

2002  
FLORIDA TAX HANDBOOK  
Including  
Fiscal Impact of Potential Changes



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## N O T E

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

It should also be noted that estimates presented in the analysis reflect an annual collection period for fiscal year 2002-03. **The estimates presented in this book represent what the revenue impact would be if the proposed tax law change were in effect for the entire year. Normal delays caused by effective dates as well as collection and implementation lags will reduce the actual revenue impact in the first year.** To the extent that tax law changes may only affect revenues for part of a year, these estimates will have to be adjusted. In addition, these estimates make no adjustments for the changes in quantity demanded resulting from changes in the tax rate nor do these estimates reflect potential losses due to tax avoidance behavior or unusual compliance and enforcement problems.





## FOREWORD

The staffs of the Senate Finance and Taxation Committee, the House Committee on Fiscal Policy and Resources, the Office of Economic and Demographic Research, and the Office of Research and Analysis of the Department of Revenue are pleased to provide the 2002 edition of the Florida Tax Handbook including Fiscal Impact of Potential Changes. The Handbook reviews Florida state finances, provides statutory and administering authority for all specific revenue sources, together with a review of tax collections and disposition. Base and rate information and a brief history of sources are provided. The Handbook also gives current revenue estimates, and provides a comprehensive and systematic look at the revenue potential of selected alternative tax sources. This information can be used to analyze the revenue effects of proposals for tax relief, tax increases, dealer allowances, changes in exemptions or alterations to the mix of the existing tax structure.

The study is divided into seven sections.

Section I presents an overview of Florida state finances.

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

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

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

Section V discusses various issues which may be of possible interest for the 2002 session.

Section VI discusses major pending litigation which may affect Florida's tax revenues during the next fiscal year.

Section VII provides Governmental Internet Data Sources

If further information is desired, you may contact the staff of: the Senate Finance and Taxation, Room 207, the Capitol, (850) 487-5920; the House Committee on Fiscal Policy and Resources, Room 223, the Capitol, (850) 488-1601; the Office of Economic and Demographic Research, Room 576, Claude Pepper Building, (850) 487-1402; or the Department of Revenue, Office of Research and Analysis, Room 235, Carlton Building, (850) 488-2900, Tallahassee, Florida.

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



**FLORIDA STATE FINANCES**



## FLORIDA STATE TREASURY FUNDS

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

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

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

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

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

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

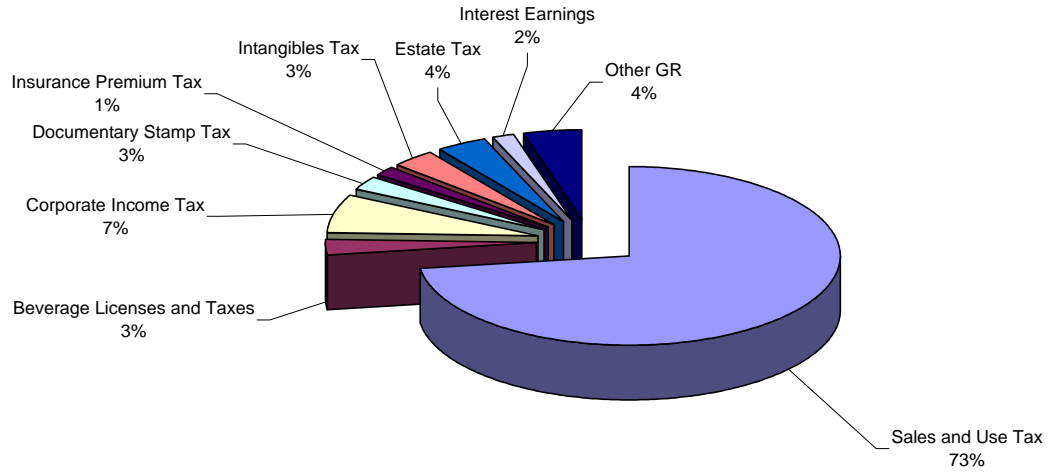
4. The Budget Stabilization Fund must be maintained at not less than 5% of the previous year's General Revenue Collections. Moneys in the fund may only be used to cover revenue shortfalls in the General Revenue Fund and for emergencies as defined by law. Expenditures from the fund must be restored in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

Constitution of Florida: Article III, Section 19.

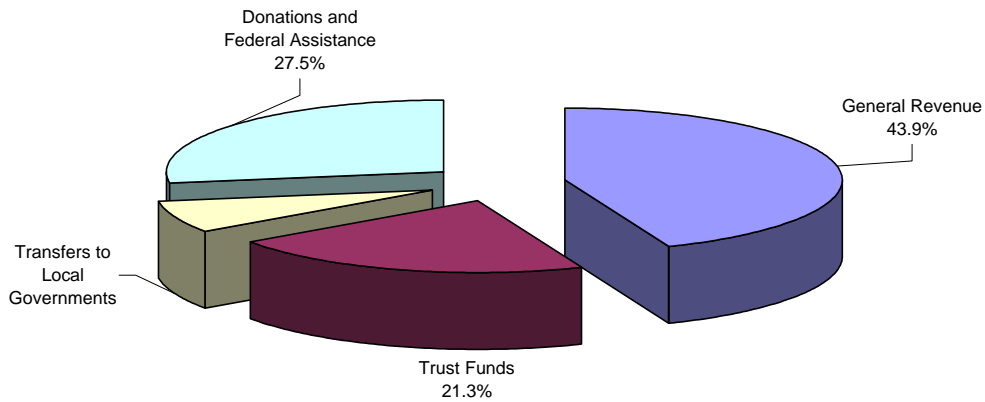
Florida Statutes: Sections 216.222; 215.32; 215.31; 215.18; 215.20; 215.22; 201.15.

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

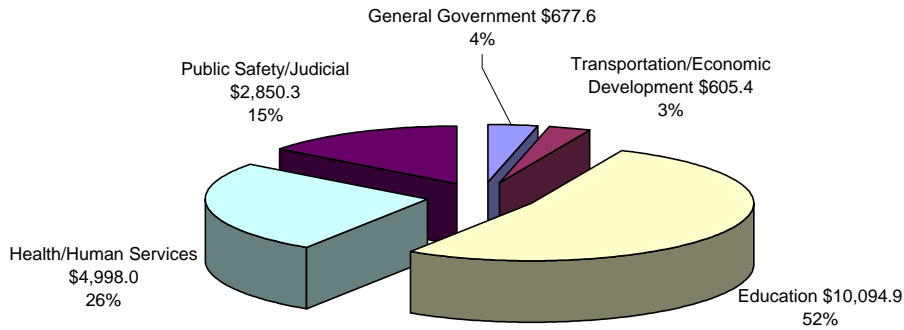
**Sources of General Revenue 2000-2001**  
**\$19,159.7 Billion**



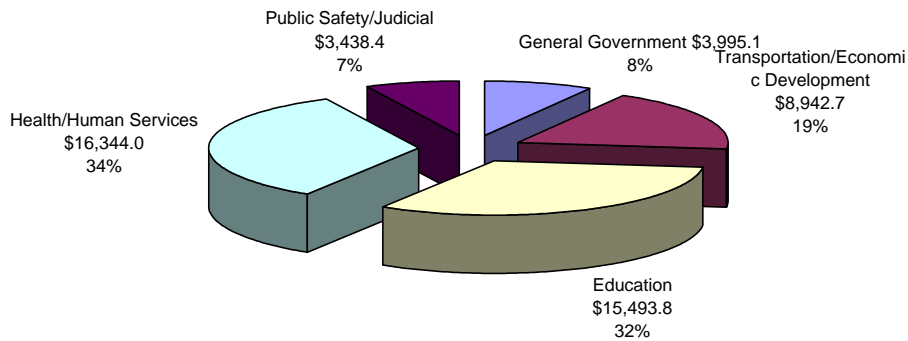
**Categories of State Revenue 2000-2001**  
**\$43,607.8 Billion**



**General Revenue Appropriations  
2001-02  
\$ 19,226.2 Millions**



**Total Appropriations All Funds  
2001-2002  
\$ 48,214 Millions**





**TOTAL DIRECT REVENUE IN ALL FUNDS BY TYPE AND PRINCIPLE SOURCE, 1996-97 to 2000-01**

(Millions of Dollars)

	1996-97		1997-98		1998-99		1999-00		2000-01	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>FROM OWN SOURCES:</b>										
Sales and Use Tax	12,088.8	45.4%	12,974.7	45.3%	13,917.7	46.0%	15,076.9	48.3%	15,802.6	49.2%
Motor & Special Fuel Taxes	1,434.8	5.4%	1,505.1	5.3%	1,599.7	5.3%	1,663.2	5.3%	1,738.4	5.4%
Corporation Income Tax	1,362.3	5.1%	1,395.7	4.9%	1,472.2	4.9%	1,406.5	4.5%	1,344.8	4.2%
Documentary Stamp Tax	844.2	3.2%	1,045.4	3.7%	1,185.1	3.9%	1,223.5	3.9%	1,313.2	4.1%
Intangibles Tax	952.4	3.6%	1,184.5	4.1%	1,210.0	4.0%	994.7	3.2%	717.3	2.2%
Beverage Licenses and Tax	443.7	1.7%	594.4	2.1%	605.4	2.0%	604.6	1.9%	575.3	1.8%
Cigarette and Tobacco Products Tax	460.5	1.7%	468.1	1.6%	453.3	1.5%	443.1	1.4%	442.8	1.4%
Motor Veh. & Mobile Home Annual Reg.	581.5	2.2%	483.9	1.7%	492.3	1.6%	523.8	1.7%	535.9	1.7%
All Others	8,432.1	31.7%	8,966.1	31.3%	9,308.6	30.8%	9,305.7	29.8%	9,640.1	30.0%
<b>TOTAL - OWN SOURCES</b>	<b>26,600.3</b>	<b>100.0%</b>	<b>28,617.9</b>	<b>100.0%</b>	<b>30,244.3</b>	<b>100.0%</b>	<b>31,242.0</b>	<b>100.0%</b>	<b>32,110.4</b>	<b>100.0%</b>
<b>FROM GRANTS &amp; AIDS:</b>										
Federal Aid	7,938.5	96.5%	8,117.1	96.2%	9,004.7	96.3%	10,140.1	96.3%	11,527.2	96.3%
Local Aid	67.2	0.8%	77.1	0.9%	78.1	0.8%	76.8	0.7%	85.8	0.7%
Other	222.2	2.7%	246.5	2.9%	268.3	2.9%	309.5	2.9%	358.9	3.0%
<b>TOTAL GRANTS &amp; AIDS</b>	<b>8,227.9</b>	<b>100.0%</b>	<b>8,440.7</b>	<b>100.0%</b>	<b>9,351.1</b>	<b>100.0%</b>	<b>10,526.4</b>	<b>100.0%</b>	<b>11,971.9</b>	<b>100.0%</b>
<b>TOTAL DIRECT REVENUE</b>	<b>34,828.2</b>		<b>37,058.6</b>		<b>39,595.4</b>		<b>41,768.4</b>		<b>44,082.3</b>	
<b>SUMMARY:</b>										
From Own Sources	\$26,600.3	76.4%	\$28,617.9	77.2%	\$30,244.3	76.4%	\$31,242.0	74.8%	\$32,110.4	72.8%
From Grants & Aids	\$8,227.9	23.6%	\$8,440.7	22.8%	\$9,351.1	23.6%	\$10,526.4	25.2%	\$11,971.9	27.2%
<b>TOTAL DIRECT REVENUE</b>	<b>\$34,828.2</b>	<b>100.0%</b>	<b>\$37,058.6</b>	<b>100.0%</b>	<b>\$39,595.4</b>	<b>100.0%</b>	<b>\$41,768.4</b>	<b>100.0%</b>	<b>\$44,082.3</b>	<b>100.0%</b>

Source: Florida Consensus Estimating Conference, Book 2, Revenue Analysis, Volume II, Summer 2001.

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

**TOTAL DIRECT REVENUE, 1997-98 to 2000-01**

(Thousands of Dollars)

REVENUE SOURCE	1997-98		1998-99		1999-00		2000-01		PER CAPITA*** 2000-01 (dollars)	
	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust
Auto Title & Lien	24,015	81,683	24,268	86,405	30,298	86,060	28,555	96,366	1.75	5.90
Beverage Licenses	--	16,769	--	17,016	--	16,910	--	18,524	--	1.13
Beverage Tax	550,056	18,472	562,053	18,872	556,558	19,213	523,273	21,275	32.04	1.30
Citrus Tax	--	65,343	--	54,114	--	65,387	--	60,533	--	3.71
Corp. Fees	101,843	17,637	95,445	27,044	99,900	22,579	107,454	23,480	6.58	1.44
Corp. Income	1,395,653	--	1,472,188	--	1,406,450	--	1,344,836	--	82.34	--
Documentary Stamp	429,577	615,804	479,924	705,215	452,161	771,306	479,181	834,344	29.34	51.09
Drivers Licenses	61,293	54,957	62,266	57,238	63,627	56,433	63,076	66,909	3.86	4.10
Dry Cleaning Tax	--	8,841	--	9,368	--	10,197	--	11,099	--	0.68
Estate Tax	595,029	--	694,057	--	778,660	--	767,138	--	46.97	--
Gross Receipts Utilities Tax	--	593,390	--	639,275	--	669,185	--	722,914	--	44.26
Health Care Assessment	--	271,901	--	248,130	--	276,040	--	256,252	--	15.69
Hotels & Restaurants Licenses	--	18,057	--	18,595	--	9,096	--	19,662	--	1.20
Hunting & Fishing Licenses	--	23,975	--	26,420	--	27,236	--	27,960	--	1.71
Inspection Licenses	--	35,101	--	35,760	--	36,269	--	33,973	--	2.08
Insurance Licenses	--	36,651	--	32,506	--	35,825	--	36,966	--	2.26
Insurance Premium	295,481	108,403	257,910	121,126	285,202	107,747	283,084	126,064	17.33	7.72
Intangibles Tax	755,965	428,557	751,188	458,802	578,458	416,204	660,765	56,550	40.46	3.46
Interest	217,874	531,018	215,529	572,501	230,794	459,519	300,556	639,677	18.40	39.17
Intergovt. Aid	--	9,513,610	--	10,781,467	--	12,058,931	--	13,691,173	--	838.32
Lottery	--	801,685	--	807,227	--	908,353	--	907,157	--	55.55
Motorboat Licenses	--	13,965	--	12,776	--	17,947	--	13,471	--	0.82
Motor & Diesel Fuel*	--	1,516,805	--	1,612,721	--	1,673,407	--	1,742,096	--	106.67
Motor Vehicle Initial Reg. Fees	34,884	76,872	35,292	77,351	83,364	37,422	90,885	43,772	5.56	2.68
Motor Veh. & Mobile Home Licenses	841	540,466	823	538,241	821	581,190	849	496,827	0.05	30.42
Oil & Gas Production	5,348	1,852	3,135	765	4,500	1,800	6,200	2,100	0.38	0.13
Pari-mutuel	25,800	44,500	14,000	46,500	11,000	46,400	16,300	18,400	1.00	1.13

**TOTAL DIRECT REVENUE, 1997-98 to 2000-01**

(Thousands of Dollars)

REVENUE SOURCE	1997-98		1998-99		1999-00		2000-01		PER CAPITA*** 2000-01 (dollars)	
	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust	Gen. Rev.	Trust
Pollutant	--	219,170	--	231,840	--	237,411	--	242,505	--	14.85
Prof. & Occup. Licenses & Fees	--	38,448	--	45,459	--	38,379	--	43,166	--	2.64
Refunds**	(204,600)	--	(321,900)	--	(362,200)	--	(339,900)	--	--	--
Sales & Use Tax	11,828,746	1,146,379	12,588,449	1,206,124	13,799,477	1,134,331	13,945,130	1,350,406	853.87	82.69
Securities Fees	8,213	--	8,829	--	8,429	--	11,651	--	0.71	--
Service Charges	383,802	(383,802)	401,505	(401,505)	409,713	(409,713)	364,724	(364,724)	22.33	--
Solid Minerals Severance	29,421	32,879	29,970	33,130	22,650	27,950	15,165	23,835	0.93	1.46
Tobacco Tax	142,098	347,083	132,569	320,687	125,349	317,752	273,481	169,295	16.75	10.37
Unemployment Comp.	--	518,600	--	503,662	--	475,700	--	472,276	--	28.92
Workers' Comp. Tax	--	211,312	--	203,461	--	231,858	--	272,471	--	16.68
Misc. Sources	--	2,892,461	--	3,048,598	--	2,804,876	--	2,823,726	--	172.90
<b>TOTAL DIRECT REVENUE (NET)</b>	<b>16,681,339</b>	<b>20,377,161</b>	<b>17,507,500</b>	<b>22,110,486</b>	<b>18,585,211</b>	<b>23,183,140</b>	<b>19,178,109</b>	<b>24,904,134</b>	<b>1174.28</b>	<b>1524.89</b>
% of Total: General Revenue and Trust	45%	55%	44%	56%	44%	56%	44%	56%		
<b>TOTAL-ALL FUNDS</b>	<b>37,058,500</b>		<b>39,617,986</b>		<b>41,768,351</b>		<b>44,082,243</b>			
Annual Change	6.30%		6.91%		5.43%		5.54%			

\* Motor & Diesel Fuel tax figures include the following collection allowances: \$2,829,840 in 1997-98, \$3,973,470 in 1998-99, \$3,116,460 in 1999-00, and \$3,244,868

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

\*\*\* Per capita amounts for 2000-01, were computed based on the April 1, 2001 population estimate of 16,331,739 as published by the Bureau of Economic and Business of the University of Florida.

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

## RESERVE FUNDS

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

### **Working Capital Fund:**

The Working Capital Fund is established pursuant to s. 215.32, F.S. It is statutorily created and not required by the Constitution. The Working Capital Fund (WCF) accrues from moneys in the General Revenue Fund in excess of the amount needed to meet General Revenue Fund appropriations. The WCF cannot exceed 10% of the preceding fiscal year's net General Revenue Fund collections. The Governor is required to transfer to the WCF moneys in the General Revenue Fund in excess of the amount needed to meet appropriations for that year. No minimum is required for the WCF.

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

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

### **Budget Stabilization Fund:**

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

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

**RESERVE FUNDS**

(Continued)

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

**WORKING CAPITAL FUND**

Fiscal Year	July 1 Balance	Transfers into Fund	Interest Credited	Disbursements	June 30 Balance
2000-01	\$819,131,722	\$11,707,239	-0-	\$537,497,548	\$293,341,413
1999-00	541,108,750	322,211,455	-0-	44,188,483	819,131,722
1998-99	355,475,171	216,800,000	14,501,263	45,667,684	541,108,750
1997-98	193,670,000	150,700,000	16,914,019	5,808,858	355,475,171
1996-97	150,396,891	40,125,817	9,751,430	6,604,128	193,670,010

**BUDGET STABILIZATION FUND**

Fiscal Year	July 1 Balance	Transfers into Fund	Disbursements	June 30 Balance
2002-03e	\$940,890,000	\$18,010,000	-0-	\$958,900,000
2001-02	893,990,000	46,900,000	-0-	940,890,000
2000-01	846,990,000	47,000,000	-0-	893,990,000
1999-00	786,890,000	61,100,000	-0-	846,990,000
1998-99	685,990,000	100,900,000	-0-	786,890,000
1997-98*	409,390,000	276,600,000	-0-	685,990,000
1996-97	260,790,000	148,600,000	-0-	409,390,000

Transfer to BSF is greater than constitutionally mandated.

## CONSENSUS ESTIMATING PROCESS

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

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

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

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

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

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

Revenue Estimates -- Revenue estimating in Florida is carried on as part of the state's overall consensus estimating process described in the previous section. The principals of the revenue estimating conference are the staff director of the Senate Finance and Taxation Committee, the staff director of the House Fiscal Policy and Resources and Taxation Committee, and the coordinator of the Office of Economic and Demographic Research, and a representative of the Executive Office of the Governor.

## CONSENSUS ESTIMATING PROCESS

(Continued)

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

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

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

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

## SUMMARY OF THE CONSTITUTIONAL STATE REVENUE LIMITATION

In November 1994, the voters approved a constitutional amendment to limit state revenues. This amendment was placed before the voters by act of the Legislature (HJR 2053). It is a limit on the *rate of growth* in state revenues. The amendment limits the growth in state revenues to no more than the growth rate in Florida personal income. If more revenue is collected than is permitted by this limit, it may not be spent, but must be deposited in the Budget Stabilization Fund unless the Legislature, by two-thirds vote of both houses, decides to do otherwise. In any year, the revenue limit is determined by multiplying the average annual growth rate in Florida personal income over the previous five years by the *maximum* amount of revenue permitted under the cap in the previous year.

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

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

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

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

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





**STATE REVENUE SOURCES**



## AUTO TITLE AND LIEN FEES

Florida Statutes: Chapter 319

Administered by: Department of Highway Safety and Motor Vehicles

Fiscal Year	Total Collections	Annual Change %	General Revenue	State Transportation Trust Fund **	Non-game Wildlife Trust Fund
2002-03*	\$129,000,000	-4.91	\$29,700,000	\$96,900,000	\$2,400,000
2001-02*	118,800,000	-4.91	27,400,000	89,200,000	2,200,000
2000-01	124,921,966	7.36	28,555,377	94,005,194	2,361,395
1999-00	116,359,060	5.14	30,298,211	83,869,389	2,191,460
1998-99	110,673,184	4.71	24,268,036	84,225,826	2,179,322
1997-98	105,697,371	1.55	24,015,114	79,503,633	2,178,624
1996-97	104,083,125	1.59	24,729,324	77,334,959	2,018,842

\* Est.

\*\* These figures represent net numbers, less the following service charges: 1996-97 - \$5,821,784 million; 1997-98 -\$5,991,180 million; 1998-99 - \$6,172,616 million; and 1999-00 - \$6,208,586 million. Effective July 1, 2000, the 7 percent General Revenue Service charge was eliminated.

### SUMMARY

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

### DISPOSITION

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

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

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

### BASE AND RATE

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

**AUTO TITLE AND LIEN FEES  
(Continued)**

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

**HISTORY**

In 1923, Florida passed an act to protect the title of motor vehicles within the state. The act provided for the issuance and registration of certificates of ownership. The motor vehicle title law was revised in 1941 and fees were imposed for the first time. Fees were increased in 1947 and 1967. In 1990 the fee for each original certificate of title and each duplicate copy of a certificate of title on all motor vehicles except those for hire, was increased from \$3 to \$24. The \$21 increase is for deposit into the State Transportation Trust Fund. Chapter 98-397, Laws of Florida, requires the Department of Highway Safety and Motor Vehicles to charge a fee of \$7.00 for each lien placed on a motor vehicle by the state child support enforcement program for deposit into the General Revenue Fund. Effective July 1, 2000, ch. 2000-257, Laws of Florida, eliminated the 7 percent General Revenue Service Charge on the \$24 original certificate of title fee and each duplicate copy fee, which increases the distribution to the State Transportation Trust Fund.

**OTHER STATES**

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

**VALUE OF RATE CHANGE AND EXEMPTIONS**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of \$1 on all titles issued	\$5.4
 <u>VALUE OF EXEMPTIONS</u>	
\$21 exemption/for-hire vehicles	19.9
\$22 exemption/salvage certificate of title	1.8

## BEVERAGE LICENSES

Florida Statutes: Chapters 561 to 568

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

### Distributions

Fiscal Year	Collections	Annual Change %	Cities	Counties	Trust Fund
2002-03*	\$30,700,000	0.99	\$5,800,000	\$5,800,000,	\$19,100,000
2001-02*	30,400,000	2.13	5,700,000	5,700,000	19,000,000
2000-01	29,766,257	7.04	5,625,069	5,616,885	18,524,305
1999-00	27,807,425	2.84	5,534,038	5,363,284	16,910,103
1998-99	27,039,467	-1.11	5,034,382	4,988,893	17,016,192
1997-98	27,069,802	-1.78	5,384,593	4,915,939	16,769,270
1996-97	27,559,057	.36	4,034,817	4,545,124	18,979,115

\*Est.

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

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

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

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

## BEVERAGE LICENSE

(Continued)

### HISTORY

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

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

### OTHER STATES

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

## BEVERAGE TAX

Florida Statutes: Chapters 561 to 568

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

Fiscal Year	Total Collections	Annual Change %	Excise Tax	On-Premise Consumption Surcharge **
2002-03*	\$555,800,000	1.53	\$510,500,000	\$45,300,000
2001-02*	547,400,000	-0.35	503,000,000	44,400,000
2000-01	545,487,831	-5.16	497,483,688	48,004,143
1999-00	575,169,581	-0.28	487,776,151	87,393,430
1998-99	576,761,809	1.98	466,337,924	110,423,885
1997-98	565,580,766	2.12	457,879,601	107,701,165
1996-97	553,853,015	2.16	447,210,335	106,642,680

### EXCISE TAXES

### BEVERAGE TAX DISTRIBUTIONS

Fiscal Year	Spirits(a)	Wine(a)	Beer(a)	General Revenue	CASA*** Trust Fund	Alcoholic Beverage and Tobacco Trust Fund
2002-03*	\$169,900,000	\$100,800,000	\$239,800,000	\$534,800,000	\$11,500,000	\$9,500,000
2001-02*	166,800,000	98,300,000	237,900,000	525,300,000	11,200,000	9,300,000
2000-01	165,013,736	95,854,079	236,616,036	523,272,736	12,041,812	9,233,348
1999-00	160,613,194	83,707,159	243,462,504	556,557,515	10,167,930	9,044,950
1998-99	151,972,696	77,947,187	236,422,513	562,052,718	10,173,395	8,698,707
1997-98	150,403,747	73,380,042	234,102,790	550,055,786	9,981,783	8,490,287
1996-97	147,859,925	78,818,200	220,677,179	540,288,451	9,944,562	8,107,014

\* Est.

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

\*\*\* Children and Adolescents Substance Abuse Trust Fund.

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

### SUMMARY

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



## BEVERAGE TAX

(Continued)

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

### DISPOSITION

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

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

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

General Revenue Fund: Receives the remainder of the proceeds.

### BASE AND RATE

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

Beer distributors are allowed 2.5%; liquor distributors are allowed 1.0%, and wine distributors are allowed 1.9% dealer collection allowance.

### HISTORY

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

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

**BEVERAGE TAX**  
(Continued)

was imposed on alcoholic beverages sold for on-premise consumption, to be paid by the retail vendor. In 1997, several provisions increasing enforcement for unlawful shipments of beverages from out-of-state were passed, and the surcharge rate on cider was reduced from \$.10 per four ounce for unlawful serving to \$.06 per 12 ounce serving. In 1999, all surcharge tax rates were reduced by 1/3, and in 2000 they were reduced by 1/2

**2001 LEGISLATIVE CHANGES**

The 2001 Legislature removed the 8,12, and 16-ounce restrictions on container sizes of malt beverages sold at retail, allowing malt beverages to be sold in individual containers of any size of 32 ounces or less.

**OTHER STATES**

All states plus the District of Columbia tax the sale of alcoholic beverages. Among the states for which comparisons can be made, Florida ranks first as to wine and distilled spirits excise tax rates; Hawaii, North Carolina, and Alabama have higher excise tax rates on beer.

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1 cent per gallon levy on beer	\$ 5.0
Value of 10 cents per gallon levy on liquor	2.8
Value of 10 cents per gallon levy on wine	4.4

(Note: After collection allowances)

VALUE OF EXEMPTIONS

Beverages sold on military installations (s. 563.05, beer), (s. 564.06(8), wine), (s. 565.12(4), liquor)	9.3
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VALUE OF REFUNDS AND ALLOWANCES

Dealer allowance on wine (1.9%) (s. 564.06(6))	2.0
Dealer allowance on beer (2.5%) (s. 563.07)	6.1
Dealer allowance on liquor (1.0%) (s. 565.13)	1.7

ALTERNATIVE BASES

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

## **BEVERAGE TAX**

(Continued)

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

## CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

Florida Statutes: Chapter 210

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

Fiscal Year	Total Collections	Cigarette Tax Collections	Annual Change %	General Revenue Distribution**	Other Tobacco Products Tax Collections
2002-03*	\$435,500,000	\$410,700,000	-0.77	\$242,200,000	\$24,800,000
2001-02*	438,000,000	413,900,000	-1.28	244,300,000	24,100,000
2000-01	442,776,069	419,247,235	-0.47	249,951,903	23,528,834
1999-00	443,101,007	421,236,834	-2.63	103,485,313	21,864,173
1998-99	453,256,431	432,623,935	-3.23	111,936,743	20,632,496
1997-98	468,082,681	447,082,058	10.29	121,098,264	21,000,623
1996-97	443,692,106	424,404,810	-3.27	114,832,007	19,287,296

\* Est.

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

### SUMMARY

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

### DISPOSITION

Cigarette Tax: Seven and three-tenths percent of total collections is deducted as service charges and 0.9% to the Alcoholic Beverage and Tobacco Trust Fund. Distributions are then made as follows: 5.8% to the Municipal Financial Assistance Trust Fund (0% beginning in 2000-01), 32.4% to Municipal Revenue Sharing (0% beginning in 2000-01), 2.9% to County Revenue Sharing, 29.3% to the Public Medical Assistance Trust Fund to fund indigent health care, 2.59% to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute, and the remainder to General Revenue.

Other Tobacco Products Tax: General Revenue Fund

## CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

(Continued)

Fiscal Year	Municipal Financial Assistance Trust Fund @	Municipal Revenue Sharing @	County Revenue Sharing	Public Medical Assistance Trust Fund	General Revenue***@	H. Lee Moffitt Cancer Center & Research Institute****
2002-03*	-0-	-0-	\$10,800,000	\$109,100,000	\$271,800,000	\$10,200,000
2001-02*	-0-	-0-	10,900,000	110,000,000	274,200,000	10,200,000
2000-01	132,732	741,466	11,168,250	112,837,842	280,576,295	10,279,895
1999-00	22,265,662	124,380,593	12,054,081	112,479,981	155,876,744	10,529,317
1998-99	22,890,350	127,870,234	10,523,925	115,635,736	143,320,478	4,500,000
1997-98	23,728,714	132,553,506	11,864,357	119,870,917	153,671,434	-0-
1996-97	22,500,866	125,694,494	11,250,433	113,668,169	145,681,741	-0-

\* Est.

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

\*\*\* Includes 7.3 percent General Revenue service charge.

\*\*\*\* Effective January 1, 1999, and continuing for 10 years thereafter.

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

### BASE AND RATE

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

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

### HISTORY

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

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

## CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

(Continued)

the Legislature authorized a 10 year distribution of 2.59% to the H. Lee Moffitt Cancer Center and Research Institute, reducing the General Revenue distribution accordingly. In 2000, the distribution from cigarette tax to the Municipal Revenue Sharing Trust Fund and the Municipal Financial Assistance Trust Fund was eliminated, increasing the distribution to the General Revenue Fund.

### OTHER STATES

All states and the District of Columbia tax cigarettes at rates varying from 2.5 cents in Virginia to \$1.11 in New York. Twenty-six states and the District of Columbia currently have higher cigarette taxes than Florida.

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Cigarette Tax: Value of 1 cent per pack tax levy	\$ 12.1
Tobacco Products Tax: Value of 1% levy on currently taxed products	1.0
 <u>VALUE OF EXEMPTIONS</u>	
Cigarette Tax: Cigarettes sold at federal installations (s. 210.04(4)(a)) (Note: Title 4, Section 107 USC (Buck Act), prohibits states from levying excise taxes on cigarettes sold at federal installations)	7.5
Cigarettes sold on Indian reservations (s. 210.05(5)) (Note: The General Revenue share based on the distribution formula for cigarette excise taxes would be \$7.3 m for fiscal year 2001-02.)	11.5
Tobacco Products Tax: Cigars (s. 210.025(11))	8.3
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Dealer collection allowance (s. 210.05(3)(a)) (2% of taxes collected and due calculated on a 24 cent tax rate)	5.9
Refund for unsold products (s. 210.22)	5.1

## CITRUS TAXES

Florida Statutes: Chapter 601

Administered by: Department of Citrus

Fiscal Year	Collections	Annual Change %
2002-03*	\$59,500,000	11.45
2001-02*	53,300,000	-11.87
2000-01	60,533,481	-7.42
1999-00	65,387,143	20.33
1998-99	54,338,722	-15.61
1997-98	65,343,318	-4.82
1996-97	68,645,984	39.36

\* Est.

### SUMMARY

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

### DISPOSITION

Citrus Advertising Trust Fund

### BASE AND RATE

Fresh: grapefruit, 30.0 cents/box; oranges, 27.0 cents/box; all other varieties, 28.0 cents/box.

Processed: grapefruit, 18.0 cents/box; oranges 16.5 cents/box; imported, 16.5 cents/box; all other varieties, 16.5 cents/box.

### HISTORY

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

### OTHER STATES

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

## COMMUNICATION SERVICES TAX

Florida Statutes: Chapter 202

Administered by: Department of Revenue

Fiscal Year	Total Collections	Annual Change %
2002-03	N/A	N/A
2001-02	N/A	N/A

\* Estimates not available

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

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

### HISTORY

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



**COMMUNICATIONS SERVICES TAX**  
(Continued)

2001 LEGISLATIVE CHANGES

Chapter 2001-140, L.O.F., established the revenue-neutral tax rates for the statewide and local communication services taxes.

Exemptions

Residential telephone (not including mobile telephone) (s. 202.125)

Sales to government agencies (s.202.125)

Sales to religious or educational 501(c)(3) organizations (s. 202.125)

\$100,000 cap on taxes on incoming interstate communications services, for holders of direct-pay permits.

Internet access (s. 202.17 (3) ).

## CORPORATION FEES

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

Administered by: Department of State, Division of Corporations

Fiscal Year	Partnerships Fees	Annual Report Fees**	Corporate Fees	Miscellaneous Fees***	Total Fees	Supplemental Corp. Fees****
2002-03*	\$8,800,000	\$41,700,000	\$20,522,800	\$12,100,000	\$83,100,000	\$50,500,000
2001-02*	8,700,000	40,900,000	20,200,000	11,900,000	81,700,000	49,600,000
2000-01	8,619,449	40,742,612	20,055,005	11,843,935	81,261,000	49,672,460
1999-00	7,598,791	38,740,745	17,796,695	11,912,532	76,048,763	46,437,720
1998-99	8,916,026	38,215,958	16,998,742	12,700,799	76,831,525	45,656,213
1997-98	8,953,228	35,141,615	14,995,759	15,540,415	74,631,017	44,848,761
1996-97	8,224,739	34,387,288	13,839,327	15,551,952	72,003,306	55,238,160

Fiscal Year	Total Collections	Annual Change %	General Revenue	Annual Change %	Trust Fund	Annual Change %
2002-03*	\$133,600,060	1.81	\$109,400,000	1.77	\$24,200,000	1.98
2000-02*	131,300,000	0.26	107,500,000	0.04	23,800,000	1.24
2000-01	130,933,460	6.90	107,453,893	7.55	23,479,567	3.99
1999-00	122,486,483	0.00	99,907,080	4.68	22,579,403	-16.51
1998-99	122,487,738	2.52	95,444,225	-6.28	27,043,513	53.34
1997-98	119,479,778	-6.10	101,842,940	2.81	17,636,838	-37.41
1996-97	127,241,466	-1.13	99,061,766	-0.82	28,179,700	-2.18

\* Est.

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

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

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

### SUMMARY

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

## CORPORATION FEES

(Continued)

### DISPOSITION

Supplemental Corporate Fee: General Revenue Fund

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

### BASE AND RATE

Partnerships (ss. 620.182, 620.81055)

Limited Partnership (s. 620.182)

Filing an original certificate of limited partnership - based upon the amount of capital contributions of the limited partners according to the following schedule: \$7 per \$1,000 of capital contributions, provided that no filing fee will be less than \$52.50 or more than \$1,750.

Annual report - not less than \$30 or more than \$250.

General Partnership (s. 620.81055)

Partnership registration statement- \$50

Statement of partnership authority- \$25

Limited liability partnership annual report - \$25

Annual Report (ss. 607.0122, 608.452(2) and 617.0122)

Annual report filing fee: Corporations-for-profit - \$61.25

Corporations-not-for-profit - \$61.25

Limited liability company - \$50

Supplemental Corporate Fee (s. 607.193)

In addition to any other taxes imposed by law, an annual supplemental corporate fee is imposed on each corporation-for-profit authorized to transact business in Florida and required to file an annual report with the Department of State. This fee is \$88.75.

Corporate Filing (ss. 607.0122, 608.452, and 617.0122)

Filing original articles of incorporation:

Corporation-for-profit - \$35

Limited liability company - \$100

Corporations-not-for-profit - \$35

Amending articles of incorporation:

Corporation-for-profit - \$35

Limited liability company - \$25

Corporations-not-for-profit - \$35

Filing articles of dissolution:

Corporation-for-profit - \$35

Limited liability company - \$25

Corporations-not for-profit - \$35

(See ss. 609.02 and .08; 618.04 and .05, Florida Statutes, for additional rates.)

Miscellaneous fees (s. 15.091)

Fee for filing financial statements under Chapters 679:

\$25 for the 1st page and \$3 for each additional page.

## **CORPORATION FEES (Continued)**

### **HISTORY**

In 1943, the Uniform Limited Partnership Law was enacted. Fees of not less than \$10 or more than \$500 were adopted and increases were made in 1967, 1971 and 1990. Filing fees for corporations-not-for-profit were first introduced in 1959 and increased by the 1967, 1989 and 1990 Legislatures. In 1965, fees for filing financial statements under Chapter 679 of the Uniform Commercial Code were established and increased in 1967, 1971, 1989, 1990 and 1992. Since 1972, a number of minor changes have been made in fees. In 1987, 1988 and 1990, a number of corporate filing fees for corporations-for-profit were increased. The 1989 Legislature adopted the Revised Model Business Corporation Act, which went into effect July 1, 1990. In 1990, all fees processed by the Department of State and deposited into the Corporations Trust Fund were increased by 75% with forty-three percent of all moneys deposited each month into the trust fund to be transferred to the General Revenue Fund. A supplemental corporate fee of \$138.75 was imposed on each business entity authorized to do business in Florida and required to file an annual report with the Department of State. Revenues from the supplemental fee are for deposit into the General Revenue Fund. The date for filing the annual report was changed from July 1 to May 1 of each year. Fees for filing financial statements and for searching records were increased. In 1993, the annual report filing fee was increased for limited liability companies. Ch. 94-314, L.O.F., reduced the supplemental corporate fee for not-for-profit corporations from \$138.75 to \$68.75 in fiscal year 1995-96, and repealed the fee for not-for-profit corporations effective January 1, 1996. Chapter 96-212, L.O.F., reduced the supplemental corporate for corporations-for-profit from \$138.75 to \$103.75 effective January 1, 1997 and to \$88.75 effective January 1, 1998. In addition, the supplemental corporate fee late charge was increased from \$25 to \$385 effective January 1, 1997 and increased to \$400 effective January 1, 1998.

### **2001 LEGISLATIVE CHANGES**

Chapter 2001-195, L.O.F., authorizes the Department of State to discount the annual filing fee by an amount equal to the convenience fee. Secondly, authorization has been granted to the Department to waive supplemental corporate late charges for filers who have not received the department's prescribed forms.

### **OTHER STATES**

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

## CORPORATION INCOME AND EMERGENCY EXCISE TAX

Florida Statutes: Chapters 220 and 221

Administered by: Department of Revenue

Fiscal Year	Gross Collections	Annual Change %	Refunds	Net Collections
2002-03*	\$1,249,900,000	3.00	\$182,100,000	\$1,067,800,000
2001-02*	1,213,500,000	-9.77	197,300,000	1,016,200,000
2000-01	1,344,836,363	-4.38	206,300,000	1,138,536,363
1999-00	1,406,450,495	-4.46	217,200,000	1,189,250,495
1998-99	1,472,188,494	5.48	205,200,000	1,266,988,494
1997-98	1,395,652,868	2.45	124,400,000	1,271,252,868
1996-97	1,362,315,139	17.17	129,584,659	1,232,730,480

\* Est.

### SUMMARY

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

### DISPOSITION

General Revenue Fund

### BASE AND RATE

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

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

## CORPORATION INCOME AND EMERGENCY EXCISE TAX

(Continued)

### HISTORY

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

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

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

The 1998 Legislature provided for eight changes in the Florida Income Tax Code. The new laws: (1) created an exemption for research and development activities through a university, (2) created a capital tax credit equal to 5% of the capital costs generated by a project, (3) increased the credits available for community revitalization from \$2 to \$5 million, (4) created a credit for establishing or providing child care facilities, (5) created a credit for the rehabilitation of contaminated sites, (6) created an exemption for limited liability companies, (7) repealed the intangible tax credit for banks, and (8) created a credit for the rehabilitation of contaminated sites. The 1999 Legislature provided for four changes in the Florida Income Tax Code. The new laws: (1) provided that a citrus processing company may elect to use an apportionment formula determined solely by the sales factor, (2) eliminated an apportionment option available to insurance companies, (3) increased the community contribution tax credit from \$5 million to \$10 million, and (4) created an exemption for limited liability companies.

### 2001 LEGISLATIVE CHANGES

The 2001 Legislature provided for one change in the Florida Income Tax Code by introducing a tax credit for contributions made by Florida corporations to non-profit scholarship funding organizations.

## CORPORATION INCOME AND EMERGENCY EXCISE TAX

(Continued)

### OTHER STATES

Forty-five states and the District of Columbia currently impose some form of corporate income or franchise tax. Most states employ flat rates, ranging from 2.3% to 12%. Twelve states employ two or more rates, ranging from 1.0% to 12.0%. Individual state's rates can be found at [www.taxadmin.org](http://www.taxadmin.org).

### VALUE OF RATE CHANGE, EXEMPTIONS, CREDITS AND DEDUCTIONS

<u>RATE CHANGE</u>		<u>2002-03</u> (millions)
Value of a 1% levy on apportioned net income		\$ 227.3
Exemptions:		
Chapter S Corporations	I.R.C.	\$ 203.4
Master Limited Partnerships	I.R.C.	26.9
Standard \$5,000**	(s. 220.14(1))	14.5
Limited Liability Companies	(s. 220.02(1))	11.7
Subtractions From Federal Taxable Income		
Foreign Source Income (s.78 I.R.C. Income)	s. 220.13(1)(b)2.b.	25.0
Foreign Source Income (s.951 I.R.C. Subpart F Income)	s. 220.13(1)(b)2.b.	36.3
Net Foreign Source Dividends	s. 220.13(1)(b)2.a.	20.0
Florida Net Operating Loss Carryover	s. 220.13(1)(b)1.a.	18.0
Florida Net Capital Loss Carryover	s. 220.13(1)(b)1.b.	20.0
Florida Excess Charitable or EPB Contribution Carryover	s. 220.13(1)(b)1.c.	.8
Florida Targeted Jobs Deduction	s. 220.13(1)(b)3.	2.2
Non-Florida Non-Business Income	s. 220.13(1)(b)4.	40.0
International Banking Facility Income	s. 220.63(5)	10.0
Credits Against Florida Tax Liability:		
Florida HMO Consumer Assistance Assessment	s. 631.828	.1
Capital Investment	s. 220.191	.1
Enterprise Zone Jobs	s. 220.181	.8
Community Contribution (\$10m cap)	s. 220.183	3.0
Enterprise Zone Ad Valorem	s. 220.182	1.0
Rural Job Tax (\$5m cap)	s. 220.1895	.5
Urban High-Crime Area Job Tax (\$5m cap)	s. 220.1895	.5
Emergency Excise Tax	s. 221.02	.5
Hazardous Waste Facility	s. 220.184	.5
Alternative Minimum Tax (AMT)	s. 220.186	1.5
Rehabilitation of Contaminated Sites (\$2m cap)	s. 220.184	2.0
Child Care Facility (\$2m cap)	s. 220.19	2.0
State Housing Tax	s. 220.185	0.0
Scholarship Funding Organizations (\$50m cap)	s.220.187	50.0
Deductions From Florida Apportioned Income :		
University Research and Development	s. 220.15(2)(c)	3.0

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

**CORPORATION INCOME AND EMERGENCY EXCISE TAX**

(Continued)

<u>ALTERNATIVE BASES</u>	<u>(2002-03)</u> (millions)
<b>Base Reduction Measures:</b>	
Exempt Florida Non-Business Income s. 220.16	(5.0)
Delete Florida Alternative Minimum Tax s. 220.11(3)	(13.0)
Exempt Interest Received from Federal Government Notes and Bonds s. 220.13(1)(a)2.	(68.7)
<b>Base Expansion Measures:</b>	
Delete the deduction for advertising expenditures	599.0
Delete the deduction for interest expenses (include financial institutions)	3,001.4
Delete the deduction for interest expenses (exclude financial institutions)	1,224.2
Create an addition for deductible Florida Credit	Insignificant
Limit net loss carry forward to 1 year	Indeterminate
<b>Impose a minimum payment requirement of \$200:</b>	
On C Corporations Only	29.7
On C and S Corporations	108.1
<b>Require combined reporting of all domestic corporations (waters-edge unitary apportionment)</b>	
	88.8
<b>Adopt the throwback rule</b>	
	18.8
<b>Apply the tax to gross receipts rather than net profits</b>	
Status C Corporations (replace CIT)*	48,780.0
Partnerships	3,970.0
Status S Corporations	9,180.0
Proprietorships	<u>3,650.0</u>
TOTAL	65,580.0
<b>Apply the tax to Earned Surplus (gross profits plus compensation of officers)</b>	
Status C Corporations (replace CIT)*	17,540.0
Partnerships	1,860.0
Status S Corporations	3,710.0
Proprietorships	<u>2,280.0</u>
TOTAL	25,390.0

\*Figure represents excess over tax revenue estimates of \$1,249,900,000 for FY 2002-03.



