

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Flood Insurance

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

☐ **Entire Bill**

☒ **Partial Bill:** Section 6

Sponsor(s): N/A

Month/Year Impact Begins: July 2024

Date(s) Conference Reviewed: December 15th, 2023, revised February 23, 2024

Section 1: Narrative

- a. **Current Law:** Section 624.509, Florida Statutes, indicates, among other things, that 1.75 percent of the gross amount of receipts on insurance premiums covering property is due as insurance premium tax.
- b. **Proposed Change:** A new paragraph is added in 624.509 indicating that an insurance policy, contract, or endorsement providing coverage for the peril of flood is exempt from the 1.75 percent insurance premium tax.

Section 2: Description of Data and Sources

[National Flood Insurance Program - Policy Info By State](#)

[National Flood Insurance Program – 2020 Report](#)

[Miami Herald / The Insurance Information Institute](#)

[Florida Market Data](#) available on the Florida Surplus Lines Service Office website
Results of the August 18, 2023 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Insurance Premium Taxpayers file a DR-908 tax return with the Department of Revenue. While flood coverage would be included in the total premiums for property/casualty/miscellaneous, line 1.c. of Schedule I, the department has no way of parsing out flood coverage specifically from the return.

There are 3 methods of acquiring flood insurance in Florida. The first method, under which the majority of policies are written, is the National Flood Insurance Program's (NFIP) "[Write Your Own Program](#)," a cooperative of private insurance companies and FEMA. As of November 30, 2023, there are 1,710,539 such policies in Florida with a total premium amount of \$1,287,624,135. The average cost per policy under this method is \$753. Applying the 1.75% tax rate that would be exempt under the proposed change, the impact of the NFIP policies alone would be -\$22,533,422.

The second method is through Surplus Lines. These policies are subject to a different and higher tax rate than the other 2 methods and would not be exempt under this change. The Florida Surplus Lines Service Office has data available on the number of properties and the premium values for flood insurance. For the 2022-23 fiscal year there were 84,495 flood policies with a premium value of 157,530,901. The average cost per policy under this method is \$1,864.

The third method is private insurers writing their own flood policies. There is no data available for this method, and an estimate for the number of policies and cost per policy must be produced. According to a 2020 NFIP report, there are 4,110,395 properties at high risk of flooding and 4,832,882 at high or moderate risk of flooding. For the impact, the low uses the high-risk properties, the middle uses the high or moderate risk of flooding, and the high uses the high or moderate risk of flooding plus 10 percent to account for policies in lower risk areas. According to a Miami Herald article from June of 2023 that cites The Insurance Information Institute, approximately 13% of all Florida homeowners do not carry property insurance. This statistic applies to general property insurance, and not specifically flood. The 13% is used in the high estimate, with 25% and 50% being used in the middle and low, respectively. Applying this percentage to the at-risk properties arrives at an estimate of the total number of flood policies in the state, and subtracting the known NFIP and Surplus Lines policies from it arrives at an estimate of policies written by private insurers. The high estimate uses the \$1,864 average cost per policy from the Surplus Lines data, the low uses the \$753 average cost per policy from the NFIP policies, and the middle uses an average of the high and low. Multiplying the estimated number of policies under private insurers by the estimated average cost per policy for private insurers arrives and an estimate of premiums for private insurers. Adding this to the NFIP premiums and multiplying by the 1.75% tax rate arrives at an impact for the first year.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Flood Insurance

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

A forecast of Insurance Premium Tax collections was estimated at the August 2023 General Revenue Estimating Conference. The forecasted growth rate for total Insurance Premium Tax collections was used to grow the high, middle, and low estimates out to Fiscal Year 2028-29.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(122.4 M)	\$(122.4 M)	\$(68.6 M)	\$(68.6 M)	\$(27.7 M)	\$(27.7 M)
2025-26	\$(127.4 M)	\$(127.4 M)	\$(71.4 M)	\$(71.4 M)	\$(28.8 M)	\$(28.8 M)
2026-27	\$(133.9 M)	\$(133.9 M)	\$(75.1 M)	\$(75.1 M)	\$(30.3 M)	\$(30.3 M)
2027-28	\$(140.6 M)	\$(140.6 M)	\$(78.9 M)	\$(78.9 M)	\$(31.8 M)	\$(31.8 M)
2028-29	\$(147.8 M)	\$(147.8 M)	\$(82.9 M)	\$(82.9 M)	\$(33.4 M)	\$(33.4 M)

Revenue Distribution: Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 12/15/2023, revised 2/23/2024) The Conference adopted the low estimate with an adjustment made to the private cost per policy and adjusting the first year's cash.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(14.3)	(28.9)	0.0	0.0	0.0	0.0	(14.3)	(28.9)
2025-26	(30.0)	(30.0)	0.0	0.0	0.0	0.0	(30.0)	(30.0)
2026-27	(31.6)	(31.6)	0.0	0.0	0.0	0.0	(31.6)	(31.6)
2027-28	(33.2)	(33.2)	0.0	0.0	0.0	0.0	(33.2)	(33.2)
2028-29	(34.8)	(34.8)	0.0	0.0	0.0	0.0	(34.8)	(34.8)

	A	B	C	D	E	F	G
1	FY	IPT Collections	IPT Growth				
2	23-24	\$ 1,367.60					
3	24-25	\$ 1,456.90	6.5%				
4	25-26	\$ 1,516.50	4.1%				
5	26-27	\$ 1,594.40	5.1%				
6	27-28	\$ 1,674.40	5.0%				
7	28-29	\$ 1,759.20	5.1%				
8							
9	Assumptions	High	Middle	Low	Source		
10	NFIP Policies	1,710,539	1,710,539	1,710,539	National Flood Insurance Program - Policy Info By State		
11	Surplus Lines Properties	84,495	84,495	84,495	Surplus Lines Service Office		
12	At Risk Properties	5,316,170	4,832,882	4,110,395	National Flood Insurance Program - Report		
13	Share of at Risk Without Flood Insurance	13%	25%	50%	Miami Herald / The Insurance Information Institute		
14	Total with Flood Insurance	4,625,068	3,624,662	2,055,198	Calculation		
15	Policies with Private Insurers	2,830,034	1,829,628	260,164	Calculation		
16	Total Premium with NFIP	\$ 1,287,624,135	\$ 1,287,624,135	\$ 1,287,624,135	National Flood Insurance Program - Policy Info By State		
17	Total Premium with Surplus Lines	\$ 157,530,901	\$ 157,530,901	\$ 157,530,901	Surplus Lines Service Office		
18	Cost Per Policy, Private	\$ 1,864	\$ 1,309	\$ 1,000	Calculation		
19	Total Premium with Private Insurers	\$ 5,276,262,710	\$ 2,394,982,398	\$ 260,163,500	Calculation		
20	Total Premium Taxed at 1.75%	\$ 6,563,886,845	\$ 3,682,606,533	\$ 1,547,787,635	Calculation		
21	23-24 Tax Impact	\$ (114,868,020)	\$ (64,445,614)	\$ (27,086,284)	Calculation		
22							
23	Total Impact						
24		High		Middle		Low	
25		Cash	Recurring	Cash	Recurring	Cash	Recurring
27	2024-25	\$(122.4 M)	\$(122.4 M)	\$(68.7 M)	\$(68.7 M)	\$(28.9 M)	\$(28.9 M)
28	2025-26	\$(127.4 M)	\$(127.4 M)	\$(71.5 M)	\$(71.5 M)	\$(30.0 M)	\$(30.0 M)
29	2026-27	\$(133.9 M)	\$(133.9 M)	\$(75.1 M)	\$(75.1 M)	\$(31.6 M)	\$(31.6 M)
30	2027-28	\$(140.6 M)	\$(140.6 M)	\$(78.9 M)	\$(78.9 M)	\$(33.2 M)	\$(33.2 M)
31	2028-29	\$(147.8 M)	\$(147.8 M)	\$(82.9 M)	\$(82.9 M)	\$(34.8 M)	\$(34.8 M)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Taxes

Issue: IPT and State Fire Marshal Assessment & Residential Property Insurance Premium Tax Credit

Bill Number(s): [Governor's Proposed Language Sections 7 and 12](#), SB7074 Sections 39 and 40

☐ **Entire Bill**

☐ **Partial Bill:** Governor's Proposed Language Sections 7 and 12, SB7074 Sections 39 and 40

Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed: January 12, 2024, REVISED February 23, 2024

Section 1: Narrative

a. Current Law: Insurance premiums received by insurance companies are subject to the following taxes and assessments:

1. 1.75% of insurance premium tax
2. 1.85% - property insurance premiums covering properties within the corporate limits of a municipality or a special fire control district which provide chapter 175 pension benefits to firefighters
3. 0.85% - casualty insurance premiums covering properties within the corporate limits of a municipality which provides chapter 185 pension benefits to police officers
4. 1.0% - fire insurance premiums – with a 0.1% surcharge for commercial fire insurance

A credit is allowed against the 1.75% premium tax equal to the amount of firefighter and police officer pension benefit taxes. Taxes are based on a calendar year period, payable in three installments due by April 15, June 15, and October 15, with the final return and payment due on March 1 following the close of the calendar year.

b. Proposed Change: An insurer issuing a policy providing property insurance on a residential dwelling with a coverage amount of \$750,000 or less providing coverage for a 12 month period with an effective date not before July 1, 2024 and no later than June 30, 2025 is exempt from the insurance premium tax as well as the fire marshal assessment.

Section 2: Description of Data and Sources

Calendar Year 2022 DOR Return Data - IPT

2023 Final NAL Real Property Tax Roll

Section 3: Methodology (Include Assumptions and Attach Details)

Part 1 – Residential Policy Credit

Homeowners Property Insurance is measurable on the DR-908 in Schedule X, Lines 1, 7, and 9 (Fire – Residential, Residential Allied Lines, and Homeowners Multiple Peril). The total premiums value reported on these lines are multiplied by a composite qualification rate of 80%. This composite rate encompasses 2 assumptions: 1) that the share of premiums written on dwelling with less than \$750,000 value is approximately 73% and 2) that some additional premium activity is not currently captured in the base. The resultant premiums (total premiums * 80%) are the qualifying premiums.

The qualifying premium volume is multiplied by the tax rate to reach a year-0 impact, and that impact is grown into the final impact window by the Schedule X growth rates from the January 2024 General Revenue Conference.

Part 2 – State Fire Marshal Regulatory Assessment

Using the same premium volumes described above, the tax due for the state fire marshal assessment can be calculated. Using the calculated tax due, the same composite qualification rate is applied, and the resulting value is the year-0 impact. This is grown at the same rates as above into the impact window.

Part 3 – Final Impact

Based on previous work and adopted impacts, a 51% factor is applied to all grown values.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Taxes

Issue: IPT and State Fire Marshal Assessment & Residential Property Insurance Premium Tax Credit

Bill Number(s): [Governor's Proposed Language Sections 7 and 12](#), SB7074 Sections 39 and 40

Section 4: Proposed Fiscal Impact

Premium Tax

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$151.5) M			
2025-26			(\$159.2) M			
2026-27						
2027-28						
2028-29						

State Fire Marshal

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$40.4) M			
2025-26						
2026-27						
2027-28						
2028-29						

Revenue Distribution: Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference adopted the proposed estimates for IPT and the Fire Marshall assessment; however, notes that the estimates assumes that the applicable policies are only those taken out by the property owner.

