

**FLORIDA
REVENUE ESTIMATING CONFERENCE**

**2009
FLORIDA TAX HANDBOOK**
Including
Fiscal Impact of Potential Changes



**Honorable Charlie Crist
Governor
State of Florida**

**Honorable Jeff Atwater
President
Florida Senate**

**Honorable Larry Cretul
Speaker
House of Representatives**

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NOTE

The estimates in the 2009 edition of the Florida Tax Handbook are as accurate as possible given the scope of the document. An attempt has been made to provide point estimates of the fiscal impact for all current exemptions, refunds and allowances, and 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 these analyses reflect data from annual collections through fiscal year 2007-08. The 2008-09 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 occurring after the beginning of the fiscal year, as well as collection and implementation lags, will reduce the actual revenue impact in the first year. Tax law changes that only affect revenues for part of a year will further modify the estimates. In addition, these estimates make no adjustments for the changes in quantity demanded resulting from changes to the tax rate, nor do they reflect potential losses due to tax avoidance behavior or unusual compliance and enforcement problems.

As each session begins, Impact Conferences are held to consider specific legislative proposals. Those results should be considered the most recent and complete expressions of fiscal impact. The results can be viewed on-line at <http://edr.state.fl.us/conferences/revenueimpact/impact.htm>. Please note that the underlying revenue forecasts will also be updated three times each year, in early Spring, Summer and late Fall. The latest forecasts can be viewed on-line at <http://edr.state.fl.us/conferences.htm>.

All estimates and projections used in this Handbook are based on a series of estimating conferences held in the Fall of 2008. However, additional conferences will be held in the Spring of 2009 that will revise many of these estimates and projections. Results of the November 2008 Revenue Estimating Conference for the General Revenue Fund are included on the next page. This table illustrates the magnitude of the revisions made in November 2008 and can be used to scale future projections. For additional information regarding a specific revenue source, please contact the Legislative Office of Economic and Demographic Research at 850/487-1402.

A number of changes have been made to improve the consistency and quality of the material presented in the Florida Tax Handbook. Beginning this year, some of the changes are staged into the future. Available for the first time is a new section entitled Proposed Legislation Repeated Multiple Years, located at the end of each state revenue source. An analysis was performed on proposed legislation dating back to the 2000 Legislative Session, and continuing through the 2008 Legislative Session, covering each state revenue source. In this section, a brief description of each concept that has appeared over multiple years is followed by the bill numbers and the specific years in which the bills were filed. The letters "S" and "H" represent Senate and House bills, respectively. Bills similar to one another are denoted by "sm." Bills identical to one another are denoted by "idn." This section of the handbook has been expanded to include links to the impact statements adopted by the Revenue Estimating Conference for each concept.

**RESULTS OF NOVEMBER 21, 2008 REVENUE ESTIMATING CONFERENCE
GENERAL REVENUE FUND
(\$ MILLIONS)**

| | | | ----- FY 2008-09 ----- | | ----- FY 2009-10 ----- | | ----- FY 2010-11 ----- | | ----- FY 2011-12 ----- | |
|-------------------------|---------------|---------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|
| | FY 06-07 | FY 07-08 | New | Change | New | Change | New | Change | New | Change |
| | <u>Actual</u> | <u>Actual</u> | <u>Forecast</u> | <u>from Old Forecast</u> |
| Sales tax/GR | 19,435.2 | 18,428.9 | 17,220.4 | (692.6) | 17,587.6 | (1,422.3) | 19,057.2 | (1,537.8) | 20,712.3 | (1,487.6) |
| Beverage tax & licenses | 637.5 | 609.2 | 588.6 | (6.4) | 591.5 | (8.4) | 603.3 | (8.4) | 621.2 | (1.4) |
| Corporate income tax | 2,443.7 | 2,216.8 | 1,880.0 | (212.0) | 1,820.0 | (314.7) | 1,998.4 | (205.6) | 2,132.3 | (110.1) |
| Documentary stamp tax | 625.5 | 203.4 | 172.0 | (80.5) | 132.1 | (171.2) | 212.2 | (266.8) | 407.6 | (313.1) |
| Tobacco taxes | 279.2 | 271.1 | 269.1 | (2.2) | 274.0 | (2.1) | 275.9 | (3.6) | 279.2 | (2.4) |
| Insurance premium tax | 697.4 | 672.1 | 679.7 | (55.3) | 686.7 | (37.8) | 724.1 | (30.8) | 761.7 | (50.3) |
| Parimutuels tax | 32.0 | 26.9 | 19.5 | (0.7) | 29.8 | (3.6) | 28.6 | (4.0) | 28.4 | (3.8) |
| Intangibles tax | 772.6 | 436.3 | 226.0 | (79.3) | 212.1 | (124.8) | 251.1 | (152.1) | 322.0 | (170.8) |
| Estate Tax | 43.4 | | | | | | | | | |
| Earnings on Investments | 473.1 | 446.3 | 143.5 | (135.4) | 107.9 | (192.5) | 153.2 | (199.7) | 206.1 | (180.7) |
| Driver's License Fees | 71.5 | 71.3 | 83.1 | 0.0 | 97.1 | 0.0 | 96.9 | 0.0 | 100.8 | 0.0 |
| Medical-hospital fees | 172.6 | 165.9 | 185.8 | 6.8 | 166.6 | 6.7 | 169.5 | 9.8 | 178.5 | 9.3 |
| Auto title & lien fees | 33.1 | 29.0 | 24.7 | (4.5) | 25.4 | (5.1) | 27.6 | (3.6) | 29.4 | (2.7) |
| Severance tax | 17.4 | 21.4 | 18.8 | (6.8) | 16.1 | (8.6) | 17.7 | (4.3) | 18.8 | (2.3) |
| Service charges | 440.5 | 362.6 | 324.1 | (22.7) | 321.9 | (36.5) | 338.9 | (45.0) | 371.1 | (42.9) |
| Corporation Filing Fees | 196.2 | 220.1 | 221.4 | 0.0 | 217.0 | (6.4) | 217.0 | (9.6) | 220.5 | (9.7) |
| Article V fees | 103.9 | 113.7 | 227.8 | 4.0 | 240.0 | 9.6 | 235.2 | 2.4 | 237.5 | 2.4 |
| Other taxes & fees | <u>296.3</u> | <u>282.9</u> | <u>269.0</u> | <u>3.1</u> | <u>283.6</u> | <u>9.7</u> | <u>290.8</u> | <u>11.1</u> | <u>291.1</u> | <u>5.8</u> |
| Total Revenue | 26,771.0 | 24,577.9 | 22,553.5 | (1,284.5) | 22,809.4 | (2,308.0) | 24,697.6 | (2,448.0) | 26,918.5 | (2,360.3) |
| Less: Refunds | <u>366.9</u> | <u>465.8</u> | <u>575.4</u> | <u>109.2</u> | <u>487.2</u> | <u>32.5</u> | <u>429.9</u> | <u>(27.7)</u> | <u>440.1</u> | <u>(38.5)</u> |
| Net General Revenue | 26,404.1 | 24,112.1 | 21,978.1 | (1,393.7) | 22,322.2 | (2,340.5) | 24,267.7 | (2,420.3) | 26,478.4 | (2,321.8) |

XI

FOREWORD

The Revenue Estimating Conference is pleased to provide the 2009 edition of the Florida Tax Handbook, Including Fiscal Impact of Potential Changes. The Handbook provides statutory and administering authority for all specific revenue sources, and a review of tax collections and disposition, in conjunction with base and rate information and a brief history of sources. The Handbook also gives current revenue estimates, and provides a comprehensive and systematic look at the revenue potential of selected alternative tax sources. The 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 staffs of the Senate Committee on Finance and Tax, the House Finance and Tax Council, the Legislative Office of Economic and Demographic Research, the Governor's Office of Policy and Budget, and the Department of Revenue provided the various analyses and updates.

The Handbook is divided into six sections.

Section I presents an overview of Florida's financial structure, including a summary of state tax preferences.

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

Section III contains information about major local government revenue sources that are explicitly authorized in the Florida Constitution or the Florida Statutes. Not included in this section are local government revenue sources that counties and municipalities impose under their home rule powers (e.g., impact fees, special assessments, fees, etc.); revenue sources authorized by special or local bills; and minor revenue sources authorized in the Florida Statutes. For a more comprehensive description of local government revenue sources please refer to *The Local Government Financial Information Handbook* published annually by the Florida Legislative Committee on Intergovernmental Relations. As in Section II, estimates and analyses are provided where available.

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

Section VI provides a listing of data sources on the internet that are useful in tax research.

