) (s. 193.155)
Agricultural land (s. 193.461(6)(a))
Private park and recreational land (s. 193.501)
Environmentally endangered land (s. 193.501)
Historically significant (s. 193.505)

\$169,261.8 \$3,426.4
\$ 34,616.2 \$ 700.7
\$ 30.8 0.6
Indeterminate Indeterminate
Insignificant Insignificant

AD VALOREM TAX
(Continued)

<u>VALUE OF EXEMPTIONS, DIFFERENTIALS, ETC.</u>	<u>2004-05 Estimated</u> <u>Taxable Value Loss</u>	<u>2004-05 Estimated</u> <u>Tax Loss#</u>
	(Millions of Dollars)	
<u>Differentials continued</u>		
Pollution control devices (s. 193.621(1))	\$ 2,482.9	\$ 50.3
Building renovations for the physically handicapped (s. 193.623)	Indeterminate	Indeterminate
Annual agricultural crops*, non-bearing fruit trees and nursery stock (not assessed) (s. 193.451(3))	Indeterminate	Indeterminate
<u>Exemptions</u>		
\$25,000 Homestead Exemption (s. 196.031(3)(d))	\$104,414.6	2,113.7
Permanently and totally disabled veterans (s. 196.081)	2,931.0	59.3
Disabled veterans confined to wheelchairs (s. 196.091)	37.9	0.8
Totally and permanently disabled persons (s. 196.101) (Note 1)	486.9	9.9
Renewable energy source (s. 196.175)	Insignificant	Insignificant
Blind (s. 196.202)	2.4	Insignificant
\$500 Totally and permanently disabled persons (s. 196.202)(Note 1)	44.6	0.9
Widows' and Widowers exemption (s. 196.202)	216.4	4.4
Property used by hospitals, nursing homes and homes for special services (s. 196.197)	5,639.8	114.2
Property used by nonprofit homes for the aged (s. 196.1975)	1,072.7	21.7
Educational property (s. 196.198)	6,805.7	137.8
Labor organizations (s. 196.1985)(Note 2)	55.4	1.1
Community centers (s. 196.1986)	1,355.6	27.4
Institutional exempt property (Note 3)	33,426.2	676.7
Totally exempt & immune	280,543.0	5,679.1
Government Property (s. 196.199) (Note 4)		
Federal property	28,685.3	580.7
State property	18,890.3	382.4
Local government property	71,636.0	1,450.1
Government leaseholds	702.8	14.2
Local Option Economic Development (s. 196.1995)(Note 5) (Note 6)	808.5	6.2
Not-for-profit sewer and water company (s. 196.2001)	1,320.6	26.7
\$5,000 Disabled, Ex-Servicemen Exemption (s. 196.24)	373.9	7.6
Historic property (s. 196.1997)(Note 5)	Indeterminate	Indeterminate
Local Option Additional Homestead for 65 and older (s. 196.075) (Note 7)	3,060.9	21.0

VALUE OF DISCOUNTS AND ALLOWANCES

Discounts for early payments \$703.2 million

Tax loss estimates are based on an aggregate average millage rate of 20.24.

AD VALOREM TAXES
(Continued)

- * Includes timber. Current administrative practice has resulted in the non-assessment of timber in virtually all counties, although timber is not an "annual agricultural crop," per the statutory requirement for exemption.

Notes

1. Available to: quadriplegics and the following, if total household income does not exceed an annually adjusted income limit: (a) paraplegics; (b) hemiplegics; (c) other totally and permanently disabled persons confined to a wheelchair; and (d) other totally and permanently disabled persons who are blind. An inconsistency in the statutes has resulted in the administrative determination that blind persons who are not totally and permanently disabled may also receive the total exemption if they meet the income test.
2. The portions of labor union property used for educational purposes may be separately assessed, thus avoiding the predominant use requirement.
3. Applies to property used exclusively or predominantly (greater than 50%) for the following purposes: (a) charitable, (b) literary, (c) religious, (d) scientific, and (e) educational. Exemption is total if use for said purposes is exclusive. For predominant use, exemption is proportional to use for said purposes. Special statutory criteria exist for determining the eligibility of hospitals, nursing homes, homes for special services, homes for the aged, educational institutions, community centers, and labor union property.
4. All U.S. Government property is exempt. Pursuant to Florida Statutes, state and local government property is exempt if used for governmental or public purposes. Government owned property used by non-governmental lessees is exempt only when the lessee serves or performs a governmental or public purpose or function. The leasehold estate (i.e., the right or interest in the property created by virtue of the lease contract) is by law subject only to intangibles taxation. In the past as a matter of practice, government-owned property used by a non-governmental lessee for private purposes was not assessed. Currently, counties are assessing such property owned by municipalities, and the issue has been joined in litigation.
5. Eligibility for exemption is determined separately for county taxes and municipal taxes. In no event does the exemption apply to school or independent district taxes.
6. Computed using average county millage rate only.
7. Total value loss is for both counties and municipalities. Tax loss is calculated by assuming that 75% of the exempt value is for counties and 25% for municipalities and applying the county and municipal average millage to the respective exempt amounts.

AD VALOREM TAXES (Continued)

History of Property Taxation in Florida

Property taxation in Florida dates from 1839, when a territorial enactment provided a tax “(o)n every acre of first-rate land, half a cent; on every acre of second-rate land, one quarter cent; on every acre of third-rate land, one-eighth of a cent” and various levies on other real and personal property. In the early days of statehood the most significant ad valorem tax was imposed not by local governments but by the state. The ad valorem tax was imposed primarily on agricultural land and slaves.¹

The Constitution of 1885 said that the legislature shall provide for a uniform and equal rate of taxation, and shall prescribe such regulations as shall secure a just valuation of all property, both real and personal, excepting such property as may be exempted by law for municipal, educational, literary, scientific, religious, or charitable purposes. It also provided an exemption to every widow with dependents and every person who has lost a limb or been disabled in war or by misfortune.

Amendments to the Constitution of 1885

- Intangible personal property may be taxed at a different rate from real and personal property, at a maximum rate of 5 mills. (1924) Before this amendment, there had been no distinction between intangible and other property for tax purposes. This provision was enacted into law by ch. 15789, L.O.F., in 1931, at a rate of 2 mills on most types of intangible property.
- Motor vehicles are not subject to ad valorem tax as personal property, and are subject only to a license tax for the operation of such vehicles. (1929)
- \$5,000 homestead exemption. (1934)
- No levy of ad valorem taxes on real or personal property for any state purpose. (1940)

In 1967 the Legislature passed a law providing for assessment of required pollution control facilities at salvage value. (Chapter 67-436, L.O.F.)

The current Florida Constitution, as adopted in 1968, included these property tax provisions:

- No state ad valorem taxes on real or personal property
- No ad valorem taxes on motor vehicles, boats, airplanes, trailers, trailer coaches, or mobile homes, as defined by law
- All ad valorem taxation shall be at a uniform rate within each taxing district
- Property owned by a municipality and used exclusively by it for municipal or public purposes is exempt
- Property used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law
- \$1,000 minimum exemption for household goods , to be fixed by general law
- \$500 exemption for widows, blind or totally and permanently disabled persons
- By law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation
- Agricultural land or land used for non-commercial recreational purposes may be classified by general law and assessed on the basis of character or use
- Tangible personal property held as stock in trade or livestock may be valued at a specified percentage of its value, by general law
- \$5,000 homestead exemption, which may, by general law, be increased to \$10,000 if the property owner is at least 65 or is permanently and totally disabled

¹ In 1865, the Legislature imposed, as part of the general county tax, a levy of \$2 on every dog over six months old, without regard to sex. The tax collector was directed to kill any dog for which the tax was not paid, but an exemption to the tax was provided for the City of Apalachicola. (Ch. 1502, L.O.F.)

AD VALOREM TAXES (Continued)

- Counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes
- Millage rates are limited to 10 mills for all county purposes, 10 mills for municipal purposes, and 10 mills for all school purposes
- A county furnishing municipal services may, to the extent authorized by law, levy additional taxes within the municipal millage

The Constitution of 1968 adopted most of the ad valorem tax provisions of the Constitution of 1885 as amended, which it superceded. It did change the treatment of municipal property. Prior to 1968, Art IX, sec. 1 of the Constitution provided that “(t)he Legislature shall provide for a uniform and equal rate of taxation;... and shall prescribe such regulations as shall secure a just valuation of all property, both real and personal, excepting such property as may be exempted by general law for municipal, education, literary, scientific, religious or charitable purposes.” Art. VII, sec. 3 of the 1968 Constitution provides “(a)ll property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation.” The Constitution of 1968 does not authorize the Legislature to exempt municipal property from taxation unless it is used exclusively by the municipality for municipal or public purposes. This provision has led to extensive litigation when the Legislature has attempted to provide ad valorem tax exemptions for property leased by municipalities to private users.

Significant Constitutional and Statutory Changes to Ad Valorem Property Taxation Since 1968

In 1975, Art. VII, sec. 9 of the Florida Constitution was amended to authorize ad valorem millage for Water Management Districts. The Northwest Florida Water Management District is limited to 0.05 mill; the other districts are limited to 1.0 mill. Actual millage allowed is determined annually by the Legislature.

In 1976, the Legislature provided property tax exemptions for non-profit homes for the aged. (Chapter 76-234, L.O.F.) Residential units occupied by permanent residents with incomes below certain limits were considered to be used for a charitable purpose. Units that did not qualify as charitable purpose, but were occupied by permanent residents, were provided an exemption equivalent to the homestead exemption on residential units.

Several amendments to Art. VII of the Florida Constitution were adopted in 1980.

- The homestead exemption was increased to \$25,000, but the exemption increase was tied to improvement in the assessment of homestead property. (The increase for city and county purposes was phased in over a three year period.)
- Counties and cities were given authority to enact ad valorem exemptions for new and expanding businesses, if approved by a referendum. The exemptions were limited to the millage of the county or city enacting the exemption, and authority to grant the exemptions expired 10 years after the referendum unless renewed by another referendum. (This was enacted by ch. 80-347, L.O.F.)
- Tangible personal property held for sale as stock in trade or livestock may be classified for tax purposes or may be exempted from taxation. (All items of inventory were exempted by ch. 81-308, L.O.F.)
- Ad valorem tax relief for renters who are permanent residents was authorized, but must be enacted by general law. (The Legislature has provided for such relief only for residents of non-profit homes for the aged and proprietary continuing care facilities.)
- State aid to local governments may be tied to relative ad valorem assessment levels. (The Florida Education Finance Program adjusts state funding by the level of assessment in each school district.)
- The Legislature is authorized to enact an ad valorem exemption for a renewable energy source device and to real property on which such device is installed. (An exemption was enacted by ch. 80-163, L.O.F., but was limited to 10 years and devices installed before December 31, 1990.)

Prior to 1980, the exemption for property owned by governmental units did not apply to those portions of a leasehold estate which are used predominantly for a private, commercial purpose and serve no governmental, municipal, or public purpose.

AD VALOREM TAXES (Continued)

In 1980, the Legislature amended s. 196.199, F.S., to make such leaseholds subject to intangibles tax if rental payments are paid for the use of the property.

In 1980 the Legislature also enacted ad valorem tax reform legislation popularly known as the “Truth in Millage” or “TRIM” law, which contained a number of major changes related to the administration of property assessments. It improved the assessment review process, strengthened state supervision of assessment procedures and mandated full disclosure to taxpayers of property tax information.

Art. VII, sec. 6 of the Florida Constitution was amended in 1987 to allow land producing high water recharge to Florida’s aquifers to be classified by general law and assessed solely on the basis of character or use. Prior to this, classification had been authorized for agricultural land and land used exclusively for non-commercial recreational uses. Chapter 96-204, L.O.F., provided for classification of high water recharge areas.

In 1992 Florida voters approved two changes to the Constitution pertaining to property taxation. One change authorized cities or counties to grant ad valorem tax exemptions to owners of historic properties engaging in rehabilitation or renovation of these properties, subject to general law. Chapter 92-152, L.O.F., provided the general law enactment of this amendment. The second Constitutional change in 1992 was initiated by a petition, and limited increases in the assessment of homestead property to 3 percent per year or the Consumer Price Index, whichever is lower. After a change in ownership or other termination of the homestead the property is reassessed at just value. This amendment was popularly known as “Save Our Homes.”

The Florida Constitution was amended in 1998 to authorize, by general law, an additional homestead exemption for persons 65 or older whose household income is less than \$20,000. The exemption is by local option, and applies to the millage of the county or municipality providing the exemption. The income limitation is adjusted annually for changes in cost of living. The legislature enacted ch. 99-341, L.O.F., to provide for this additional homestead exemption.

Another 1998 amendment authorized a historic preservation ad valorem tax exemption for owners of historic properties. Such exemptions may be offered by any county or municipality for the purposed of its respective tax levy, and the amount or limit of the amount of this exemption and the requirements for eligible properties must be specified by general law, as well as the period of time for which this exemption may be granted.

In 2002 the Legislature increased the amount of the exemption available to certain disabled veterans from \$500 to \$5,000. In addition, the Florida Constitution was amended in 2002 to allow local governments to grant a reduction in the assessed value of homestead property when there has been an increase in the assessed value of that property due to the construction or reconstruction of the property in order to provide living quarters for the natural or adoptive parents or grandparents of the owner, provided that at least one of the parents or grandparents is age 62 or older. This reduction in value is limited to the lesser of the increase in value resulting from the construction or reconstruction, or twenty percent of the value of the property as improved.

ALTERNATIVE PROPERTY TAX BASES

A. Mobile Homes and Motor Vehicles

Article VII, Section 1 of the Florida Constitution, currently prohibits the ad valorem taxation of "motor vehicles, boats, airplanes, trailers, trailer coaches, and mobile homes," as defined by law, and instead subjects them to a license tax.

While a constitutional amendment is required to directly alter the tax status of these items, they are not constitutionally defined. Although the courts have said that "common" definitions must be used when interpreting the constitution, the legislature could alter the tax status of these items under certain circumstances by providing appropriate statutory definitions. For example, current law requires mobile homes permanently affixed to the home owner's land to be assessed as real property; mobile homes not taxed as real property and which do not have a current license tag are presumed to be tangible personal property and assessed accordingly. It is possible to define vehicles which do not serve primarily vehicular functions to be tangible personal property, such as mobile homes and recreational vehicles.

B. Personal Property Held for Transshipment

Tangible personal property temporarily located in Florida is deemed not to have acquired taxable situs (and is therefore exempt) if it was manufactured outside the U.S. and is en route to another state or vice-versa.

C. Government Property Used for Private Purposes (Leaseholds)

Government owned property used by non-governmental lessees for private (as opposed to public) purposes was subject to local ad valorem taxation until 1980. Legislation passed in 1980 (Chapter 80-368, L.O.F.) provides that in such situations the right or interest in the property created by the lease agreement (that is, the leasehold estate) is subject to taxation only as an intangible asset. Although there is a clear distinction between the lease (an intangible asset) and the property being leased (real estate), the intent of the legislation was to prohibit local ad valorem taxation of the real estate. Leased municipal property used for non-governmental purposes, however, has been judicially held to be subject to ad valorem tax. Imposing local ad valorem taxes on all such property would provide an estimated \$14.2 million in net new local revenue.

The Taxation and Budget Reform Commission in 1992, proposed a constitutional amendment to change the taxation of leaseholds of government owned property. The proposal was stricken from the ballot by the Florida Supreme Court because the ballot language was ambiguous. (Smith v. American Airlines, Inc., 606 So.2d 618 (Fla. 1992)). In 1998, the Constitutional Revision Commission proposed another constitutional amendment to address this issue. However, the proposed amendment was defeated in the General Election.

D. Site Value Tax

A site value tax, sometimes called a graded property tax or a differential property tax, imposes a higher tax rate upon land than upon buildings, or may exempt buildings altogether. To some extent, several states presently provide for this form of taxation (Hawaii, Illinois, Pennsylvania, Alabama, etc.); and it is used extensively in Australia and New Zealand. Support for this form of property taxation largely derives from the view that land values are socially created and should, therefore, be taxed more heavily than improvements which result from human activity.

Proponents of this tax cite the following advantages: (1) reduced urban sprawl, (2) rehabilitation of decaying inner cities and downtown business districts, (3) no tax "penalties" for home improvements, (4) increased supply of agricultural land and open spaces, and (5) reduced tax-induced distortion of private economic decision-making.

ALTERNATIVE PROPERTY TAX

(Continued)

It has been claimed that adoption of this method of taxing property will ultimately decrease property taxes paid by most homeowners. The specific tax redistributive consequences of this form of taxation in Florida are unknown; estimation would require a detailed study. However, initial estimates based on sample counties indicate the following typical changes in tax burdens: single family residential down by 40%; multifamily residential down by 60%; other residential down by 30%; commercial no change; industrial down by 25%; vacant lots up by 130%; raw acreage up 55%; agricultural land indeterminate. Data is not available to distinguish the basic agricultural land value from improvements to land such as drainage, irrigation, soil cultivation, planted timber, etc. However, it has been argued that these factors, plus lower land costs due to increased supply, will result in net gains for farmers, particularly those who are land intensive. Within any class, the more efficient land users (parcels with a higher than average improvement/land value ratio) will experience greater than average benefits, and vice-versa.

E. Alternative Homestead Exemptions

Current law provides for a \$25,000 homestead exemption for all resident homeowners. In addition, beginning January 1, 2000, counties and municipalities may grant an additional homestead exemption of up to \$25,000 to homeowners who are 65 or older and meet certain low-income requirements. Finally, since 1995, increases in property assessments of homestead property have been capped at 3% or the consumer price index, whichever is lower.

A statutory provision limiting the exempt amount to \$5,000 for those homeowners who have not resided in Florida for the preceding 5 years was stricken by the Florida Supreme Court in 1983. A number of alternative methods of providing tax relief to homeowners have been discussed. These include:

- (1) An assessment-based homestead exemption, whereby the maximum amount of the exemption would be tied to the average cost or value of housing in the county. This would reduce the exempt amount in rural or slow growing counties where property values are low, and increase it in large or fast growing counties. While continuing the goal of exempting the cost of a necessity (minimum shelter) from taxation, this proposal eliminates overcompensation and under compensation in tax benefits occurring under current law due to a fixed dollar amount being used to represent a cost which varies widely across the counties.
- (2) An indexed homestead exemption. Since assessment increases erode the relative value of the homestead exemption, it has been proposed that the exemption be indexed to a measure of inflation or growth in property values to prevent such erosion. The value of an indexed homestead exemption would grow each year, roughly in proportion to assessment increases.
- (3) A shifted homestead exemption, whereby the first increment of value would be taxable, then the exemption would apply, and finally the remaining portion of value if any would be taxable. Proposals to tax the first \$5,000, \$10,000 or \$15,000 have been discussed. All of these proposals would insure that every homeowner paid some amount of property taxes. All would add an element of regressivity to the tax.
- (4) A homestead exemption applied to structures only. This is similar to item (3) except that the first taxable increment would vary from parcel to parcel, depending on the ratio of structure to land value.
- (5) A phased-out homestead exemption, whereby the amount of the exemption is less for higher valued properties. This proposal would increase the progressivity of the tax.
- (6) A fractional homestead exemption, whereby the amount exempted is a proportion of the value of the property rather than a flat dollar amount. Some proponents of this approach suggest inclusion of a cap, limiting the maximum exempt amount to \$25,000. In 1986, the voters rejected a proposal to amend the homestead exemption to permit an exemption of \$5,000 plus 50% of additional value of the next 40,000 or a maximum exemption of \$25,000.

ALTERNATIVE PROPERTY TAXES

(Continued)

F. Removal of the First and Eighth Criteria

Florida law (ss. 192.001(2) and 192.042, F.S.), the Florida Constitution (Article VII, Section 4), and the Florida Supreme Court (Root v. Wood 21 So.2d 133; Walter v. Schuler 176 So.2d 81; Burns v. Butscher; 187 So.2d 594), require assessment of property at just or fair market value, except for agricultural property and homestead property subject to the constitutional cap on increases in assessments. This precludes fractional assessment of property.

However, subsections (1) and (8) of s. 193.011, F.S., function to allow for adjustments from full just value assessments. These subsections are two of the eight factors that Property Appraisers are required to consider in making assessments. Subsection (1) states that in assessing property, the property appraiser should consider “the present cash value of the property, which is the amount a willing purchaser would pay a willing seller, exclusive of reasonable fees and costs of purchase.” Subsection (8) requires the property appraiser to consider “the net proceeds of the sales of property, as received by the seller, after deduction of all the usual and reasonable fees and costs of sale, including the costs and expenses of financing...” This subsection also directs the property appraiser, when using net proceeds of a sale in determining just value, to exclude portions of the net proceeds attributable to payment for household furnishings or other items of personal property. The weight given to each of these factors is left to the discretion of Property Appraisers (Valencia Center Inc. v. Bystrom, 543, So.2d 214 (Fla. 1989), and Bystrom v. Bal Harbour 101 Condominium Association, Inc., 502 So.2d 1312 (Fla. 3d DCA 1987)).

Rule 12D-8.002(4), Florida Administrative Code, specifies that if any reported percentage adjustments exceed 15 percent, documentation supporting these percentage adjustments must be provided to the Department of Revenue. In most cases, the DR-493 forms submitted to the Department reflect percentage adjustments of 15 percent; there are no known cases where the reported adjustment exceeded 15 percent. Under certain circumstances, s. 192.037(11), F.S., specifically allows a presumption of 50 percent (rebuttable) for a similar type adjustment for timeshare real property.

G. Agricultural Land

Agricultural lands are currently assessed at their value in agricultural use rather than fair market value. In practice, agricultural assessments represent the capitalized value of current net agricultural income which the land could produce under typical management conditions. Agricultural assessments are estimated to average 21.4% of the market value of the land in 2004.

Valuation alternatives, other than assessment at fair market value, include:

- (1) Recognition of the capital gain associated with agricultural land and including the present value of such a gain when computing the agricultural value of the land. It has been argued that considering only current income in determining agricultural value, as is presently done, understates the value of the land even to a bona fide farmer.
- (2) Exempting the agricultural value of the land, and taxing any value the land may have in excess of that amount. Current law taxes the agricultural value and exempts the remainder. In doing so, it is said that current law penalizes bona fide farmers by providing the least tax benefits to land which has no higher or better use than agriculture, and the most benefits to land least valuable for agriculture. This proposal would reverse that situation.
- (3) Assessing agricultural land at market value, but enacting an agricultural tax cap to limit taxes to a maximum percentage of income. The tax cap would apply if the landowner entered into an agreement to continue agricultural use for a specified period of time. This alternative has been cited for (a) its efficiency, in that it minimizes unnecessary tax losses, (b) its effectiveness, in that it insures that tax burdens for farmers are not unduly burdensome, (c) its fairness, in that in return for the cost of the tax

ALTERNATIVE PROPERTY TAXES

(Continued)

break society is insured agricultural use will continue for a fixed period of time, and (d) its simplicity, in that the difficult and subjective task of assessing land on an artificial basis is eliminated.