Insurance Premium Tax

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(151.5)	0.0	0.0	0.0	0.0	0.0	(151.5)	0.0
2025-26	(159.2)	0.0	0.0	0.0	0.0	0.0	(159.2)	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

State Fire Marshal Assessment

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	(40.4)	0.0	0.0	0.0	(40.4)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Part 1 - Residential Policy Credit			
MAP TO ORIGINAL WORK		ORIGINAL METHODOLOGY	DOR METHODOLOGY
Schedule X - Line 1	521.1	521.1 <i>Return Data</i>	520,616,801
Schedule X - Line 7	1,496.0	1,496.0 <i>Return Data</i>	1,499,861,726
Schedule X - Line 9	14,150.3	14,150.3 <i>Return Data</i>	14,499,781,243
Residential Property Premiums	16,167.4	16,167.4 <i>=SUM(E4:E6)</i>	16,520.3
Residential Property Insurance	282.9	282.9 <i>=E7*0.0175</i>	289.10
Under-Cap Share	73.7%	73.7% <i>=C10</i>	80.0%
Year-0 Impact	208.6	208.6 <i>=E9*E10</i>	231.3

Part 2 - State Fire Marshal Assessment			
MAP TO ORIGINAL WORK		ORIGINAL METHODOLOGY	DOR METHODOLOGY
Schedule X - Line 1	4.8	4.8 <i>Return Data</i>	4,841,736
Schedule X - Line 7	0.7	0.7 <i>Return Data</i>	734,932
Schedule X - Line 9	31.3	31.3 <i>Return Data</i>	32,044,517
Residential Property Premiums	36.9	36.9 <i>=SUM(E16:E18)</i>	37.6
Residential Policies	36.9	36.9 <i>=E19</i>	37.6
Under-Cap Share	73.7%	73.7% <i>=C22</i>	80.0%
Year-0 Impact	27.2	27.2 <i>=E21*E22</i>	30.1

DOR Underlying Assumption		
2023 Ad Valorem Tax Roll		
Residential Parcels: Just Value of Dwelling (Total JV <i>minus</i> Land Value)		
\$750,000 or Less	Count	Improvement JV
FALSE	335,051	660,398,881,880
TRUE	9,212,139	1,865,934,986,557
Total	9,547,190	2,526,333,868,437
Share \$750K or Less	96.49%	73.86%

CY		Premium Growth
2013	Schedule X	-17.4%
2014		12.1%
2015		0.3%
2016		0.0%
2017		3.4%
2018		4.5%
2019		4.0%
2020		10.4%
2021		9.6%
2022		21.6%
2023	EST	18.5%
2024	EST	8.4%
2025	EST	5.1%

Part 1 - Residential Policy Credit		
	Orginal	DOR
CY22	208.6	231.3
CY23	247.2	274.1
CY24	267.9	297.1
CY25	281.6	312.2

Part 2 - State Fire Marshal		
	Orginal	DOR
CY22	27.2	30.1
CY23	32.2	35.7
CY24	34.9	38.7
CY25	36.7	40.6

Split Factor	51%
Adopted Previously	
Cash	
FY 2024-25	173.1
FY 2025-26	143.6
Insurance Premium	
Cash	
FY 2024-25	151.5
FY 2025-26	159.2
Total	310.7
State Fire Marshall	
Cash	
FY 2024-25	40.4
FY 2025-26	-
Total	40.4
Total	
DOR Proposed	Cash
FY 2024-25	191.9
FY 2025-26	159.2
Grand Total	351.1

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Taxes

Issue: Surplus Lines Tax One-Year Exemption

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

☐ **Entire Bill**

☒ **Partial Bill:** Subsection (8)

Sponsor(s): N/A

Month/Year Impact Begins: Upon Becoming Law

Date(s) Conference Reviewed: February 16th, 2024

February 21st, 2024, **Revised 2/23/2024**

Section 1: Narrative

- a. **Current Law:** Surplus Lines policies for flood coverage and property coverage of residential dwelling units are taxable at the surplus lines rate of 4.94%.
- b. **Proposed Change:** Subsection (8) creates a Surplus Lines Tax exemption period between July 1, 2024 and June 30, 2025 for property insurance policies on residential dwellings with coverage up to \$750,000.

Section 2: Description of Data and Sources

[Florida Surplus Lines Office](#)

2023 Final Real Property Assessment Rolls, NAL data

Jan 2024 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Subsection (8): Data from the Florida Office of Surplus Lines was used to find the total premium volume for residential dwellings in FY23. The language describes “property insurance on a residential dwelling” as the target of the exemption period; “property insurance” is defined in F.S. 624.604 to mean:

“...insurance on real or personal property of every kind and of every interest therein, whether on land, water, or in the air, against loss or damage from any and all hazard or cause, and against loss consequential upon such loss or damage, other than noncontractual legal liability for any such loss or damage.”

Without further limitation, a broad net is cast over surplus lines policies including the expected HO-3, HO-5, and dwelling property policies, but also including Mobile Homeowners, Sinkhole and Mold Coverage, and Commercial Apartments. Total premium volume for all property coverage types is multiplied by a qualification rate of 95.83%. This 95.83% is meant to represent the volume of premiums written with coverage amounts less than the stated \$750,000 cap in the language. The 95.83% cap is determined by looking at the dwelling value, defined as just value minus land value, of residential properties from the most recent property tax roll – approximately 95.83% of properties had a dwelling value of less than \$750,000. The tax on qualified premiums is summed and grown by the adopted surplus lines growth rates into a FY25 impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$76.1) M			
2025-26						
2026-27						
2027-28						
2028-29						

Revenue Distribution: Insurance Premium Tax

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Taxes

Issue: Surplus Lines Tax One-Year Exemption

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

Section 5: Consensus Estimate (Adopted: 02/21/2024, Revised 2/23/2024) The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(69.4)	0.0	(6.7)	0.0	0.0	0.0	(76.1)	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G
1	Surplus Lines Property Insurance 1-Year Exemption Period						
2	https://www.fslso.com/Florida/MarketData/surpluslinespremium				Assumption		Impact
3	Policy Name	Policy Count	FY23 Premiums		Qualification		Tax @ 4.94%
4	Homeowners-HO-3	89,638	543,634,911		95.83%		25,735,688
5	Homeowners-HO-6 - Condo Unit Owners	72,096	159,693,179		95.83%		7,559,878
6	Dwelling Property	37,567	146,015,270		95.83%		6,912,366
7	Homeowners-HO-5	4,814	121,720,454		95.83%		5,762,249
8	Homeowners-HO-8	10,977	37,771,541		95.83%		1,788,106
9	Mobile Homeowners	20,312	34,655,615		95.83%		1,640,598
10	Homeowners-HO-1	5,408	24,189,730		95.83%		1,145,142
11	Apartments - Commercial	763	8,214,051		95.83%		388,853
12	Homeowners-HO-2	248	1,447,851		95.83%		68,541
13	Mold Coverage - Residential	5	31,815		95.83%		1,506
14	Sinkhole Coverage - Residential	2	11,423		95.83%		541
15	Windstorm - Residential	6,078	60,104,070		95.83%		2,845,328
16	Builders Risk - Residential	23,172	36,764,296		95.83%		1,740,423
17	Homeowners-HO-4 - Tenant	7,627	28,819,327		95.83%		1,364,307
18	Farmowners Multi-Peril	297	3,064,852		95.83%		145,090
19							57,098,615
20							
21		Growth Rates From Jan 2024 GR²					
22		FY23	26.60%		(57.1)		
23		FY24	23.00%		(70.2)		
24		FY25	8.40%		(76.1)		
25		FY26	7.10%		-		
26		FY27	5.90%		-		
27		FY28	5.10%		-		
28		FY29	5.00%		-		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Thoroughbred Distribution

Bill Number(s): SB7074

☐ **Entire Bill**

☒ **Partial Bill:** Sections 25 and 37

Sponsor(s): Finance and Tax

Month/Year Impact Begins: July 1, 2025

Date(s) Conference Reviewed: February 23, 2024

Section 1: Narrative

- a. Current Law:** In 2023, the Legislature authorized a distribution from Florida sales tax receipts to the Florida Agricultural Promotional Campaign Trust Fund for Fiscal Years 2023-2024 and 2024-2025 totaling \$55 million (s. 212.20, F.S.). The annual distribution of \$27.5 million is to be used by the Department of Agriculture and Consumer Services (DACS) to encourage breeding thoroughbred racehorses and thoroughbred racing at thoroughbred tracks in Florida (s. 571.265, F.S.).

These provisions are repealed July 1, 2025, unless reviewed and saved from repeal by the Legislature.

- b. Proposed Change:** Section 25 of the bill deletes the July 1, 2025 repeal, which makes permanent the annual distribution of \$27.5 million from sales and use tax to the Florida Agricultural Promotion Campaign Trust Fund. Section 37 of the bill makes permanent the specific uses of the distributions from the trust fund.

Section 2: Description of Data and Sources

Senate Staff Analysis, dated February 21, 2024

Section 3: Methodology (Include Assumptions and Attach Details)

In effect, section 25 permanently distributes general revenue funds to the Florida Agricultural Promotion Campaign Trust Fund beginning July 1, 2025. Section 37 further permanently distributes all of the funds essentially creating an expenditure appropriation from the trust fund. Consequently, the distribution is a recurring \$-27.5 million deduct to the General Revenue Fund and a zero impact to the Florida Agricultural Promotion Campaign Trust Fund.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			\$(27.5)	\$(27.5)		
2026-27			\$(27.5)	\$(27.5)		
2027-28			\$(27.5)	\$(27.5)		
2028-29			\$(27.5)	\$(27.5)		

State Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			\$27.5	\$27.5		
2026-27			\$27.5	\$27.5		
2027-28			\$27.5	\$27.5		
2028-29			\$27.5	\$27.5		

Linked Distribution/ Appropriation	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			\$(27.5)	\$(27.5)		
2026-27			\$(27.5)	\$(27.5)		
2027-28			\$(27.5)	\$(27.5)		
2028-29			\$(27.5)	\$(27.5)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Thoroughbred Distribution

Bill Number(s): SB7074

Revenue Distribution:

Sales and Use Tax (GR Only)

Florida Agricultural Promotion Campaign Trust Fund

Section 5: Consensus Estimate (Adopted: 02/23/2026): The Conference adopted the proposed estimate, but with a recurring impact for FY 2024-25.

GR to Trust

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	(27.5)	0.0	27.5	0.0	0.0	0.0	0.0
2025-26	(27.5)	(27.5)	27.5	27.5	0.0	0.0	0.0	0.0
2026-27	(27.5)	(27.5)	27.5	27.5	0.0	0.0	0.0	0.0
2027-28	(27.5)	(27.5)	27.5	27.5	0.0	0.0	0.0	0.0
2028-29	(27.5)	(27.5)	27.5	27.5	0.0	0.0	0.0	0.0

Trust to Private Sector

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	(27.5)	0.0	0.0	0.0	(27.5)
2025-26	0.0	0.0	(27.5)	(27.5)	0.0	0.0	(27.5)	(27.5)
2026-27	0.0	0.0	(27.5)	(27.5)	0.0	0.0	(27.5)	(27.5)
2027-28	0.0	0.0	(27.5)	(27.5)	0.0	0.0	(27.5)	(27.5)
2028-29	0.0	0.0	(27.5)	(27.5)	0.0	0.0	(27.5)	(27.5)

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax

Issue: Railroad Tax Credits

Bill Number(s): [SB 7074, Section 29](#)

☐ **Entire Bill**

☒ **Partial Bill:** Section 29

Sponsor(s): Finance and Tax

Month/Year Impact Begins: July 1, 2024

Date(s) Conference Reviewed: February 23, 2024

Section 1: Narrative

- a. **Current Law:** A qualifying railroad must submit to the department, with its return, an application to demonstrate eligibility for the credit.
- b. **Proposed Change:** The application may be submitted no later than 120 days following the conclusion of the taxable year in which qualified expenditures were incurred. The supporting documentation must include, but is not limited to, the following: 1. The number of track miles owned or leased in this state by the qualifying railroad; 2. A description of qualified expenditures; and 3. Financial records necessary to verify the accuracy of the information submitted pursuant to this subsection. The department must issue a letter to the qualifying railroad within 45 days after receipt of the completed application.

Section 2: Description of Data and Sources

DOR Qualified Railroad credits

220.1915 F.S

Section 3: Methodology (Include Assumptions and Attach Details)

Most of the bill addresses the changes to applications for the credit as well as required documentation required with the application. With the main change coming in the timing of the application which would change to 120 days following the conclusion of the taxable year in which qualified expenditures were incurred. The addback provision included in previous versions of this bill were removed resulting in a zero impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	\$0		
2025-26			\$0	\$0		
2026-27			\$0	\$0		
2027-28			\$0	\$0		
2028-29			\$0	\$0		

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference assumes there will be a cash impact associated with the changes to transferability and adopted negative indeterminate for cash for each fiscal year.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(**)	0.0	0.0	0.0	0.0	0.0	(**)	0.0
2025-26	(**)	0.0	0.0	0.0	0.0	0.0	(**)	0.0
2026-27	(**)	0.0	0.0	0.0	0.0	0.0	(**)	0.0
2027-28	(**)	0.0	0.0	0.0	0.0	0.0	(**)	0.0
2028-29	(**)	0.0	0.0	0.0	0.0	0.0	(**)	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Agriculture TPP Exemption

Bill Number(s): CS/SJR 1560

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senator Collins

Month/Year Impact Begins: 2026 Property Tax Roll

Date(s) Conference Reviewed: February 23, 2024

Section 1: Narrative

- a. **Current Law:** Article VII Section 3 of the Florida Constitution details Tangible Personal Property and its relevant exemptions. Agricultural products are not exempt.
- b. **Proposed Change:** The joint resolution indicates that tangible personal property that is located on property classified as agricultural land, as specified by general law; used on such property in the production of agricultural products or for agritourism activities; and owned by the landowner or leaseholder of the agricultural land shall be exempt from ad valorem taxation.