For further information or inquiries, contact the Office of Economic and Demographic Research, Room 574, Claude Pepper Building, Tallahassee, Florida 32399-6588; (850) 487-1402. Notice of any errors appearing in this publication should be sent to the staff of the Office of Economic and Demographic Research. Please feel free to offer suggestions for improvement of future editions. Copies of this and previous Tax Handbooks can be accessed on-line at: <http://edr.state.fl.us/taxhandbooks.htm>

FLORIDA'S FINANCIAL STRUCTURE

FLORIDA STATE TREASURY FUNDS

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

The state treasury consists of three types of funds in the custody of the Chief Financial Officer: (1) The General Revenue Fund; (2) Trust Funds; and (3) The 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 and the Budget Stabilization Fund. About forty-two percent of all taxes, licenses, fees, and other operating receipts are credited to General Revenue, either directly upon deposit into the treasury or by transfer from various clearing and distribution accounts of the trust funds. A 7.3 percent service charge is deducted from trust funds enumerated in s. 215.20(4), F.S., and a 7.0 percent service charge is deducted from all other trust funds not specifically exempt by 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; and,
- g. Revolving - providing loans, petty cash, or working capital funds.

3. The Budget Stabilization Fund is required by the Florida Constitution and 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 general law.

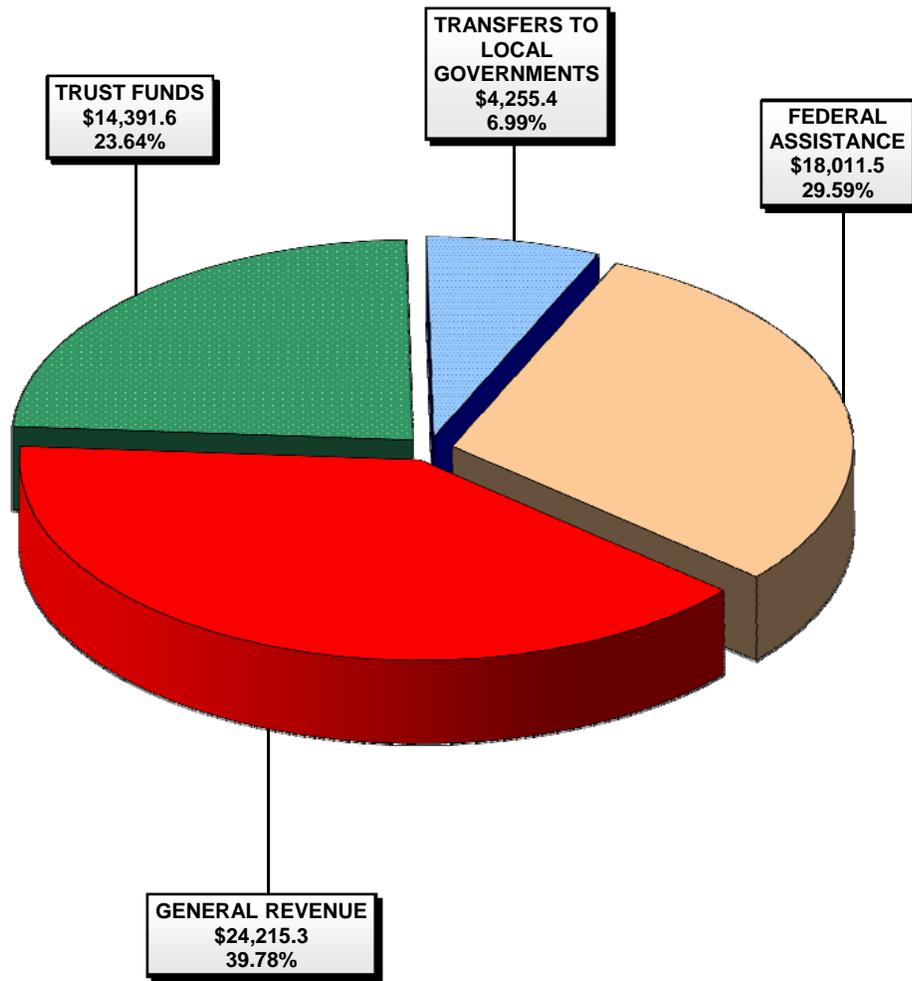
Until 2005, Florida law provided for a Working Capital Fund consisting of moneys in the General Revenue Fund which were in excess of the amount needed to meet General Revenue Fund appropriations. In 2005, the Working Capital Fund was repealed and the following language was added to the statute describing the General Revenue Fund, "Unallocated general revenue shall be considered the working capital balance of the state and shall consist of moneys in the General Revenue Fund that are in excess of the amount needed to meet General Revenue appropriations for the current fiscal year."

Constitution of Florida: Article III, Section 19.

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

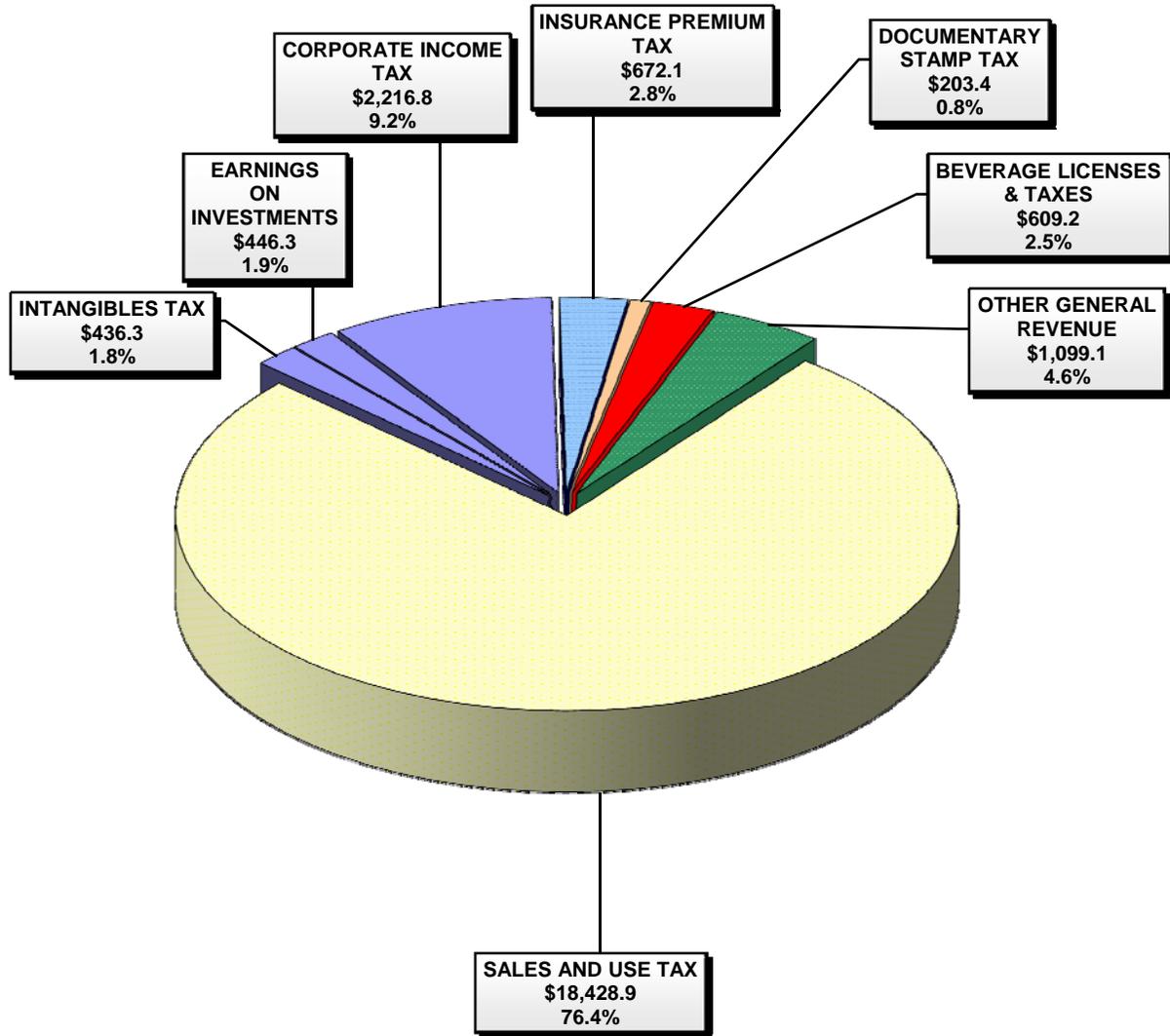
Laws of Florida: 22833(1945); 59-91; 59-257; 61-119; 73-196; 73-316; 87-247; 89-255; 89-356; 94-250; 98-73; 2000-371; 2001-376; 2005-152.