- (4) Fractional assessment of agricultural land. Present law effectively exempts an average of 78.6% of the market value of agricultural land. However, the percentage reduction varies by parcel. It is smallest for lands whose highest and best use is agriculture, and largest for lands whose value in agriculture is the least relative to value in other uses. A uniform percentage reduction would increase the proportion of the tax savings to those most likely to continue depending on farming as their chief source of income.
- (5) Utilization of a tax-free or adjusted rate of return. Because a substantial portion of farm income is sheltered from federal taxation, the current practice of using after tax rates of return to capitalize income can significantly understate the value of agricultural property. Using rates of return on tax free bonds as the "riskless" component of agricultural capitalization rates would recognize the tax shelter benefits of agricultural operations.

In addition to the above changes in methods of assessment, various mechanisms are available to enhance the efficiency and effectiveness of preferential assessments:

- (a) A commercial agricultural use requirement, to insure that only serious agricultural operations qualify. Excluded from special tax treatment would be hobby farmers, speculators, developers, etc.
- (b) A recapture-provision whereby the tax savings from preferential assessment would be repaid in whole or in part if agricultural use is not continued.
- (c) A restrictive agreement whereby the property owner contractually agrees to continue agricultural use of the land for a fixed period of time in order to qualify for special tax treatment.
- (d) A requirement for purchase of development rights by state or local government prior to granting agricultural classification.

H. Taxation of Inventory

Effective fiscal year 1982-83, inventory became totally exempt from ad valorem taxes in Florida. Also exempt under the inventory provisions are livestock and fuels used in the manufacture of electricity.

Prior to 1966, inventory was fully taxable at 100% of its fair market value. A fractional assessment system was instituted thereafter with inventory assessments falling to 50% in 1966, 25% in 1969, and 10% or 1% in 1978 depending on whether the item of inventory was classified as general inventory or goods in process (including raw materials), respectively.

LOCAL COMMUNICATIONS SERVICES TAX

Florida Statutes: Chapter 202

Administered by: Department of Revenue

Fiscal Year	Total Collections	Annual Change %
2004-05*	\$814,900,000	3.88
2003-04*	784,400,000	2.49
2002-03	723,036,986	46.12
2001-02**	426,653,790	NA

* Est.

** The tax did not take effect until October 2001, so the first year's collections do not reflect a full fiscal year.

SUMMARY

The governing authority of each county and municipality may, by ordinance, levy a local communications services tax on retail sales of communications services that originate or terminate in Florida and are billed to an address in the city or county imposing the tax. This tax replaces the public service tax on telecommunication services and franchise fees imposed on communications services providers for use of public rights-of-way. Communications services include all forms of telecommunication currently taxed by the gross receipts tax, except direct-to-home satellite services. The law also specifically applies the tax to communications services provided through any "other medium or method now in existence or hereafter devised."

DISPOSITION

The local communications services tax is remitted by dealers to the Department of Revenue, which distributes monthly the appropriate amount to each municipality, county or school board, after deducting the department's costs of administration not to exceed 1 percent of the total revenue generated for all municipalities, counties, and school boards.

BASE AND RATE

The local communications services tax is imposed on retail sales of communications services, including cable services, which originate or terminate in Florida and are billed to an address in the city or county imposing the tax. Private communications services provided within the county or municipality are also subject to the tax. Direct-to-home satellite service is not subject to local communications services tax. Local tax rates vary for each county and city. The maximum rate for municipalities or charter counties is 5.1% or 4.98%, if the municipality or charter county levies permit fees. The maximum rate for non-charter counties is 1.6%. Add-ons of .12% or .24% are authorized under s. 337.401, F.S., and temporary emergency rates may exceed the statutory limits.

HISTORY

Prior to October 1, 2001, local and in-state telecommunication services were subject to the municipal utility tax under s. 166.231, F.S. This law allowed municipalities and charter counties to impose a tax of up to 10 percent or 7 percent, depending upon whether the tax was imposed on local service only, or on local service plus in-state long-distance service. Cities and charter counties were also authorized to charge telecommunication service providers franchise fees for the use of public rights of way, and all local governments could impose franchise fees on cable providers. Chapter 2000-260, L.O.F., created the Communications Services Tax Simplification Law which provides for local communications services taxes to be administered by the Department of Revenue. The communications services tax rates in cities and counties

LOCAL COMMUNICATIONS SERVICES TAX
(Continued)

were to provide as much revenue as had been generated by the municipal utilities tax and franchise fees, which were replaced by the new tax. The local communications services tax applies to services that had not been subject to the municipal utility tax, including cable television and all telecommunication services. Satellite television service is not subject to local communications services tax. Chapter 2001-140, L.O.F., established revenue-neutral conversion tax rates for the statewide and local communication services taxes, and maximum allowable tax rates for each local government. These maximum allowable rates included any capacity which had existed but was not exercised under the taxes and fees which were replaced by the local communications services tax.

LOCAL OCCUPATIONAL LICENSE TAXES

Florida Statutes: Chapter 205

Administered by: Counties and Municipalities

Fiscal Year	Collections@	Annual Change %	County** Levies	Municipal Levies
2004-05*	\$164,300,000	1.5	\$50,300,000	\$114,100,000
2003-04*	161,900,000	3.9	49,500,000	112,400,000
2002-03	155,790,708	3.3	47,638,155	108,152,553
2001-02	150,865,463	0.6	48,085,979	102,779,484
2000-01	149,900,000	6.0	49,300,000	100,600,000
1999-00	141,372,385	-2.7	39,961,312	101,411,073
1998-99	145,295,360	8.0	41,070,208	104,225,152

* Est.

** Includes collections reported by the Comptroller as special district levies.

@ The estimated and actual collections may be inaccurate due to disparities in the method by which revenues collected are documented and reported by cities and counties. Revenues from penalties collected and from professional licenses may also be included by some cities and counties.

SUMMARY

Local occupational license taxes are imposed by counties and municipalities on the privilege of operating businesses within their jurisdictions. Revenue is allocated to the general funds of the local governments where businesses are located.

DISPOSITION

Municipal taxes are allocated to a municipality's general fund. County taxes are allocated to a county's general fund and to the general funds of municipalities within the county. In 1986, Dade, Broward, Collier, and Monroe Counties were authorized to increase their license taxes 50% to implement and oversee a comprehensive economic development strategy. (Section 205.033(6), F.S.). However, an ordinance adopting this additional tax must have been adopted by January 1, 1995, and only Dade and Broward counties imposed the additional tax amount.

ALLOCATION FORMULA

Unless a county has established a new rate structure under s. 205.0535, F.S., net county revenues collected in unincorporated areas are apportioned among the county and its municipalities based on relative population in unincorporated and incorporated areas. Net county revenues equal total levies less cost of collection and any credits given for municipal occupational license taxes. The county revenues are distributed 15 days following the month of receipt. If the county has established a rate structure under s. 205.0535, F.S., it may retain all occupational license tax revenues collected from businesses whose places of business are located within the unincorporated areas of the county. Revenues from businesses located in municipalities must be apportioned among the county and its municipalities based on relative population in the unincorporated and incorporated areas.

LOCAL OCCUPATIONAL LICENSE TAXES
(Continued)

BASE

Section 205.032, F.S., allows a county to tax the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction and has been interpreted to allow the taxation of a professional association and its members. Section 205.042, F.S., allows a municipality to tax each person who maintains a permanent business location or branch office within the municipality for the purpose of engaging in or managing any business, profession, or occupation within its jurisdiction. A municipality may also tax any person engaging in business who does not maintain such a permanent place of business as long as it does not offend the Commerce Clause of the United State Constitution. However, if any person engaging in or managing a business, profession, or occupation regulated by the Department of Business and Professional Regulation has paid an occupational license tax for the current year to the county or municipality in the state where their permanent business location or branch office is maintained, the county or municipality may not levy an occupational license tax.

RATE

COUNTIES:

Between 1967 and 1972, the state imposed an occupational license tax, retaining two-thirds of the revenues and distributing one-third to the counties. Counties had no authority to levy the tax. Effective October 1, 1972, ch. 72-306, L.O.F., repealed the state tax and authorized counties to impose an occupational tax at the state rates in effect on October 1, 1971. Chapter 80-274, L.O.F., took effect on October 1, 1980 and authorized the following increases:

Prior Amount of Tax	Maximum Increase
\$100 or less	100%
\$101 to \$300	50%
Above \$300	25%

Effective October 1, 1986, ch. 86-298, L.O.F., authorized Dade, Broward, Monroe, and Collier Counties to increase their rates by an additional 50%.

In 1993, the Legislature approved ch. 93-180, L.O.F., which allowed counties to reclassify businesses, professions, and occupations and restructure their rate schedules. However, subsequent rate increases were limited by rate category and the overall tax base may not be increased by more than 10 percent. If counties elected to reclassify and restructure, they could retain all tax revenue collected in the unincorporated portions of the county. Counties had until October 1, 1995 to accomplish this reclassification and restructuring.

MUNICIPALITIES:

Unlike county rates which are constrained by the historical state established rate, municipal rates are constrained by historical municipal occupational license tax rates. Prior to the passage of Article VII of the Florida Constitution (1968 session) which limited municipal authority to impose non-ad valorem taxes to only those authorized by law, municipalities levied occupational taxes and set rates locally. In 1972, the Florida Supreme Court ruled unconstitutional the City of Tampa's occupational license tax because the tax was not authorized by statute. The Legislature responded by amending chapter 205, F.S., to expressly authorize municipalities to levy occupational license taxes, but limited them to the rates in effect in the municipalities as of October 1, 1971.

In 1980, the Legislature authorized a municipal rate increase identical to that authorized for the county rate. The 1993 Legislature approved ch. 93-180, L.O.F., which allowed municipalities to reclassify businesses, professions, and occupations and restructure their rate schedules. However, subsequent rate increases were limited by rate category and

LOCAL OCCUPATIONAL LICENSE TAXES
(Continued)

the overall tax base could not be increased by more than 10 percent. Municipalities had until October 1, 1995 to accomplish this reclassification and restructuring.

EXEMPTIONS

State law exempts the privilege of engaging in the following activities from local occupational license taxes: (1) nonprofit activities of religious, charitable, and educational institutions; (2) sales of farm products or products manufactured from farm products, except intoxicating liquors, when grown or produced and sold by the same person; (3) certain activities of disabled persons, widows with minor children, and persons 65 years of age and older; (4) certain fund raising activities of fraternal, youth, civic, or service organizations; and (5) set-up operations of licensed mobile home dealers or manufacturers. In addition, certain disabled veterans and their unremarried surviving spouses are exempt for the first \$50 of any license tax. Effective January 1, 1986 to January 1, 2006, a county may exempt certain businesses located within an enterprise zone from 50% of the occupational license tax.

VALUE OF RATE CHANGE, EXEMPTIONS, REFUNDS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Because of the variation in rates and taxable occupations across jurisdictions it is impossible to estimate the impact of any uniform rate adjustment. However, a 10% overall change in rates would have the following impact:	\$ 16.4

VALUE OF EXEMPTIONS

No data is collected at the state level as to the number or types of occupational license tax exemptions granted.	Indeterminate
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VALUE OF REFUNDS AND ALLOWANCES

None authorized by state law.

LOCAL OPTION TAXES

A. GENERAL LOCAL OPTION SALES SURTAXES

Florida statutes authorize seven general local option taxes.

CHARTER COUNTY TRANSIT SYSTEM SURTAX

Florida Statutes: Sections 212.054 and 212.055(1).

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue must return transit surtax revenues to the county which imposes the tax. The county must deposit the revenues into a rapid transit trust fund to be used only for the development, construction, maintenance, equipment, and operation of a fixed guide way rapid transit system and supportive services or remit the revenues to an expressway or transportation authority for use on county roads and bridges, for a bus system, or to pay on or refinance existing road and bridge bonds or as a pledge for new road and bridge bonds. There is no expiration date for this tax levy.

BASE AND RATE

Eligible counties (Broward, Duval, Hillsborough, Miami-Dade, Pinellas, Sarasota, Volusia) include those which adopted a charter prior to January 1, 1984 and those which are consolidated with one or more municipalities. Such counties may impose, if approved by referendum, up to a 1 percent sales surtax on most transactions taxable under Chapter 212. Any taxable sale of tangible personal property priced above \$5,000 shall only be taxed on the first \$5,000. However, the tax imposed on taxable services is not capped.

COUNTIES LEVYING TAX

Duval County (1/2%, 1/1/89), Miami-Dade County (1/2%, 1/1/03).

Miami-Dade County referenda were unsuccessful in 1978, 1990 and 1991.

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

Florida Statutes: Section 212.054 and 212.055(2)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue must return these revenues to the county wherein the sale of the tangible personal property or provision of the service has occurred. For counties with populations that exceed 50,000, the proceeds must be used for the following purposes: 1) to finance, plan, and construct infrastructure; 2) to acquire land for public recreation or conservation or protection of natural resources; and 3) as provided in Chapter 93-107, L.O.F.,

LOCAL OPTION TAXES

(Continued)

to finance the closure of local government-owned solid waste landfills that are already closed or are required to close by order of the Department of Environmental Protection. In addition, Chapter 93-222, L.O.F., expanded the definition of "infrastructure" to include emergency vehicles and equipment and specified that purchases of such items with surtax revenues is approved retroactively. Any county with a population of 50,000 or less as of April 1, 1992, in addition to generally authorized uses, may use these tax revenues for any public purpose if: 1) the debt service obligations for any year are met, 2) the county's comprehensive plan is in compliance, and 3) the county has amended its surtax ordinance. Chapter 93-207, L.O.F., specifically authorized small counties (population < 50,000) to use the proceeds or accrued interest for long-term maintenance costs associated with landfill closures.

BASE AND RATE

Any county may levy, a 1/2 percent or 1 percent tax upon voter approval in a countywide referendum. Most transactions subject to taxation under Chapter 212, F.S., are subject to the tax. There is a \$5,000 cap on taxable items, however, there is no cap imposed on taxable services. Chapter 93-222, L.O.F., specifies that if the Infrastructure Surtax was levied pursuant to a referendum held prior to July 1, 1993, the surtax may not be levied beyond the time established in the ordinance or 15 years, if the ordinance set no time limit. The levy may only be extended by referendum approval. There is no expiration date to this tax levy.

Counties levying the tax (as of 1/2004):

Charlotte	1%	Hillsborough	.5%	Osceola	1%
Clay	1%	Indian River	1%	Pinellas	1%
Dixie	1%	Jefferson	1%	Putnam	1%
Duval	.5%	Lafayette	1%	Sarasota	1%
Escambia	1%	Lake	1%	Seminole	1%
Flagler	.5%	Leon	1%	Taylor	1%
Glades	1%	Madison	1%	Wakulla	1%
Hamilton	1%	Marion	1%		
Highlands	1%	Monroe	1%		

Note: Gadsden County's levy terminated 1/1/96. Hardee County's repealed effective 12/31/97. Jackson County's levy terminated 7/1/92. Santa Rosa County's levy repealed 8/1/98. Manatee County's levy expired 7/1/99. Okaloosa County's levy expired 8/1/99. Martin County's levy expired 12/31/01. Alachua County's levy expired 12/31/02. DeSoto County's levy expired 12/31/02. Suwannee County's levy expired 12/31/02. Bay County's levy expired 5/31/03, Madison County's levy expires 7/1/04, and Marion County's levy expires 12/31/04.

SMALL COUNTY SURTAX

Florida Statutes: Sections 212.054 and 212.055(3)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue returns these revenues to the county wherein the sale of tangible personal property or provision of the service has occurred. Counties with a population of 50,000 or less as of April 1, 1992 are eligible to levy this tax by extraordinary vote of the Board of County Commissioners to be expended for operating purposes. If

LOCAL OPTION TAXES

(Continued)

funds are to be used to service bonded indebtedness, however, the tax must be approved by referendum. The funds may be distributed to the county, the municipalities within the county, and some school boards according to an interlocal agreement or the formula provided in s. 218.62, F.S.

BASE AND RATE

Eligible counties may levy, for a time period not limited by statute, a 1/2 percent or 1 percent tax upon referendum or extraordinary vote of the county governing board. Most transactions subject to taxation under Chapter 212, F.S., are subject to the tax. There is a \$5,000 cap on taxable items, however, there is no cap imposed on taxable services. There is no expiration date for this tax levy.

Counties levying this tax as of (1/2004):

Baker	1%	Hardee	1%	Okeechobee	1%
Bradford	1%	Hendry	1%	Sumter	1%
Calhoun	1%	Holmes	1%	Suwannee	1%
Columbia	1%	Jackson	1%	Union	1%
DeSoto	1%	Levy	1%	Walton	1%
Gadsden	1%	Liberty	1%	Washington	1%
Gilchrist	1%	Nassau	1%		

Madison County to begin 1% Small County on 8/1/04

INDIGENT CARE AND TRAUMA CENTER SURTAX

Florida Statutes: Sections 212.054 and 212.055(4)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue returns indigent care surtax revenues to the clerk of the circuit court in the authorizing county. The clerk must maintain the moneys in an indigent health care trust fund, to be used to fund a broad range of health care services for both indigent and medically poor people.

BASE AND RATE

The indigent care surtax may be levied either by extraordinary vote of the governing board, or voter approval. The rate may not exceed 1/2 percent, and only counties which are not consolidated with one or more municipalities with a population greater than 800,000 may levy the tax. (Broward, Hillsborough, Palm Beach, Pinellas). The surtax is imposed on the first \$5,000 of most items taxable under Chapter 212, F.S.; however, there is no cap imposed on taxable services. The authorization to levy this tax expires October 1, 2005.

Counties levying tax: Hillsborough .5% (Decreased levy from .5%, effective 12/1/91 to .25%, effective 10/1/97, back to .5%, effective 10/1/01)

LOCAL OPTION TAXES
(Continued)

COUNTY PUBLIC HOSPITAL SURTAX

Florida Statutes: Sections 212.054 and 212.055(5)

Administered by: Department of Revenue

DISPOSITION

Any county defined in s. 125.011(1), F.S., (Miami-Dade County), may levy, by extraordinary vote of the Board of County Commissioners or by referendum, a surtax to provide funds to the county public general hospital.

BASE AND RATE

The rate is limited to 1/2 percent. The surtax is imposed on the first \$5,000 of any items sold; however, there is no cap on taxable services. There is no expiration date for this tax levy.

Miami-Dade County's tax was originally levied according to the provisions of Chapter 91-81, L.O.F., on 1/1/92.

SCHOOL CAPITAL OUTLAY SURTAX

Florida Statutes: Sections 212.054 and 212.055(6)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue must return these revenues to the county wherein the sale of the tangible personal property or provision of the service has occurred. The surtax must be used to fund fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of 5 or more years, as well as any related land acquisition, land improvement, design and engineering costs. In addition, the surtax may be used to fund the costs of retrofitting and providing for technology implementation for the various sites within the school district and servicing of bond indebtedness used to finance those authorized projects.

BASE AND RATE

The school capital outlay surtax of up to 1/2 percent must be approved by referendum. The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax. If applicable, the resolution must state that the district school board has been recognized by the State Board of Education as having a Florida Frugal Schools Program. The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county.

Counties levying this tax: Bay, Escambia, Flagler, Gulf, Hernando, Jackson, Leon, Manatee, Monroe, Orange, Polk, St. Lucie, Santa Rosa, and Volusia.

LOCAL OPTION TAXES
(Continued)

VOTER-APPROVED INDIGENT CARE SURTAX

Florida Statutes: Sections 212.054 and 212.055(7)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue returns voter-approved indigent care surtax revenues to the clerk of the circuit court in the authorizing county. The clerk must maintain the moneys in an Indigent Health Care Trust Fund, to be used to fund a broad range of health care services for both indigent and medically poor people.

BASE AND RATE

Counties with less than 800,000 residents may impose, by referendum only, the Voter-Approved Indigent Care Surtax. The rate is capped at 0.5 percent or 1 percent if a publicly supported medical school is located in the county. The surtax is imposed on the first \$5,000 of most items taxable under Chapter 212, F.S.; however, there is no cap imposed on taxable services.

As of January 1, 2004, 61 counties are authorized to levy the Voter-Approved Indigent Care Surtax.
Counties levying tax: None.

**GENERAL LOCAL OPTION SALES SURTAXES
VALUE OF RATE CHANGE AND EXEMPTIONS**

<u>RATE CHANGE</u>	1/2% Levy <u>2004-05</u> (millions)	1% Levy <u>2004-05</u> (millions)
Value of a local option tax levy with no cap on transaction amounts	\$ 1,404.3	\$ 2,808.5
<u>VALUE OF EXEMPTIONS</u>		
Exemption of price in excess of \$5,000/per item	\$ 163.5	\$ 326.9

B. TOURISM-RELATED LOCAL OPTION TAXES

There are four local option taxes which impose additional levies only on transient rentals (e.g., hotel room rentals and any rental of living quarters for a time period of 6 months or less in duration). The Municipal Resort Tax, (profiled in section E) authorizes a levy on transient rentals and food and beverage sales and may only be levied in three cities (Miami Beach, Bal Harbour, Surfside).

CONVENTION DEVELOPMENT TAX

Florida Statutes: Section 212.0305

Administered by: Department of Revenue and Local Tax Authorities

LOCAL OPTION TAXES
(Continued)

DISPOSITION

If administered by the Department of Revenue, funds are returned to the county which levies the tax to be used for the promotion of tourism, convention centers, and other similar authorized uses; otherwise the county collects and administers these funds.

BASE AND RATE

The tax is levied on all rental charges subject to the transient rental tax imposed in s. 212.03, F.S. Each county operating under a home rule charter, as defined in s. 125.011(1), F.S., may levy the tax at 3 percent (Miami-Dade County); each county operating under a consolidated government may levy the tax at 2 percent (Duval County); and each county chartered under Article VIII of The State Constitution that had a tourist advertising special district on January 1, 1984, may levy the tax at 2 percent (Volusia County). Three percent in the West Volusia Convention Development Tax District and Halifax Advertising Tax District only.