**DOCUMENTARY STAMP TAXES**

Florida Statutes: Chapter 201

Administered by: Department of Revenue

Distribution\*\*

Fiscal Year	Total Collections	Annual Change %	General Revenue	Preservation 2000 Debt Service	Florida Forever Debt Service	Ecosystem Management and Restoration
2002-03*	\$1,314,800,000	-3.04	\$423,300,000	\$258,100,000	\$52,400,000	\$30,000,000
2001-02*	1,356,000,000	3.23	466,800,000	259,800,000	31,200,000	30,000,000
2000-01	1,313,525,116	7.36	479,180,989	253,527,793	-0-	30,000,000
1999-00	1,223,466,711	3.23	452,161,110	232,857,000	-0-	20,000,000
1998-99	1,185,139,025	13.37	479,923,537	197,614,046	-0-	10,000,000
1997-98	1,045,380,664	23.83	429,576,745	170,527,070	-0-	-0-
1996-97	844,220,724	8.91	349,424,410	145,642,846	-0-	-0-

Fiscal Year	Land Acquisition	Water Management	Conservation and Recreational Land	General Revenue Service Charge	State Housing Trust Fund	Local Government Housing Trust Fund
2002-03*	\$114,400,000	\$50,500,000	\$45,700,000	\$92,000,000	\$58,300,000	\$136,500,000
2001-02*	118,100,000	52,200,000	47,200,000	94,900,000	60,200,000	140,900,000
2000-01	114,178,663	70,189,831	70,189,831	91,902,803	58,231,118	136,353,361
1999-00	104,876,866	64,701,220	64,701,220	84,684,294	50,299,647	125,090,983
1998-99	104,254,233	63,454,595	63,454,595	82,628,358	52,643,410	123,269,243
1997-98	90,082,930	56,132,107	56,132,107	72,182,163	46,568,503	109,044,307
1996-97	63,610,053	43,338,674	43,338,674	59,553,540	35,954,436	84,190,947

Fiscal Year	Marine Conservation	Aquatic Plant Control	State Game	DEP Water Quality Assurance	DACS General Inspection
2002-03*	\$2,000,000	\$27,400,000	\$10,800,000	\$3,000,000	\$3,000,000
2001-02*	2,000,000	28,300,000	11,200,000	3,100,000	3,100,000
2000-01	2,000,000	-0-	-0-	-0-	-0-
1999-00	-0-	-0-	-0-	-0-	-0-
1998-99	-0-	-0-	-0-	-0-	-0-
1997-98	-0-	-0-	-0-	-0-	-0-
1996-97	-0-	-0-	-0-	-0-	-0-

## DOCUMENTARY STAMP TAXES

(Continued)

\* Est.

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

### SUMMARY

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

### DISPOSITION

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

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

### BASE AND RATE

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

### HISTORY

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

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

## DOCUMENTARY STAMP TAXES

(Continued)

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

In 1999, the Legislature authorized a portion of documentary stamp tax proceeds which had been allocated to General Revenue to be used for Florida Forever debt services. Additional debt service is limited to \$30 million in each fiscal year for ten years, and total annual debt service may not exceed \$300 million. This bill also reduced the documentary stamp distribution to the Water Management Lands Trust Fund and the Conservation and Recreation Lands Trust Fund and provided for distributions to the State Game Trust Fund, the Aquatic Plant Control Trust Fund, the Department of Environmental Protection Water Quality Assurance Trust Fund and the Department of Agriculture and Consumer Affairs General Inspection Trust Fund. In 2000, the Legislature provided that \$2 million shall be paid into the Marine Resources Conservation Trust Fund annually from the documentary stamp General Revenue distribution.

### OTHER STATES

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

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1 cent levy for each \$100 of consideration on deeds (.0001)	\$ 11.1
Value of 1 cent levy for each \$100 of consideration on corporate shares, bonds, certificates of indebtedness, promissory notes, wage assignments, and retail charge account agreements	15.0
<u>VALUE OF EXEMPTIONS AND DIFFERENTIALS</u>	
Stock transfers (s. 201.05)	16.2
Renewal notes (s. 201.09)	60.4

## DOCUMENTARY STAMP TAXES

(Continued)

<u>VALUE OF EXEMPTIONS AND DIFFERENTIALS</u>	<u>2002-03</u> <u>(millions)</u>
Certificates of deposit (s. 201.10)	Indeterminate
Wholesale warehouse mortgage agreements (s. 201.21)	42.0
Leases	142.8
Uniform Commercial Code documents (s. 201.22)	Indeterminate
Security dealers - 30 days or less (s. 517.32)	58.1
Foreign notes (s. 201.23(1))	4.2
Obligations of political subdivisions (s. 201.24)	4.7
International banking transactions (s. 201.23(4))	21.2
Out-of-state notes held by Florida businesses (s. 201.08)	3.4
Supplements on utility bond financing (s. 201.08(4))	Indeterminate
10 cent rate differential for Miami-Dade County (s. 201.031)	11.5
Dissolution of marriage (s. 201.02(7))	5.4
Cross collateralization of loans (s. 201.08(7))	1.3
Tax only on increased amount of renewed loans (s. 201.09(1))	0.2
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Agents commission (.5%) (s. 201.11(2))	6.6
Clerk of the circuit court fee (1% of tax on deeds) (s. 201.022(3))	7.9

## DRIVER LICENSES

Florida Statutes: Chapter 322 and Section 233.063

Administered by: Department of Highway Safety and Motor Vehicles

Fiscal Year	Collections	Annual Change %	General Revenue	Highway Safety Operating Trust Fund
2002-03*	\$130,800,000	4.8	\$65,100,000	\$65,700,000
2000-02*	124,800,000	-3.9	60,400,000	64,400,000
2000-01	129,984,067	8.27	63,075,562	66,908,505
1999-00	120,059,664	0.05	63,626,653	56,433,011
1998-99	119,504,048	2.80	62,266,344	57,237,704
1997-98	116,250,010	13.91	61,293,350	54,956,660
1996-97	102,053,114	9.14	52,769,695	49,285,419

\* Est.

### SUMMARY

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

### DISPOSITION

General Revenue Fund.

Highway Safety Operating Trust Fund.

### BASE AND RATE

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

## DRIVERS LICENSES

(Continued)

### HISTORY

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

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

### OTHER STATES

All states license vehicle operators. Some states issue two-year licenses, with fees varying from \$7.00 to \$24.75. A few states issue licenses for three year periods ranging from \$7.50 - \$13.50 for each 3 year period. Most states issue four-year licenses at costs ranging from \$4.50 to \$50.00. It is common to require somewhat higher fees for a chauffeur's license than for an operator's license.

### VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1% levy on all driver's licenses issued	\$ 0.7
<u>VALUE OF EXEMPTIONS</u>	
Drivers of emergency vehicles**	2.1
Farmers**	1.0
Military personnel	Indeterminate
Drivers of recreational vehicles	Indeterminate

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

## DRYCLEANING TAX

Florida Statutes: Sections 376.303, 376.70 and 376.75

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

Fiscal Year	Total Collections	Annual Change %	Gross Receipts Tax	Perchloroethylene Tax	Registration Fee
2002-03*	\$11,700,000	3.77	\$10,500,000	\$1,100,000	\$137,000
2001-02*	11,300,000	1.98	10,100,000	1,100,000	136,000
2000-01	11,099,056	8.84	9,902,296	1,061,076	135,000
1999-00	10,197,470	8.85	8,895,525	1,167,030	134,915
1998-99	9,368,142	5.96	8,094,984	1,140,958	132,200
1997-98	8,841,389	5.38	7,535,219	1,199,420	106,750
1996-97	8,389,873	-6.01	6,624,444	1,645,229	120,200

\* Est.

### SUMMARY

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

### DISPOSITION

Total collections, less administrative costs and General Revenue service charge, are deposited in the Water Quality Assurance Fund.

### BASE AND RATE

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

Tax on the Gross Receipts of Drycleaning Facilities:

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

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

Tax on the Sale or Importation of Perchloroethylene:

\$5 per gallon on the sale or importation of perchlorethylene by a drycleaning facility .  
\$30 initial registration fee for any person producing or importing perchloroethylene.

## **DRYCLEANING TAX**

(Continued)

### **HISTORY**

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

### **OTHER STATES**

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



## ESTATE TAX

Florida Statutes: Chapter 198

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %
2002-03*	\$600,000,000	-16.7
2001-02*	720,000,000	-6.1
2000-01	767,137,728	-1.5
1999-00	778,659,967	15.5
1998-99	694,057,329	13.3
1997-98	595,029,096	8.81
1996-97	546,872,466	29.68

\* Est.

### SUMMARY

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

### DISPOSITION

General Revenue Fund

### BASE AND RATE

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

### HISTORY

Prior to 1924, there were no restrictions on the imposition of a Florida estate or inheritance tax. In 1924, the Florida electorate adopted an amendment to the constitution to prohibit the imposition of inheritance and income taxation. In 1930, the electorate adopted a constitutional amendment allowing the imposition of estate or inheritance taxes on residents to the extent such tax was allowed to be credited against a similar tax imposed by the federal government. In 1984, the date for filing and paying the Florida estate tax was changed to coincide with the date for filing and paying the federal estate tax. In 1991, the legislature imposed a late penalty of 5% of any unpaid tax for the first 30 days and 10% of any unpaid tax due for more than 30 days. In 1992, this late penalty was increased to 10% for the first 30 days and 20% for more than 30 days.

**ESTATE TAX**  
(Continued)

**OTHER STATES**

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

**2001 LEGISLATIVE CHANGES**

The Federal Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax and repeals the state credit against the federal tax by 2005. Since Section 5 of Article VII of the Florida Constitution prohibits any estate tax in excess of the amount which may be credited upon or deducted from any similar tax levied by the United States or any state, the federal law change will eliminate Florida's estate tax by 2005. The credit that is being eliminated allows states to capture a portion of federal estate taxes. It does not change the taxpayer's overall liability but simply shifts some of the revenues to state treasuries. By phasing out the credit faster than the estate tax, the federal government forces the states to cover a portion of the federal tax reduction.

**VALUE OF RATE CHANGE AND EXEMPTIONS**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
A 10% change in the total amount levied would have the following impact	\$ 60.0
<u>VALUE OF EXEMPTIONS</u>	
Federal basic exemption	Indeterminate

ALTERNATIVE BASE

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

## GROSS RECEIPTS TAX ON UTILITIES

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

Administered by: Department of Revenue

Fiscal Year	Collections**	Annual Change %
2002-03*	\$775,280,000	1.52
2001-02*	763,670,000	5.64
2000-01	722,914,209	8.03
1999-00	669,184,906	4.68
1998-99	639,274,743	7.73
1997-98	593,389,510	3.72
1996-97	572,113,871	5.34

\* Est.

\*\* Actual collections are net of refunds.

### SUMMARY

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

### DISPOSITION

Public Education Capital Outlay and Debt Service Trust Fund.

### BASE AND RATE

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

### HISTORY

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

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

## GROSS RECEIPTS TAX ON UTILITIES

(Continued)

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

### OTHER STATES

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

### VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 0.1% levy on the current base	\$31.0

### VALUE OF EXEMPTIONS

Sale of LP Gas – residential (s. 203.012)	7.1
Sale of LP gas – nonresidential (s. 203.012)	8.2
Sale of natural gas used to generate electricity (s.203.01(3))	20.3
Internet access (s. 202.11(3))	39.5
Sale of Communications services to governments (s. 202.125)	N/A
Sale of communications services to a tax-exempt religious or educational organization (s. 202.125)	N/A

### ALTERNATIVE BASES

Water Services	53.5
Sewer Services	55.4
Solid Waste Services	62.4

## HEALTH CARE ASSESSMENTS

Florida Statutes: Sections 395.701 and 395.7015

Administered by: Agency for Health Care Administration

Fiscal Year	Total Collections	Annual Change %	Hospital Assessments	Ambulatory Assessments
2002-03*	\$243,500,000	0.0	\$228,900,000	\$14,600,000**
2001-02*	243,500,000	-4.98	228,900,000	14,600,000**
2000-01	256,251,788	-7.17	244,389,039	11,862,749
1999-00	276,039,920	11.25	260,119,355	15,920,563
1999-00	248,130,077	-8.74	231,318,704	16,816,371
1999-00	271,901,396	-0.94	252,723,588	19,177,807
1996-97	274,476,645	22.10	254,945,205	19,531,439

\* Est.

\*\* ACHA is appealing a final declaratory judgment that found s. 395.7015, F.S., to be unconstitutional, and that enjoined the agency from imposing further ambulatory assessments. The action was stayed, pending appeal, and ACHA will continue to collect assessments which will be deposited in escrow pending the outcome of the appeal.

### SUMMARY

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

### DISPOSITION

Public Medical Assistance Trust Fund

### BASE AND RATE

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

### HISTORY

The assessment on hospitals was enacted in 1984. The assessment was imposed on all hospitals other than those operated by the Department of Health and Rehabilitative Services (now, the Department of Health) and the Department of Corrections, at the rate of 1% of annual net operating revenue for each hospital's first fiscal year following the act, and at the rate of 1.5% for each hospital's fiscal year thereafter. The act created the Public Medical Assistance Trust Fund and specified its use to reimburse hospitals for unreimbursed health care services provided to indigent patients.

## HEALTH CARE ASSESSMENTS

(Continued)

In July 1991, the assessment base was expanded to apply to ambulatory surgical centers, clinical laboratories, freestanding radiation therapy centers, and freestanding diagnostic imaging centers. In July 1992, an assessment was imposed on nursing home facilities in the amount of \$1.50 for each patient day provided by the nursing home. The nursing home assessment was repealed on May 1, 1993.

Effective July 1, 2000, outpatient services assessments are imposed at the rate of 1.0% of their net operating revenues.

### OTHER STATES

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

### VALUE OF RATE CHANGE AND EXEMPTIONS

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 0.5% levy on current base:	\$ 72.0
<u>VALUE OF EXEMPTIONS</u>	
Hospitals operated by the Department of Health or the Department of Corrections	Insignificant
Clinical laboratories which are s. 501(c)(3) organizations and receive 70% or more of gross revenues from services to charity or Medicaid patients; clinical labs which are owned and operated by 6 or fewer physicians who practice in the same group practice, and at which no laboratory work is performed for patients by any health care provider who is not a member of the same group.	Indeterminate
Nonprofit blood, plasma, or tissue banks	Indeterminate
Ultrasound providers that are part of a private physician's office practice; ultrasound provided by two or more licensed physicians who are members of the same professional association and who practice in the same medical specialties; mammography.	Indeterminate

## HOTEL AND RESTAURANT LICENSES AND FEES

Florida Statutes: Sections 509.251, 509.302, and 399.07

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

Fiscal Year	Collections	Annual Change %
2002-03*	\$19,600,000	0.0
2001-02*	19,600,000	-.31
2000-01	19,661,712	2.96
1999-00	19,096,246	2.69
1998-99	18,595,407	2.98
1997-98	18,057,211	1.49
1996-97	17,791,909	2.71

\* Est.

### SUMMARY

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

### DISPOSITION

Hotel and Restaurant Trust Fund

### BASE AND RATE

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

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

Hospitality Education Fee: Imposed on each lodging and food service establishment - up to \$6.

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

## **HOTEL AND RESTAURANT LICENSES AND FEES**

(Continued)

### **HISTORY**

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

### **OTHER STATES**

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



## HUNTING AND FISHING LICENSES

Florida Statutes: Chapter 372 and Section 370.0605

Administered by: Fish and Wildlife Conservation Commission

Fiscal Year	Total Collections**	Annual Change %	State Game Trust Fund	Marine Resources Conservation Trust Fund
2002-03*	\$27,700,000	0.0	\$12,700,000	\$15,000,000
2001-02*	27,700,000	-0.92	12,900,000	14,800,000
2000-01	27,959,899	2.65	13,095,426	14,864,473
1999-00	27,235,792	3.08	12,971,346	14,264,446
1998-99	26,419,759	10.19	12,346,758	14,073,001
1997-98	23,974,877	-11.39	10,873,086	12,603,060
1996-97	27,057,024	3.41	14,571,694	12,280,547

\* Est.

\*\* Total collections include \$65,460 in 1996-97; \$259,470 in 1997-98; \$210,555 in 1998-99; \$243,400 in 1999-00; \$207,275 in 2000-01; and estimates of \$208,100 in 2001-02 and \$211,400 in 2002-03, in five-year resident hunting and fishing license fees and \$139,323 in 1996-97; \$239,261 in 1997-98; \$185,733 in 1998-99; \$181,915 in 1999-00; \$185,350 in 2000-01; and estimates of \$184,700 in 2001-02 and \$174,700 in 2002-03, in lifetime resident sportsman and lifetime hunting and fishing license fees.

### SUMMARY

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

### DISPOSITION

Hunting and Freshwater Fishing License Fees: State Game Trust Fund

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

Recreational Crawfish License Fees: Marine Resources Conservation Trust Fund.

### BASE AND RATE

Hunting and Freshwater Fishing License Fees

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

## HUNTING AND FISHING LICENSES

(Continued)

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

### Combination Resident License Fees

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

### Saltwater Fishing License Fees

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

## HISTORY

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

## OTHER STATES

All states collect hunting and fishing license fees.

## INSPECTION LICENSES AND FEES

Florida Statutes: (See chapters or sections listed below)

Administered by: Department of Agriculture and Consumer Services

Fiscal Year	Collections	Annual Change %
2002-03*	\$37,200,000	2.60
2001-02*	36,300,000	6.77
2000-01	33,973,472	-6.33
1999-00	36,269,373	1.42
1998-99	35,760,215	1.85
1997-98	35,100,628	2.68
1996-97	34,183,535	5.97

\* Est.

### SUMMARY

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

### DISPOSITION

General Inspection Trust Fund (Section 525.10 Florida Statutes); Citrus Inspection Trust Fund (Section 601.59 Florida Statutes).

### COLLECTIONS (Thousands of Dollars)

Type of Inspection	Florida Statute	1996-97	1997-98	1998-99	1999-00	2001-01
Citrus Inspection Trust Fund:						
Citrus	601.28	\$11,778	\$11,671	\$11,557	\$10,685	\$10,574
Citrus Crop Estimate	601.28	1,476	1,279	1,514	1,689	1,455
Citrus Licenses	601.59	35	33	32	58	26
<b>TOTAL</b>		<b>13,289</b>	<b>12,983</b>	<b>13,103</b>	<b>12,432</b>	
General Inspection Trust Fund:						
Gas and Kerosene Inspection	525.09	8,635	8,859	9,080	9,319	9,372
Produce Dealers Licenses	604.19	507	496	519	517	558
Pesticide Registration	487.041(2)	3,006	3,090	3,130	3,157	3,086
Fairs & Expos Permits	616.15	220	313	454	456	436

**INSPECTION LICENSES AND FEES**  
(continued)

Type of Inspection	Florida Statute	1996-97	1997-98	1998-99	1999-00	2000-01
Fruit & Vegetable Inspection	603.12	3,666	3,617	3,900	4,044	3,456
Feed Registration	580.061	342	305	355	355	322
Fertilizer Inspection	576.04(1)	1,591	1,598	1569	1620	1,582
Seed Registration	575.03	362	376	434	427	515
Brake Fluid Permit	526.51(b)	10	13	13	13	9
Phosphate and Lime Nitrogen	576.041	983	1,224	1,199	1,260	221
Telecomm. List Solicitor	501.059	139	176	790	1374	1,098
Water Vending Permits	500.459	63	102	99	88	92
Other		1,001	1,160	1,103	1,151	1,170
<b>TOTAL</b>		<b>20,525</b>	<b>20,895</b>	<b>22,645</b>	<b>23,835</b>	<b>21,917</b>

## INSURANCE LICENSES

Florida Statutes: Chapter 624

Administered by: Department of Insurance

Fiscal Year	Collections	Annual Change %	Insurance Commissioner's Regulatory Trust Fund	A & S County License Tax Trust Fund
2002-03*	\$41,700,000	-0.48	\$37,400,000	\$4,300,000
2001-02*	41,900,000	1.49	37,600,000	4,300,000
2000-01	41,284,360	4.05	36,965,819	4,318,078
1999-00	39,675,712	10.58	35,824,634	3,851,078
1998-99	35,878,257	-11.15	32,506,443	3,371,814
1997-98	40,380,492	-2.58	36,651,463	3,729,029
1996-97	39,313,305	-.77	36,481,327	3,831,978

\*Est.

### SUMMARY

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

### DISPOSITION

General Revenue Fund: Residual of all "state tax" portions of agents' and solicitors' license fee collections remaining after the administrative costs of the Division of Insurance Frauds are deducted. There has been no residual to the General Revenue Fund since 1992-93.

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

Insurance Commissioner's Regulatory Trust Fund: All other license fees.

### BASE AND RATE

Each insurer company: \$1,000 annually.

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

## **INSURANCE LICENSES**

(Continued)

### **HISTORY**

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

### **OTHER STATES**

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

## INSURANCE PREMIUM TAX

Florida Statutes: Chapter 624

Administered by: Department of Revenue and Department of Insurance

### Distributions\*\*

Fiscal Year	Collections	Annual Percent Change	General Revenue	Insurance Commissioner's Regulatory Trust Fund	Police & Firefighters Premium Tax Trust Fund	Emergency Management Preparedness & Assistance Trust Fund
2002-03*	\$460,200,000	4.09	\$334,000,000	\$20,500,000	\$93,000,000	\$12,400,000
2001-02*	442,100,000	8.07	319,300,000	20,100,000	90,200,000	12,200,000
2000-01	409,148,448	4.12	283,084,080	18,593,630	87,364,091	11,242,199
1999-00	392,949,200	0.78	285,201,678	17,724,524	85,736,442	13,840,870
1998-99	379,035,725	-6.23	257,909,957	18,316,318	83,817,285	16,100,000
1997-98	404,184,049	2.65	295,480,787	18,350,354	80,397,468	12,967,284
1996-97	393,751,786	3.92	283,630,352	15,800,000	73,553,016	12,000,000

\* Est.

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

### SUMMARY

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

### DISPOSITION

Premium Tax: Assessments for Police and Firefighter pension funds are passed to the Department of Management Services for distribution to local governments. Fire Marshal assessments, filing fees and \$125,000 annually adjusted by the lesser of 20 percent or the growth in total retaliatory taxes are deposited into the Insurance Commissioner's Regulatory Trust Fund. The remainder of the premium tax is deposited into General Revenue. The tax on surplus lines and independently procured coverage is distributed 55 percent to the Insurance Commissioners Regulatory Trust Fund and 45 percent to General Revenue.

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

### BASE AND RATE

Premium Tax: Gross premiums minus reinsurance and returned premiums, 1.75%; annuity premiums 1%; gross premiums, contributions and self insurers, 1.6%, except that for dental service plans, 1.75%. Surplus lines premiums, 5%. Corporation income tax and the emergency excise tax, and the intangible tax paid to Florida are credited against premium tax liability. Exemptions are allowed on annuity premiums paid by annuity policy or contract holders in this state, if the savings are passed on to the consumer. A credit is allowed against the premium tax equal to 15% of the amount paid by the insurer in salaries to employees located or based in Florida who are covered by unemployment compensation. This credit in combination with the

## INSURANCE PREMIUM TAX

(Continued)

corporate credit may not exceed 65% of the tax due for the calendar year. Credits are also allowed for the municipal pension fund taxes, certain community contributions, certain exempt finance corporate investments, and workers compensation assessments.

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

### HISTORY

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

In 1990, the tax on surplus lines and independently procured insurance was raised from 3% to 5% and the amount of such assessment going to the Department of Insurance was reduced from 3% to 2.75%. Annual tax credits for the FIGA and FLHIGA guaranty association assessments were reduced from 5% to .1% and totally eliminated after 3 years. Insurance premium taxes levied on "multiple-employer welfare arrangement" benefit plans were repealed. In 1991, refund payments were authorized to be made in the year following over-payment of premium taxes and such payments must be made out of the General Revenue Fund. The retaliatory tax distribution was changed in 1992 as well as rates for self-insurers.

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

Beginning with the 1997 tax year, companies are allowed to take a credit of 0.1% of their FLHIGA assessments paid prior to the 1997 tax year plus a credit of 5.0% of assessments paid after the 1996 tax year. These percentage credits may be taken in each year following the payment of the assessment until the full assessment amount has been credited.

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



**INSURANCE PREMIUM TAX**  
(Continued)

OTHER STATES

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

**VALUE OF RATE CHANGE, CREDITS, DEDUCTIONS AND EXEMPTIONS**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
0.5% Increase	\$ 81.6
0.5% Decrease	(36.3)

VALUE OF CREDITS

Community Contributions (s. 624.5105)	0.0
Corporate Income Credits Claimed (s. 624.509(4))	103.2
Florida Employee's Salaries (s. 624.509(5))	110.3
Capital Company Investment Credit (s. 288.99)	13.2
Municipal Firefighter's Pension Fund (s. 175.141)	40.9
Municipal Police Officer's Retirement Fund(s. 185.12)	47.3
Capital Investment Tax Credit (s. 220.191(2))	0.0
Child Care Credit (s. 624.5107)	0.6

VALUE OF DEDUCTIONS:

Workers Compensation Assessments (s. 440.51)	46.8
Florida Health Insurance Guarantee Association Assessment (s. 631.711)	3.3

VALUE OF EXEMPTIONS:

Annuity premiums (s. 624.509(8)) - exempt from 1% tax when savings are passed on to policy holders.	4,136.6
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## I N T A N G I B L E S   T A X

Florida Statutes: Chapter 199

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	Annual Tax**	Mortgages	General Revenue Distribution***
2002-03*	\$708,000,000	0.4	\$474,500,000	\$233,500,000	\$638,200,000
2001-02*	682,500,000	-4.9	427,000,000	255,500,000	613,400,000
2000-01	717,314,758	-27.9	479,472,575	237,842,183	660,765,057
1999-00	994,661,354	-17.8	784,749,938	209,911,417	578,457,521
1998-99	1,209,989,623	2.15	975,847,364	234,142,259	751,188,384
1997-98	1,184,521,918	24.37	993,676,092	190,845,826	755,964,624
1996-97	952,436,065	6.32	807,253,454	145,182,610	600,395,074

\* Est.

\*\* Beginning January 1, 1999, one-third of accounts receivable was exempted from the intangible tax. Beginning January 1, 2000, the exemption for accounts receivable was increased to two-thirds, and the annual tax on intangible assets was reduced from a 2 mill tax rate to a 1.5 mill tax rate. Beginning January 1, 2001, accounts receivable became totally exempt and the annual tax on intangible assets was reduced from 1.5 mills to 1 mill.

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

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

Stocks, bonds, including bonds secured by liens on Florida realty, notes, governmental leaseholds, interests in limited partnerships registered with the SEC, etc. are taxed at 1 mill annually. Banks, savings associations and insurers are exempt from the annual tax. Fiduciaries and trustees of trusts are not held responsible for collecting or paying the tax, and property owned, managed, or controlled by a Trustee of a trust is exempt from the tax. A Florida resident with a

## INTANGIBLES TAX (Continued)

beneficial interest in a trust is responsible for reporting his or her share of the trust assets and paying tax on it. Mortgages and other obligations secured by liens on Florida realty, including bonds, are taxed 2 mills at recordation (non-recurring). The tax rate for both the recurring and non-recurring intangibles tax cannot exceed 2 mills pursuant to Article VII, section 2 of the Florida Constitution.

Each natural taxpayer and spouse receives an exemption against the annual tax of \$20,000 each annually. Charitable trusts are exempt from the tax when 95% of the income of the trust is paid to organizations exempt from federal income tax under s. 501(c)3 of the Internal Revenue Code. Effective, July 1, 2003, the exemption against the annual tax increases to \$250,000 for each natural taxpayer and spouse, and an exemption of \$250,000 is created for businesses.

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

### HISTORY

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

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

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

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

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

In 1998 several significant changes were made to the intangibles tax: the minimum tax amount of tax due before a return and payment are required was raised from \$5 to \$60 dollars; one-third of accounts receivable was exempted from the intangibles

tax beginning January 1, 1999, and the act expressed the intent of the Legislature to increase the exempt amount to two-thirds on January 1, 2000, and to completely exempt accounts receivable on January 1, 2001; the penalties for late payment and late filing were limited to a total of 10 percent per month and 50 percent of the total tax due. The

**INTANGIBLES TAX**  
(Continued)

penalty for under reporting and undervaluation was reduced from 30 percent to 10 percent; and banks, savings associations, as defined in s. 220.62, F.S., and insurers, as defined in s. 624.03, F.S., were exempted from intangibles tax. The distribution rate was changed to 35.3% for the Revenue Sharing Trust Fund for Counties for FY 1998-99, and to 37.7% for FY 99-2000.

In 1999, the Legislature reduced the annual tax on intangible assets to a 1.5 mill tax rate, and increased the exemption for accounts receivable to two-thirds. The law also provided that limited liability companies may file consolidated intangibles tax returns. Certain charitable trusts were fully exempted from the annual tax, the calculation of tax on future advances was changed, and an exemption for unit investment trusts was provided. In 2000, the Legislature enacted a law which reduced the annual tax rate to 1 mill and fully exempted accounts receivable from the tax. It revised the treatment of Florida trusts, relieving Florida trustees of paying intangibles tax on trust assets, and it provided that a Florida resident with a beneficial interest in a trust is responsible for reporting his or her share of trust assets and paying intangibles tax on it. The law also repealed the sharing of intangibles tax with counties, and replaced the revenue with sales tax revenue.

2001 LEGISLATIVE CHANGES

Ch. 2001-255, L.O.F., increased the exemption against the annual tax to \$250,000 for each natural taxpayer and spouse, and created a \$250,000 exemption for all other taxpayers, mainly businesses. These changes were postponed until the 2004 tax year in Special Session C in December, 2001.

OTHER STATES

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

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of .5 mill levy on stocks, bonds, notes, etc.*	\$ 244.2
Value of 1 mill levy on mortgages*	116.8
 <u>VALUE OF EXEMPTIONS</u>	
Standard \$20,000/\$40,000 exemption (s. 199.185(2))	23.6
\$60 minimum payment (s. 199.052(2))	9.9
Accounts receivable (s. 199.185(1)(l))	64.3

**INTANGIBLES TAX**  
(Continued)

VALUE OF EXEMPTIONS

	<u>2002-03</u> (millions)
Intangibles of corporations or limited liability companies on a consolidated return which otherwise do not have taxable situs (s. 199.052(10))	1.3
Charitable Trusts - exempt if 95% of income goes to s. 501(c)3. organizations(s. 199.185(4))	1.2
Stocks or shares of a savings association held by a parent mutual holding company (s. 199.103(8))	.1
Exemption for banks (s. 199.185(5))	1.4
Exemption for insurance companies (s. 199.185(8))	2.3
Exemption for property owned, managed, or controlled by a trustee of a trust (s. 199.184(4))	17.3
Credit for taxes imposed by other states (s. 199.106)	Insignificant
Exemption for credit unions from state and local taxes (s. 213.12 (2))	Indeterminate
Exemption for state, county and municipal bonds (s. 199.185(1)(d))	Indeterminate
Exemption for partnership interest other than interest as a limited partner in a registered limited partnership (s. 199.185(1)(c))	Indeterminate
Exemption for franchises, patents, trademarks, service marks, and copyrights (s. 199.185(1)(b))	Indeterminate
Exemption for accounts receivable of certain liquor distributors (s. 199.185(6))	Insignificant
Exemption for professional sports retirement plans (s. 199.185(1)(f))	Insignificant
Exemption for real estate mortgage investment conduits and financial asset securitization trusts (s. 199.185(1)(k))	1.7
Exemption for non-transferable stock options (s. 199.185(1)(m))	0.3
Exemption for renewals of lines of credits (s. 199.143(3))	5.2

VALUE OF REFUNDS AND ALLOWANCES

Clerk of Circuit Court Commission (.5%) (s. 199.135(3))

1.2

**INTANGIBLES TAX**  
(Continued)

DISTRIBUTION TO SCHOOL BOARDS

2002-03  
(millions)

Government leasehold collections (s. 199.292(1))

.8

- Article VII, section 2 of the Florida Constitution states that the tax rate for both the recurring and non-recurring tax on intangible personal property cannot exceed 2 mills.

## INTEREST

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

Administered by: Treasurer; Board of Administration; various other agencies

Fiscal Year	Collections	General Revenue	Trust Fund**	Working Capital
2002-03*	\$915,000,000	\$220,900,000	\$694,100,000	-0-
2001-02*	886,500,000	218,900,000	667,600,000	-0-
2000-01	940,233,178	300,555,877	639,677,301	-0-
1999-00	690,313,203	230,793,961	459,519,012	-0-
1998-99	802,530,801	215,528,733	572,500,805	14,501,263
1997-98	765,806,213	217,874,378	531,017,816	16,914,019
1996-97	614,992,363	158,822,062	446,418,871	9,751,430

\* Est.

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

### SUMMARY

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

### PRINCIPAL SOURCES

	1996-97	1997-98	1998-99	1999-00	2001-01
General Revenue Fund					
Treasurer's Investments*	\$153,205,159	\$215,669,596	\$210,882,110	\$230,793,961	\$300,555,877
Other agencies	5,616,903	2,204,782	4,646,623	-0-	-0-
<b>TOTAL-Gen.Rev. Fund</b>	<b>158,822,062</b>	<b>217,874,378</b>	<b>215,528,733</b>	<b>230,793,961</b>	<b>300,555,877</b>
Trust Funds	446,418,871	531,017,816	572,500,805	459,519,012	639,677,301
Working Capital Fund	9,751,430	16,914,019	14,501,263	-0-	-0-
<b>TOTAL-ALL FUNDS</b>	<b>614,992,363</b>	<b>765,806,213</b>	<b>802,530,801</b>	<b>690,313,203</b>	<b>940,233,178</b>
Annual Change	-0.89%	24.52%	4.80%	-13.98%	36.62%

## INTEREST

(Continued)

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

### DESCRIPTION OF PRINCIPAL SOURCES

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



## INTERGOVERNMENTAL AID

Florida Statutes: 215.32(2)(b)

Administered by: Various agencies

Fiscal Year	Collections	Federal Government	Local Governments	Other Agencies
2002-03*	\$16,548,400,000	\$13,220,300,000	\$94,200,000	\$3,233,900,000
2001-02*	14,881,300,000	12,242,000,000	89,300,000	2,550,000,000
2000-01	13,691,172,800	11,527,179,722	85,810,035	2,078,183,043
1999-00	12,058,931,066	10,140,067,437	76,763,629	1,842,065,492
1998-99	10,781,466,970	9,004,721,375	78,080,210	1,698,665,385
1997-98	9,513,610,236	8,117,127,161	77,079,884	1,319,403,191
1996-97	8,890,986,029	7,938,518,428	67,190,536	885,277,065

\* Estimates

### DISPOSITION

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

### BASIS

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

### PRINCIPAL AGENCIES RECEIVING FEDERAL AID

	1997-98	1998-99	1999-00	2000-01
Dept. of CFS TANF Grants	\$81,586,087	\$48,751,313	\$2,725,945	-0-
Dept. of CFS/AHCA Medicaid Grants	3,533,950,574	3,595,177,245	4,194,419,427	4,836,567,786
Dept. of CFS All Other Grants	944,002,529	1,238,630,244	1,350,260,918	1,492,842,715
Dept. of Education Grants	1,105,591,914	1,229,356,785	1,340,574,573	1,564,269,458
Dept. of Transportation Grants	695,211,938	725,465,311	1,028,977,179	1,278,659,862
Labor and Workforce Innovation Grant	437,380,928	468,675,092	381,043,903	276,656,858
All other agencies	1,319,403,191	1,698,665,385	1,842,065,492	2,078,183,043
<b>Total Federal Aid</b>	<b>8,117,127,161</b>	<b>9,004,721,375</b>	<b>10,140,067,437</b>	<b>11,527,179,722</b>
Annual Change	2.25%	8.62%	12.60%	13.67%

## LOTTERY

Florida Constitution: Article X, Section 15

Florida Statutes: Chapter 24

Administered by: Department of the Lottery

Fiscal Year	Total Collections	Annual Change %	Education Enhancement Trust Fund**
2002-03*	\$2,298,400,000	.49	\$878,700,000
2001-02*	2,287,300,000	-.46	874,500,000
2000-01	2,297,869,000	1.38	907,157,000
1999-00	2,266,543,000	7.27	908,353,000
1998-99	2,112,966,000	2.25	807,227,000
1997-98	2,066,500,000	-0.90	801,685,000
1996-97	2,085,232,000	0.42	818,398,000

\* Est.

\*\* Except for the 2001-02 and 2002-03 estimates, these figures include extraordinary distributions resulting from direct appropriations or transfers of retained earnings. The 2001-02 and 2002-03 estimates only reflect the amount required by statute to be transferred.

### SUMMARY

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

### DISPOSITION

Total collections are distributed as follows: 50% of the moneys for prizes; at least 38% to the Educational Enhancement Trust Fund; and the remaining funds to the Administrative Trust Fund. The unencumbered balance which remains in the Administrative Trust Fund at the end of the fiscal year is transferred to the Educational Enhancement Trust Fund.

### HISTORY

In November, 1986, voters approved a new Article X, Section 15 to the State Constitution, providing for a state operated lottery. The Department of the Lottery was created during the 1987 Regular Session and the state lottery officially began selling tickets on January 12, 1988. Beginning July 1989, the allocation for education was increased from 35% to 37.5% and increased again to 38% in July 1990.

### OTHER STATES

Currently, thirty-seven (37) states and the District of Columbia are authorized to operate a state lottery. All 37 state lotteries and the District of Columbia operate instant ticket games and at least one form of on-line game.

**LOTTERY**  
(Continued)

**VALUE OF CHANGE IN DISTRIBUTION AND REFUNDS AND ALLOWANCES**

<u>CHANGE IN DISTRIBUTION</u>	<u>2002-03</u> (millions)
Value of each additional 1% of total collections distributed to the Educational Enhancement Trust Fund (Assumes 50% still returned as prizes)	\$ 23.02
 <u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Retailer commissions (5% on all ticket sales and 1% cashing bonus on winnings paid out in prizes of less than \$600)	129.9

## MOTORBOAT LICENSES

Florida Statutes: Chapter 328

Administered by: Department of Highway Safety and Motor Vehicles

Fiscal Year	Collections	Annual Change %	Marine Resources Conservation Trust Fund	State Agency Law Enforcement Radio System Trust Fund
2002-03*	\$13,900,000	0.72	\$13,100,000	\$900,000
2001-02*	13,800,000	2.44	12,900,000	900,000
2000-01	13,471,128	-24.94	12,608,110	863,018
1999-00	17,947,012	40.47	16,752,027	1,194,985
1998-99	12,775,973	-8.52	12,052,334	723,639
1997-98	13,965,165	-1.24	13,086,887	878,278
1996-97	14,140,218	11.46	13,312,582	827,636

\* Est.

### SUMMARY

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

### DISPOSITION

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

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

### BASE AND RATE

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

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

## MOTORBOAT LICENSES

(Continued)

### HISTORY

In lieu of property taxes, boats must be registered and numbered in Florida. A major portion of collections are appropriated annually for boating related programs operated by counties. The 1984 Legislature authorized the annual appropriation of \$250,000 from the Motorboat Revolving Trust Fund to the Save the Manatee Trust Fund to be used to protect and recover manatee and other marine mammals. Applicants may pay an additional \$2 - \$5 voluntary contribution for manatee and marine protection and an additional \$5 voluntary contribution to the Marine Turtle Protection Trust Fund to be used for turtle protection, research, and recovery. In 1988, a \$1 surcharge was added to each annual vessel registration for deposit into the State Agency Law Enforcement Radio System Trust Fund for the acquisition and implementation of a state-wide law enforcement radio communications system. In 1990, all counties, not just those counties with a population of 100,000 or more, were authorized to impose an annual vessel registration fee. The fee must be equal to 50% of the applicable state vessel registration fee. The annual appropriation to the Save the Manatee Trust Fund was changed from a flat "\$250,000" to "equal to" \$1 for each vessel registration in the state. An additional 50 cents per vessel registration was authorized for transfer to the Save the Manatee Trust Fund in 1991 and vessel registrations fees were increased by 50 cents. Chapter 95-333, L.O.F., transferred vessel registrations from the Department of Environmental Protection to the Department of Highway Safety and Motor Vehicles. Effective July 1, 1996, the vessel registration period is changed from June 1 to the vessel owners birth month. Also, ch. 95-333, L.O.F., requires county tax collectors to remit vessel registration fees to the department within 7 working days following the week the fees are collected. The 1996 Legislature terminated the Motorboat Revolving Trust Fund effective July 1, 1996 and provided for the deposit of vessel registration fees into the Marine Resources Conservation Trust Fund. Chapter 99-289, L.O.F., changed the Florida Statute references from Chapter 327 to Chapter 328. Chapter 99-248, L.O.F., added a 50 cents fee on every annual vessel registration for deposit into the Highway Safety Operating Trust Fund to cover the cost of the Florida Real Time Vehicle Information System.

### OTHER STATES

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

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

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

Administered by: Department of Revenue

Fiscal Year	Total Collections**	Annual Change %	Chapter 206 & s. 212.0501	SCETS TAX
2002-03*	\$1,901,700,000	4.68	\$1,388,700,000	\$513,000,000
2001-02*	1,816,700,000	4.28	1,330,500,000	486,200,000
2000-01	1,742,095,990	4.10	1,281,467,803	460,281,187
1999-00	1,673,407,227	3.76	1,235,747,284	437,659,943
1998-99	1,612,721,117	6.32	1,188,703,552	424,017,565
1997-98	1,516,805,110	4.04	1,125,491,021	391,314,089
1996-97	1,457,835,669	4.44	1,075,581,606	382,254,063

\* Est.