**Sources of State Revenue
FY 2007-2008
\$60,873.8 Million**



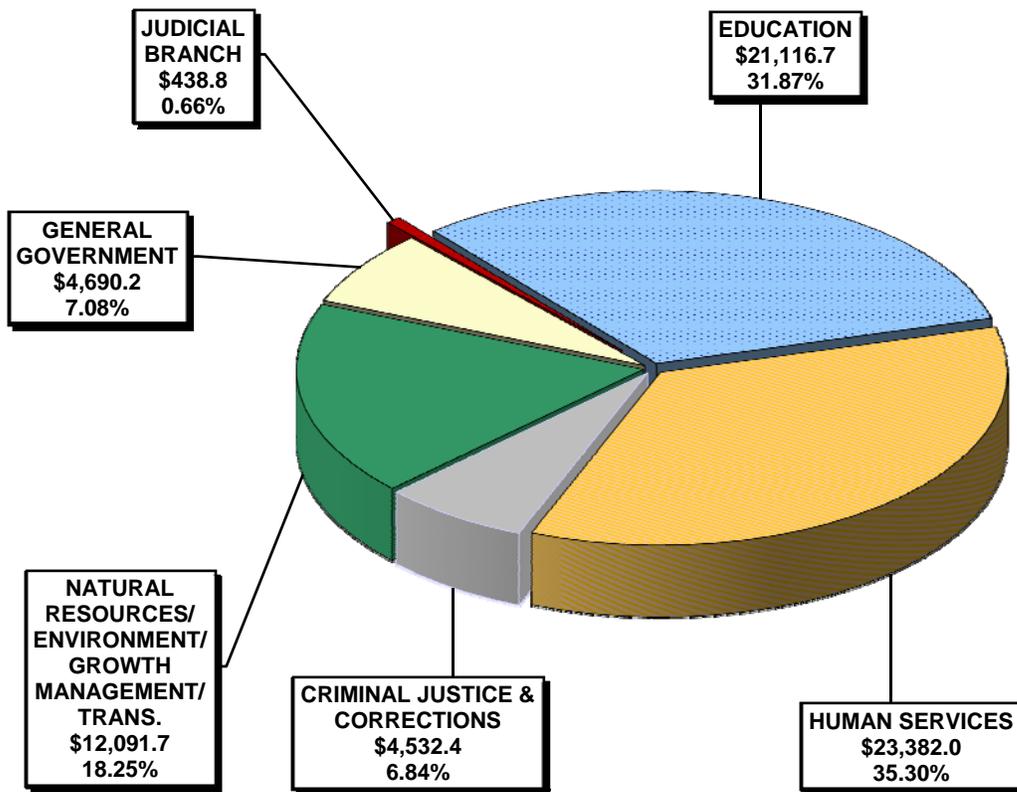
Note: GR does not include Service Charges on Trust Funds and Refunds of Overpayment of Taxes.

**Sources of General Revenue
FY 2007-2008
\$24,112.1 Million**

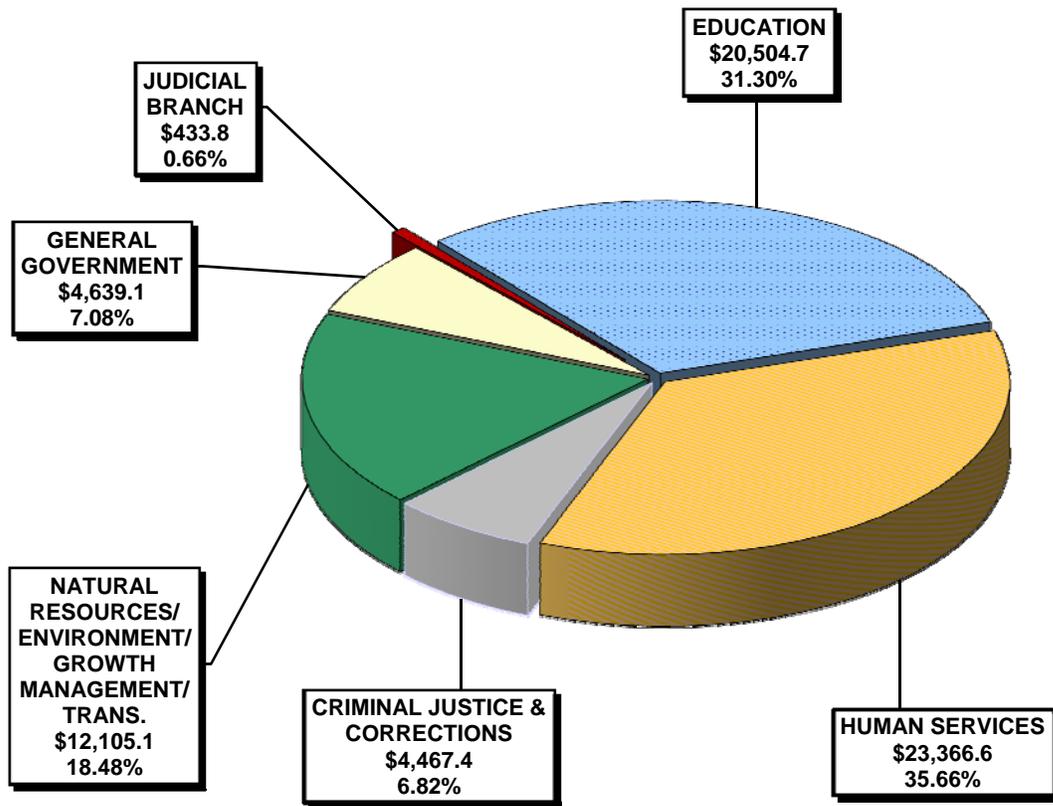


Note: Includes Services Charges on Trust Funds and Refunds for Overpayment of Taxes.

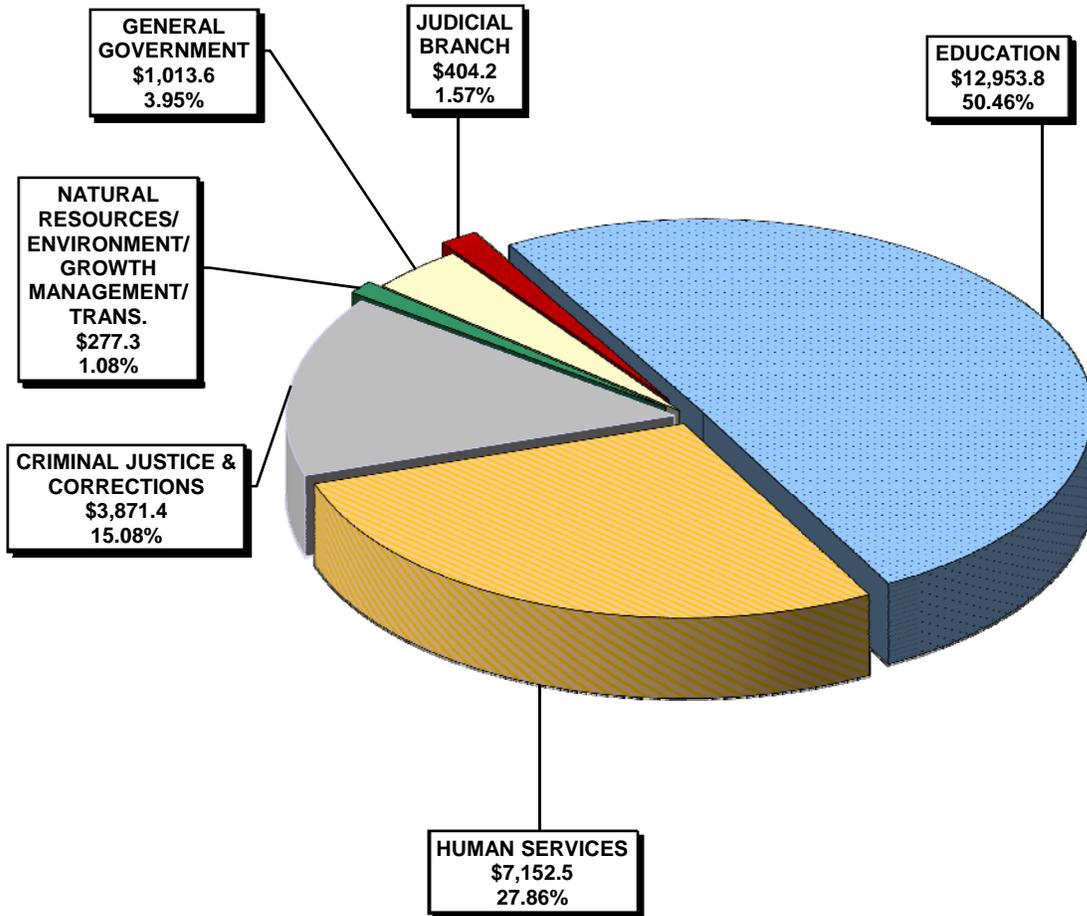
**Total Appropriations
by Program Area
FY 2008-09
(Before Special Session 'A')
\$66,251.8 Million**