Section 2: Description of Data and Sources

2023 Millage and Taxes Levied Report, 2023 Final Data Book published by Property Tax Oversight

Results of the Ad Valorem Estimating Conference, January 5, 2023

2023 Final NAP Tangible Personal Property Tax Roll

Section 3: Methodology (Include Assumptions and Attach Details)

The tangible personal property roll identifies a NAICS code for each piece of property. Those beginning with “11” are related to agriculture, forestry, fishing, and hunting. The table below identifies those used in the analysis.

3-Digit NAICS Code	Industry	Included
111	Crop Production	Yes
112	Animal Production and Aquaculture	Yes
113	Forestry and Logging	Yes
114	Fishing, Hunting, and Trapping	No
115	Support Activities for Agriculture and Forestry	Yes

The taxable values are aggregated and the millage rates are applied. The value is grown forward for the forecast using the Tangible Personal Property growth rate from the latest ad valorem estimating conference.

If based on the constitutional language “(e) By general law and subject to conditions specified therein:” this joint resolution is not self-executing, as was the case in of House Joint Resolution 7075, the impact is zero. This is because this is a joint resolution proposing an amendment to be submitted to the voters, it is not self-executing, and there is no implementing bill.

If instead the joint resolution is self-executing, then it has a zero/negative indeterminate impact. The impact is zero if the resolution fails to pass, or the below table if it passes.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	\$(27.1 M)		
2025-26			\$0	\$(28.2 M)		
2026-27			\$(29.3 M)	\$(29.3 M)		
2027-28			\$(30.5 M)	\$(30.5 M)		
2028-29			\$(31.7 M)	\$(31.7 M)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Agriculture TPP Exemption

Bill Number(s): CS/SJR 1560

Section 4: Proposed Fiscal Impact

Not Self-Executing

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	\$0		
2025-26			\$0	\$0		
2026-27			\$0	\$0		
2027-28			\$0	\$0		
2028-29			\$0	\$0		

Self-Executing

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	(0/**)		
2025-26			\$0	(0/**)		
2026-27			(0/**)	(0/**)		
2027-28			(0/**)	(0/**)		
2028-29			(0/**)	(0/**)		

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/23/2024): This is a joint resolution proposing an amendment to be submitted to the voters, and is not self-executing and there is no implementing bill. The impact is zero if the resolution fails to pass, or the below table if it passes.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	(9.9)	0.0	(17.2)	0.0	(27.1)
2025-26	0.0	(10.3)	0.0	(17.9)	0.0	(28.2)
2026-27	(10.7)	(10.7)	(18.6)	(18.6)	(29.3)	(29.3)
2027-28	(11.2)	(11.2)	(19.3)	(19.3)	(30.5)	(30.5)
2028-29	(11.6)	(11.6)	(20.1)	(20.1)	(31.7)	(31.7)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G
1	2023 Aggregate Millage Rates						
2	School	5.99					
3	Non-School	10.38					
4							
5	January 2024 Ad Valorem Conference Results						
6	Roll Year	TPP	TPP Growth Rate				
7	2023	\$ 171,598,260,663	13.5%				
8	2024	\$ 178,591,813,599	4.1%				
9	2025	\$ 185,795,112,497	4.0%				
10	2026	\$ 193,283,950,901	4.0%				
11	2027	\$ 201,069,750,391	4.0%				
12	2028	\$ 209,164,389,410	4.0%				
13							
14	Include Naics	Industry	1=Yes, 0=No				
15	111	Crop Production	1				
16	112	Animal Production and Aquaculture	1				
17	113	Forestry and Logging	1				
18	114	Fishing, Hunting, and Trapping	0				
19	115	Support Activities for Agriculture and Forestry	1				
20							
21	Impact on School						
22		High		Middle		Low	
23		Cash	Recurring	Cash	Recurring	Cash	Recurring
24	2024-25			\$0	\$(9.9 M)		
25	2025-26			\$0	\$(10.3 M)		
26	2026-27			\$(10.7 M)	\$(10.7 M)		
27	2027-28			\$(11.2 M)	\$(11.2 M)		
28	2028-29			\$(11.6 M)	\$(11.6 M)		
29							
30	Impact on Non-School						
31		High		Middle		Low	
32		Cash	Recurring	Cash	Recurring	Cash	Recurring
33	2024-25			\$0	\$(17.2 M)		
34	2025-26			\$0	\$(17.9 M)		
35	2026-27			\$(18.6 M)	\$(18.6 M)		
36	2027-28			\$(19.3 M)	\$(19.3 M)		
37	2028-29			\$(20.1 M)	\$(20.1 M)		
38							
39	Total Impact						
40		High		Middle		Low	
41		Cash	Recurring	Cash	Recurring	Cash	Recurring
42	2024-25			\$0	\$(27.1 M)		
43	2025-26			\$0	\$(28.2 M)		
44	2026-27			\$(29.3 M)	\$(29.3 M)		
45	2027-28			\$(30.5 M)	\$(30.5 M)		
46	2028-29			\$(31.7 M)	\$(31.7 M)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

☐ **Entire Bill**

☒ **Partial Bill:** Sections 4, 5, 6, 10, and 12

Sponsor(s): Finance and Tax

Month/Year Impact Begins: 2025 Real Property Tax Roll

Date(s) Conference Reviewed: February 23, 2024

Section 1: Narrative

- a. Current Law:** Florida Statute indicates that if an error is made in the assessment of a homestead [193.155(9)] property, nonhomestead residential [193.1554(9)] property, or nonresidential [193.1555(9)] property, be it either (9)(a) the property appraiser (PA) had a material mistake of fact or (9)(b) there was new construction that the PA was unaware of, the PA must recalculate the just and assessed values for all years going back to when the mistake first occurred and back taxes are due on the difference.

Further, Florida Statute indicates that, among other things, if the PA grants a homestead [193.155(10)], nonhomestead residential [193.1554(10)], or nonresidential [193.1555(10)] assessment limitation as a result of a clerical mistake or omission, the property owner may not be assessed a penalty or interest.

Finally, 196.011(9)(a) indicates that any parcel the PA determines to have received a homestead exemption within the prior ten years that was not entitled to is subject to taxes, interest, and penalties.

- b. Proposed Change:** Florida Statute is amended such that if an error is made in the assessment of a homestead [193.155(9)] property, nonhomestead residential [193.1554(9)] property, or nonresidential [193.1555(9)] property, be it either (9)(a) the property appraiser (PA) had a material mistake of fact or (9)(b) there was new construction that the PA was unaware of, the PA recalculates just value and assessed value in the year the mistake occurred, grow it to the year the mistake is discovered, and no back taxes can be collected.

Further, Florida Statute is amended such that if the PA grants a homestead [193.155(10)], nonhomestead residential [193.1554(10)], or nonresidential [193.1555(10)] assessment limitation as a result of a clerical mistake or omission, the property owner may not be assessed a penalty or interest and they need not pay the unpaid taxes.

Finally, 196.011(9)(a) is amended to indicate that any parcel the PA determines to have received a homestead exemption within the prior ten years that was not entitled to is subject to taxes, interest, and penalties, unless the exemption was granted as a result of an error by the property appraiser.

Section 2: Description of Data and Sources

2023 Millage and Taxes Levied Report, 2023 Final Data Book published by Property Tax Oversight

Results of the Ad Valorem Estimating Conference, January 5, 2023

Discussion with Property Appraisers

Section 3: Methodology (Include Assumptions and Attach Details)

Data was requested in 2023 and responses were received from the PAs of Broward, Miami-Dade, Palm Beach, and Pinellas counties. This data represents the back taxes assessed in recent years of the variety that would be eliminated by the bill language. The majority of the backtaxes data received was from Miami-Dade and represented approximately 0.24 percent of their total collections. The middle estimate assumes that 2 percent of the remaining value in the state (value in counties we did not receive data from) would assess backtaxes at the 0.24 percent rate found in Miami-Dade. This translates to a 10.3% share-up of the given data. Further, the middle estimate uses the 2-year average value from the history as the starting point. As values increase, value of backtaxes owed will also increase, and as such the taxable value growth rates from the Ad Valorem Conference are used to grow the estimate. The bill first applies to the 2025 property tax roll.

On February 2, 2024, the conference beheld [a similar bill](#), adopted the proposed estimate, and noted: “however, notes that the language in the bill may cause taxpayer behavioral changes by removing an incentive for the taxpayer to disclose known errors to the property appraiser. This would lead to a higher impact than shown in the middle.” A track changes comparison of that bill to this is available in the appendix to this document.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	\$(33.8 M)		
2025-26			\$(36.1 M)	\$(36.1 M)		
2026-27			\$(38.4 M)	\$(38.4 M)		
2027-28			\$(40.7 M)	\$(40.7 M)		
2028-29			\$(42.9 M)	\$(42.9 M)		

Revenue Distribution: Ad Valorem

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference adopted the proposed estimate; however, notes that the language in the bill may cause taxpayer behavioral changes by removing an incentive for the taxpayer to disclose known errors to the property appraiser. This would lead to a higher impact than shown in the middle.

	School		Non-School		Total Local/Other	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	(13.8)	0.0	(20.1)	0.0	(33.8)
2025-26	(14.5)	(14.5)	(21.6)	(21.6)	(36.1)	(36.1)
2026-27	(15.3)	(15.3)	(23.1)	(23.1)	(38.4)	(38.4)
2027-28	(16.1)	(16.1)	(24.6)	(24.6)	(40.7)	(40.7)
2028-29	(16.9)	(16.9)	(25.9)	(25.9)	(42.9)	(42.9)

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0.0	(33.8)	0.0	(33.8)
2025-26	0.0	0.0	0.0	0.0	(36.1)	(36.1)	(36.1)	(36.1)
2026-27	0.0	0.0	0.0	0.0	(38.4)	(38.4)	(38.4)	(38.4)
2027-28	0.0	0.0	0.0	0.0	(40.7)	(40.7)	(40.7)	(40.7)
2028-29	0.0	0.0	0.0	0.0	(42.9)	(42.9)	(42.9)	(42.9)

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

Appendix: Track Changes Comparison of Previously-Reviewed [Proposed Language](#) and SB7074 Sections 4, 5, 6, 10, and 12

Section ~~24~~ 193.155 Homestead assessments.—

(9) Erroneous assessments of homestead property assessed under this section may be corrected in the following manner:

(a) If errors are made in arriving at any assessment under this section due to a material mistake of fact concerning an essential characteristic of the property, the just value and assessed value must be recalculated for every such year, including the year in which the mistake occurred, but the recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(b) If changes, additions, or improvements are not assessed at just value as of the first January 1 after they were substantially completed, the property appraiser shall determine the just value for such changes, additions, or improvements for the year they were substantially completed. Assessments for subsequent years shall be corrected, applying this section if applicable; provided, however, that if a building permit was required and has not been issued by the county, the assessment may be corrected from the later of the year following substantial completion or 10 years prior to the error being discovered. The recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(10) If the property appraiser determines that for any year or years within the prior 10 years a person who was not entitled to the homestead property assessment limitation granted under this section was granted the homestead property assessment limitation, the property appraiser making such determination shall serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person in the county, and such property must be identified in the notice of tax lien. The property appraiser must include with such notice information explaining why the owner is not entitled to the limitation, the years for which unpaid taxes, penalties, and interest are due, and the manner in which unpaid taxes, penalties, and interest have been calculated. Such property that is situated in this state is subject to the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per annum. However, when a person entitled to exemption pursuant to s. 196.031 inadvertently receives the limitation pursuant to this section following a change of ownership or if the property appraiser improperly grants the property assessment limitation as a result of a clerical mistake or an omission, the assessment of such property ~~may~~must be corrected as provided in paragraph (9)(a), and the person need not pay the unpaid taxes, penalties, or interest. Before a lien may be filed, the person or entity so notified must be given 30 days to pay the taxes and any applicable penalties and interest.