Counties may collect and administer the tax themselves if they adopt an ordinance in accordance with s. 212.0305(5), F.S.

COUNTIES LEVYING TAX

Currently all three eligible counties self-administer the tax: Miami-Dade (4/1/88), Volusia (4/1/90), and Duval (12/1/90).

TOURIST DEVELOPMENT TAX

Florida Statutes: Section 125.0104

Administered by: Department of Revenue and Local Tax Authorities

DISPOSITION

If administered by the Department of Revenue, the department returns proceeds, less costs of administration, to the county which imposes the tax. Funds must be deposited in the county's Tourist Development Trust Fund for use by the county in accordance with the provisions of s. 125.0104, F.S. Counties may collect and administer the tax themselves if they adopt an ordinance in accordance with s. 125.0104(10). There are currently thirty-eight counties which self-administer the tax: Alachua (7/1/01), Baker (5/1/00), Bay (1/1/94), Brevard (10/1/92), Broward (3/1/94), Charlotte (9/1/90), Citrus (9/1/91), Clay (1/1/89), Collier (1/1/93), Miami-Dade (4/1/88), Duval (12/1/90), Escambia (6/1/89), Gulf (6/1/01), Hernando (1/1/93), Hillsborough (1/1/92), Indian River (10/1/00), Lake (11/1/98), Lee (5/1/88), Leon (10/1/94), Manatee (10/1/89), Martin (11/1/02), Monroe (1/1/91), Nassau (5/1/89), Okaloosa (7/1/92), Orange (1/1/92), Osceola (5/1/92), Palm Beach (1/1/93), Pinellas (10/1/90), Polk (1/1/94), Putnam (4/1/99), Santa Rosa (5/1/94), Sarasota (6/1/92), Seminole (9/1/93), St. Johns (8/1/88), St. Lucie (5/1/91), Suwannee (11/1/01), Volusia (4/1/90), Wakulla (12/1/96), and Walton (10/1/91).

BASE AND RATE

The initial tax must be approved by referendum, may be 1 percent or 2 percent, and applies to rental charges taxable under s. 212.03, F.S. The following additional taxes may be levied:

LOCAL OPTION TAXES

(Continued)

A 1 percent tax levied by extraordinary vote or by referendum by any county which has levied the initial tax for 3 years, and does not levy a convention development tax;

A 1 percent tax to pay debt service on professional sports facility bonds. An additional 1 percent may be levied by counties which levy the original 1%, to finance a new professional sports franchise facility.

A 1 percent tax may be imposed by extraordinary vote in a high tourism impact county (only Monroe County, Orange County and Osceola County are currently certified as a high tourism county).

Additionally, counties as defined in s. 125.011(1), F.S., (Miami-Dade County) may impose by majority vote a 2 percent tax on the sale of food, beverages, and alcoholic beverages in hotels and motels. (See page 168, Miami-Dade County Hotel/Motel Food and Beverage Tax, for additional information.)

COUNTY AND RATE OF LEVY (as of 1/2004)

Alachua*	3%	Escambia*#	4%	Leon*	3%	Pinellas*	4%
Baker*	2%	Flagler	2%	Levy	2%	Polk*	4%
Bay*	3%	Gadsden	2%	Madison	3%	Putnam*	2%
Bradford	2%	Gulf*	3%	Manatee*	4%	St. Johns*	3%
Brevard*	4%	Hamilton	3%	Martin*	2%	St. Lucie*	5%
Broward*	5%	Hernando*	3%	Monroe*	3%	Santa Rosa*	3%
Charlotte*	3%	Hendry	2%	Nassau* **	2%	Sarasota*	3%
Citrus*	2%	Highlands	2%	Okaloosa*	4%	Seminole*	3%
Clay*	3%	Hillsborough*	5%	Okeechobee	3%	Suwannee*	2%
Collier*	3%	Indian River*	4%	Orange*	5%	Taylor	2%
Columbia	2%	Jackson	2%	Osceola*	5%	Volusia*	3%
Miami-Dade*###	4%4	Lake*	4%	Palm Beach*	4%	Wakulla*	3%
Duval*	%	Lee*	3%	Pasco	2%	Walton*	3%
						Washington	2%

* Self-administering the tax

** Amelia Island only

Excludes Navarre Beach

Excludes Bal Harbour, Miami Beach, and Surfside

TOURIST IMPACT TAX

Florida Statutes: Section 125.0108

Administered by: Department of Revenue

DISPOSITION

The department returns proceeds, less costs of administration, to the county which imposed the tax. Proceeds of the tax must be used equally for acquisition of property in the area of critical state concern and to offset the loss of ad valorem taxes caused by such acquisitions. Currently, there are four areas of critical state concern: the Florida Keys in Monroe

LOCAL OPTION TAXES

(Continued)

county; the Big Cypress Swamp, primarily in Collier county; the Green Swamp in central Florida; and the Apalachicola Bay area in Franklin county.

BASE AND RATE

The tax must be approved by a referendum of the voters. The base is the same as for the Tourist Development Tax; the rate is 1 percent. The tax may be repealed by a four-fifths vote of the governing board of the county.

Counties levying the tax: Monroe

TOURISM-RELATED LOCAL OPTION TAXES VALUE OF RATE CHANGE

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of a 1% tourist-related tax	\$ 91.0

(NOTE: Numbers reflect fiscal impact upon all 67 counties.)

C. LOCAL OPTION FUEL TAXES

There are three local option fuel taxes which impose a tax of 1-6 cents or 1 cent on all motor and diesel fuel taxable under Chapter 206, F.S., and a tax of 1-5 cents in all motor fuel taxable under ch. 206, F.S.

COUNTY LOCAL OPTION FUEL TAX

Florida Statutes: Section 336.025(1)(a)
 Sections 206.41(1)(e) and 206.87(1)(c)

Administered by: Department of Revenue

DISPOSITION

The department returns the proceeds to the county where the revenue is collected and deposits funds in a local option fuel tax trust fund.

BASE AND RATE

Any county may levy one through six cents of tax upon a majority vote of the commission or by referendum. The tax is imposed on all motor fuel and diesel fuel taxable under Chapter 206. Additionally, Chapter 90-351, L.O.F., specifies the rate on diesel fuel to be 6 cents. Until June 30, 1996, retail dealers remit the appropriate tax on all taxable fuels sold within the levying county. Effective July 1, 1996, wholesalers remit the tax on motor fuel and the terminal supplier remits the tax on diesel fuel.

Counties with a population in excess of 50,000 must use these funds for transportation expenditures. Chapter 92-309, L.O.F., authorizes any county with a population of 50,000 or less as of April 1992, in addition to generally authorized

LOCAL OPTION TAXES

(Continued)

uses, to use these tax revenues to fund non-transportation infrastructure projects that are consistent with a county's most recently submitted comprehensive plan. The Board of County Commissioners must adopt a resolution certifying that the county has met all of its transportation needs in its comprehensive plan and may not bond such revenues for more than 10 years. The proceeds will be distributed to the county, the municipalities within the county, and some school boards according to an interlocal agreement or the formula provided in s. 336.025(4), F.S.

COUNTIES LEVYING TAX

Motor Fuel Tax Levies* (as of 1/2004):

Alachua	6	Dixie	6	Hillsborough	6	Martin	6	Santa Rosa	6
Baker	6	Duval	6	Holmes	6	Monroe	6	Sarasota	6
Bay	6	Escambia	6	Indian River	6	Nassau	6	Seminole	6
Bradford	6	Flagler	6	Jackson	6	Okaloosa	6	Sumter	6
Brevard	6	Franklin	5	Jefferson	6	Okeechobee	6	Suwannee	6
Broward	6	Gadsden	6	Lafayette	6	Orange	6	Taylor	6
Calhoun	6	Gilchrist	6	Lake	6	Osceola	6	Union	5
Charlotte	6	Glades	6	Lee	6	Palm Beach	6	Volusia	6
Citrus	6	Gulf	6	Leon	6	Pasco	6	Wakulla	6
Clay	6	Hamilton	6	Levy	6	Pinellas	6	Walton	6
Collier	6	Hardee	6	Liberty	6	Polk	6	Washington	6
Columbia	6	Hendry	6	Madison	6	Putnam	6		
Miami-Dade	6	Hernando	6	Manatee	6	St. Johns	6		
DeSoto	6	Highlands	6	Marion	6	St. Lucie	6		

* Section 336.025, F.S., provides that the above rates apply to motor fuel only.

COUNTY LOCAL OPTION MOTOR FUEL TAX

Florida Statutes: Section 336.025(1)(b), F.S.
Section 206.41(1)(e)

Administered by: Department of Revenue

DISPOSITION

The department returns the proceeds to the county where the revenue is collected and deposits funds into the local option fuel tax trust fund.

BASE AND RATE

Any county may levy one through five cents of tax upon a majority plus one vote of the county commission or by referendum. The tax is imposed on motor fuel sold at retail within a county in which the tax is authorized. Until June 30, 1996, retail motor fuel dealers collect and remit the tax to the Department of Revenue. Effective July 1, 1996, wholesalers remit the tax.

County and municipal governments must spend these funds on transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan.

LOCAL OPTION TAXES
(Continued)

Counties levying Tax (as of 1/2004):

Broward	5	Lee	5
Charlotte	5	Martin	5
Collier	5	Palm Beach	5
Columbia	5	Polk	5
Miami-Dade	3	St. Lucie	5
DeSoto	5	Sarasota	5
Hendry	2	Suwannee	5
Hernando	2	Volusia	5
Highlands	5		

NINTH CENT FUEL TAX
(Formerly the County Voted Gas Tax)

Florida Statutes: Section 336.021
Sections 206.41(1)(d) and 206.87(1)(b)

Administered by: Department of Revenue

DISPOSITION

The Department of Revenue returns the proceeds to the county where the tax is levied. Monies are deposited in a Ninth-cent Fuel Tax Trust Fund.

BASE AND RATE

The ninth-cent fuel tax may be levied by any county by an extraordinary vote of the governing body or by a county-wide referendum. Effective January 1, 1994, all counties imposed this tax on sales of diesel fuel, pursuant to Chapter 90-351, L.O.F. This tax is imposed on all motor fuel and diesel fuel taxable under Chapter 206. Until June 30, 1996, retailers remit the tax on all fuels sold within the county levying this tax. Effective July 1, 1996, wholesalers remit the tax on motor fuel and terminal suppliers remit the tax on diesel fuel.

COUNTIES LEVYING TAX (as of 1/2004)

Alachua	Flagler	Jefferson	Okaloosa	Sumter
Baker	Gilchrist	Lake	Okeechobee	Suwannee
Broward	Glades	Lee	Osceola	Union
Clay	Hardee	Leon	Palm Beach	Volusia
Collier	Hendry	Liberty	Pasco	Wakulla
Columbia	Hernando	Manatee	Polk St.	Walton
Miami-Dade	Highlands	Marion	Lucie	Washington
DeSota	Hillsborough	Maritn	Sarasota	
Escambai	Jackson	Nassau	Seminole	

LOCAL OPTION TAXES
(Continued)

LOCAL OPTION FUEL TAXES
VALUE OF RATE CHANGE, EXEMPTIONS, REFUND AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of a 1 cent local option tax on all gallons subject to Chapter 206 (excludes off-highway use)	\$ 99.7
 <u>VALUE OF EXEMPTIONS</u>	
Exemption for gallons used off-highway (at a 1 cent levy)	.7
Exemption for aviation fuel gallons (at 1 cent levy)	7.5*
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Dealer collection allowance (at a 1 cent levy)	1.1

* Estimate reduced by 1% to reflect retail collection

(NOTE: Numbers reflect fiscal impact prior to administrative charges being assessed. For individual county distribution estimates, see page 170.)

D. DISCRETIONARY SURTAX ON DOCUMENTS

Florida Statutes: Chapter 83-220, L.O.F., as amended by Chapters 84-270, L.O.F., and 89-252, L.O.F.

Administered by: Department of Revenue

DISPOSITION

The department returns proceeds, less costs of administration, to the county imposing the tax. The funds must be deposited in the county's Housing Assistance Loan Trust Fund. The proceeds shall be used to assist low and moderate income families in the purchase or rehabilitation of a home or apartment.

BASE AND RATE

Any county defined by s. 125.011(1), F.S., (Miami-Dade County) may impose a surtax on deeds and documents relating to realty of up to 45 cents for each \$100 or fractional part thereof except for documents relating to single family residences.

COUNTIES LEVYING TAX

Miami-Dade

LOCAL OPTION TAXES

(Continued)

**DISCRETIONARY SURTAX ON DOCUMENTS
VALUE OF RATE CHANGE, EXEMPTIONS, REFUNDS AND ALLOWANCES**

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Value of a 10 cent/\$100 levy on:	
1) all deeds	\$ 150.8
2) deeds other than for documents related to single family dwellings	40.5
 <u>VALUE OF EXEMPTIONS</u>	
Exemption for documents related to single family dwellings (10 cents/\$100 rate)	110.3
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Agents commission at .5% of taxes collected (10 cents/\$100 rate)	.8

E. OPTIONAL FOOD AND BEVERAGE TAXES

The following three taxes are administered locally on tax bases which are not addressed by the Florida Revenue Estimating Conference. Therefore, the following descriptions do not include revenue estimates.

MIAMI-DADE COUNTY FOOD AND BEVERAGE TAX

Florida Statutes: Section 212.0306(1)(b), F.S.

Administered by: Local Tax Authorities

DISPOSITION

Eligible counties collect and administer these funds.

BASE AND RATE

As authorized by Chapter 93-233, L.O.F., and amended by Chapters 94-351, L.O.F., and 94-353, L.O.F., any county defined in s. 125.011(1), F.S., Miami-Dade County may levy this tax at the rate of 1 percent. Although not officially labeled, it is referred to here as the "Miami-Dade County Food and Beverage Tax." This tax may be imposed on the sale of food, beverages, and alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels. However, the tax does not apply to any alcoholic beverage sold by the package for off-premise consumption. This tax may be imposed by majority vote of the county's governing body.

For the first 12 months, the proceeds must be used for programs to assist the homeless. Thereafter, not less than 15% of the proceeds must be used for construction and operation of domestic violence centers, and the remainder will fund programs for the homeless. In addition, the proceeds may be bonded.

LOCAL OPTION TAXES
(Continued)

MIAMI-DADE COUNTY HOTEL/MOTEL FOOD AND BEVERAGE TAX

Florida Statutes: Section 212.0306(1)(a), F.S.

Administered by: Local Tax Authorities

DISPOSITION

Eligible counties collect and administer these funds.

BASE AND RATE

Originally authorized by Chapter 89-362, L.O.F., any county defined in s. 125.011(1), F.S., (Miami-Dade County) is authorized to levy this tax at the rate of 2 percent. Although not officially labeled, it is referred to here as the "Miami-Dade County Hotel/Motel Food and Beverage Tax." This tax may be imposed on the sale of food, beverages, and alcoholic beverages in hotels and motels. This tax may be imposed by majority vote of the county's governing body. A prerequisite to this tax levy is the county must self-administer the tourist development tax.

The tax proceeds must be allocated according to an interlocal agreement and contract with the county, to a county wide convention and visitors bureau authorized to promote the county and constituent cities as a destination for conventions, trade shows, etc. If there is no interlocal agreement and a contract with a countywide convention and visitor bureau, the county must spend these funds as specified in statute.

MUNICIPAL RESORT TAX (Transient Rentals and Food/Beverage)

Florida Statutes: Chapters 67-930, 82-142, 83-363, 93-286, 93-233

Administered by: Municipal Tax Authorities

DISPOSITION

Eligible cities collect and administer these funds.

BASE AND RATE

Chapter 67-930, L.O.F., as amended by succeeding Chapter law, authorizes the levy up to a 2 percent tax on food, beverages and alcoholic beverages and up to a 4 percent tax on transient room rentals in municipalities which match the population criteria specified in Chapter law. All three eligible municipalities levy this tax (Miami Beach, Bal Harbour, Surfside).

The tax proceeds must be expended for creating and maintaining convention and publicity bureaus or cultural and art centers and general enhancement of tourism.

Estimated Local Option Tax Revenues
Fiscal Year 2004-2005
(Thousands of Dollars)

County	Local Option Sales Taxes		Tourist Taxes		
	Rate	Revenues*	Tourist Development Rate	Convention Develop.** Rate	Revenues*
Alachua@	--	25,725.9	3%	--	533.8
Baker@	1%	1,330.9	2%	--	17.0
Bay@	1%	24,928.5	3%	--	2,107.0
Bradford	1%	1,964.1	2%	--	28.3
Brevard@	--	61,991.0	4%	--	1,433.0
Broward@	--	267,913.0	5%	--	5,926.3
Calhoun	1%	687.3	--	--	1.1
Charlotte@	1%	19,760.1	3%	--	455.8
Citrus@	--	11,244.1	2%	--	160.6
Clay@	1%	17,151.7	3%	--	136.8
Collier@	--	54,873.9	3%	--	2,688.3
Columbia	1%	6,490.9	2%	--	167.4
De Soto	1%	2,177.2	--	--	10,401.6
Dixie	1%	707.7	--	--	30.5
Duval@	1%	129,479.5	4%	2%	12.4
Escambia@	2%	37,871.2	4%	--	2,208.8
Flagler	1%	4,912.1	2%	--	1,036.0
Franklin	--	1,262.5	--	--	126.7
Gadsden	1%	2,732.4	2%	--	276.0
Gilchrist	1%	630.3	--	--	20.4
Glades	1%	376.9	--	--	2.3
Gulf@	1%	1,001.4	2%	--	11.3
Hamilton	1%	681.8	3%	--	88.2
Hardee	1%	1,527.0	--	--	15.8
Hendry	1%	2,842.6	2%	--	11.3
Hernando@	--	12,336.8	3%	--	30.5
Highlands	1%	8,748.2	2%	--	57.7
Hillsborough@	1%	180,030.6	5%	--	134.6
Holmes	1%	810.6	--	--	3,314.9
Indian River@	1%	18,175.4	4%	--	6.8
Jackson	2%	3,788.8	2%	--	412.8
Jefferson	1%	651.8	--	--	81.4
Lafayette	1%	300.8	--	--	13.6
Lake@	1%	24,599.6	4%	--	0.0
Lee@	--	91,195.3	3%	--	393.6
Leon@	2%	34,415.2	3%	--	3,802.4
Levy	1%	2,907.2	2%	--	675.2
Liberty	1%	289.6	--	--	78.0
Madison	1%	984.3	3%	--	1.1
Manatee@	1%	37,341.3	4%	--	23.8
Marion	1%	33,990.1	--	--	1,019.0
Martin@	--	22,559.8	2%	--	413.9
Miami-Dade@(1)	1%	318,070.2	4%	3%	285.0
Monroe@(2)	2%	24,246.0	3%	--	4,451.5
Nassau@	1%	6,657.2	2%	--	622.0
Okaloosa@	--	27,393.9	4%	--	1,944.2
Okeechobee	1%	3,838.8	3%	--	58.8
Orange@	1%	252,063.3	5%	--	20,537.5
Osceola@	1%	29,804.6	5%	--	4,957.1
Palm Beach@	--	193,643.0	4%	--	4,616.7
Pasco	--	34,953.6	2%	--	375.5
Pinellas@	1%	127,544.4	4%	--	4,324.9
Polk@	1%	56,765.0	4%	--	1,031.5
Putnam@	1%	5,124.6	2%	--	54.3
St. Johns@	--	19,164.8	3%	--	1,359.4
St. Lucie@	1%	22,317.3	5%	--	451.3
Santa Rosa@	1%	10,292.3	3%	--	254.5
Sarasota@	1%	54,972.8	3%	--	2,256.3
Seminole@	1%	54,263.3	3%	--	646.9
Sumter	1%	3,668.2	--	--	72.4
Suwannee@	1%	2,787.7	2%	--	39.6
Taylor	1%	1,768.4	2%	--	47.5
Union	1%	585.1	--	--	0.0
Volusia@	1%	69,517.9	3%	3%	2,492.7
Wakulla@	1%	1,236.4	3%	--	26.0
Walton@	1%	9,033.6	3%	--	1,696.5
Washington	1%	1,488.7	2%	--	21.5
STATE TOTAL		2,484,590.3			90,979.5

Source: Department of Revenue, December 2003.

* Revenues profiled in this table indicate annualized estimates.

"--" indicates the tax is not levied. Revenues are estimated at a rate of 1 cent or 1% tax rate and are included in the State totals

** The convention development tax may only be levied in Dade, Duval and Volusia counties.

@ Indicates these counties self-administer the Tourist Development Tax.

(1) Dade County levies a Discretionary Surtax on Documents, at 45 cents for each \$100 on deeds and documents relating to realty (single family dwellings are exempt). In fiscal year 1999-00, \$16,177,739 was collected.

(2) 1% of the tourist tax is authorized by s. 125.0108, F.S. (the Tourist Impact Tax).