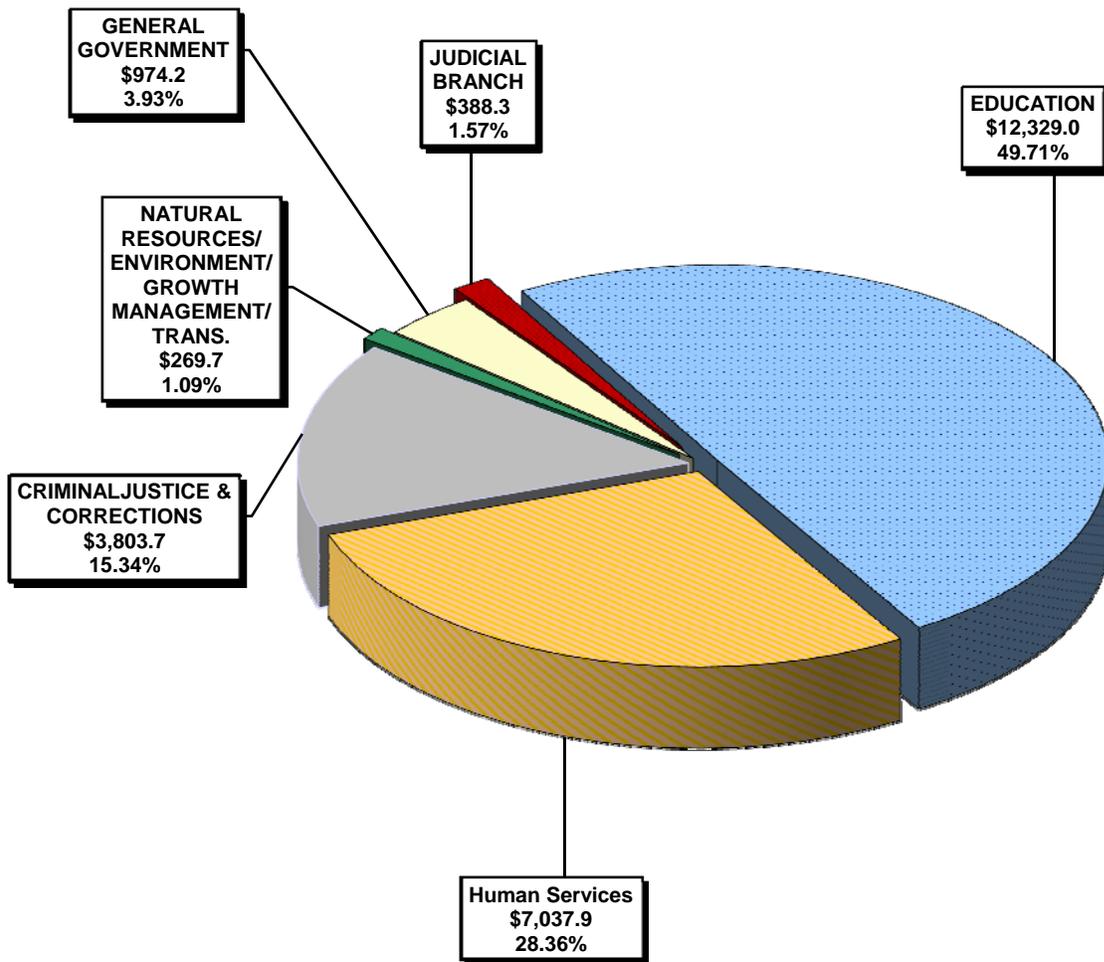
**Total Appropriations
by Program Area
FY 2008-09
(After Special Session 'A')
\$65,516.7 Million**



**Total General Revenue Appropriations
by Program Area
FY 2008-09
(Before Special Session 'A')
\$25,672.8 Million**



**Total General Revenue Appropriations
by Program Area
FY 2008-09
(After Special Session 'A')
\$24,802.8 Million**



TOTAL DIRECT REVENUE IN ALL FUNDS FISCAL YEAR 2004-05 THROUGH 2008-09

(Millions of Dollars)