Section ~~35~~ 193.1554 Assessment of nonhomestead residential property.—

(9) Erroneous assessments of nonhomestead residential property assessed under this section may be corrected in the following manner:

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

(a) If errors are made in arriving at any assessment under this section due to a material mistake of fact concerning an essential characteristic of the property, the just value and assessed value must be recalculated for every such year, including the year in which the mistake occurred, but the recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(b) If changes, additions, or improvements are not assessed at just value as of the first January 1 after they were substantially completed, the property appraiser shall determine the just value for such changes, additions, or improvements for the year they were substantially completed. Assessments for subsequent years ~~must shall~~ be corrected, applying this section if applicable; provided, however, that if a building permit was required and has not been issued by the county, the assessment may be corrected from the later of the year following substantial completion or 10 years prior to the error being discovered. The recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(10) If the property appraiser determines that for any year or years within the prior 10 years a person or entity who was not entitled to the property assessment limitation granted under this section was granted the property assessment limitation, the property appraiser making such determination shall serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person or entity in the county, and such property must be identified in the notice of tax lien. The property appraiser must include with such notice information explaining why the owner is not entitled to the limitation, the years for which unpaid taxes, penalties, and interest are due, and the manner in which unpaid taxes, penalties, and interest have been calculated. Such property that is situated in this state is subject to the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per annum. However, if the property assessment limitation is granted as a result of a clerical mistake or an omission by the property appraiser, the taxpayer need not pay the unpaid taxes, penalties, or interest. Before a lien may be filed, the person or entity so notified must be given 30 days to pay the taxes and any applicable penalties and interest. ~~If the property appraiser improperly grants the property assessment limitation as a result of a clerical mistake or an omission, the person or entity improperly receiving the property assessment limitation may not be assessed a penalty or interest.~~

Section 46 193.1555 Assessment of certain residential and nonresidential real property.—

(9) Erroneous assessments of nonresidential real property assessed under this section may be corrected in the following manner:

(a) If errors are made in arriving at any assessment under this section due to a material mistake of fact concerning an essential characteristic of the property, the just value and assessed value must be recalculated for every such year, including the year in which the mistake occurred, but the recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(b) If changes, additions, or improvements are not assessed at just value as of the first January 1 after they were substantially completed, the property appraiser shall determine the just value for such changes,

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

additions, or improvements for the year they were substantially completed. Assessments for subsequent years shall be corrected, applying this section if applicable; provided, however, that if a building permit was required and has not been issued by the county, the assessment may be corrected from the later of the year following substantial completion or 10 years prior to the error being discovered. The recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

(10) If the property appraiser determines that for any year or years within the prior 10 years a person or entity who was not entitled to the property assessment limitation granted under this section was granted the property assessment limitation, the property appraiser making such determination shall serve upon the owner a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that person or entity in the county, and such property must be identified in the notice of tax lien. The property appraiser must include with such notice information explaining why the owner is not entitled to the limitation, the years for which unpaid taxes, penalties, and interest are due, and the manner in which unpaid taxes, penalties, and interest have been calculated. Such property that is situated in this state is subject to the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per annum. However, if the property assessment limitation is granted as a result of a clerical mistake or an omission by the property appraiser, the taxpayer need not pay the unpaid taxes, penalties, or interest. Before a lien may be filed, the person or entity so notified must be given 30 days to pay the taxes and any applicable penalties and interest.

Section ~~610~~ 196.011 Annual application required for exemption.—

(9)(a) A county may, at the request of the property appraiser and by a majority vote of its governing body, waive the requirement that an annual application or statement be made for exemption of property within the county after an initial application is made and the exemption granted. The waiver under this subsection of the annual application or statement requirement applies to all exemptions under this chapter except the exemption under s. 196.1995. Notwithstanding such waiver, refiling of an application or statement shall be required when any property granted an exemption is sold or otherwise disposed of, when the ownership changes in any manner, when the applicant for homestead exemption ceases to use the property as his or her homestead, or when the status of the owner changes so as to change the exempt status of the property. In its deliberations on whether to waive the annual application or statement requirement, the governing body shall consider the possibility of fraudulent exemption claims which may occur due to the waiver of the annual application requirement. The owner of any property granted an exemption who is not required to file an annual application or statement shall notify the property appraiser promptly whenever the use of the property or the status or condition of the owner changes so as to change the exempt status of the property. If any property owner fails to so notify the property appraiser and the property appraiser determines that for any year within the prior 10 years the owner was not entitled to receive such exemption, the owner of the property is subject to the taxes exempted as a result of such failure plus 15 percent interest per annum and a penalty of 50 percent of the taxes exempted. However, if such exemption is granted as a result of a clerical mistake or an omission by the property appraiser, the taxpayer need not pay the unpaid taxes, penalties, or interest. Except for homestead exemptions controlled by s. 196.161, the property appraiser making such determination shall record in the public records of the county a notice of tax lien against any property owned by that person or entity in the county, and such property must be identified in the notice of tax lien. Such property is subject to the payment of all taxes and penalties. Such lien when filed shall attach to any property,

REVENUE ESTIMATING CONFERENCE

Revenue Source: Ad Valorem

Issue: Treatment of Errors – 2025 Tax Roll

Bill Number(s): SB 7074

identified in the notice of tax lien, owned by the person who illegally or improperly received the exemption. If such person no longer owns property in that county but owns property in some other county or counties in the state, the property appraiser shall record a notice of tax lien in such other county or counties, identifying the property owned by such person or entity in such county or counties, and it shall become a lien against such property in such county or counties.

(13) Upon request by an applicant, a property appraiser must provide a multi-language application, if such application has been developed by the department pursuant to s. 195.028.

Section 712 ~~This act shall take effect July 1, 2024. The amendments made by this act to ss. 193.155, 193.1554, 193.1555, 196.011, and 196.031, Florida Statutes, first apply beginning with the 2025 property tax roll.~~

	A	B	C	D	E	F	G
1	Roll Year	Aggregated Back Taxes Owed	School Estimate	Non-School Estimate			
2	2020	\$ 18,645,541	\$ 6,824,645	\$ 11,820,896			
3	2021	\$ 28,604,247	\$ 10,469,733	\$ 18,134,514			
4							
5		Non-School TV	School TV				
6	2022	14.28%	20.07%				
7	2023	13.38%	14.79%				
8	2024	7.09%	4.78%				
9	2025	7.87%	5.15%				
10	2026	6.75%	5.31%				
11	2027	6.31%	5.55%				
12	2028	5.62%	5.11%				
13							
14	2023 Aggregate Millage Rates						
15	School	5.99					
16	Non-School	10.38					
17							
18	Assumptions	Middle					
19	Remaining State Value BackTaxed like Miami-Dade	2%					
20	Implied Share-up Rest of State	10.3%					
21	Use History	2-year average					
22							
23	School Impact						
24		High		Middle		Low	
25		Cash	Recurring	Cash	Recurring	Cash	Recurring
26	2023-24			\$0	\$(13.1 M)		
27	2024-25			\$0	\$(13.8 M)		
28	2025-26			\$(14.5 M)	\$(14.5 M)		
29	2026-27			\$(15.3 M)	\$(15.3 M)		
30	2027-28			\$(16.1 M)	\$(16.1 M)		
31	2028-29			\$(16.9 M)	\$(16.9 M)		
32							
33	Non-School Impact						
34		High		Middle		Low	
35		Cash	Recurring	Cash	Recurring	Cash	Recurring
36	2023-24			\$0	\$(18.7 M)		
37	2024-25			\$0	\$(20.1 M)		
38	2025-26			\$(21.6 M)	\$(21.6 M)		
39	2026-27			\$(23.1 M)	\$(23.1 M)		
40	2027-28			\$(24.6 M)	\$(24.6 M)		
41	2028-29			\$(25.9 M)	\$(25.9 M)		
42							
43	Total Impact						
44		High		Middle		Low	
45		Cash	Recurring	Cash	Recurring	Cash	Recurring
46	2023-24			\$0	\$(31.9 M)		
47	2024-25			\$0	\$(33.8 M)		
48	2025-26			\$(36.1 M)	\$(36.1 M)		
49	2026-27			\$(38.4 M)	\$(38.4 M)		
50	2027-28			\$(40.7 M)	\$(40.7 M)		
51	2028-29			\$(42.9 M)	\$(42.9 M)		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Beverage Taxes and Fees

Issue: Distribution to Cancer Centers

Bill Number(s): SB7074 – Section 34

☐ **Entire Bill**

☒ **Partial Bill:** Section 34

Sponsor(s): Finance and Tax

Month/Year Impact Begins: 07/01/2024 – Assume 12 full months first year of implementation

Date(s) Conference Reviewed: 02/23/2024

Section 1: Narrative

- a. Current Law:** Section 561.121, F.S. directs that two percent of the excise tax collected established in ss. 563.05 (malt), 564.06 (wine), 565.12 (wine and liquor), and s. 565.02(9) (OTP excise tax - vessels) be deposited into the ABT TF. The remainder shall be distributed to the General Revenue Fund.
- b. Proposed Change:** Prior to the distribution of the remainder to General Revenue, provides that a monthly distribution of \$416,667 be made to the Sylvester Comprehensive Cancer Center at the University of Miami, the University of Florida Shands Cancer Center, and the Mayo Clinic Cancer Center in Jacksonville. The paragraph is repealed June 30, 2054.

Section 2: Description of Data and Sources

Section 3: Methodology (Include Assumptions and Attach Details)

Assumes \$15 million will be distributed in total to these three cancer centers, which will impact GR. Assumes the first distribution will occur in July 2024.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$15m)	(\$15m)		
2025-26			(\$15m)	(\$15m)		
2026-27			(\$15m)	(\$15m)		
2027-28			(\$15m)	(\$15m)		
2028-29			(\$15m)	(\$15m)		

Local/Other	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$15m	\$15m		
2025-26			\$15m	\$15m		
2026-27			\$15m	\$15m		
2027-28			\$15m	\$15m		
2028-29			\$15m	\$15m		

Revenue Distribution: Beverage Taxes and Fees

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference adopted the impact as presented. For the purposes of this impact, the distributions to Sylvester Comprehensive Cancer Center and the Mayo Clinic Cancer Center are treated as Local/Other.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(15.0)	(15.0)	0.0	0.0	15.0	15.0	0.0	0.0
2025-26	(15.0)	(15.0)	0.0	0.0	15.0	15.0	0.0	0.0
2026-27	(15.0)	(15.0)	0.0	0.0	15.0	15.0	0.0	0.0
2027-28	(15.0)	(15.0)	0.0	0.0	15.0	15.0	0.0	0.0
2028-29	(15.0)	(15.0)	0.0	0.0	15.0	15.0	0.0	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Flood Insurance

Bill Number(s): SB7074

☐ **Entire Bill**

☒ **Partial Bill:** Section 38

Sponsor(s): Finance and Tax

Month/Year Impact Begins: July 2024

Date(s) Conference Reviewed: February 23, 2024

Section 1: Narrative

- a. **Current Law:** Section 624.509, Florida Statutes, indicates, among other things, that 1.75 percent of the gross amount of receipts on insurance premiums covering property is due as insurance premium tax.
- b. **Proposed Change:** A new paragraph is added in 624.509 indicating that an insurance policy, contract, or endorsement providing coverage for the peril of flood is exempt from the 1.75 percent insurance premium tax. The paragraph is repealed on June 30, 2025.

Section 2: Description of Data and Sources

[National Flood Insurance Program - Policy Info By State](#)

[National Flood Insurance Program – 2020 Report](#)

[Miami Herald / The Insurance Information Institute](#)

[Florida Market Data](#) available on the Florida Surplus Lines Service Office website

Results of the January 16, 2024 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Insurance Premium Taxpayers file a DR-908 tax return with the Department of Revenue. While flood coverage would be included in the total premiums for property/casualty/miscellaneous, line 1.c. of Schedule I, the department has no way of parsing out flood coverage specifically from the return.