ESTIMATED LOCAL OPTION GAS TAX REVENUES						
Fiscal Year 2004-2005						
(Thousands of Dollars)						
County	Local Option Gas Tax \$.01 - .06 Cents All Highway Fuel		Ninth Cent Tax \$.01 Cent All Highway Fuel		Local Option Gas Tax \$.01 - .05 Cents Motor Fuel Only	
	Rate	Revenues @ 1 cent	Rate	Revenues @ 1 cent	Rate	Revenues @ 1 cent
Alachua	\$0.06	\$7,232.7	\$0.01	\$1.1		\$1,077.7
Baker	\$0.06	\$1,027.4	\$0.01	\$0.1		\$144.9
Bay	\$0.06	\$5,761.0		\$0.9		\$843.6
Bradford	\$0.06	\$989.0		\$0.1		\$141.7
Brevard	\$0.06	\$15,236.6		\$2.3		\$2,210.3
Broward	\$0.06	\$49,256.6	\$0.01	\$38.4	\$0.05	\$37,405.0
Calhoun	\$0.06	\$483.2		\$0.1		\$57.5
Charlotte	\$0.06	\$5,580.5		\$4.2	\$0.05	\$4,051.7
Citrus	\$0.06	\$3,573.5		\$0.6		\$537.5
Clay	\$0.06	\$4,485.0	\$0.01	\$0.4		\$374.7
Collier	\$0.06	\$8,517.0	\$0.01	\$6.7	\$0.05	\$6,550.6
Columbia	\$0.06	\$3,308.5	\$0.01	\$2.1	\$0.05	\$2,072.7
DeSoto	\$0.06	\$697.3	\$0.01	\$0.4	\$0.05	\$435.4
Dixie	\$0.06	\$496.3		\$0.1		\$55.1
Duval	\$0.06	\$30,024.4		\$4.1		\$3,958.4
Escambia	\$0.06	\$9,358.5	\$0.01	\$1.3		\$1,310.4
Flagler	\$0.06	\$1,846.6	\$0.01	\$0.3		\$272.1
Franklin	\$0.05	\$397.7		\$0.1		\$64.4
Gadsden	\$0.06	\$3,057.3		\$0.3		\$277.7
Gilchrist	\$0.06	\$364.3	\$0.01	\$0.1		\$51.3
Glades	\$0.06	\$320.1	\$0.01	\$0.0		\$37.4
Gulf	\$0.06	\$351.9		\$0.0		\$47.6
Hamilton	\$0.06	\$1,026.5		\$0.1		\$99.4
Hardee	\$0.06	\$973.6	\$0.01	\$0.1		\$122.7
Hendry	\$0.06	\$1,563.3	\$0.01	\$0.2	\$0.02	\$176.8
Hernando	\$0.06	\$3,942.3	\$0.01	\$1.1	\$0.02	\$1,086.0
Highlands	\$0.06	\$2,813.1	\$0.01	\$1.8	\$0.05	\$1,799.2
Hillsborough	\$0.06	\$36,822.4	\$0.01	\$5.3		\$5,138.9
Holmes	\$0.06	\$717.0		\$0.1		\$85.4
Indian River	\$0.06	\$4,865.5		\$0.7		\$642.9
Jackson	\$0.06	\$2,973.1	\$0.01	\$0.3		\$279.4
Jefferson	\$0.06	\$899.1	\$0.01	\$0.1		\$95.9
Lafayette	\$0.06	\$157.6		\$0.0		\$16.2
Lake	\$0.06	\$7,226.0	\$0.01	\$1.1		\$1,045.7
Lee	\$0.06	\$15,755.4	\$0.01	\$12.0	\$0.05	\$11,679.9
Leon	\$0.06	\$7,327.1	\$0.01	\$1.1		\$1,089.1
Levy	\$0.06	\$1,420.6		\$0.2		\$189.1
Liberty	\$0.06	\$287.0	\$0.01	\$0.0		\$26.5
Madison	\$0.06	\$1,732.3		\$0.1		\$105.1
Manatee	\$0.06	\$8,358.3	\$0.01	\$1.2		\$1,207.8
Marion	\$0.06	\$11,503.4	\$0.01	\$1.5		\$1,479.5
Martin	\$0.06	\$4,818.4	\$0.01	\$3.7	\$0.05	\$3,646.1
Miami-Dade	\$0.06	\$61,525.8	\$0.01	\$27.9	\$0.03	\$27,195.7
Monroe	\$0.06	\$3,530.8		\$0.6		\$543.6
Nassau	\$0.06	\$1,946.2	\$0.01	\$0.3		\$248.2
Okaloosa	\$0.06	\$6,044.1	\$0.01	\$0.9		\$922.7
Okeechobee	\$0.06	\$2,076.5	\$0.01	\$0.3		\$271.2
Orange	\$0.06	\$38,007.9		\$5.5		\$5,344.9
Osceola	\$0.06	\$7,798.9	\$0.01	\$1.1		\$1,112.0
Palm Beach	\$0.06	\$32,706.3	\$0.01	\$25.2	\$0.05	\$24,582.9
Pasco	\$0.06	\$11,578.9	\$0.01	\$1.7		\$1,698.6
Pinellas	\$0.06	\$22,992.3		\$3.6		\$3,488.9
Polk	\$0.06	\$17,526.1	\$0.01	\$11.2	\$0.05	\$10,922.1
Putnam	\$0.06	\$2,158.2		\$0.3		\$284.0
St. Johns	\$0.06	\$5,538.3		\$0.7		\$723.8
St. Lucie	\$0.06	\$6,685.6	\$0.01	\$4.8	\$0.05	\$4,635.8
Santa Rosa	\$0.06	\$3,605.2		\$0.5		\$513.8
Sarasota	\$0.06	\$9,850.7	\$0.01	\$7.7	\$0.05	\$7,494.6
Seminole	\$0.06	\$11,222.3	\$0.01	\$1.7		\$1,701.0
Sumter	\$0.06	\$4,037.7	\$0.01	\$0.4		\$365.7
Suwannee	\$0.06	\$1,818.8	\$0.01	\$1.1	\$0.05	\$1,109.7
Taylor	\$0.06	\$1,034.4		\$0.1		\$110.9
Union	\$0.05	\$337.1	\$0.01	\$0.0		\$32.1
Volusia	\$0.06	\$13,166.6	\$0.01	\$10.2	\$0.05	\$9,884.9
Wakulla	\$0.06	\$740.3	\$0.01	\$0.1		\$101.9
Walton	\$0.06	\$2,307.3	\$0.01	\$0.3		\$263.3
Washington	\$0.06	\$841.0	\$0.01	\$0.1		\$119.3
Totals		\$536,624.2		\$201.0		\$195,660.9

Source: Florida Department of Revenue, December, 2003

Highway Fuel Tax Rates: State and Local Option for CY 2004 (Cents per Gallon)

County	Motor Fuel Tax Rates							Special Fuel (Diesel) Tax Rates					
	State-wide Gas Tax	Ninth Cent	Local Option Gas Tax	*ELMS or New Gas Tax	**SCETS Tax	Envir. And Insp. Fees	Total Gas Tax	State-wide Diesel Tax	Ninth Cent	Local Option Diesel Tax	**SCETS Tax	Envir. And Insp. Fees	Total Diesel Tax
Alachua	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Baker	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Bay	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Bradford	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Brevard	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Broward	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Calhoun	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Charlotte	14.3		6	5	5.7	2.2	33.2	14.3	1	6	5.7	2.2	29.2
Citrus	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Clay	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Collier	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Columbia	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
DeSoto	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Dixie	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Duval	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Escambia	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Flagler	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Franklin	14.3		5		4.7	2.2	26.2	14.3	1	6	5.7	2.2	29.2
Gadsden	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Gilchrist	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Glades	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Gulf	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Hamilton	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Hardee	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Hendry	14.3	1	6	2	5.7	2.2	31.2	14.3	1	6	5.7	2.2	29.2
Hernando	14.3	1	6	2	5.7	2.2	31.2	14.3	1	6	5.7	2.2	29.2
Highlands	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Hillsborough	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Holmes	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Indian River	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Jackson	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Jefferson	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Lafayette	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Lake	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Lee	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Leon	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Levy	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Liberty	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Madison	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Manatee	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Marion	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Martin	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Miami-Dade	14.3	1	6	3	5.7	2.2	32.2	14.3	1	6	5.7	2.2	29.2
Monroe	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Nassau	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Okaloosa	14.3	1	5		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Okeechobee	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Orange	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Osceola	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Palm Beach	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Pasco	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Pinellas	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Polk	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Putnam	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
St. Johns	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
St Lucie	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Santa Rosa	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Sarasota	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Seminole	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Sumter	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Suwannee	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Taylor	14.3		6		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Union	14.3	1	5		5.7	2.2	28.2	14.3	1	6	5.7	2.2	29.2
Volusia	14.3	1	6	5	5.7	2.2	34.2	14.3	1	6	5.7	2.2	29.2
Wakulla	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Walton	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2
Washington	14.3	1	6		5.7	2.2	29.2	14.3	1	6	5.7	2.2	29.2

Weighted Average:

0.70	5.98	2.26	5.70	31.14
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Sources: Florida Department of Revenue

*ELMS - Environmental Land Management Study

**SCETS - State Comprehensive Enhanced Transportation System

MUNICIPAL UTILITY TAX

Florida Statutes: Section 166.231

Administered by: Municipalities and Charter Counties

MUNICIPALITIES

Fiscal Year	Total Collections	Electricity	Telephone**	Water	Other***
2004-05*	\$546,500,000	\$462,800,000	-0-	\$58,300,000	\$25,400,000
2003-04*	548,200,000	462,800,000	-0-	57,400,000	28,000,000
2002-03	525,869,943	439,052,701	-0-	55,277,710	31,539,532
2001-02	485,829,653	409,565,945	-0-	49,548,547	26,715,161
2000-01	804,800,000	447,800,000	272,500,000	57,200,000	27,300,000
1999-00	754,420,000	421,220,048	254,183,039	53,499,837	25,517,939
1998-99	732,102,425	424,086,667	232,779,675	47,732,836	27,503,247

CHARTER COUNTIES

Fiscal Year	Total Collections	Electricity	Telephone**	Water	Other***
2004-05*	\$187,400,000	\$167,700,000	-0-	\$15,100,000	\$4,600,000
2003-04*	187,600,000	167,700,000	-0-	14,900,000	5,000,000
2002-03	179,107,099	157,112,252	-0-	14,312,678	5,682,170
2001-02	176,288,742	154,222,647	-0-	15,723,513	6,342,582
2000-01	272,900,000	158,500,000	88,200,000	16,351,186	9,836,054
1999-00	255,873,369	149,129,146	82,270,167	15,281,482	9,192,574
1998-99	237,631,274	149,409,156	68,114,310	14,463,790	5,644,018

* Est.

** Effective October 1, 2001, the municipal utility tax on telecommunication services is replaced by the local communications services tax.

*** Includes natural gas, propane gas, fuel oil, kerosene, and cable television. Effective October 1, 2001, any municipal utility tax on cable television is replaced by the local communications services tax.

SUMMARY

The municipal utility tax is imposed by cities and charter counties on purchases of electricity, metered or bottled gas, and water service. The maximum tax rate is 10 percent.

DISPOSITION

Tax is collected by the seller of the taxable item from the purchaser at the time of payment for such service and remitted to the municipality levying the tax.

MUNICIPAL UTILITY TAX

(Continued)

BASE AND RATE

Municipalities and charter counties may levy up to a 10% tax on purchases of electricity, metered or bottled gas (natural LP Gas or manufactured), and water service. (s. 166.231 (1), F.S.)

HISTORY

Authority to tax public services was granted to municipalities in 1945. This tax, originally levied on electricity, metered or bottled gas, water service, and telephone and telegraph service, is called the municipal utility tax. In 1972, the Florida Supreme Court ruled that the Florida Constitution grants charter counties the authority to levy the municipal service tax. Specifically, they stated that charter counties have the "authority to levy any tax not inconsistent with general or special law as is permitted municipalities." Volusia County v. Dickinson, 269 So.2d 9 (Fla. 1972) and McLeod v. Orange County, 19 Fla L. Weekly 5536 (Oct, 1994) As of 1999, fourteen charter counties and consolidated Duval/Jacksonville levied the municipal utility or public service tax. Charter counties may levy the tax only in the unincorporated area of the county. In 1985, telecommunication services, rather than telephone services, were made taxable by municipalities. A municipality could tax local telecommunication service alone at up to 10 percent or it could tax at up to 7 percent local service plus intrastate long distance service which originated or terminated within the municipality and was billed to a person, telephone number or device, or telecommunications number or device within the municipality. (s. 166.231(9), F.S.) Authority to levy a tax upon cable TV service was removed effective October 1, 1977 unless the tax is necessary to pay off bonds.(s. 166.231(1), F.S.) In 1978, municipalities were authorized to levy the tax on a physical unit basis, provided that upon conversion the effective tax rate for each type of service is preserved in the first year. Subsequently, rates may be amended by ordinance. (s. 166.232, F.S.) In 1993, the municipalities were authorized to exempt metered or bottled gas or fuel oil used for agricultural purposes. In 1996, municipalities were authorized to exempt electricity and gas used directly in manufacturing. In 1997, the Legislature provided an exemption for Internet and similar computer on-line services by removing them from the definition of telecommunication services.

Chapter 2000-260, L.O.F., the Communications Services Tax Simplification Law, rewrote Florida's communications tax laws, replacing the existing taxes imposed on telecommunications and cable television services with a statewide tax and local taxes to be administered by the Department of Revenue. Effective October 1, 2001, subsection (9) of s. 166.231, F.S., was repealed, to be replaced by the local communications services tax under s. 202.19, F.S. The law provided that the rates would be set to replace revenue which would have been generated by the municipal services tax plus other sources of local revenue replaced by the new tax. Chapter 2001-140, L.O.F. established the revenue-neutral local communications services tax and the maximum allowable rates. Local governments adopted their communications services tax rates by July 15, 2001.

MUNICIPAL UTILITY TAX
(Continued)

VALUE OF RATE CHANGE, EXEMPTIONS AND ALLOWANCES

<u>RATE CHANGE</u>	<u>2004-05</u> (millions)
Approximately one-half of the municipalities in Florida either levy utility taxes of less than 10% or do not tax utilities at all under this law. Many who tax less than 10% do so on a sliding scale, e.g., 10% on the first \$25; 5% on the next \$50; and 2% thereafter. Also, many municipalities tax different services at different rates. Thus, each municipality must be examined individually to arrive at an estimate of the value of a tax rate change. However, an overall change of 10% in current rates would have the following impact:	\$73.4
Fuel Oil (s. 166.231(2)) The maximum tax on fuel oil is 4 cent/gallon (unless the tax is being levied on a physical unit basis). For cities levying less than 10% on other services, the fuel oil tax must be reduced proportionately.	2.5
Fuel Adjustment Charges (s. 166.231(1)(b)) All fuel adjustment charges subsequent to October 1, 1973 are exempt from taxation.	155.2
Government Purchases (s. 166.231(5)) Purchases by the U.S. Government, the State of Florida or any public body as defined in s. 1.01(9), F.S., are exempt.	Indeterminate
Church Purchases (s. 166.231(5)) Church purchase of service used exclusively for church purposes are exempt from taxation.	Indeterminate
Enterprise zones (s. 166.231(8)) Effective from 7/1/95 to 12/31/2005, municipalities may exempt not less than 50% of the tax imposed on purchasers of electricity located within enterprise zones.	Indeterminate

STATE REVENUES SHARED WITH LOCAL GOVERNMENTS

Shared Collections - All State Sources

Fiscal Year	Municipalities	Counties	School Districts	Total	Annual Change
2004-05*	801,300,000	1,629,700,000	951,900,000	3,382,900,000	-0.34%
2003-04*	793,600,000	1,663,400,000	937,300,000	3,394,300,000	4.22%
2002-03	726,067,699	1,622,299,957	908,380,216	3,256,747,872	3.12%
2001-02	699,350,367	1,560,570,901	898,410,888	3,158,332,156	3.15%
2000-01	667,791,725	1,556,357,105	837,812,582	3,061,961,412	3.20%
1999-00	658,639,371	1,524,730,621	783,519,676	2,966,890,052	2.39%
1998-99	630,927,371	1,511,544,034	755,205,377	2,897,676,782	5.12%

* Estimated

2002-03 Revenues Disbursed by Source

Revenue Source	Authority	Administered By	Municipalities	Counties	School Districts	Total
State Revenue Sharing Program:						
Cigarette Tax	Ch. 210	DBPR	--	11,070,756	--	\$11,070,756
Motor Fuel Tax (1 cent)	Ch. 206	DOR	84,519,288	--	--	84,519,288
Special and Motor Fuel Use Tax & Alternative Fuels Tax	Ch. 206	DOR	1,135,259	--	--	1,135,259
Sales Tax	Ch. 212	DOR	151,462,709	318,054,685	--	469,517,394
Total Revenue Sharing Program	Ch. 218	DOR	237,117,256	329,125,441	--	566,242,697
Other Shared Revenue:						
Sales Tax (1/2 cent)	Ch. 212	DOR	476,674,346	952,454,416	--	1,429,128,762
Sales Tax (formerly from Pari-mutuel taxes)	Ch. 212	DOR	--	29,900,000	--	29,900,000
Beverage License	Ch. 561-8	DBPR	5,674,938	5,559,486	--	11,234,424
Gross Receipts Tax	Ch. 203	DOR	--	--	786,034,362	786,034,362
Insurance License	Ch. 624	DOI	--	5,724,082	--	5,724,082
Mobile Home License	Ch. 320	DHSMV	4,385,774	5,310,509	9,696,412	19,392,695
Motor Fuel Tax (3 cents)	Ch. 206	DOR	--	272,216,556	--	272,216,556
Motor Fuel Refunds	Ch. 206	DOR	2,215,385	3,300,000	2,145,000	7,660,385
Motor Vehicle License	Ch. 320	DHSMV	--	--	110,504,442	110,504,442
Motorboat Fees	Ch. 371	DEP	--	7,424,467	--	7,424,467
Oil & Gas Tax	Ch. 211	DOR	--	687,500	--	687,500
Solid Minerals Severance	Ch. 211	DOR	--	10,597,500	--	10,597,500
Total Other Shared Revenue			488,950,443	1,293,174,516	908,380,216	2,690,505,175
All Shared Revenue			\$ 726,067,699	\$ 1,622,299,957	\$ 908,380,216	\$ 3,256,747,872

FLORIDA REVENUE SHARING ACT

Florida Statutes: Chapter 218, Part II; ss. 206.41(1)(c), 210.20(2)(a), 212.20(5), F.S.

Administered by: Department of Revenue

DISTRIBUTIONS

Fiscal Year	To Cities	Annual Change %	To Counties	Annual Change %
2004-05*	\$304,100,000	22.44	336,800,000	-3.05
2003-04*	248,400,000	4.76	347,400,000	5.56
2002-03	237,117,256	2.80	329,101,463	2.53
2001-02	230,655,617	1.42	320,994,259	1.10
2000-01	227,431,019	10.74	317,510,877	-13.74
1999-00	205,380,541	0.12	368,093,994	-12.43
1998-99	205,134,387	-0.72	420,339,539	11.32

* Est.

SUMMARY

Florida shares certain state revenues with cities and counties. A percentage of the sales tax, motor and special fuel and the alternative fuels taxes are deposited into the Municipal Revenue Sharing Trust Fund for distribution to cities. A percentage of the sales tax and cigarette tax is deposited into the County Revenue Sharing Trust Fund for distribution to counties. Sales tax revenue is also distributed to counties and municipalities under the Local Government Half-cent Sales Tax, Chapter 218, Part VI of the Florida Statutes. (See the Sales and Use Tax section).

COLLECTIONS

Revenue Sharing Trust Fund - Municipalities

- a. Cigarette Tax - 32.4% (s. 210.20(2)(a), F.S.) (prior to July 1, 2000)
- b. Sales Tax – 1.0715% (s. 212.20(5)(e)6., F.S.) (effective July 1, 2000); 1.3409% (effective July 1, 2004) (Replaces the cigarette tax formerly distributed to this trust fund & the Municipal Financial Assistance Trust Fund)
- c. 8 th Cent Municipal Fuel Tax (s. 206.605(1); s. 206.875(2), F.S.)
- d. Special Fuel & Motor Fuel Use Tax (s. 207.026, F.S.) and 25% of Collections of the Alternative Fuel User Fee (s. 206.879(1), F.S.)

Fiscal Year	Total	Cigarette Tax**	Sales Tax	8 th Cent Municipal Fuel Tax	Special Fuel Tax and Alternative Fuel User Fee
2004-05*	\$304,100,000	\$0	\$213,500,000	\$89,400,000	\$1,200,000
2003-04*	248,400,000	-0-	160,100,000	87,100,000	1,200,000
2002-03	237,117,256	-0-	151,462,709	84,519,288	1,135,259
2001-02	230,655,617	-0-	147,517,049	82,184,764	953,804
2000-01	227,431,019	-0-	145,896,115	80,474,387	1,060,517
1999-00	205,380,541	125,089,257	-0-	79,562,062	729,222

FLORIDA REVENUE SHARING ACT
(Continued)

Fiscal Year	Total	Cigarette Tax**	Sales Tax	8 th Cent Municipal Fuel Tax	Special Fuel Tax and Alternative Fuel User Fee
1998-99	205,134,387	127,545,634	-0-	76,852,577	736,176

* Est.

** Includes 11 cents tax proceeds; 2 cents tax is distributed to cities through another formula.

Revenue Sharing Trust Fund - Counties

- a. Intangibles Tax - 33.5% (s. 199.292(4), F.S.) (prior to July 1, 2000)
- b. Sales Tax – 2.25% (s. 212.20(5)(e)5., F.S.) (effective July 1, 2000); 2.0440% (effective July 1, 2004)
- c. Cigarette Tax - 2.9% (s. 210.20(2)(a), F.S.)

Fiscal Year	Total	Intangibles	Sales Tax	Cigarette
2004-05*	\$336,800,000	-0-	\$325,500,000	\$11,300,000
2003-04*	347,400,000	-0-	336,100,000	11,300,000
2002-03	329,101,463	-0-	318,054,685	11,046,778
2001-02	320,994,259	-0-	309,765,152	11,229,107
2000-01	317,510,877	-0-	306,361,416	11,149,461
1999-00	368,093,994	355,976,483	-0-	12,117,511
1998-99	420,339,539	409,844,667	-0-	10,494,872

* Est.

DISTRIBUTION FACTORS

For Municipalities: Three equally weighted factors (s. 218.245(2)F.S.)

- a. Total Population (less inmates and patients and weighted by a population group factor).
- b. Sales Tax Collections (allocated by proportion of county population).
- c. Relative Revenue Raising Capacity (per capita non-exempt valuation weighted by population).

For Counties: Three equally weighted factors (s. 218.245(1)F.S.)

- a. Total Population (less inmates and patients).
- b. Population of Unincorporated Area.
- c. Sales Tax Collections.

ELIGIBILITY FACTORS FOR FULL SHARING BY CITIES AND COUNTIES

- a. Report finances to Department of Banking and Finance.
- b. Make provision for annual post-audits for the city or county governments and for each dependent special district that is budgeted separately from the general budget of the local governing authority.

FLORIDA REVENUE SHARING ACT

(Continued)

- c. Levy at least 3 mills (or raise equivalent revenue by property tax, utility tax, and occupational licenses), not including debt service or other special voted millage.
- d. Meet certain employment and salary standards for police officers and firefighters.
- e. Certify to the Department of Revenue that the millage requirements of s. 200.065, F.S., if applicable, have been met.

Eligible cities and counties must receive at least as much as in fiscal year 1971-72 from the same three sources as now fund the revenue sharing program ("guaranteed entitlement"). Total distributions in fiscal year 1971-72 were \$84,045,989 for cities and \$30,330,097 for counties. Also, eligible counties are entitled to receive a second guaranteed entitlement, which is equal to the amount of revenue received in the aggregate by an eligible county in fiscal year 1981-82, under the provisions of the then existing s. 210.20(2)(a), F.S., tax on cigarettes, and s. 199.292(4), F.S., tax on intangible personal property, less the guaranteed entitlement. The total distribution in fiscal year 1981-82 for counties was \$64,756,373. Paragraph (6)(b) of s. 218.21, F.S., guarantees Miami-Dade no less than it received the previous year, plus an annual increase proportionate to the annual increase in the Revenue Sharing Trust Fund for Municipalities for the preceding year.