\*\* These figures represent gross collections and include the following: 1996-97 - \$81.5 million in service charges and \$26.5 million in diversions; 1997-98 - \$84.4 million in service charges, \$43.6 million in diversions, and \$3.0 million in DOR administrative costs; 1998-99 - \$89.5 million in service charges, \$50.1 million in diversions, \$5.7 million in DOR administrative costs, and \$5.8 million to the Agricultural Emergency Eradication Trust Fund; 1999-00 - \$93.7 million in service charges, \$45.8 million in diversions, \$10.3 million in DOR administrative costs, and \$6.3 million to the Agricultural Emergency Eradication Trust Fund; 2000-01 - \$37.6 million in service charges, \$51.0 million in diversions, \$11.0 million in DOR administrative costs, and \$7.0 million to the Agricultural Emergency Eradication Trust Fund; 2001-02 - \$4.7 million in service charges, \$53.6 million in diversions, \$11.6 million in DOR administrative costs, and \$7.6 million to the Agricultural Emergency Eradication Trust Fund; 2002-03 - \$4.8 million in service charges, \$55.6 million in diversion, \$12.2 million in DOR administrative costs, and \$8.0 million to the Agricultural Emergency Eradication Trust Fund (Diversions consist of refunds, collection fees, an annual distribution of \$6.3 million to the Department of Environmental Protection for Aquatic Weed Control and other boating-related activities and \$2.5 million to the Fish and Wildlife Conservation Commission to be used for recreational boating activities and fresh water fisheries management and research. In 1996-97 through 1997-98, diversions also consisted of an annual \$1.5 million distribution to the Board of Regents for the Center for Urban Transportation Research.)

**ALLOCATION BY TYPE OF FUEL\*\***

Fiscal Year	Motor Fuel	Diesel Fuel	Off-Highway Fuel@	Aviation
2002-03*	\$1,546,200,000	\$273,500,000	\$3,000,000	\$79,000,000
2001-02*	1,473,700,000	262,900,000	3,000,000	77,100,000
2000-01	1,410,376,664	252,033,795	2,982,227	76,703,304
1999-00	1,356,400,000	243,320,496	1,897,099	71,789,222
1998-99	1,308,047,379	232,652,096	2,199,914	66,811,677
1997-98	1,227,687,032	210,951,654	2,915,957	65,157,054

**MOTOR FUEL TAXES**  
(Continued)

Fiscal Year	Motor Fuel	Diesel Fuel	Off-Highway Fuel@	Aviation
1996-97	1,180,235,417	198,605,589	5,338,521	63,657,918

\* Est.

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

@ Effective July 1, 1996, off-highway fuel became taxable at the 6% use tax rate pursuant to s. 212.0501, F.S., instead of the ch. 206 fuel sales tax rate.

**SUMMARY**

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

**DISPOSITION**

Chapter 206

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

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

County fuel tax (1 cent) to counties.

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

Aviation Fuel Tax: State Transportation Trust Fund.

Fuel Sales Tax: State Transportation Trust Fund

SCETS Tax: State Transportation Trust Fund

Section 212.0501

State Transportation Trust Fund

## MOTOR FUEL TAXES

(Continued)

### ALLOCATION FORMULAS

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

### BASE AND RATE

#### Chapter 206

Motor fuel, diesel fuel, and diesel fuel use, 4 cents per gallon. Counties may levy local option fuel taxes. (For details on local option fuel taxes, see pages 147-149 and 154.)

Aviation fuel, 6.9 cents per gallon.

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

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

#### Section 215.0501

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

### HISTORY

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

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

Aviation fuel was exempt from the state sales tax in 1985. Part III of Chapter 206, F.S., was created, which imposed an excise tax of 5.7 cents per gallon on aviation fuel and which exempted aviation fuel from the County voted 1-cent Gas Tax and the County 1-6 cents Local Option Gas Tax. All proceeds were deposited in the General Revenue Fund. In 1986, the



## MOTOR FUEL TAXES

(Continued)

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

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

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

### OTHER STATES

All states tax motor fuel and diesel fuel. Motor fuel state tax rates varying from 7.5 cents to 29 cents per gallon and diesel fuel state tax rates vary from 7.5 cents to 30.8 cents per gallon. Forty-seven states plus the District of Columbia charge 10 cents or more per gallon of fuel.

**MOTOR FUEL TAXES**  
(Continued)

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1 cent levy per gallon of motor and diesel fuel (excludes off-highway use)	\$ 93.3
Value of 1 cent levy per gallon on aviation fuel (Note: Gross proceeds before deductions, transfers and refunds)	11.4
 <u>VALUE OF EXEMPTIONS</u>	
Sales to U.S. Government (s. 206.62)	7.3
Farmers and Fishermen (s. 206.874(3)(a) and (e))	4.0
 <u>VALUE OF REFUNDS AND CREDITS</u>	
Aviation Fuel Employment Refund (s. 206.9855)	12.6
Refunds to Counties (ss. 206.41(4)(d), 206.625(1), 206.874(4))	12.0
Refunds to Municipalities (ss. 206.41(4)(d), 206.625(1), 206.874(4))	6.6
Refunds to School Districts (ss. 206.41(4)(e), 206.625(2), 206.874(4))	6.9
Refunds for Farmers and Fishermen (ss. 206.41(4)(c), 206.64)	1.0
Refunds to Local Transit Systems (ss. 206.41(4)(b), 206.874(5)(d))	7.9
Dealer Collection Allowances (ss. 206.43 and 206.91)	3.9
 <u>VALUE OF DISTRIBUTIONS</u>	
Aquatic Weed Control and Other Boating Related Activities (s. 206.606(1)(a) and (b))	8.8
Agricultural Emergency Eradication Trust Fund (ss. 206.606(1)(c) and 206.608(1))	8.0

**DISTRIBUTION OF MOTOR FUEL AND DIESEL FUEL TAXES**  
(Thousands of Dollars)

	1997-98		1998-99		1999-00		2000-01	
	Motor	Diesel	Motor	Diesel	Motor	Diesel	Motor	Diesel
<b>STATE SHARE OF SALES TAX ON FUEL</b>								
Dept. of Transportation	\$ 554,243	\$ 92,388	\$ 579,022	\$ 100,176	\$ 620,002	\$ 107,263	\$ 683,706	\$ 119,249
Dept. of Env. Protection - Aquatic Weed Control	6,493	1,057	6,493	1,057	2,687	838	5,418	359
Fish and Wildlife Conservation Commission	1,070	180	1,070	165	3,424	329	2,141	882
Board of Regents	1,502	193	-	-	-	-	-	-
Agr. Emergency Eradication Trust Fund	-	-	3,852	32	4,671	-	4,523	-
Refunds - Agric. and Commercial Fish	-	-	601	-	544	-	224	-
Refunds - City Transit	1,200	-	2,400	-	1,442	-	1,862	-
Refunds - Municipal, County & School District	7,073	-	9,655	-	2,414	-	9,655	-
Refunds as Result of '96 Fuel Tax Rewrite	4,150	7,818	5,256	10,189	4,524	9,473	4,597	9,802
Administrative Trust Fund	-	-	-	-	5,323	922	5,719	1,054
GR Service Charge (7.3%)	54,575	8,987	46,785	7,987	46,323	7,880	-	-
<b>TOTAL</b>	<b>630,306</b>	<b>110,623</b>	<b>655,134</b>	<b>119,606</b>	<b>691,354</b>	<b>126,705</b>	<b>717,845</b>	<b>131,346</b>
<b>2 CENT CONSTITUTIONAL GAS TAX</b>								
Counties & County Road Debt	140,035	23,195	145,582	25,072	149,401	25,925	151,901	26,073
Refunds as Result of '96 Fuel Tax Rewrite	-	-	127	1,040	167	1,139	185	1,167
<b>TOTAL</b>	<b>140,035</b>	<b>23,195</b>	<b>145,709</b>	<b>26,112</b>	<b>149,568</b>	<b>27,064</b>	<b>152,086</b>	<b>27,240</b>
<b>1 CENT COUNTY TAX</b>								
Administrative Trust Fund	10,749	1,189	5,735	0	581	102	622	113
Refunds - Municipalities, Counties & School Brds.	456	0	603	0	201	0	805	-
Refunds as Result of '96 Fuel Tax Rewrite	407	774	558	904	472	854	424	869
County Aid	52,786	8,833	59,845	10,743	67,218	11,108	67,787	11,147
GR Service Charge (7.3%)	4,989	791	5,164	846	5,339	883	5,387	887
<b>TOTAL</b>	<b>69,387</b>	<b>11,587</b>	<b>71,905</b>	<b>12,493</b>	<b>73,811</b>	<b>12,947</b>	<b>75,025</b>	<b>13,016</b>
<b>1 CENT MUNICIPAL TAX</b>								
Administrative Trust Fund	-	-	-	-	581	102	672	112
Revenue Sharing Trust Fund	63,917	10,273	66,163	11,099	67,753	11,380	68,815	11,412
Refunds - Farmers and Fishermen	15	503	38	0	13	0	50	-
Refunds as Result of '96 Fuel Tax Rewrite	143	-	63	520	84	569	67	584
GR Service Charge (7.3%)	5,055	830	5,242	874	5,381	904	5,468	908
<b>TOTAL</b>	<b>69,130</b>	<b>11,606</b>	<b>71,506</b>	<b>12,493</b>	<b>73,231</b>	<b>12,853</b>	<b>75,072</b>	<b>13,016</b>
<b>TOTAL: Motor &amp; Diesel Fuel*</b>	<b>908,858</b>	<b>157,011</b>	<b>944,254</b>	<b>170,704</b>	<b>987,964</b>	<b>179,569</b>	<b>1,020,028</b>	<b>184,618</b>
<b>TOTAL: Fuel Tax Distribution</b>	<b>1,065,869</b>		<b>1,114,958</b>		<b>1,167,533</b>		<b>1,204,646</b>	
<b>Annual Change</b>	<b>5.43%</b>		<b>4.61%</b>		<b>4.72%</b>		<b>4.22%</b>	

\* Collection allowances, none of which are charged against the 2 cents Constitutional Gas Tax are excluded from this data. These amounts were: \$2,829,840 in 1997-98; \$3,973,470 in 1998-99; \$3,116,460 in 1999-00; and \$3,244,868 in 2000-01.

## MOTOR VEHICLE & MOBILE HOME LICENSES

Florida Statutes: Chapter 320

Administered by: Department of Highway Safety and Motor Vehicles

### ANNUAL REGISTRATION FEES

Fiscal Year	Collections****	Annual Change %
2002-03*	\$549,100,000	-1.10
2001-02*	555,200,000	7.31
2000-01	517,387,846	-13.95
1999-00	601,236,272	7.65
1998-99	558,501,163	-.40
1997-98	560,764,806	6.08
1996-97	528,624,538	3.12

\* Est.

### SUMMARY

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

### DISPOSITION

First proceeds to District Capital Outlay and Debt Service Trust Fund (Constitution, Art. XII, Sec. 9(d)); mobile home licenses to local governments except for \$1.50 per tag which goes to the General Revenue Fund; \$.50 to repay costs of the retro-reflective tag feature; \$.50 to cover the costs of the Florida Real Time Vehicle Information System; \$1.00 for the Air Pollution Control Trust Fund; \$1.50 for the Transportation Disadvantaged Trust Fund; \$2.50 motorcycle safety education fee for deposit into the Highway Safety Operating Trust Fund; \$.10 per motor vehicle and moped registration for deposit into the Emergency Medical Service Trust Fund; \$1.00 surcharge on each annual motor vehicle registration (except mobile homes) for deposit into the State Agency Law Enforcement Radio System Trust Fund; \$5.00 surcharge on each commercial motor vehicle having a gross vehicle weight of 10,000 lbs. or more for deposit into the State Transportation Trust Fund; \$2.00 motor vehicle license surcharge on each annual motor vehicle registration except mobile homes for deposit into the State Transportation Trust Fund; \$2.00 motor vehicle license replacement fee on each annual motor vehicle registration except mobile homes for deposit into the Highway Safety Operating Trust Fund; \$1.00 surcharge on each annual motor vehicle registration except mobile homes to be deposited as follows: 42 percent into the Grants and Donations Trust Fund in the Department of Juvenile Justice to fund the community juvenile justice partnership grants program, 40 percent into the General Revenue Fund, and 18 percent into the Florida Motor Vehicle Theft Prevention Trust Fund; and the remainder to the State Transportation Trust Fund.

**MOTOR VEHICLE AND MOBILE HOME LICENSES**  
(Continued)

DISTRIBUTIONS\*\*\*\*

Fiscal Year	School**	State Transportation Trust Fund***	General Revenue	Local Govt.
2002-03*	\$110,800,000	\$438,300,000	\$900,000	\$20,700,000
2001-02*	108,200,000	447,000,000	900,000	20,200,000
2000-01	104,275,738	413,112,108	848,527	19,712,280
1999-00	104,029,758	401,550,416	820,616	19,225,232
1998-99	103,407,498	370,319,145	823,324	19,436,263
1997-98	101,787,726	368,073,100	840,804	19,458,133
1996-97	97,505,410	344,154,603	834,091	19,196,967

DISTRIBUTIONS\*\*\*\*

Fiscal Year	Emergency Medical Services Trust Fund	State Agency Law Enforcement Radio System Trust Fund	Highway Safety Operating Trust Fund
2002-03*	\$2,000,000	\$16,300,000	\$62,200,000
2001-02*	2,000,000	15,300,000	61,400,000
2000-01	2,523,851	15,383,152	62,413,960
1999-00	1,645,807	13,272,161	60,692,282
1998-99	1,777,523	12,108,486	50,628,924
1997-98	1,485,116	12,816,567	56,303,360
1996-97	1,522,259	13,109,528	52,301,680

\* Est.

\*\* Includes public schools and community colleges.

\*\*\* Includes the \$2.00 Motor Vehicle License Surcharge of \$25.8 million in 1996-97, \$27.2 million in 1997-98, \$27.8 million in 1998-99, \$28.3 million in 1999-00, \$31.4 million in 2000-01 and estimates of \$30.5 million in 2001-02 and \$32.3 million in 2002-03.

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

**BASE AND RATE**

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

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

## MOTOR VEHICLE AND MOBILE HOME LICENSES

(Continued)

Truck Tractors: \$45 to \$979 per vehicle, according to gross vehicle weight: 5001-72,000+.

Semi-Trailers drawn by a GVW truck tractor by means of a 5th wheel: \$10 annual or \$50 permanent registration.

Trailers for private use: less than 501 lbs, \$5.00; 501 lbs or more \$2.50 plus \$.75 per CWT; for hire: less than 2,000 lbs, \$2.50 plus \$1.00 per CWT, 2000 lbs or more, \$10.00 plus \$1.00 per CWT.

Wrecker License Plates: \$30 flat or \$87 to \$979 according to gross vehicle weight: 10,000 - 72,000+.

Antique Cars & Trucks: \$7.50 flat.

Recreational Vehicles: \$10 to \$35 depending on vehicle type and weight.

Mobile Homes: \$20 to \$80 in eight groups according to length.

Motorcycles: \$10.00 + \$2.50 motorcycle safety education fee.

Mopeds: \$5.00 + \$2.50 motorcycle safety education fee.

Motorized Bicycles: \$5 flat, one-time fee.

Local Buses and Buses/Autos "for hire": \$1.50 per 100 lbs plus \$12.50.

Dealer and Manufacturer License Plates: \$12.50 flat.

School Buses: \$30 flat.

Specialized Vehicles: Varying rates up to \$32.50.

Temporary Tags: \$2 each. Exempt: \$3.00 for permanent tag.

Transporter Tags: \$75 flat.

Permanent Fleet Tags: \$6.00, in addition to applicable license tax pursuant to s. 320.08.

Sample License Plates: \$10.00 flat.

Annual Fleet Management Fee: \$2.00 flat.

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

### BASE AND RATE

#### New Wheels-on-the-Road Fee

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

### DISPOSITION

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

#### NEW-WHEELS-ON-THE-ROAD FEE

#### DISTRIBUTIONS\*\*

Fiscal Year	Total Collections	Annual Change %	State Transportation Trust Fund	General Revenue Fund
2002-03*	\$142,000,000	7.17	\$99,400,000	\$42,600,000
2001-02*	132,500,000	-4.60	92,700,000	39,800,000
2000-01	138,875,510	8.19	90,885,026	43,771,903
1999-00	128,363,570	7.29	83,363,570	37,422,489
1998-99	119,644,856	3.86	77,351,412	35,292,143

**MOTOR VEHICLE AND MOBILE HOME LICENSES**  
(Continued)

Fiscal Year	Total Collections	Annual Change %	State Transportation Trust Fund	General Revenue Fund
1996-97	110,631,813	2.30	71,834,370	33,103,650
1995-96	108,144,660	-10.61	68,821,249	32,157,630

\* Est.

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

**BASE AND RATE**

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

**DISPOSITION**

1996-1997 through 2000-2001, \$30 of the "new-wheels-on-the-road" fee is deposited into the General Revenue Fund and the remaining \$70, less the 7.3 percent General Revenue Service Charge, is deposited into the State Transportation Trust Fund. Beginning July 1, 2001, the 7.3 percent General Revenue Service Charge is eliminated. Effective July 1, 2005, the entire \$100 "new-wheels-on-the-road" fee, will be deposited into the State Transportation Trust Fund.

**HISTORY**

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

A three-tier tag schedule for passenger cars and light trucks was created in 1977 and license fees for such motor vehicles were increased by \$2.00 per tag in 1983. In 1984, provisions were made for the issuance of apportioned motor vehicle licenses in accordance with the International Registration Plan. In 1989, a \$30 "new-wheels-on-the-road" fee was imposed upon the initial registration of certain automobiles for private use, trucks weighing less than 5,000 pounds, and recreational vehicles, for deposit into the Law Enforcement Trust Fund. In 1990, the \$30 "new-wheels-on-the-road" fee was increased to \$100, with the additional \$70 for deposit into the General Revenue Fund. In addition, a \$295 motor vehicle impact fee

## MOTOR VEHICLE AND MOBILE HOME LICENSES

(Continued)

on the initial application for registration of certain automobiles for private use, trucks weighing less than 5,000 pounds, and recreational vehicles, was enacted effective July 1, 1990. The revenues from the impact fee were for deposit into the General Revenue Fund. The imposition of the \$295 motor vehicle impact fee was changed in 1991 to require payment at the time of original titling of a motor vehicle previous titled outside the state. In 1991, all motor vehicle license tag fees except mobile homes, charged a \$2.00 surcharge for deposit into the State Transportation Trust Fund. Also in 1991, a \$2.00 motor vehicle license replacement fee was levied on each annual motor vehicle registration, except mobile homes, for deposit into the Motor Vehicle License Replacement Trust Fund.

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

Chapter 97-300, Laws of Florida, made the following changes to chapter 320: provided an exemption from the \$100 new-wheels-on-the-road tax for any member of the U.S. Armed Forces, or his or her spouse or dependent child, who was a resident of Florida at the time of enlistment, who purchased a motor vehicle while stationed outside of Florida and who continues to be stationed outside Florida; provided an exemption from the \$100 new-wheels-on-the-road tax for a motor vehicle registration that is being transferred from a vehicle that is not operational, in storage or will not be operated in Florida; provided for a \$10 sample license plate; and provided for wrecker license plate, with fees ranging from \$87 to \$979, according to gross vehicle weight. Chapter 98-324, Laws of Florida, requires that a wrecker used to tow a vessel must register and pay a license tax based on gross vehicle weight. Chapter 98-202, Laws of Florida, allows disabled persons to apply for a disabled license plate at no fee beyond the regular license tax. The disabled license plate would replace the \$13.50 long-term disabled parking placard. Chapter 99-248, Laws of Florida, created an annual \$12.50 manufacturer license plate; increased the Challenger license plate use fee from \$15 to \$25; and reduced the annual fleet license fee from \$6.00 to \$2.00. Effective July 1, 2001, ch. 2000-257, Laws of Florida, eliminates the 7.3 percent General Revenue Service Charge on the \$100 new-wheels-on-the-road fee. Also, effective July 1, 2005, the entire \$100 "new-wheels-on-the-road" fee will be deposited into the State Transportation Trust Fund.

### OTHER STATES

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

### VALUE OF RATE CHANGES AND EXEMPTIONS

#### RATE CHANGE

2002-03  
(millions)

Value of 1% levy on all licenses sold

Passenger Cars

\$ 2.4



**MOTOR VEHICLE AND MOBILE HOME LICENSES**

(Continued)

<u>RATE CHANGE</u>	<u>2002-03</u> <u>Millions</u>
Light Trucks	.7
Heavy truck/truck tractors	.8
All Other	<u>1.1</u>
Total	5.0
 <u>VALUE OF EXEMPTIONS</u>	
Boy Scouts, Churches, etc. (s. 320.10)	.6
State and local government vehicles (s. 320.0655)	.9
Miscellaneous (disabled veterans, Seminole Indians, wheelchair users, etc.) (ss. 320.084, 320.0841, 320.0842)	.6
1/2 year tags (s. 320.0705)	14.0

## PARI - MUTUEL TAX

Florida Statutes: Chapter 550

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

Fiscal Year	Collections**	Annual Change %	General Revenue Distributions***@	Annual Change %
2002-03*	\$36,600,000	-3.83	\$19,200,000	-5.41
2001-02*	33,900,000	-2.31	20,300,000	24.53
2000-01	34,700,000	-39.55	16,300,000	48.18
1999-00	57,400,000	-5.12	11,000,000	-21.43
1998-99	60,500,000	-13.94	14,000,000	-45.74
1997-98	70,300,000	-3.70	25,800,000	-13.71
1996-97	73,000,000	-18.55	29,900,000	-34.95

\* Estimated

\*\* Collections do not include collections for other state agencies, which are the proceeds of charity and scholarship days, escheats and unclaimed tickets.

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

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

### BASE AND RATE

	Thoroughbreds	Harness	Quarter Horse	Greyhounds	Jai-Alai
Daily License Fee					
Live Simulcast	\$100 per race \$500 per day	\$100 per race \$500 per day	\$100 per race \$500 per day	\$80 per race \$500 per day	\$40 per game \$500 per day
Admissions Tax	15% or 10 cents, whichever is greater  No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater  No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater  No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater  No tax applies to free or complimentary passes	15% or 10 cents, whichever is greater  No tax applies to free or complimentary passes  Any permitholder that has incurred tax on handle and admissions tax that exceeds operating earnings in FY 97-98 or beyond is entitled to a tax credit
Tax on Handle					
Live	0.5% of handle from 1/03-3/16  0.2% of handle from 3/17-5/22  0.5% of handle from 5/23-1/02  0.5% of handle if 1991/92 handle <= \$34 million	0.5% of handle	1.0% of handle	5.5% of handle  7.6% of handle for charity performances	2.0% of handle

**PARI-MUTUEL TAX**  
(continued)

	Thoroughbreds	Harness	Quarter Horse	Greyhounds	Jai-Alai
ITW	2.0% of handle  0.2% of handle from 3/17-5/22  No tax on handle on Calder/Tropical signals sent to Hialeah  0.5% of handle (I)	3.3% of handle  0.5% of handle (I)	2.0% of handle	5.5% of handle  3.9% of handle on regular performances, and 7.6% on charity performances (II)  0.5% of handle (I)	7.1% of handle  6.1% of handle (III)  3.3% of handle (IV)  2.3% of handle (III)  0.5% of handle (I)
Simulcast	Same as live rate	0.5% of handle	1.0% of handle	5.5% of handle	2.0% of handle
ITW of Simulcast	2.4% of handle  0.2% of handle from 3/17-5/22  No tax on handle on Calder/Tropical signals sent to Hialeah  0.5% of handle (I and V))	1.5% of handle  0.5% of handle (I)	1.0% of handle	5.5% of handle  3.9% of handle (II)  0.5% of handle (I)	Same as intertrack  0.5% of handle (I)
Breaks					
Live	To permitholder	To Fl Std-Bred Breeders & Owners Association	To Fl Quarter Horse Breeders and Owners Association	To permitholder	To the players as awards
ITW	To permitholder	To permitholder	To permitholder	To permitholder	To permitholder
Simulcast	To permitholder	To permitholder	To permitholder	To permitholder	To permitholder

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

**HISTORY**

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

In 1984, all permitholders were authorized to withhold an additional 1% commission from exotic wagers to be used for capital improvements, with a 50% surtax on the additional commission. In 1987, the Legislature authorized the Florida Pari-mutuel Commission to provide recommendations to the Legislature for additional operating days on an annual basis. Additional taxes on handle for additional racing days were provided. Jai-alai and dog racing permitholders were authorized to withhold in fiscal year 1989-90, up to an additional 2% from exotic wagers. The additional 2% was subject to a 17.5% surtax per percentage point. In 1990, intertrack wagering was authorized, with a 3% tax rate on handle for horses and a 6% tax rate on handle for greyhound racing and jai-alai. The additional 2% takeout on exotic wagering authorized for fiscal

## PARI-MUTUEL TAX

(Continued)

year 1989-90 to greyhound and jai-alai permitholders was allowed to continue. The Legislature adopted a provision that any increase in future years over the amount of taxes paid from all types of pari-mutuel wagering in fiscal year 1989-90 will be redistributed as tax credits to greyhound and jai-alai permitholders.

The 1991 Legislature passed CS/SB 1342, which repealed, effective July 1, 1992, most of the pari-mutuel statutes, including tax credits and exemptions. Basic provisions relating to taxes and wagering were not repealed. The lower tax rate for intertrack wagering (ITW) was repealed, subjecting ITW to the higher tax rates. The 1992 Legislature failed to reenact the pari-mutuel statutes. During Special Session A, the 1993 Legislature reenacted the regulatory authority of the Division of Pari-mutuel Wagering and the former permitting and licensing provisions, with some modifications. Tax credits and exemptions and the lower ITW tax rate were not reenacted. In 1993, new tax structures for jai alai games, live harness races, and thoroughbred races were established. Another statutory change adopted in 1993 provides that if a jai alai or horseracing permitholder does not pay state taxes for 2 consecutive years and incurs no tax liability for failure to operate a full schedule of live races, the permit escheats to the state. The state may reissue the permit to a qualified applicant. Also, the Breeders' Cup Meet was reestablished, but without tax credits. In 1994, the daily license fee for jai alai was reduced from \$80 to \$40 per game and the tax on handle for live jai alai performances was reduced from 7.1 percent to 5 percent of handle. However, when the live handle during the preceding state fiscal year is less than \$15 million, the tax shall be paid on handle in excess of \$30,000 per performance per day. Ch. 94-328, L.O.F., created s. 550.2704, F.S., and authorized the licensing of one special Jai Alai Tournament of Champions Meet. The meet will consist of four performances at different locations, each year. During the 1995 Legislative Session, no legislation was passed that impacted fees or taxes. The only major legislation that was enacted was in reference to various technical matters in Chapter 550, Florida Statutes.

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

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

The 1997 Legislative Session transferred the daily operation of the PMW Laboratory to the University of Florida, College of Veterinary Medicine, for Fiscal Year 1997/98 during which time a feasibility study of the operations of the laboratory was conducted. Greyhound racing purse requirements became effective October 1, 1996 and during the 1996/97 fiscal year, the Division completed its comprehensive review of greyhound purse payments and established the minimum purse percentages to be used for compliance purposes. The 1998 Legislature passed into law three bills. Two of the bills, CS/SB 440 and HB 1747, became effective on May 24 and contained continued tax breaks for the pari-mutuel industry by repealing the sunset language enacted in 1996. CS/SB 440 provided for the removal of the admission tax on free passes and complimentary cards issued by all permitholders. The bill allowed simulcasting beyond 10 p.m., reduced various tax rates on all wager types, and provided for a feasibility study of Hialeah Race Track to be performed to address State or municipal

## PARI-MUTUEL TAX

(Continued)

ownership. The 1999 Legislative Session allotted an additional \$700,000 to facilitate the relocation of the PMW Racing Laboratory from Tallahassee to Gainesville.

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

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

### 2001 LEGISLATIVE CHANGES

No pari-mutuel legislation was promulgated in 2001. However, Sec. 10, of Ch. 2000-354, L.O.F., reenacted and amended paragraph (2) (a) of s.550.09515, Florida Statutes as amended by Sec. 4, Ch. 98-190, L.O.F., effective July 1, 2000 for thoroughbred horseracing tax rates to read: The tax on handle for live thoroughbred horserace performances shall be 0.5 percent.

### OTHER STATES

Forty-one states impose a tax on pari-mutuels conducted in their states. For calendar year 1996, Florida ranked 1st in total pari-mutuel handle and revenue to government from greyhound and jai alai, and 7th in handle and 5th in revenue to government from horseracing.

### VALUE OF RATE CHANGES

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1% levy on pari-mutuel handle (Assuming no additional track allowance)	
Greyhound	\$2.7
Jai-Alai	.7
Harness and Thoroughbred	4.2
Inter-track Wagering	<u>8.1</u>
Total	15.7
Value of 1% tax on admission	Insignificant

## POLLUTANT TAXES

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

Administered by: Department of Revenue

### Distributions\*\*

Fiscal Year	Total Collections	Coastal Protection	Water Quality***	Inland Protection
2002-03*	\$252,500,000	\$7,800,000	\$30,800,000	\$213,900,000
2001-02*	246,900,000	7,700,000	30,100,000	209,100,000
2000-01	242,504,993	7,521,466	29,574,478	205,409,049
1999-00	237,411,468	7,028,432	28,554,202	201,828,834
1998-99	230,699,522	7,264,333	29,397,484	194,037,705
1997-98	219,170,329	6,678,521	27,086,400	185,405,408
1996-97	213,825,176	6,283,230	25,797,853	181,744,093

\* Est.

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

\*\*\* The Water Quality numbers include the following revenues and estimates for the \$1.50 lead-acid battery fee: 1996-97 - \$8.3 million; 1997-98 - \$8.7 million; 1998-99 - \$9.5 million; 1999-00- \$9.4 million; 2000-01- \$9.2 million; 2001-02 - \$9.3 million; and 2002-03, \$9.3 million.

### SUMMARY

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

### DISPOSITION

Florida Coastal Protection Trust Fund: Tax for Coastal Protection

Water Quality Assurance Trust Fund: Tax for Water Quality

Inland Protection Trust Fund: Tax for Inland Protection

### BASE AND RATE

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

## POLLUTANT TAXES

(Continued)

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

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

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

Waste Tire Fee: In addition to the pollutant taxes, there is a \$1 per tire fee imposed on each new motor vehicle tire sold at retail. The fee is imposed on tires sold separately or as component parts of a new motor vehicle. The fee is not imposed on recapped tires. The proceeds from the waste tire fee are deposited into the Solid Waste Management Trust Fund. Waste tire fee revenues are as follows: 1996-1997 - \$16.9 million; 1997-1998 - \$17.5 million; 1998-1999 - \$18.2 million; 1999-2000 - \$19.2 million; 2000-2001 - \$18.9 million. Estimated revenues for 2001-2002 and 2002-2003 are \$19.0 and \$19.2 million.

Hazardous Waste Taxes and Fees: Local governments within Florida may assess a 3% gross receipts tax on facilities within their jurisdictions that store or dispose hazardous waste, with the proceeds being used for facility inspection, security and road construction costs related to the facility, and environmental protection purposes. The revenues are as follows: 1996-1997 - \$1.3 million; 1997-1998 - \$1.2 million; 1998-1999 - \$1.1 million; 1999-2000 - \$1.2 million; and 2000-2001 - \$1.1 million. Estimated revenues for both 2001-2002 and 2002-2003 are \$1.1 million.

## HISTORY

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

In 1987, the tax was expanded to include all pollutants as defined above, not just petroleum products. In 1988, the Legislature expanded the list of products subject to the Water Quality Assurance Tax to include solvents, lead-acid batteries, and motor oil or other lubricants and provided a two-tiered tax rate. Also in 1988, the Legislature adopted waste newspaper disposal fees. Solvent mixtures were added to the list of taxable pollutants under the

## POLLUTANT TAXES

(Continued)

Water Quality Assurance Tax in 1989 and tax rates were adjusted. The lead-acid battery tax was transferred to chapter 403. In 1990, the Legislature made the following provisions: if the U.S. Department of the Interior approves offshore oil drilling, excluding natural gas drilling activities, in waters off Florida's coast, the cap on the Coastal Protection Trust Fund will be increased to \$100 million; and if a discharge of catastrophic proportions occurs, the Governor and Cabinet may, by rule, increase the levy of the pollutant tax to an amount not to exceed 10 cents per gallon for a period of time necessary to pay any proven claims against the fund and to restore the balance to \$50 million.

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

### OTHER STATES

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

### VALUE OF RATE CHANGES AND EXEMPTIONS

#### RATE CHANGE

2002-03  
(millions)

Value of:

1 cent levy per barrel of petroleum product	
Coastal Protection	\$ 3.5
Water Quality	3.3
Inland Protection	2.7
10 cent levy per battery	.9
1 cent levy per gallon of motor oil or other lubricant	.9
1 cent levy per gallon of solvent	.2

#### VALUE OF EXEMPTIONS

Florida Coastal Protection Tax: (s. 206.9941(3))

Crude Oil produced at a well site and exported from that site by pipeline, truck, or rail without intermediate storage or stoppage.	Indeterminate
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Inland Protection Tax: (s. 206.9941(1))

Grades no. 5 and no. 6 residual oils	20.0
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**POLLUTANT TAXES**  
(Continued)

<u>VALUE OF EXEMPTIONS</u>	<u>2002-03</u> (millions)
Intermediate fuel oils (IFO) used by taxpayer for marine bunkering with viscosity of 30 or higher.	2.0
Asphalt Oil	2.4
Petrochemical Feed stocks	2.4
Pesticides, ammonia, chlorine and derivatives	.2
Hydraulic fluid (such as brake and transmission fluid)	.2

## PROFESSIONAL AND OCCUPATIONAL LICENSING FEES

Florida Statutes: Chapter 454 through 493 (Title XXX)

Administered by: Department of Business and Professional Regulation

Fiscal Year	Collections**	Annual Change %
2002-03*	\$43,400,000	12.40
2001-02*	35,000,000	-18.91
2000-01	43,165,573	12.47
1999-00	38,379,276	-15.58
1998-99	45,459,429	18.23
1997-98	38,448,062	-21.55
1996-97	49,009,559	43.64

\* Est.

\*\* Includes a 7.3 percent General Revenue Service Charge.

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

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

### OTHER REGULATED PROFESSIONS AND OCCUPATIONS

Numerous other occupations, professions, and businesses are regulated through various departments of state government, usually with assistance from boards composed of members of regulated activities. From 1976-80, as a result of Sunset and Sundown legislation, major changes were made in the Department's structure and the responsibilities of the many regulatory boards that serve it. In 1983, Chapter 83-329, Laws of Florida, made changes affecting the Department, various regulatory boards and nearly all of the professions currently regulated. License fees and caps have been increased over the years for a number of professions and new laws enacted to regulate professions for the first time. Chapter 92-149, Laws of Florida, required that professional license fees be set at a level sufficient to cover the costs of regulation of the profession.

Professional licensing boards were given the authority to impose a one-time fee assessment to cover such costs. If a licensing board fails to increase fees to cover costs, then the Department is authorized to increase fees. Chapter 92-33, Laws of Florida, transferred the regulation and licensing of the medical profession from the Department of Business and

**PROFESSIONAL AND OCCUPATIONAL LICENSING FEES**

(Continued)

Professional Regulation to the Agency for Health Care Administration, which transfer was delayed until July 1, 1994 by Ch. 92-124, Laws of Florida. Chapter 97-312, Laws of Florida, provided for the privatization of the regulation of the engineering profession.

## SALES AND USE TAX

Florida Statutes: Chapter 212

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %
2002-03*	\$16,691,200,000	6.28
2001-02*	15,704,800,000	-.58
2000-01	15,795,535,206	5.77
1999-00	14,933,807,688	8.26
1998-99	13,794,573,354	6.53
1997-98	12,975,124,733	7.33
1996-97	12,088,759,320	5.47

### Distributions of the General Sales and Use Tax\*\*

Fiscal Year	General Revenue	Local Governments***	Solid Waste Management Trust Fund	Sports Facilities Transfer	Emergency Distribution
2002-03*	\$14,734,300,000	\$1,894,600,000	\$33,400,000	\$19,500,000	\$9,400,000
2001-02*	13,895,400,000	1,784,900,000	31,400,000	19,500,000	8,800,000
2000-01	13,945,129,665	1,792,013,598	31,507,932	18,027,813	8,856,198
1999-00	13,799,476,854	1,257,419,045	30,000,000	16,000,000	7,004,101
1998-99	12,588,449,416	1,156,264,091	27,589,147	15,833,365	6,437,335
1997-98	11,828,745,886	1,089,443,269	25,995,361	12,000,024	6,065,503
1996-97	11,065,488,816	1,015,707,433	24,121,417	10,833,355	5,625,706

\* Est.

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

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

### SUMMARY

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

**SALES AND USE TAX**  
(Continued)

DISPOSITION

General sales and use tax:

Solid Waste Management Trust Fund: 0.2% of total sales tax collections.

Local Government Half-cent Sales Tax Clearing Trust Fund: 9.653% of collections remaining after distribution to the General Revenue Fund in the amount previously distributed to the State Infrastructure Fund and the Solid Waste Management Trust Fund.

Emergency Distribution: After the above mentioned distributions, 0.065% transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund and distributed to qualified counties pursuant to s. 218.65, F.S.

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

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

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

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

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

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

General Revenue Fund: Remainder of taxes remitted.

Mail Order Sales Tax:

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

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

State Transportation Trust Fund: 80% of the rental car surcharge collections which are estimated to be \$113.7 million in 2001-02 and \$117.1 million in 2002-03.

Tourism Promotion Trust Fund: 15.75% of the rental car surcharge collections which are estimated to be \$22.4 million in 2001-02 and \$23.0 million in 2002-03.

## SALES AND USE TAX

(Continued)

Florida International Trade and Promotion Trust Fund: 4.25% of the rental car surcharge collections which are estimated to be \$6.1 million in 2001-02 and \$6.2 million in 2002-03.

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

### BASE AND RATE

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

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

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

### HISTORY

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

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

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

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

## SALES AND USE TAX

(Continued)

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

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

The 1996 Legislature adopted a sales tax exemption for charges of electricity used to run certain machinery and equipment. The exemption was phased in over a five-year period beginning July 1, 1996. Also in 1996, the \$100,000 threshold for qualification for the machinery and equipment sales tax exemption for expanding businesses was decreased to \$50,000. In addition, the new and expanding industry sales tax exemption was expanded to include printing firms and those publishing firms that export at least 50 percent of their finished product out of the state. The 1997 Legislature adopted a sales tax exemption for Internet access service and similar on-line computer services by removing them from the definition of telecommunication services. In addition, Chapter 97-50, Laws of Florida, created the Rural Job Tax Credit Program and the Urban High Crime Area Job Tax Credit Program. Each program authorizes qualified corporations to take a tax credit per eligible employee of either \$500, \$1,000 or \$1,500. This credit can be taken against the sales and use tax or the corporate income tax, but not both. The 1998 Legislature enacted a sales tax free week in August 1998 for clothing sold for less than \$50. It also extended the reduced 3% tax rate for some agricultural equipment to the rental of such equipment and to a variety of other agricultural equipments. Also exempted were machinery and equipment for printing facilities, if the facility expanded by at least 10%, and pollution control and solid waste management equipment. The 1999 Legislature re-enacted a sales tax free week; this time, however, it lasted 9 days and covered clothing sold for less than \$100. The threshold for estimated payments was raised to \$200,000 and the percentage lowered to 60%. Also, exemptions for the labor portion of repair of machinery and equipment, various advertising agency and printer purchases, and overhead expenses for government contractors were enacted.

**SALES AND USE TAX**  
(Continued)

The 2000 Legislature enacted new exemptions for the space and semi-conductor industry, for the movie and entertainment industry, and for all 501(c)(3) organizations. It also repealed the additional registration fee for large dealers. Previously funded distributions to local government from the intangibles, tobacco, and pari-mutuel tax revenues are now made from the sales tax. Also, effective October 1, 2001, the taxation of communications taxes was moved to a new chapter 202.

**2001 LEGISLATIVE CHANGES**

The 2001 Legislature enacted a tax holiday on purchases of clothing and school supplies of \$50 or less.

**OTHER STATES**

Alaska, Delaware, Montana, New Hampshire, and Oregon do not have a state sales tax. Rates in other states (other than special rates for specified types of transactions) vary from 3% to 7%. The most common rates are 4%, 5%, and 6%; however, many states allow local option sales taxes. Seven states have higher state rates than Florida. Individual state's rates can be found at: [www.taxadmin.org](http://www.taxadmin.org).