There are 3 methods of acquiring flood insurance in Florida. The first method, under which the majority of policies are written, is the National Flood Insurance Program's (NFIP) "[Write Your Own Program](#)," a cooperative of private insurance companies and FEMA. As of November 30, 2023, there are 1,710,539 such policies in Florida with a total premium amount of \$1,287,624,135. The average cost per policy under this method is \$753. Applying the 1.75% tax rate that would be exempt under the proposed change, the impact of the NFIP policies alone would be -\$22,533,422.

The second method is through Surplus Lines. These policies are subject to a different and higher tax rate than the other 2 methods and would not be exempt under this change. The Florida Surplus Lines Service Office has data available on the number of properties and the premium values for flood insurance. For the 2022-23 fiscal year there were 84,495 flood policies with a premium value of 157,530,901. The average cost per policy under this method is \$1,864.

The third method is private insurers writing their own flood policies. There is no data available for this method, and an estimate for the number of policies and cost per policy must be produced. According to a 2020 NFIP report, there are 4,110,395 properties at high risk of flooding and 4,832,882 at high or moderate risk of flooding. For the impact, the low uses the high-risk properties, the middle uses the high or moderate risk of flooding, and the high uses the high or moderate risk of flooding plus 10 percent to account for policies in lower risk areas. According to a Miami Herald article from June of 2023 that cites The Insurance Information Institute, approximately 13% of all Florida homeowners do not carry property insurance. This statistic applies to general property insurance, and not specifically flood. The 13% is used in the high estimate, with 25% and 50% being used in the middle and low, respectively. Applying this percentage to the at-risk properties arrives at an estimate of the total number of flood policies in the state, and subtracting the known NFIP and Surplus Lines policies from it arrives at an estimate of policies written by private insurers. The high estimate uses the \$1,864 average cost per policy from the Surplus Lines data, the middle uses an average of the high and the \$753 average cost per policy from the NFIP policies, and the low uses \$1,000. Multiplying the estimated number of policies under private insurers by the estimated average cost per policy for private insurers arrives and an estimate of premiums for private insurers. Adding this to the NFIP premiums and multiplying by the 1.75% tax rate arrives at an impact for the first year.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Flood Insurance

Bill Number(s): SB7074

Insurance premium tax returns are filed based on calendar years and are due by the following March 1. As such, those policies exempted between July 1, 2024 and December 31, 2024 would impact Fiscal Year 2024-25, and those exempted between January 1, 2025 and June 30, 2025 would impact Fiscal Year 2025-26. A forecast of Insurance Premium Tax collections was estimated at the January 2024 General Revenue Estimating Conference and was used to grow the high, middle, and low estimates. The 24-25 and 25-26 values are halved to arrive at the impact.

The low matches the methodology adopted on December 15, 2023 at an impact conference where [a very similar bill](#) was evaluated.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	\$(60.7 M)		\$(34.0 M)		\$(14.3 M)	
2025-26	\$(63.1 M)		\$(35.4 M)		\$(14.9 M)	
2026-27						
2027-28						
2028-29						

Revenue Distribution: Insurance Premium Tax

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference adopted the low estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(14.3)	0.0	0.0	0.0	0.0	0.0	(14.3)	0.0
2025-26	(14.9)	0.0	0.0	0.0	0.0	0.0	(14.9)	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G
1	FY	IPT Collections	IPT Growth				
2	23-24	\$ 1,421.70					
3	24-25	\$ 1,501.70	5.6%				
4	25-26	\$ 1,563.00	4.1%				
5	26-27	\$ 1,643.10	5.1%				
6	27-28	\$ 1,725.40	5.0%				
7	28-29	\$ 1,812.70	5.1%				
8							
9	Assumptions	High	Middle	Low	Source		
10	NFIP Policies	1,710,539	1,710,539	1,710,539	National Flood Insurance Program - Policy Info By State		
11	Surplus Lines Properties	84,495	84,495	84,495	Surplus Lines Service Office		
12	At Risk Properties	5,316,170	4,832,882	4,110,395	National Flood Insurance Program - Report		
13	Share of at Risk Without Flood Insurance	13%	25%	50%	Miami Herald / The Insurance Information Institute		
14	Total with Flood Insurance	4,625,068	3,624,662	2,055,198	Calculation		
15	Policies with Private Insurers	2,830,034	1,829,628	260,164	Calculation		
16	Total Premium with NFIP	\$ 1,287,624,135	\$ 1,287,624,135	\$ 1,287,624,135	National Flood Insurance Program - Policy Info By State		
17	Total Premium with Surplus Lines	\$ 157,530,901	\$ 157,530,901	\$ 157,530,901	Surplus Lines Service Office		
18	Cost Per Policy, Private	\$ 1,864	\$ 1,309	\$ 1,000	Calculation		
19	Total Premium with Private Insurers	\$ 5,276,262,710	\$ 2,394,196,237	\$ 260,163,500	Calculation		
20	Total Premium Taxed at 1.75%	\$ 6,563,886,845	\$ 3,681,820,372	\$ 1,547,787,635	Calculation		
21	23-24 Tax Impact	\$ (114,868,020)	\$ (64,431,857)	\$ (27,086,284)	Calculation		
32							
33	Total Impact						
34		High		Middle		Low	
35		Cash	Recurring	Cash	Recurring	Cash	Recurring
36	2023-24	\$(60.7 M)		\$(34.0 M)		\$(14.3 M)	
37	2024-25	\$(63.1 M)		\$(35.4 M)		\$(14.9 M)	
38	2025-26						
39	2026-27						
40	2027-28						
41	2028-29						

REVENUE ESTIMATING CONFERENCE

Revenue Source: Motor Fuel Tax

Issue: Natural Gas Fuel Tax 1 Year Tax Reduction

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

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): NA

Month/Year Impact Begins: 07/01/2024

Date(s) Conference Reviewed: 02/23/2024

Section 1: Narrative

a. Current Law: Part V of Chapter 206, F.S. is titled Natural Gas Fuel. Section 206.9951, F.S. defines natural gas fuel as “any liquefied petroleum gas product, compressed natural gas product, or combination thereof used in a motor vehicle as defined by s. 206.01(23).” For the purpose of taxation, section 206.9955(1), F.S. defines a motor fuel equivalent gallon as follows: 5.66 pounds or 126.67 cubic feet for compressed natural gas (CNG), 6.06 pounds for liquefied natural gas (LNG), and 1.35 gallons for liquefied petroleum gas (LPG). Section 206.9955(2), F.S. imposes the following taxes on each unit of natural gas fuel effective January 1, 2026:

1. Excise tax of 4 cents
2. A total of 2 cents of local taxes, designated as the 1 cent ninth cent fuel tax and the 1 cent local option fuel tax
3. SCETS tax of 5.8 cents, to be annually adjusted for changes to the consumer price index on January 1
4. Sales tax of 9.2 cents, to be annually adjusted for changes to the consumer price index on January 1

For the purpose of indexing the SCETS and sales taxes, the base year is the 12-month period ending September 30, 2013.

Section 206.9952, F.S. sets requirements for licensure as a natural gas fuel retailer and penalties for noncompliance. Section 206.996, F.S. sets monthly reporting requirements for natural gas fuel retailers.

b. Proposed Change: Section 206.9955, F.S. is revised to change the natural gas fuel tax rates for calendar year 2026 to the following rates. For the purpose of indexing the SCETS and sales taxes, the base year remains the 12-month period ending September 30, 2013. Rates revert to current forecast rates beginning calendar year 2027.

1. Excise tax of 2 cents
2. A total of 1 cent of local taxes, designated as the 0.5 cent ninth cent fuel tax and the 0.5 cent local option fuel tax
3. SCETS tax of 2.9 cents, to be annually adjusted for changes to the consumer price index on January 1
4. Sales tax of 4.6 cents, to be annually adjusted for changes to the consumer price index on January 1

Section 2: Description of Data and Sources

Transportation Revenue Estimating Conference on January 8, 2024

Section 3: Methodology (Include Assumptions and Attach Details)

Lowering the calendar year 2026 tax rates for the natural gas fuel tax will have a negative impact of state trust funds, local funds, and GR via the GR service charge. The current forecast of taxable units and associated revenue comes directly from the latest Transportation REC. The proposed forecast shows the impact of lower 2026 tax rates. Comparing the current forecast with the proposed forecast yields the reduction to impacted funds.

Section 4: Proposed Fiscal Impact

GR	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			(*)	0.0		
2026-27			(0.1)	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

REVENUE ESTIMATING CONFERENCE

Revenue Source: Motor Fuel Tax

Issue: Natural Gas Fuel Tax 1 Year Tax Reduction

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

Trust	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			(0.1)	0.0		
2026-27			(0.3)	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

Local	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			0.0	0.0		
2025-26			(0.1)	0.0		
2026-27			(0.1)	0.0		
2027-28			0.0	0.0		
2028-29			0.0	0.0		

Revenue Distribution:

State Transportation Trust Fund

General Revenue Fund

Local Trust Funds

Section 5: Consensus Estimate (Adopted: 02/23/2024): The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2025-26	(*)	0.0	(0.1)	0.0	(0.1)	0.0	(0.2)	0.0
2026-27	(0.1)	0.0	(0.3)	0.0	(0.1)	0.0	(0.5)	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G	H	I	J	K
1	Tax Rate Calculation- Current										
2			CY Tax Rates				FY Tax Rates				
3		CPI LFY	SCETS	Sales	Excise	Local	SCETS	Sales	Excise	Local	Total
4	2013	232.3	0.058	0.092							
5	2014	236.0									
6	2015	236.8									
7	2016	238.9									
8	2017	243.8									
9	2018	249.7									
10	2019	254.4									
11	2020	258.1									
12	2021	266.6									
13	2022	287.7									
14	2023	302.3									
15	2024	310.8									
16	2025	317.4									
17	2026	324.7	0.079	0.126	0.040	0.020	0.079	0.126	0.040	0.020	0.2650
18	2027	332.3	0.081	0.129	0.040	0.020	0.080	0.127	0.040	0.020	0.2667
19	2028	339.5	0.083	0.132	0.040	0.020	0.082	0.130	0.040	0.020	0.2717
20	2029	346.9	0.085	0.134	0.040	0.020	0.084	0.133	0.040	0.020	0.2763
21	2030	354.4	0.087	0.137	0.040	0.020	0.086	0.135	0.040	0.020	0.2807
22	2031	362.1	0.089	0.140	0.040	0.020	0.088	0.138	0.040	0.020	0.2857
23	2032	370.1	0.090	0.143	0.040	0.020	0.089	0.141	0.040	0.020	0.2903
24	2033	378.1	0.092	0.147	0.040	0.020	0.091	0.144	0.040	0.020	0.2950
25											
26	Tax Rate Calculation- Proposed										
27			CY Tax Rates				FY Tax Rates				
28		CPI LFY	SCETS	Sales	Excise	Local	SCETS	Sales	Excise	Local	Total
29	2026 Base		0.029	0.046							
30	2013	232.3	0.058	0.092							
31	2014	236.0									
32	2015	236.8									
33	2016	238.9									
34	2017	243.8									
35	2018	249.7									
36	2019	254.4									
37	2020	258.1									
38	2021	266.6									
39	2022	287.7									
40	2023	302.3									
41	2024	310.8									
42	2025	317.4									
43	2026	324.7	0.040	0.063	0.020	0.010	0.040	0.063	0.020	0.010	0.1330
44	2027	332.3	0.081	0.129	0.040	0.020	0.054	0.085	0.027	0.013	0.1787
45	2028	339.5	0.083	0.132	0.040	0.020	0.082	0.130	0.040	0.020	0.2717
46	2029	346.9	0.085	0.134	0.040	0.020	0.084	0.133	0.040	0.020	0.2763
47	2030	354.4	0.087	0.137	0.040	0.020	0.086	0.135	0.040	0.020	0.2807
48	2031	362.1	0.089	0.140	0.040	0.020	0.088	0.138	0.040	0.020	0.2857
49	2032	370.1	0.090	0.143	0.040	0.020	0.089	0.141	0.040	0.020	0.2903
50	2033	378.1	0.092	0.147	0.040	0.020	0.091	0.144	0.040	0.020	0.2950
51											
52	Tax Rate Change										
53			CY Tax Rates				FY Tax Rates				
54		CPI LFY	SCETS	Sales	Excise	Local	SCETS	Sales	Excise	Local	Total
55	2026		-0.039	-0.063	-0.020	-0.010	-0.039	-0.063	-0.020	-0.010	-0.132
56	2027		0.000	0.000	0.000	0.000	-0.026	-0.042	-0.013	-0.007	-0.088
57	2028		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
58	2029		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
59	2030		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
60	2031		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
61	2032		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
62	2033		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