Ineligible cities and counties must receive at least enough to service any outstanding debt for which the revenue sharing fund elements had been pledged (minimum entitlement).

LIMITATION ON USE OF STATE REVENUE SHARING FUNDS

Funds derived from the 1 cent municipal fuel tax may only be used by municipalities for transportation - related expenditures. There is no other use restriction on revenues shared, except that a local government may bond no more than 50 percent of the funds received under s. 218.21, F.S., in the previous year.

HISTORY

Sharing of certain state revenues with cities and counties began in Florida at least as early as 1931. Financial rescue of the counties from their overwhelming boom period road debts from the 1920's came principally through sharing of the state's motor fuel tax ("second gas tax" of 2 cents per gallon) under provisions of Article IX Sec. 16 Constitution of 1885). Little sharing with cities occurred until the state cigarette tax collections (increased from 3 cents to 5 cents per pack) were made available to them in 1949. Since then, the distributions to cities have grown enormously in amount. In 1971-72, distributions to cities were derived from six state taxes. Distributions to counties were derived from fourteen state taxes, sale of certain state forest products, and three direct appropriations from general funds. These represented in combination twenty-four separate distribution formulas.

The Revenue Sharing Act of 1972 (ch. 72-360, L.O.F.) placed three shared tax sources for cities and three for counties into a "revenue sharing program" with an expiration date one year later. Separate three factor formulas were provided for the two types of governmental units. Annual distributions of \$132,300,000 to cities and \$39,000,000 to counties were set in the act. Meeting of certain salary and employment standards for police officers was required for participation. Financial reporting, already required by law was also made a specific criterion of eligibility. Some semblance of need was required for cities in the form of the levy of three mills on non-exempt valuations. An alternative was allowed by combining collections from utility tax, occupational licenses, and property tax to equal at least the amount of a three mill levy. In 1973, the act was considerably reworded but basic requirements were practically unchanged. Amounts to be distributed were to be all available funds, rather than a predetermined amount. Again a one year life for the act was specified. Renewal of the Revenue Sharing Act in 1974 was accomplished without an automatic expiration provision. Small changes in wording occurred but all the principal features of administration were left unchanged. It was made clear that formula computations were expected to be made only once each year and that the act does not apply to any special districts of the state.

FLORIDA REVENUE SHARING ACT
(Continued)

In 1983, the meeting of certain salary and employment standards for firefighters were added to the eligibility requirements for full revenue sharing by cities and counties. In 1984, the Legislature imposed a fee on alternative fuels. Twenty-five percent of the revenues collected from these fuels is transferred to the Revenue Sharing Trust Fund for Municipalities. In 1987, the Legislature approved a second guaranteed entitlement for eligible counties only. The second guaranteed entitlement is equal to the amount of revenue received in the aggregate by an eligible county in fiscal year 1981-82, under the provisions of the then existing s. 210.20(2)(a), F.S., tax on cigarettes, and s. 199.292(4), F.S., tax on intangible personal property, less the guaranteed entitlement. In 1989, ch. 89-169, L.O.F., required governments in addition to the existing eligibility criteria, to certify that each dependent special district that is budgeted separately from the general budget of the local governing authority has met the provisions for annual post audit of its financial accounts in accordance with the provisions of law. In 1990, the distribution of the intangibles tax to the Revenue Sharing Trust Fund for Counties was changed from 55% to 41.3% and changed again in 1992 from 41.3% to 33.5%. The cigarette tax was increased and the distribution formula for the County Revenue Sharing Trust Fund was increased from 1.24% to 2.9% of net collections and the distribution formula for the Municipal Revenue Sharing Trust Fund was increased from 11.24% to 32.4% of net collections.

In 1993, ch. 93-233, L.O.F., reduced the annual guaranteed increase from the Municipal Revenue Sharing Trust Fund to Miami-Dade county from seven percent to the amount received in the previous year plus the percentage increase in the trust fund. Sources of shared revenue were changed significantly by the 2000 Legislature. Chapter 2000-173, L.O.F., repealed the sharing of intangibles tax revenues with counties and provided for a distribution from sales and use tax to the Revenue Sharing Trust Fund for Counties. Chapter 2000-355, L.O.F., restructured the Revenue Sharing Trust Fund for Municipalities and repealed the Municipal Financial Assistance Trust Fund, transferring the portion of cigarette tax that previously funded these to the General Revenue Fund, and providing a distribution from sales and use tax to the Revenue Sharing Trust Fund for Municipalities.

2003 LEGISLATIVE CHANGES

Chapter 2003-402, L.O.F., which provides state funding for costs related to the state judicial system, amended ss. 212.20 and 218.21, F.S., reducing distributions to the Local Government Half-cent Sales Tax Clearing Trust Fund and the Revenue Sharing Trust Fund for Counties, effective July 1, 2004. The distribution to the Revenue Sharing Trust Fund for Municipalities was increased, to offset municipalities' loss from the Half-cent Sales Tax reduction.

TAX EXPENDITURES

As stated in the note at the beginning of this book, an attempt has been made to provide estimates for all current tax exemptions, deductions, allowances, exclusions, credits, preferential rates, and deferrals contained in Florida's tax structure. While estimates have not been possible for all, a large portion have been estimated.

This section attempts to look at these estimates of foregone revenue in a slightly different light--as tax expenditures. As this term implies, preferential tax treatment costs government's money just as appropriated expenditures do and can be viewed as directly comparable to an appropriation.

There are a number of important distinctions between appropriations and tax expenditures, however. Once adopted, tax expenditures often come under much less scrutiny than appropriated expenditures. Appropriations normally must pass every year while tax exemptions remain effective until a positive action is taken to change them. Tax expenditures are open-ended. In appropriating funds for regular expenditures, the Legislature is putting a ceiling on spending. But the cost of a tax expenditure is, in effect, decided by taxpayers who determine whether to take advantage of it. Tax expenditures distort economic choices which, of course, taxes do to some extent without tax expenditures. The existence of tax expenditures will tend to induce more investment in tax-favored activities than would otherwise occur. And tax expenditures cause a shifting of tax burden.

There are, of course, reasons why tax expenditures may be more desirable than direct appropriations. Many provisions of tax laws are intended not as necessary structural parts of a normative tax, but rather as tax incentives or hardship relief provisions. Tax expenditures may be viewed as improving the equity of the tax system or avoiding undesirable resource allocations. Administrative costs for distributing monies through tax expenditures may also be less than alternative direct expenditure programs.

From the viewpoint of tax expenditures, one of the purposes of this book can be stated a little differently than it is in the Foreword. Since tax expenditures are comparable to appropriations, their merit should be determined in relation to the possible programs that could be funded in their absence. Just as an appropriation, they are an allocation of scarce state tax resources. In addition, it is important to keep updated estimates of the cost of tax expenditures so that direct comparisons are possible for the budget year under consideration. This book hopefully provides the tools necessary for these tasks.

The following table presents summary estimates of the tax expenditures identified in this book by type for each tax for fiscal year 2004-05.

2004-2005 TAX EXPENDITURES
(in millions of \$)

<u>Tax</u>	<u>Exemptions</u>	<u>Preferred/ Differential Rates</u>	<u>Credits</u>	<u>Refunds</u>	<u>Deductions/ Allowances</u>	<u>Partial Assessments</u>	<u>Total</u>
State Taxes							
Auto Title and Lien Fees	18.8	--	--	--	--	--	18.8
Beverage Tax	7.4	--	--	--	10.6	--	18.0
Cigarette	44.2	--	--	5.2	6.2	--	55.6
Corporate Income Tax	951.1	--	107.7	--	182.5	--	1,241.3
Documentary Stamp Tax	480.1	16.6	--	--	18.5	--	515.2
Driver Licenses	3.1	--	--	--	--	--	3.1
Estate Tax	--	--	--	--	--	--	0.0
Gross Receipts Tax	102.6	--	--	--	--	--	102.6
Health Care Assessment	--	--	--	--	--	--	0.0
Insurance Premium Tax	9,429.0	--	430.6	--	69.9	--	9,929.5
Intangibles Tax	174.8	--	--	1.8	--	--	176.6
Lottery	--	--	--	--	167.8	--	167.8
Motor Fuel Tax	12.4	--	--	46.6	22.6	--	81.6
Motor Vehicle Licenses	1.9	--	--	--	--	15.1	17.0
Pari-Mutuel Tax	--	--	--	--	--	--	0.0
Pollutants Taxes	27.2	--	--	--	--	--	27.2
Sales Tax	26,377.7	18.5	--	--	53.8	--	26,450.0
Severance Tax	--	--	--	--	--	--	0.0
SUBTOTAL	37,630.3	35.1	538.3	53.6	531.9	15.1	38,804.3
Local Taxes							
Ad Valorem	11,335.9	4,178.0	--	--	703.2	4,429.8	20,646.9
Local Option	445.4	--	--	--	1.9	--	447.3
Municipal Utility	157.7	--	--	--	--	--	157.7
SUBTOTAL	11,939.0	4,178.0	--	--	705.1	4,429.8	21,251.9
Total State and Local Taxes	49,569.3	4,213.1	538.3	53.6	1,237.0	4,444.9	60,056.2

Note: Some exemptions overlap so that repeal of all exemptions would not yield the total shown.

ALTERNATIVE SOURCES

STATE PROPERTY TAX

Florida Constitution: Prohibited by Article VII, Section I

Fiscal Year	Taxable Value** (millions)	1 Mill Levy (millions)	Annualized % Change
2004-05*	\$1,070,047	\$1,070.0	8.0
2003-04*	990,395	990.4	11.4
2002-03	888,309	888.3	10.3
2001-02#	805,057	805.1	10.3
2000-01	730,003	730.0	7.8
1999-00	677,095	677.1	7.3
1998-99	630,755	630.8	6.4
1997-98	592,850	592.8	6.0
1996-97	559,497	559.5	4.5
1995-96	535,609	535.6	4.6
1994-95	511,828	511.8	4.8
1993-94	488,624	488.6	1.8
1992-93	479,972	480.1	1.0
1991-92	475,097	475.1	5.8
1990-91	449,091	449.1	8.7
1989-90	413,319	414.7	9.3
1988-89	378,120	378.1	7.3
1987-88	352,410	352.4	9.1
1986-87	322,911	322.9	9.1
1985-86	296,038	296.0	11.2
1984-85	266,127	266.1	9.1
1983-84	243,937	244.0	7.7
1982-83	226,613	226.6	17.2
1981-82	193,295	193.3	30.6
1980-81	148,002	148.0	16.0

* Est.

** Assumes same tax base (real estate, personal property and centrally assessed) and exemption structure as currently allowed for school districts. Does not include the value of intangible property because it is already subject to state taxation.

Preliminary

STATE PROPERTY TAX
(Continued)

BASE AND RATE

Property taxes may be levied by state or local authorities or both. In addition, the tax may be levied on land value only, real property as improved, tangible personal property or other property (such as intangibles). In Florida, the state property tax is constitutionally limited to the tax on intangible property; the right to tax real and tangible personal property is reserved for local government. For purposes of comparison, the following table lists total state and locally levied property taxes during fiscal year 1999-2000 on a per capita basis.

Rank	State	Per Capita Property Tax Burden	Rank	State	Per Capita Property Tax Burden
1	New Jersey	\$1,717.24	26	Ohio	\$840.67
2	New Hampshire	1,640.63	27	South Dakota	837.58
3	Connecticut	1,587.16	28	North Dakota	820.97
4	New York	1,328.09	29	Pennsylvania	819.68
5	Rhode Island	1,297.25	30	Oregon	815.14
6	Vermont	1,284.40	31	Kansas	808.52
7	Maine	1,253.72	32	California	774.54
8	Alaska	1,214.11	33	Arizona	761.18
9	DC	1,211.16	34	Georgia	724.61
10	Massachusetts	1,203.74	35	Nevada	719.36
11	Illinois	1,168.46	36	Idaho	670.07
12	Wisconsin	1,060.66	37	South Carolina	668.03
13	Wyoming	1,038.04	38	Missouri	608.56
14	Montana	1,006.65	39	Utah	583.61
15	Michigan	955.79	40	North Carolina	572.43
16	Texas	950.37	41	Mississippi	513.89
17	Washington	931.89	42	Tennessee	507.49
18	Minnesota	928.05	43	Hawaii	497.22
19	Indiana	913.09	44	Delaware	487.87
20	Maryland	908.10	45	West Virginia	472.96
21	Nebraska	905.27	46	Kentucky	425.93
22	Iowa	888.35	47	Louisiana	389.86
	US Average	885.42	48	Oklahoma	377.46
23	Florida	882.15	49	Arkansas	361.27
24	Colorado	855.57	50	New Mexico	341.10
25	Virginia	845.58	51	Alabama	301.36

Property Taxes include taxes on real and personal property and taxes on selected types of property, such as motor vehicles.

Source: U.S. Department of Commerce, Bureau of Census, "State and Local Government Finances by Level of Government and by State: 1999-2000

THE VALUE - ADDED TAX

The value-added tax (VAT) is paid by producers on the value-added by their firms. Value-added is simply a firm's total revenue minus the value of purchased non-labor inputs (from outside suppliers) that the firm uses to produce goods and services. For example, if a firm uses labor, equipment (which it owns), and raw materials (which it purchases) to make a product, then value-added by the firm will be revenue minus the cost of raw materials. A VAT would be a percentage levy on that amount.

Measuring Value-Added - Invoice-Credit Method

In practice, measuring value-added is not as simple as portrayed above. In those countries with national VATs, the tax is commonly computed using the invoice-credit method. Under this method a firm applies the VAT rate to its gross receipts (revenue) and subtracts any VAT that was paid on purchased inputs, such as intermediate goods and capital goods. This is alleged to enhance compliance under a VAT in several ways. First, invoices provide a way of cross-checking the credits claimed by a taxpayer. Second, since taxpayers have the incentive to maximize the credit they can claim, it is in their interest that their suppliers pay the proper amount of VAT. It also concentrates the remittance burden on larger upstream businesses that can be audited more cost effectively, and it reduces the amount of tax at risk due to skimming and under-reporting by smaller retailers.

Measuring Value-Added - Income- Additive Method

A second method for calculating a VAT is the income or additive approach. Instead of subtracting the value of inputs from receipts, this approach directly adds up those categories of expenditure and net income of a given business that represent value-added (i.e., wages + interest + rent + profit). Strict utilization of federal income tax accounting (e.g., measurement of income and expenditures, timing or recognition of these items, reporting time frames, etc.) in calculating the VAT would result in value-added being measured directly from items already reported on federal income tax returns. For multi-state entities, national value-added would be apportioned in the same manner that corporate profits are.

Experience in Other Jurisdictions

Most European countries rely on a VAT for a substantial portion of their revenue and have done so for at least three decades. The measurement method of choice has been the invoice-credit method. The VATs imposed in these jurisdictions are far from the pure VAT of theory. Equity considerations have led to substantial exemptions from the tax. Common among these are food, medical care and housing. Concern for record-keeping has led to exemptions for small businesses. In conformity with the concept that VATs are fundamentally taxes on consumption, businesses have been allowed to deduct the total expense of plant and equipment in the year of purchase. Nonetheless, the European experience with VATs seems to have been largely favorable.

The additive method has been used most prominently in Michigan. Michigan's VAT is known as the Single Business Tax (SBT) since it replaced several taxes on business including the corporate income tax. Michigan law provides numerous partial exemptions from the tax. Chapter S and professional corporations are partially exempted as are agriculture and forestry concerns. Like the European VATs, the SBT allows full current expensing of investment expenditures by firms. Michigan's apportionment method for national value-added closely resembles the three-factor formula used by most states with a corporate income tax. The U.S. Supreme Court has found this formula to be constitutional in apportioning the SBT. The SBT tax rate was enacted in 1976 at 2.3% and is reduced by 0.1% annually beginning January 1, 1999, provided that the Michigan Treasury's Rainy Day Fund reports an ending balance for the prior fiscal year of more than \$250 million. As of January 1, 2004, the tax rate is 1.9%.

Business Enterprise Tax

The Business Enterprise Tax (BET) was enacted in the mid-1990's by the State of New Hampshire. It is a broad-based business tax with some similarities to Michigan's SBT. Like the SBT the major component of the BET is compensation paid to employees. The BET also taxes interest paid. However, the only other addition to the BET base is dividends paid to shareholders. Thus, it does not attempt to tax corporate profits. New Hampshire has a separate corporate profits tax.

VALUE ADDED TAX

(Continued)

The tax is paid by businesses of all types (i.e., corporations, partnerships, proprietorships) but businesses with less than \$150,000 in gross receipts or less than \$75,000 in taxable base are exempt. The tax rate is currently .75%.

Incidence of the VAT

Firms subject to the VAT will try to pass it along to their consumers. The extent to which they are able to do so will depend on competitive conditions in markets for inputs to the production process and output markets. For practical purposes, it is generally assumed that the tax is fully-shifted forward in the production chain. In this case, the effect of a VAT is equivalent to taxing the total value of all taxable goods and services sold to final consumers. In the case where firms operate in multiple jurisdictions subject to a VAT the matter is more complicated and the outcome is dependent, in large part, upon the form of VAT being employed.

Estimated revenue for 2003-04 from a 1% VAT in Florida:

Michigan-type SBT (additive method)	-	\$ 2.72 billion
Invoice-credit VAT	-	\$ 3.82 billion
New Hampshire –type BET	-	\$ 2.86 billion

INHERITANCE TAX

Florida Constitution: Prohibited by Article VII, Section 5

BASE AND RATE

The inheritance tax is a tax on a beneficiary's privilege of receiving a distribution from a decedent's estate. Rates are generally graduated, varying in amount for different classes of beneficiaries with those closely related to the decedent paying lower rates than those of a distant relationship. In contrast, an estate tax is a tax on the net estate of the decedent based on the right to transmit property from a decedent's estate to the living. Both of these are commonly called "death taxes."

OTHER STATES

Ten states impose an inheritance tax: Connecticut, Indiana, Iowa, Kentucky, Louisiana, Maryland, Nebraska, New Jersey, Pennsylvania and Tennessee. New Hampshire's inheritance tax was repealed effective January 1, 2003. Louisiana will repeal its inheritance tax on July 1, 2004 and Connecticut will repeal its inheritance tax on January 1, 2006.

EXEMPTIONS

There are usually five types of exemptions: (1) personal exemptions; (2) exemptions on property on which a tax has been paid; (3) exemptions on distributions to charitable, religious, or educational institutions; (4) exemptions of a specified amount allowed the entire estate; and (5) exemptions on particular types of property.

COMMENTS

An inheritance tax is complicated to administer and may encourage certain potential inheritors to change their Florida residency to states having a lower tax. Supporters of an inheritance tax claim it is progressive because it reduces the concentration of wealth in society, and (through exemptions) it promotes charitable giving. Opponents of an inheritance tax claim it taxes savings and asset accumulation; taxes income which was already taxed when earned; forces the liquidation of assets to pay for the tax (which impacts small and family businesses); and the cost of compliance and tax avoidance of the federal estate tax roughly equals that of revenues (approximately \$23 billion according to a 1998 study).

ALTERNATIVE GAMBLING ACTIVITY SOURCES

Gambling activities which may be authorized by the Legislature:

Cruises-to-nowhere - Many of the cruise ships operating from Florida's 14 deepwater ports or various public and private marinas and docks conduct gambling activities when the vessels are on the high seas outside of the territorial waters of the state. Because the gambling activity is authorized by exceptions to federal law, the state has only limited authority to prohibit it, and has no authority to tax gambling proceeds on such vessels. The state is currently imposing a tax on admission fees charged for cruises-to-nowhere.

Video Lottery - Currently, 12 states have legalized gaming devices such as video lottery and one-arm bandits, outside the casino setting. The devices may take two forms: those under the supervision of state lotteries, and those under other control. In Florida, the constitutional provision prohibiting lotteries other than those operated by the state may require such machines to be operated by a state agency, such as the Department of the Lottery. In other states, recent proposals have restricted the location of such devices, such as allowing them only in pari-mutuel facilities, rather than having them available in widespread locations. Tax is generally levied as a percent of net machine income and ranges as high as Oregon's rate of 51.5%.

Low-stakes card rooms - Florida now allows card rooms in certain pari-mutuel facilities, subject to local ordinance, with a bet limit of \$2 for up to three raises per round of play. Twelve other states have authorized and implemented card room operations. California accounts for a substantial majority of the total U.S. gross wagering activity because of its large number of card rooms and the fact that it has had card rooms longer than any other state.

Expansion of pari-mutuel activities - The Florida pari-mutuel industry most recently sought legislation authorizing off-track betting in 1991 and telephone betting in 1992. Currently, 24 states are conducting some form of off-track betting and two states have authorized it but have not yet begun operations. Telephone betting has been implemented in twelve states and recently authorized in another state.

Bingo - Florida Indian tribes currently conduct several large bingo operations. Florida law authorizes the conduct of bingo for the benefit of certain charitable, nonprofit, and veterans' organizations and by mobile home and condominium associations. Previous attempts to require state regulation and licensing of bingo operations have been unsuccessful.

Gambling activities which require a constitutional amendment:

Casino and riverboat gambling - At present, 29 states have operating casinos in some form. In November 1994, Florida voters defeated a proposed constitutional amendment which would have authorized up to 47 casinos, including five riverboat casinos and 30 casinos at existing pari-mutuel facilities. Florida voters also rejected casino gambling proposals in 1986 and 1979.

PERSONAL INCOME TAX

Florida Constitution: Prohibited by Article VII, Section

FY 2004-05
(Millions)

1% of Estimated:

Federal Taxable Income (FTI)	\$2,463
Federal Taxable Income \$20K Exempt*	\$1,404
Federal Taxable Income \$40K Exempt*	\$ 960
Federal Taxable Income \$60K Exempt*	\$ 785

1% of Estimated:

Federal Tax Liability	\$560.5
Federal Tax Liability Double Per Exempt#	\$552.6
Federal Tax Liability Double Std Ded#	\$489.3

* Allows each taxpayer to exempt stated amount of federal taxable income from state tax.

Allows double current standard deductions or personal exemptions in computing federal tax liability.

BASE AND RATE

Currently 43 states and the District of Columbia levy a personal income tax. Forty levy a broad-based tax while the remaining three have selected more limited income bases. Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not levy a personal income tax.