| | ACTUAL FY 2004-05 | | ACTUAL FY 2005-06 | | ACTUAL FY 2006-07 | | ACTUAL FY 2007-08 | | PROJECTED FY 2008-09 | |
|---|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|-------------------------|----------------|
| | Amount | % of Total | Amount | % of Total |
| STATE TAXATION: | | | | | | | | | | |
| ARTICLE V FEES | 0.000 | 0.00% | 117.230 | 0.25% | 118.170 | 0.26% | 134.413 | 0.31% | 245.198 | 0.62% |
| AUTO TITLE AND LIEN FEES | 143.599 | 0.34% | 149.296 | 0.32% | 142.780 | 0.31% | 129.935 | 0.30% | 115.500 | 0.29% |
| BEVERAGE LICENSES AND TAXES | 657.262 | 1.57% | 678.781 | 1.47% | 690.567 | 1.50% | 646.017 | 1.51% | 637.600 | 1.61% |
| CITRUS INSPECTION FEES, LICENSES AND TAXES | 49.794 | 0.12% | 54.236 | 0.12% | 61.474 | 0.13% | 66.232 | 0.15% | 74.400 | 0.19% |
| CORPORATE FILING FEES | 176.414 | 0.42% | 191.716 | 0.41% | 196.157 | 0.43% | 220.111 | 0.51% | 221.400 | 0.56% |
| CORPORATION INCOME TAX | 1,729.686 | 4.14% | 2,405.419 | 5.20% | 2,443.687 | 5.32% | 2,216.757 | 5.17% | 1,880.000 | 4.76% |
| DFS AND TREASURY FEES, LICENSES AND TAXES | 110.405 | 0.26% | 117.783 | 0.25% | 128.639 | 0.28% | 129.996 | 0.30% | 129.767 | 0.33% |
| DOCUMENTARY STAMP TAX | 3,365.221 | 8.06% | 4,058.326 | 8.78% | 3,032.836 | 6.61% | 1,954.931 | 4.56% | 1,261.100 | 3.19% |
| DRIVERS LICENSES AND FEES | 132.170 | 0.32% | 134.194 | 0.29% | 127.986 | 0.28% | 121.821 | 0.28% | 134.700 | 0.34% |
| EARNINGS ON INVESTMENTS | 565.020 | 1.35% | 671.811 | 1.45% | 1,008.778 | 2.20% | 1,062.126 | 2.48% | 460.600 | 1.17% |
| ESTATE TAX | 324.448 | 0.78% | 71.431 | 0.15% | 43.397 | 0.09% | 0.000 | 0.00% | 0.000 | 0.00% |
| GENERAL INSPECTION FEES AND LICENSES | 51.992 | 0.12% | 50.590 | 0.11% | 52.531 | 0.11% | 53.309 | 0.12% | 53.538 | 0.14% |
| GROSS RECEIPTS TAX | 882.150 | 2.11% | 975.805 | 2.11% | 1,067.597 | 2.33% | 1,125.965 | 2.63% | 1,133.282 | 2.87% |
| HUNTING AND FISHING LICENSES | 35.134 | 0.08% | 36.506 | 0.08% | 36.197 | 0.08% | 44.291 | 0.10% | 44.481 | 0.11% |
| INSURANCE LICENSES AND PREMIUM TAX | 732.288 | 1.75% | 815.585 | 1.76% | 945.490 | 2.06% | 883.407 | 2.06% | 916.000 | 2.32% |
| INTANGIBLES TAX | 981.129 | 2.35% | 1,085.020 | 2.35% | 772.556 | 1.68% | 436.339 | 1.02% | 226.000 | 0.57% |
| LOTTERY | 3,487.600 | 8.36% | 3,988.578 | 8.63% | 4,142.570 | 9.03% | 4,203.975 | 9.81% | 3,926.100 | 9.94% |
| MEDICAL AND HOSPITAL FEES | 181.160 | 0.43% | 180.987 | 0.39% | 172.551 | 0.38% | 165.876 | 0.39% | 185.800 | 0.47% |
| MISCELLANEOUS REVENUES | 142.486 | 0.34% | 169.011 | 0.37% | 174.909 | 0.38% | 193.094 | 0.45% | 194.936 | 0.49% |
| MOTOR FUEL TAX | 2,083.416 | 4.99% | 2,236.124 | 4.84% | 2,290.494 | 4.99% | 2,273.777 | 5.30% | 2,247.776 | 5.69% |
| MOTOR VEHICLE FEES | 283.675 | 0.68% | 249.921 | 0.54% | 246.221 | 0.54% | 246.766 | 0.58% | 246.280 | 0.62% |
| MOTOR VEHICLE AND MOBILE HOME LICENSES | 650.096 | 1.56% | 693.420 | 1.50% | 713.750 | 1.56% | 670.200 | 1.56% | 654.142 | 1.66% |
| SEVERANCE OIL AND GAS | 8.254 | 0.02% | 9.554 | 0.02% | 9.288 | 0.02% | 13.264 | 0.03% | 10.067 | 0.03% |
| OTHER FEES LICENSE AND TAXES | 2,323.195 | 5.57% | 2,394.140 | 5.18% | 2,700.416 | 5.88% | 2,580.055 | 6.02% | 2,577.242 | 6.52% |
| OTHER FINES/FORFEITURES/JUDGEMENTS | 269.829 | 0.65% | 327.211 | 0.71% | 317.168 | 0.69% | 358.717 | 0.84% | 360.256 | 0.91% |
| PARIMUTUEL FEES, LICENSES AND TAXES | 32.021 | 0.08% | 33.561 | 0.07% | 33.927 | 0.07% | 33.810 | 0.08% | 33.400 | 0.08% |
| PROFESSIONAL AND OCCUPATIONAL FEES AND LICENSES | 80.939 | 0.19% | 75.528 | 0.16% | 71.154 | 0.16% | 56.039 | 0.13% | 92.464 | 0.23% |
| SALES AND USE TAX GR | 19,870.288 | 47.61% | 21,812.428 | 47.18% | 21,877.150 | 47.67% | 20,721.300 | 48.34% | 19,378.200 | 49.04% |
| SLOT MACHINE LICENSES GR | 0.000 | 0.00% | 0.000 | 0.00% | 61.578 | 0.13% | 136.832 | 0.32% | 117.628 | 0.30% |
| SEVERANCE SOLID MINERALS | 50.621 | 0.12% | 45.966 | 0.10% | 36.508 | 0.08% | 43.230 | 0.10% | 39.214 | 0.10% |
| TOBACCO SETTLEMENT FINES/FORF/JUDGEMENTS | 378.300 | 0.91% | 389.700 | 0.84% | 396.400 | 0.86% | 398.400 | 0.93% | 388.100 | 0.98% |
| TOBACCO TAX | 468.219 | 1.12% | 456.794 | 0.99% | 454.017 | 0.99% | 443.732 | 1.04% | 431.100 | 1.09% |
| UNEMPLOYMENT COMP TAX | 1,151.970 | 2.76% | 1,233.269 | 2.67% | 1,037.626 | 2.26% | 874.623 | 2.04% | 863.118 | 2.18% |
| WORKERS COMP TAX | 333.034 | 0.80% | 319.679 | 0.69% | 292.912 | 0.64% | 222.924 | 0.52% | 235.415 | 0.60% |
| SUBTOTAL STATE TAXATION | 41,731.815 | 100.00% | 46,229.598 | 100.00% | 45,897.480 | 100.00% | 42,862.263 | 100.00% | 39,514.804 | 100.00% |
| INTERGOVERNMENTAL AID: | | | | | | | | | | |
| COUNTIES AND CITIES GRANTS | 82.403 | 0.47% | 60.880 | 0.34% | 72.910 | 0.41% | 88.135 | 0.49% | 88.513 | 0.48% |
| OTHER ASSISTANCE & DONATIONS GRANTS | 86.990 | 0.50% | 108.330 | 0.60% | 139.885 | 0.79% | 105.092 | 0.58% | 105.543 | 0.57% |
| US GOVERNMENT GRANTS | 17,380.478 | 99.03% | 17,742.921 | 99.06% | 17,408.538 | 98.79% | 17,818.271 | 98.93% | 18,200.802 | 98.95% |
| SUBTOTAL INTERGOVERNMENTAL AID | 17,549.871 | 100.00% | 17,912.131 | 100.00% | 17,621.333 | 100.00% | 18,011.498 | 100.00% | 18,394.858 | 100.00% |
| TOTAL DIRECT REVENUE | 59,281.686 | 100.00% | 64,141.729 | 100.00% | 63,518.813 | 100.00% | 60,873.761 | 100.00% | 57,909.662 | 100.00% |

SOURCE: Florida Revenue Estimating Conference, Revenue Analysis, FY 1970-71 Through FY 2017-18, Volume 24, Fall 2008

**TOTAL DIRECT REVENUE BY FUND TYPE
FISCAL YEAR 2004-05 THROUGH 2008-09**

(Millions of Dollars)