	A	B	C	D	E	F	G	H	I	J	K
1			2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
2		Current Forecast									
3		Natural Gas Fuel Taxable Units (Millions)	0.0	1.1	3.5	3.5	3.5	3.6	3.6	3.6	3.6
4		Natural Gas Fuel Sales Tax Rate. FY AVG	0.000	0.126	0.127	0.130	0.133	0.135	0.138	0.141	0.144
5		Natural Gas Fuel SCETS Tax Rate. FY AVG	0.000	0.079	0.080	0.082	0.084	0.086	0.088	0.089	0.091
6		Natural Gas Fuel Excise Tax Rate. FY AVG	0.000	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
7		Natural Gas Fuel Local Tax Rate. FY AVG	0.000	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020
8		Natural Gas Fuel Gross Collections (\$ Millions)	\$ -	\$ 0.3	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1
9		Local Alt. Fuel Clearing Fund (\$ Millions)	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
10		State Alt. Fuel Clearing Fund Total (\$ Millions)	\$ -	\$ 0.3	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0
11		GR Service Charge	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
12		Distributions to Local Government	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
13		State Transportation Trust Fund	\$ -	\$ 0.2	\$ 0.8	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.9	\$ 0.8	\$ 0.8
14		Proposed Forecast									
15		Natural Gas Fuel Taxable Units (Millions)	0.0	1.1	3.5	3.5	3.5	3.6	3.6	3.6	3.6
16		Natural Gas Fuel Sales Tax Rate. FY AVG	0.000	0.063	0.085	0.130	0.133	0.135	0.138	0.141	0.144
17		Natural Gas Fuel SCETS Tax Rate. FY AVG	0.000	0.040	0.054	0.082	0.084	0.086	0.088	0.089	0.091
18		Natural Gas Fuel Excise Tax Rate. FY AVG	0.000	0.020	0.027	0.040	0.040	0.040	0.040	0.040	0.040
19		Natural Gas Fuel Local Tax Rate. FY AVG	0.000	0.010	0.013	0.020	0.020	0.020	0.020	0.020	0.020
20		Natural Gas Fuel Gross Collections (\$ Millions)	\$ -	\$ 0.1	\$ 0.6	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1
21		Local Alt. Fuel Clearing Fund (\$ Millions)	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
22		State Alt. Fuel Clearing Fund Total (\$ Millions)	\$ -	\$ 0.1	\$ 0.6	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0
23		GR Service Charge	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
24		Distributions to Local Government	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
25		State Transportation Trust Fund	\$ -	\$ 0.1	\$ 0.5	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.9	\$ 0.8	\$ 0.8
26		Impact (Cash) (Millions)									
27		GR	\$ -	\$ -	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28		Trust	\$ -	\$ (0.1)	\$ (0.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29		Local	\$ -	\$ (0.1)	\$ (0.1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34											
35		Note: Refunds and Tax Allowance are insignificant									
36											

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax
Issue: Sales Tax Collection Allowance Increase
Bill Number(s): SPB 7074

- ☐ Entire Bill
☒ Partial Bill: Section 24

Sponsor(s): N/A

Month/Year Impact Begins: January 2025

Date(s) Conference Reviewed: December 15th, 2023 (First \$60)
February 2nd, 2024 (First \$45, No given effective date)
February 23rd, 2024 (First \$45, January 1st effective date)
March 5th, 2024 (First \$45, January 1st effective date – corrected lag)

Section 1: Narrative

- a. **Current Law:** Collection allowance is awarded on 2.5% of the first \$1,200 of tax due on each electronically filed return.
- b. **Proposed Change:** Under the proposed language, collection allowance would be awarded on the first \$45 dollars of tax due, effective January 1st, 2025.

Section 2: Description of Data and Sources

Direct return data from 2015-Current

Section 3: Methodology (Include Assumptions and Attach Details)

To properly analyze this language, we pulled all sales tax returns for the past five years. We started by dropping all paper-filed returns and separating the consolidated returns from the DR-15s, DR-15ezs, and DR-38s. We also set aside all returns that donate their collection allowance to education. Though they elect to let the state retain the collection allowance, the money does leave the general revenue fund. This effect is measured separately.

Part 1 A: Consolidated Filers

As consolidated filers get to claim collection allowance on every location for which they file positive tax due, we need to determine the number of such locations in each DR-7 return. We drop locations with no tax due and match the remaining DR-15con location level returns to the top-level DR-7 through internal identifiers, then tally the matches. Each DR-7 then calculates its max collection allowance under this language as the number of matched locations times \$45. The collections allowance that would be claimed on this return is then the lesser of this maximum or the tax due before penalty and interest. The impact per return is the difference between collection allowance claimed and the collection allowance assessed under the new language.

Part 1 B: All the Rest

The other sales tax returns are more straightforward, they each calculate their maximum collection allowance under this language as the lesser of \$45 or tax due before penalty and interest. The impact per return is then the difference between the collection allowance claimed and the collection allowance assessed under the new language. To arrive at the impact for a fiscal year, all returns filed within that year are aggregated together.

Part 2: Allowance for Education

A relatively small number of filers opt to donate their collection allowance to education. The state still collects the allowances designated for education, but under this language, assuming consistent taxpayer behavior, the amount collected would increase. This was measured by pulling only those returns which donated and taking the difference between what was donated and the calculated amount from Part 1.

Impact:

The last year for which we have complete data is FY23, so that is our starting point. True growth of this impact is a function of (1) growth of returns which have at least \$45 tax due and (2) growth of the volume of tax due on returns with less than \$45 in tax. In previous year's impacts, population growth was used to proxy this growth function. This year, we have pulled enough history to look at how this impact would have grown had it been implemented in the past. To avoid pandemic noise, we use the average growth per annum from FY21 – FY23, which is 3.6%.

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Sales Tax Collection Allowance Increase

Bill Number(s): SPB 7074

In FY23, approximately \$14M of the impact is coming from returns where taxpayers were not in compliance and thus received no collection allowance. This amount is removed from the first-year impact and, as such, those taxpayers are assumed to remain non-compliant.

The included impact is the total impact to GR which is the impact to the state plus the increased transfer to DOE from manual election to education. A lever is included in the attached spreadsheet to explore behavior changes related to this election.

First years cash is 6/12ths recurring to account for the January 1 start date.

Section 4: Proposed Fiscal Impact to GR

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$56.76) M	(\$113.51) M		
2025-26			(\$117.59) M	(\$117.59) M		
2026-27			(\$121.82) M	(\$121.82) M		
2027-28			(\$126.20) M	(\$126.20) M		
2028-29			(\$130.73) M	(\$130.73) M		

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 03/05/2024) The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(59.1)	(118.2)	2.3	4.7	0.0	0.0	(56.8)	(113.5)
2025-26	(122.4)	(122.4)	4.8	4.8	0.0	0.0	(117.6)	(117.6)
2026-27	(126.8)	(126.8)	5.0	5.0	0.0	0.0	(121.8)	(121.8)
2027-28	(131.4)	(131.4)	5.2	5.2	0.0	0.0	(126.2)	(126.2)
2028-29	(136.1)	(136.1)	5.4	5.4	0.0	0.0	(130.7)	(130.7)

	A	B	C	D	E	F	G	H	
1		Impact Part 1: No Complications							
2		FY	Top Level Returns	Location Level Returns	First 45 of Amount Due	Current Collection Allowance	Basic Impact		
3		2018	3,366,841	4,272,835	184,512,573	73,447,826	(111,064,747)		
4		2019	3,472,783	4,391,430	189,417,233	75,985,241	(113,431,992)		
5		2020	3,436,638	4,354,289	187,023,722	74,915,731	(112,107,991)		
6		2021	3,573,354	4,518,987	194,165,873	78,015,969	(116,149,904)		
7		2022	3,716,200	4,677,355	201,597,199	82,217,697	(119,379,502)		
8		2023	3,875,394	4,869,566	210,464,983	85,835,832	(124,629,151)		
9									
10		Impact Part 2: Collection Allowance For Education							
11		FY	Top Level Returns	Location Level Returns	First 45 of Amount Due	Collection Allowance For Education	Education Impact		
12		2018	79,201	85,474	\$ 4,564,062	\$ 1,011,944	\$ 3,552,119		
13		2019	84,972	91,602	\$ 4,942,581	\$ 1,111,421	\$ 3,831,159		
14		2020	85,583	92,617	\$ 4,972,377	\$ 1,119,000	\$ 3,853,377		
15		2021	91,875	98,436	\$ 5,280,377	\$ 1,200,030	\$ 4,080,346		
16		2022	97,295	105,731	\$ 5,688,440	\$ 1,348,893	\$ 4,339,548		
17		2023	99,131	109,030	\$ 5,947,718	\$ 1,432,380	\$ 4,515,338		
18									
19	In FY23, 70% of returns donating their collection allowance to education were claiming less then the \$30 cap. In aggregate, only about half of returns claim less than the cap. This section is built to recognize the possilibilty that some filers may elect to stop donating their collection allowance, increasing the impact to the state. This behavior change would likely occur at an increased magnitude among below-the-cap filers.	Behavior Change Consideration							
20		Allowance For Education Drop Out Rate					0%		
21							Under Current Cap	0%	
22							At Current Cap	0%	
23		2023 Allowance For Education with First 45					\$ 5,947,717.87		
24							Under Current Cap	\$ 4,002,259.09	
25							At Current Cap	\$ 1,278,117.46	
26		Amount Reclaimed by Taxpayers					\$ -		
27						Under Current Cap	\$ -		
28						At Current Cap	\$ -		
29		FY 2023 Impact			First years cash is 5/12ths recurring, recognizing DOR administration in treating a return in accordance with the law at the time the tax was incurred. If the intent is for returns filed in January 2024 to be covered by the language, clarification would be necessary.				
30	Law	\$ (124,629,151)							
31	Donation	\$ 4,515,338							
32	Behavior	\$ -							
33	Compliance	\$ 14,343,874							
34		\$ (105,769,938)							
35					Middle Impact				
36	The Compliance modifier is set up in keeping with an assumption made by the conference during the 2023 session. It is assumed that taxpayers denied collection allowance due to non-compliance would also be denied in the future.				FY	Cash	Recurring		
37					2022-23		(\$105.77)M		
38					2023-24		(\$109.57)M		
39					2024-25	(\$56.76)M	(\$113.51)M		
40					2025-26	(\$117.59)M	(\$117.59)M		
41					2026-27	(\$121.82)M	(\$121.82)M		
42					2027-28	(\$126.20)M	(\$126.20)M		
43					2028-29	(\$130.73)M	(\$130.73)M		

	A	B	C	D	E	F	G	H
44								
45		2021-2023 Growth			Impact to the State			
46					FY	Cash	Recurring	
47		2023	3.59%		2022-23		(\$105.77)M	
48		2024	3.59%		2023-24		(\$109.57)M	
49		2025	3.59%		2024-25	(\$56.76)M	(\$113.51)M	
50		2026	3.59%		2025-26	(\$117.59)M	(\$117.59)M	
51		2027	3.59%		2026-27	(\$121.82)M	(\$121.82)M	
52		2028	3.59%		2027-28	(\$126.20)M	(\$126.20)M	
53		2029	3.59%		2028-29	(\$130.73)M	(\$130.73)M	
54								
55					Impact to DOE			
56		<p>True growth of this impact is a function of two series:</p> <ul style="list-style-type: none"> The number of returns filed with at least \$45 in tax The volume of tax due on returns with less than \$45 in tax <p>In previous impacts, we have assumed population growth would be an adequate proxy, however, we have now been able to do long lookbacks and see how this estimate would have grown had it been implemented in the past. This allows us to construct 3 new growth scenarios:</p> <p>Average Growth From 2017-2019: 3.3%</p> <p>Average Growth From 2021-2023: 3.6%</p> <p>Average Growth From 2017-2023: 2.8%</p>			FY	Cash	Recurring	
57					2022-23		\$4.34 M	
58					2023-24		\$4.50 M	
59					2024-25	\$2.33 M	\$4.66 M	
60					2025-26	\$4.82 M	\$4.82 M	
61					2026-27	\$5.00 M	\$5.00 M	
62					2027-28	\$5.18 M	\$5.18 M	
63					2028-29	\$5.36 M	\$5.36 M	
64								
65					Impact to GR			
66					FY	Cash	Recurring	
67					2022-23		(\$110.11)M	
68					2023-24		(\$114.07)M	
69					2024-25	(\$59.08)M	(\$118.17)M	
70					2025-26	(\$122.41)M	(\$122.41)M	
71					2026-27	(\$126.82)M	(\$126.82)M	
72					2027-28	(\$131.37)M	(\$131.37)M	
73					2028-29	(\$136.10)M	(\$136.10)M	
74								
75		Historical Growth						
76		FY	Impact	Growth				
77		2016	\$ (102,642,745)					
78		2017	\$ (106,597,888)	3.85%				
79		2018	\$ (111,064,747)	4.19%				
80		2019	\$ (113,431,992)	2.13%				
81		2020	\$ (112,107,991)	-1.17%				
82		2021	\$ (116,149,904)	3.61%				
83		2022	\$ (119,379,502)	2.78%				
84		2023	\$ (124,629,151)	4.40%				
85								
86		Proposed Growth Rates						
87		FY17 - FY19	3.39%					
88		FY17 - FY23	2.83%					
89		FY21 - FY23	3.59%					