**VALUE OF RATE CHANGES AND DISTRIBUTIONS**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1% levy on tax base. Chapter 212, F.S.	\$2,781.8

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

DISTRIBUTION TO LOCAL GOVERNMENT

Local Government Half-cent Sales Tax: s. 218.61, F.S.	1,385.1
Emergency Distribution: s. 218.65, F.S.	9.4

ALTERNATIVE BASES

Convert sales tax to an invoice-credit value added tax (Tax all final consumption @ 6%)	22,518.6
Broaden resale exemption under current sales tax to exempt any business purchase.	(5,019.6)



**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX  
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Line No.	Enactment Date	Florida Statute	Short Description (See statute for full description of exemption)	FY 2002-03 Annualized Value \$m	Ex. Type
1	1949	212.02(1),212.04(1)(b)	Federal tax on admissions.	0.4	H
2	1990	212.02(1)	Hospital physical fitness facility charges.	1.7	H
3	1949	212.02(2)	Occasional or isolated sales by businesses and individuals. (*1)	26.0	M
4	1970	212.02(2)	Rent on low income housing.	54.9	H
5	1990	212.02(2)	Leasing of real property between certain corporations.	4.4	B
6	1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars.	1.2	B
7	1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airports	6.7	B
8	1949	212.02(14)(a)	Items purchased for subsequent resale. (*2)	28,430.9	(*)
9	1949	212.02(14)(c)	Materials used for packaging.	27.2	B
10	1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods. (*3)		B
11	1998	212.02(14)(c)	Parts incorporated into repair for resale	insig.	B
12	1998	212.02(16)	Federal excise taxes imposed on retailers	0.8	B
13	1949	212.02(19)	Intangible personal property. (*4)	15,240.3	(*)
14	1998	212.02(20)	Automobiles loaned to driver education and safety programs	insig.	B
15	1998	212.02(28) & (29)	Fish breeding	0.1	B
16	1949	212.03(4), 212.031(1)(a)2.	Rent charges paid by certain long term occupants.	3.2	H
17	1979	212.03(7)(a)	Rent charges paid by certain full-time students.	27.2	H
18	1979	212.03(7)(a)	Rent charges paid by active military personnel.	9.1	H
19	1972	212.03(7)(a)	Rent charges paid by permanent residents.	882.9	H
20	1972	212.03(7)(c)	Charges for rent in certain mobile home parks.	2.6	H
21	1979	212.03(7)(d)	Rent charges for living accommodations in migrant labor camps.	10.7	H
22	1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural.	14.7	B
23	1985	212.031(1)(a)4.	Condominium recreational leases.	6.3	B
24	1987	212.031(1)(a)5.	Streets used by a utility for utility purposes.	34.9	B
25	1999	212.031(1)(a)5.	Cell phone towers & co-located equipment	2.7	B
26	2000	212.031(1)(a)5.	Cell phone towers	0.7	B
27	1987	212.031(1)(a)6.	Toll road charges.	44.1	M
28	1987	212.031(1)(a)6.	Street parking meter charges.	1.1	M
29	1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading.	45.1	B
30	1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships.	12.2	B
31	1997	212.031(1)(a)8.	Wharfage guarantees	0.3	B
32	1987	212.031(1)(a)9.	Leases/rentals of certain property used for movie productions	4.5	B
33	1983	212.031(1)(a)10.	Movie theater concession rent.	1.6	B
34	1999	212.031(1)(a)10.	Rents, subleases, or licenses in recr. or sports arenas, civic centers	0.5	B
35	2000	212.031(1)(a)13.	Commercial Leases/Space Flight	0.6	B
36	1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged	n/a	B
37	1977	212.031(5)	Convention hall subleases.	6.0	B
38	1978	212.031(6)	Leases by agricultural fair associations.	(*5)	B
39	1998	212.031(7)	Certain utility charges if separately billed	16.0	H
40	1998	212.031(8)	Certain lease termination payments	13.1	B
41	1999	212.031(9)	Highschool and college teams' stadium skyboxes	0.7	O
42	2000	212.031(10)	Entertainment Facilities	3.4	B
43	1998	212.04(1)(d)	Travel agent mark-up on taxed admissions or transient rentals	n/a	B
44	1949	212.04(2)(a)1.	Admissions to certain school and state events.	6.3	M
45	1978	212.04(2)(a)2.	Dues, fees, and admissions charged by non-profit entities.	27.2	O
46	1980	212.04(2)(a)3.	Admissions paid by students for required sports or recreation.	4.7	M
47	1981	212.04(2)(a)4.	Super Bowl football tickets (impact only when held in Florida)	(*6)	H
48	1994	212.04(2)(a)5.	Governmental participation or sponsorship fees	16.0	O
49	1989	212.04(2)(a)6.	Tickets for certain non-profit theater, opera or ballet events.	1.6	O
50	1998	212.04(2)(a)8.	Particip. fees to athletic events where spectators are charged admission	insig.	O
51	1963	212.04(2)(c), 212.02(19)	Pari-mutuel admissions tax imposed by s. 550.09.	insig.	B
52	1976	212.05(1)(a)2.	Sales of boats or airplanes removed from the state.	72.1	B
53	1971	212.05(1)(c)	Long term vehicle leases if tax paid when purchased by lessor.	1.7	B
54	1998	212.05(1)(h)2.	Newspaper and magazine inserts	44.8	B
55	1994	212.05(1)(l)	2% rate abatement for coin-operated amusement machines	3.9	B
56	1993	212.05(1)(j)1.a.	Law enforcement officers' protection services.	3.3	B
57	1999	212.05(1)(k)	US legal coins and coins in excess of \$500	0.3	B
58	1998	212.05(1)(n)	When TPP prizes are awarded, operator can pay tax on 25% of receipts	0.2	B
59	1989	212.0506(3)	Certain service warranties relating to real property fixtures.	3.2	B
60	1989	212.0506(7)	Service warranties on which ins. prem. tax is due (homeowner warr.).	2.3	B
61	1998	212.0506(10)	Certain materials and supplies used in fulfillment of service warranty	28.0	B
62	1998	212.051(1)	Pollution control equipment used in manufacturing	14.4	B
63	1998	212.051(2)	Solid waste management equipment	3.7	B
64	1982	212.052	Items fabricated for use in research and development activities.	28.5	B
65	1987	212.0598	Partial exemption for air carriers' maintenance bases.	(*7)	B
66	1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy.	24.6	B

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Line No.	Enactment Date	Florida Statute	Short Description (See statute for full description of exemption)	FY 2002-03 Annualized Value \$m	Ex. Type
67	1984	212.06(1)(b)	Electricity consumed or dissipated in the transmission of electricity.	21.6	B
68	1969	212.06(1)(b)	Fabrication labor used in the production of qualified motion pictures.	7.8	B
69	1982	212.06(1)(b)	Portion of price of factory built building attributable to labor costs.	insig.	B
70	1988	212.06(1)(c)	Use tax on asphalt; special calculations.	(*8)	B
71	1999	212.06(1)(c)	Partial exemption for asphalt sold to governments	1.5	B
72	1998	212.06(1)(d)	Cost price calculation for certain industries	insig.	B
73	1992	212.06(2)(d),5(c),212.0596(2)(c)	Printing for out-of-state customer, when he provides the paper.	14.8	B
74	2000	212.06(3)(b)	Certain Printed Materials	0.3	B
75	1949	212.06(5)(a)	Tangible personal property imported or produced for export.	3,774.5	(*)
76	1949	212.06(5)(a)	Aircraft being exported outside the U.S.	8.9	B
77	1949	212.06(5)(a), 212.081(5)	Any sale exempted by federal law or the U.S. Constitution.	n/a	M
78	1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas.	2.9	B
79	1949	212.06(7)	Credit for tax paid to other states.	56.0	M
80	1969	212.06(8)	Imported items if used in another state for 6 months or more.	147.0	M
81	1949	212.06(9)	Sales of religious items.	8.9	M
82	1992	212.06(11)	Certain magazine promotional materials, if exported.	3.8	B
83	1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used by dealer	1.2	B
84	1998	212.06(14)	Mobile home lot improvements	n/a	B
85	1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use	1.3	B
86	2000	212.06(15)(a)	Fill Dirt	insig.	B
87	1987	212.0601	Partial exemption from use tax for motor vehicle dealers.	0.7	B
88	1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS table	insig.	B
89	1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made.	0.3	B
90	1997/99	212.0602	Purchases of cinematography school, including leases	0.7	O
91	1949	212.07(5)	Sales of farm products sold directly by the producer.	1.5	B
92	1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on mark-up	0.4	B
93	1949	212.07(6)	Agricultural products consumed on the farm.	insig.	B
94	1949	212.07(7)	Purchases of ag. products for further processing for resale.	1,112.0	(*)
95	1949	212.08(1)(a)	Groceries purchased for human consumption.	1,933.0	H
96	1986	212.08(1)(b)	Food purchased with food stamps [not exempt under s. 212.08(1)(a)].	0.9	H
97	1949	212.08(2)(a)	Prescription drugs.	619.9	H
98	1949	212.08(2)(a)	Non-prescription drugs.	167.8	H
99	1949	212.08(2)(a)	Eyeglasses and other corrective lenses.	26.0	H
100	1949	212.08(2)(a)	Medical supplies and products such as syringes and prosthetics.	83.8	H
101	1951	212.08(2)(a)	Funerals except for tangible personal property used. (*9)	21.1	M
102	1990	212.08(2)(a)	Contact lens molds cost in excess of \$100,000.	5.1	B
103	1998	212.08(2)(d)	Lithotripters	0.3	B
104	1998	212.08(2)(e)	Human organs	insig.	B
105	1998	212.08(2)(f) & (h)	Veterinary medicines	6.5	B
106	1999	212.08(2)(f) & (h)	Non-retail pharmacies	450.4	B
107	1998	212.08(2)(j)	Special lettering or similar attachments used to aid handicapped persons	2.6	H
108	63/98	212.08(3)	2.5% partial exemption on sale of farm equipment.	38.9	B
109	1949	212.08(4)(a)1.	Metered Water, excluding well.	311.4	M
110	1949	212.08(4)(a)1.	Bottled (except carbonated) Water	7.4	M
111	1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities.	191.8	B
112	1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).	2.8	B
113	1987	212.08(4)(a)3.	Wheeling or transmission of electricity.	3.7	B
114	1949	212.08(5)(a)	Purchase of commercial fishing nets.	insig.	B
115	1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc.)	57.7	B
116	1978	212.08(5)(a)	Fuels used to heat poultry structures.	0.1	B
117	1998	212.08(5)(a)	Poultry structure generators	0.2	B
118	1978	212.08(5)(b)1.	Purchases of machinery and equipment by new businesses.	23.6	B
119	1978/89	212.08(5)(b)2.a.	M&E purchased by expanding businesses or for spaceports > \$50,000	29.4	B
120	1998	212.08(5)(b)2.b.	M&E purchased by expanding printing facilities	4.4	B
121	1980	212.08(5)(c)1.	Certain M&E used to produce energy. (*10)	11.7	B
122	1997	212.08(5)(c)2.	Proration of M&E using nonresidual fuels	0.7	B
123	2000	212.08(5)(c)1. & 2.	Boiler Fuels	0.4	B
124	1983	212.08(5)(d)	Certain M&E purchased pursuant to federal contract.	(*7)	B
125	1988	212.08(5)(e)	Butane and other gases (except natural) used for agricultural purposes.	0.8	B
126	1993	212.08(5)(e)	Natural gas used for agricultural purposes.	0.6	B
127	1983	212.08(5)(f)	Certain motion picture or recording equipment; refund.	2.3	B
128	2000	212.08(5)(f)	Add'l Movie Exemptions	12.9	B
129	2000	212.08(5)(f)	Motion Picture Video Equipment	4.1	B
130	1984	212.08(5)(g)	Certain building materials used in an enterprise zone.	0.3	B
131	1984	212.08(5)(h)	Certain depreciable business equip. used in an enterprise zone; refund.	1.9	B
132	1988	212.08(5)(i)	Certain aircraft modification services.	24.9	B

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133	1997	212.08(5)(j)	M & E used in silicon technology and related research (*11)	2.2	B
134	2000	212.08(5)(j)	Semi-conductor clean rooms	0.1	B
135	2000	212.08(5)(j)	Defense & Space M&E	1.9	B
136	1998	212.08(5)(k)	Paint color cards and samples	0.3	B
137	1998	212.08(5)(l)	Cattle growth enhancers	0.3	B
138	1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials	0.2	B
139	2000	212.08(5)(n)	Materials for construction of single-family homes in EZ	0.3	H
140	2000	212.08(5)(o)	Building materials in redevelopment projects	0.4	H
141	2000	212.08(5)(p)	Broad Band Technology	3.0	B
142	1949	212.08(6)	Direct purchases by governm't (except electrical generating eq.). (*12)	275.0	O
143	1987	212.08(6)	Services by radio and TV stations.	(*13)	B
144	1978	212.08(7)(a)	Sales of artificial commemorative flowers by V.A.	insig.	O
145	1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing.	38.3	B
146	1974	212.08(7)(c)	Purchases of crab bait by commercial fishermen.	0.4	B
147	1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches.	19.5	B
148	1949	212.08(7)(e)	Film rentals, when admissions are charged.	4.0	B
149	1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters.	(*14)	B
150	1974	212.08(7)(f)	Sales of U.S. and State flags.	1.7	M
151	1982	212.08(7)(g)	Supplies & equipment by the Fla. Retired Educators' Assn.	insig.	O
152	1971	212.08(7)(h)	Purchases of, and supplies for, guide dogs for the blind.	insig.	H
153	1963	212.08(7)(i)	Charges for hospital meals and rooms.	386.8	H
154	1995	212.08(7)(i)	In-facility meals purchased by residents of homes for the aged	19.3	H
155	1972	212.08(7)(j)	Purchases of power & heating fuels by residential households. (*15)	956.8	H
156	1996	212.08(7)(j)	Purchases of power & heating fuels by licensed day care homes (*15)	0.3	B
157	1980	212.08(7)(j)	Utilities purchased for use in a residential model home. (*15)	0.2	B
158	1978	212.08(7)(k)	Charges for certain meals provided by non-profit orgs.	22.6	O
159	1983	212.08(7)(l)	Purchases by orgs. providing certain benefits to minors.	5.7	O
160	1949	212.08(7)(m)1.	Sales or leases to churches.	51.0	O
161	1983	212.08(7)(m)1.	Items purchased or leased by certain non-profit organizations.	9.1	O
162	1984	212.08(7)(m)2.	Non-profit orgs. providing free transportation to church members.	0.1	O
163	1988	212.08(7)(m)2.	Purchases by religious non-profit TV stations.	0.4	O
164	1995	212.08(7)(m)2.	Purchases by orgs. providing religious services to state prisoners	insig.	O
165	1998	212.08(7)(m)2.	Religious tapes for the blind	0.1	O
166	1998	212.08(7)(m)2.	Organizations w/o permanent location conducting religious services	0.5	O
167	1995	212.08(7)(m)2.	Purchases by certain orgs. supporting charitable service providers	0.1	O
168	1978/99	212.08(7)(n)1.	Items purchased or leased by qualified veterans organizations.	0.5	O
169	1949/00	212.08(7)(o)	Schools, colleges, and universities	NA	O
170	1949/00	212.08(7)(p)	Section 501(c)(3) organizations	37.5	O
171	1978	212.08(7)(q)	Purchases of "resource recovery equipment" by local govts.	0.2	O
172	1963	212.08(7)(r)	K-12 schoolbooks and lunches.	29.7	O
173	1998	212.08(7)(r)	School yearbooks, magazines, newspapers, and bulletins	5.4	O
174	1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting.	1.3	B
175	1986	212.08(7)(t)	Boats temporarily docked in Florida.	3.9	B
176	1969	212.08(7)(u)	Purchases of fire-fighting equipment by volunteer fire depts.	0.3	O
	1949	212.08(7)(v)	Charges for professional, personal and insurance services:		
		SIC code for services:	PERSONAL SERVICES:		
177		721	Laundry & Dry Cleaning Services	77.8	S
178		723,4	Beauty & Barber Shops	64.9	S
179		729	Tax Return Preparation & Misc. Personal Services	20.4	S
180		734pt	Cleaning and Pest Control - Residential	56.4	S
181		736	Employment Services, Temporary Help & Personnel Supply Svcs.	793.4	S
182		754pt	Auto Towing and Other Non-repair Services	17.2	S
			PROFESSIONAL SERVICES:		
183		64	Insurance Agents and Brokers	170.6	S
184		653	Real Estate Agents, Appraisers & Other Realty Services	502.6	S
185		654.0	Title Search and Abstract Services	8.7	S
186		81	Legal Services	426.3	S
187		86pt	Professional Organizations	56.8	S
188		871	Engineering, Architectural, and Surveying	205.0	S
189		872	Accounting, Auditing & Bookkeeping	241.4	S
190		874	Management, Mgt. Consulting & Public Relations Services	516.5	S
			BUSINESS SERVICES:		
191		070	Agricultural Services	142.2	S
192		085	Forestry Services	37.2	S
193		108	Metal Mining Services	0.0	S
194		138	Oil & Gas Field Services	1.2	S

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Line No.	Enactment Date	Florida Statute	Short Description (See statute for full description of exemption)	FY 2002-03 Annualized Value \$m	Ex. Type
195		148	Non-metallic Non-fuel Minerals Services	0.1	S
196		279	Service Industries for the Printing Trade	7.3	S
197		4215,4513	Express Truck & Air Courier Services	185.0	S
198		671-9pt	Franchises, Royalties & Lisc./Holding & Other Invest. Offices	814.3	S
199		732	Credit and Collection Agencies	25.7	S
200		7338	Secretarial & Court Reporting Services	29.8	S
201		737	Data Processing & Related Computer Svcs. Incl. Info. Svcs.	400.1	S
202		873	Research, Development & Testing Services & Consulting	44.1	S
203		7389	Telephone Ans., Interior Design & Misc. Business Svcs.	276.8	S
204		var.	Convention, Conf., Seminar & Meeting Registration Fees	2.9	S
205		899	Other Services	17.7	S
206		var.	Service Transactions Between Affiliated Corporations	417.9	S
207		var.	Independent Brokers & Agents and Other Service Trans.	25.6	S
			<b>FINANCIAL SERVICES:</b>		
208		602-9pt	Money Lending by Banks	723.1	S
209		61pt	Money Lending by Non-bank Financial Institutions	70.4	S
210		602-9pt	Other Banking Services	256.9	S
211		61pt	Other Non-bank Financial Institution Services	13.5	S
212		62	Security and Commodity Brokers	283.4	S
213		631-9	Insurance Carriers	1,997.4	S
			<b>MEDIA SERVICES:</b>		
214		271	Publishing & Printing - Newspaper Advertising	141.3	S
215		272-4	Publishing & Printing - Periodical & Misc. Advt.	20.2	S
216		483	Radio & Television Broadcasting - Advertising	213.5	S
217		4899,481-4pt	Satellite Up-Link, Down-Link & Misc. Communications Services	13.0	S
218		5963pt	Newspaper Delivery by Independent Carriers	2.8	S
219		6794pt	Fees for Broadcast Rights/Programming Syndication Fees	33.0	S
220		var.	Cooperative Marketing & Promotional Services	13.7	S
221		731,3	Advertising Agencies & Advertising Representatives	167.6	S
222		7383	News & Feature Syndicates	7.8	S
223		782	Motion Picture & T.V. Distribution Services	88.4	S
			<b>ENTERTAINMENT &amp; SPORTS SERVICES:</b>		
224		781	Motion Picture & T.V. Production & Support Services	39.5	S
225		792	Producers, Orchestras, Agents & Entertainers	17.3	S
226		791	Dance Studios, Schools & Halls	2.5	S
227		794	Professional Sports Club Operators & Promoters	191.4	S
			<b>CONSTRUCTION SERVICES:</b>		
228		152,3	Contractors, General, Residential Incl. Repair	235.3	S
229		154	Contractors, General, Non-Residential Incl. Repair	249.7	S
230		1629	Contractors, General, Heavy Non-Building, Other	67.3	S
231		171-9	Construction, Special Trade Contractors incl. Repair	707.3	S
232		7353pt	Heavy Equipment Services (Rental With Operator)	20.5	S
			<b>INSTITUTIONAL SERVICES:</b>		
233		49pt	Sewage & Garbage Collection Services & Utility Hook-ups	127.2	S
234		823,4,9	Educational Institutions - Not for Profit	10.9	S
235		823,4,9	Educational Institutions - For Profit	87.9	S
236		83	Soc Serv, Job Train, Chld & Adult Care - Not for Profit	104.5	S
237		83	Soc Serv, Job Train, Chld & Adult Care - For Profit	65.4	S
238		919	Govt. Enterprise Activity Service Fees	24.2	S
			<b>TRANSPORTATION SERVICES:</b>		
239		401pt	Railroad Transportation - Passenger (*16)	0.3	S
240		401pt	Railroad Transportation - Freight	53.3	S
241		411	Local & Suburban Bus Transportation	22.9	S
242		412	Taxicabs	10.3	S
243		413	Intercity Bus Transportation	0.8	S
244		414	Charter Bus Transportation	3.9	S
245		421	Motor Freight Transportation	311.1	S
246		422	Public Warehousing	33.5	S
247		441-9	Water Transportation & Incidental Services	117.8	S
248		4512-452pt	Air Transportation - Passenger	(*17)	S
249		4512-452pt	Air Transportation - Freight	36.0	S
250		461,492	Pipelines	5.7	S
251		472	Arrangement of Pass. Trans. (Travel Agents & Tour Op.)	29.5	S
252		473	Arrangement of Freight Transportation	30.7	S

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253		478pt	Incidental Railroad Transportation Services	5.7	S
			HEALTH SERVICES:		
254		801	General Physicians	828.1	S
255		802	Dentists	189.9	S
256		803	Osteopathic Physicians	31.3	S
257		804	Chiropractors, Optometrists & Other Health Practitioners	173.5	S
258		805	Nursing and Personal Care Facilities	236.1	S
259		806	Hospital Services	100.5	S
260		807	Medical and Dental Labs	66.0	S
261		808	Outpatient Care Facilities	124.0	S
262		809	Other Health and Allied Services	41.8	S
			LABOR SERVICES:		
263		n/a	Employee Labor Services	14,686.0	(*)
264		n/a	Partner Services to a Partnership	109.4	(*)
			(Continuation of non-service exemptions:)		
265	1990	212.08(7)(w)	Free advertising publications.	20.2	B
266	1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail	10.9	B
267	1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events.	0.1	B
268	1988	212.08(7)(y)	Charter fishing boats.	34.1	B
269	1988	212.08(7)(z)	Certain candy sold in vending machines by non-profit orgs.	insig.	O
270	1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies.	0.4	B
271	1992	212.08(7)(bb)	Community cemeteries.	0.1	B
272	1992/99	212.08(7)(cc)	Works of art provided to an educational institution.	6.1	B
273	1994	212.08(7)(dd)	Lease or license to use taxicab equipment	6.9	B
274	1994/98	212.08(7)(ee)	Aircraft repair and maintenance labor charges or aircraft > 15,000 lbs	2.4	B
275	1998	212.08(7)(ee)	Aircraft repair and maint. labor charges for helicopters > 10,000 lbs	0.2	B
276	1996	212.08(7)(ff)	Electricity used in Manufacturing	49.7	B
277	1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property	1.0	B
278	1996	212.08(7)(hh) & (ii)	State Park Citizen Support Organizations and Florida Folk Festival	0.1	B
279	1997	212.08(7)(jj)	Solar energy systems	1.1	B
280	1997	212.08(7)(kk)	Nonprofit cooperative hospital laundries	0.1	B
281	1997	212.08(7)(ll)	Complimentary meals served by hotels & motels	3.3	B
282	1997	212.08(7)(mm)	PRIDE	1.3	O
283	1998	212.08(7)(nn)	Items sold by PTO's and PTA's, if tax paid at purchase	1.6	O
284	1998	212.08(7)(nn)	Vending machine items in lunchrooms, if tax paid at purchase	0.2	O
285	1998	212.08(7)(oo)	Mobile home lot improvements	0.6	B
286	1998	212.08(7)(pp)	Portions of purchase price of boats, cars, planes paid by Veterans' Org.	0.2	O
287	1998	212.08(7)(qq)	Complimentary food items	0.6	B
288	1998	212.08(7)(rr)	Food or beverages donated to non-profit organizations.	0.3	O
289	1998	212.08(7)(ss)	Racing dogs by breeders	0.1	B
290	1998	212.08(7)(tt)	Parts and labor used in certain aircraft maintenance or repair	2.4	B
291	1998	212.08(7)(uu)	Aircraft leases and sales by common carriers, if in excess of 15,000 lbs	2.6	B
292	1999/00	212.08(7)(vv)	Non-profit water systems	0.7	O
293	1999	212.08(7)(ww)	Library co-operatives	0.1	O
294	1999	212.08(7)(xx)	Certain advertising services	13.9	B
295	1999	212.08(7)(yy)	Gold, silver, platinum bullion in excess of \$500	insig.	B
296	1999/00	212.08(7)(zz)	Shipping and parts and labor for repair of certain machinery	12.7	B
297	1999	212.08(7)(aaa)	Film and printing supplies	5.8	B
298	2000	212.08(7)(bbb)	People Mover Systems	0.3	B
299	2000	212.08(7)(ccc)	Crime Prevention	insig.	O
300	2000	212.08(7)(ddd)	Florida Fire and Emergency Services	insig.	O
301	2000	212.08(7)(eee)	Railroad Bed Materials	0.6	B
302	1957	212.08(8)	Vessels, parts & related items used in interstate commerce (partial).	13.3	B
303	1957	212.08(9)	RR equip, MV & pts. used in interstate commerce (partial).(*18)	43.9	B
304	1977	212.08(10)	Partial exemption on motor vehicles sold to out-of-state residents.	15.3	M
305	1978	212.08(11)	"Flyable aircraft" sold by a Fla. mfr. to out-of-state resident (partial).	6.5	B
306	1998	212.08(11)	Aircraft temporarily located in Fla for repairs.	6.2	B
307	1984	212.08(12)	Master tapes, records, films or video tapes (partial).	25.6	B
308	1984	212.08(15)	Certain electrical energy used in an enterprise zone.	0.4	B
309	1989	212.08(16)(a)1.	The sale or use of satellites or other space vehicles.	137.4	B
310	1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on satellites.	insig.	B
311	1999	212.08(17)	Overhead items purchased by certain gov't contractors	8.3	B

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**  
**In Statutory Order**

Line No.	Enactment Date	Florida Statute	Short Description <i>(See statute for full description of exemption)</i>	FY 2002-03 Annualized Value \$m	Ex. Type
312	1984	212.0821(1)	Items bought by Parent-Teacher Orgs. through school districts.	1.6	O
313	1984	212.0821(2)	Items bought by certain community groups thru local govts.	insig.	O
314	1984	212.0821(3)	Items bought by certain library fund raising groups.	insig.	O
315	1949	212.09, 212.02(16)	The value of trade-ins or discounts.	651.1	M
316	1984	212.096	Credit for job creation in enterprise zones.	1.3	B
317	1997	212.097	Urban High-crime area job tax credit	5.1	B
318	1997	212.098	Rural job tax credit	insig.	B
319	1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first \$1,200 of tax per return.	53.4	B
320	1991	212.20(6)(g)4.a.	Up to \$2.0m annual subsidy for certain professional sports teams.	16.5	B
321	1993	212.20(6)(g)4.b.	\$2 million annual subsidy for Professional Golf Hall of Fame.	2.0	B
322	1996	212.20(6)(g)4.c.	\$1 m annual subsidy for Intern'l Game Fish Association World Center	1.0	B
323	1998	376.75(1)	Tax on perchloroethylene	0.1	B
<b>GRAND TOTAL</b>				<b>22,968.7</b>	
<b>Note: Some exemptions overlap, so that repeal of all items would NOT yield the total shown.</b>					

**FISCAL IMPACT SUMMARY BY ITEM TYPE:**

<b>H = Household Items</b>	<b>22.7%</b>	<b>5.21</b>
<b>O = Organizations</b>	<b>2.1%</b>	<b>0.49</b>
<b>B = Business Items</b>	<b>8.4%</b>	<b>1.93</b>
<b>S = Services (Household and Business)</b>	<b>61.1%</b>	<b>14.04</b>
<b>M = Miscellaneous</b>	<b>5.7%</b>	<b>1.30</b>
<b>Grand Total (*)</b> .....		<b>22.97</b>

**Notes:**

n/a - Estimate not available.

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

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

- 1 Estimate reflects only sales by businesses.
- 2 Estimate excludes items exempt under other provisions as well.
- 3 Impact included in estimate for item #8
- 4 The estimate represents only sales of stocks and bonds traded in national markets. A variety of additional items would also be potentially taxed.
- 5 Impact included in estimate for #278.
- 6 The 2001 Super Bowl was held in Tampa. This exemption is estimated to cost \$1.1m.
- 7 No evidence exists that any taxpayers currently avail themselves of this exemption.
- 8 In the aggregate, the special calculation yields the same revenue as would the general law.
- 9 Estimate reflects entire charge for funeral and crematory services. Net revenue from repeal may be reduced by value of caskets, depending on the billing procedures of each business.
- 10 Based on exemption permits issued, this amount could increase significantly if taxpayers receive development authorization.
- 11 The exemption is granted only to the extent funds are appropriated for that purpose.
- 12 Excludes \$294.7m of tax on federal purchases. Taxation would require congressional authorization.
- 13 See exemption #216
- 14 This exemption applies when delivery is by a physical medium. The estimate for exemption #223 includes both physical delivery and electronic transmission. The latter form dominates the market.
- 15 The statutory tax rate for electricity is 7%.
- 16 Estimate includes commuter transportation only. Federal law prohibits state taxation of Amtrak services.
- 17 Federal law prohibits state taxation of airline passenger charges. If federal law changes, it could generate \$352m.
- 18 Estimate assumes other supporting statutory changes in addition to exemption repeal.

## Estimated Revenue From Sales Tax on Services

1987 SIC Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts FY 2001-02  \$m	6% First Year Cash FY 2001-02  \$m	6% Annualized Receipts On Services Taxed in 1987  \$m
<b>PERSONAL SERVICES:</b>				
721	Laundry & Dry Cleaning Services	77.8	58.1	66.4
723,4	Beauty & Barber Shops	64.9	48.5	0.0
729	Tax Return Preparation & Misc. Personal Services	20.4	15.2	20.4
734pt	Cleaning and Pest Control - Residential	56.4	42.1	56.4
736	Employment Services, Temporary Help & Personnel Supply Svcs.	793.4	592.9	119.0
7381,2	Detective, Burglar Protection & Other Protection Svcs.	0.0	0.0	0.0
754pt	Auto Towing and Other Non-repair Services	14.9	11.1	14.0
<b>Subtotal: All Personal Services.....</b>		<b>1,027.8</b>	<b>768.1</b>	<b>274.8</b>
<b>PROFESSIONAL SERVICES:</b>				
64	Insurance Agents and Brokers	170.6	127.5	0.0
651	Real Estate Operators	0.0	0.0	0.0
653	Real Estate Agents, Appraisers & Other Realty Services	502.6	375.6	255.3
654	Title Search and Abstract Services	8.7	6.5	0.0
81	Legal Services	426.3	318.5	380.5
86pt	Professional Organizations	56.8	42.5	0.0
871	Engineering, Architectural, and Surveying	205.0	153.2	88.4
872	Accounting, Auditing & Bookkeeping	241.4	180.4	241.4
874	Management, Mgt. Consulting & Public Relations Services	516.5	386.0	516.6
<b>Subtotal: All Professional Services.....</b>		<b>2,127.9</b>	<b>1,590.1</b>	<b>1,417.7</b>
<b>BUSINESS SERVICES:</b>				
070	Agricultural Services	142.2	106.2	45.6
085	Forestry Services	37.2	27.8	0.0
108	Metal Mining Services	0.0	0.0	0.0
138	Oil & Gas Field Services	1.2	0.9	0.0
148	Non-metallic Non-fuel Minerals Services	0.1	0.1	0.1
279	Service Industries for the Printing Trade	7.3	5.5	7.3
4215,4513	Express Truck & Air Courier Services	185.0	138.3	132.4
671-9pt	Franchises, Royalties & Lisc./Holding & Other Invest. Offices	814.3	608.5	814.3
732	Credit and Collection Agencies	25.7	19.2	25.7
7338	Secretarial & Court Reporting Services	29.8	22.3	29.8
737	Data Processing & Related Computer Svcs. Incl. Info. Svcs.	400.1	299.0	380.1
873	Research, Development & Testing Services & Consulting	44.1	32.9	0.0
7389	Telephone Ans., Interior Design & Misc. Business Svcs.	276.8	206.8	138.4
var.	Convention, Conf., Seminar & Meeting Registration Fees	2.9	2.2	0.7
899	Other Services	17.7	13.3	16.8
var.	Service Transactions Between Affiliated Corporations	417.9	312.3	0.0
var.	Independent Brokers & Agents and Other Service Trans.	25.6	19.1	4.6
<b>Subtotal: All Business Services.....</b>		<b>2,427.9</b>	<b>1,814.3</b>	<b>1,595.9</b>
<b>FINANCIAL SERVICES:</b>				
602-9pt	Money Lending by Banks	723.1	540.4	0.0
61pt	Money Lending by Non-bank Financial Institutions	70.4	52.6	0.0
602-9pt	Other Banking Services	256.9	192.0	89.9
61pt	Other Non-bank Financial Institution Services	13.5	10.1	8.6
62	Security and Commodity Brokers	283.4	211.7	59.5
631-9	Insurance Carriers	1,997.4	1,492.6	0.0
<b>Subtotal: All Financial Services.....</b>		<b>3,344.8</b>	<b>2,499.4</b>	<b>163.2</b>

## Estimated Revenue From Sales Tax on Services

1987 SIC Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts FY 2001-02 \$m	6% First Year Cash FY 2001-02 \$m	6% Annualized Receipts On Services Taxed in 1987 \$m
<b>MEDIA SERVICES:</b>				
271	Publishing & Printing - Newspaper Advertising	141.3	105.6	141.3
272-4	Publishing & Printing - Periodical & Misc. Advt.	20.2	15.1	20.2
483	Radio & Television Broadcasting - Advertising	213.5	159.6	213.5
4899,481-4pt	Satellite Up-Link, Down-Link & Misc. Communications Services	13.0	9.7	13.0
5963pt	Newspaper Delivery by Independent Carriers	2.8	2.1	0.0
6794pt	Fees for Broadcast Rights/Programming Syndication Fees	33.0	24.7	0.0
var.	Cooperative Marketing & Promotional Services	13.7	10.2	0.0
731,3	Advertising Agencies & Advertising Representatives	167.6	125.2	145.0
7383	News & Feature Syndicates	7.8	5.8	0.0
782	Motion Picture & T.V. Distribution Services	88.4	66.1	0.0
<b>Subtotal: All Media Services.....</b>		<b>701.3</b>	<b>524.1</b>	<b>623.2</b>
<b>ENTERTAINMENT &amp; SPORTS SERVICES:</b>				
781	Motion Picture & T.V. Production & Support Services	39.5	29.5	0.0
792	Producers, Orchestras, Agents & Entertainers	17.3	12.9	14.6
791	Dance Studios, Schools & Halls	2.5	1.9	0.0
794	Professional Sports Club Operators & Promoters	191.4	143.0	0.0
7991	Physical Fitness Facilities	0.0	0.0	0.0
7993	Coin-Operated Amusement Devices	0.0	0.0	0.0
7997,9	Membership Sports & Rec. Clubs, Instruction & Misc.	7.5	5.6	0.0
<b>Subtotal: All Entertainment &amp; Sports Services.....</b>		<b>258.3</b>	<b>193.0</b>	<b>14.6</b>
<b>CONSTRUCTION SERVICES:</b>				
152,3	Contractors, General, Residential Incl. Repair	235.3	175.8	235.3
154	Contractors, General, Non-Residential Incl. Repair	249.7	186.6	249.7
1629	Contractors, General, Heavy Non-Building, Other	67.3	50.3	67.3
171-9	Construction, Special Trade Contractors incl. Repair	707.3	528.5	707.3
7353pt	Heavy Equipment Services (Rental With Operator)	20.5	15.3	10.3
<b>Subtotal: All Construction Services.....</b>		<b>1,280.1</b>	<b>956.6</b>	<b>1,269.9</b>
<b>INSTITUTIONAL SERVICES:</b>				
49pt	Sewage & Garbage Collection Services & Utility Hook-ups	127.2	95.0	42.0
823,4,9	Educational Institutions - Not for Profit	10.9	8.1	0.0
823,4,9	Educational Institutions - For Profit	87.9	65.7	29.0
83	Soc Serv, Job Train, Chld & Adult Care - Not for Profit	104.5	78.1	0.0
83	Soc Serv, Job Train, Chld & Adult Care - For Profit	65.4	48.9	0.0
9pt	Govt. Enterprise Activity Service Fees	24.2	18.1	0.0
<b>Subtotal: All Institutional Services.....</b>		<b>420.1</b>	<b>313.9</b>	<b>76.5</b>
<b>TRANSPORTATION SERVICES:</b>				
401pt	Railroad Transportation - Passenger (*16)	0.3	0.2	0.0
401pt	Railroad Transportation - Freight	53.3	39.9	0.0
411	Local & Suburban Bus Transportation	22.9	17.1	1.1
412	Taxicabs	10.3	7.0	0.0
413	Intercity Bus Transportation	0.8	0.6	0.0
414	Charter Bus Transportation	3.9	2.9	3.9
421	Motor Freight Transportation	311.1	232.5	0.0
422	Public Warehousing	33.5	25.0	0.0
441-9	Water Transportation & Incidental Services	117.8	88.0	6.2
4512-452pt	Air Transportation - Freight	36.0	26.9	29.3
461,492	Pipelines	5.7	4.3	0.0
472	Arrangement of Pass. Trans. (Travel Agents & Tour Op.)	29.5	22.0	0.0
473	Arrangement of Freight Transportation	30.7	23.0	0.0
478pt	Incidental Railroad Transportation Services	5.7	4.2	5.7
<b>Subtotal: All Transportation Services.....</b>		<b>661.7</b>	<b>493.7</b>	<b>46.2</b>



## Estimated Revenue From Sales Tax on Services

1987 SIC Code(s)	Business Type	(1)	(2)	(3)
		6% Annualized Receipts FY 2001-02 \$m	6% First Year Cash FY 2001-02 \$m	6% Annualized Receipts On Services Taxed in 1987 \$m
<b>HEALTH SERVICES:</b>				
801	General Physicians	828.1	618.8	0.0
802	Dentists	189.9	141.9	0.0
803	Osteopathic Physicians	31.3	23.4	0.0
804	Chiropractors, Optometrists & Other Health Practitioners	173.5	129.7	0.0
805	Nursing and Personal Care Facilities	236.1	176.4	0.0
806	Hospital Services	100.5	75.1	0.0
807	Medical and Dental Labs	66.0	49.3	0.0
808	Outpatient Care Facilities	124.0	92.7	0.0
809	Other Health and Allied Services	41.8	31.2	0.0
<b>Subtotal: All Health Services.....</b>		<b>1,791.2</b>	<b>1,338.5</b>	<b>0.0</b>
<b>TOTAL STATE 6% SALES &amp; USE TAX ON SERVICE TRANSACTIONS</b>		<b>14,041.0</b>	<b>10,491.6</b>	<b>5,482.0</b>
<b>General Revenue Fund Share (Assumes same % as current law)</b>		<b>12,395.4</b>	<b>9,262.0</b>	<b>4,839.5</b>
<b>Local Govt. Distributions From Tax on Services</b>		<b>1,645.6</b>	<b>1,229.6</b>	<b>642.5</b>

**Notes:** (1) The classification of services by type is for presentation purposes only. Some classifications are arbitrary. For example, Court Reporter services could have been listed with Legal Services under the Professional Services heading, instead of under Business Services. Similarly, Express Courier services could have been listed with Transportation Services rather than Business Services. Also, the SIC coding scheme places some services in general miscellaneous categories which could be classified elsewhere. For example, under Other Services (SIC 899) are listed a number of Media Services, such as independent announcers, newspaper columnists, and weather forecasters.

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

n/a	Employee Labor Services	11,344.3	8,477.2
n/a	Partner Services to a Partnership	76.3	57.0
	<b>Subtotal: All Labor Services.....</b>	<b>11,420.5</b>	<b>8,534.2</b>

## SECURITIES FEES

Florida Statutes: Chapter 517

Administered by: Department of Banking and Finance

Fiscal Year	Collections	Annual Change %
2002-03*	\$13,200,000	17.30
2001-02*	11,300,000	-3.2
2000-01	11,650,955	38.23
1999-00	8,428,662	10.2
1998-99	8,829,091	7.50
1997-98	8,213,384	-34.01
1996-97	12,447,269	23.96

\*Est.

### SUMMARY

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

### DISPOSITION

General Revenue Fund

### BASE AND RATE

Registration of securities: \$1,000 per application. Dealer or investment adviser registration fee: \$200 annually plus \$100 annually for each branch office. Associates registration fee: \$20 annually. Securities exempted include issues by governmental entities, national banks, public service utilities, and certain non-profit corporations.

### HISTORY

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

### OTHER STATES

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

## SERVICE CHARGES

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

Administered by: Department of Banking and Finance

Fiscal Year	Collections	Annual Change %
2002-03*	\$346,700,000	11.44
2001-02*	344,100,000	-5.66
2000-01	364,724,081	-10.99
1999-00	409,712,878	2.04
1998-99	401,504,642	4.61
1997-98	383,801,773	6.91
1996-97	359,009,798	4.00

\* Est.

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

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

### ANALYSIS OF COLLECTIONS

Fiscal Year	Regular 7% or 7.3%	Motor & Diesel Fuel 7.3% *	Agriculture & Citrus 3%	Total
2000-01	\$347,299,581	\$12,652,766	\$4,771,734	\$364,724,081
1999-00	338,333,643	66,709,115	4,670,120	409,712,878
1998-99	330,270,408	66,989,795	4,335,439	401,504,642
1997-98	315,650,437	63,563,577	4,587,759	383,801,773
1996-97	288,389,197	62,112,429	4,448,985	359,009,798

## **SERVICE CHARGES**

(Continued)

- \* Effective July 1, 2000, the 7.3 percent service charge on motor fuel and diesel fuel was eliminated.

### **HISTORY**

The policy of assessing certain specified trust funds a service charge was established in 1941 and rates were set at 3%. Rate changes occurred in 1961, 1979, 1983, and 1990. A large number of trust funds were added in 1983. In 1990, all trust funds not specifically exempt under s. 215.22, F.S., were made subject to the 7% General Revenue service charge. An additional .3% General Revenue service charge was imposed on trust funds specifically enumerated in s. 215.20(4), F.S. Effective July 1, 2000, ch. 2000-257, Laws of Florida, eliminated the 7.3 percent General Revenue Service Charge on the Fuel Tax Collection Trust Fund for motor fuel and diesel fuel tax collections and on the \$24 original certificate of title fee and each duplicate copy fee. Effective July 1, 2001, the 7.3 percent General Revenue Service Charge is eliminated on SCETS tax collections and on the \$100 "new-wheels-on-the road" fee.

### **OTHER STATES**

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

## SEVERANCE TAXES

### Oil and Gas Production

Florida Statutes: Chapter 211, Part I

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	General Revenue Distribution
2002-03*	\$7,400,000	-5.13	\$5,500,000
2001-02*	7,800,000	-6.02	5,800,000
2000-01	8,300,000	31.75	6,200,000
1999-00	6,300,000	61.54	4,500,000
1998-99	3,900,000	-45.83	3,135,000
1997-98	7,200,000	-28.00	5,348,000
1996-97	10,000,000	29.87	7,438,000

\* Est.

### SUMMARY

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

### DISPOSITION

#### 8% Oil tax:

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

#### 5% Oil, gas, sulfur tax:

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

### BASE AND RATE

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

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

## SEVERANCE TAX

(Continued)

Sulfur: The tax is determined by the long tons (2240 lbs) of sulfur produced or recovered from the hydrogen sulfide gas contained in oil or gas production. The tax rate is based on the change in the annual monthly average of the sulfur producer price index for the previous calendar year times \$2.43 per long ton.

### HISTORY

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

### OTHER STATES

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

## OIL AND GAS PRODUCTION VALUE OF RATE CHANGES AND DISTRIBUTIONS

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of 1% levy on oil at point of severance	\$.9
Value of 10% change in tax base on gas	Insignificant
 <u>DISTRIBUTION TO COUNTIES</u>	
12.5% of 8% oil and 20% of gas, tertiary oil, and sulfur collections (s. 211.06(2)(b))	1.0

**SEVERANCE TAX**  
(Continued)

Solid Mineral Severance

Florida Statutes: Chapter 211, Part II

Administered by: Department of Revenue

Fiscal Year	Collections	Annual Change %	General Revenue Distribution
2002-03*	\$34,000,000	-7.10	\$12,800,000
2001-02*	36,600,000	-6.15	13,800,000
2000-01	39,000,000	-22.92	15,165,000
1999-00	50,600,000	-19.80	22,650,000
1998-99	63,100,000	1.28	29,970,000
1997-98	62,300,000	-5.17	29,421,000
1996-97	65,700,000	13.67	31,600,000

\* Est.

**SUMMARY**

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

**DISPOSITION**

Effective July 1, 2000:

Phosphate: First \$10 million to the Conservation and Recreation Lands Trust Fund  
Of the remaining revenues:  
55.15% to the General Revenue Fund  
18% to the County where mined  
12.5% to the Phosphate Research Trust Fund  
14.35% to the Mineral Trust Fund

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

**BASE AND RATE**

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

**SEVERANCE TAX**  
(Continued)

Calendar Year	Tax Rate Per Ton of Phosphate	Total Tons
2003*	1.30	29,000,000
2002*	1.30	29,000,000
2001	1.30	30,000,000
2000	1.32	31,499,000
1999	1.68	33,585,000
1998	1.64	37,165,000
1997	1.65	36,133,000

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

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

**HISTORY**

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

**OTHER STATES**

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

**SOLID MINERAL SEVERANCE**  
**VALUE OF RATE CHANGES, EXEMPTIONS AND DISTRIBUTIONS**

RATE CHANGE

2002-03  
(millions)

10% change in rate for phosphate  
Value of 1% on other solid minerals at point of severance

\$ 3.4  
Insignificant

VALUE OF EXEMPTIONS

Solid minerals subject to the sales tax (s. 211.3108(2))

Indeterminate



**SEVERANCE TAXES**

(Continued)

<u>VALUE OF EXEMPTIONS:</u>	<u>2002-03</u> (millions)
Credit for sales tax paid on machinery and equipment by new and expanding Phosphate mines (s. 212.08(5)(b)5.)	2.9
 <u>DISTRIBUTION TO TRUST FUNDS</u> (ss. 211.31(1), 211.3103(1))	
Conservation & Recreation Lands Trust Fund	10.0
Nonmandatory Land Reclamation Trust Fund	0.0
Phosphate Research Trust Fund	2.5
Mineral Trust Fund	2.8
 <u>DISTRIBUTION TO COUNTIES</u> (s. 211.3103(1))	
10% of Phosphate Collections to County Where Mined	3.8

ALTERNATIVE BASES

Severance Tax on Timber. Currently, seven states, five of which are in the South, levy a severance tax on timber. A Florida tax on timber at the point of severance would generate revenues of approximately \$2.8 million for each 1% of tax levied in FY 2001-02.