| DIRECT REVENUE SOURCE | ACTUAL FY 2004-05 | | ACTUAL FY 2005-06 | | ACTUAL FY 2006-07 | | ACTUAL FY 2007-08 | | PROJECTED FY 2008-09 | |
|--|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|-------------------------|-------------------|
| | General | | General | | General | | General | | General | |
| | Revenue | Trust Fund | Revenue | Trust Fund |
| ARTICLE V FEES | 0.000 | 0.000 | 87.530 | 29.700 | 103.870 | 14.300 | 113.683 | 20.730 | 227.800 | 17.398 |
| AUTO TITLE AND LIEN FEES | 32.684 | 110.915 | 34.475 | 114.821 | 33.073 | 109.707 | 29.046 | 100.890 | 24.700 | 90.800 |
| BEVERAGE LICENSES AND TAXES | 575.651 | 81.611 | 590.450 | 88.331 | 637.496 | 53.071 | 609.176 | 36.841 | 588.600 | 49.000 |
| CITRUS INSPECTION FEES, LICENSES AND TAXES | 0.000 | 49.794 | 0.000 | 54.236 | 0.000 | 61.474 | 0.000 | 66.232 | 0.000 | 74.400 |
| CORPORATE FILING FEES | 176.414 | 0.000 | 191.716 | 0.000 | 196.157 | 0.000 | 220.111 | 0.000 | 221.400 | 0.000 |
| CORPORATION INCOME TAX | 1,729.686 | 0.000 | 2,405.419 | 0.000 | 2,443.687 | 0.000 | 2,216.757 | 0.000 | 1,880.000 | 0.000 |
| DFS AND TREASURY FEES, LICENSES AND TAXES | 0.000 | 110.405 | 0.000 | 117.783 | 0.000 | 128.639 | 0.000 | 129.996 | 0.000 | 129.767 |
| DOCUMENTARY STAMP TAX | 1,601.160 | 1,764.061 | 1,241.847 | 2,816.479 | 625.512 | 2,407.324 | 203.366 | 1,751.565 | 172.000 | 1,089.100 |
| DRIVERS LICENSES AND FEES | 73.610 | 58.560 | 74.387 | 59.807 | 71.542 | 56.444 | 71.280 | 50.541 | 83.100 | 51.600 |
| EARNINGS ON INVESTMENTS | 261.881 | 303.139 | 320.817 | 350.994 | 473.055 | 535.723 | 446.340 | 615.786 | 143.500 | 317.100 |
| ESTATE TAX | 324.448 | 0.000 | 71.431 | 0.000 | 43.397 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| GENERAL INSPECTION FEES AND LICENSES | 0.000 | 51.992 | 0.000 | 50.590 | 0.000 | 52.531 | 0.000 | 53.309 | 0.000 | 53.538 |
| GROSS RECEIPTS TAX | 0.000 | 882.150 | 0.000 | 975.805 | 0.000 | 1,067.597 | 0.000 | 1,125.965 | 0.000 | 1,133.282 |
| HUNTING AND FISHING LICENSES | 0.000 | 35.134 | 0.000 | 36.506 | 0.000 | 36.197 | 0.000 | 44.291 | 0.000 | 44.481 |
| INSURANCE LICENSES AND PREMIUM TAX | 545.672 | 186.616 | 611.675 | 203.910 | 697.355 | 248.135 | 672.121 | 211.286 | 679.700 | 236.300 |
| INTANGIBLES TAX | 981.129 | 0.000 | 1,085.020 | 0.000 | 772.556 | 0.000 | 436.339 | 0.000 | 226.000 | 0.000 |
| INTERGOVERNMENTAL AID | 0.000 | 17,549.871 | 0.000 | 17,912.131 | 0.000 | 17,621.333 | 0.000 | 18,011.498 | 0.000 | 18,394.858 |
| LOTTERY | 0.000 | 3,487.600 | 0.000 | 3,988.578 | 0.000 | 4,142.570 | 0.000 | 4,203.975 | 0.000 | 3,926.100 |
| MEDICAL AND HOSPITAL FEES | 181.160 | 0.000 | 180.987 | 0.000 | 172.551 | 0.000 | 165.876 | 0.000 | 185.800 | 0.000 |
| MISCELLANEOUS REVENUES | 5.294 | 137.192 | 6.140 | 162.871 | 5.734 | 169.175 | 5.475 | 187.619 | 5.527 | 189.409 |
| MOTOR FUEL TAX | 0.000 | 2,083.416 | 0.000 | 2,236.124 | 0.000 | 2,290.494 | 0.000 | 2,273.777 | 0.000 | 2,247.776 |
| MOTOR VEHICLE FEES | 44.344 | 239.331 | 1.879 | 248.042 | 0.000 | 246.221 | 0.000 | 246.766 | 0.000 | 246.280 |
| MOTOR VEHICLE AND MOBILE HOME LICENSES | 0.820 | 649.276 | 0.815 | 692.605 | 0.786 | 712.964 | 0.757 | 669.443 | 0.800 | 653.342 |
| SEVERANCE OIL AND GAS | 5.379 | 2.875 | 7.245 | 2.309 | 7.178 | 2.110 | 9.012 | 4.252 | 7.420 | 2.647 |
| OTHER FEES LICENSE AND TAXES | 248.064 | 2,075.131 | 205.209 | 2,188.931 | 228.888 | 2,471.528 | 217.844 | 2,362.211 | 203.613 | 2,373.629 |
| OTHER FINES/FORFEITURES/JUDGEMENTS | 60.741 | 209.088 | 56.453 | 270.758 | 60.929 | 256.238 | 58.808 | 299.909 | 59.060 | 301.195 |
| PARIMUTUEL FEES,LICENSES AND TAXES | 18.393 | 13.628 | 15.972 | 17.588 | 32.125 | 1.802 | 22.376 | 11.434 | 19.500 | 13.900 |
| PROFESSIONAL AND OCCUPATIONAL FEES AND LICENSES | 0.000 | 80.939 | 0.000 | 75.528 | 0.000 | 71.154 | 0.000 | 56.039 | 0.000 | 92.464 |
| SALES AND USE TAX GR | 17,628.881 | 2,241.407 | 19,367.390 | 2,445.038 | 19,435.200 | 2,441.949 | 18,428.916 | 2,292.383 | 17,220.400 | 2,157.800 |
| SLOT MACHINE LICENSES GR | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 61.578 | 4.500 | 132.332 | 0.000 | 117.628 |
| SEVERANCE SOLID MINERALS | 15.342 | 35.280 | 15.285 | 30.681 | 10.268 | 26.240 | 12.412 | 30.818 | 11.388 | 27.826 |
| TOBACCO SETTLEMENT FINES/FORF/JUDGEMENTS | 0.000 | 378.300 | 0.000 | 389.700 | 0.000 | 396.400 | 0.000 | 398.400 | 0.000 | 388.100 |
| TOBACCO TAX | 287.355 | 180.864 | 277.629 | 179.165 | 279.183 | 174.834 | 271.059 | 172.672 | 269.100 | 162.000 |
| UNEMPLOYMENT COMP TAX | 0.000 | 1,151.970 | 0.000 | 1,233.269 | 0.000 | 1,037.626 | 0.000 | 874.623 | 0.000 | 863.118 |
| WORKERS COMP TAX | 0.000 | 333.034 | 0.000 | 319.679 | 0.000 | 292.912 | 0.000 | 222.924 | 0.000 | 235.415 |
| TOTAL DIRECT REVENUE BY FUND | 24,798.107 | 34,483.579 | 26,849.770 | 37,291.959 | 26,330.543 | 37,188.269 | 24,215.254 | 36,658.506 | 22,229.408 | 35,680.254 |
| TOTAL DIRECT REVENUE all FUNDS | 59,281.686 | | 64,141.729 | | 63,518.813 | | 60,873.761 | | 57,909.662 | |
| % OF TOTAL: GENERAL REVENUE AND TRUST FUNDS | 41.83% | 58.17% | 41.86% | 58.14% | 41.45% | 58.55% | 39.78% | 60.22% | 38.39% | 61.61% |
| ANNUAL % CHANGE: all FUNDS | 8.80% | | 8.20% | | -0.97% | | -4.16% | | -4.87% | |

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 the BSF. The BSF 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 BSF'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 BSF'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 BSF 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 BSF shall be comprised of funds not otherwise obligated or committed for any purpose.

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 third year after the withdrawal. Section 216.222, F.S., establishes criteria for transferring money from the BSF. The BSF may be used to offset a deficit in the General Revenue Fund and to provide funding for an emergency as defined in s. 252.34, F.S., which is part of the State Emergency Management Act. All required transfers to the BSF have been made to date. During FY 2004-05 and FY 2005-06, disbursements were made to the Casualty Insurance Risk Management Trust Fund. Per Section 77 of the 2008 General Appropriations Act, \$672.4 million was transferred to the General Revenue Fund in September 2008 to offset a deficit in the General Revenue Fund. An additional \$400 million was transferred in February 2009 pursuant to Section 51 of Senate Bill 2A. Interest earned on the BSF accrues to the General Revenue Fund.

BUDGET STABILIZATION FUND

| Fiscal Year | July 1 Balance | Transfers into Fund | Disbursements | June 30 Balance |
|-------------|----------------|---------------------|---------------|-----------------|
| 2009-10* | 273,792,557 | 7,490,195 | -0- | 281,282,752 |
| 2008-09* | 1,344,814,498 | 1,385,307 | 1,072,407,249 | 273,792,557 |
| 2007-08 | 1,236,826,146 | 107,988,352 | -0- | 1,344,814,498 |
| 2006-07 | 1,078,048,784 | 167,559,012 | 8,781,651 | 1,236,826,146 |
| 2005-06 | 995,804,685 | 92,890,874 | 10,646,775 | 1,078,048,784 |
| 2004-05 | 966,390,000 | 32,800,000 | 3,385,315 | 995,804,685 |
| 2003-04 | 958,890,000 | 7,500,000 | -0- | 966,390,000 |
| 2002-03 | 940,890,000 | 18,000,000 | -0- | 958,890,000 |
| 2001-02 | 893,990,000 | 46,900,000 | -0- | 940,890,000 |
| 2000-01 | 846,990,000 | 47,000,000 | -0- | 893,990,000 |

*Estimate (assumes all loans are repaid by the end of FY 2008-09). No transfers are required in FY 2009-10.

CONSENSUS ESTIMATING PROCESS FOR REVENUES

Consensus Forecasting -- Economic, demographic, caseload and revenue forecasts are essential for a variety of governmental planning and budgeting functions. Most importantly, revenue estimates are needed to ensure that the State meets the constitutional balanced budget requirement. In this regard, the various forecasts are primarily used in the development of the constitutionally required Long-Range Financial Outlook, the Governor's budget recommendations and the General Appropriations Act. Economic and demographic forecasts are also used to support estimates of revenues and demands for state services.

Florida's revenue forecasting system is founded on a base forecast which assumes a "current law, current administration" structure in which no changes are allowed to the legal setting and practices known at the time of the forecast. The multi-stage process begins with the adoption of a national economic forecast from a private forecasting firm, and the subsequent development of a Florida-specific economic forecast based on the major elements of the national forecast. Key state economic variables are then used to model the likely paths of individual revenue sources. They are further adjusted by recent collection trends and calibrated to current receipts.¹ This process determines the baseline forecasts, and proposed law changes are modeled as deviations from the projected base. In the next round of forecasts, the process begins again, and the baseline is updated to account for any new or changed information, such as data revisions and law changes. All estimates are made on a "cash" basis where revenues are assigned to the fiscal year in which they are likely to be received.

Rather than constitutional or statutory guidance, the classification of *recurring* and *non-recurring* revenues is based on institutional forecasting conventions developed over time by the principals of the Revenue Estimating Conference. Typically, the *forecasted* revenue level for each baseline year is deemed to be the "recurring" amount of funds for that year, regardless of the projected levels in subsequent years. Narrow exceptions are made for one-time events such as hurricanes and the receipt of special federal funds, as well as time-limited statutory provisions. Recent estimates have generally included three budget years in the analysis.

Florida law permits the use of cycle forecasts as part of the Economic Estimating Conference outputs, but they have not been used since September 1997.