By Return Type

	<i>Returns</i>	<i>Locations</i>	<i>Tax Due</i>	<i>First 45 CA</i>	<i>Current CA</i>	<i>Impact</i>
2016	3,117,836	3,982,041	25,432,021,761	171,840,002	69,197,257	(102,642,745)
DR-15	1,607,658	1,607,658	12,265,505,919	70,217,568	28,681,886	(41,535,682)
DR-15con	46,042	910,247	10,387,294,380	37,610,023	16,938,104	(20,671,919)
DR-15ez	1,456,439	1,456,439	2,513,166,831	63,666,197	23,350,570	(40,315,627)
DR-38	7,697	7,697	266,054,631	346,214	226,697	(119,517)
2017	3,251,443	4,124,434	26,899,285,294	178,115,437	71,517,549	(106,597,888)
DR-15	1,780,111	1,780,111	13,314,754,070	77,702,800	31,525,304	(46,177,496)
DR-15con	46,852	919,843	10,833,874,139	38,153,661	17,070,911	(21,082,750)
DR-15ez	1,416,801	1,416,801	2,467,656,429	61,913,836	22,695,546	(39,218,290)
DR-38	7,679	7,679	283,000,656	345,140	225,787	(119,352)
2018	3,366,841	4,272,835	28,640,677,351	184,512,573	73,447,826	(111,064,747)
DR-15	1,952,631	1,952,631	14,420,680,896	85,213,639	34,289,901	(50,923,738)
DR-15con	47,941	953,935	11,520,156,362	39,615,875	17,201,491	(22,414,383)
DR-15ez	1,358,825	1,358,825	2,400,902,815	59,348,364	21,738,309	(37,610,055)
DR-38	7,444	7,444	298,937,278	334,696	218,126	(116,570)
2019	3,472,783	4,391,430	30,513,003,162	189,417,233	75,985,241	(113,431,992)
DR-15	2,120,975	2,120,975	15,628,110,167	92,555,891	37,401,848	(55,154,044)
DR-15con	49,076	967,723	12,209,066,600	39,957,539	17,451,251	(22,506,288)
DR-15ez	1,295,223	1,295,223	2,371,333,198	56,566,402	20,910,727	(35,655,676)
DR-38	7,509	7,509	304,493,197	337,401	221,415	(115,985)
2020	3,436,638	4,354,289	30,383,424,970	187,023,722	74,915,731	(112,107,991)
DR-15	2,150,597	2,150,597	15,308,058,589	93,660,907	38,024,753	(55,636,154)
DR-15con	50,342	967,993	12,584,962,143	39,505,034	17,090,896	(22,414,137)
DR-15ez	1,228,461	1,228,461	2,200,801,636	53,532,382	19,587,719	(33,944,663)
DR-38	7,238	7,238	289,602,602	325,401	212,363	(113,037)
2021	3,573,354	4,518,987	33,370,435,894	194,165,873	78,015,969	(116,149,904)
DR-15	2,296,770	2,296,770	16,857,053,007	99,933,490	40,717,924	(59,215,566)
DR-15con	51,055	996,688	13,736,643,112	40,810,072	17,513,106	(23,296,966)
DR-15ez	1,218,323	1,218,323	2,354,354,244	53,098,242	19,572,048	(33,526,194)
DR-38	7,206	7,206	422,385,532	324,069	212,891	(111,178)
2022	3,716,200	4,677,355	42,212,340,397	201,597,199	82,217,697	(119,379,502)
DR-15	2,464,901	2,464,901	23,161,529,681	107,581,894	44,079,980	(63,501,914)
DR-15con	51,744	1,012,899	15,944,527,604	41,558,900	18,158,559	(23,400,341)
DR-15ez	1,192,222	1,192,222	2,606,804,005	52,126,595	19,761,367	(32,365,228)
DR-38	7,333	7,333	499,479,106	329,810	217,791	(112,019)
2023	3,875,394	4,869,566	45,717,538,193	210,464,983	85,835,832	(124,629,151)
DR-15	2,638,798	2,638,798	25,398,645,786	115,437,966	47,279,211	(68,158,755)
DR-15con	53,072	1,047,244	17,229,239,321	43,226,422	18,658,165	(24,568,257)
DR-15ez	1,176,144	1,176,144	2,581,811,646	51,469,077	19,680,025	(31,789,051)
DR-38	7,380	7,380	507,841,440	331,518	218,431	(113,087)

By Current Collection Allowance

	<i>Returns</i>	<i>Locations</i>	<i>Tax Due</i>	<i>First 45 CA</i>	<i>Current CA</i>	<i>Impact</i>
2016	3,117,836	3,982,041	25,432,021,761	171,840,002	69,197,257	(102,642,745)
Extra	89	89	39,256,364	4,005	809,025	805,020
Capped	1,191,641	1,290,275	16,268,262,130	58,062,358	38,708,250	(19,354,108)
Partial	1,734,938	2,453,683	8,587,178,498	105,125,618	29,679,982	(75,445,636)
Zero	191,168	237,994	537,324,769	8,648,020	-	(8,648,020)
2017	3,251,443	4,124,434	26,899,285,294	178,115,437	71,517,549	(106,597,888)
Extra	95	94	38,923,008	4,230	802,633	798,403
Capped	1,245,004	1,345,154	17,362,473,715	60,531,930	40,354,620	(20,177,310)
Partial	1,803,086	2,528,889	8,936,954,623	108,277,723	30,360,295	(77,917,428)
Zero	203,258	250,297	560,933,948	9,301,553	-	(9,301,553)
2018	3,366,841	4,272,835	28,640,677,351	184,512,573	73,447,826	(111,064,747)
Extra	105	105	42,060,269	4,725	867,713	862,988
Capped	1,285,392	1,384,498	18,424,124,169	62,302,369	41,534,940	(20,767,429)
Partial	1,862,807	2,616,688	9,588,150,743	112,054,527	31,045,173	(81,009,354)
Zero	218,537	271,544	586,342,169	10,150,952	-	(10,150,952)
2019	3,472,783	4,391,430	30,513,003,162	189,417,233	75,985,241	(113,431,992)
Extra	101	101	44,897,242	4,545	928,361	923,816
Capped	1,344,716	1,437,669	19,543,701,994	64,695,062	43,130,070	(21,564,992)
Partial	1,901,037	2,672,085	10,341,423,977	114,295,293	31,926,810	(82,368,483)
Zero	226,929	281,575	582,979,950	10,422,333	-	(10,422,333)
2020	3,436,638	4,354,289	30,383,424,970	187,023,722	74,915,731	(112,107,991)
Extra	95	95	46,311,474	4,275	962,139	957,864
Capped	1,323,747	1,404,838	18,894,557,258	63,217,035	42,145,140	(21,071,895)
Partial	1,882,585	2,656,500	10,599,268,847	113,203,078	31,808,452	(81,394,625)
Zero	230,211	292,856	843,287,391	10,599,335	-	(10,599,335)
2021	3,573,354	4,518,987	33,370,435,894	194,165,873	78,015,969	(116,149,904)
Extra	93	93	54,475,719	4,185	1,132,579	1,128,394
Capped	1,403,151	1,476,761	20,697,641,910	66,454,180	44,302,830	(22,151,350)
Partial	1,889,917	2,698,127	11,895,052,835	114,936,685	32,580,560	(82,356,125)
Zero	280,193	344,006	723,265,430	12,770,823	-	(12,770,823)
2022	3,716,200	4,677,355	42,212,340,397	201,597,199	82,217,697	(119,379,502)
Extra	15	15	15,532,757	675	318,668	317,993
Capped	1,539,992	1,623,504	27,570,626,763	73,057,646	48,705,120	(24,352,526)
Partial	1,886,752	2,700,226	13,798,495,980	115,489,229	33,193,909	(82,295,320)
Zero	289,441	353,610	827,684,897	13,049,649	-	(13,049,649)
2023	3,875,394	4,869,566	45,717,538,193	210,464,983	85,835,832	(124,629,151)
Extra	-	-	-	-	-	-
Capped	1,625,608	1,702,584	29,748,659,999	76,616,280	51,077,520	(25,538,760)
Partial	1,929,807	2,784,025	14,979,333,406	119,504,828	34,758,312	(84,746,516)
Zero	319,979	382,957	989,544,788	14,343,874	-	(14,343,874)

By Proposed Collection Allowance

	<i>Returns</i>	<i>Locations</i>	<i>Tax Due</i>	<i>First 45 CA</i>	<i>Current CA</i>	<i>Impact</i>
2016	3,117,836	3,982,041	25,432,021,761	171,840,002	69,197,257	(102,642,745)
Full \$45	2,939,859	3,714,011	25,426,669,800	167,130,495	69,090,615	(98,039,880)
>= \$30	56,994	111,271	3,145,117	2,975,370	67,224	(2,908,146)
< \$30	118,405	122,170	2,203,594	1,734,137	39,418	(1,694,719)
Zero	2,578	34,589	3,250	-	-	-
2017	3,251,443	4,124,434	26,899,285,294	178,115,437	71,517,549	(106,597,888)
Full \$45	3,064,203	3,848,702	26,893,632,515	173,191,590	71,405,855	(101,785,735)
>= \$30	59,089	113,686	3,292,417	3,100,678	70,283	(3,030,396)
< \$30	125,491	129,776	2,357,162	1,823,168	41,411	(1,781,757)
Zero	2,660	32,270	3,200	-	-	-
2018	3,366,841	4,272,835	28,640,677,351	184,512,573	73,447,826	(111,064,747)
Full \$45	3,170,772	3,988,298	28,634,879,415	179,473,410	73,333,933	(106,139,477)
>= \$30	62,091	116,129	3,356,011	3,148,802	71,002	(3,077,800)
< \$30	131,117	134,682	2,439,625	1,890,361	42,891	(1,847,471)
Zero	2,861	33,726	2,300	-	-	-
2019	3,472,783	4,391,430	30,513,003,162	189,417,233	75,985,241	(113,431,992)
Full \$45	3,270,633	4,092,732	30,506,999,596	184,172,940	75,867,206	(108,305,734)
>= \$30	63,773	122,536	3,507,025	3,309,548	73,767	(3,235,781)
< \$30	135,196	138,900	2,491,931	1,934,745	43,884	(1,890,862)
Zero	3,181	37,262	4,610	-	384	384
2020	3,436,638	4,354,289	30,383,424,970	187,023,722	74,915,731	(112,107,991)
Full \$45	3,225,627	4,033,431	30,377,099,081	181,504,395	74,786,197	(106,718,198)
>= \$30	64,494	130,805	3,710,716	3,505,963	80,365	(3,425,599)
< \$30	142,496	147,409	2,605,234	2,013,364	45,665	(1,967,699)
Zero	4,021	42,644	9,939	-	3,505	3,505
2021	3,573,354	4,518,987	33,370,435,894	194,165,873	78,015,969	(116,149,904)
Full \$45	3,352,624	4,188,293	33,363,583,818	188,473,185	77,875,471	(110,597,714)
>= \$30	65,752	133,354	3,870,837	3,572,959	94,054	(3,478,905)
< \$30	150,943	157,077	2,975,589	2,119,729	46,298	(2,073,431)
Zero	4,035	40,263	5,650	-	145	145
2022	3,716,200	4,677,355	42,212,340,397	201,597,199	82,217,697	(119,379,502)
Full \$45	3,508,210	4,363,778	42,205,993,803	196,370,010	82,103,494	(114,266,516)
>= \$30	61,652	120,590	3,524,857	3,233,390	70,589	(3,162,801)
< \$30	142,353	147,410	2,816,587	1,993,799	43,459	(1,950,340)
Zero	3,985	45,577	5,150	-	155	155
2023	3,875,394	4,869,566	45,717,538,193	210,464,983	85,835,832	(124,629,151)
Full \$45	3,670,189	4,558,422	45,711,122,437	205,128,990	85,721,353	(119,407,637)
>= \$30	61,209	121,595	3,653,465	3,365,563	71,570	(3,293,993)
< \$30	139,811	143,505	2,755,570	1,970,430	42,680	(1,927,750)
Zero	4,185	46,044	6,721	-	229	229