## UNEMPLOYMENT COMPENSATION TAX

Florida Statutes: Chapter 443

Administered by: Department of Labor and Employment Security; Division of Employment Security

Fiscal Year	Collections	Annual Change %
2002-03*	\$725,800,000	13.55
2001-02*	639,200,000	35.34
2000-01	472,275,989	-7.3
1999-00	475,749,160	-5.54
1998-99	503,661,819	-2.84
1997-98	518,429,266	-15.68
1996-97	614,905,281	-7.34

\* Est.

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

Effective January 1, 2000 through December 31, 2000:

The tax is applied to employees' annual wages up to \$7,000; employer pays rate varying from 0.05% to 5.4%, depending on the benefit experience of the employer.

Effective January 1, 2001 and thereafter:

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

### HISTORY

The U. S. Social Security Act of 1935 provided for a Federal state program under a Federal tax against which state taxes up to 2.7% of covered payrolls could be credited. Florida's legislation was enacted in 1937 to comply with this plan. Florida's maximum benefit was first set at 50% of lost wages up to \$15 weekly. Maximum benefits were increased in 1974, 1975, 1979, 1980, 1981, 1983, 1985, 1987, and 1990. Rate schedules were changed in 1979 and 1984. In 1980, the Unemployment Compensation Act was extensively revised (Chapter 80-95, Laws of Florida). The maximum benefit was increased from \$200 to \$225 in 1990. Ch. 94-347, Laws of Florida, made administrative changes to unemployment

## UNEMPLOYMENT COMPENSATION TAX

(Continued)

compensation, including changing the time frames for tax notification and reporting to make employers' compliance fairer and easier. Chapter 97-29, Laws of Florida, reduced unemployment taxes for all Florida employers, except those employers that have paid at a rate of 5.4 percent for more than 36 months, by five tenths percent for one year and decreased the initial rate charged new employers from 2.7% to 2.0% for one year. These tax reductions are effective for the 1998 calendar year. The law also increased the maximum weekly amount an unemployed individual may receive from \$250 to \$275, effective January 1, 1998. Finally, the law raises the exemption for sole-proprietors from paying unemployment taxes on wages paid to their children from 18 to 21 years of age. Chapter 99-131, Laws of Florida, reduced unemployment taxes and benefits, for calendar year 2000 in the same manner as was done for calendar year 1998. (See History above, ch. 97-29, Laws of Florida)

### OTHER STATES

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

#### Unemployment Compensation Account with the United States Treasury

Fiscal Year	Revenue*	Benefits**	Fund Balance (June 30)
2000-01	\$650,126,285	\$757,797,273	\$2,077,875,845
1999-00	679,366,427	675,866,002	2,185,546,832
1998-99	707,181,147	718,504,526	2,182,046,408
1997-98	735,546,203	687,806,001	2,193,369,806
1996-97	792,102,188	661,292,464	2,145,629,605
1995-96	849,906,451	681,974,938	2,014,819,881

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

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

## WORKERS' COMPENSATION TAX

Florida Statutes: Chapter 440

Administered by: Department of Labor and Employment Security; Division of Workers' Compensation

Fiscal Year	Administration	Annual Change %	Special Disability	Annual Change %
2002-03*	\$95,800,000	0.0	\$162,700,000	0.0
2001-02*	95,800,000	-13.36	162,700,000	0.50
2000-01	110,573,931	14.55	161,897,513	19.64
1999-00	96,533,056	29.81	135,325,280	4.82
1998-99	74,360,063	-4.37	129,101,133	-3.34
1997-98	77,752,500	-13.61	133,558,897	-2.35
1996-97	89,999,767	-9.74	136,767,044	-21.24

\* Est.

### SUMMARY

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

### DISPOSITION

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

### BASE AND RATE

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

### HISTORY

Florida adopted workers' compensation laws in 1935. The purpose of the tax is to fund the Workers' Compensation Administration Trust Fund and The Special Disability Trust Fund. These funds are for administrative expenses and the funding of the Special Disability Trust Fund. Assessments are made annually according to estimated expenses. In 1979,

## **WORKER'S COMPENSATION TAXES**

(Continued)

major revisions were made in the statutes for administrative purposes. The 1990 Legislature did a comprehensive rewrite of the Workers' Compensation statute and in 1991, certain exemptions were reinstated. Substantial reform of the workers' compensation system was adopted by the 1993 Legislature in SB 12-C, during Special Session "C". Chapter 96-423, L.O.F., postponed the Special Disability tax rate increase to 7.25% from July 1, 1996 to July 1, 1997. Chapter 97-262, L.O.F., provided that the Special Disability Trust Fund assessment rate could not exceed 4.52%. In addition, the Special Disability Trust Fund shall be supplemented by a \$250 notification fee on each notice of claim filed or refiled after July 1, 1997, and a \$500 fee on each proof of claim filed after July 1, 1997.

The 1998 Legislature created the Special Disability Trust Fund Privatization Commission was created to evaluate privatizing the special Disability Trust Fund. Chapter 98-199, allows the commission to create the Florida special Disability Trust Fund Financing Corporation, if it believes it would be more cost effective to finance the Special Disability Trust Fund through issuance of bonds, notes, or other evidence of indebtedness. Chapter 2000-150, L.O.F., reduced the cap on the assessment for the Administration Trust Fund from 4% to 2.75%, effective January 1, 2001.

### **OTHER STATES**

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

**MAJOR LOCAL GOVERNMENT  
REVENUE SOURCES**



## AD VALOREM TAXES

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

Constitution: Article VII, Section 9

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

### Ad Valorem Taxes Levied\* (Millions of Dollars)

Fiscal Year	Total Taxes Levied	% Change	Counties	% Change	School Districts	% Change	Municipalities	% Change	Special Districts**	% Change
2001-02#	16,440.9	7.5	6,413.2	10.1	6,879.1	5.7	2,002.8	7.2	1,145.8	4.5
2000-01	15,293.7	7.0	5,823.2	7.5	6,506.2	6.3	1,868.7	7.3	1,095.6	7.1
1999-00	14,293.8	4.1	5,415.2	7.0	6,115.5	1.3	1,740.8	9.2	1,022.5	-1.9
1998-99	13,731.3	6.6	5,059.2	5.9	6,035.2	5.9	1,594.3	7.8	1,042.6	14.0
1997-98	12,885.2	4.8	4,795.0	6.5	5,698.3	2.6	1,477.6	6.4	914.3	7.4
1996-97	12,294.5	5.2	4,502.0	4.1	5,552.1	6.0	1,389.1	7.9	851.2	1.3
1995-96	11,691.3	4.0	4,324.8	2.9	5,239.3	4.3	1,287.3	4.7	840.0	7.1
1994-95	11,238.9	5.7	4,202.0	4.6	5,023.4	8.1	1,229.0	3.6	784.4	0.4
1993-94	10,631.2	4.2	4,018.3	1.1	4,645.5	3.2	1,186.5	3.4	780.9	35.9
1992-93	10,199.4	2.2	3,974.7	5.5	4,503.2	2.2	1,147.0	2.0	574.5	-16.2
1991-92	9,982.4	5.1	3,767.7	3.6	4,404.2	8.2	1,124.6	-3.0	685.9	8.2
1990-91	9,500.3	11.8	3,636.6	12.4	4,070.8	13.1	1,158.8	7.9	634.2	7.4
1989-90	8,500.4	15.4	3,236.8	9.4	3,599.0	19.7	1,074.2	13.5	590.3	8.6
1988-89	7,367.5	11.1	2,959.6	11.0	3,007.5	11.0	946.7	10.3	543.8	37.2
1987-88	6,631.9	13.4	2,667.2	15.6	2,710.1	10.8	858.3	11.6	396.3	22.4
1986-87	5,846.4	14.4	2,306.5	15.3	2,446.7	13.3	769.2	13.4	323.9	18.8
1985-86	5,111.1	11.6	2,000.9	12.7	2,159.5	13.7	678.1	9.9	272.6	-4.9
1984-85	4,579.3	8.6	1,775.7	6.6	1,899.8	11.8	617.2	9.7	286.6	-1.0
1983-84	4,217.0	14.1	1,666.2	15.8	1,698.6	13.8	562.6	8.8	289.6	17.2
1982-83	3,694.6	3.1	1,438.3	1.8	1,492.1	5.2	517.1	-3.2	247.1	13.7
1981-82	3,582.7	21.1	1,413.1	23.9	1,417.9	24.7	534.4	12.0	217.4	6.8
1980-81	2,958.0	25.9	1,140.7	19.6	1,136.7	27.2	477.2	18.4	203.5	106.0
1979-80	2,349.1	2.3	953.7	15.7	893.5	-7.5	403.1	6.3	98.8	-22.0

\* Includes operating and debt service taxes.



## AD VALOREM TAXES

(Continued)

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

# Preliminary

### SUMMARY

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

### DISPOSITION

To Local Government

### BASE

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

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

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

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

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

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

**AD VALOREM TAXES**  
(Continued)

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

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

Assessment Date	Just Value	% Increase	Taxable Value **	% Increase	Net New Construction	% of Revenue From New Const. @
1/1/02*	\$1,218.1	10.1	886.7	9.8	26.6	3.1
1/1/01#	1,106.0	10.3	807.6	10.4	25.1	3.2
1/1/2000	1,002.3	7.3	731.2	8.0	21.5	3.0
1/1/99	934.4	6.9	677.1	7.2	19.5	3.0
1/1/98	874.4	6.1	630.0	6.2	16.4	2.7
1/1/97	824.0	5.5	592.9	6.0	15.4	2.6
1/1/96	781.3	3.9	559.5	4.5	13.5	2.5
1/1/95	752.0	4.1	535.6	4.0	11.9	2.3
1/1/94	722.4	5.2	514.9	4.9	12.7	2.5
1/1/93	686.9	2.4	491.0	2.3	9.4	2.0
1/1/92	670.5	1.9	480.0	1.0	12.1	2.6
1/1/91	658.1	5.5	475.1	5.8	14.1	3.1
1/1/90	623.6	8.3	449.1	8.7	14.1	3.3
1/1/89	576.0	8.6	413.3	9.3	14.3	3.6
1/1/88	530.3	6.8	378.1	7.3	13.7	3.8
1/1/87	496.5	8.4	352.4	9.1	13.5	4.0
1/1/86	458.2	8.3	322.9	9.0	11.0	3.5
1/1/85	423.2	10.1	296.0	11.2	12.5	4.4
1/1/84	384.5	8.1	266.1	9.3	9.6	3.7
1/1/83	355.9	10.3	243.5	7.5	10.2	4.4
1/1/82	322.8	10.3	226.6	13.1	10.3	4.8
1/1/81	292.7	24.1	200.4	23.5	10.5	5.7
1/1/80	235.8	30.9	162.3	27.2	7.4	4.8

\* Estimates

## AD VALOREM TAXES

(Continued)

\*\* In 1980 and 1981 school taxable value diverged from county taxable value due to differences in the value of the homestead exemption. School taxable value was \$148.0 billion in 1980 and \$193.3 billion in 1981. Beginning in 1984, county taxable value is slightly less than school taxable value, due to the economic development tax exemption for new and expanded businesses. The exemption does not apply for school purposes. Figures shown are school taxable value beginning in 1984.

# Preliminary

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

### RATE

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

### AVERAGE MILLAGE RATES\* (1 mill = .1 cent or \$.001; also expressed as \$1 per \$1,000 or .1%)

Fiscal Year	Total Counties	School Boards	Municipalities	Total Millage Levied*
2001-02	8.14	8.73	4.64	20.88
2000-01	7.99	9.01	4.99	20.96
1999-00	7.61	9.48	5.12	21.29
1998-99	8.05	9.64	5.26	21.88
1997-98	8.06	9.58	5.18	21.66
1996-97	8.05	9.92	5.00	21.97
1995-96	8.07	9.78	5.06	21.83
1994-95	8.16	9.76	5.03	21.83
1993-94	8.18	9.46	5.04	21.65
1992-93	8.28	9.38	4.97	21.25
1991-92	7.93	9.27	4.92	21.01
1990-91	8.10	9.06	4.87	21.15
1989-90	7.83	8.71	4.87	20.57
1988-89	7.83	7.95	4.71	19.49

**AD VALOREM TAXES**  
(Continued)

Fiscal Year	Total Counties	School Boards	Municipalities	Total Millage Levied*
1986-87	7.14	7.58	4.85	18.11
1985-86	6.76	7.30	4.63	17.27
1984-85	6.67	7.14	4.64	17.21
1983-84	6.84	6.98	4.59	17.32
1982-83	6.35	6.58	4.55	16.30

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

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

RATE CHANGE

Value of 1 mill levy on 2002-03 tax base (est.) \$886.7 million

VALUE OF EXEMPTIONS, DIFFERENTIALS, ETC.

	<u>2002-03 Estimated Taxable Value Loss</u>	<u>2002-03 Estimated Tax Loss#</u>
(Millions of Dollars)		

Administration

Assessment of real property at less than fair market value (includes 15.0% for application of 1st and 8th criteria and 2.7% for general underassessment)@	\$185,412.9	\$3,871.4
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Assessment of tangible personal property at less than fair market value (assumes 15% for general under-assessment)	\$ 15,682.8	\$ 327.5
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Exclusions

Transportation Vehicles	Indeterminate	Indeterminate
Property Held for Transshipment	Indeterminate	Indeterminate

Differentials

Homestead assessment limitation (Save Our Homes) (s. 193.155)	\$ 65,003.2	\$1,357.3
Agricultural land (s. 193.461(6)(a))	\$ 32,211.8	\$ 672.6
Private park and recreational land (s. 193.501)	3.2	.1
Environmentally endangered land@ (s. 193.501)	Indeterminate	Indeterminate
Historically Significant@ (s. 193.505)	Insignificant	Insignificant
Lands of critical state concern@ (s. 193.507(5))	Indeterminate	Indeterminate

**AD VALOREM TAX**  
(Continued)

<u>VALUE OF EXEMPTIONS, DIFFERENTIALS, ETC.</u>	<u>2002-03 Estimated Taxable Value Loss</u>	<u>2002-03 Estimated Tax Loss#</u>
	(Millions of Dollars)	
<u>Differentials continued</u>		
Pollution control devices@ (s. 193.621(1))	2,296.2	46.6
Building renovations for the physically handicapped @ (s. 193.623)	Indeterminate	Indeterminate
Annual agricultural crops*, non-bearing fruit trees and nursery stock (not assessed) @ (s. 193.451(3))	Indeterminate	Indeterminate
<u>Exemptions</u>		
\$25,000 Homestead Exemption (s. 196.031(3)(d))	98,427.3	2,055.2
Permanently and totally disabled veterans (s. 196.081)	1,948.0	40.7
Disabled veterans confined to wheelchairs (s. 196.091)	165.9	3.5
Totally and permanently disabled persons (s. 196.101) (Note 1)	362.8	7.7
Renewable Energy Source (s. 196.175)	3.7	0.1
Blind (s. 196.202)	2.2	Insignificant
\$500 Totally and permanently disabled persons (s. 196.202)(Note 1)	27.5	.6
Widows' exemption (s. 196.202)	208.6	4.4
Widowers' exemption (s. 196.202)	25.7	0.5
Property used by hospitals, nursing homes and homes for special services (s. 196.197)	6,415.4	134.0
Property used by nonprofit homes for the aged (s. 196.1975)	1,617.9	33.8
Educational property (s. 196.198)	5,305.0	110.8
Labor organizations (s. 196.1985)(Note 2)	605.9	12.7
Community Centers (s. 196.1986)	323.4	6.8
Institutional exempt property (Note 3)	30,348.7	633.7
Totally exempt & immune	268,027.8	5,596.4
Government Property (s. 196.199) (Note 4)		
Federal property	21,852.4	456.3
State property	16,963.1	354.2
Local government property	60,967.3	1,273.0
Government leaseholds	381.0	8.0
Local Option Economic Development (s. 196.1995)(Note 5) (Note 6)	439.8	3.6
Not-for-profit sewer and water company (s. 196.2001)	185.9	3.8
Ex-Servicemen Exemption (s. 196.24)	32.8	0.7
Historic property (s. 196.1997)(Note 5)	Indeterminate	Indeterminate
Local Option Additional Homestead for 65 and older (s. 196.075) (Note 7)	2,164.2	15.7

**AD VALOREM TAXES**  
(Continued)

VALUE OF DISCOUNTS AND ALLOWANCES

Discounts for early payments . . . . . \$534.3 million

- # Tax loss estimates are based on an aggregate average millage rate of 20.88.
- @ There appears to be no constitutional authorization for the enactment of these provisions.
- \* Includes timber. Current administrative practice has resulted in the non-assessment of timber in virtually all counties, although timber is not an "annual agricultural crop," per the statutory requirement for exemption.

Notes

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

## AD VALOREM TAXES

(Continued)

### History of Property Taxation in Florida

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

The Constitution of 1885 said that the legislature shall provide for a uniform and equal rate of taxation, and shall prescribe such regulations as shall secure a just valuation of all property, both real and personal, excepting such property as may be exempted by law for municipal, educational, literary, scientific, religious, or charitable purposes. It also provided an exemption from taxation property to the value of \$200 to every widow with dependents and every person who has lost a limb or been disabled in war or by misfortune.

#### Amendments to the Constitution of 1885

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

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

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

- No state ad valorem taxes on real or personal property
- No ad valorem taxes on motor vehicles, boats, airplanes, trailers, trailer coaches, or mobile homes, as defined by law
- All ad valorem taxation shall be at a uniform rate within each taxing district
- Property owned by a municipality and used exclusively by it for municipal or public purposes is exempt
- Property used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law
- \$1000 minimum exemption for household goods , to be fixed by general law
- \$500 exemption for widows, blind or totally and permanently disabled persons
- By law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation
- Agricultural land or land used for non-commercial recreational purposes may be classified by general law and assessed on the basis of character or use
- Tangible personal property held as stock in trade or livestock may be valued at a specified percentage of its value, by general law
- \$5000 homestead exemption, which may, by general law, be increased to \$10,000 if the property owner is at least 65 or is permanently and totally disabled

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

## AD VALOREM TAXES

(Continued)

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

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

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

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

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

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

- The homestead exemption was increased to \$25,000 over a 3 year period, but the exemption was tied to improvement in the assessment of homestead property.
- Counties and cities were given authority to enact ad valorem exemptions for new and expanding businesses, if approved by a referendum. The exemptions were limited to the millage of the county or city enacting the exemption, and authority to grant the exemptions expired 10 years after the referendum unless renewed by another referendum. (This was enacted by ch. 80-347, L.O.F.)
- Tangible personal property held for sale as stock in trade or livestock may be classified for tax purposes or may be exempted from taxation. (All items of inventory were exempted by ch. 81-308, L.O.F.)
- Ad valorem tax relief for renters who are permanent residents was authorized but must be enacted by general law. (The Legislature has provided for such relief only for residents of non-profit homes for the aged and proprietary continuing care facilities.)
- State aid to local governments may be tied to relative ad valorem assessment levels. (The Florida Education Finance Program adjusts state funding by the level of assessment in each school district.)
- The Legislature is authorized to enact an ad valorem exemption for a renewable energy source device and to real property on which such device is installed. (An exemption was enacted by ch. 80-163, L.O.F., but was limited to 10 years and devices installed before December 31, 1990.)

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



## AD VALOREM TAXES

(Continued)

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

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

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

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

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

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

## ALTERNATIVE PROPERTY TAX BASES

### A. Mobile Homes and Motor Vehicles

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

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

### B. Personal Property Held for Transshipment

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

### C. Government Property Used for Private Purposes (Leaseholds)

Government owned property used by non-governmental lessees for private (as opposed to public) purposes was subject to local ad valorem taxation until 1980. Legislation passed in 1980 (Chapter 80-368, Laws of Florida) provides that in such situations the right or interest in the property created by the lease agreement (that is, the leasehold estate) is subject to taxation only as an intangible asset. Although there is a clear distinction between the lease (an intangible asset) and the property being leased (real estate), the intent of the legislation was to prohibit local ad valorem taxation of the real estate. Leased municipal property used for non-governmental purposes, however, has been judicially held to be subject to ad valorem tax. Imposing local ad valorem taxes on all such property would provide an estimated \$14.0 million in net new local revenue.

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

### D. Site Value Tax

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

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

## ALTERNATIVE PROPERTY TAX

(Continued)

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

### E. Alternative Homestead Exemptions

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

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

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

## ALTERNATIVE PROPERTY TAXES

(Continued)

### F. Removal of the First and Eighth Criteria

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

Nonetheless, as the law is presently being administered, the legal valuation standard is considered to be a percent of fair market value. The percent varied from 48% to 92% in 1981 depending on county and type of property. A uniform rate of 85% has been adopted by the Department of Revenue as a standard for most property across the state, although a substantially lower percentage applies for time-shared property. The authority cited for this is subsections (1) and (8) of s. 193.011, F.S., which are two of the eight factors property appraisers are required to consider in making assessments. The Department has been criticized by the Grand Jury in its presentment of September 1990 for uniformly permitting a reduction of assessments to 85%. As a result the Department contracted with an independent consultant to evaluate subsections (1) and (8).

Elimination of these criteria, or rewording to eliminate interpretations which conflict with statutory and case law requiring fair market value assessments, would provide \$3,396.7 million in additional taxes.

### G. Agricultural Land

Agricultural lands are currently assessed at their value in agricultural use rather than fair market value. In practice, agricultural assessments represent the capitalized value of current net agricultural income which the land could produce under typical management conditions. Agricultural assessments are estimated to average 24.7% of the market value of the land in 2001.

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

- (1) Recognition of the capital gain associated with agricultural land and including the present value of such a gain when computing the agricultural value of the land. It has been argued that considering only current income in determining agricultural value, as is presently done, understates the value of the land even to a bona fide farmer.
- (2) Exempting the agricultural value of the land, and taxing any value the land may have in excess of that amount. Current law taxes the agricultural value and exempts the remainder. In doing so, it is said that current law penalizes bona fide farmers by providing the least tax benefits to land which has no higher or better use than agriculture, and the most benefits to land least valuable for agriculture. This proposal would reverse that situation.

## ALTERNATIVE PROPERTY TAXES

(Continued)

- (3) Assessing agricultural land at market value, but enacting an agricultural tax cap to limit taxes to a maximum percentage of income. The tax cap would apply if the landowner entered into an agreement to continue agricultural use for a specified period of time. This alternative has been cited for (a) its efficiency, in that it minimizes unnecessary tax losses, (b) its effectiveness, in that it insures that tax burdens for farmers are not unduly burdensome, its fairness, in that in return for the cost of the tax break society is insured agricultural use will continue for a fixed period of time, and (d) its simplicity, in that the difficult and subjective task of assessing land on an artificial basis is eliminated.
- (4) Fractional assessment of agricultural land. Present law effectively exempts an average of 75.3% of the market value of agricultural land. However, the percentage reduction varies by parcel. It is smallest for lands whose highest and best use is agriculture, and largest for lands whose value in agriculture is the least relative to value in other uses. A uniform percentage reduction would increase the proportion of the tax saving to those most likely to continue depending on farming as their chief source of income.
- (5) Utilization of a tax-free or adjusted rate of return. Because a substantial portion of farm income is sheltered from federal taxation, the current practice of using after tax rates of return to capitalize income can significantly understate the value of agricultural property. Using rates of return on tax free bonds as the "riskless" component of agricultural capitalization rates would recognize the tax shelter benefits of agricultural operations.

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

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

### H. Taxation of Inventory

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

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

## **LOCAL COMMUNICATIONS SERVICES TAX**

Florida Statutes: Chapter 202

Administered by: Department of Revenue

### **SUMMARY**

The Local Communications Services Tax is imposed on retail sales of communications services which originate or terminate in Florida and are billed to an address in the city or county imposing the tax. This tax replaces the public service tax on telecommunication services and franchise fees imposed on communications services providers for use of public rights-of-way. Communications services include all forms of telecommunication currently taxed by the gross receipts tax plus cable television. The law specifically applies the tax also to communications services provided through any "other medium or method now in existence of hereafter devised."

### **DISPOSITION**

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

### **BASE AND RATE**

The Local Communications Services Tax is imposed on retail sales of communications services, including cable services, which originate or terminate in Florida and are billed to an address in the city or county imposing the tax. Private communications services provided within the county or municipality are also subject to the tax. Direct-to-home satellite service is not subject to Local Communications Services Tax. Local tax rates vary for each county and city.

### **HISTORY**

Prior to October 1, 2001, local and in-state telecommunication services were subject to the municipal utility tax under s. 166.231, F.S. This law allowed municipalities and charter counties to impose a tax of up to 10 percent or 7 percent, depending upon whether the tax was imposed on local service only, or on local service plus in-state long-distance service. Cities and charter counties were also authorized to charge telecommunication service providers franchise fees for the use of public rights of way, and all local governments could impose franchise fees on cable providers. Chapter 2000-260, L.O.F., created the communications services tax Simplification Law which provides for local communications services taxes to be administered by the Department of Revenue. The communications services tax rates in cities and counties were to provide as much revenue as had been generated by the municipal utilities tax and franchise fees, which the new tax replaced. The local communications services tax applies to services that had not been subject to the municipal utility tax, including cable television and all telecommunication services. Satellite television service is not subject to Local Communications Services Tax.

### **2001 LEGISLATIVE CHANGES**

Chapter 2001-140, L.O.F., established revenue-neutral tax rates for the statewide and local communication services taxes.

## LOCAL OCCUPATIONAL LICENSE TAXES

Florida Statutes: Chapter 205

Administered by: Counties and Municipalities

Fiscal Year	Collections@	Annual Change %	County** Levies	Municipal Levies
2002-03*	\$162,300,000	3.1	\$53,400,000	\$108,900,000
2001-02*	157,400,000	5.0	51,800,000	105,600,000
2000-01	149,900,000	6.0	49,300,000	100,600,000
1999-00	141,372,385	-2.7	39,961,312	101,411,073
1998-99	145,295,360	8.0	41,070,208	104,225,152
1997-98	134,532,329	7.8	38,157,611	96,374,718
1996-97	124,807,236	2.0	36,970,877	87,836,359

\* Est.

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

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

### SUMMARY

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

### DISPOSITION

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

### ALLOCATION FORMULA

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

## LOCAL OCCUPATIONAL LICENSE TAXES

(Continued)

### BASE

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

### RATE

#### COUNTIES:

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

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

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

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

#### MUNICIPALITIES:

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



**LOCAL OCCUPATIONAL LICENSE TAXES**

(Continued)

In 1980, the Legislature authorized a municipal rate increase identical to that authorized for the county rate. The 1993 Legislature approved ch. 93-180, L.O.F., which allowed municipalities to reclassify businesses, professions, and occupations and restructure their rate schedules. However, subsequent rate increases were limited by rate category and the overall tax base could not be increased by more than 10 percent. Municipalities had until October 1, 1995 to accomplish this reclassification and restructuring.

**EXEMPTIONS**

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

**VALUE OF RATE CHANGE, EXEMPTIONS, REFUNDS AND ALLOWANCES**

RATE CHANGE

2002-03  
(millions)

Because of the variation in rates and taxable occupations across jurisdictions it is impossible to estimate the impact of any uniform rate adjustment. However, a 10% overall change in rates would have the following impact:

\$ 16.2

VALUE OF EXEMPTIONS

No data is collected at the state level as to the number or types of occupational license tax exemptions granted.

Indeterminate

VALUE OF REFUNDS AND ALLOWANCES

None authorized by state law.

## LOCAL OPTION TAXES

### A. GENERAL LOCAL OPTION SALES SURTAXES

Florida statutes authorize seven general local option taxes.

#### CHARTER COUNTY TRANSIT SYSTEM SURTAX

Florida Statutes: Sections 212.054 and 212.055(1).

Administered by: Department of Revenue

#### DISPOSITION

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

#### BASE AND RATE

Eligible counties (Broward, Dade, Duval, Sarasota, Volusia) include those which adopted a charter prior to June 1, 1976 and those which are consolidated with one or more municipalities. Such counties may impose, if approved by referendum, up to a 1 percent sales surtax on most transactions taxable under Chapter 212. Any taxable sale of tangible personal property priced above \$5,000 shall only be taxed on the first \$5,000. However, the tax imposed on taxable services is not capped.

#### COUNTIES LEVYING TAX

Duval County (1/2%, 1/1/89).

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

#### LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

Florida Statutes: Section 212.054 and 212.055(2)

Administered by: Department of Revenue

#### DISPOSITION

The Department of Revenue must return these revenues to the county wherein the sale of the tangible personal property or provision of the service has occurred. For counties with populations that exceed 50,000, the proceeds must be used for the following purposes: 1) to finance, plan, and construct infrastructure; 2) to acquire land for public recreation or conservation or protection of natural resources; and 3) as provided in Chapter 93-107, L.O.F., to finance the closure of local government-owned solid waste landfills that are already closed or are required to close by order of the Department of Environmental Protection. In addition, Chapter 93-222, L.O.F., expanded the definition of "infrastructure" to include emergency vehicles and equipment and specified that purchases of such items

## LOCAL OPTION TAXES

(Continued)

with surtax revenues is approved retroactively. Any county with a population of 50,000 or less as of April 1, 1992, in addition to generally authorized uses, may use these tax revenues for any public purpose if: 1) the debt service obligations for any year are met, 2) the county's comprehensive plan is in compliance, and 3) the county has amended its surtax ordinance. Chapter 93-207, L.O.F., specifically authorized small counties (population < 50,000) to use the proceeds or accrued interest for long-term maintenance costs associated with landfill closures.

### BASE AND RATE

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

Counties levying the tax (as of 1/2002):

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

Note: Gadsden County's levy terminated 1/1/96. Hardee County's repealed effective 12/31/97. Jackson County's levy terminated 7/1/92. Santa Rosa County's levy repealed 8/1/98. Manatee County's levy expired 7/1/99. Okaloosa County's levy expired 8/1/99. Martin County's levy expired 12/31/01.

## LOCAL OPTION TAXES

(Continued)

### SMALL COUNTY SURTAX

Florida Statutes: Sections 212.054 and 212.055(3)

Administered by: Department of Revenue

#### DISPOSITION

The Department of Revenue returns these revenues to the county wherein the sale of tangible personal property or provision of the service has occurred. Counties with a population of 50,000 or less as of April 1, 1992 are eligible to levy this tax by extraordinary vote of the Board of County Commissioners to be expended for operating purposes. If funds are to be used to service bonded indebtedness, however, the tax must be approved by referendum. The funds may be distributed to the county, the municipalities within the county, and some school boards according to an interlocal agreement or the formula provided in s. 218.62, F.S.

#### BASE AND RATE

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

Counties levying this tax as of (1/2002):

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

### INDIGENT CARE SURTAX

Florida Statutes: Sections 212.054 and 212.055(4)

Administered by: Department of Revenue

#### DISPOSITION

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

#### BASE AND RATE

The indigent care surtax may be levied either by extraordinary vote of the governing board, or voter approval. The rate may not exceed 1/2 percent, and only counties which are not consolidated with one or more municipalities with a

## LOCAL OPTION TAXES

(Continued)

population greater than 800,000 may levy the tax. (Broward, Hillsborough, Palm Beach, Pinellas). The surtax is imposed on the first \$5,000 of most items taxable under Chapter 212, F.S.; however, there is no cap imposed on taxable services. The authorization to levy this tax expires October 1, 2005.

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

### COUNTY PUBLIC HOSPITAL SURTAX

Florida Statutes: Sections 212.054 and 212.055(5)

Administered by: Department of Revenue

#### DISPOSITION

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

#### BASE AND RATE

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

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

### SCHOOL CAPITAL OUTLAY SURTAX

Florida Statutes: Section 212.055(6)

Administered by: Department of Revenue

#### DISPOSITION

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

#### BASE AND RATE

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

**LOCAL OPTION TAXES**

(Continued)

Counties levying this tax: Bay, Escambia, Gulf, Hernando, Jackson, Monroe, Santa Rosa, St. Lucie, and Volusia.

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

<u>RATE CHANGE</u>	1/2% Levy <u>2002-03</u> (millions)	1% Levy <u>2002-03</u> (millions)
Value of a local option tax levy with no cap on transaction amounts	\$ 1,266.3	\$ 2,532.5
 <u>VALUE OF EXEMPTIONS</u>		
Exemption of price in excess of \$5,000/per item	186.6	373.2

**B. TOURISM-RELATED LOCAL OPTION TAXES**

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

CONVENTION DEVELOPMENT TAX

Florida Statutes: Section 212.0305  
Administered by: Department of Revenue and Local Tax Authorities

**DISPOSITION**

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

**BASE AND RATE**

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

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

**COUNTIES LEVYING TAX**

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

## LOCAL OPTION TAXES

(Continued)

### TOURIST DEVELOPMENT TAX

Florida Statutes: Section 125.0104

Administered by: Department of Revenue and Local Tax Authorities

#### DISPOSITION

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

#### BASE AND RATE

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

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

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

A 2 percent tax levied by majority-plus-one vote to retire joint state/county economic development project bonds;

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

Additionally, counties as defined in s. 125.011(1), F.S., (Miami-Dade County) may impose by majority vote a 2 percent tax on the sale of food, beverages, and alcoholic beverages in hotels and motels. (See page 149, Dade County Hotel/Motel Food and Beverage Tax, for additional information.)

**LOCAL OPTION TAXES**

(Continued)

COUNTY AND RATE OF LEVY

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

\* Self-administering the tax

\*\* Amelia Island only

# Excludes Navarre Beach

TOURIST IMPACT TAX

Florida Statutes: Section 125.0108

Administered by: Department of Revenue

DISPOSITION

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

BASE AND RATE

The tax must be approved by a referendum of the voters. The base is the same as for the Tourist Development Tax; the rate is 1 percent and is levied in the area or areas within the county, however, if the area or areas of critical state concern are greater than 50 percent of the land area of the county, the tax may be levied throughout the entire county. The tax may be repealed by a four-fifths vote of the governing board of the county.

Counties levying the tax: Monroe



**LOCAL OPTION TAXES**

(Continued)

**TOURISM-RELATED LOCAL OPTION TAXES  
VALUE OF RATE CHANGE**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of a 1% tourist-related tax (NOTE: Numbers reflect fiscal impact upon all 67 counties.)	\$ 90.8

**C. LOCAL OPTION FUEL TAXES**

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

COUNTY LOCAL OPTION FUEL TAX

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

Administered by: Department of Revenue

**DISPOSITION**

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

**BASE AND RATE**

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

Counties with a population in excess of 50,000 must use these funds for transportation expenditures. Chapter 92-309, L.O.F., authorizes any county with a population of 50,000 or less as of April 1992, in addition to generally authorized uses, to use these tax revenues to fund non-transportation infrastructure projects that are consistent with a county's most recently submitted comprehensive plan. The Board of County Commissioners must adopt a resolution certifying that the county has met all of its transportation needs in its comprehensive plan and may not bond such revenues for more than 10 years. The proceeds will be distributed to the county, the municipalities within the county, and some school boards according to an interlocal agreement or the formula provided in s. 336.025(4), F.S..

**LOCAL OPTION TAXES**

(Continued)

COUNTIES LEVYING TAX

Motor Fuel Tax Levies\*:

Alachua	6	Dixie	6	Hillsborough	6	Martin	6	Santa Rosa	6
Baker	6	Duval	6	Holmes	6	Monroe	6	Sarasota	6
Bay	6	Escambia	6	Indian River	6	Nassau	6	Seminole	6
Bradford	6	Flagler	6	Jackson	6	Okaloosa	5	Sumter	6
Brevard	6	Franklin	5	Jefferson	6	Okeechobee	6	Suwannee	6
Broward	6	Gadsden	6	Lafayette	6	Orange	6	Taylor	6
Calhoun	6	Gilchrist	6	Lake	6	Osceola	6	Union	5
Charlotte	6	Glades	6	Lee	6	Palm Beach	6	Volusia	6
Citrus	6	Gulf	6	Leon	6	Pasco	6	Wakulla	6
Clay	6	Hamilton	3	Levy	6	Pinellas	6	Walton	6
Collier	6	Hardee	6	Liberty	6	Polk	6	Washington	6
Columbia	6	Hendry	6	Madison	6	Putnam	6		
Dade	6	Hernando	6	Manatee	6	St. Johns	6		
DeSoto	6	Highlands	6	Marion	6	St. Lucie	6		

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

COUNTY LOCAL OPTION MOTOR FUEL TAX

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

Administered by: Department of Revenue

DISPOSITION

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

BASE AND RATE

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

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

**LOCAL OPTION TAXES**

(Continued)

Counties levying Tax (as of 1/2002):

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

**NINTH CENT FUEL TAX**

(Formerly the County Voted Gas Tax)

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

Administered by:           Department of Revenue

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

**BASE AND RATE**

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

**COUNTIES LEVYING TAX**

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

**LOCAL OPTION TAXES**

(Continued)

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

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of a 1 cent local option tax on all gallons subject to Chapter 206 (excludes off-highway use)	\$ 93.3
<u>VALUE OF EXEMPTIONS</u>	
Exemption for gallons used off-highway (at a 1 cent levy)	.4
Exemption for aviation fuel gallons (at 1 cent levy)	9.6*
<u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Dealer collection allowance (at a 1 cent levy)	1.0

\* Estimate reduced by 1% to reflect retail collection

(NOTE: Numbers reflect fiscal impact prior to administrative charges  
being assessed. For individual county distribution estimates, see page 154.)

**D. DISCRETIONARY SURTAX ON DOCUMENTS**

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

Administered by: Department of Revenue

**DISPOSITION**

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

**BASE AND RATE**

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

**COUNTIES LEVYING TAX**

Miami-Dade

**DISCRETIONARY SURTAX ON DOCUMENTS  
VALUE OF RATE CHANGE, EXEMPTIONS, REFUNDS AND ALLOWANCES  
IF IMPOSED STATE WIDE**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Value of a 10 cent/\$100 levy on:	
1) all deeds	\$ 114.6
2) deeds other than for documents related to single family dwellings	30.8

**LOCAL OPTION TAXES**

(Continued)

<u>RATE CHANGE</u>	<u>2002-03</u>
	(millions)
<u>VALUE OF EXEMPTIONS</u>	
Exemption for documents related to single family dwellings (10 cents/\$100 rate)	83.8
<u>VALUE OF REFUNDS AND ALLOWANCES</u>	
Agents commission at .5% of taxes collected (10 cents/\$100 rate)	.6

**E. OPTIONAL FOOD AND BEVERAGE TAXES**

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

MIAMI-DADE COUNTY FOOD AND BEVERAGE TAX

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

Administered by: Local Tax Authorities

**DISPOSITION**

Eligible counties collect and administer these funds.

**BASE AND RATE**

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

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

MIAMI-DADE COUNTY HOTEL/MOTEL FOOD AND BEVERAGE TAX

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

Administered by: Local Tax Authorities

**DISPOSITION**

Eligible counties collect and administer these funds.

## LOCAL OPTION TAXES

(Continued)

### BASE AND RATE

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

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

### MUNICIPAL RESORT TAX (Transient Rentals and Food/Beverage)

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

Administered by: Municipal Tax Authorities

### DISPOSITION

Eligible cities collect and administer these funds.

### BASE AND RATE

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

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

# Estimated Local Option Tax Revenues

Fiscal Year 2002-2003  
(Thousands of Dollars)

County	Local Option Sales Taxes		Tourist Taxes		Revenues*
	Rate	Revenues*	Rate	Convention Develop.**	
Alachua@	1.0%	27,010.3		3% --	476.7
Baker@	1.0%	1,269.5		2% --	13.2
Bay@	1.0%	23,797.0		3% --	1,917.0
Bradford	1.0%	1,603.1		2% --	23.3
Brevard@	--	51,242.9		4% --	1,333.8
Broward@	--	227,882.2		5% --	5,822.1
Calhoun	1.0%	669.6	--	--	1.0
Charlotte@	1.0%	18,147.9		3% --	426.0
Citrus@	--	9,256.9		2% --	137.9
Clay@	1.0%	14,352.4		3% --	128.8
Collier@	--	49,264.4		3% --	2,977.0
Columbia	1.0%	6,135.6		2% --	148.1
De Soto	1.0%	2,102.7	--	--	24.3
Dixie	1.0%	624.3	--	--	10.1
Duval@	1.0%	129,517.3		4%      2%	1,894.7
Escambia@	1.5%	36,030.0		4% --	884.5
Flagler	1.0%	4,405.1		2% --	111.6
Franklin	--	1,096.8	--	--	241.4
Gadsden	1.0%	2,439.6	--	--	183.9
Gilchrist	1.0%	568.0	--	--	2.0
Glades	1.0%	338.2	--	--	9.1
Gulf@	0.5%	825.9		2% --	73.0
Hamilton	1.0%	573.3		2% --	15.2
Hardee	1.0%	1,592.9	--	--	8.1
Hendry	1.0%	2,835.0	--	--	24.3
Hernando@	0.5%	10,302.1		3% --	60.9
Highlands	1.0%	8,234.5	--	--	127.8
Hillsborough@	1.0%	171,695.1		5% --	3,432.4
Holmes	1.0%	784.0	--	--	6.1
Indian River@	1.0%	17,116.7		4% --	392.5
Jackson	1.5%	3,363.6		2% --	65.9
Jefferson	1.0%	570.9	--	--	13.2
Lafayette	1.0%	280.5	--	--	0.0
Lake@	1.0%	22,025.4		2% --	344.9
Lee@	--	74,940.7		3% --	3,934.5
Leon@	1.0%	33,241.4		3% --	654.2
Levy	1.0%	2,609.9	--	--	71.0
Liberty	1.0%	198.2	--	--	1.0
Madison	1.0%	963.2		2% --	20.3
Manatee@	--	31,856.0		3% --	913.9
Marion	--	29,713.7	--	--	361.1
Martin	--	20,471.6	--	--	255.6
Miami-Dade@(1)	0.5%	317,379.5		3%      3%	10,960.6
Monroe@(2)	1.5%	23,912.2		3%	4,024.8
Nassau@	1.0%	6,551.0		2% --	502.1
Okaloosa@	--	24,023.5		4% --	1,700.0
Okeechobee	1.0%	3,646.8		3% --	54.8
Orange@	--	253,153.7		5% --	21,965.8
Osceola@	1.0%	27,805.3		5% --	4,638.4
Palm Beach@	--	179,142.1		4% --	4,528.9
Pasco	--	29,303.2		2% --	397.6
Pinellas@	1.0%	124,957.6		4% --	4,382.8
Polk@	--	53,732.8		4% --	986.9
Putnam@	--	4,707.2		2% --	58.8
St. Johns@	--	16,491.3		3% --	1,248.6
St. Lucie@	0.5%	19,268.5		4% --	437.2
Santa Rosa@	0.5%	8,570.9		3% --	192.7
Sarasota@	1.0%	54,234.5		3% --	2,103.7
Seminole@	1.0%	51,901.3		3% --	664.4
Sumter	1.0%	3,280.8	--	--	73.0
Suwannee@	1.0%	2,556.4		2% --	27.4
Taylor	1.0%	1,759.8		2% --	40.6
Union	1.0%	495.1	--	--	0.0
Volusia@	0.5%	50,348.5		2%      3%	2,916.1
Wakulla@	1.0%	1,078.9		2% --	25.4
Walton@	1.0%	8,091.4		3% --	1,442.3
Washington	1.0%	1,278.5		2% --	17.2
<b>STATE TOTAL</b>		<b>2,309,619.1</b>			<b>90,767.1</b>

Source: Department of Revenue, December 2001.

\* Revenues profiled in this table indicate annualized estimates.