Limited Income Bases

New Hampshire and Tennessee tax only interest and dividend income after exemptions, at 5% and 6%, respectively.

Broad Income Bases

All but five of the states (Alabama, Arkansas, Mississippi, New Jersey and Pennsylvania) impose broad-based personal income taxes using the Federal Internal Revenue Code as the starting point in determining taxable income. Most states provide for personal exemptions and deductions which are similar in scope to those provided in the Federal Code.

Tax rate schedules are of two basic types: flat rate and incremental rate. Eight states levy a flat rate tax: Colorado, 3% on federal taxable income; Illinois, 3% on federal adjusted gross income; Indiana, 3.4% on federal adjusted gross income; Michigan, 4.2% on federal adjusted gross income; Vermont, 24% and Rhode Island, 25.5% on federal income tax liability; Massachusetts, 5.621%; and Pennsylvania, 2.8% on taxable income (non-IRC).

Incremental tax rate schedules vary considerably among states. Minimum rates range from .36% (for the first \$1,162 in Iowa) to 6% (for the first \$12,750 in North Carolina). Maximum marginal rates range from 5.0% (for income above \$3,000, in Alabama) to 12.0% (for income above \$50,000, in North Dakota).

PERSONAL INCOME TAX

(Continued)

Currently, Arkansas (after 1998), California, Iowa, Maine, Minnesota, Montana, Oregon, South Carolina and Wisconsin (after 1998) provide some type of indexing. Seven states (California, Iowa, Maine, Oregon, South Carolina, Minnesota, Montana and Nebraska) have statutory provision for automatic adjustment of tax brackets, personal exemption or standard deductions to the rate of inflation. The states of Michigan, Ohio and Nebraska index the personal exemption amounts only.

Seven states give some type of tax credit against tax (Arkansas, California, Delaware, Iowa, Kentucky, Nebraska, and Oregon).

ECONOMIC INCIDENCE

The person whose income is subject to an income tax is considered to bear the full burden of the tax after allowing for federal income tax deductibility.

Because state income taxes are deductible for federal tax purposes, it is estimated that approximately 24% of a flat rate tax upon a federal tax liability tax base would be shifted to the federal treasury.

Unless a state has a large commuter work force, nearly 100% of the initial impact of a personal income tax will fall upon residents of the levying state.

Most state income taxes are considered progressive with respect to a person's income, but because of the multiple tax bases and rate schedules possible, the incidence of the tax is an extremely variable policy parameter.

OTHER TAX ISSUES

GROWTH RELATED TAX ISSUES

Introduction

Concern over an equitable method of financing governmental costs of growth and development has become more prominent at the state and local level in recent years.

During the decade of the 1980's, Florida's population grew by an average of 874 new persons each day. Growth has been somewhat slower during the 1990's, growing by an average of 726 persons a day. Florida's population is projected to be 19.6 million in 2010, an increase of 2.3 million over the 2003 estimate of 17.3 million.

While population growth and urbanization expand existing tax bases, evidence is mixed as to whether net benefits are positive or negative. One fact is clear: growth requires government expenditures for capital expansion which would be unnecessary if total population were static. Such expenditures include the cost of new water and sewer lines, as well as expanded pumping and treatment facilities, new parks and schools, additions to existing road capacity and new lane miles, added police cars and fire trucks, and so forth.

Such expenditures are generally made in advance of any significant tax contribution by new residents through conventional tax sources. It has been argued that using general taxes to finance such projects is unfair to existing residents, since capital facilities expansion would be unnecessary without growth. Existing residents are in effect double taxed: once to pay for sufficient capacity in government to serve themselves, and subsequently taxed again for additional capacity to serve others. This can amount to a subsidy from old residents to new ones, encouraging an overly rapid pattern of in-migration and development.

Impact Finance

The following alternatives could be used to recoup capital facilities (or governmental infrastructure) expansion costs from those persons who directly use or benefit from newly constructed private property.

Impact Fees - A fee is a charge for a service rendered or benefit received. Fees utilized to recover the costs of new governmental facilities required by growth and development, commonly called impact fees, are not specifically authorized under current law. Such fees, commonly collected from developers at the time of platting, permitting, or issuance of certificate of occupancy, have been imposed under the police powers of local governments (to protect the public health, safety, and welfare).

In order for an impact fee to withstand challenge as an unauthorized tax, the Florida Supreme Court has ruled that the fee amount must be reasonably proportionate to costs incurred as a result of the development, and that the fee proceeds must be specifically earmarked to fund those costs.

These requirements could be modified in a state law specifically authorizing impact fees, to reduce the significant factual and evidentiary cost of establishing, administering, and judicially defending the fees.

Impact Taxes - There are inevitable uncertainties in demonstrating the necessary relationship between new growth in a community and the costs sought to be recovered by an impact fee. Such a relationship may be clear for those services and facilities which are directly related to a new development, such as new water and sewer plants, but not for other services and facilities, such as recreational facilities or traffic operations improvements, which are less directly related to a specific development.

Because of the practical difficulties of demonstrating the proportionate relationship of the fee to the new growth, most existing impact fees have been structured to recover only a portion of the incremental costs of new growth.

GROWTH RELATED TAX ISSUES

(Continued)

Specific legal authorization could be provided for a tax to finance growth costs. An impact tax is more easily formulated and administered than an impact fee. There can be a single impact tax to recover all governmental costs of new growth rather than a series of impact fees for the different types of services and facilities associated with new growth. The calculation of an impact tax and the accountability of the tax revenues can be simpler than for an impact fee.

Alternative tax bases for impact taxes include:

- (1) A per unit levy on physical characteristics of new structures, such as per living unit, per bedroom, per square foot, or per unit land area;
- (2) An excise tax on sales of construction materials;
- (3) An occupational license tax on building contractors based on the value of completed property;
- (4) A gross receipts tax on contractors and developers; and
- (5) A rezoning tax, based on the category to which the land is zoned and the number of acres involved.

Partial-year Ad Valorem Assessment - Current property tax law provides for acquired or newly constructed property to be assessed on January 1 following acquisition or substantial completion. Because the tax is levied annually on an all or nothing basis, tangible personal property acquired and buildings substantially completed and capable of being occupied after January 1 are not billed for taxes until November 1 of the year after the year the property is acquired or completed - as much as 669 days after occupancy and these taxes can be paid as late as the following April 1 before becoming delinquent - 820 days or 2 1/4 years later.

This results in a growth-related problem more fundamental than financing capital facilities expansion. Owners of the newly acquired or completed property pay no ad valorem taxes for operating purposes (except for taxes on the land) for up to 27 months.

The constitutionality of this provision was recently challenged before the Supreme Court in the case of Fuchs v. Robbins. The Supreme Court resolved this case based on the issue of standing and did not address the constitutionality of the statute. If, in the future, the statute is found to be unconstitutional, or if this provision is repealed, property will be listed on the tax roll even if it is not substantially complete. As such, property under construction would bear a portion of the ad valorem tax burden.

An alternative method of recouping the loss from annual assessment is to assess acquired or newly completed property for the portion of the year during which it was acquired or completed before it goes on the current year tax rolls.

Interim Service Fee - The interim service fee is an alternative to capturing lost ad valorem taxes from less than substantially completed development through prorated ad valorem assessments. Like impact fees but unlike taxes, the interim service fee must be used to benefit the property and the amount of the fee may not exceed the cost of the benefit provided by government. Also unlike taxes, the fee is not tied to ability to pay, and therefore may fall more heavily on those unable to afford it. Additionally, there are significant costs associated with establishing, administering, and defining fees. Counties and municipalities currently may have the authority to impose these interim service fees under their home rule powers.

GROWTH RELATED TAX ISSUES

(Continued)

GROWTH BENEFIT TAXES

It is often argued that taxes or fees imposed exclusively on new property fail to recognize the positive aspects of growth on the entire community. Growth generally enhances the value of existing property. Such capital gains, whether realized or accrued, can be utilized as a basis of taxation for financing growth costs. Four examples follow:

1. Land Value Capital Gains Tax - Increases in the value of land (after allowing for inflation) can be characterized as unearned windfalls caused by the actions of persons other than the owners of land, and therefore should be subject to taxation for the benefit of all members of the community. Vermont imposes such a tax, which is intended to curb land speculation and to provide for property tax relief. The amount of tax levied under Vermont's legislation depends not only upon the value of the capital gain, but also the rate of gain and the length of time for which property is held before being sold. No potential revenue estimate is available for Florida because of the lack of essential data, but it is likely that a low percentage tax rate would generate several million dollars annually.

2. Property Value Added Tax - Apart from inflation, the primary cause of increased property value is higher population density. An annual tax on increases in property values for the preceding 12 months, after allowing for inflation and possibly, for changes in assessment levels, could be administered through the existing ad valorem system. This tax would be based on all real estate gains due to growth not just land gains and would apply in addition to ordinary ad valorem taxes. In other words, the tax rate would apply to the change in just value of each parcel.

While falling heaviest on newly constructed property, the tax, if earmarked for capital facilities expansion, would insure that all property owners paid the costs of growth in proportion to benefits they received from growth.

3. Rezoning Tax - The rezoning of property by local governments can cause windfall monetary gains. A rezoning tax based upon the resulting change in value could be levied against these gains as they accrue or are realized.

4. Agricultural Assessment Recapture - Unlike the laws of many states, current Florida law governing the assessment of agricultural property provides for no special taxes when the land is converted from agricultural use to development uses. (See Alternative Property Tax Bases, pages 145-148, for a discussion of agricultural land taxation). A recapture tax upon land use conversion (based on the difference between the fair market value of the property and its assessment under agricultural use) could be earmarked for capital facilities expansion. Although not all land is classified agricultural prior to development (nor is all land developed upon revocation of agricultural assessment), this measure could be expanded or used in conjunction with others to tax financial gains which result from growth.

BROAD-BASED TAXES

It has been argued that taxes to finance capital expansion must be broad based. Otherwise, first time home buyers find prices (including impact fees or taxes) inordinately high. Broad based taxes, like growth benefit taxes, apply to a larger base than just new construction. However, unlike both growth benefit taxes and impact taxes, they bear no proportionate relationship to growth gains or costs.

1. Real Estate Transfer Tax - This is essentially a documentary stamp tax on real estate title recordation. The current state documentary stamp tax on deeds and other instruments relating to realty is levied at a rate of 70 cents per \$100 consideration except in Dade County. A real estate transfer tax levied statewide in FY 2004-05 would yield \$141 million for each 10 cent per \$100 consideration.
2. Sales Tax on Real Estate Transactions While there are legal and administrative distinctions, the practical effect of this tax is very similar to the real estate transfer tax. A major argument for this type of tax was that it was deductible for federal income tax purposes. With the Tax Reform Act of 1986, however, this is no longer true. A 6% sales tax on real estate would yield \$8.5 billion in FY 2004-05.

GROWTH RELATED TAX ISSUES

(Continued)

3. Gap Tax -The gap tax is a broad based tax which includes all real estate transactions. It applies to the difference between the selling price and the ad valorem assessment. The gap tax can be viewed as a supplement to the existing ad valorem taxes in that it fills the gap which exists due to the 1st and 8th criteria. Assuming an 8.4% turnover rate, a gap tax would yield \$343.4 million in FY 2004-05 at an average ad valorem tax rate of 20.24 mills, excluding governmental and institutional (non-profit) property.

ENVIRONMENTAL TAX ISSUES

Florida's exceptional growth over the last decades has produced a significant combination of benefits and costs. While most of the benefits have been widely recognized, some of the costs associated with this growth have been ignored or evaded. A cost of particular concern for policymakers involves damage to the environment.

Taxes and/or regulatory legislation are commonly cited tools for dealing with environmental clean-up or preservation. Either tool has the effect of assigning these environmental costs to their source. By placing taxes directly on the manufacturing, storage, processing, sales, or consumption of products which contribute disproportionately to environmental problems, it is possible to shift the burden from the general population to the entities who introduce these costs. Among the alternatives which are available to redirect environmental costs, three have received particular attention both in Florida and throughout the nation: pollutant taxes, container deposit legislation, and advance disposal fees. Florida has enacted pollutant taxes, a waste tire fee and a lead-acid battery fee, to address the problems of pollution and solid waste management. (Florida enacted and repealed an advance disposal fee and a waste newsprint fee.)

Container Deposit Legislation

Container deposit legislation requires the consumer to pay a deposit on selected beverage containers at the place of purchase. When containers are returned to the place of purchase or a designated collection facility, the deposit is refunded. Early deposit legislation was designed to help control roadside littering, increase public safety and conserve resources. It eventually has evolved into a recycling mechanism. Eleven states (California, Connecticut, Delaware, Hawaii, Iowa, Maine, Massachusetts, Michigan, New York, Oregon, and Vermont) have deposit legislation on beverage containers. Unlike traditional deposit law systems, beverage containers in California and Hawaii are redeemed at recycling centers rather than at retail locations.

Advance Disposal Fees

Advance disposal fees (ADFs) assess a surcharge on a specific product prior to its disposal to generate revenues for subsidizing or offsetting the ultimate cost of its disposal. There is usually no direct link between the fee assessed and the actual disposal cost of the product. ADFs are intended to serve as a public education tool and as an incentive for manufacturers to produce a product that is easier to dispose, reuse or recycle and that uses recycled material. Although many states apply ADFs to specific products such as batteries and tires, Florida and the city and county of Honolulu are the only governments that have adopted ADFs for packaging containers generally. The Florida ADFs expired in October 1995. Many legislators felt that the ADF was a tax on packaging and thought it was not needed because many manufacturers had met the recycling or recycled content rates of the law.

Hawaii has an ADF on all glass containers. Since Hawaii enacted a deposit fee on beverage containers in 2002, the ADF no longer applies to glass beverage containers.

MAJOR PENDING LITIGATION

MAJOR PENDING LITIGATION

This report was prepared for the purpose of describing various pending issues which may have significant financial impact on the state, involve important or emerging interpretations of law, represent areas of frequent litigation or noncompliance, or are suitable for consideration of legislation. The summaries provided in this report are for informational purposes only and are not the formal positions of the Department of Revenue or the Attorney General's office.

A SIGNIFICANT EXCISE TAX¹ LITIGATION UPDATE

1. PENDING UNITED STATES SUPREME COURT CASES

Top Rank, Inc. v. State Boxing Commission, et al., Case No. 03-559, United States Supreme Court; Case No. 1D01-4951, First District Court of Appeal; Case No. 00-1325, Second Judicial Circuit; Gross Receipts Tax Refund action/Declaratory Judgment. The amount in controversy has not been determined. The First District Court of Appeal's decision is reported at 837 So. 2d 496.

This case involves a constitutional challenge to a tax imposed pursuant to Section 548.061, Fla. Stat., which imposes a gross receipts tax on the monies received by a fight promoter, but not the broadcaster.

The circuit court found Sections 548.012, 548.014 and 548.06, Fla. Stat., and Fla. Admin. Code R. 61K1-1.042 facially valid under the First Amendment to the United States Constitution.

The First District ruled in favor of the Boxing Commission on January 8, 2003. The Florida Supreme Court denied review in June, 2003 and Top Rank has since sought review in the United States Supreme Court, filing its Petition for a Writ of Certiorari in the United States Supreme Court. Top Rank filed its Reply Brief in December, 2003. The Boxing Commission filed its Brief in Opposition in November, 2003. Awaiting the United States Supreme Court's decision on jurisdiction.

2. PENDING FLORIDA SUPREME COURT CASES

Department of Revenue v. New Sea Escape, Case No. SC 02-2013; a Cruise to Nowhere case; the amount in controversy is \$1,343,925. The Fourth District's decision is reported at 823 So. 2d 161.

This case was commenced as a direct appeal of a Notice of Decision (NOD), issued by the Department contesting the Department's sales/use tax assessment. The taxpayer is engaged in the business of conducting casino cruises to nowhere which leave from and return to a Florida port. The Department in defending the tax assessment maintained that Sea Escape's vessels are not entitled to the exemption under Section 212.08(8), Fla. Stat., because it is not engaged in interstate or foreign commerce.

On June 26, 2002, the Fourth District issued its opinion which affirmed in part and reversed in part the Department's NOD. The Fourth District held that the State may only impose its sales and use tax on purchases and use of tangible personal property owned in connection with gambling "cruises to nowhere" for the portion of voyages that are made within Florida waters.

The Fourth District rejected the taxpayer's argument that Florida cannot tax its gambling equipment at all because it is not "used" in Florida and noted that the equipment was installed and maintained in Florida, and that money is removed while the vessel is in Florida. The Court held that Section 212.05, Fla. Stat., authorizes the Department to impose certain taxes on business conducted "in the state." The Court found that even though all gambling on a "cruise to nowhere" takes place beyond Florida's three-mile territorial limit, the Department assessed taxes the same as if the gambling had occurred in Florida. The Court rejected the Department's argument that it can impose the tax based on the full distance traveled on the gambling cruises because the vessels do not stop in a foreign port. Instead, the Court held that the Department must pro-rate the mileage to count only the Florida mileage.

¹ Cases discussed in this section include sales and use, documentary stamp, intangible and corporate income tax.

MAJOR PENDING LITIGATION

(Continued)

The Department timely moved for rehearing, which was denied. The Department timely filed its notice to invoke the discretionary jurisdiction of the Florida Supreme Court on September 5, 2002 and the Court accepted jurisdiction on May 15, 2003. Oral argument was held on October 9, 2003. Awaiting the Court's opinion.

Dream Boat, Inc., et al v. Department of Revenue, Case No. SC 03-0637, a Cruise to Nowhere case; the amount in controversy is \$189,879. The First District's decision is reported at 2003 WL 1560175, --- So.2d ---- (Fla. 1st DCA 2003).

This case involves an assessment of sales and use tax on the license to use the gambling equipment (tangible personal property). The taxpayer alleges that it is illegal to use a slot machine in Florida, and, all of the use of the gambling equipment occurs outside of the territory of Florida (i.e., on the open seas).

The taxpayer operates a vessel that loads and unloads passengers in the state of Florida; the vessel does not dock at any intervening port. The taxpayer argues that it operates a casino gambling operation, along with food and beverage services while outside Florida's territorial waters. The Department in defending the tax assessment maintained that Dream Boat's vessel is not entitled to the exemption under Section 212.08(8), Fla. Stat., because it is not engaged in interstate or foreign commerce.

This case is an appeal taken by the taxpayer of a decision of the First District which affirmed the decision of the circuit court sustaining the Department's assessment (including tax, interest and penalty) against Dream Boat in full. The First District certified direct conflict with the decision of the Fourth District in NewSeaEscape, Inc. v. Department of Revenue, 823 So. 2d 161 (Fla. 1st DCA 2002). In October, 2003 the Florida Supreme Court issued an Order staying the proceedings pending disposition of the New Sea Escape case in the Florida Supreme Court (please see **Department of Revenue v. New Sea Escape**, Case No. SC 02-2013, above). Awaiting the Court's opinion in that case.

Crescent Miami Ctr., LLC v. Department of Revenue, Case No. SC03- . The amount in controversy is \$1,212,000. This case involves a documentary stamp tax refund denial. The taxpayer deeded property to a second tier subsidiary and claims it is absolved from tax liability pursuant to Kuro, Inc. v. State, Dept. of Revenue, 713 So. 2d 1021 (Fla. 2d DCA 1998), review denied, Florida Dept. of Revenue v. Kuro, Inc., 728 So. 2d 201 (Fla. 1998). The decision of the Third District Court of Appeal is reported at 28 Fla. L. Weekly D 2116.

There are two issues in this case. First, whether a limited partnership receives consideration under section 201.02(1), Fla. Stat., when the value of its interest in a second limited partnership increases as a result of its deeding property to a limited liability company owned by a second limited partnership. Second, whether a limited liability company is a purchaser under section 201.02(1), Fla. Stat., and therefore owes documentary stamp tax upon its recording a deed transferring real property when the limited liability company, a distinct legal entity, shields the property's grantor from personal liability respecting the property despite the grantor's owning the limited liability company through an intermediate partnership.

The trial court issued a Final Order Granting the Department's Motion for Summary Judgment denying the refund claim of the taxpayer on October 7, 2002. The taxpayer filed its appeal on November 5, 2002. The Third District Court issued an opinion on September 10, 2003 affirming the refund denial of the trial court and holding that "the transfer of real property from a parent company to a newly created subsidiary limited liability company owned by the general limited partner of the parent company, is subject to Florida's documentary stamp tax statute, Section 201.02(1), Florida Statutes (2000)." The taxpayer has sought review in the Florida Supreme Court. Jurisdictional briefs have been filed.

3. PENDING FLORIDA DISTRICT COURT CASES

AmSouth Bank v. Florida Department of Revenue, Case No. 1D03-1131, First District Court of Appeal. The amount in controversy is approximately \$4,879,504.98.

This case involves an assessment of corporate income tax entered against AmSouth Bank of Florida, a bank with a number of branches that merged with AmSouth, an Alabama corporation. The branches continue to operate in Florida under AmSouth ownership. AmSouth succeeded to the tax liability. The original assessment was entered against the apportioned amount of the bank's portfolio investments and the income and gain earned thereon. AmSouth disavows the

MAJOR PENDING LITIGATION

(Continued)

assessment on the premise that the portfolio is managed in Alabama pursuant to a management agreement and cannot be included in the property factor of the apportionment calculation under Ch. 220, Fla. Stat.

The trial court heard Motions for Summary Judgment from both the Department and Plaintiff on December 12, 2002. The court granted Summary Final Judgment in favor of the Department on 3-7-03. The Plaintiff subsequently appealed. The First District has not yet set a date for oral argument.

Deerbrooke Investments, Inc. v. Department of Revenue, Case No. 4D01-5043, Fourth District Court of Appeal; Lower Court Case No. DOAH Case No. 00-3114; the amount in controversy is \$2,087,557. The Fourth District's decision is reported at 28 Fla. L. Weekly D 2124.

This is a sales and use tax case involving a cruise to nowhere vessel that includes as entertainment casino gambling. The taxpayer appealed the Department's Final Order from a DOAH proceeding which sustained the Department's assessment (including tax, interest and penalty) against Deerbrooke Investments in full in November, 2001. On September 10, 2003 the Fourth District Court affirmed all transactions were taxable. However, there is an issue as to how the court decided the "proration" issue; the court once again (as it did in NewSeaEscape, Inc. v. Department of Revenue, 823 So. 2d 161 (Fla. 1st DCA 2002)) did not reach the issue of whether a cruise to nowhere was interstate, foreign or intrastate commerce. The Court denied the Department's motion for rehearing on November 26, 2003. Both parties are seeking review in the Florida Supreme Court.