Donations to Education by Current Collection Allowance

	<i>Returns</i>	<i>Locations</i>	<i>Tax Due</i>	<i>First 45 CA</i>	<i>Current CA</i>	<i>Impact</i>
2016	59,052	64,505	231,729,232	3,525,782	804,217	2,721,565
Extra	-	-	-	-	-	-
Capped	13,727	14,283	180,494,649	856,980	428,490	428,490
Partial	45,325	50,222	51,234,582	2,668,802	375,727	2,293,075
Zero	-	-	-	-	-	-
2017	74,016	79,968	270,700,041	4,307,429	959,600	3,347,830
Extra	-	-	-	-	-	-
Capped	16,290	17,282	237,416,518	1,036,920	518,460	518,460
Partial	57,726	62,686	33,283,523	3,270,509	441,140	2,829,370
Zero	-	-	-	-	-	-
2018	79,201	85,474	278,778,536	4,564,062	1,011,944	3,552,119
Extra	-	-	-	-	-	-
Capped	17,581	18,556	248,102,725	1,113,360	556,680	556,680
Partial	61,620	66,918	30,675,811	3,450,702	455,264	2,995,439
Zero	-	-	-	-	-	-
2019	84,972	91,602	318,964,857	4,942,581	1,111,421	3,831,159
Extra	-	-	-	-	-	-
Capped	19,050	19,821	254,064,574	1,189,237	594,630	594,607
Partial	65,922	71,781	64,900,283	3,753,344	516,791	3,236,553
Zero	-	-	-	-	-	-
2020	85,583	92,617	372,708,919	4,972,377	1,119,000	3,853,377
Extra	-	-	-	-	-	-
Capped	18,916	19,465	246,196,208	1,167,900	583,950	583,950
Partial	66,667	73,152	126,512,710	3,804,477	535,050	3,269,427
Zero	-	-	-	-	-	-
2021	91,875	98,436	403,819,090	5,280,377	1,200,030	4,080,346
Extra	-	-	-	-	-	-
Capped	21,163	21,302	252,891,801	1,278,117	639,060	639,057
Partial	70,712	77,134	150,927,289	4,002,259	560,970	3,441,289
Zero	-	-	-	-	-	-
2022	97,295	105,731	500,093,675	5,688,440	1,348,893	4,339,548
Extra	-	-	-	-	-	-
Capped	24,541	24,641	319,171,679	1,478,460	739,230	739,230
Partial	72,754	81,090	180,921,996	4,209,980	609,663	3,600,317
Zero	-	-	-	-	-	-
2023	99,131	109,030	463,023,165	5,947,718	1,432,380	4,515,338
Extra	-	-	-	-	-	-
Capped	25,988	26,152	306,789,588	1,569,120	784,560	784,560
Partial	73,143	82,878	156,233,577	4,378,598	647,820	3,730,778
Zero	-	-	-	-	-	-

Donations to Education by Proposed Collection Allowance

	<i>Returns</i>	<i>Locations</i>	<i>Tax Due</i>	<i>First 45 CA</i>	<i>Current CA</i>	<i>Impact</i>
2016	59,052	64,505	231,729,232	3,525,782	804,217	2,721,565
Full \$45	49,467	54,676	231,453,321	3,250,645	797,319	2,453,326
>= \$30	4,503	4,614	200,665	200,137	5,015	195,121
< \$30	5,082	5,215	75,246	75,000	1,883	73,117
Zero	-	-	-	-	-	-
2017	74,016	79,968	270,700,041	4,307,429	959,600	3,347,830
Full \$45	60,843	66,525	270,336,691	3,945,152	950,524	2,994,628
>= \$30	5,793	5,869	257,343	256,735	6,421	250,315
< \$30	7,380	7,574	106,007	105,542	2,655	102,887
Zero	-	-	-	-	-	-
2018	79,201	85,474	278,778,536	4,564,062	1,011,944	3,552,119
Full \$45	65,352	71,355	278,394,310	4,181,024	1,002,333	3,178,691
>= \$30	6,197	6,439	274,321	273,747	6,859	266,889
< \$30	7,652	7,680	109,905	109,290	2,752	106,538
Zero	-	-	-	-	-	-
2019	84,972	91,602	318,964,857	4,942,581	1,111,421	3,831,159
Full \$45	70,279	76,819	318,562,153	4,540,935	1,101,340	3,439,595
>= \$30	6,445	6,491	284,334	284,051	7,124	276,927
< \$30	8,248	8,292	118,370	117,594	2,957	114,637
Zero	-	-	-	-	-	-
2020	85,583	92,617	372,708,919	4,972,377	1,119,000	3,853,377
Full \$45	70,203	77,204	372,294,455	4,559,831	1,108,642	3,451,188
>= \$30	6,503	6,514	288,421	287,700	7,210	280,490
< \$30	8,877	8,899	126,043	124,846	3,148	121,699
Zero	-	-	-	-	-	-
2021	91,876	98,437	403,821,483	5,280,437	1,200,082	4,080,354
Full \$45	75,937	82,412	403,394,941	4,854,859	1,189,279	3,665,580
>= \$30	6,748	6,790	298,655	298,241	7,521	290,720
< \$30	9,191	9,235	127,887	127,336	3,282	124,054
Zero	-	-	-	-	-	-
2022	97,295	105,731	500,093,675	5,688,440	1,348,893	4,339,548
Full \$45	82,330	90,512	499,692,687	5,288,660	1,338,874	3,949,786
>= \$30	6,236	6,323	277,374	276,830	6,923	269,907
< \$30	8,729	8,896	123,614	122,951	3,096	119,855
Zero	-	-	-	-	-	-
2023	99,131	109,030	463,023,165	5,947,718	1,432,380	4,515,338
Full \$45	85,277	95,032	462,645,518	5,572,092	1,422,930	4,149,162
>= \$30	5,967	6,019	265,689	265,099	6,641	258,457
< \$30	7,887	7,979	111,958	110,527	2,809	107,719
Zero	-	-	-	-	-	-

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Policy Premium Deduction and Insurer Credit

Bill Number(s): CS/HB 7073 Section 25

☐ **Entire Bill**

☒ **Partial Bill:** Section 25

Sponsor(s): N/A

Month/Year Impact Begins: July 2025

Date(s) Conference Reviewed: February 21st, 2024
February 23rd, 2024

Section 1: Narrative

- a. **Current Law:** Residential homestead property insurance premiums are taxed at the 1.75% rate with no available deduction programs.
- b. **Proposed Change:** Mandates a 1.75% reduction in premiums on property insurance covering residential properties with a homestead exemption, so long as the policy provides coverage for 12-months and has an effective date between October 1 2024 and September 30 2025. Creates a credit that can be claimed against Insurance Premium Tax liability equivalent to the value of the deductions given. Credit is allowed to be carried forward up to five years.

Section 2: Description of Data and Sources

DOR Return Data

January 2024 General Revenue Estimating Conference

Section 3: Methodology (Include Assumptions and Attach Details)

Part 1 – The Direct Measurement

Homeowners Property Insurance is measurable on the DR-908 in Schedule X, Lines 1, 7, and 9 (Fire – Residential, Residential Allied Lines, and Homeowners Multiple Peril). The total premiums value reported on these lines are multiplied by the Homestead Improvement Share of Single-Family Improvements to estimate the property insurance premiums on homesteaded properties.

The tax on estimated homestead premiums is computed as 1.75% of the estimates. CY22 tax estimate is grown through CY26 at the Schedule X and P&C Growth rates underlying the growth rates adopted at the January 2024 General Revenue Estimating Conference. Due to the cross-year split in the deduction window, 25% of the CY25 value and 75% of the CY26 value are taken as the final numbers in Part 1.

Part 2 – Carryforward

Using DOR Return Data, estimates were constructed to show how much credit would be unable to be claimed in the first year due to insufficient premium tax liability. These values would be eligible for the five-year carry-forward. As only 25% of the annual premiums in CY24 and 75% of the annual premiums in CY25 would be eligible for the deduction and credit, return level calculation was used to determine whether filers would be able to claim enough credit to maintain a carryforward. Microsimulation results show measurable levels of potential carryforward in both years. These years are grown independently to their respective year-0 by the same growth rates used above.

Part 3 – Carryforward Application and Impact

Return simulations show that the median carryforward period would be 1 year, though it is skewed towards the higher end. The initial assumptions in the impact are for a 2-year carryforward, with 75% of the available carryforward being used in the first year, and the remaining 25% used the following year. This results in a final impact spread over four fiscal years.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			(\$44.5) M			
2025-26			(\$90.7) M			
2026-27			(\$79.6) M			
2027-28			(\$25.4) M			
2028-29						

Revenue Distribution: Insurance Premium Tax

REVENUE ESTIMATING CONFERENCE

Revenue Source: Insurance Premium Tax

Issue: Policy Premium Deduction and Insurer Credit

Bill Number(s): CS/HB 7073 Section 25

Section 5: Consensus Estimate (Adopted: 02/23/2024) The Conference adopted the proposed estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(44.5)	0.0	0.0	0.0	0.0	0.0	(44.5)	0.0
2025-26	(90.7)	0.0	0.0	0.0	0.0	0.0	(90.7)	0.0
2026-27	(79.6)	0.0	0.0	0.0	0.0	0.0	(79.6)	0.0
2027-28	(25.4)	0.0	0.0	0.0	0.0	0.0	(25.4)	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	A	B	C	D	E	F	G
1	Direct Return Measurement - No Carryforward						
2	DR-908 Schedule X Lines 1, 7, and 9		Homestead Improvement Share of Residential Improvements	Homestead Share Premiums	Tax @ 1.75%		
3	CY	Total Premiums					
4	2022	16,520,259,769	73.8%	12,198,559,814	213,474,797		
6							
7				Direct Impact - No Carryforward			
8	Schedule X Growth		Calendar Year	Total	Cash		
9	CY23	18.5%	CY23	(213.5)			
10	CY24	8.4%	CY24	(231.4)	(57.9)		
11	CY25	5.1%	CY25	(243.2)	(182.4)		
12							
13	Direct Return Measurement - Carryforward Potential						
14		Carryover Window	25%	75%			
15		CY22	10,378,426	75,342,244			
16		CY23	12,298,435	89,280,559	Carryforward		
17		CY24	13,331,504	96,780,126	13.3		
18		CY25		101,715,912	101.7		
19							
20	Carryforward Breakout and Final Impact						
21	Carryforward Pattern			CY24 Carryforward	CY25 Carryforward	Total	
22	Year 1	75%	CY24	-	-	-	
23	Year 2	25%	CY25	(10.0)	-	(10.0)	
24	Year 3	0%	CY26	(3.3)	(76.3)	(79.6)	
25	Year 4	0%	CY27	-	(25.4)	(25.4)	
26	Year 5	0%	CY28	-	-	-	
27							
28			Direct Impact	Credit Overage	Carryforward Used	Total	
29		CY24	(57.9)	13.3	-	(44.5)	
30		CY25	(182.4)	101.7	(10.0)	(90.7)	
31		CY26	-	-	(79.6)	(79.6)	
32		CY27	-	-	(25.4)	(25.4)	
33		CY28	-	-	-	-	
34							
35				Impact			
36				Fiscal Year	Cash		
37				FY 2024-25	(44.5)		
38				FY 2025-26	(90.7)		
39				FY 2026-27	(79.6)		
40				FY 2027-28	(25.4)		
41				FY 2028-29	-		
42				Total	(240.3)		