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

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

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

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

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

**ESTIMATED LOCAL OPTION GAS TAX REVENUES**  
**Fiscal Year 2002-2003**  
**(Thousands of Dollars)**

County	Local Option Gas Tax \$.01 - .06 Cents All Highway Fuel		Ninth Cent Tax \$.01 Cent All Highway Fuel		Local Option Gas Tax \$.01 - .05 Cents Motor Fuel Only	
	Rate	Revenues @ 1 cent	Rate	Revenues @ 1 cent	Rate	Revenues @ 1 cent
Alachua	6%	\$1,141.4	1%	\$1,231.6		\$1,015.8
Baker	6%	\$161.6	1%	\$174.3		\$136.7
Bay	6%	\$952.8		\$1,028.1		\$837.3
Bradford	6%	\$167.0		\$180.2		\$144.6
Brevard	6%	\$2,524.0		\$2,723.3		\$2,199.8
Broward	6%	\$7,962.1	1%	\$8,590.2	5%	\$7,250.8
Calhoun	6%	\$80.3		\$86.6		\$58.1
Charlotte	6%	\$864.5		\$932.8	5%	\$743.7
Citrus	6%	\$545.0		\$588.1		\$488.5
Clay	6%	\$685.8	1%	\$740.0		\$609.6
Collier	6%	\$1,209.4	1%	\$1,304.9	5%	\$1,097.0
Columbia	6%	\$573.4	1%	\$618.7	5%	\$437.4
DeSoto	6%	\$121.7	1%	\$131.3	5%	\$92.8
Dixie	6%	\$87.1		\$94.0		\$63.6
Duval	6%	\$4,660.6		\$5,029.1		\$3,651.9
Escambia	6%	\$1,595.9	1%	\$1,722.0		\$1,347.5
Flagler	6%	\$249.0	1%	\$268.7		\$212.0
Franklin	5%	\$75.5		\$81.4		\$62.7
Gadsden	6%	\$406.9		\$439.3		\$250.3
Gilchrist	6%	\$56.1	1%	\$60.5		\$46.9
Glades	6%	\$53.4	1%	\$57.6		\$36.3
Gulf	6%	\$60.4		\$65.2		\$48.1
Hamilton	3%	\$172.5		\$186.1		\$105.4
Hardee	6%	\$144.7	1%	\$156.2		\$105.8
Hendry	6%	\$287.3	1%	\$310.0		\$201.5
Hernando	6%	\$690.1	1%	\$744.6	2%	\$571.2
Highlands	6%	\$468.0	1%	\$505.1	3%	\$361.2
Hillsborough	6%	\$5,727.2	1%	\$6,179.5		\$4,765.9
Holmes	6%	\$115.6		\$135.8		\$91.2
Indian River	6%	\$720.1		\$777.0		\$553.5
Jackson	6%	\$514.0	1%	\$554.7		\$296.8
Jefferson	6%	\$148.5	1%	\$160.3		\$95.5
Lafayette	6%	\$30.5		\$32.9		\$23.2
Lake	6%	\$1,106.3	1%	\$1,193.8		\$953.2
Lee	6%	\$2,407.2	1%	\$2,597.2	5%	\$2,122.2
Leon	6%	\$1,196.8	1%	\$1,291.3		\$1,065.8
Levy	6%	\$243.4		\$262.6		\$198.1
Liberty	6%	\$50.3	1%	\$54.3		\$30.4
Madison	6%	\$286.6		\$309.3		\$104.1
Manatee	6%	\$1,232.0	1%	\$1,329.3		\$126.2
Marion	6%	\$1,822.0	1%	\$1,966.0		\$1,393.3
Martin	6%	\$724.2		\$781.4	2%	\$651.5
Miami-Dade	6%	\$9,887.6	1%	\$10,668.5	3%	\$8,705.4
Monroe	6%	\$587.4		\$633.8		\$545.3
Nassau	6%	\$338.0	1%	\$364.7		\$258.0
Okaloosa	5%	\$1,010.0		\$1,089.6		\$927.9
Okeechobee	6%	\$322.5	1%	\$348.0		\$250.6
Orange	6%	\$5,637.5		\$6,082.7		\$4,671.5
Osceola	6%	\$1,169.4	1%	\$1,262.1		\$978.3
Palm Beach	6%	\$5,095.9	1%	\$5,498.2	5%	\$4,566.1
Pasco	6%	\$1,619.6		\$1,747.5		\$1,390.8
Pinellas	6%	\$3,945.1		\$4,256.4		\$3,598.1
Polk	6%	\$3,022.0	1%	\$3,261.2	5%	\$2,279.0
Putnam	6%	\$396.9		\$428.3		\$328.4
St. Johns	6%	\$873.7		\$942.8		\$663.3
St. Lucie	6%	\$1,125.3	1%	\$1,214.2	5%	\$927.9
Santa Rosa	6%	\$613.8		\$662.3		\$544.9
Sarasota	6%	\$1,604.4	1%	\$1,731.0	5%	\$1,458.6
Seminole	6%	\$1,737.1	1%	\$1,874.1		\$1,591.3
Sumter	6%	\$663.1	1%	\$715.6		\$362.0
Suwannee	6%	\$293.6		\$316.8		\$218.3
Taylor	6%	\$184.0	1%	\$198.6		\$124.8
Union	5%	\$70.3	1%	\$75.9		\$41.3
Volusia	6%	\$2,300.7	1%	\$2,482.3	5%	\$2,087.1
Wakulla	6%	\$127.1	1%	\$137.2		\$104.7
Walton	6%	\$405.5	1%	\$432.0		\$281.3
Washington	6%	\$127.2	1%	\$137.3		\$106.6
<b>Totals</b>		<b>\$85,478.9</b>		<b>\$92,236.5</b>		<b>\$71,658.9</b>

Source: Florida Department of Revenue, December, 2001



**Highway Fuel Tax Rates: State and Local Option for CY 2002 (Cents per Gallon)**

County	Motor Fuel Tax Rates							Special Fuel (Diesel) Tax Rates					
	Local						Total Gas Tax	Local					Total Diesel Tax
	State-wide Gas Tax	Ninth Cent	Option Gas Tax	*ELMS or New Gas Tax	**SCETS Tax	Envir. Insp. Fees		State-wide Diesel Tax	Ninth Cent	Option Diesel Tax	**SCETS Tax	Envir. Insp. Fees	
Alachua	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Baker	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Bay	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Bradford	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Brevard	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Broward	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Calhoun	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Charlotte	13.6		6	5	5.3	2.2	32.1	13.6	1	6	5.3	2.2	28.1
Citrus	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Clay	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Collier	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Columbia	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
DeSoto	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Dixie	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Duval	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Escambia	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Flagler	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Franklin	13.6		5		4.4	2.2	25.2	13.6	1	6	5.3	2.2	28.1
Gadsden	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Gilchrist	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Glades	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Gulf	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Hamilton	13.6		3		2.7	2.2	21.5	13.6	1	6	5.3	2.2	28.1
Hardee	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Hendry	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Hernando	13.6	1	6	2	5.3	2.2	30.1	13.6	1	6	5.3	2.2	28.1
Highlands	13.6	1	6	3	5.3	2.2	31.1	13.6	1	6	5.3	2.2	28.1
Hillsborough	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Holmes	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Indian River	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Jackson	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Jefferson	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Lafayette	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Lake	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Lee	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Leon	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Levy	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Liberty	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Madison	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Manatee	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Marion	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Martin	13.6		6	2	5.3	2.2	29.1	13.6	1	6	5.3	2.2	28.1
Miami-Dade	13.6	1	6	3	5.3	2.2	31.1	13.6	1	6	5.3	2.2	28.1
Monroe	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Nassau	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Okaloosa	13.6		5		4.4	2.2	25.2	13.6	1	6	5.3	2.2	28.1
Okeechobee	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Orange	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Osceola	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Palm Beach	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Pasco	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Pinellas	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Polk	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Putnam	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
St. Johns	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
St. Lucie	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Santa Rosa	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Sarasota	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Seminole	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Sumter	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Suwannee	13.6		6		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Taylor	13.6	1	6		4.4	2.2	27.2	13.6	1	6	5.3	2.2	28.1
Union	13.6	1	5		5.3	2.2	27.1	13.6	1	6	5.3	2.2	28.1
Volusia	13.6	1	6	5	5.3	2.2	33.1	13.6	1	6	5.3	2.2	28.1
Wakulla	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Walton	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1
Washington	13.6	1	6		5.3	2.2	28.1	13.6	1	6	5.3	2.2	28.1

Weighted Average: 

0.65	5.98	2.18	5.28	29.89
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Sources: Florida Department of Revenue

\*ELMS - Environmental Land Management Study

\*\*SCETS - State Comprehensive Enhanced Transportation System

## MUNICIPAL UTILITY TAX

Florida Statutes: Section 166.231

Administered by: Municipalities and Charter Counties

### MUNICIPALITIES

Fiscal Year	Total Collections	Electricity	Telephone**	Water	Other***
2002-03*	\$580,400,000	\$488,900,000	-0-	\$62,000,000	\$29,600,000
2001-02*	563,400,000	474,600,000	-0-	60,100,000	28,700,000
2000-01	804,800,000	447,800,000	272,500,000	57,200,000	27,300,000
1999-00	754,420,000	421,220,048	254,183,039	53,499,837	25,517,939
1998-99	732,102,425	424,086,667	232,779,675	47,732,836	27,503,247
1997-98	724,850,606	442,819,792	203,109,929	48,225,057	30,695,828
1996-97	624,428,937	384,424,627	172,616,116	42,577,201	24,810,993

### CHARTER COUNTIES

Fiscal Year	Total Collections	Electricity	Telephone**	Water	Other***
2002-03*	\$201,400,000	\$173,100,000	-0-	\$17,700,000	\$10,600,000
2001-02*	195,500,000	168,000,000	-0-	17,200,000	10,300,000
2000-01	272,900,000	158,500,000	88,200,000	16,400,000	9,800,000
1999-00	255,873,369	149,129,146	82,270,167	15,281,482	9,192,574
1998-99	237,631,274	149,409,156	68,114,310	14,463,790	5,644,018
1997-98	233,582,641	144,944,005	60,038,417	21,523,563	7,076,656
1996-97	218,410,494	138,757,050	54,140,614	20,318,699	5,274,131

\* Est.

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

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

### SUMMARY

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

### DISPOSITION

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

## MUNICIPAL UTILITY TAX

(Continued)

### BASE AND RATE

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

### HISTORY

Authority to tax public services was granted to municipalities in 1945. This tax, originally levied on electricity, metered or bottled gas, water service, and telephone and telegraph service, is called the municipal utility tax.

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

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

### 2001 LEGISLATIVE CHANGES

Chapter 2001-140, L.O.F. established the revenue-neutral local communications services tax and the maximum allowable rates. Local governments adopted their communications services tax rates by July 15, 2001.

**MUNICIPAL UTILITY TAX**  
(Continued)

**VALUE OF RATE CHANGE, EXEMPTIONS AND ALLOWANCES**

<u>RATE CHANGE</u>	<u>2002-03</u> (millions)
Approximately one-half of the municipalities in Florida either levy utility taxes of less than 10% or do not tax utilities at all under this law. Many who tax less than 10% do so on a sliding scale, e.g., 10% on the first \$25; 5% on the next \$50; and 2% thereafter. Also, many municipalities tax different services at different rates. Thus, each municipality must be examined individually to arrive at an estimate of the value of a tax rate change. However, an overall change of 10% in current rates would have the following impact:	\$78.2
Fuel Oil (s. 166.231(2)) The maximum tax on fuel oil is 4 cent/gallon (unless the tax is being levied on a physical unit basis). For cities levying less than 10% on other services, the fuel oil tax must be reduced proportionately.	1.5
Fuel Adjustment Charges (s. 166.231(1)(b)) All fuel adjustment charges subsequent to October 1, 1973 are exempt from taxation.	162.9
Government Purchases (s. 166.231(5)) Purchases by the U.S. Government, the State of Florida or any public body as defined in s. 1.01(9), F.S., are exempt.	Indeterminate
Church Purchases (s. 166.231(5)) Church purchase of service used exclusively for church purposes are exempt from taxation.	Indeterminate
Enterprise zones (s. 166.231(8)) Effective from 7/1/95 to 12/31/2005, municipalities may exempt not less than 50% of the tax imposed on purchasers of electricity located within enterprise zones.	Indeterminate
Internet and online services (s. 166.231(10))	19.7

**STATE REVENUES SHARED WITH LOCAL GOVERNMENTS**

**Shared Collections - All State Sources**

Fiscal Year	Municipalities	Counties	School Districts	Total	Annual Change
2002-03*	\$ 722,000,000	\$ 1,600,800,000	\$ 899,400,000	\$ 3,222,200,000	4.60%
2001-02*	682,000,000	1,513,500,000	885,100,000	3,080,600,000	1.23%
2000-01	679,928,568	1,523,693,170	839,546,103	3,043,167,841	2.39%
1999-00	658,639,371	1,524,730,621	783,519,676	2,966,890,052	2.39%
1998-99	630,927,371	1,511,544,034	755,205,377	2,897,676,782	5.12%
1997-98	629,674,711	1,419,426,072	707,457,501	2,756,558,284	9.85%
1996-97	566,847,640	1,261,929,487	680,509,792	2,509,286,919	3.23%

\* Estimated

**2000-01 Revenues Disbursed by Source**

Revenue Source	Authority	Administered By	Municipalities	Counties	School Districts	Total
<b>State Revenue Sharing Program:</b>						
Cigarette Tax	Ch. 210	DBPR	--	11,149,461	--	\$11,149,461
Motor Fuel Tax (1 cent)	Ch. 206	D.O.R.	81,489,475	--	--	81,489,475
Alternative Fuels Tax	Ch. 206	D.O.R.	45,429	--	--	45,429
Sales Tax	Ch. 212	D.O.R.	145,896,115	306,361,416	--	452,257,531
<b>Total Revenue Sharing Program</b>	<b>Ch. 218</b>	<b>D.O.R.</b>	<b>227,431,019</b>	<b>317,510,877</b>	<b>--</b>	<b>544,941,896</b>
<b>Other Shared Revenue:</b>						
Sales Tax (1/2 cent)	Ch. 212	D.O.R.	439,619,544	876,220,072	--	1,315,839,616
Beverage License	Ch. 561-8	DBPR	5,625,069	5,616,885	--	11,241,954
Cigarette Tax (2 cents)	Ch. 210	DBPR	132,732	--	--	132,732
Gross Receipts Tax	Ch. 203	D.O.R.	--	--	722,914,209	722,914,209
Insurance License	Ch. 624	D.O. I.	--	4,318,078	--	4,318,078
Mobile Home License	Ch. 320	D.H.S.M.V.	3,920,204	5,575,941	9,496,156	18,992,301
Motor Fuel Tax (3 cents)	Ch. 206	D.O.R.	--	269,055,733	--	269,055,733
Motor Fuel Refunds	Ch. 206	D.O.R.	3,200,000	4,400,000	2,860,000	10,460,000
Motor Vehicle License	Ch. 320	D.H.S.M.V.	--	--	104,275,738	104,275,738
Motorboat Fees	Ch. 371	D.N.R.	--	6,295,584	--	6,295,584
Oil & Gas Tax	Ch. 211	D.O.R.	--	1,000,000	--	1,000,000
Sales Tax	Ch. 550	DBPR	--	29,900,000	--	29,900,000
Solid Minerals Severance	Ch. 211	D.O.R.	--	3,800,000	--	3,800,000
<b>Total Other Shared Revenue</b>			<b>452,497,549</b>	<b>1,206,182,293</b>	<b>839,546,103</b>	<b>2,498,225,945</b>
<b>All Shared Revenue</b>			<b>\$ 679,928,568</b>	<b>\$ 1,523,693,170</b>	<b>\$ 839,546,103</b>	<b>\$ 3,043,167,841</b>

## FLORIDA REVENUE SHARING ACT

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

Administered by: Department of Revenue

### DISTRIBUTIONS

Fiscal Year	To Cities	Annual Change %	To Counties	Annual Change %
2002-03*	\$239,400,000	5.02	\$335,900,000	6.40
2001-02*	227,900,000	0.21	315,700,000	-0.57
2000-01	227,431,041	10.71	317,510,882	-13.74
1999-00	205,425,970	0.14	368,093,994	-13.13
1998-99	205,131,982	-.72	423,750,470	11.32
1997-98	206,610,109	3.98	380,655,131	22.32
1996-97	198,706,875	-1.29	313,988,454	9.73

\* Est.

### SUMMARY

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

### COLLECTIONS

#### Revenue Sharing Trust Fund - Municipalities

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

Fiscal Year	Total	Cigarette**	Sales Tax	Motor Fuel	Alternative Fuels
2002-03*	\$239,400,000	-0-	\$154,700,000	\$84,600,000	\$40,000
2001-02*	227,900,000	-0-	145,100,000	82,800,000	40,000
2000-01	227,431,041	-0-	145,896,115	81,489,475	45,429
1999-00	205,425,970	125,089,257	-0-	80,291,284	45,429
1998-99	205,131,982	127,870,234	-0-	77,261,748	46,639
1997-98	206,610,109	132,553,506	-0-	74,005,287	51,316

**FLORIDA REVENUE SHARING ACT**  
(continued)

Fiscal Year	Total	Cigarette**	Sales Tax	Motor Fuel	Alternative Fuels
1996-97	198,706,875	125,694,494	-0-	72,962,566	49,815

\* Est.

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

Revenue Sharing Trust Fund - Counties

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

Fiscal Year	Total	Intangibles	Sales Tax	Cigarette
2002-03*	\$335,900,000	-0-	\$324,900,000	\$11,000,000
2001-02*	315,700,000	-0-	304,700,000	11,000,000
2000-01	317,510,882	-0-	306,361,416	11,149,461
1999-00	368,093,994	355,976,483	-0-	12,117,511
1998-99	443,750,470	413,226,545	-0-	10,523,925
1997-98	380,655,131	368,790,774	-0-	11,864,357
1996-97	313,988,454	302,738,021	-0-	11,250,433

\* Est.

**DISTRIBUTION FACTORS**

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

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

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

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

**ELIGIBILITY FACTORS FOR FULL SHARING BY CITIES AND COUNTIES**

- a. Report finances to Department of Banking and Finance.

## FLORIDA REVENUE SHARING ACT

(Continued)

- b. Make provision for annual post-audits for the city or county governments and for each dependent special district that is budgeted separately from the general budget of the local governing authority.
- c. Levy at least 3 mills (or raise equivalent revenue by property tax, utility tax, and occupational licenses), not including debt service or other special voted millage.
- d. Meet certain employment and salary standards for police officers and firefighters.
- e. Certify to the Department of Revenue that the millage requirements of s. 200.065, if applicable, have been met.

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

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

### LIMITATION ON USE OF STATE REVENUE SHARING FUNDS

No more than the amount of the guaranteed entitlement (amount received in 1971-72) can be used as pledge for indebtedness (Sec. 218.25 F.S.). Funds derived from the 1 cent municipal fuel tax may only be used by municipalities for transportation - related expenditures. There is no other use restriction on revenues shared.

### HISTORY

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

The Revenue Sharing Act of 1972 (Ch. 72-360, Laws of Florida) placed three shared tax sources for cities and three for counties into a "revenue sharing program" with an expiration date one year later. Separate three factor formulas were provided for the two types of governmental units. Annual distributions of \$132,300,000 to cities and \$39,000,000 to counties were set in the act. Meeting of certain salary and employment standards for police officers was required for participation. Financial reporting, already required by law was also made a specific criterion of eligibility. Some semblance of need was required for cities in the form of the levy of three mills on non-exempt valuations. An alternative was allowed by combining collections from utility tax, occupational licenses, and property tax to equal at least the amount



**FLORIDA REVENUE SHARING ACT**  
(Continued)

of a three mill levy. In 1973, the act was considerably reworded but basic requirements were practically unchanged. Amounts to be distributed were to be all available funds, rather than a predetermined amount. Again a one year life for the act was specified. Renewal of the Revenue Sharing Act in 1974 was accomplished without an automatic expiration provision. Small changes in wording occurred but all the principal features of administration were left unchanged. It was made clear that formula computations were expected to be made only once each year and that the act does not apply to any special districts of the state.

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

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

## TAX EXPENDITURES

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

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

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

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

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

The following table presents summary estimates of the tax expenditures identified in this book by type for each tax for fiscal year 2002-03.

**2002-2003 TAX EXPENDITURES**

(in millions of \$)

<u>Tax</u>	<u>Exemptions</u>	<u>Preferred/ Differential Rates</u>	<u>Credits</u>	<u>Refunds</u>	<u>Deductions/ Allowances</u>	<u>Partial Assessments</u>	<u>Total</u>
<b>State Taxes</b>							
Auto Title and Lien Fees	21.7	--	--	--	--	--	21.7
Beverage Tax	9.3	--	--	--	9.8	--	19.1
Cigarette	27.3	--	--	5.1	5.9	--	38.3
Corporate Income Tax	256.5	--	62.5	--	175.3	--	494.3
Documentary Stamp Tax	359.9	9.3	--	--	14.5	--	383.7
Driver Licenses	3.1	--	--	--	--	--	3.1
Estate Tax	--	--	--	--	--	--	0.0
Gross Receipts Tax	68.2	--	--	--	--	--	68.2
Health Care Assessment	--	--	--	--	--	--	0.0
Insurance Premium Tax	4,136.6	--	315.3	--	50.1	--	4,502.0
Intangibles Tax	128.6	--	--	1.2	--	--	129.8
Lottery	--	--	--	--	129.9	--	129.9
Motor Fuel Tax	11.3	--	--	47.0	3.9	--	62.2
Motor Vehicle Licenses	2.1	--	--	--	--	14.0	16.1
Pari-Mutuel Tax	--	--	--	--	--	--	0.0
Pollutants Taxes	27.2	--	--	--	--	--	27.2
Sales Tax	22,879.8	33.3	--	--	53.4	--	22,966.5
Severance Tax	--	--	--	--	--	--	0.0
SUBTOTAL	27,931.6	42.6	377.8	53.3	442.8	14.0	28,862.1
<b>Local Taxes</b>							
Ad Valorem	9,510.0	1,356.3	--	--	336.5	4,271.9	15,474.7
Local Option	467.0	--	--	--	1.6	--	468.6
Municipal Utility	184.1	--	--	--	--	--	184.1
SUBTOTAL	10,161.1	1,356.3	--	--	338.1	4,271.9	16,127.4
<b>Total State and Local Taxes</b>	<b>38,092.7</b>	<b>1,398.9</b>	<b>377.8</b>	<b>53.3</b>	<b>780.9</b>	<b>4,285.9</b>	<b>44,989.5</b>

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

**ALTERNATIVE SOURCES**



## STATE PROPERTY TAX

Florida Constitution: Prohibited by Article VII, Section I

Fiscal Year	Taxable Value** (millions)	1 Mill Levy (millions)	Annualized % Change
2002-03*	886,648	886.6	10.1
2001-02#	805,057	805.0	10.3
2000-01	730,003	730.0	7.8
1999-00	677,095	677.1	7.3
1998-99	630,755	630.8	6.4
1997-98	592,850	592.8	6.0
1996-97	559,497	559.5	4.5
1995-96	535,609	535.6	4.6
1994-95	511,828	511.8	4.8
1993-94	488,624	488.6	1.8
1992-93	479,972	480.1	1.0
1991-92	475,097	475.1	5.8
1990-91	449,091	449.1	8.7
1989-90	413,319	414.7	9.3
1988-89	378,120	378.1	7.3
1987-88	352,410	352.4	9.1
1986-87	322,911	322.9	9.1
1985-86	296,038	296.0	11.2
1984-85	266,127	266.1	9.1
1983-84	243,937	244.0	7.7
1982-83	226,613	226.6	17.2
1981-82	193,295	193.3	30.6
1980-81	148,002	148.0	16.0
1979-80	127,558	127.6	8.5

\* Est.

\*\* Assumes same tax base (real estate, personal property and centrally assessed) and exemption structure as currently allowed for school districts. Does not include the value of intangible property because it is already subject to state taxation.

# Preliminary

## STATE PROPERTY TAX

(Continued)

### BASE AND RATE

Recent data indicate that 13 states levy an ad valorem tax against real estate and other property (e.g., tangible personal property) which local governments in those states also tax. Of these, a number also tax property (such as intangibles) which local governments do not tax. Florida and 27 other states levy taxes only against property not subject to local taxation. For comparative purposes, the following table lists total state levied property taxes as a percent of personal income for fiscal year 1992-93.

<u>Rank</u>		<u>Percent</u>	<u>Rank</u>		<u>Percent</u>
1	Montana	1.74%	21	Mississippi	.06%
2	Washington	1.37	22	Louisiana	.06
3	Wyoming	.94	23	Rhode Island	.05
4	Kentucky	.57	24	Georgia	.03
5	Alaska	.51	25	South Carolina	.02
6	Arizona	.49	26	North Dakota	.02
7	California	.34	27	Missouri	.01
8	FLORIDA	.25	28	Arkansas	.01
9	Maine	.19	29	Colorado	.01
10	Maryland	.18	30	Virginia	.01
	PROP. STATES AVERAGE	.17	31	West Virginia	.01
11	Michigan	.17	32	Minnesota	.01
12	Nevada	.15	33	Nebraska	.01
13	Alabama	.15	34	Ohio	.01
	U.S. AVERAGE	.14	35	New Jersey	.01
14	New Mexico	.11	36	Indiana	insignificant
15	North Carolina	.10	37	New Hampshire	insignificant
16	Vermont	.09	38	Idaho	insignificant
17	Illinois	.09	39	Oregon	insignificant
18	Wisconsin	.07	40	Massachusetts	insignificant
19	Kansas	.07	41	Connecticut	insignificant
20	Pennsylvania	.07			

Delaware, Hawaii, Iowa, New York, Oklahoma, South Dakota, Tennessee, and Texas do not have state property taxes.

State property taxes include taxes on real and personal property and taxes on selected types of property, such as motor vehicles.

Florida's state property tax is constitutionally limited to the tax on intangible personal property.

Source: U.S. Department of Commerce, Bureau of Census, "State Governmental Finances, 1993"

### ECONOMIC INCIDENCE

Ad valorem taxes on non-commercial property are a direct burden on the owner. Ad valorem taxes on commercial property, which includes non-owner occupied (rented) residential property, are passed on in part to consumers of the services or goods provided by the property owner, particularly if the industry is not strongly competitive or demand for the product or service is inelastic (non-responsive) with respect to prices.

## STATE PROPERTY TAX

(Continued)

The burden of property taxes with respect to income levels is widely debated. Many early studies which measured taxes relative to current income for a single year or measured only the direct burden found property taxes to be regressive. Most recent studies, particularly those which measure taxes against permanent or life-cycle income (measures which eliminate short term variations in income) find it to be progressive or at least proportional. Because the distribution of wealth is significantly more concentrated than the distribution of income, it has also been argued that "incidence against income" is an inappropriate yardstick for taxes on wealth, such as the property tax. More appropriate measures, it is argued, such as proportional distributions would show high progressivity.

Nevertheless, data available for Florida indicates that even when measured on a current income basis, the property tax prior to 1980 was among the least regressive of all major Florida tax sources. Although no study of Florida property tax incidence has been undertaken since the homestead exemption was increased to \$25,000 in 1980, it is likely that current income measures will now show the tax to be moderately progressive.

Because real estate and personal property taxes are deductible for federal income tax purposes, a significant portion of such taxes is shifted to the federal government.



## THE VALUE - ADDED TAX

The value-added tax (VAT) is paid by producers on the value-added by their firms. Value-added is simply a firm's total revenue minus the value of purchased non-labor inputs (from outside suppliers) that the firm uses to produce goods and services. For example, if a firm uses labor, equipment (which it owns), and raw materials (which it purchases) to make a product, then value-added by the firm will be revenue minus the cost of raw materials. A VAT would be a percentage levy on that amount.

### Measuring Value-Added - Invoice-Credit Method

In practice, measuring value-added is not as simple as portrayed above. In those countries with national VATs, the tax is commonly computed using the invoice-credit method. Under this method a firm applies the VAT rate to its gross receipts (revenue) less any credits it has for VAT already paid on purchased inputs. This is alleged to enhance compliance under a VAT in several ways. First, invoices provide a way of cross-checking the credits claimed by a taxpayer. Second, since taxpayers have the incentive to maximize the credit they can claim, it is in their interest that their suppliers pay the proper amount of VAT. It also concentrates the remittance burden on larger upstream businesses who can be audited more cost effectively, and it reduces the amount of tax at risk due to skimming and under-reporting by smaller retailers.

### Measuring Value-Added - Income- Additive Method

A second method for calculating a VAT is the income or additive approach. Instead of subtracting the value of inputs from receipts, this approach directly adds up those categories of expenditure and net income of a given business that represent value-added (i.e., wages + interest + rent + profit). Strict utilization of federal income tax accounting (e.g., measurement of income and expenditures, timing or recognition of these items, reporting time frames, etc.) in calculating the VAT would result in value-added being measured directly from items already reported on federal income tax returns. For multi-state entities, national value-added would be apportioned in the same manner that corporate profits are.

### Experience in Other Jurisdictions

Most European countries rely on a VAT for a substantial portion of their revenue and have done so for at least three decades. The measurement method of choice has been the invoice-credit method. The VATs imposed in these jurisdictions are far from the pure VAT of theory. Equity considerations have led to substantial exemptions from the tax. Common among these are food, medical care and housing. Concern for record-keeping has led to exemptions for small businesses. In conformity with the concept that VATs are fundamentally taxes on consumption, businesses have been allowed to deduct the total expense of plant and equipment in the year of purchase. Nonetheless, the European experience with VATs seems to have been largely favorable.

The additive method has been used most prominently in Michigan. Michigan's VAT is known as the Single Business Tax (SBT) since it replaced several taxes on business including the corporate income tax. Michigan law provides numerous partial exemptions from the tax. Chapter S and professional corporations are partially exempted as are agriculture and forestry concerns. Like the European VATs, the SBT allows full current expensing of investment expenditures by firms. Michigan's apportionment method for national value-added closely resembles the three-factor formula used by most states with a corporate income tax. The U.S. Supreme Court has found this formula to be constitutional in apportioning the SBT. The SBT tax rate is now 2.0% but is reduced by 0.1% annually beginning January 1, 1999, provided that the Michigan Treasury's Rainy Day Fund reports an ending balance for the prior fiscal year of more than \$250 million.

## VALUE ADDED TAX

(Continued)

### Business Enterprise Tax

the Business Enterprise Tax (BET) was enacted in the mid-1990's by the State of New Hampshire. It is a broad-based business tax with some similarities to Michigan's SBT. Like the SBT the major component of the BET is compensation paid to employees. The BET also taxes interest paid. However, the only other addition to the BET base is dividends paid to shareholders. Thus, it does not attempt to tax corporate profits. New Hampshire has a separate corporate profits tax. The tax is paid by businesses of all types (i.e., corporations, partnerships, proprietorships) but businesses with less than \$100,000 in gross receipts or less than \$50,000 in taxable base are exempt. The tax rate is currently .75%.

### Incidence of the VAT

Firms subject to the VAT will try to pass it along to their consumers. The extent to which they are able to do so will depend on competitive conditions in markets for inputs to the production process and output markets. For practical purposes, it is generally assumed that the tax is fully-shifted forward in the production chain. In this case, the effect of a VAT is equivalent to taxing the total value of all taxable goods and services sold to final consumers. In the case where firms operate in multiple jurisdictions subject to a VAT the matter is more complicated and the outcome is dependent, in large part, upon the form of VAT being employed.

Estimated revenue for 2001-02 from a 1% VAT in Florida:

Michigan-type SBT (additive method)	-	\$2.38 billion
Invoice-credit VAT	-	\$3.35 billion
New Hampshire -type BET	-	\$306.4 million

## INHERITANCE TAX

Florida Constitution: Prohibited by Article VII, Section 5

### BASE AND RATE

The inheritance tax is a tax on a beneficiary's privilege of receiving a distribution from a decedent's estate. Rates are generally graduated, varying in amount for different classes of beneficiaries with those closely related to the decedent paying lower rates than those of a distant relationship. In contrast, an estate tax is a tax on the net estate of the decedent based on the right to transmit property from a decedent's estate to the living. Both of these are commonly called "death taxes."

### OTHER STATES

Sixteen states impose both estate and inheritance taxes. Thirty-one states, including Florida, tax only estates at an amount no greater than the federal credit. One state imposes a tax on estates that may exceed the federal credit. Six states impose gift taxes and two impose transfer taxes that may exceed the federal credit.

### EXEMPTIONS

There are usually five types of exemptions: 1) personal exemptions, 2) exemptions on property on which a tax has been paid, 3) exemptions on distributions to charitable, religious, or educational institutions, 4) exemptions of a specified amount allowed the entire estate, and 5) exemptions on particular types of property.

### COMMENTS

An inheritance tax is complicated to administer and may encourage certain potential inheritors to change their Florida residency to states having a lower tax. Supporters of the Inheritance Tax claim it is progressive. It reduces the concentration of wealth in society, and (through exemptions) it promotes charitable giving. Opponents of death taxes claim they tax savings and asset accumulation. They tax assets and income which were already taxed when earned, they force liquidation of assets to pay for the tax (which impacts small and family businesses), and the cost of compliance and tax avoidance equals that of revenues, (approximately \$23 billion for the federal government).

## ALTERNATIVE GAMBLING ACTIVITY SOURCES

Gambling activities which may be authorized by the Legislature:

Cruises-to-nowhere - Many of the cruise ships operating from Florida's 14 deepwater ports or various public and private marinas and docks conduct gambling activities when the vessels are on the high seas outside of the territorial waters of the state. Because the gambling activity is authorized by exceptions to federal law, the state has only limited authority to prohibit it, and has no authority to tax gambling proceeds on such vessels. The state is currently imposing a tax on admission fees charged for cruises to nowhere.

Video Lottery - In 1999, the Florida pari-mutuel industry unsuccessfully sought legislation authorizing video lottery terminals at pari-mutuel facilities. Currently, 12 states have legalized gaming devices such as video lottery and one-arm bandits, outside the casino setting. The devices may take two forms: those under the supervision of state lotteries, and those under other control. In Florida, the constitutional provision prohibiting lotteries other than those operated by the state may require such machines to be operated by a state agency, such as the Department of the Lottery. In other states, recent proposals have restricted the location of such devices, such as allowing them only in pari-mutuel facilities, rather than having them available in widespread locations. Tax is generally levied as a percent of net machine income and ranges as high as Oregon's rate of 51.5%.

Low-stakes cardrooms - Florida now allows cardrooms in certain parimutuel facilities, subject to local ordinance, with a \$10 pot limit. Ten other states have authorized and implemented card room operations. California accounts for a substantial majority of the total U.S. gross wagering activity because of its large number of cardrooms and the fact that it has had cardrooms longer than any other state.

Expansion of pari-mutuel activities - The Florida pari-mutuel industry most recently sought legislation authorizing off-track betting in 1991 and telephone betting in 1992. Currently, 23 states are conducting some form of off-track betting and three states have authorized it but have not yet begun operations. Telephone betting has been implemented in six states and recently authorized in another state.

Bingo - Florida Indian tribes currently conduct several large bingo operations. Florida law authorizes the conduct of bingo for the benefit of certain charitable, nonprofit, and veterans' organizations and by mobile home and condominium associations. Previous attempts to require state regulation and licensing of bingo operations have been unsuccessful.

Gambling activities which require a constitutional amendment:

Casino and riverboat gambling - At present, 30 states have operating casinos in some form. In November 1994, Florida voters defeated a proposed constitutional amendment which would have authorized up to 47 casinos, including five riverboat casinos and 30 casinos at existing pari-mutuel facilities. Florida voters also rejected casino gambling proposals in 1986 and 1979.

## PERSONAL INCOME TAX

Florida Constitution: Prohibited by Article VII, Section	FY2002-03 (Millions)
<u>1% of Estimated:</u>	
Federal Taxable Income (FTI)	\$2,427
Federal Taxable Income \$20K Exempt*	\$1,213
Federal Taxable Income \$40K Exempt*	\$1,034
Federal Taxable Income \$60K Exempt*	\$808
 <u>1% of Estimated:</u>	
Federal Tax Liability	\$514.6
Federal Tax Liability Double Per Exempt#	\$421.3
Federal Tax Liability Double Std Ded#	\$449.3

\* Allows each taxpayer to exempt stated amount of federal taxable income from state tax.

# Allows double current standard deductions or personal exemptions in computing federal tax liability.

### BASE AND RATE

Currently 43 states and the District of Columbia levy a personal income tax. Forty levy a broad-based tax while the remaining three have selected more limited income bases. Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not levy a personal income tax.

#### Limited Income Bases

New Hampshire and Tennessee tax only interest and dividend income after exemptions, at 5% and 6%, respectively.

#### Broad Income Bases

All but five of the states (Alabama, Arkansas, Mississippi, New Jersey and Pennsylvania) impose broad-based personal income taxes using the Federal Internal Revenue Code as the starting point in determining taxable income. Most states provide for personal exemptions and deductions which are similar in scope to those provided in the Federal Code.

Tax rate schedules are of two basic types: flat rate and incremental rate. Eight states levy a flat rate tax: Colorado, 3% on federal taxable income; Illinois, 3% on federal adjusted gross income; Indiana, 3.4% on federal adjusted gross income; Michigan, 4.2% on federal adjusted gross income; Vermont, 24% and Rhode Island, 25.5% on federal income tax liability; Massachusetts, 5.621%; and Pennsylvania, 2.8% on taxable income (non-IRC).

Incremental tax rate schedules vary considerably among states. Minimum rates range from .36% (for the first \$1,162 in Iowa) to 6% (for the first \$12,750 in North Carolina). Maximum marginal rates range from 5.0% (for income above \$3,000, in Alabama) to 12.0% (for income above \$50,000, in North Dakota).

## **PERSONAL INCOME TAX**

(Continued)

Currently, Arkansas (after 1998), California, Iowa, Maine, Minnesota, Montana, Oregon, South Carolina and Wisconsin (after 1998 ) provide some type of indexing. Seven states (California, Iowa, Maine, Oregon, South Carolina, Minnesota, Montana and Nebraska) have statutory provision for automatic adjustment of tax brackets, personal exemption or standard deductions to the rate of inflation. The states of Michigan, Ohio and Nebraska index the personal exemption amounts only.

Seven states give some type of tax credit against tax (Arkansas, California, Delaware, Iowa, Kentucky, Nebraska, and Oregon).

### **ECONOMIC INCIDENCE**

The person whose income is subject to an income tax is considered to bear the full burden of the tax after allowing for federal income tax deductibility.

Because state income taxes are deductible for federal tax purposes, it is estimated that approximately 24% of a flat rate tax upon a federal tax liability tax base would be shifted to the federal treasury.

Unless a state has a large commuter work force, nearly 100% of the initial impact of a personal income tax will fall upon residents of the levying state.

Most state income taxes are considered progressive with respect to a person's income, but because of the multiple tax bases and rate schedules possible, the incidence of the tax is an extremely variable policy parameter.



**OTHER TAX ISSUES**





## GROWTH RELATED TAX ISSUES

### Introduction

Concern over an equitable method of financing governmental costs of growth and development has become more prominent at the state and local level in recent years.

During the decade of the 1980's, Florida's population grew by an average of 874 new persons each day. Growth has been somewhat slower during the 1990's, growing by an average of 726 persons a day. Florida's population is projected to be 18.9 million in 2010, an increase of 3.6 million over the 2001 estimate of 16.3 million.

While population growth and urbanization expand existing tax bases, evidence is mixed as to whether net benefits are positive or negative. One fact is clear: growth requires government expenditures for capital expansion which would be unnecessary if total population were static. Such expenditures include the cost of new water and sewer lines, as well as expanded pumping and treatment facilities, new parks and schools, additions to existing road capacity and new lane miles, added police cars and fire trucks, and so forth.

Such expenditures are generally made in advance of any significant tax contribution by new residents through conventional tax sources. It has been argued that using general taxes to finance such projects is unfair to existing residents, since capital facilities expansion would be unnecessary without growth. Existing residents are in effect double taxed: once to pay for sufficient capacity in government to serve themselves, and subsequently taxed again for additional capacity to serve others. This can amount to a subsidy from old residents to new ones, encouraging an overly rapid pattern of in-migration and development.

### Impact Finance

The following alternatives could be used to recoup capital facilities (or governmental infrastructure) expansion costs from those persons who directly use or benefit from newly constructed private property.

Impact Fees - A fee is a charge for a service rendered or benefit received. Fees utilized to recover the costs of new governmental facilities required by growth and development, commonly called impact fees, are not specifically authorized under current law. Such fees, commonly collected from developers at the time of platting, permitting, or issuance of certificate of occupancy, have been imposed under the police powers of local governments (to protect the public health, safety, and welfare).

In order for an impact fee to withstand challenge as an unauthorized tax, the Florida Supreme Court has ruled that the fee amount must be reasonably proportionate to costs incurred as a result of the development, and that the fee proceeds must be specifically earmarked to fund those costs.

These requirements could be modified in a state law specifically authorizing impact fees, to reduce the significant factual and evidentiary cost of establishing, administering, and judicially defending the fees.

Impact Taxes - There are inevitable uncertainties in demonstrating the necessary relationship between new growth in a community and the costs sought to be recovered by an impact fee. Such a relationship may be clear for those services and facilities which are directly related to a new development, such as new water and sewer plants, but not for other services and facilities, such as recreational facilities or traffic operations improvements, which are less directly related to a specific development.

Because of the practical difficulties of demonstrating the proportionate relationship of the fee to the new growth, most existing impact fees have been structured to recover only a portion of the incremental costs of new growth.

## GROWTH RELATED TAX ISSUES

(Continued)

Specific legal authorization could be provided for a tax to finance growth costs. An impact tax is more easily formulated and administered than an impact fee. There can be a single impact tax to recover all governmental costs of new growth rather than a series of impact fees for the different types of services and facilities associated with new growth. The calculation of an impact tax and the accountability of the tax revenues can be simpler than for an impact fee.

Alternative tax bases for impact taxes include:

- (1) A per unit levy on physical characteristics of new structures, such as per living unit, per bedroom, per square foot, or per unit land area;
- (2) An excise tax on sales of construction materials;
- (3) An occupational license tax on building contractors based on the value of completed property;
- (4) A gross receipts tax on contractors and developers; and
- (5) A rezoning tax, based on the category to which the land is zoned and the number of acres involved.

Partial-year Ad Valorem Assessment - Current property tax law provides for acquired or newly constructed property to be assessed on January 1 following acquisition or substantial completion. Because the tax is levied annually on an all or nothing basis, tangible personal property acquired and buildings substantially completed and capable of being occupied after January 1 are not billed for taxes until November 1 of the year after the year the property is acquired or completed -- as much as 669 days after occupancy and these taxes can be paid as late as the following April 1 before becoming delinquent -- 820 days or 2 1/4 years later.

This results in a growth-related problem more fundamental than financing capital facilities expansion. Owners of the newly acquired or completed property pay no ad valorem taxes for operating purposes (except for taxes on the land) for up to 27 months.

Currently, the constitutionality of this provision is being challenged before the Supreme Court in the case of Fuchs v. Robbins. If the statute is found to be unconstitutional, or if this provision is repealed, property will be listed on the tax roll even if it is not substantially complete. As such, property under construction would bear a portion of the ad valorem tax burden.

An alternative method of recouping the loss from annual assessment is to assess acquired or newly completed property for the portion of the year during which it was acquired or completed before it goes on the current year tax rolls.

Interim Service Fee - The interim service fee is an alternative to capturing lost ad valorem taxes from less than substantially completed development through prorated ad valorem assessments. Like impact fees but unlike taxes, the interim service fee must be used to benefit the property and the amount of the fee may not exceed the cost of the benefit provided by government. Also unlike taxes, the fee is not tied to ability to pay, and therefore may fall more heavily on those unable to afford it. Additionally, there are significant costs associated with establishing, administering, and defining fees. Counties and municipalities currently may have the authority to impose these interim service fees under their home rule powers.