Val-Pak Direct Marketing Systems, Inc. v. Department of Revenue, Case No. 2D02-2596, Second District Court of Appeal. The amount in controversy exceeds \$1,200,000.

In seeking a refund of sales and use tax, the plaintiff in this case raises the following issues: whether packets of advertising coupons printed and mailed by the taxpayer to the public free of charge are exempt publications within the meaning of Section 212.08(7)(w), Fla. Stat.; and whether the Department has a non-rule policy in its application of Fla. Admin. Code R. 12A-1.008(10).

On cross motions for final summary judgment, the trial court granted the taxpayer's motion and denied the Department's motion. The Department timely appealed the trial court's Final Summary Judgment. On June 27, 2003 the Second District reversed the trial court's decision. The taxpayer filed a motion for rehearing on July 3, 2003. Awaiting the Court's ruling on the motion.

International Paper Company, Inc. v. State of Florida, Department of Revenue, Case No. 1D02-3947, First District Court of Appeal. The amount in controversy is \$102,589.20. The opinion of the First District is reported at 28 Fla. L. Weekly D 2697.

This case arises from a denial of refund of documentary stamp tax. The taxpayer deeded five parcels of unencumbered real property to a limited liability company (LLC) the taxpayer formed to hold and develop the real property. The LLC issued no new membership interests. The LLC paid no money for the real property. The taxpayer's net value was reduced by the fair market value of the real property following the transfer. The taxpayer's interest in the LLC increased by the fair market value of the real property. The LLC insulates the taxpayer with regard to liability the real property may engender. The Department asserts the matter is controlled by Muben-Lamar and the taxpayer asserts the matter is controlled by Kuro.

The taxpayer protested the refund denial and appealed the Department's Notice of Decision ("NOD") directly to the First District Court of Appeal. On November 19, 2003 the First District per curiam affirmed the NOD, citing to the Third District's decision in **Crescent Miami Ctr., LLC v. Department of Revenue**, reported at 28 Fla. L. Weekly D 2116. On November 26, 2003 the taxpayer filed a motion for clarification and certification in the First District. Awaiting the Court's ruling on the motion.

Florida Home Builders Association, Inc., Florida A.G.C. Council, Inc., and Wackenhut Corrections Corporation v. State of Florida, Department of Revenue, Case No. 1D03-2286, First District Court of Appeal. The amount in controversy is not determined at this time. This case involves a challenge to the Department's proposed rule, Florida Administrative Code Rule 12A-1.094, defining "public works." The taxpayers contend the rule is overly broad and inconsistent with Section 212.08(6), Fla.

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(Continued)

Stat., and the case Housing by Vogue v. Department of Revenue, 422 So. 2d 3 (Fla. 1982). The Administrative Law Judge issued the final order sustaining the Department's position in its entirety on May 1, 2003. The taxpayer appealed to the First District. Oral argument has been set for February 19, 2004.

Wiccan Religious Cooperative of Florida, Inc. v. Department of Revenue, et al., Case No. 1D03-3324, First District Court of Appeal. The amount in controversy is not determined at this time.

This is an appeal of a final summary judgment order entered by the trial court dismissing the plaintiff's case. The plaintiff contended the Department wrongfully denied its renewal application for certificate of exemption, and that Florida's exemption for religious publications and exempting leases by religious and other charitable organizations (See Section 501(c)(3), I.R.C. of 1686) from the commercial rentals tax is unconstitutional. See Sections 212.06(9) and 212.08(7)(m),(p), Fla. Stat. (2003).

The order entered by the trial court held that Wiccan failed to exhaust its administrative remedies as to obtaining a renewal of its certificate of exemption. Based on the record in this case, there is no indication to the court that Wiccan will be denied a certificate of exemption if it complies with the information requests of the Department. The court further held that Section 212.06(9), Fla. Stat., is facially constitutional. With respect to the facial challenge of Section 212.06(9), Fla. Stat., the court held the statute does not implicate or violate the Establishment Clause of the United States Constitution. Finally, the court held that Subsections 212.08(7)(m) and (p), Fla. Stat., are constitutional as applied to Wiccan. The court held these subsections do not violate the Free Exercise Clause of the United States Constitution nor the Due Process Clause of the United States Constitution.

Wiccan appealed the final order of the trial court to the First District. In the briefing stage. Oral argument has not yet been set.

Rabin et al. v. Department of Revenue, Case No. 4D03-3494, Fourth District Court of Appeal. This is a class action. The amount in controversy is not determined at this time.

This case involves an attempt to certify a class of taxpayers in order to seek a refund of all sales taxes based upon a claim that Florida's sales and use tax scheme in Chapter 212 is facially unconstitutional. This is an interlocutory appeal of the trial court's order granting the Department's motion to transfer venue from the Seventeenth Judicial Circuit in and for Broward County, Florida to the Second Judicial Circuit in and for Leon County, Florida.

4. PENDING FLORIDA CIRCUIT COURT CASES

Sarnoff v. Department of Highway Safety and Motor Vehicles, Case No. 99-1082 ; Second Judicial Circuit. This is a class action. The potential refund is \$96-106 million.

Plaintiffs challenge the constitutionality of section 325.214(2), Fla. Stat., which imposes a \$10.00 fee on the emissions inspection of automobiles in 7 of Florida's 67 counties.

On August 22, 2002, the Florida Supreme Court in affirming the First District Court's decision (see Sarnoff v. Florida Department of Highway Safety and Motor Vehicles, 825 So. 2d 351 (Fla. 2002)) held that the circuit court had improperly exercised jurisdiction over the case because the plaintiffs had failed to comply with the requirements of Section 215.26, Fla. Stat. (1995), which requires the filing of an administrative claim before bringing an action in circuit court where the plaintiffs have not facially challenged a tax statute as the sole basis for bringing the action.

Count II of the Amended Complaint, not part of the appeal, remained pending in the trial court. Both the plaintiffs and the Department of Highway Safety and Motor Vehicles each filed a motion for Final Summary Judgment. Final Summary Judgment was entered in favor of the Department in September, 2003. The Plaintiffs have filed a motion for rehearing was heard on December 16, 2003. Awaiting the Court's ruling on the motion.

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(Continued)

Chrysler Financial Company, LLC. v. Department of Revenue, Case No. CIO 01-3925, Div. 37, Ninth Judicial Circuit (amount in controversy \$7,159,217);

Arcadia Financial, Ltd. v. Department of Revenue, Case No. CIO 01-3903, Div. 40, Ninth Judicial Circuit (amount in controversy \$3,537,119);

Suntrust Bank v. Department of Revenue, Case No. CIO 01-3902, Div. 32, Ninth Judicial Circuit (amount in controversy \$6,922,756);

WFS Financial, Inc. v. Department of Revenue, Case No.: 01-3894, Div. A, Thirteenth Judicial Circuit (amount in controversy \$690,777);

Wells Fargo Financial Acceptance Florida, Inc., v. State, Department of Revenue, Case No.: CIO 01-4327, Div. 34, Ninth Judicial Circuit (amount in controversy \$217,824); and

Wells Fargo Financial Acceptance Florida, Inc., v. State, Department of Revenue, Case No.: 01-CA-1545 16W, Eighteenth Judicial Circuit (amount in controversy \$329,053).

In these cases the financial institutions are trying to obtain conflict jurisdiction with the decision of the First District Court of Appeal in Department of Revenue v. Bank of America, 752 So. 2d 637 (Fla. 1st DCA 2000), review denied, 776 So. 2d 274 (Fla. 2000). The primary issue presented by these cases is the same as that in Bank of America, which is whether financial institutions are entitled to refunds or credits as “assignees” pursuant to Section 212.17(2) and (3), Fla. Stat., for vehicles repossessed under defaulted retail installment sales contracts from automobile dealers. In Bank of America, the First District Court of Appeal held that the financial institutions were not entitled to the relief requested.

In Bank of America v. Department of Revenue, 752 So. 2d 637 (Fla. 1st DCA 2000), review denied, 776 So. 2d 274 (Fla. 2000), the First District found that a dealer cannot assign a right to receive a sales tax refund that the dealer does not possess at the time of assignment. The First District concluded that the circuit court failed to give sufficient consideration to the principle that tax refund statutes are to be strictly construed against the taxpayer, and failed to accord proper deference to the manner in which the Department has applied Section 212.17(2) and (3), Fla. Stat., since its enactment. Finally, the First District noted that it appeared that the trial court failed to give effect to the plain, unambiguous language of the statute, which expressly provides that only selling dealers who retain a security interest in the installment contracts are entitled to a refund of the uncollected portion of sales tax paid on unpaid balances due the selling dealer upon repossession.

The parties have all agreed that one case would be the test case for those related cases. It was decided that **Suntrust Bank v. Department of Revenue**, Case No. CIO 01-3902, Div. 32, Ninth Judicial Circuit (please see **Suntrust Bank v. Department of Revenue** discussed below), would be the test case. The parties are currently in the discovery phase.

Pagenet, Inc., f/k/a Pageing Network of Tennessee, Inc., a Delaware Corporation v. The State of Florida, Department of Revenue, Case No. 1D03-859; Case No. 02-CA-1208, Second Judicial Circuit; the amount in controversy is \$1,792,349.44

This case involves an assessment of sales and use tax pertaining to telecommunication services.

On January 30, 2003 the trial court granted the Department’s Motion To Set A Definite Security Arrangement Or Dismiss The Complaint For Lack of Jurisdiction heard on January 22, 2003. In June, 2003 the taxpayer filed a motion for entry of a final order. A hearing on the taxpayer’s motion will be held on February 9, 2004.

McLane Suneast, Inc. (Tobacco Tax Refund Claim) v. Department of Business & Professional Regulation, Case No. 03-CA-290, Second Judicial Circuit. Amount in controversy in excess of 14 million dollars.

This case is a refund claim for other Tobacco Products Tax for the period of 4/97 thru 3/02. McLane is a licensed distributor of tobacco products to various retailers in Florida, for which Florida imposes a tax on other Tobacco products at the rate of 25% of the “wholesale sales price.” Discovery is ongoing.

American Multi-Cinema, Inc. v. Department of Revenue of the State of Florida, Case No. 03-CA-284, Second Judicial Circuit. The amount in controversy exceeds \$8,000,000. This case involves an assessment of sales and

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(Continued)

use tax. The main issue in the case is whether the lease of real property for movie theaters meets the requirement for tax exemption provided in Section 212.031(1)(a)10., Fla. Stat., and if so, how does the exemption apply.

Bank of America Corporation, as successor by merger to NationsBank Corporation, Bank of America, N.A., as successor to various entities, and 1100 Louisiana, Inc., 115 International A Corp., 1268 M Corp. v. Florida Department of Revenue, Case no.01-CA-2782, Second Judicial Circuit. The amount in controversy is \$4,327,000.

This case involves an assessment of corporate income tax. The taxpayer is composed of a consolidated group of corporations. A number of the subsidiaries had net operating losses before they became part of the consolidated group. The issue is whether the losses a corporation experienced by itself can be used to offset the income of the consolidated group. A hearing on both the taxpayer's and the Department's respective motions for summary judgment was held on December 16, 2003. Awaiting the Court's decision.

Amcomp Preferred Insurance Company v. State of Florida, Department of Financial Services, Case No. 01-CA-1756, Second Judicial Circuit. The amount in controversy is \$3,086,970.00.

This case involves an assessment of insurance premium tax. This case raises similar issues to those on appeal in Department of Labor and Employment Security, et al. v. Riscorp Insurance Company and Riscorp Property et al., Consolidated Case No. 1D02-3484. Plaintiff excluded premiums ceded for reinsurance from its calculations of net premiums written and net premiums collected for purposes of the Special Disability Trust Fund ("SDTF") and Workers Compensation Administration Trust Fund ("WCATF") assessments under Fla. Stat. Sections 440.49 and 440.51 during the first half of calendar year 2000. DFS asserts plaintiff underpaid its SDTF assessments by \$1,386,661.00 and WCATF assessments by \$1,700,309.00 for that period. Plaintiff contends DFS's position is an erroneous interpretation of the law and that Chapter 2000-150, Laws of Florida, which the Legislature enacted in 2000 to "clarify" the meaning of "net premiums written" or "net premiums collected" is an unconstitutional impairment of vested rights as applied during the period 1/1/2000-6/30/2000.

In November, 2002 the trial court denied plaintiff's motion for summary judgment. The case has been inactive because the First District Court of Appeal's pending opinion in Department of Labor and Employment Security, et al. v. Riscorp Insurance Company and Riscorp Property et al., Consolidated Case No. 1D02-3484, might be dispositive.

Primedia Workplace Learning L.P., Successor to Westcott Communications, Inc., IDTN Leasing Corp., TI-IN Acquisition Corp, Law Enforcement Television Network, Inc., and Westcott ECI, Inc. v. State of Florida, Department of Revenue, Case no. 02-2575 CA, Second Judicial Circuit. The amount in controversy is \$ 1,443,458.79.

This is a sales and use tax case. This action involves four main issues. The first is whether transmission via satellite of educational and training courses is subject to Florida sales tax. This particular issue applies to the following companies: Westcott Communications, Inc., and its subsidiaries, Ti-In Acquisition Corp., IDTN Leasing Corp., and Westcott ECI, Inc. The second issue is whether use tax should be imposed on equipment installed in Florida. This particular issue applies to all companies involved. The third issue is whether the assessment based on discrepancies between amounts reported on Taxpayer's sales summaries and equipment lists of its corporate income tax returns should be revised. This particular issue only applies to Westcott Communications, Inc., & its subsidiaries. The last issue deals with whether the assessment of discretionary sales surtaxes on sales of satellite programming should be removed.

The trial court has denied the taxpayer's motion for final summary judgment as to liability, and granted the Department's motion for partial summary judgment as to liability. As part of that order the Court instructed the parties to resolve the issue of the amount of tax by the end of January, 2004. The parties filed a Joint Status Report on December 9, 2003 advising the Court of their progress and stated that they would report back to the Court on January 5, 2004 as to whether a hearing or trial date should be set.

United States Sugar Corporation v. State of Florida, Department of Revenue, Case No. 01-CA-1756, Second Judicial Circuit. The amount in controversy is \$1,000,237.94.

This is an action contesting the denial of a refund of sales and use tax. The issue in this case is whether the cutters and grinders used within U.S. Sugar's manufacturing process qualify for tax exemption as co-generation machinery and equipment pursuant to the provisions of Section 212.08(5)(c), Fla. Stat. Discovery is ongoing.

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(Continued)

HCA Squared, LLC, a Delaware limited liability company, and HCA-The Healthcare Company, a Delaware corporation, and its Subsidiaries v. Department of Revenue of the State of Florida, a state agency, Case No. 01-1169, Second Judicial Circuit. The amount in controversy is \$6,597,027.92.

Plaintiff has brought an as applied constitutional challenge to Section 220.03(1)(r), Fla. Stat. The issue in this case is whether Subpart F income is an allowable foreign source income subtraction under subparagraph 220.13(1)(b)2., Fla. Stat., and whether the Florida subtraction provision in subparagraph 220.13(1)(b)3., Fla. Stat., unconstitutionally discriminates against interstate commerce. US Const. Art I. sec. 8, cl. 3. Discovery is pending.

International Business Machines Corporation and subsidiaries v. Department of Revenue, Case No. 01-1169, Thirteenth Judicial Circuit. The amount in controversy is a sustained assessment in the amount of \$234,196 and a related refund claim of \$2,417,090.

This case involves an assessment of and refund denial of corporate income tax. The taxpayer is a large multi-national corporation with operations in Florida and throughout the world. It reports its federal and Florida tax liability on a consolidated basis, but uses a Florida "Nexus Group" in reporting its Florida corporate tax liability.

This case involves the proper application and calculation of the alternative minimum tax and related adjustments for Florida corporate income tax purposes. The main issue for determination is whether the taxpayer was required to include \$5,489,300,000 (less the \$65,000,000 in dividends eliminated by the auditor) of these dividends under the add-back provisions of Internal Revenue Code Section 56(f)(2)(C) in calculating alternative minimum taxable income. The pertinent statute [Section 56(f)(1)(C)] was in effect during in the years 1987-1989, after which Congress repealed it for subsequent years. Discovery is ongoing.

B. SIGNIFICANT AD VALOREM TAX LITIGATION UPDATE

1. PENDING FLORIDA SUPREME COURT CASES

Sunset Harbour North Condominium Association v. Robbins, Case No. SC03-520, Florida Supreme Court. Section 192.042(1), Fla. Stat., is involved. The amount in controversy has not been determined at this time.

In this appeal, the constitutionality of the substantially complete statute, Section 192.042(1), Fla. Stat., will be ultimately decided. (See Miami Beach Ocean Resort v. Robbins, 738 So. 2d 338 (Fla. 3d DCA 1999) (en banc), Fuchs v. Robbins, 818 So. 2d 460 (Fla. 2002).

Briefing has been completed. The Court has not yet set a date for oral argument in this case.

Markham v. Powell, Case No. SC03-1270, Florida Supreme Court; Case No. D02-3754, Fourth District Court of Appeal; Case No. 02-013144(05), Seventeenth Judicial Circuit in and for Broward County, Florida. The amount in controversy has not been determined at this time. The decision of the Fourth District Court of Appeal is reported at 847 So. 2d 1105.

Plaintiffs purchased a home in Broward County in 1990 which they have used as their residence since that time. They did not apply for Homestead Exemption until September 2001. The Property Appraiser and the Department maintained that the Powells did not "establish their right to a Homestead Exemption in the manner provided by law" for the year 2000, as required by Art. VII, sec. 6, Fla. Const., by filing an application for exemption for 2000 with Markham's office as required by sec. 196.011, Fla. Stat. The Save Our Homes Cap (SOHC) is not an independent right, but it is a derivative, dependent right which is conditioned upon a property owner obtaining homestead exemption, as set forth in Art. VII, sec. 6, Fla. Const. The Plaintiffs want the Save Our Homes (SOH) Cap (Art VII, sec. 4, Fla. Const.) to be applied to the increase in their ad valorem taxes for 2001.

The trial court agreed with the position of the Property Appraiser and the Department and the Plaintiffs appealed. In June, 2003, the Fourth District held that the SOHC is not limited to property owners who have applied for and been granted homestead exemption but is applicable to all property owners who qualify for and are "entitled" to homestead exemption. The Fourth District Court further held that Plaintiffs' compliance with Section 196.011, Fla. Stat., which

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(Continued)

states that homestead exemption must be applied for by March 1 of the year of application or that privilege is waived for the year, was "irrelevant." The Court further held that Horne v. Markham, 288 So. 2d 196 (Fla. 1973) was not controlling.

The Department and the Property Appraiser filed a Notice of Discretionary Review in the Florida Supreme Court in July, 2003. The Florida Supreme Court accepted jurisdiction in November, 2003. Currently in the briefing stage. Oral argument is set for April 7, 2004.

City of Gainesville v. Ed Crapo, Alachua County Property Appraiser et al., Case No. SC03-1697 Florida Supreme Court. The amount in controversy has not been determined at this time.

This case relates to petition for a writ of prohibition brought by the Alachua County property appraiser; the Department joined in the petition as a co-petitioner. In the related circuit court proceeding [Alachua County Circuit Court Case No. 01-2002-CA-4836], the City of Gainesville is challenging the ad valorem assessment of certain telecom towers the City owns and uses for commercial purposes for tax years 1998 through 2002.

The property appraiser's motion to dismiss the case for lack of jurisdiction was denied by the trial court on 04-11-03. Writ of prohibition issued on 09-18-03 by the First District, directing that circuit court dismiss the city's complaint for lack of jurisdiction.

The City of Gainesville appealed to the Florida Supreme court alleging conflict with the decision of the Fifth District in Florida Governmental Utility Authority v. Day, 784 So. 2d 494 (Fla. 5th DCA 2001). The Supreme Court has already accepted the case of Ward v. Brown, 28 Fla. L. Weekly D731 (Fla. 1st DCA March 13, 2003) for review (see Ward v. Brown, 848 So. 2d 1157 (Fla. 2003)) which should be determinative of the issues in this case. Oral argument in Ward v. Brown was held on December 2, 2003. Awaiting the Court's decision on jurisdiction.

Florida Department of Revenue v. City of Gainesville, Case No. Case No. 1D02-1582; Case No. 00-1282, Second Judicial Circuit. Sections 166.047 and 196.012(6), Fla. Stat., are involved.

The City alleges that Ch. 97-197, Laws of Fla., ("the Act" which is codified at Sections 166.047 and 196.012(6), Fla. Stat.), is in violation of Art. VII, Section 3, Fla. Const. The City alleges that the Act "purports to authorize and/or impose ad valorem taxes 'or fees in amounts equal thereto' on all of the City's telecommunications property." The trial court declared the statutory provisions unconstitutional. The Department appealed. On November 26, 2003 the First District affirmed the ruling of the trial court. On December 22, 2003 the Department filed its Notice of Appeal to the Florida Supreme Court.

Joseph C. Howard and Joyce Foreman v. Bush, et al., Case No. 1D02-3762, First District Court of Appeal. Section 193.016, Fla. Stat., is involved.

This case is an appeal from a final order of the trial court that held Section 193.016 Fla. Stat., constitutional in part and facially unconstitutional in part. In particular, the trial court held that the first sentence of Section 193.016, Fla. Stat., is not facially unconstitutional. The requirement that the property appraiser "shall consider" the reduced values of the value adjustment board ("VAB") does not usurp the discretion and power of the property appraiser to value property at just value. The property appraiser can consider and reject this additional factor in determining the just value of the property. This provision is clear and unambiguous and does not violate Article VII, Section 4 of the Florida Constitution.

The trial court also held that the second sentence of Section 193.016, Florida Statutes, which requires the property appraiser to "assert additional basic and underlying facts not properly considered by the value adjustment board as the basis for the increased valuation" to be facially unconstitutional. The court found that the requirement that the property appraiser "assert additional basic and underlying facts not properly considered by the VAB" is mandatory and the second sentence of Section 193.016 is unconstitutional as contrary to Article VII, Section 4, of the Florida Constitution. The Department appealed to the First District.

On November 26, 2003, the First District held in its opinion that Section 193.016 Fla. Stat., is unconstitutional in its entirety. On December 22, 2003 the Department filed its Notice of Appeal to the Florida Supreme Court.

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(Continued)

2. PENDING FLORIDA CIRCUIT COURT CASES

Howard and Zachem v. Department of Revenue, Case No. 00-401, Second Judicial Circuit. The amount in controversy has not been determined at this time.