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 years since and there are now ten estimating conferences.

1. Economic (Nation & State)
2. Demographic
3. Revenue
4. Education
5. Criminal Justice
6. Social Services
7. Workforce
8. Early Learning Programs
9. Self-Insurance
10. Florida Retirement System Actuarial Assumption

¹ Designated principals may also use independent (but informed) judgment to alter the forecast.

Statutory authority for the consensus forecasts is provided in ss. 216.133 to 216.137, F.S., which specify the duties of each conference and designate 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.

The four principals for the Revenue Estimating Conference are designated staff acting as agents for the legislative and executive branch. The staff members represent the Governor's Office, Senate, House of Representatives and Legislative Office of Economic and Demographic Research. Historically, the representatives of the House and Senate have been the staff directors of the tax committees, and the policy coordinator overseeing tax issues has represented the Governor's Office.

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; however, the Legislature is not bound to use the official consensus forecasts. Nevertheless, since 1970, the Florida Legislature has consistently used the results of these conferences in its official duties.

The principals generally meet in a series of regularly scheduled Consensus Estimating Conferences to provide the forecasts needed to support the planning and budgeting process. Impact conferences are held when estimates are needed to determine the impact of changes or proposed changes to current law or current administration.

SUMMARY OF THE CONSTITUTIONAL STATE REVENUE LIMITATION

In November 1994, the voters approved a constitutional amendment to limit state revenues (Article VII, Sec. 1, FL Const.). Placed before the voters by act of the Legislature (HJR 2053), the amendment limits state revenues to a specific dollar amount that is increased annually by an approximation of the growth rate in Florida's economy. If more revenue is collected than is permitted by this limit, it may not be spent; excess revenues 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 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 funds for Medicaid are partially exempt from the revenue limitation. A portion of the state money used to match federal Medicaid funds is appropriated from the Public Medical Assistance Trust Fund (PMATF), a fund originally established for discretionary Medicaid programs. A tax on hospitals, some cigarette tax revenues, and an annual appropriation from the general fund provide state support for the PMATF. Since the reason for exempting Medicaid from the revenue limitation is that it is in large part 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 expansions of the Medicaid program voluntarily undertaken by the state after July 1, 1994, are subject to the revenue limitation.

The Constitution requires the legislature to establish, by general law, the procedures necessary to administer the revenue limitation; such legislation has not yet been enacted. In addition, the legislature is required to provide general law guidelines for adjusting the state revenue limit when the responsibility for providing specific governmental services is transferred between the state and other levels of government. In November 1998, Florida voters approved changes in the State Constitution to mandate a new public education governance system. As a result, the revenues of the state's public universities were no longer

deposited in the state treasury and ceased to appear as state revenues beginning in fiscal year 2004-05. In Chapter 2002-387, L.O.F., the legislature directed the Revenue Estimating Conference to adjust the state revenue limit to reflect this transfer of funding responsibility. In FY 2003-04, state revenues included \$818.3 million from the university system. Based on the legislative directive, the revenue limit was reduced by this amount prior to calculation of the limit for FY 04-05 and subsequent years when university revenues would no longer be reflected in state revenues.

Impacts of the Constitutional Revenue Limitation

In the first few years after the adoption of the revenue limitation, actual revenues were close to the constitutional cap. Since that time, revenues subject to the cap have generally grown more slowly than personal income. Since 1999, the Florida Legislature has enacted several measures to reduce state revenue. The intangibles tax, sales and use tax, beverage tax, corporate income tax, vehicle emissions testing, health care assessments, unemployment tax, and pari-mutuel tax have all been reduced by the Legislature. Additionally, changes in federal law eliminated Florida's estate tax. These changes in tax laws contributed to a widening gap between actual revenues and the revenue limit through FY 2002-03 when revenues were almost \$5 billion below the limit. Over the next three years and despite the tax reductions mentioned above, state revenues grew faster than growth in the limit. As a result, FY 2005-06 revenues were only \$658 million below the cap. This surge in revenues was related to the boom in real estate activity and associated construction spending as well as the tax revenues derived from rebuilding following the hurricanes in 2004 and 2005. However, state revenue collections fell in both 2006-07 and in 2007-08, reaching a level almost \$10 billion below the cap, and are expected to fall again in FY 2008-09. Future revenues are expected to be well below the revenue limit absent significant tax increases.

STATE TAX PREFERENCES

For each individual tax source, this book has attempted to provide estimates for all current tax preferences, including exemptions, deductions, allowances, exclusions, credits, preferential rates, and deferrals. While estimates have not been possible for all, a large portion of the total preferences have been estimated. This section presents these estimates of foregone revenue in a single table to show their relative and absolute magnitude. Preferential tax treatments reduce government revenue and compete with programs funded by appropriations for state and local resources.

There are a number of important distinctions between appropriations and tax preferences. Once adopted, tax preferences often receive less scrutiny than appropriations, which must be enacted every year. Tax preferences remain effective until a positive action is taken to change them. Unlike appropriations, which are for fixed amounts, tax preferences are often open-ended.

The following table presents summary estimates of the tax preferences identified in this book by type of preference for each tax source.

**2009-10 STATE TAX PREFERENCES
(in millions)**

| TAX | TOTAL COLLECTIONS | EXEMPTIONS | PREFERRED/ DIFFERENTIAL RATES | CREDITS | REFUNDS | DEDUCTIONS/ ALLOWANCES | TOTAL TAX PREFERENCES |
|---|----------------------|-----------------|-------------------------------------|--------------|-------------|---------------------------|-----------------------------|
| Auto Title and Lien Fees | 115.3 | 19.9 | | | | | 19.9 |
| Beverage Tax | 599.7 | 4.5 | | | | 11.6 | 16.1 |
| Cigarette and Other Tobacco Tax | 430.3 | 46.5 | | | 0.3 | 5.8 | 52.6 |
| Communications Services Tax | 1,736.8 | 517.7 | | | | 17.2 | 534.9 |
| Corporate Income and Emergency Excise Tax | 1,820.0 | 1,163.8 | | 144.4 | | 333.3 | 1,641.5 |
| Documentary Stamp Tax | 1,176.3 | 149.2 | 17.0 | | | 5.9 | 172.1 |
| Drivers Licenses | 148.2 | * | | | | | * |
| Gross Receipts Tax | 1,165.0 | 233.5 | | | | | 233.5 |
| Insurance Premium Tax | 750.1 | 125.4 | | 657.9 | | 15.6 | 798.9 |
| Intangibles Tax | 212.1 | * | | | 1.1 | | 1.1 |
| Motor Fuel Tax | 2,274.3 | 7.7 | | | 28.0 | 4.6 | 40.3 |
| Motor Vehicle Licenses | 657.0 | 2.3 | | | | | 2.3 |
| Pollutant Taxes | 249.5 | 0.7 | | | | | 0.7 |
| Sales and Use Tax** | 19,791.8 | 10,137.9 | | | | 63.0 | 10,200.9 |
| TOTAL | 31,126.4 | 12,409.1 | 17.0 | 802.3 | 29.4 | 457.0 | 13,714.8 |

* Indeterminate

** Sales and Use tax exemptions excludes \$20.8 billion associated with sales of services. Services are not exempt from the Sales Tax, instead, they are "excluded" because the sales tax generally applies to the sale of tangible personal property, not services.

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

STATE REVENUE SOURCES

ARTICLE V FEES AND TRANSFERS

FLORIDA STATUTES: Section 28.241(1)(a), F.S. - \$80 of first \$85 in filing fees for circuit civil action and one-third (1/3) of filing fees in excess of \$100 for circuit civil action, section 28.241(1)(c), F.S. - \$295 counterclaim filing fee for circuit civil action; section 28.241(2), F.S. - first \$80 of \$280 (or \$80) appellate filing fee and one-third (1/3) of appellate filing fee in excess of \$80; section 28.37(4), F.S. - annual remittance of cumulative excess of all fees, service charges, court costs, and fines; chapter 2008-111, L.O.F. – additional revenue pursuant to new and increased fines and fees pursuant to act; section 34.041(1)(b), F.S. - first \$80 of up to \$295 filing fee for county civil claims of more than \$2,500 and one-third (1/3) of filing fee in excess of \$95 for county civil claims of more than \$2,500; section 34.041(1)(c), F.S. - \$295 counterclaim filing fee for county civil action.