## GROWTH RELATED TAX ISSUES

(Continued)

### GROWTH BENEFIT TAXES

It is often argued that taxes or fees imposed exclusively on new property fail to recognize the positive aspects of growth on the entire community. Growth generally enhances the value of existing property. Such capital gains, whether realized or accrued, can be utilized as a basis of taxation for financing growth costs. Four examples follow:

1. Land Value Capital Gains Tax - Increases in the value of land (after allowing for inflation) can be characterized as unearned windfalls caused by the actions of persons other than the owners of land, and therefore should be subject to taxation for the benefit of all members of the community. Vermont imposes such a tax, which is intended to curb land speculation and to provide for property tax relief. The amount of tax levied under Vermont's legislation depends not only upon the value of the capital gain, but also the rate of gain and the length of time for which property is held before being sold. No potential revenue estimate is available for Florida because of the lack of essential data, but it is likely that a low percentage tax rate would generate several million dollars annually.

2. Property Value Added Tax - Apart from inflation, the primary cause of increased property value is higher population density. An annual tax on increases in property values for the preceding 12 months, after allowing for inflation and possibly, for changes in assessment levels, could be administered through the existing ad valorem system. This tax would be based on all real estate gains due to growth not just land gains and would apply in addition to ordinary ad valorem taxes. In other words, the tax rate would apply to the change in just value of each parcel.

While falling heaviest on newly constructed property, the tax, if earmarked for capital facilities expansion, would insure that all property owners paid the costs of growth in proportion to benefits they received from growth.

3. Rezoning Tax - The rezoning of property by local governments can cause windfall monetary gains. A rezoning tax based upon the resulting change in value could be levied against these gains as they accrue or are realized.

4. Agricultural Assessment Recapture - Unlike the laws of many states, current Florida law governing the assessment of agricultural property provides for no special taxes when the land is converted from agricultural use to development uses. (See Alternative Property Tax Bases, pages 130-133, for a discussion of agricultural land taxation). A recapture tax upon land use conversion (based on the difference between the fair market value of the property and its assessment under agricultural use) could be earmarked for capital facilities expansion. Although not all land is classified agricultural prior to development (nor is all land developed upon revocation of agricultural assessment), this measure could be expanded or used in conjunction with others to tax financial gains which result from growth.

### BROAD-BASED TAXES

It has been argued that taxes to finance capital expansion must be broad based. Otherwise, first time home buyers find prices (including impact fees or taxes) inordinately high. Broad based taxes, like growth benefit taxes, apply to a larger base than just new construction. However, unlike both growth benefit taxes and impact taxes, they bear no proportionate relationship to growth gains or costs.

1. Real Estate Transfer Tax - This is essentially a documentary stamp tax on real estate title recordation. The current state documentary stamp tax on deeds and other instruments relating to realty is levied at a rate of 70 cents per \$100 consideration except in Dade County. A real estate transfer tax levied statewide in FY 2001-02 would yield \$111.0 million for each 10 cent per \$100 consideration.
2. Sales Tax on Real Estate Transactions While there are legal and administrative distinctions, the practical effect of this tax is very similar to the real estate transfer tax. A major argument for this type of tax was that it was deductible for federal income tax purposes. With the Tax Reform Act of 1986, however, this is no longer true. A 6% sales tax on real estate would yield \$6.7 billion in FY 2001-02.

## **GROWTH RELATED TAX ISSUES**

(Continued)

3. Gap Tax -The gap tax is a broad based tax which includes all real estate transactions. It applies to the difference between the selling price and the ad valorem assessment. The gap tax can be viewed as a supplement to the existing ad valorem taxes in that it fills the gap which exists due to the 1st and 8th criteria. Assuming an 8.4% turnover rate, a gap tax would yield \$289.2 million in FY 2002-03 at an average ad valorem tax rate of 20.88 mills, excluding governmental and institutional (non-profit) property.

## ENVIRONMENTAL TAX ISSUES

Florida's exceptional growth over the last three decades has produced a significant combination of benefits and costs. While most of the benefits have been widely recognized, some of the costs associated with this growth have been ignored or evaded. A cost of particular concern for policymakers involves damage to the environment.

Taxes and/or regulatory legislation are commonly cited tools for dealing with environmental clean-up or preservation. Either tool has the effect of assigning these environmental costs to their source. By placing taxes directly on the manufacturing, storage, processing, sales, or consumption of products which contribute disproportionately to environmental problems, it is possible to shift the burden from the general population to the entities who introduce these costs. Among the alternatives which are available to redirect environmental costs, three have received particular attention both in Florida and throughout the nation: pollutants taxes, container deposit legislation, and advance disposal fees. Florida has enacted pollutants taxes, a waste tire fee and a lead-acid battery fee, to address the problems of pollution and solid waste management. (Florida enacted and repealed an advance disposal fee and a waste newsprint fee.)

### Container Deposit Legislation

Container deposit legislation requires the consumer to pay a deposit on selected beverage containers at the place of purchase. When containers are returned to the place of purchase or a designated collection facility, the deposit is refunded. Early deposit legislation was designed to help control roadside littering, increase public safety and conserve resources. It eventually has evolved into a recycling mechanism. Nine states--Connecticut, Delaware, Iowa, Maine, Massachusetts, Michigan, New York, Oregon, Vermont--and one city--Columbia, Mo.--have deposit legislation on beverage containers. California enacted a container redemption system that places a refundable fee on containers. Unlike traditional deposit law systems, containers are redeemed at recycling centers rather than at retail locations. No deposit laws have been enacted since 1982, nor have any of the nine states with deposit laws repealed their laws since they were passed.

### Advance Disposal Fees

Advance disposal fees (ADFs) assess a surcharge on a specific product prior to its disposal to generate revenues for subsidizing or offsetting the ultimate cost of its disposal. There is usually no direct link between the fee assessed and the actual disposal cost of the product. ADFs are intended to serve as a public education tool and as an incentive for manufacturers to produce a product that is easier to dispose, reuse or recycle and that uses recycled material. Although many states apply ADFs to specific products such as batteries and tires, Florida and the city and county of Honolulu are the only governments that have adopted ADFs for packaging containers generally. The Florida ADFs expired in October 1995. Many legislators felt that the ADF was a tax on packaging and thought it was not needed because many manufacturers had met the recycling or recycled content rates of the law.

The city and county of Honolulu, where 75 percent of the Hawaiian population lives, places an ADF on all glass containers. Wisconsin evaluated the ADF to be applied to all packaging as a broad-based revenue source to fund recycling programs and decided not to use it because it would require many more staff to administer.



**MAJOR PENDING LITIGATION**





## MAJOR PENDING LITIGATION

*This report was prepared by the Office of the General Counsel and the Tax Section of the Florida Attorney General's Office for the purpose of describing various pending issues which may have significant financial impact on the state, involve important or emerging interpretations of law, represent areas of frequent litigation or noncompliance, or are suitable for consideration of legislation. The summaries provided in this report are for informational purposes only and are not the formal positions of the Department or the Attorney General's office.*

### DOCUMENTARY STAMP TAX

After hearing oral argument, the Florida Supreme Court reversed itself, denied jurisdiction, and declined to issue an opinion in Muben-Lamar, L.P. v. Dept. of Revenue, 763 So.2d 1209, 25 Fla. L. Weekly D994 (1st DCA 2000), *rev. denied*, 2001 WL 720696 (Fla. 2001) 26 Fla. L. Weekly S433. The case involved a challenged final order assessing tax on conveyances on partner contributions of a ten-year non-interest bearing note and real property. The order was upheld at trial and affirmed by the First District on the basis that the partnership was a "purchaser" under the statute. The First District acknowledge that a conflict existed between its opinion and that issued by the Second District in Kuro, Inc. v. Dept of Revenue, 713 So.2d 1021 (Fla. 2nd DCA 1998), *rev. denied*, 728 So.2d 201 (Fla. 1998). Kuro held that no documentary stamp tax was due on deeds that conveyed real property as a contribution to the capital of a corporation that was wholly owned by the grantors. The property was free of encumbrances and no money changed hands. The court determined that there was no consideration - the deed merely effected a book transaction - and the grantee was not a purchaser within the meaning of Section 201.02(1), Florida Statutes. The cumulative potential impact of the Kuro case could exceed \$10 million in that it allows tax-free transfers of properties to purchasers by way of contributions to capital followed by sales of the membership interests in the intermediary entity. Examples of cases seeking to rely on Kuro to obtain tax refunds are Lennar Corporation v. Dept of Revenue, Case No. 00-28269 (11th Cir.) (\$1.8 million) and Crescent Miami Center, LLC v. Department of Revenue, Case No. 00-21 824 CA 09 (11th Cir.), where the taxpayer deeded property to a second tier subsidiary. The taxpayer seeks to avoid the tax on the premise that its transfer to the second tier subsidiary was effected without consideration since the subsidiary paid nothing for the property.

### CLASS ACTION CASES

#### Mellen v. Dept of Revenue, Case No. 2D01-\_\_\_\_ (2nd DCA)

A challenge as to whether, when a married couple pays tax on a deed transferring encumbered real property from both of them to one of them, the statute imposes an unconstitutional tax on gifts. In dismissing the proposed class representation with prejudice, the trial court relied on Department of Revenue v. Nemeth, 733 So. 2d 970 (Fla. 1999), *cert. denied*, 528 U.S. 871, 120 S.Ct. 173 (1999). That case requires that only taxpayers who have applied for a refund of tax and have been denied can be members of a class action, unless the sole issue is whether the tax statute is unconstitutional on its face. The trial court in Mellen found instead that these Plaintiffs did not meet this test. The plaintiffs have appealed this determination. The amount at issue in the case is \$1,710.80. The monetary impact, should the Plaintiffs ultimately prevail and be permitted to represent the proposed class, could exceed \$10 million.

Other class action cases seeking refunds of documentary stamp tax have a smaller potential financial impact. Duncan v. Dept of Revenue, Case No. 97-4485 (6th Cir.) and Rosell v. Dept of Revenue, Case No. 95-20928 (11th Cir.), both challenges tax on deeds between divorcing spouses (prior to the legislative change that exempted such deeds). Significantly, Rosell applied to the Department for a refund and was denied. The parties in Rosell have agreed to a settlement pending court approval. Ace Bonding Co. v. Dept of Revenue, Case No. 96-5655 (11th Cir.), is a class action refund case involving documentary stamp tax on mortgages given to secure bail bond obligations. The parties have tentatively agreed that the case should be dismissed without liability to the Department.

### INTANGIBLE TAX

Chrysler Credit Corporation v. Dept. of Revenue, Case No. 01-02, and Chrysler Financial Company, LLC. v. Dept. of Revenue, Case No. 01 CA 1765

## MAJOR PENDING LITIGATION

(Continued)

The case involves a challenge to imposition of annual intangible tax on auto loans (receivables) generated in Florida that are transferred to out-of-state Chrysler affiliates, and then packaged together. Interests in these receivables are then sold to outside investors as securities. By agreement, Chrysler Credit continues to service or manage the receivables the same way it managed those receivables before the transfer, and in the same way it manages its own receivables. During most of the period at issue, Chrysler had offices in this state that managed the receivables. The plaintiffs' position is that no Florida resident had management or control of the receivables sufficient for the receivables to have taxable situs in this state. A total of \$23 million is at issue in these two cases. The complaint and answer have been filed, with affirmative defenses.

### SALES AND USE TAX

#### **P.R. Marketing Group, Inc. et. al., v. GTE Florida Inc., and Department of Revenue, Case No. 2D00-4809 (2nd DCA)**

This was originally a class action lawsuit brought by and on behalf of telephone customers against telephone companies and the Department of Revenue. The complainant seeks a refund of allegedly excessive sales and gross receipts taxes imposed on telephone bills. The allegations are that: 1) GTE and the 365 other Florida telephone companies improperly charged tax on individual long distance calls rather than on the total monthly charge for all long distance calls; 2) the companies improperly charged sales tax on long distance calls at the rate of 7% instead of 6%; and 3) the companies improperly applied sales tax to the separately stated charge reflecting the companies' gross receipts tax remittance. In June 1998, the trial court determined that P.R. Marketing Group's application for refund had been denied and, therefore, its claim for a refund in circuit court could be heard. However, the trial court also held that prospective class members must first file an application for refund and have them denied before their claims would be heard in circuit court. The Plaintiffs appealed this Order to the Second District Court of Appeal. The Second District upheld the circuit court ruling (747 So.2d 962 (Fla. 2d DCA 1999)) and refused to certify the question to the Florida Supreme Court as being of great importance. The Plaintiffs sought a hearing and were unsuccessful on the merits in Circuit Court. The case is again on appeal. If successful on the merits, it is presumed the Plaintiffs will try to once again certify plaintiffs for class representation and or seek injunctive relief.

#### **Bank of America, N.A. v. Department of Revenue, Case No. 97-2375 (4th Circuit)**

Several banks applied for refunds of sales tax paid on balances due the bank on repossessed vehicles as a result of a Washington state court decision. The Department denied these refund requests on the grounds that Florida's refund statute for dealer repossessions does not authorize the Department to grant a refund to a financial institution as the assignee of numerous security agreements governing the sale of automobiles and other property sold by dealers. The potential refunds to financial institutions exceeded \$125,000,000.00; there was also a very substantial recurring financial impact. Judgment was granted in Bank of America's (the successor to the original plaintiff, Barnett Bank) favor on the issue of assignability of the refund claims. The First District Court of Appeal overturned the trial court's decision (752 So.2d 637 (Fla. 1st DCA 2000)), finding that the trial court failed to give sufficient consideration to the principle that tax exemption statutes are strictly construed against the taxpayer and to the Department's interpretation of the relevant statutes. The First District also found that the trial court failed to give effect to the plain language of the statute which meant that only selling dealers who retain a security interest in an automobile are entitled to a refund. On November 7, 2000, the Florida Supreme Court declined to accept an appeal of the First District's decision.

Even though this case is concluded, six other financial institutions have brought actions on this same issue. These cases are:

- **SunTrust Bank v. Florida Department of Revenue, No. C10-01-3902 (9<sup>th</sup> Circuit - Orange County)**
- **Chrysler Financial Co., LLC v. Florida Department of Revenue, No. C10-01-3925 (9<sup>th</sup> Circuit - Orange County)**
- **Wells Fargo Financial Acceptance Florida, Inc. v. Florida Department of Revenue, No. C10-01-4327 (9<sup>th</sup> Circuit - Orange County)**
- **Arcadia Financial Ltd. v. Florida Department of Revenue, No. C10-01-3903 (9<sup>th</sup> Circuit - Orange County)**

## MAJOR PENDING LITIGATION

(Continued)

- **Wells Fargo Financial America, Inc. v. Florida Department of Revenue, No. 01-CA-1545-16-W (18<sup>th</sup> Circuit - Seminole County)**
- **WFS Financial, Inc. v. Florida Department of Revenue, No. 01-03894 (13<sup>th</sup> Circuit - Hillsborough County)**

These financial institutions seek to create a conflicting decision in a different District Court of Appeal, and then seek discretionary review by the Florida Supreme Court. These six new cases are in the early stages of the litigation process.

### **Bellsouth Telecommunications v. Department of Revenue, Case No. 00-4073 (DOAH)**

The primary question is whether charges for line engineering services associated with the installation of telephone switching systems sold in Florida are subject to sales tax. The case also considers a significant issue involving the sale of operating software sold contemporaneously with telephone switching equipment and whether the charge for warranties and upgrades associated with the software are subject to tax. The tax at issue exceeds \$7.5 million. The case is being held in abeyance pending settlement discussions. A similar case involving an assessment for \$1.65 million, **Nortel Networks, Inc. v. Department of Revenue, Case No 00-3432 (D.O.A.H.)** is also stayed pending settlement discussions. See also, **Seimens Stromberg Carlson v. Department of Revenue, Case No, CL 00-00017 AO (Fla. 15th Cir)**. These cases follow-up the recently concluded **American Telephone and Telegraph, Co. v. Department of Revenue, Case No. SC00-1606 (Florida Supreme Court)(See 1st DCA opinion at 764 So.2d 665)**, except that **AT&T** did not involve the software issue. The **AT&T** trial court ruled in favor of the Department and the decision was affirmed on appeal.

### **General Motors Corporation v. Department of Revenue, Case No. 97-7424 (2nd Circuit)**

GM performs discretionary repairs on vehicles that fall outside the contractual terms and conditions of the new vehicle warranty or extended warranty period. These special programs are known as Special Policy Adjustments, Goodwill Policy Adjustments and Dealer Product Campaign Bulletins. The issue in this case is whether use tax should be imposed on repairs made under these special programs. The tax, penalty, and interest at stake in this case are substantial: over \$13 million. Discovery is proceeding. Similar disputes with other carmakers are pending completion of audits and will also have a large dollar impact.

### **Deerbrooke Investments, Inc v. Department of Revenue, Case No. 003114 (Fla. DOR)**

Deerbrooke engaged in "cruises-to-nowhere." It failed to remit use tax on food provided to guests free of charge and to collect sales tax from shipboard vendors granted the right to use space on the vessel. The company also failed to pay tax on the lease of the vessel and of the gaming equipment present on the vessel. An administrative Law Judge issued a recommended order concluding that Deerbrooke was not entitled to a Florida sales tax exemption granted to vessels engaged in interstate or foreign transportation of persons or property. On November 28, 2001, the Governor and Cabinet voted to approve a Final Order consistent with the recommendation. The amount at issue in the case is \$2,087,000. The taxpayer filed its notice of appeal on December 17, 2001. Several similar cases are pending.

### **Lockheed Martin Corporation v. Department of Revenue, Case No. 01-2501 (2<sup>nd</sup> Circuit)**

Lockheed, a defense product manufacturer, engages in research and development to develop new products. Section 212.052, Florida Statutes, provides an exemption for costs incurred for a taxpayer's own use directly or solely in research and development, but excludes the purchase or rental of real or tangible personal property from that exemption. The Department's position, historically, has been that the exemption excludes material costs. Lockheed submitted refund claims totaling nearly 1.1 million dollars related to research and development costs; the Department allowed only the costs of labor, and denied the remaining claims, totaling nearly \$950,000. Lockheed's position is that material costs are included in the exemption. Lockheed recently filed its Complaint, and discovery is proceeding.

### **Shell Oil Company v. Department of Revenue, Case No. 01-999 (2<sup>nd</sup> Circuit)**

Shell operates its business activities in Florida either on its own or through contract dealers. For the relevant period of the audit, it made available to its lessees a (so-called) variable rent program that allowed the lessee to determine each month's rent after deducting an incentive amount based on product sales for the prior month. This program has since been discontinued. The issue concerns whether the monetary incentives offered in conjunction with the commercial leases

## MAJOR PENDING LITIGATION

(Continued)

discount the basis for computing sales tax on the leases. The Department's position is that such discounts for consideration constitute "rent-in-kind," and therefore should be subject to taxation. Shell's position is that the rent is the ultimate figure after discounts are taken. Tax, interest and penalty exceed \$15 million. Discovery is proceeding, and the case has been placed on a fast track with the trial date currently set for April, 2002. A similar case was recently filed by Chevron.

### **Val-Pak Direct Marketing Systems, Inc. v. Department of Revenue, Case No. 00-5652-CI-11 (6<sup>th</sup> Circuit)**

Val-Pak, with franchisees in Florida and other jurisdictions, prints and mails coupons to households within the franchisees' designated areas. The franchisees sell advertising in the form of coupons and the coupons are distributed by mail. For the audit period, Val-Pak collected nearly \$1.3 million in sales tax from its Florida franchisees and remitted the tax to the Department. Val-Pak claims its coupons fall within the exemption provided by Section 212.08(7)(w), Florida Statutes, for "free, circulated publications that are published on a regular basis, the content of which is primarily advertising, and that are distributed through the mail, home delivery, or newsstands." The Department denies that the coupons are "publications" within the meaning of the statute. Val-Pak seeks a refund. A hearing on the Plaintiff's Summary Judgment Motion is set for April, 2002.

### **B.W. Marine v. Department of Revenue, Case No. 00-0012 (DOAH)**

The Petitioner owned a 125 foot yacht, ostensibly purchased to engage in chartering without a crew (bareboat charter). To qualify for an exemption from payment of sales tax on the purchase, pursuant to Section 212.05(1)(b), Florida Statutes, and Rule 12A-1.071(19), Florida Administrative Code, the boat had to be used exclusively for such operations. The Department identified instances in which the yacht in question was used for pleasure by the sole shareholder and his family and friends; only a few actual charter operations ever took place the entire 400 days the boat was in Florida waters. After an assessment of nearly \$1 million, a Chapter 120 hearing was held and a Recommended Order was issued in the Department's favor. The Department has not yet issued its Final Order. Several cases similar in nature are pending.

### **Ariana, LLC v. Department of Revenue, Case No. 01-1620CA, (2nd Circuit)**

The taxpayer purchased an aircraft on December 16, 1998, from a sister corporation and presented a resale certificate. Taxpayer applied for a sales tax registration number on January 14, 1999. Taxpayer asserts that the sale of the aircraft occurred on January 15, 1999, the prior date being one for book entries thus making its resale certificate valid. Alternatively, taxpayer asserts that it succeeded to the sales tax registration number of the corporation. The amount in controversy is \$1,116,145.36. The parties are engaged in discovery.

### **Department of Revenue v. Leon, Case No. 3D01-1876 (1st DCA)**

A class action complaint was brought against the Department for a refund of sales tax paid on a illegal drugs under Section 212.0505, Florida Statutes, between 1986 and 1994. The Plaintiffs brought the action in 1996, long after each named Plaintiff had paid the tax and the time for seeking a refund had run. The trial court certified a class consisting of all persons who paid the tax. The trial court granted summary judgment in favor of the class and ordered the Department to refund all money paid to the Department between July 1, 1986 and March 30, 1994 (Approx. \$2.3 million). The Department took an appeal and its initial brief has been filed.

### **Florida Department of Revenue v. Florida Municipal Power Agency, Case No. SC00-1916, Florida Supreme Court**

The First District found that the issue in this case is whether Section 212.08(6), Florida Statutes, exempted from sales taxation those materials purchased by municipally owned utilities for use in the repair, replacement, or refurbishment of their existing electric energy transmission or distribution systems. The First District concluded that the statute, as currently written, provided for such as sales tax exemption and reversed the Department's Declaratory Statement. The First District also certified the case as a matter of great public importance.

## MAJOR PENDING LITIGATION

(Continued)

WHETHER SECTION 212.08(6), FLORIDA STATUTES, EXEMPTS FROM SALES TAXATION THOSE MATERIALS PURCHASED BY MUNICIPALLY OWNED UTILITIES FOR USE IN THE REPAIR, REPLACEMENT, OR REFURBISHMENT OF THEIR EXISTING ELECTRIC ENERGY TRANSMISSION OR DISTRIBUTION SYSTEMS?

On June 28, 2001, the Florida Supreme Court answered the certified question in the affirmative, approved the decision of the First District and held that the purchases of the materials in questions were exempt from tax. The Department is amending its rule to reflect the decision. Refunds, likely not to exceed \$250,000 are expected.

### **Mateo, et al. v. Department of Revenue, et al., Case No. 1D01-4836 (2nd Circuit)**

This is a class action seeking a refund of sales tax paid on the lease of motor vehicles where sales price included a \$2.00 surcharge imposed by statute. The issue is whether the surcharge should be treated as a part of the sales price of the rental. An Amended Complaint challenging the facial constitutionality of Section 212.0606(1), Florida Statutes, was dismissed with prejudice. The amount in controversy is undetermined for the named Plaintiffs as well as for the possible class. Plaintiff has taken an appeal to the First District Court of Appeal.

## **CORPORATE INCOME TAX**

### **AmSouth Bank v. Florida Department of Revenue, Case No. 01-2612 (2<sup>nd</sup> Circuit)**

The complaint seeks to determine whether the bank's portfolio assets acquired a discrete business situs outside of Florida. AmSouth argues that the portfolio is managed in Alabama pursuant to a management agreement and, therefore, is not included in the sales and property apportionment factors for computing Florida tax. The amount at issue is approximately \$4.8 million. An additional case is pending with the identical issue. There are other banks that are being reviewed on the identical issue.

### **Mars, Inc. v. Florida Department of Revenue, Case No. 98-3989 (2<sup>nd</sup> Circuit)**

The taxpayer alleges that sales of tangible person property made to customers located in Florida are exempt from the Florida Corporate Income Tax pursuant to Section 381(a), Title 15, U.S. Code (Public Law 86-272). Public Law 86-272 provides an exemption from state corporate income tax provided that the taxpayer meets strict requirements. The issue in the case will determine whether the taxpayer's activities within Florida exceeded the exemption as provided by Public Law 86-272. The tax at issue exceeds \$1.5 million.

### **Bank of America Corporation, et al, v. Florida Department of Revenue, Case No. 01-2782 (2<sup>nd</sup> Circuit)**

The complaint seeks to determine that Florida impermissibly denied the use of net operating losses (NOL) and to invalidate the Department's separate return limitation year (SRLY) rule. The NOLs were incurred by individual subsidiary corporations prior to the parent corporation's election to file a Florida consolidate corporate income tax return. The taxpayer alleges that the NOLs post-consolidation can be used by the entire group, instead of being applied to income generated by the subsidiary corporation that incurred the NOL prior to consolidation. The amount at issue exceeds \$4 million. Other taxpayers have also raised this issue.

## **INSURANCE PREMIUM TAX**

### **City of Green Acres, Florida v. Florida Department of Revenue, et al., Case No. CV 00-00601 (2nd Circuit)**

Certain municipalities who opted out of the Florida Retirement Systems claim they are not receiving their appropriate share of insurance premium tax revenues pursuant to chapters 185 and 175, Fla. Stat. This is a class action for declaratory and injunctive relief and petition for writ of mandamus. On December 18, 2000, the trial court dismissed Plaintiffs' Amended Complaint. Plaintiffs filed a Second Amended Complaint on January 9, 2001. The trial court dismissed the Plaintiffs' Second Amended Complaint. Plaintiffs filed a Third Amended Complaint; the Department and the other

## MAJOR PENDING LITIGATION

(Continued)

defendants again have moved to dismiss. A hearing on the Motions to Dismiss is set for January 14, 2002. The amount in controversy has not been determined.

### **North Naples Fire Control & Rescue District v. Department of Revenue, Department of Insurance, & Department of Management Services, Division of Retirement, Case No. 00-278-CA (20th Circuit)**

Plaintiff seeks a Writ of Mandamus compelling enforcement of section 175.151, Florida Statutes. The Plaintiff adopted a retirement plan for its firefighters funded partially by the excise tax on property insurance premiums paid for property located in the district. Insurance carriers appear to have incorrectly labeled their insured properties as being in "Naples" rather than in the North Naples Fire Control District. On June 19, 2000, the trial court entered its order moving venue to Leon County. Plaintiff took no action and, on September 24, 2001, the trial court dismissed the case for lack of prosecution on its own motion. On October 3, 2001, the Plaintiff moved to reinstate the case. The amount at issue is not known at this time.

### **AD VALOREM TAX**

#### **Reinish v. Clark, et al., Case No. 01-135, United States Supreme Court.**

The U.S. Supreme Court denied certiorari on October 29, 2001. and the Florida Supreme Court denied review of the First District Court of Appeal. The First District's decision is reported at 765 So. 2d 197 (Fla. 1st DCA 2000). The First District Court's opinion affirmed the trial court's Final Judgment finding that the Homestead exemption contained in Art. VII, section 6, Fla. Const., and section 196.031, Fla. Stat., constitutional under the Commerce Clause, Due Process Clause and the Privileges and Immunities Clause.

#### **Sebring Airport Authority v. McIntyre, 783 So. 2d 238 (Fla. 2001).**

This is the second case involving the "Twelve Hours of Sebring" auto race. The first one is reported at 642 So. 2d 1072. In this case, the taxpayer which operated the raceway, and the airport authority, brought an action challenging the Property Appraiser's denial of public purpose exemption (Sections 196.012(6) and 196.199, Fla. Stat.) from ad valorem taxation for property owned by the city, and leased to the raceway by the airport authority. The Circuit Court ruled for the Department. The Florida Supreme Court held: "The 1994 amendment under consideration here attempts to create an ad valorem tax exemption for private, profit-making ventures conducted upon property leased from a governmental entity--a result which the Florida Constitution does not allow. Therefore, we agree with the Second District to the extent that it held the 1994 amendment to be unconstitutional, and affirm the result below." The Second District's decision is reported at 718 So. 2d 296 (Fla. 2d DCA 1998). The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

#### **Turner v. Tokai Financial Services, Inc., Case No. SC00-1360, Florida Supreme Court.**

In this case, the taxpayer brought an action against the Property Appraiser and Executive Director of Florida Department of Revenue, challenging a tax assessment of tangible personal property pursuant to Section 193.011(8), Fla. Stat. The trial court reduced the assessment to the market value as calculated by Tokai. The trial court ordered a further reduction of 20% to reflect certain costs of sale. The Property Appraiser and the Executive Director appealed the additional 20% reduction by the trial court. The Second District Court of Appeal at 767 So. 2d 494 (Fla. 2d DCA 2000) reversed the trial court and held that: (1) the Property Appraiser was not required to deduct costs of sale from market value of property, but (2) sections of property valuation statute which required the Property Appraiser to consider property's present cash value and net proceeds of sale of property did not only apply to valuations of real property. The Florida Supreme Court denied review on January 8, 2001. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

#### **Zapo v. Gilreath, et al., Case No. SC01-820, Florida Supreme Court.**

In this case, the taxpayer argued that Section 193.075, Fla. Stat., is unconstitutional on its face and as it is applied to the taxpayers and that the statutory definitions of the terms "mobile home" and "permanently affixed", as contained in Section 193.075, Fla. Stat., are unconstitutional under Article VII, Section 1(b), Fla. Const. The trial court entered its Final Summary Judgment in favor of the Property Appraiser on June 6, 2000. On September 26, 2001, the Florida

## MAJOR PENDING LITIGATION

(Continued)

Supreme Court denied discretionary review of a Fifth District Court of Appeal's decision reported at 779 So. 2d 651 (Fla. 5th DCA 2001). The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **Nolte, et al., v. White, Case No. SC01-1442, Florida Supreme Court.**

In this case, the sole issue between the parties was whether the taxpayer, a resident of Indian River County, Florida and who resides on the property involved this litigation, had sufficient equitable or beneficial title in the real property to support the allowance of a homestead tax exemption. See Sections 196.031 and 196.001, Fla. Stat. The issue of title stemmed from the fact that the property was subject to a Qualified Personal Residence Trust agreement administered by John Dunn, a resident of Arlington, Massachusetts. David C. Nolte, Property Appraiser of Indian River County, Florida, denied the taxpayer the exemption. The trial court ruled for taxpayers based on a decision of the Third District Court of Appeal in **Robbins v. Welbaum**, 664 So. 2d 1 (Fla. 3d DCA 1995).

On March 28, 2001, the Fourth District adopted the rationale of the Third District case in **Robbins v. Welbaum**, 664 So. 2d 1 (Fla. 3d DCA 1995). See, **Nolte v. White**, 783 So. 2d 493 (Fla. 4th DCA March 28, 2001). After the Fourth District denied rehearing, the Supreme Court denied discretionary review on December 17, 2001. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **Fuchs v. Robbins, a/k/a Miami Beach Ocean Resort v. Robbins, Consolidated Nos. 96,182, and 96,183, Florida Supreme Court.**

On Rehearing En Banc the Third District Court of Appeal, reported at 738 So. 2d 338 (Fla. 3d DCA 1999)(en banc), affirmed the trial court's final order and held unconstitutional the statute that classifies real property improvements, section 192.042(1), Fla. Stat., not substantially completed on January 1, as having no tax value for the year. The Third District's decision was appealed and oral argument was held in the Florida Supreme Court on May 11, 2000. Currently awaiting the Supreme Court's decision. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **Turner v. Hillsborough County Aviation Authority, Case No. SC 96,674, Florida Supreme Court.**

**This case involves a dispute over the 1997 ad valorem tax status of property owned by the Hillsborough County Aviation Authority, leased to the Tampa Sports Authority and licensed to the New York Yankees for use as a baseball facility. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.**

At issue is the application of Section 196.012(6), Fla. Stat. (1997), which authorizes a governmental tax exemption to certain sports facilities with permanent seating. The Second District held that the Hillsborough County Property Appraiser, did not have standing to challenge the constitutionality of the exemption, and affirmed the trial court's dismissal of the Property Appraiser's complaint.

The Second District, at 739 So. 2d 175 (Fla. 2<sup>nd</sup> DCA 1999), specifically found that the Property Appraiser's suit was a challenge to the constitutional validity of Section 196.012(6), Fla. Stat., and was expressly prohibited by Section 194.036(1)(a), Fla. Stat. The Second District further found that "[t]his statutory prohibition of constitutional challenges by property appraisers is in accord with the general common law principle denying ministerial officers the power to challenge the constitutionality of statutes." Finally, the Second District acknowledged and certified conflict with **Fuchs v. Robbins**, 738 So. 2d 338 (Fla. 3d DCA 1999)(en banc), review pending, Consolidated Nos. 96,182, and 96,183, Florida Supreme Court. Oral argument was held May 11, 2000. Currently awaiting the Supreme Court's decision.

### **Wal-Mart Stores v. Mazourek, et al., Case No. SC01-663, Florida Supreme Court.**

**The amount in controversy has not been determined. The Property Appraiser should be contacted for this information. Wal-Mart's argued that even though the economic lives used differs from county to county, Wal-Mart alleged that because it changes its fixtures every six to seven years, its change over policy should be the basis for the economic lives used by the appraisers, not the Property Appraisers' historic reliance on the Department of**



**MAJOR PENDING LITIGATION**  
(Continued)

**Revenue's Economic Life Guides and the inclusion of sales tax and installation costs as part of the original cost.**

Wal-Mart attacked the integrity of the Department's tables alleging that they were not based on actual market information, and, therefore, because the Property Appraiser had not based his assessment on actual market information, the Property Appraiser lost the presumption of correctness under Section 194.301, Fla. Stat. Finally, Wal-Mart claimed that sales tax should not be included in the original cost of the property when the Property Appraiser performs the cost approach to valuation of the property.

The circuit court rejected all of Wal-Mart's arguments and on appeal the Fifth District, See, **Wal-Mart Stores v. Mazourek, et al.**, 778 So. 2d 346 (Fla. 5th DCA 2000), reversed that part of the circuit court order which found that sales tax should be included in the original cost of the property when the appraisers perform the cost approach to valuation of the property. The Fifth District found this to be an error, and held that because of this error, the Property Appraiser's assessment lost its presumption of correctness.

The Property Appraiser served his Notice to Invoke Discretionary Review of the Florida Supreme Court on March 23, 2001. Awaiting Florida Supreme Court's order on jurisdiction. See also, **Wal-Mart Stores, Inc., v. Todora, etc. et al.**, 791 So. 2d 29 (Fla. 2d DCA April 18, 2001), where the Second District affirmed the trial court, disagreed with the Fifth District's decision of **Wal-Mart Stores v. Mazourek**, 778 So. 2d 346 (Fla. 5th DCA 2000), and certified conflict to the Florida Supreme Court.

**Wal-Mart Stores v. Todora, et al., Case No. SC01-1130, Florida Supreme Court.** The Second District's decision is reported at 791 So. 2d 29 (Fla. 2d DCA April 18, 2001). The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

Wal-Mart argued that even though the economic lives used differs from county to county, Wal-Mart alleged that because it changes its fixtures every six to seven years, its change over policy should be the basis for the economic lives used by the appraisers, not the Property Appraisers' historic reliance on the Department of Revenue's Economic Life Guides and the inclusion of sales tax and installation costs as part of the original cost. Wal-Mart attacked the integrity of the Department's tables alleging that they were not based on actual market information. Wal-Mart alleged that because the Property Appraiser has not based his assessments on actual market information, that the Property Appraiser has lost the presumption of correctness under Section 194.301, Fla. Stat. Finally, Wal-Mart claimed that sales tax should not be included in the original cost of the property when the Property Appraiser performs the cost approach to valuation of the property.

The circuit rejected Wal-Mart's arguments. On appeal, the Second District, See, **Wal-Mart Stores, Inc., v. Todora, etc. et al.**, 791 So. 2d 29 (Fla. 2d DCA April 18, 2001), affirmed the trial court, disagreed with the Fifth District's decision of **Wal-Mart Stores v. Mazourek**, 778 So. 2d 346 (Fla. 5th DCA 2000), and certified conflict to the Florida Supreme Court. On May 18, 2001, Wal-Mart filed its Notice to Invoke the discretionary Review of the Florida Supreme Court and the Supreme Court accepted jurisdiction on November 13, 2001 and set oral argument for March 5, 2002. Currently in the briefing schedule.

**Greater Orlando Aviation Authority v. Crotty, Case No. SC01-412, Florida Supreme Court.**

In this case, the Greater Orlando Airport Authority challenged the determination by the Property Appraiser that an airport hotel, which is located on property owned by the Airport Authority, was subject to ad valorem taxation. The trial court, held for the Property Appraiser and the Authority appealed. The Fifth District Court of Appeal, at 775 So. 2d 978 (Fla. 5th DCA 2000), (rehearing denied January 24, 2001) affirmed the trial court ruling and held that the hotel was being operated for profit rather than to provide public benefits for citizens of city, and thus was subject to ad valorem taxation. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

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(Continued)

### **Department of Revenue v. Eastern American Technologies Corporation, 762 So. 2d 1044 (Fla. 5th DCA 2000).**

In this case, lessees filed a declaratory judgment action against Department of Revenue, county tax collector, and others in the trial court contesting ad valorem assessments. The assessments were made against property owned by Canaveral Port Authority (CPA), which was previously found neither immune or exempt from ad valorem taxation by the Florida Supreme Court, see **Canaveral Port Auth. v. Dept. of Revenue**, 690 So. 2d 1226 (Fla. 1996), liability for which was passed through to the lessees in their lease with CPA. The Department and the county tax collector petitioned for writ of prohibition. The Fifth District Court of Appeal granted the petition in part and held that: (1) challenge to the validity of the tax assessments was barred by res judicata in light of prior litigation by lessor contesting assessments, and (2) statutory 60-day period to contest assessment was jurisdictional. The amount in controversy has not been determined. The Department of Revenue should be contacted for this information.

### **Gilreath v. General Electric Co. and Martin Marietta Co., 751 So. 2d 705 (Fla. 5th DCA 2000).**

In this case, the trial court's final judgment held that customized computer software as defined in Section 192.001(19), Fla. Stat., was intangible in nature and that ad valorem taxes on intangible property was specifically reserved to the State by Art. VII, section 9(a), Fla. Const. The trial court found that the classification by the legislature of "custom software" was a permissible one, and dismissed the Property Appraiser's constitutional challenge to section 192.001(19), Fla. Stat. See, **General Electric Co. v. Volusia County**, Consolidated Case Nos. 92-10367, 94-10343 and 94-11173 Circuit Court Volusia County, Final Judgment on Non Jury Trial, (December 4, 1998). That order was appealed to the Fifth District Court of Appeal. On February 11, 2000, the Fifth District affirmed and adopted the trial court's order as the opinion of the court. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **Transitions Optical, Inc. v. Florida Department of Revenue, et al., Case No. 2D00-4208, Second District Court of Appeal.**

**In this case, Transitions Optical and co-Plaintiff Pepperidge Farm brought a class action on behalf of itself and all other similarly situated businesses, challenging the imposition of ad valorem taxes on the computer software owned and operated by it in its place of business, a refund action seeking all ad valorem taxes previously paid. The amount in controversy has not been determined. The Department of Revenue should be contacted for this information.**

On August 25, 2000, the trial court entered its Order Granting Plaintiffs' Motion for Clarification and for Reconsideration and Rehearing and Dismissing Complaint with Prejudice as to Transitions Optical, Inc. and Transferring Venue to Polk County as to Pepperidge Farm, Inc. The taxpayer, Transition Optical, Inc., timely filed its notice of appeal on September 18, 2000.

The Second District Court of Appeal has temporarily relinquished jurisdiction to the trial court to determine whether those documents, submitted to the Second District as supplemental authorities by Appellee, which the Department and the Pinellas County Tax Collector had moved to strike, were or should have been discovered by Appellee, prior to the trial court's dismissal of the complaint.

### **Todora, et al. , v. Deerfield Groves, Case No. 2D00-4510, Second District Court of Appeal.**

In this case the taxpayer has brought an action contesting the ad valorem tax assessment of 95 single family tax credit affordable houses in Sarasota County for the tax years for 1997, 1998 and 1999. The trial court found that the Property Appraiser did not properly consider the statutory criteria in Section 193.011(7), Fla. Stat., and that the Property Appraiser's assessments against Plaintiffs' properties did not accurately reflect the valuation method required by Section 420.5099, Fla. Stat. The Property Appraiser timely filed his notice of appeal on September 28, 2000. Oral argument was held on September 26, 2001. Awaiting the court's ruling. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

## MAJOR PENDING LITIGATION

(Continued)

### **Sun 'N Lake Improvement District v. McIntyre, Case No. 1999-3196, Second District Court of Appeal.**

At issue in this case is whether the special improvement district is a political subdivision of the state thereby rendering its property exempt from taxation pursuant to section 196.199(1)(c), Fla. Stat. The Property Appraiser has challenged Section 189.403, Fla. Stat., as amended by Ch. 97-255, Section 4, Laws of Fla., as being unconstitutional. That amendment provided: "For the purpose of s. 196.199(1), special districts shall be treated as municipalities." The trial court found the amendment to be an unconstitutional attempt by the Florida Legislature to create an exemption not permitted by the Florida Constitution.

On appeal, the Second District Court of Appeal reversed that part of the trial court's Final Summary Judgment that held section 189.403(1) unconstitutional holding that the Property Appraiser lacked standing to raise the constitutionality of the statute. As a result, the Second District held that the special improvement district was entitled to tax exemptions for lots used for a public purpose. Further, the Second District affirmed that part of the trial court's Final Summary Judgment that held that the vacant lots held by the special improvement district that it was actively marketing for sale to private persons were not held exclusively for a public purpose and were therefore subject to ad valorem taxes.

On September 7, 2001, both the Property Appraiser and the special improvement district timely moved for rehearing, rehearing en banc, clarification and certification of a question of great public importance. On December 5, 2001, the Second District granted the special improvement district's motion for rehearing to the extent that the opinion dated August 24, 2001, was withdrawn and the opinion, modified only in the second full paragraph of the "FACTS" section by the deletion of a minor detail of fact. The remainder of the December 5th opinion parroted the August 24th opinion. On December 19, 2001, the Property Appraiser filed his Notice to Invoke Discretionary Jurisdiction of the Florida Supreme Court. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **Budget Rent-A-Car Systems, Inc., v. Turner, Case No. 2D00-5374, Second District Court of Appeal.**

In this case, Budget has appealed the trial ruling which upheld the Property Appraiser's denial of Budget's request for the governmental exemption under section 196.199, Fla. Stat., for property it operates at the Tampa International Airport that it uses in its rental car concession. The trial court found the Property Appraiser's denial was proper because Budget's use of the subject property was to lease automobiles, a for-profit proprietary purpose, and it was not to perform a public purpose that would have qualified it for the governmental-governmental purpose exemption. Currently in the briefing schedule. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

**Wal-Mart Stores v. Crapo, et al., Case No. 1D-1203, First District Court of Appeal.** This case contains the same issues as **Wal-Mart Stores v. Todora, et al.**, Case No. SC01-1130, Florida Supreme Court. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information

### **Pepperidge Farm Inc. v. Florida Department of Revenue, et al., Case No. GCG-00-3744, Tenth Judicial Circuit.**

In this case, Pepperidge Farm seeks class action standing, on behalf of itself and all other similarly situated businesses, to challenge the imposition of ad valorem taxes on the computer software owned and operated by it in its place of business and a refund of all ad valorem taxes previously paid. On August 25, 2000, the trial court entered its Order Granting Plaintiffs' Motion for Clarification and for Reconsideration and Rehearing and Dismissing Complaint with Prejudice as to Transitions Optical, Inc. and Transferring Venue to Polk County as to Pepperidge Farm, Inc. That part of the case that affected Plaintiff, Pepperidge Farms, was transferred to Polk County. The case is currently in the discovery phase. The amount in controversy has not been determined. The Property Appraiser should be contacted for this information.

