REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax
Issue: Sourcing Option for Single Sales Factor Taxpayers
Bill Number(s): Proposed Language

☒ **Entire Bill**
☐ **Partial Bill**:
Sponsor(s): n/a
Month/Year Impact Begins: January 1, 2026
Date(s) Conference Reviewed: 04/04/2025

Section 1: Narrative

a. **Current Law**: Under current law there is no intangible property or service statute under single sales factor taxpayers.

b. **Proposed Change**: "a taxpayer may elect to determine their income producing activity from the sale of intangible personal property or services using either the location of the taxpayer's customer or the location from which the taxpayer incurs the greatest proportion of their cost of performance, as determined under generally accepted accounting principles."

Section 2: Description of Data and Sources
CIT tax data
GR CIT growth rates

Section 3: Methodology (Include Assumptions and Attach Details)
The new language would allow single sales factor taxpayers with a majority of services outside the state to use the location which incurs the greatest proportion of their cost of performance. For the impact we estimated the proportion of single sales factor corporations where the cost of performance would be greater outside Florida and applies that to the total CIT liability to get us to a 0.38% proportion. The middle estimate uses that 0.38% proportion while the high uses 0.43% and the low 0.33%. there is a further cut from the estimate to represent the percentage of sales that would be TPP and thus not included in this language. The impact begins January 1st 2026 causing only a partial impact for 2025-26.

Section 4: Proposed Revenue Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26	$(10.2)	$(20.4)	$(9.0)	$(18.0)	$(7.8)	$(15.6)
2026-27	$(20.7)	$(20.7)	$(18.3)	$(18.3)	$(15.9)	$(15.9)
2027-28	$(21.1)	$(21.1)	$(18.7)	$(18.7)	$(16.2)	$(16.2)
2028-29	$(21.6)	$(21.6)	$(19.1)	$(19.1)	$(16.6)	$(16.6)
2029-30	$(22.1)	$(22.1)	$(19.5)	$(19.5)	$(16.9)	$(16.9)

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 04/04/2025) The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26	(9.0)	(18.0)	0.0	0.0	0.0	0.0	(9.0)	(18.0)
2026-27	(18.3)	(18.3)	0.0	0.0	0.0	0.0	(18.3)	(18.3)
2027-28	(18.7)	(18.7)	0.0	0.0	0.0	0.0	(18.7)	(18.7)
2028-29	(19.1)	(19.1)	0.0	0.0	0.0	0.0	(19.1)	(19.1)
2029-30	(19.5)	(19.5)	0.0	0.0	0.0	0.0	(19.5)	(19.5)

FY	CIT total liability
2022-23	$ 5,484,603,535
2023-24	$ 5,978,217,853
2024-25	$ 5,876,588,149
2025-26	$ 5,923,600,854
2026-27	$ 6,012,454,867
2027-28	$ 6,138,716,419
2028-29	$ 6,273,768,181
2028-30	$ 6,411,791,081

Proportion of CIT liability attributed to single sales factor services
0.38%

CIT growth rates	
23-24	9.0%
24-25	-1.7%
25-26	0.8%
26-27	1.5%
27-28	2.1%
28-29	2.2%
29-30	2.2%

Proportion of CIT		
High	Middle	Low
0.43%	0.38%	0.33%

Percentage of taxdue atrributed to services

80%

Impact	High	Middle	Low
2025-26	$ 10.2	$ 9.0	$ 7.8
2026-27	$ 20.7	$ 18.3	$ 15.9
2027-28	$ 21.1	$ 18.7	$ 16.2
2028-29	$ 21.6	$ 19.1	$ 16.6
2029-30	$ 22.1	$ 19.5	$ 16.9