Plaintiffs request an order granting a declaratory judgment, an injunction, or alternatively, a writ of mandamus requiring the Department to comply with its statutory and constitutional duties. Plaintiffs allege that the Department has failed to discharge its duties as prescribed in Chs. 20, 195 and 236, Fla. Stat. Currently stayed until after the implementation of the Department's Action plan in response to the Auditor General's Report.

Pepperidge Farm, Inc. and Transitions Optical, Inc., for themselves and on behalf of a class and a subclass v. Florida Department of Revenue, Larry Fuchs, in his official capacity as Executive Director of the Florida Department of Revenue; and W. Fred Petty and Joe G. Tedder, in their official representative capacities as Pinellas County Tax Collector and Polk County Tax Collector, representing a defendant class of all County Tax Collectors in the State of Florida, Case No.GCG-00-3744, Tenth Judicial Circuit. The amount in controversy exceeds \$1 million.

This is an ad valorem tax class action refund case in which Pepperidge Farm and other taxpayers filed tangible personal property returns with sixteen (16) Florida counties. All of the plaintiff class members paid ad valorem personal property taxes on computer software to their respective Tax Collectors from 1994 through 1997, applied for a refund of those taxes within 4 years and had their applications for a refund of those taxes subsequently denied. In 1997 and 1998 the Florida Legislature amended Section 192.001(19), Fla. Stat. These amendments brought into question the taxable nature of computer software. Pepperidge Farm alleged that the software was defined by section 192.001(19), Fla. Stat. (1997), as intangible personal property not subject to ad valorem taxation.

Pepperidge Farm and the class based their refund claim on the premise that Section 192.001(19), Fla. Stat., is unconstitutional as applied to their computer software on the basis of the holding in the case of Gilreath v. General Electric Co., 751 So. 2d 705 (Fla. 5th DCA 2000). The trial court entered an order granting class certification and did not agree with the Department and counties' argument that the court lacked jurisdiction to hear plaintiff class' refund action as a result of Pepperidge Farm and the class' failure to timely challenge its tax assessments on computer software pursuant to Section 194.171, Fla. Stat.

In March, 2003 the Second District Court of Appeal affirmed the trial court order certifying a class of taxpayers eligible for a refund of taxes. In November, 2003 the Plaintiff class filed a Motion for Partial Summary Judgment as to Liability, and Request for Ruling on Plaintiffs' Counsel's Entitlement to Attorneys' Fees. In response to that motion, the Department and the 16 counties argued that it would be inequitable for the circuit court to order a refund, and that the services provided cannot now be "recovered" from the class of plaintiffs. In addition, the Department and the 16 counties argued the tax assessments were collected in good faith based on then-current law and voluntarily paid to the counties by the class of plaintiffs. On December 2, 2003 the trial court found the 16 counties liable and ordered that the counties refund the taxes to the class. The court reserved ruling on the attorneys fees issue and the amount of refund due each taxpayer.

Zion's Hope, Inc v. Bill Donegan, Orange County Property Appraiser, et al, Case No. CIO-01-9794, 9th Judicial Circuit. The amount in controversy has not been determined at this time.

Plaintiff is in the process of developing a religious theme park ("The Holy Land Experience") on a part of a tract it owns in Orange County. The taxpayer enjoys a tax exemption for the part of the tract where a sanctuary and an administration building exist. The Property Appraiser denied the exemption for tax year 2001 for the theme park.

This is an as applied challenge to the Property Appraiser's assessment under Section 196.196, Fla. Stat. The main issue in this case is whether the plaintiff's activities on the residue of their tract of real property qualify under Article VII, Section 3 of the Florida Constitution and Section 196.196, Fla. Stat., and existing case law for an exemption from ad valorem taxation. The taxpayer has subsequently filed challenges for the 2002 and 2003 tax years.

Discovery is ongoing. No final hearing date has been set.

MAJOR PENDING LITIGATION
(Continued)

3. PENDING FLORIDA DIVISION OF ADMINISTRATIVE HEARINGS CASES

Joel W. Robbins, the Property Appraiser of Miami-Dade County, and the Miami Dade County Value Adjustment Board, DOAH Case No. 03-3164.

This case is a challenge to the department's proposed rule requiring the property appraisers to exchange documents with taxpayers at least 5 days before value adjustment board hearing is valid. The final hearing in this case was held on December 16-17, 2003.

4. PENDING FEDERAL DISTRICT COURT CASES

CSX Transportation, Inc., v. Department of Revenue, U.S. District Court (N.D. Fla.)
Case No. 4:30 CV 169 RH.

This is an ad valorem tax case brought by CSX Transportation, Inc. ("CSX") to challenge the Department's 2003 assessment of its Florida railroad property (real and tangible personal property). CSX seeks a determination that the Department's 2003 assessment is excessive and discriminatory pursuant to the Railroad Revitalization and Regulatory Reform Act of 1976 (codified as 49 U.S.C. Section 11501, et seq.). CSX is an interstate carrier by railroad with extensive operations in Florida (approximately 40 counties). CSX has its home office and principal place of business located in Jacksonville, Florida.

The Department is responsible for the annual valuation and assessment of railroad property in Florida for ad valorem purposes. See Art. VII, Section 2 and 4, Fla. Const., and Sections 193.011 and 193.085(4), Florida Statutes. Florida law requires the Department to submit railroad assessments to each county's property appraiser by June 1 of each year, and to certify to the property appraisers when railroad assessments have been finalized by the Department. Section 193.085(4), Florida Statutes.

The Department based its Florida CSX assessment on a full system-wide valuation of CSX property of approximately \$13 billion. In 2002, the Department's full system-wide valuation of CSX property was approximately \$7.7 billion. Thus, the 2003 system-wide valuation is an increase of sixty-nine (69%) over the preceding year and the 2003 Florida assessment is an increase of nearly per seventy-one (71%) per cent over the preceding year (2002). In its complaint, CSX asserts that its system-wide valuation should be \$6.0 billion.

49 U.S.C. Section 11501, et seq., ("the Four-R Act") prohibits unjust and unreasonable discrimination of ad valorem taxation against railroads as an undue burden on Interstate Commerce. The standard is whether the ratio of assessed value to true market value is more than five (5%) per cent that the ratio applicable to other commercial and industrial property in Florida.

The plaintiff's complaint seeks a determination of the "correct" valuation and for other (injunctive relief). Final hearing is set for July 14, 2004. Discovery is ongoing.

INTERNET DATA SOURCES

Federal Data Sources

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
ftp://ftp.census.gov/pub/govs/statetax/	U.S. Census	1992 until.. State by state tax burden and other comparison statistics
http://www.bea.doc.gov/	Bureau of Economic Analysis	Economic statistics
http://www.bls.org/	Bureau of Labor Statistics	Economic statistics
http://www.census.gov/	U.S. Census	data for exemptions
http://www.census.gov/epcd/www/econ97.html	U.S. Census	Economic statistics
http://www.faa.gov/	Federal Aviation Association	to complete bill analysis
http://www.fcc.gov/	Federal Communications Commission	to complete bill analysis
http://www.fcc.gov/fee/gov/wtb/databases/	Federal Communications Commission	databases
http://www.fcc.gov/telecom.html	Federal Communications Commission	Teleco Act of 1996
http://www.fdic.gov/	Federal Deposit Insurance Corp.	Economic statistics
http://www.ffeic.gov/	Federal Financial Institution Examination Council of the Federal Reserve System	Economic statistics, timely reporting of reserve board stats and related articles
http://www.huduser.org/	U.S. Department of Housing and Urban Development	data for exemptions
http://www.irs.ustreas.gov/prod/cover.html	IRS website	Economic statistics
http://www.sec.gov/edgarhp.html	Securities and Exchange Commission	Edgar is the computerized system that companies use to file their quarterly and annual reports with the Securities and Exchange Commission
http://www.taxadmin.org/	FTA's website homepage	Good state-by-state tax rate comparisons, conference descriptions and papers, including work on electronic commerce
http://www.taxesites.com/	Tax and Accounting Sites Directory	Tax and Accounting Sites Directory
http://www.tiaonline.org/government/overview/	Telecommunications Industry Association website	databases
http://www.yardeni.com/	Dr. Ed Yardeni's Economics Network	General US and International Economic Data and Analyses

Florida Data Sources

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
http://www.dbf.state.fl.us/banking/bank lists/	Department of Banking and Finance website	Lists of banking associations, and related articles that pertain to Florida
http://www.dot.state.fl.us/finalcialplanning/	DOT website	Includes the Fuel Tax Primer (need Adobe 4 for this publication)
http://www.fcn.state.fl.us/acir/98handbook/format.html	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
http://www.fcn.state.fl.us/lcir/	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
http://www.fcn.state.fl.us/teldir/standards2.html	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
http://www.fcta.com/	Florida Cable Telecommunications Association	to complete bill analysis
http://www.fispa.org/	Florida Internet Service Providers	to complete bill analysis
http://www.flasports.com/	Florida Sports Federation	data for exemptions
http://www.floridatxwatch.org/	Florida TaxWatch	research data resource
http://www.itflorida.com/	Florida Information Technology Task Force	Information Technology resource
http://www.law.fsu.edu/crc/	Florida State University- Law School	databases
http://www.state.fl.us/edr/	Economic and Demographic Research	Revenue estimates (REC's)
http://www.state.fl.us/edr/taxref/tindex.html	State Tax Task Force website	Analysis resource
http://www.sun6.dms.state.fl.us/dor/	DOR's website homepage	Bill information, statutes, and links to other agencies

US General Information

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
http://www.alec.org/	American Legislative Exchange Counsel	Analysis resource
http://www.cbpp.org/	Center for Budget and Policy Priorities	Analysis resource
http://www.ctj.org/	Citizens for Tax Justice	Evaluations of mostly federal proposals
http://www.digitaltelevision.com/	Digital Television: The Site	to complete bill analysis
http://www.dismal.com/	The Dismal Economist	General US and International Economic Data and Analyses
http://www.ecommercecommission.org/	Advisory Commission on Electronic Commerce	Analysis resource
http://www.faa.gov/	Federal Aviation Association	to complete bill analysis
http://www.forrester.com/Home/0,3257,1,FF.html	Forrester Research	Internet Commerce
http://www.frbatlanta.org/	Federal Reserve Bank of Atlanta	Analysis resource
http://www.mediacity.com/	Sports Stadiums Site	data for exemptions
http://www.mtc.gov/	Multi-state Commission	multi state data resource
http://www.nass.usda.gov/census/	National Agriculture Statistics Service	1997 Census of Agriculture
http://www.nber.org/	National Bureau of Economic Research	Economic statistics
http://www.nccs.urban.org/	Center for Charitable Statistics	data resource
http://www.ncsl.org/login.htm?returnpage=http://www.ncsl.org/	National Conference on State Legislatures	data resource

http://www.ncua.gov/	National Credit Union Admin.	financial resource
http://www.nga.org/	National Governor's Association	data resource
http://www.sec.gov/edgarhp.html	Securities and Exchange Commission	Edgar is the computerized system that companies use to file their quarterly and annual reports with the Securities and Exchange Commission
http://www.taxadmin.org/	FTA's website homepage	Good state-by-state tax rate comparisons, conference descriptions and papers, including work on electronic commerce
http://www.nmoa.com	National Mail Order Association	data for exemptions

Florida General Information

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
ftp://ftp.census.gov/pub/govs/statetax/	U.S. Census	1992 until.. State by state tax burden and other comparison statistics
http://www.cefcorp.dos.state.fl.us/	Department of State	Corporate Filings
http://www.dbf.state.fl.us/banking/bank_lists/	Department of Banking and Finance website	Lists of banking associations, and related articles that pertain to Florida
http://www.dca.state.fl.us/fhcd/programs/sdip/index.html/	Special Taxing Districts in Florida	data resource
http://www.dot.state.fl.us/finalcialplanning/	DOT website	Includes the Fuel Taax Primer (need Adobe 4 for this publication)
http://www.ecommercecommission.org/	Advisory Commission on Electronic Commerce	analysis data resource
http://www.fcn.state.fl.us/acir/98handbook/format.html	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
http://www.fcn.state.fl.us/lcir/	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
http://www.fcn.state.fl.us/teldir/standards2.html	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
http://www.fcta.com/	Florida Cable Telecommunications Association	to complete bill analysis
http://www.firn.edu/doe/	Florida Department of Education	data for exemptions
http://www.fispa.org/	Florida Internet Service Providers	to complete bill analysis
http://www.fl-ag.com/	Florida Department of Agriculture	data for exemptions
http://www.flasports.com/	Florida Sports Federation	data for exemptions
http://www.flcourts.org/	State Courts	State court decisions, including DCA's and Supreme Court
http://www.floridataxwatch.org/	Florida TaxWatch	research data resource
http://www.fsba.state.fl.us/	State Board of Administration	data resource
http://www.governing.com/	Governing Magazine	For State and Local Governments
http://www.itflorida.com/	Florida Information Technology Task Force	Information Technology resource
http://www.law.fsu.edu/crc/	Florida State University- Law School	databases
http://www.leg.state.fl.us/	Florida Legislature website	to research House and Senate Bills
http://www.leg.state.fl.us/citizen/documents/constitution/index.html	Florida Legislature website	Florida Constitution Index
http://www.mtc.gov/	Multi-state Commission	multi state data resource
http://www.oppaga.state.fl.us/	OPPAGA	OPPAGA Reports
http://www.psc.state.fl.us/	Public Service Commission	to complete bill analysis
http://www.state.fl.us/edr/	Revenue estimates (REC's)	data resource
http://www.state.fl.us/edr/taxref/tindex.html	State Tax Task Force website	data resource
http://www.state.fl.us/eog/	Governor's Office website	analysis data resource
http://www.stateline.com/	State News	State News
http://www.sun6.dms.state.fl.us/dor/	DOR's website homepage	Bill information, statutes, and links to other agencies
http://www.taxsites.com/	Tax and Accounting Sites Directory	Tax and Accounting Sites Directory
http://www.tiaonline.org/government/overview/	Telecommunications Industry Association website	databases

Other State Sites

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
http://www.cc.gatech.edu/gvu/user_surveys/	Georgia Tech's site for Internet Purchases	survey
http://www.cds.duke.edu/	Duke University	Center for Demographic Studies
http://www.commserv.ucsb.edu/	University of California- Santa Barbara	to complete bill analysis, glossary of communications terms
http://www.gvu.gatech.edu/user_surveys/	Georgia Tech website	Survey results about internet usage
http://www.okstate.edu/economics/journal.south1.html	Oklahoma State University	Abstracts of articles published in the southern Economic Journal

Congress Information

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
http://www.thomas.loc.gov/	Federal (congressional) legislation	searchable federal legislation

Florida State Government Sites

Website	Organization Name	Brief Description of Uses
http://www.cefcorp.dos.state.fl.us/	Department of State	Corporate Filings
http://www.dca.state.fl.us/fhcd/programs/sdip/index.html/	Special Taxing Districts in Florida	data for exemptions
http://www.dot.state.fl.us/finalcialplanning/	DOT website	Includes the Fuel Tax Primer (need Adobe 4 for this publication)
http://www.fcn.state.fl.us/acir/98handbook/format.html	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
http://www.fcn.state.fl.us/lcir/	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
http://www.fcn.state.fl.us/teldir/standards2.html	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
http://www.firn.edu/doe/	Florida Department of Education	data for exemptions
http://www.fl-ag.com/	Florida Department of Agriculture	data for exemptions
http://www.flcourts.org/	State Courts	State court decisions, including DCA's and Supreme Court
http://www.fsba.state.fl.us/	State Board of Administration	data resource
http://www.leg.state.fl.us/	Florida Legislature	to research House and Senate Bills
http://www.leg.state.fl.us/citizen/documents/constitution/index.html	Florida Legislature website	Florida Constitution Index
http://www.oppaga.state.fl.us/	OPPAGA	OPPAGA Reports
http://www.psc.state.fl.us/	Public Service Commission	to complete bill analysis
http://www.state.fl.us/edr/	Revenue estimates (REC's)	data resource
http://www.state.fl.us/edr/taxref/tindex.html	State Tax Task Force website	data resource
http://www.state.fl.us/eog/	Governor's Office website	analysis data resource
http://www.sun6.dms.state.fl.us/dor/	DOR's website homepage	Bill information, statutes, and links to other agencies

Publications

Website	Organization Name	Brief Description of Uses
http://www.governing.com/	Governing Magazine	For State and Local Governments
http://www.nytimes.com/	New York times website	News
http://www.stateline.com/	State News Network	State News

Banking

Website	Organization Name	Brief Description of Uses
http://www.dbf.state.fl.us/banking/bank_lists/		Lists of banking associations, and related articles that pertain to Florida
http://www.fdic.gov/	Federal Deposit Insurance Corp.	financial resource
http://www.ffeic.gov/	Federal Financial Institution Examination Council of the Federal Reserve System	Economic statistics, timely reporting of reserve board stats and related articles
http://www.frbatlanta.org/	Federal Reserve Bank of Atlanta	financial resource
http://www.ncua.gov/	National Credit Union Admin.	financial resource

E - Commerce

Website	Organization Name	Brief Description of Uses
http://www.cc.gatech.edu/gvu/user_surveys/	Georgia Tech's site for Internet Purchases	survey
http://www.ecommercecommission.org/	Advisory Commission on Electronic Commerce	data resource
http://www.forrester.com/Home/0,3257,1,FF.html	Forrester Research	Internet Commerce
http://www.gvu.gatech.edu/user_surveys/	Georgia Tech website	Survey results about internet usage
http://www.nmoa.com	National Mail Order Association	data for exemptions

Universities

Website	Organization Name	Brief Description of Uses
http://www.cc.gatech.edu/gvu/user_surveys/	Georgia Tech's site for Internet Purchases	survey
http://www.cds.duke.edu/	Duke University	Center for Demographic Studies
http://www.commserv.ucsb.edu/	University of California- Santa Barbara	to complete bill analysis, glossary of communications terms
http://www.gvu.gatech.edu/user_surveys/	Georgia Tech website	Survey results about internet usage
http://www.law.fsu.edu/crc/	Florida State University Law School	databases
http://www.okstate.edu/economics/journal.south1.html	Oklahoma State University	Abstracts of articles published in the southern Economic Journal

Other

Website	Organization Name	Brief Description of Uses
http://www.pcworld.com/software/internet/	PC World's website	Lists and describes the features of the major Internet Service Providers

Other State DOR Websites

	State/City	DOR Homepage URL	Stats/Analysis URL (if applic.)
1	Alabama	http://www.ador.state.al.us	
2	Alaska	http://www.revenue.state.ak.us/	
3	Arizona	http://www.revenue.state.az.us/	
4	Arkansas	http://www.state.ar.us/dfa	
5	California	http://www.ftb.ca.gov/	http://www.ftb.ca.gov/fidm/index.htm
6	Colorado *	http://www.revenue.state.co.us/	http://www.revenue.state.co.us/stats_dir/taxstats.html
7	Connecticut	http://www.drs.state.ct.us/	http://www.drs.state.ct.us/research/research.html
8	Delaware	http://www.state.de.us/revenue	http://www.state.de.us/revenue/other/tax_stats.html
9	District of Columbia	http://www.dccfo.com/	
10	Florida	http://sun6.dms.state.fl.us/dor/	http://sun6.dms.state.fl.us/dor/taxes/distributions.html
11	Georgia	http://www.state.ga.us/Departments/DOR/	
12	Hawaii *	http://www.state.hi.us/	http://www.state.hi.us/tax/taxcolrpt.html
13	Idaho	http://www.state.id.us/tax/home.html	
14	Illinois	http://www.revenue.state.il.us/	
15	Indiana	http://www.ai.org/dor/index.html	
16	Iowa*	http://www.state.ia.us/tax	http://www.state.ia.us/tax/taxlaw/taxlaw.html
17	Kansas	http://www.ink.org/public.kdor/	http://www.ink.org/public.kdor/pvd/pvdcountystateinfo.html
18	Kentucky	http://www.state.ky.us/ageniceis/revenue/revhome.htm	
19	Louisiana	http://www.rev.state.la.us/	
20	Maine	http://janus.state.me.us/revenue	
21	Maryland*	http://www.comp.state.md.us	
22	Massachusetts	http://www.state.ma.us/dor	http://www.state.ma.us/dor/stats/stats.html
23	Michigan	http://www.treas.state.mi.us/	http://www.treas.state.mi.us/revdata/revindx.htm
24	Minnesota	http://www.taxes.state.mn.us/	
25	Mississippi	http://www.msctc.state.ms.us/	http://www.msctc.state.ms.us/info/stats/main.htm
26	Missouri	http://dor.state.mo.us/	
27	Montana	http://www.state.mt.us/revenue	
28	Nebraska	http://www.nol.org/revenue	http://www.nol.org/revenue/research/research.htm
29	Nevada	http://www.state.nv.us/	
30	New Hampshire	http://www.state.nh.us/revenue	
31	New Jersey	http://www.state.nj.us/treasury/taxation	
32	New Mexico	http://www.state.nm.us/tax/	
33	New York State	http://www.tax.state.ny.us/	http://www.state.ny.us/statistics/stat_sales.htm
34	New York City	http://www.ci.nyc.ny.us/finance	
35	North Carolina	http://www.dor.state.nc.us/DOR	http://www.dor.state.nc.us/downloads/00-01salestat.html
36	North Dakota	http://www.state.nd.us/taxdpt	
37	Ohio *	http://www.state.oh.us/tax	http://www.state.oh.us/tax/tabstats.htm
38	Oklahoma	http://www.oktax.state.ok.us/	
39	Oregon *	http://www.dor.state.or.us/	http://www.dor.state.of.us/statistics.html
40	Pennsylvania	http://www.revenue.state.pa.us/	
41	Rhode Island	http://www.doa.state.ri.us/tax	
42	South Carolina	http://www.sctax.org/	
43	South Dakota*	http://www.state.sd.us/revenue	http://www.state.sd.us/revenue/stats.html
44	Tennessee	http://www.state.tn.us/revenue	
45	Texas*	http://www.window.state.tx.us/	http://www.window.state.tx.us/taxbud/overview
46	Utah	http://www.tax.ex.state.ut.us/	
47	Vermont	http://www.state.vt.us/tax	
48	Virginia	http://www.tax.state.va.us/	http://www.tax.state.va.us/publications.htm
49	Washington *	http://dor.wa.gov/	http://dor.wa.gov/
50	West Virginia	http://www.state.wv.us/taxrev/	
51	Wisconsin*	http://www.dor.state.wi.us/	http://www.dor.state.wi.us/html/stats.html
52	Wyoming	http://revenue.state.wy.us/	