### **City of Gainesville v. Zingale, Case No. 00-1282, Second Judicial Circuit.**

In this case, the City has challenged the constitutionality of sections 166.047 and 196.012(6), Fla. Stat. The City alleges that it owns real and tangible personal property used by it for municipal or public purposes thereby making the property exempt for the purposes of ad valorem taxes. The City alleges that Ch. 97-197, Laws of Fla., ("the Act" which is codified at sections 166.047 and 196.012(6), Fla. Stat.), is in violation of Art. VII, section 3, Fla. Const. The City alleges that the

## MAJOR PENDING LITIGATION

(Continued)

Act “purports to authorize and/or impose ad valorem taxes ‘or fees in amounts equal thereto’ on all of the City’s telecommunications property.” Currently awaiting the trial court’s order on summary judgment. The amount in controversy has not been determined. The Department of Revenue should be contacted for this information.

### **Howard and Zachem v. Department of Revenue, Case No. 00-401, Second Judicial Circuit.**

In this case, Plaintiffs seek declaratory judgment and injunctive relief pursuant to Section 86.011, Fla. Stat. The relief requested by the Plaintiffs is an order granting a declaratory judgment, the issuance of an injunction, or alternatively, a writ of mandamus requiring the Department to comply with its statutory and constitutional duties. Plaintiffs allege that the Department has failed to discharge its duties as prescribed in Chs. 20, 195 and 236, Fla. Stat. No mention is made of what specific duties Plaintiffs are referring to, which of those duties the Department has refused or failed to perform, which counties are under assessed, or which property appraiser has failed to perform his or her duty and, finally, how the Department has refused to act upon this knowledge today. Currently stayed until after the implementation of the Department’s Action plan in response to the Auditor General’s Report. The amount in controversy has not been determined. The Department of Revenue should be contacted for this information.

### **Howard v. Bush, et al., Case No. 00-401, Second Judicial Circuit.**

In this case, the Plaintiffs have brought an action for declaratory judgment under Ch. 86, Fla. Stat. Plaintiffs seek a declaration of the trial court that the provisions of Ch. 00-262, Laws of Fla., amending Sections 193.016; 194.031(4); 196.011(11) and 196.198, Fla. Stat., violate the constitution of the State of Florida and should be declared null and void. On May 1, 2001, the trial court Granted the Department's Motion to Dismiss without prejudice. Awaiting the Plaintiffs' Second Amended Complaint. The amount in controversy has not been determined. The Department of Revenue should be contacted for this information.

### **American Automobile Association, Inc. v. Suber, et al., Case No. 99-142-CA-16, Eighteenth Judicial Circuit.**

At issue in this case is whether Plaintiff’s computer software is exempt from its 1998 tangible personal property assessment because it is covered by the exemption listed in section. 192.001(19) Fla. Stat. The Property Appraiser has challenged the constitutionality of section 192.001(19), Fla. Stat. The trial court found that the property appraiser had standing to challenge the statute and ruled that the statute was constitutionally valid, because it was a permissible classification by the legislature. On January 5, 200, the Property Appraiser appealed this ruling to the Fifth District Court of Appeal. On February 11, 2000, the Fifth District dismissed the appeal based upon its decision in **Gilreath v. Gen. Electric**. In a later ruling, the trial court granted AAA Partial Summary Judgment, and found that AAA was entitled to a refund of taxes paid for the tax years 1994-1999 holding that the amount of refund of taxes was a question of fact that would have to be determined at trial.

On August 23, 2001, a stipulated final judgment was approved by the Court which called for a refund to AAA of \$885,364.00.

## **ADDITIONAL LITIGATION HANDLED BY THE ATTORNEY GENERAL’S OFFICE NOT INVOLVING THE DEPARTMENT OF REVENUE AS A PARTY**

### **Sarnoff v. Department of Highway Safety and Motor Vehicles, Case No. SC01-351 Florida Supreme Court.**

The amount of potential refund is estimated to be \$96-106 million. The First District’s decision is reported at 776 So. 2d 976 (Fla. 1st DCA 2000). Plaintiffs challenge the constitutionality of section 325.214(2), Fla. Stat., imposing a \$10.00 fee on the emissions inspection of automobiles in 7 of Florida’s 67 counties, and seek class action certification, declaratory judgment and refund claims.

On December 29, 2000, the First District Court of Appeal reversed the trial court’s class certification order on Count I, stating the Plaintiffs are really making an “as applied” constitutional challenge to the rule, not a facial attack on Sec. 325.214(2), Fla. Stat. See Department of Highway Safety and Motor Vehicles v. Sarnoff, et al., 776 So. 2d 976 (Fla. 1st DCA 2000), rehearing denied on February 2, 2001. Plaintiffs have invoked the discretionary review of the Florida

## MAJOR PENDING LITIGATION

(Continued)

Supreme Court on this issue. See Florida Supreme Court Case No. SC01-351. Oral Argument was held on November 7, 2001. Currently waiting for decision of the Florida Supreme Court.

**Top Rank, Inc. v. State Boxing Commission, et al.**, Case No. 1D01-4951, First District Court of Appeal; it was Case No. 00-1325, in the Second Judicial Circuit. In this case, the Plaintiff challenged the facial constitutionality of Sections 548.012, 548.014 and 548.06, Fla. Stat., statutes relating to the tax imposed pursuant to section 548.061, Fla. Stat. Under section 548.003(2), Fla. Stat., the State Boxing Commission is charged with the administration of the provisions of Ch. 548, Fla. Stat., which includes the tax imposed by section 548.061, Fla. Stat. See also, Rule 61K1-1.042, Fla. Admin. Code. The amount in controversy has not been determined. The Department of Business and Professional Regulation should be contacted for this information. The plaintiffs argued before the trial court that this is the same issue that was litigated in the State of Georgia in the case styled Showtime Networks, Inc., v. Georgia State Boxing Commission, No. 1999CV04184. In that case, the Georgia trial court found the Georgia statute unconstitutional under the First Amendment, and, relying on the Tax Injunction Act, dismissed Showtime's section 1983 claim. No appeal was taken from this order. The same issue in Georgia was also litigated in the State of Oregon in the case styled TVKO v. Howland, et al., 2001 WL 562822 (Or. Tax Regular Division May 17, 2001). TVKO sought a declaratory judgment that ORS 463.320, which imposes a tax on telecasts of boxing matches, violates the First and Fourteenth Amendments of the United States Constitution. The Oregon Tax Court found for TVKO and held that "a tax imposed on television transmissions of boxing matches held outside of Oregon violates the First Amendment of the United States Constitution."

Florida's statute differs materially from the statutes at issue in Georgia, Oregon and California. Those states imposed a tax on Showtime and all entities televising a boxing match. Florida does not do this. Florida has imposed a gross receipts tax on the monies received by the fight promoter, not Showtime, no matter what the source of the income. One of the statute's enumerated sources is the money the promoter receives from selling his right to broadcast to a third party. Thus it is the promoter that is taxed, not the broadcaster Showtime.

Top Rank has also brought a 42 U.S.C. section 1983 action. However, the United States Supreme Court has ruled that Top Rank, like all others who wish to use this federal remedial statute in a state court contesting a state tax, is barred from the use of that statute in a state tax case. See, National Private Truck Council v. Oklahoma Tax Commission, 515 U.S. 282, 115 S.Ct. 2351 (1995); See also, 28 U.S.C. section 1341.

On November 8, 2001, the circuit court entered two orders. The first order found that Showtime lacked the requisite standing to challenge sections 548.012, 548.014 and 548.06, Fla. Stat., and Fla. Admin. Code R. 61K1-1.042 because there was no assessment against Showtime. In the second order the circuit found that the challenged statutes and rules were not presumptively unconstitutional under the First Amendment of the United States Constitution. as impermissible content-based burdens on speech. On December 7, 2001, the Plaintiffs timely appealed these orders to the First District Court of Appeal.

### **Rendon v. State of Florida, Department of Highway Safety and Motor Vehicles, Case No. 96-17716CA23, Eleventh Judicial Circuit.**

In this class action case, the plaintiffs seek a declaratory judgment that Section 320.0848(2) and (3), Fla. Stat., violates the Americans with Disabilities Act of 1990 in that the surtax charged for a disabled parking permit is illegal. Plaintiffs are persons covered by the ADA. They are challenging the constitutionality of Section 320.0848, Fla. Stat., imposing a fee on a handicapped parking placard as applied to those persons covered by the ADA. A class action was certified by the trial court. Issues include the right to proceed with refund claim when no one has applied for a refund claim. The final hearing was held on October 22-24, 2001.

On November 14, 2001, the trial court entered an Order Granting Plaintiffs' Motion for Summary Judgment. In the order the trial court found that Section 320.0848, Fla. Stat., violates Title II of the ADA; that the State is enjoined from requiring the payment of any fee for a disabled parking permit from future applicants; that the State shall reimburse Plaintiffs for parking permit fees collected since December 26, 1992, plus interest; that the State shall pay Plaintiffs' attorneys fees to be determined in a later order; and the trial court retained jurisdiction to resolve any unremaining issues

## MAJOR PENDING LITIGATION

(Continued)

including but not limited to form of notice, manner of reimbursement, and disposition of unclaimed funds. On November 26, the State served its Motion for Rehearing, Reconsideration and Clarification Regarding Appropriateness of Remedy and Scope of Relief. On December 18, 2001, the trial court heard State's Motion for Rehearing, Reconsideration and Clarification Regarding Appropriateness of Remedy and Scope of Relief and Plaintiff's Motion for Contempt and Sanctions.

The amount in controversy has not been determined. The Department of Highway Safety and Motor Vehicles should be contacted for this information.

**Riscorp Insurance Company and Riscorp Property et al., v. Department of Labor and Employment Security, et al., Case No. 99-5027; Second Judicial Circuit**; the potential refund is in excess of \$28.8 million, and **Florida Hospitality Mutual Ins. Co. v. Department of Labor and Employment Security, Case No. 99-07468 CA, Second Judicial Circuit**, with a potential refund is \$2,021,054.82, plus an unspecified amount of interest. This case raises the same legal issues as **Riscorp, supra**. The Court has now consolidated **Riscorp** and **Florida Hospitality Mutual Ins. Co.**, for discovery purposes.

Riscorp's litigation arose from its claims for refund totaling \$28,885,252 and the Division's denial of Riscorp Insurance Company's claim to the extent of \$22,468,637, and of Riscorp Property and Casualty Insurance Company's claim to the extent of \$4,918,759. In addition, at least 20 other carriers have filed similar claims for refund, which in the aggregate total more than \$39,000,000. These refund claims arise from a controversy over the handling by the Department of Labor and Employment Security, Division of Workers Compensation of the workers' compensation program. There are currently more than 400 carriers issuing workers' compensation insurance in the State of Florida. The Division can not anticipate how many of those carriers, if any, will file claims for refund asserting similar issues, or the amount of any such possible claims.

Section 440.51, Fla. Stat., creates the Workers Compensation Administration Fund by imposing an assessment of up to 4% on the "net premiums collected" by the insurance carriers writing workers' compensation insurance and the self-insurers in the state. The Division also administers the Special Disability Trust Fund, which is funded by additional assessments of up to 4.52% of the "net premiums written" by carriers for workers' compensation insurance and by self-insurers in the State. Riscorp and the other claimants note that there is no statutory definition of "net premiums" and the Department of Labor and Employment Security does not currently have a rule providing guidance as to how "net premium" is calculated. The claimants allege that industry standards would allow them to deduct various costs of doing business in calculating the "net premium."

In **Riscorp** and **Florida Hospitality Mutual Ins. Company**, the presiding circuit court judge has determined that the Plaintiffs were entitled to deduct brokerage fees and commissions in computing the net premiums written and net premiums collected that are the base for calculation of the assessments. The court has now heard arguments on the parties' cross motions for summary judgment regarding the constitutionality of Chapter 2000-150, Laws of Florida. At the time that this update is being prepared, the Department of Legal Affairs has not yet received any decision from the presiding judge as to those cross motions, and has not received any indication of how or when the court may rule. **Amcomp Preferred Insurance Company** and **Associated Industries Insurance Company** (see cases discussed below) also allege that Chapter 2000-150, Laws of Florida, on which the Department of Labor and Employment Security relies in part, was unconstitutional for various reasons, including but not limited to the arguments that the statute impaired the obligations of contracts and violated the due process and equal protection clauses of the State and Federal Constitutions.

**Amcomp Preferred Ins. Co. v. Department of Labor and Employment Security, Case No. 01-CA-1756, Second Judicial Circuit**; the amount in controversy exceeds \$3,000,000.00.

This case raises similar issues to those in **Riscorp** and **Florida Hospitality Mutual Ins. Co.**, supra, and to those in **Associated Industries Ins. Co., Inc.**, infra. The plaintiffs in **Riscorp** and **Florida Hospitality Mutual Ins. Co.**, allege they are entitled to a refund because they erroneously paid assessments calculated on an assessment base that included

## MAJOR PENDING LITIGATION

(Continued)

ceded premiums for reinsurance and brokerage fees and commissions; the plaintiff in this case alleges it properly excluded premiums ceded for reinsurance in the calculation of assessments for the Special Disability Trust Fund and the Workers Compensation Administration Trust Fund, and that the Department improperly assessed an additional \$1,386,661.00 for the Special Disability Trust Fund and an additional \$1,700,309.00 for the Workers Compensation Administration Trust Fund for the year 2000. That assessment resulted from the Department's interpretation of Chapter 2000-150, Laws of Florida. The Department has served its Answer and Affirmative Defenses.

**Associated Industries Ins. Co., Inc. v. Department of Labor and Employment Security, Case No. 01-CA-2573, Second Judicial Circuit**; the amount in controversy exceeds \$5,000,000.

This case raises similar issues to those in **Amcomp Preferred Ins. Co.** The plaintiff in this case alleges it properly excluded premiums ceded for reinsurance in the calculation of assessments for the Special Disability Trust Fund and the Workers Compensation Administration Trust Fund, and that the Department improperly assessed an additional \$5,551,281.00 for the year 2000. That assessment resulted from the Department's interpretation of Chapter 2000-150,

Laws of Florida. **Associated Industries** argues that the Department of Labor and Employment Security is estopped from collecting such additional funds as a result of various communications on which Plaintiff allegedly relied, that the Department of Labor and Employment Security erroneously interprets arguably ambiguous language of Chapter 2000-150, Laws of Florida, to permit the assessment for the year 2000, and also contends that the Department's construction of Chapter 2000-150, Laws of Florida, would be an unconstitutional deprivation of substantive due process. **Associated Industries** seeks temporary and permanent injunctive relief prohibiting such assessments.

## **INTERNET DATA SOURCES**





## INTERNET DATA SOURCES

### Federal Data Sources

Website	Organization Name	Brief Description of Uses
<a href="ftp://ftp.census.gov/pub/govs/statetax/">ftp://ftp.census.gov/pub/govs/statetax/</a>	U.S. Census	1992 until.. State by state tax burden and other comparison statistics
<a href="http://www.bea.doc.gov/">http://www.bea.doc.gov/</a>	Bureau of Economic Analysis	Economic statistics
<a href="http://www.bls.org/">http://www.bls.org/</a>	Bureau of Labor Statistics	Economic statistics
<a href="http://www.census.gov/">http://www.census.gov/</a>	U.S. Census	data for exemptions
<a href="http://www.census.gov/epcd/www/econ97.html">http://www.census.gov/epcd/www/econ97.html</a>	U.S. Census	Economic statistics
<a href="http://www.faa.gov/">http://www.faa.gov/</a>	Federal Aviation Association	to complete bill analysis
<a href="http://www.fcc.gov/">http://www.fcc.gov/</a>	Federal Communications Commission	to complete bill analysis
<a href="http://www.fcc.gov/fee/gov/wtb/databases/">http://www.fcc.gov/fee/gov/wtb/databases/</a>	Federal Communications Commission	databases
<a href="http://www.fcc.gov/telecom.html">http://www.fcc.gov/telecom.html</a>	Federal Communications Commission	Teleco Act of 1996
<a href="http://www.fdic.gov/">http://www.fdic.gov/</a>	Federal Deposit Insurance Corp.	Economic statistics
<a href="http://www.ffeic.gov/">http://www.ffeic.gov/</a>	Federal Financial Institution Examination Council of the Federal Reserve System	Economic statistics, timely reporting of reserve board stats and related articles
<a href="http://www.huduser.org/">http://www.huduser.org/</a>	U.S. Department of Housing and Urban Development	data for exemptions
<a href="http://www.irs.ustreas.gov/prod/cover.html">http://www.irs.ustreas.gov/prod/cover.html</a>	IRS website	Economic statistics
<a href="http://www.sec.gov/edgarhp.html">http://www.sec.gov/edgarhp.html</a>	Securities and Exchange Commission	Edgar is the computerized system that companies use to file their quarterly and annual reports with the Securities and Exchange Commission
<a href="http://www.taxadmin.org/">http://www.taxadmin.org/</a>	FTA's website homepage	Good state-by-state tax rate comparisons, conference descriptions and papers, including work on electronic commerce
<a href="http://www.taxsites.com/">http://www.taxsites.com/</a>	Tax and Accounting Sites Directory	Tax and Accounting Sites Directory
<a href="http://www.tiaonline.org/government/overview/">http://www.tiaonline.org/government/overview/</a>	Telecommunications Industry Association website	databases
<a href="http://www.yardeni.com/">http://www.yardeni.com/</a>	Dr. Ed Yardeni's Economics Network	General US and International Economic Data and Analyses

### Local Data Sources

Website	Organization Name	Brief Description of Uses
<a href="http://www.flcities.com">http://www.flcities.com</a>	Florida League of Cities	
<a href="http://www.flclerks.com">http://www.flclerks.com</a>	Florida Association of Clerks	
<a href="http://www.flm.edu/webfiles/others/fs/fsba">http://www.flm.edu/webfiles/others/fs/fsba</a>	Florida School Boards Association	
<a href="http://www.paaf.net">http://www.paaf.net</a>	Property Appraisers Association of Florida	
<a href="http://www.fl-counties.com">http://www.fl-counties.com</a>	Florida Association of Counties	

### Florida Data Sources

Website	Organization Name	Brief Description of Uses
<a href="http://www.dbf.state.fl.us/banking/bank%20lists/">http://www.dbf.state.fl.us/banking/bank lists/</a>	Department of Banking and Finance website	Lists of banking associations, and related articles that pertain to Florida
<a href="http://www.dot.state.fl.us/finalcialplanning/">http://www.dot.state.fl.us/finalcialplanning/</a>	DOT website	Includes the Fuel Tax Primer (need Adobe 4 for this publication)
<a href="http://www.fcn.state.fl.us/acir/98handbook/format.html">http://www.fcn.state.fl.us/acir/98handbook/format.html</a>	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
<a href="http://www.fcn.state.fl.us/lcir/">http://www.fcn.state.fl.us/lcir/</a>	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
<a href="http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main">http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main</a>	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
<a href="http://www.fcn.state.fl.us/teldir/standards2.html">http://www.fcn.state.fl.us/teldir/standards2.html</a>	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
<a href="http://www.fcta.com/">http://www.fcta.com/</a>	Florida Cable Telecommunications Association	to complete bill analysis
<a href="http://www.fispa.org/">http://www.fispa.org/</a>	Florida Internet Service Providers	to complete bill analysis
<a href="http://www.flasports.com/">http://www.flasports.com/</a>	Florida Sports Federation	data for exemptions
<a href="http://www.floridataxwatch.org/">http://www.floridataxwatch.org/</a>	Florida TaxWatch	research data resource
<a href="http://www.itflorida.com/">http://www.itflorida.com/</a>	Florida Information Technology Task Force	Information Technology resource
<a href="http://www.law.fsu.edu/crc/">http://www.law.fsu.edu/crc/</a>	Florida State University- Law School	databases
<a href="http://www.state.fl.us/edr/">http://www.state.fl.us/edr/</a>	Economic and Demographic Research	Revenue estimates ( REC's)
<a href="http://www.state.fl.us/edr/taxref/tindex.html">http://www.state.fl.us/edr/taxref/tindex.html</a>	State Tax Task Force website	Analysis resource
<a href="http://www.sun6.dms.state.fl.us/dor/">http://www.sun6.dms.state.fl.us/dor/</a>	DOR's website homepage	Bill information, statutes, and links to other agencies
<a href="http://www.flgov.com/eog/inspector_general">http://www.flgov.com/eog/inspector_general</a>	DOR's Office of the Inspector General	EOG, data source
<a href="http://ccfcorp.dos.state.fl.us/index.html">http://ccfcorp.dos.state.fl.us/index.html</a>	Division of Corporations	Secretary of State, databases
<a href="http://fcn.state.fl.us/dms/sec/fignet/fignet.html">http://fcn.state.fl.us/dms/sec/fignet/fignet.html</a>	FL Inspector's General Website	data source

### US General Information

Website	Organization Name	Brief Description of Uses
<a href="http://www.alec.org/">http://www.alec.org/</a>	American Legislative Exchange Counsel	Analysis resource
<a href="http://www.cbpp.org/">http://www.cbpp.org/</a>	Center for Budget and Policy Priorities	Analysis resource
<a href="http://www.ctj.org/">http://www.ctj.org/</a>	Citizens for Tax Justice	Evaluations of mostly federal proposals
<a href="http://www.digitaltelevision.com/">http://www.digitaltelevision.com/</a>	Digital Television: The Site	to complete bill analysis
<a href="http://www.dismal.com/">http://www.dismal.com/</a>	The Dismal Economist	General US and International Economic Data and Analyses
<a href="http://www.ecommercecommission.org/">http://www.ecommercecommission.org/</a>	Advisory Commission on Electronic Commerce	Analysis resource
<a href="http://www.faa.gov/">http://www.faa.gov/</a>	Federal Aviation Association	to complete bill analysis
<a href="http://www.forrester.com/Home/0,3257,1,FF.html">http://www.forrester.com/Home/0,3257,1,FF.html</a>	Forrester Research	Internet Commerce
<a href="http://www.frbatlanta.org/">http://www.frbatlanta.org/</a>	Federal Reserve Bank of Atlanta	Analysis resource
<a href="http://www.mediacity.com/">http://www.mediacity.com/</a>	Sports Stadiums Site	data for exemptions

## INTERNET DATA SOURCES

<a href="http://www.mtc.gov/">http://www.mtc.gov/</a>	Multi-state Commission	multi state data resource
<a href="http://www.nass.usda.gov/census/">http://www.nass.usda.gov/census/</a>	National Agriculture Statistics Service	1997 Census of Agriculture
<a href="http://www.nber.org/">http://www.nber.org/</a>	National Bureau of Economic Research	Economic statistics
<a href="http://www.ncs.urban.org/">http://www.ncs.urban.org/</a>	Center for Charitable Statistics	data resource
<a href="http://www.ncsl.org/login.htm?returnpage=http://www.ncsl.org/">http://www.ncsl.org/login.htm?returnpage=http://www.ncsl.org/</a>	National Conference on State Legislatures	data resource
<a href="http://www.ncua.gov/">http://www.ncua.gov/</a>	National Credit Union Admin.	financial resource
<a href="http://www.nga.org/">http://www.nga.org/</a>	National Governor's Association	data resource
<a href="http://www.sec.gov/edgarhp.html">http://www.sec.gov/edgarhp.html</a>	Securities and Exchange Commission	Edgar is the computerized system that companies use to file their quarterly and annual reports with the Securities and Exchange Commission
<a href="http://www.taxadmin.org/">http://www.taxadmin.org/</a>	FTA's website homepage	Good state-by-state tax rate comparisons, conference descriptions and papers, including work on electronic commerce
<a href="http://www.nmoa.com">http://www.nmoa.com</a>	National Mail Order Association	data for exemptions

### Florida General Information

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="ftp://ftp.census.gov/pub/govs/statetax/">ftp://ftp.census.gov/pub/govs/statetax/</a>	U.S. Census	1992 until.. State by state tax burden and other comparison statistics
<a href="http://www.cefcorp.dos.state.fl.us/">http://www.cefcorp.dos.state.fl.us/</a>	Department of State	Corporate Filings
<a href="http://www.dbf.state.fl.us/banking/bank_lists/">http://www.dbf.state.fl.us/banking/bank_lists/</a>	Department of Banking and Finance website	Lists of banking associations, and related articles that pertain to Florida
<a href="http://www.dca.state.fl.us/hcd/programs/sdip/index.html/">http://www.dca.state.fl.us/hcd/programs/sdip/index.html/</a>	Special Taxing Districts in Florida	data resource
<a href="http://www.dot.state.fl.us/finalcialplanning/">http://www.dot.state.fl.us/finalcialplanning/</a>	DOT website	Includes the Fuel Taax Primer (need Adobe 4 for this publication)
<a href="http://www.ecommercecommission.org/">http://www.ecommercecommission.org/</a>	Advisory Commission on Electronic Commerce	analysis data resource
<a href="http://www.fcn.state.fl.us/acir/98handbook/format.html">http://www.fcn.state.fl.us/acir/98handbook/format.html</a>	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
<a href="http://www.fcn.state.fl.us/lcir/">http://www.fcn.state.fl.us/lcir/</a>	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
<a href="http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main">http://www.fcn.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main</a>	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
<a href="http://www.fcn.state.fl.us/teldir/standards2.html">http://www.fcn.state.fl.us/teldir/standards2.html</a>	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
<a href="http://www.fcta.com/">http://www.fcta.com/</a>	Florida Cable Telecommunications Association	to complete bill analysis
<a href="http://www.firn.edu/doe/">http://www.firn.edu/doe/</a>	Florida Department of Education	data for exemptions
<a href="http://www.fispa.org/">http://www.fispa.org/</a>	Florida Internet Service Providers	to complete bill analysis
<a href="http://www.fl-ag.com/">http://www.fl-ag.com/</a>	Florida Department of Agriculture	data for exemptions
<a href="http://www.flasports.com/">http://www.flasports.com/</a>	Florida Sports Federation	data for exemptions
<a href="http://www.flcourts.org/">http://www.flcourts.org/</a>	State Courts	State court decisions, including DCA's and Supreme Court
<a href="http://www.floridatxwatch.org/">http://www.floridatxwatch.org/</a>	Florida TaxWatch	research data resource
<a href="http://www.fsba.state.fl.us/">http://www.fsba.state.fl.us/</a>	State Board of Administration	data resource
<a href="http://www.governing.com/">http://www.governing.com/</a>	Governing Magazine	For State and Local Governments
<a href="http://www.itflorida.com/">http://www.itflorida.com/</a>	Florida Information Technology Task Force	Information Technology resource
<a href="http://www.law.fsu.edu/crc/">http://www.law.fsu.edu/crc/</a>	Florida State University- Law School	databases
<a href="http://www.leg.state.fl.us/">http://www.leg.state.fl.us/</a>	Florida Legislature website	to research House and Senate Bills
<a href="http://www.leg.state.fl.us/citizen/documents/constitution/index.html">http://www.leg.state.fl.us/citizen/documents/constitution/index.html</a>	Florida Legislature website	Florida Constitution Index
<a href="http://www.mtc.gov/">http://www.mtc.gov/</a>	Multi-state Commission	multi state data resource
<a href="http://www.oppaga.state.fl.us/">http://www.oppaga.state.fl.us/</a>	OPPAGA	OPPAGA Reports
<a href="http://www.psc.state.fl.us/">http://www.psc.state.fl.us/</a>	Public Service Commission	to complete bill analysis
<a href="http://www.state.fl.us/edr/">http://www.state.fl.us/edr/</a>	Revenue estimates ( REC'S)	data resource
<a href="http://www.state.fl.us/edr/taxref/index.html">http://www.state.fl.us/edr/taxref/index.html</a>	State Tax Task Force website	data resource
<a href="http://www.state.fl.us/eog/">http://www.state.fl.us/eog/</a>	Governor's Office website	analysis data resource
<a href="http://www.stateline.com/">http://www.stateline.com/</a>	State News	State News
<a href="http://www.sun6.dms.state.fl.us/dor/">http://www.sun6.dms.state.fl.us/dor/</a>	DOR's website homepage	Bill information, statutes, and links to other agencies
<a href="http://www.taxsites.com/">http://www.taxsites.com/</a>	Tax and Accounting Sites Directory	Tax and Accounting Sites Directory
<a href="http://www.tiaonline.org/government/overview/">http://www.tiaonline.org/government/overview/</a>	Telecommunications Industry Association website	databases

### Other State Sites

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.cc.gatech.edu/gvu/user_surveys/">http://www.cc.gatech.edu/gvu/user_surveys/</a>	Georgia Tech's site for Internet Purchases	survey
<a href="http://www.cds.duke.edu/">http://www.cds.duke.edu/</a>	Duke University	Center for Demographic Studies
<a href="http://www.commserv.ucsb.edu/">http://www.commserv.ucsb.edu/</a>	University of California- Santa Barbara	to complete bill analysis, glossery of communications terms
<a href="http://www.gvu.gatech.edu/user_surveys/">http://www.gvu.gatech.edu/user_surveys/</a>	Georgia Tech website	Survey results about internet usage
<a href="http://www.okstate.edu/economics/journal.south1.html">http://www.okstate.edu/economics/journal.south1.html</a>	Oklahoma State University	Abstracts of articles published in the southern Economic Journal

### Congress Information

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.thomas.loc.gov/">http://www.thomas.loc.gov/</a>	Federal (congressional) legislation	searchable federal legislation

## INTERNET DATA SOURCES

### Florida State Government Sites

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.cefcorp.dos.state.fl.us/">http://www.cefcorp.dos.state.fl.us/</a>	Department of State	Corporate Filings
<a href="http://www.dca.state.fl.us/fhcd/programs/sdip/index.html/">http://www.dca.state.fl.us/fhcd/programs/sdip/index.html/</a>	Special Taxing Districts in Florida	data for exemptions
<a href="http://www.dot.state.fl.us/finalcialplanning/">http://www.dot.state.fl.us/finalcialplanning/</a>	DOT website	Includes the Fuel Taax Primer (need Adobe 4 for this publication)
<a href="http://www.fcj.state.fl.us/acir/98handbook/format.html">http://www.fcj.state.fl.us/acir/98handbook/format.html</a>	Legislative Committee on Intergovernmental Relations' website	1998 Local Government Handbook
<a href="http://www.fcj.state.fl.us/lcir/">http://www.fcj.state.fl.us/lcir/</a>	Legislative Committee on Intergovernmental Relations' website	Contains local government revenue estimates
<a href="http://www.fcj.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main">http://www.fcj.state.fl.us/owa_gsd/owa/gsd_www.main_frame.main</a>	411 Direct - State Telephone Numbers and General State Information	411 Direct - State Telephone Numbers and General State Information
<a href="http://www.fcj.state.fl.us/teldir/standards2.html">http://www.fcj.state.fl.us/teldir/standards2.html</a>	Florida agencies e-mail naming standards	Florida agencies e-mail naming standards
<a href="http://www.firn.edu/doe/">http://www.firn.edu/doe/</a>	Florida Department of Education	data for exemptions
<a href="http://www.fl-ag.com/">http://www.fl-ag.com/</a>	Florida Department of Agriculture	data for exemptions
<a href="http://www.flcourts.org/">http://www.flcourts.org/</a>	State Courts	State court decisions, including DCA's and Supreme Court
<a href="http://www.fsba.state.fl.us/">http://www.fsba.state.fl.us/</a>	State Board of Administration	data resource
<a href="http://www.leg.state.fl.us/">http://www.leg.state.fl.us/</a>	Florida Legislature	to research House and Senate Bills
<a href="http://www.leg.state.fl.us/citizen/documents/constitution/index.html">http://www.leg.state.fl.us/citizen/documents/constitution/index.html</a>	Florida Legislature website	Florida Constitution Index
<a href="http://www.oppaga.state.fl.us/">http://www.oppaga.state.fl.us/</a>	OPPAGA	OPPAGA Reports
<a href="http://www.psc.state.fl.us/">http://www.psc.state.fl.us/</a>	Public Service Commission	to complete bill analysis
<a href="http://www.state.fl.us/edr/">http://www.state.fl.us/edr/</a>	Revenue estimates ( REC's)	data resource
<a href="http://www.state.fl.us/edr/taxref/index.html">http://www.state.fl.us/edr/taxref/index.html</a>	State Tax Task Force website	data resource
<a href="http://www.state.fl.us/eog/">http://www.state.fl.us/eog/</a>	Governor's Office website	analysis data resource
<a href="http://www.sun6.dms.state.fl.us/dor/">http://www.sun6.dms.state.fl.us/dor/</a>	DOR's website homepage	Bill information, statutes, and links to other agencies

### Publications

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.governing.com/">http://www.governing.com/</a>	Governing Magazine	For State and Local Governments
<a href="http://www.nytimes.com/">http://www.nytimes.com/</a>	New York times website	News
<a href="http://www.stateline.com/">http://www.stateline.com/</a>	State News Network	State News

### Banking

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.dbf.state.fl.us/banking/bank lists/">http://www.dbf.state.fl.us/banking/bank lists/</a>		Lists of banking associations, and related articles that pertain to Florida
<a href="http://www.fdic.gov/">http://www.fdic.gov/</a>	Federal Deposit Insurance Corp.	financial resource
<a href="http://www.ffeic.gov/">http://www.ffeic.gov/</a>	Federal Financial Institution Examination Council of the Federal Reserve System	Economic statistics, timely reporting of reserve board stats and related articles
<a href="http://www.frbatlanta.org/">http://www.frbatlanta.org/</a>	Federal Reserve Bank of Atlanta	financial resource
<a href="http://www.ncua.gov/">http://www.ncua.gov/</a>	National Credit Union Admin.	financial resource

### E - Commerce

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.cc.gatech.edu/gvu/user_surveys/">http://www.cc.gatech.edu/gvu/user_surveys/</a>	Georiga Tech's site for Internet Purchases	survey
<a href="http://www.ecommercecommission.org/">http://www.ecommercecommission.org/</a>	Advisory Commission on Electronic Commerce	data resource
<a href="http://www.forrester.com/Home/0,3257,1,FF.html">http://www.forrester.com/Home/0,3257,1,FF.html</a>	Forrester Research	Internet Commerce
<a href="http://www.gvu.gatech.edu/user_surveys/">http://www.gvu.gatech.edu/user_surveys/</a>	Georiga Tech website	Survey results about internet usage
<a href="http://www.nmoa.com">http://www.nmoa.com</a>	National Mail Order Association	data for exemptions

### Universities

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.cc.gatech.edu/gvu/user_surveys/">http://www.cc.gatech.edu/gvu/user_surveys/</a>	Georiga Tech's site for Internet Purchases	survey
<a href="http://www.cds.duke.edu/">http://www.cds.duke.edu/</a>	Duke University	Center for Demographic Studies
<a href="http://www.commserv.ucsb.edu/">http://www.commserv.ucsb.edu/</a>	University of California- Santa Barbara	to complete bill analysis, glossery of communications terms
<a href="http://www.gvu.gatech.edu/user_surveys/">http://www.gvu.gatech.edu/user_surveys/</a>	Georiga Tech website	Survey results about internet usage
<a href="http://www.law.fsu.edu/crc/">http://www.law.fsu.edu/crc/</a>	Florida State University Law School	databases
<a href="http://www.okstate.edu/economics/journal.south1.html">http://www.okstate.edu/economics/journal.south1.html</a>	Oklahoma State University	Abstracts of articles published in the southern Economic Journal

### Other

<i>Website</i>	<i>Organization Name</i>	<i>Brief Description of Uses</i>
<a href="http://www.pcworld.com/software/internet/">http://www.pcworld.com/software/internet/</a>	PC World's website	Lists and describes the features of the major Internet Service Providers

## INTERNET DATA SOURCES

### Other State DOR Websites

DOR Homepage URL	State/City	Stats/Analysis URL (if applic.)
<a href="http://www.ador.state.al.us">http://www.ador.state.al.us</a>	Alabama	
<a href="http://www.revenue.state.ak.us/">http://www.revenue.state.ak.us/</a>	Alaska	
<a href="http://www.revenue.state.az.us/">http://www.revenue.state.az.us/</a>	Arizona	
<a href="http://www.state.ar.us/dfa">http://www.state.ar.us/dfa</a>	Arkansas	
<a href="http://www.ftb.ca.gov/">http://www.ftb.ca.gov/</a>	California	<a href="http://www.ftb.ca.gov/fidm/index.htm">http://www.ftb.ca.gov/fidm/index.htm</a>
<a href="http://www.revenue.state.co.us/">http://www.revenue.state.co.us/</a>	Colorado *	<a href="http://www.revenue.state.co.us/stats_dir/taxstats.html">http://www.revenue.state.co.us/stats_dir/taxstats.html</a>
<a href="http://www.drs.state.ct.us/">http://www.drs.state.ct.us/</a>	Connecticut	<a href="http://www.drs.state.ct.us/research/research.html">http://www.drs.state.ct.us/research/research.html</a>
<a href="http://www.state.de.us/revenue">http://www.state.de.us/revenue</a>	Delaware	<a href="http://www.state.de.us/revenue/other/tax_stats.html">http://www.state.de.us/revenue/other/tax_stats.html</a>
<a href="http://www.dccfo.com/">http://www.dccfo.com/</a>	District of Columbia	
<a href="http://sun6.dms.state.fl.us/dor/">http://sun6.dms.state.fl.us/dor/</a>	Florida	<a href="http://sun6.dms.state.fl.us/dor/taxes/distributions.html">http://sun6.dms.state.fl.us/dor/taxes/distributions.html</a>
<a href="http://www.state.ga.us/Departments/DOR/">http://www.state.ga.us/Departments/DOR/</a>	Georgia	
<a href="http://www.state.hi.us/">http://www.state.hi.us/</a>	Hawaii *	<a href="http://www.state.hi.us/tax/txcolrpt.html">http://www.state.hi.us/tax/txcolrpt.html</a>
<a href="http://www.state.id.us/tax/home.html">http://www.state.id.us/tax/home.html</a>	Idaho	
<a href="http://www.revenue.state.il.us/">http://www.revenue.state.il.us/</a>	Illinois	
<a href="http://www.ai.org/dor/index.html">http://www.ai.org/dor/index.html</a>	Indiana	
<a href="http://www.state.ia.us/tax">http://www.state.ia.us/tax</a>	Iowa*	<a href="http://www.state.ia.us/tax/taxlaw/taxlaw.html">http://www.state.ia.us/tax/taxlaw/taxlaw.html</a>
<a href="http://www.ink.org/public/kdor/">http://www.ink.org/public/kdor/</a>	Kansas	<a href="http://www.ink.org/public/kdor/pvd/pvdcountystateinfo.html">http://www.ink.org/public/kdor/pvd/pvdcountystateinfo.html</a>
<a href="http://www.state.ky.us/agencies/revenue/revhome.htm">http://www.state.ky.us/agencies/revenue/revhome.htm</a>	Kentucky	
<a href="http://www.rev.state.la.us/">http://www.rev.state.la.us/</a>	Louisiana	
<a href="http://janus.state.me.us/revenue">http://janus.state.me.us/revenue</a>	Maine	
<a href="http://www.comp.state.md.us">http://www.comp.state.md.us</a>	Maryland*	
<a href="http://www.state.ma.us/dor">http://www.state.ma.us/dor</a>	Massachusetts	<a href="http://www.state.ma.us/dor/stats/stats.htm">http://www.state.ma.us/dor/stats/stats.htm</a>
<a href="http://www.treas.state.mi.us/">http://www.treas.state.mi.us/</a>	Michigan	<a href="http://www.treas.state.mi.us/revedata/reveindx.htm">http://www.treas.state.mi.us/revedata/reveindx.htm</a>
<a href="http://www.taxes.state.mn.us/">http://www.taxes.state.mn.us/</a>	Minnesota	
<a href="http://www.msct.state.ms.us/">http://www.msct.state.ms.us/</a>	Mississippi	<a href="http://www.msct.state.ms.us/info/stats/main.htm">http://www.msct.state.ms.us/info/stats/main.htm</a>
<a href="http://dor.state.mo.us/">http://dor.state.mo.us/</a>	Missouri	
<a href="http://www.state.mt.us/revenue">http://www.state.mt.us/revenue</a>	Montana	
<a href="http://www.nol.org/revenue">http://www.nol.org/revenue</a>	Nebraska	<a href="http://www.nol.org/revenue/research/research.htm">http://www.nol.org/revenue/research/research.htm</a>
<a href="http://www.state.nv.us/">http://www.state.nv.us/</a>	Nevada	
<a href="http://www.state.nh.us/revenue">http://www.state.nh.us/revenue</a>	New Hampshire	
<a href="http://www.state.nj.us/treasury/taxation">http://www.state.nj.us/treasury/taxation</a>	New Jersey	
<a href="http://www.state.nm.us/tax/">http://www.state.nm.us/tax/</a>	New Mexico	
<a href="http://www.tax.state.ny.us/">http://www.tax.state.ny.us/</a>	New York State	<a href="http://www.tax.state.ny.us/statistics/stat_sales.htm">http://www.tax.state.ny.us/statistics/stat_sales.htm</a>
<a href="http://www.ci.nyc.ny.us/finance">http://www.ci.nyc.ny.us/finance</a>	New York City	
<a href="http://www.dor.state.nc.us/">http://www.dor.state.nc.us/</a>	North Carolina	<a href="http://www.dor.state.nc.us/downloads/00-01salestat.htm">http://www.dor.state.nc.us/downloads/00-01salestat.htm</a>
<a href="http://www.state.nd.us/taxdpt">http://www.state.nd.us/taxdpt</a>	North Dakota	
<a href="http://www.state.oh.us/tax">http://www.state.oh.us/tax</a>	Ohio *	<a href="http://www.state.oh.us/tax/tabstats.htm">http://www.state.oh.us/tax/tabstats.htm</a>
<a href="http://www.oktax.state.ok.us/">http://www.oktax.state.ok.us/</a>	Oklahoma	
<a href="http://www.dor.state.or.us/">http://www.dor.state.or.us/</a>	Oregon *	<a href="http://www.dor.state.or.us/statistics.html">http://www.dor.state.or.us/statistics.html</a>
<a href="http://www.revenue.state.pa.us/">http://www.revenue.state.pa.us/</a>	Pennsylvania	
<a href="http://www.doa.state.ri.us/tax">http://www.doa.state.ri.us/tax</a>	Rhode Island	
<a href="http://www.sctax.org/">http://www.sctax.org/</a>	South Carolina	
<a href="http://www.state.sd.us/revenue">http://www.state.sd.us/revenue</a>	South Dakota*	<a href="http://www.state.sd.us/revenue/stats.html">http://www.state.sd.us/revenue/stats.html</a>
<a href="http://www.state.tn.us/revenue">http://www.state.tn.us/revenue</a>	Tennessee	
<a href="http://www.window.state.tx.us/">http://www.window.state.tx.us/</a>	Texas*	<a href="http://www.window.state.tx.us/taxbud/overview">http://www.window.state.tx.us/taxbud/overview</a>
<a href="http://www.tax.ex.state.ut.us/">http://www.tax.ex.state.ut.us/</a>	Utah	
<a href="http://www.state.vt.us/tax">http://www.state.vt.us/tax</a>	Vermont	
<a href="http://www.tax.state.va.us/">http://www.tax.state.va.us/</a>	Virginia	<a href="http://www.tax.state.va.us/publications.htm">http://www.tax.state.va.us/publications.htm</a>
<a href="http://dor.wa.gov/">http://dor.wa.gov/</a>	Washington *	<a href="http://dor.wa.gov/">http://dor.wa.gov/</a>
<a href="http://www.state.wv.us/taxrev/">http://www.state.wv.us/taxrev/</a>	West Virginia	
<a href="http://www.dor.state.wi.us/">http://www.dor.state.wi.us/</a>	Wisconsin*	<a href="http://www.dor.state.wi.us/html/stats.html">http://www.dor.state.wi.us/html/stats.html</a>
<a href="http://revenue.state.wy.us/">http://revenue.state.wy.us/</a>	Wyoming	