ADMINISTERED BY: Florida Department of Revenue and Florida Department of Financial Services

SUMMARY:

The sixty-seven Clerks of the Court collect fees, service charges and fines imposed pursuant to law. A portion of these fees, service charges and fines are remitted monthly to the Florida Department of Revenue for deposit into the General Revenue Fund or for deposit into the Clerk of the Courts Clearing Trust Fund. Revenues deposited into the Clerks of the Court Clearing Trust Fund are used for providing monthly payments to the clerks of the court deficit counties to pay for operating expenses. Any excess revenues in the Trust Fund beyond a reasonable operating balance are transferred to the General Revenue Fund.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Article V Fees General Revenue | Transfers to General Revenue | Article V Fees Local | Article V Fees Trust Fund |
|-------------|-------------------|-----------------|--------------------------------|------------------------------|----------------------|---------------------------|
| 2009-10* | 257,398,000 | 4.98% | 209,600,000 | 30,400,000 | 17,398,000 | 0 |
| 2008-09* | 245,198,000 | 82.42% | 197,400,000 | 30,400,000 | 17,398,000 | 0 |
| 2007-08 | 134,412,653 | 13.75% | 79,966,327 | 33,716,326 | 21,900,000 | -1,170,000 |
| 2006-07 | 118,170,000 | 0.80% | 76,370,000 | 27,500,000 | 19,800,000 | -5,500,000 |
| 2005-06 | 117,230,000 | 100.00% | 71,530,000 | 16,000,000 | 19,300,000 | 10,400,000 |

* Estimate

HISTORY:

On November 3, 1998, Florida voters approved Revision 7 to Article V, Section 14 (b) of the State Constitution providing that circuit and county courts performing court-related functions be funded by accurate and appropriate filing fees for judicial proceedings, and service charges and costs for performing court-related functions.

During the 2000 Legislative Session, the legislature approved Chapter 2000-237, Laws of Florida, setting forth a process for the clerks to develop and propose a schedule of fees and services to the legislature for consideration. In 2003, the legislature approved Chapter 2003-402, L.O.F., regarding the implementation of Revision 7 to Article V, section 14 (b) of the State Constitution, which was developed in accordance with the process established in Chapter 2000-237, L.O.F. Chapter 2003-402, L.O.F., also provided a schedule of fines, fees and service charges as well as the disposition of revenues to the various entities, funds and trust funds. During the 2004 and 2005 Legislative Sessions, the legislature approved Chapters 2004-265 and 2005-236, L.O.F., respectively, revising a number of fees, fines and service charges. During the 2008 Legislative Session, the Legislature approved Chapter 2008-111, L.O.F. establishing several new and increasing many existing fines, fees and service charges.

ARTICLE V FEES AND TRANSFERS

BASE AND RATE:

\$80 of first \$85 in filing fees for circuit civil action and one-third (1/3) of filing fees in excess of \$100 for circuit civil action, \$295 counterclaim filing fee for circuit civil action; the first \$80 of \$280 (or \$80) appellate filing fee and one-third (1/3) of appellate filing fee in excess of \$80; the annual remittance of cumulative excess of all fees, service charges, court costs, and fines by the clerks; the additional revenue pursuant to new and increased fines and fees pursuant to section 2008-111, L.O.F; the first \$80 of up to \$295 filing fee for county civil claims of more than \$2,500 and one-third (1/3) of filing fee in excess of \$95 for county civil claims of more than \$2,500; and \$295 counterclaim filing fee for county civil action.

DISPOSITION:

The Clerks of the Court collect fees, service charges and fines from individuals and remit them to the Florida Department of Revenue by the twentieth of month following their collection.

OTHER STATES:

According to the National Center for State Courts, all fifty states, the District of Columbia, Guam, Puerto Rico, the Virgin Islands and the U.S. Federal Court System impose some form of court fees.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

AUTO TITLE AND LIEN FEES

FLORIDA STATUTES: Chapter 319

ADMINISTERED BY: Department of Highway Safety and Motor Vehicles

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.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | General Revenue | State Transportation Trust Fund | Non-game Wildlife Trust Fund |
|-------------|-------------------|-----------------|-----------------|---------------------------------|------------------------------|
| 2009-10* | 115,310,000 | 2.83% | 25,400,000 | 87,956,000 | 1,954,000 |
| 2008-09* | 112,135,000 | -14.96% | 24,700,000 | 85,535,000 | 1,900,000 |
| 2007-08 | 131,862,168 | -9.26% | 29,045,562 | 100,582,396 | 2,234,210 |
| 2006-07 | 145,314,933 | -4.52% | 33,073,173 | 109,706,682 | 2,535,078 |
| 2005-06 | 152,187,909 | 3.84% | 34,474,783 | 114,821,003 | 2,892,123 |
| 2004-05 | 146,555,980 | 1.87% | 32,684,421 | 110,914,706 | 2,956,853 |
| 2003-04 | 143,862,850 | | 31,489,144 | 109,638,508 | 2,735,198 |

* Estimate

HISTORY:

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

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 vehicle for hire registered under s. 320.08(6), F.S. There is also a \$4.25 service charge for the transfer of any certificate of title and a \$2.00 fee for assignment by a lien holder, 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. An additional service charge of not more than \$.50 may be imposed by any tax collector when any of the above mentioned transactions occur at any tax collector's branch office. Application for title must be made within 30 days of acquisition, subject to a \$10.00 late fee penalty.

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.

AUTO TITLE AND LIEN FEES

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: An additional \$4 per each original certificate of title issued for a vehicle previously registered outside Florida.

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 of \$1.00 to \$10.00.

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of \$1 on all titles issued | \$5.3 |
| VALUE OF EXEMPTIONS: | |
| \$21 exemption/for-hire vehicles | \$18.8 |
| \$22 exemption/salvage certificate of title | \$1.1 |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|-----------------------------------|
| Increase service charges for certificates of titles, license plates, etc. | S1172/2004 idn H201, S872/2005 |

BEVERAGE LICENSES

FLORIDA STATUTES: Chapters 561 to 568

ADMINISTERED BY: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

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.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Distributions | | |
|-------------|-------------------|-----------------|---------------|-----------|------------|
| | | | Cities | Counties | Trust Fund |
| 2009-2010* | 36,234,170 | -0.2% | 6,413,448 | 5,761,233 | 30,472,937 |
| 2008-2009* | 36,294,569 | -0.2% | 6,424,139 | 5,770,837 | 30,523,733 |
| 2007-2008 | 36,355,070 | -0.2% | 6,420,719 | 5,772,485 | 30,582,585 |
| 2006-2007 | 36,415,671 | 2.1% | 7,570,674 | 5,688,524 | 30,727,147 |
| 2005-2006 | 35,676,911 | 7.1% | 6,769,144 | 6,139,067 | 29,537,844 |
| 2004-2005 | 33,322,320 | -0.8% | 6,664,972 | 5,835,028 | 27,487,291 |
| 2003-2004 | 33,604,547 | - | 5,592,630 | 6,088,849 | 27,515,698 |

* Estimate

HISTORY:

Florida legalized the manufacturing and selling of alcoholic beverages in 1933, subject to county approval. The same form and rates of licenses were in effect from 1935 until 1971. The 1971 Legislature rewrote the alcoholic beverage laws. License fees were increased substantially for vendors of wine and liquor. Vendors' licenses for liquor sales are limited to one per 2,500 residents, but special licenses are issued to certain organizations. Until 1986, distributions of license revenues were as follows: 24% to county where collected; 38% to city where collected; remainder to the General Revenue Fund. Beginning July 1, 1986, all beverage license revenue, less distributions to counties and cities, was earmarked for deposit into the Alcoholic Beverage and Tobacco Trust Fund, to be used to operate the Division of Alcoholic Beverages and Tobacco. A surtax of 40% of license fees for beer and wine vendors was imposed, for deposit into the trust fund. 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 areas, increased the Hughes Act fee for a new liquor license from \$5,000 to \$10,750, and revised the formula for the issuance of quota alcoholic beverage licenses. The Legislature also provided for the issuance of a special license for consumption on- premises only, for a qualified performing arts center.

In 1997, the Legislature amended s. 561.24, F.S., to prohibit a wine manufacturer from being dually licensed as a distributor and registered as an exporter. A grandfather clause exempts any manufacturer of wine that holds a 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' salesmen of spirituous or vinous beverages does not apply for cider. Chapter 2000-191, L.O.F., provided the following changes to the Beverage License Laws: increased the quota license restriction from one license for every 5,000 residents to one license for every 7,500 residents in a county; required that a transfer fee equal to fifteen 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.

BEVERAGE LICENSES

In 2007, the law was passed prohibiting a licensed alcoholic beverage establishment from denying service to a designated driver. In 2008, the Tied House Evil laws were extended to include importers, primary American sources of supply, brand owners or registrants, or any related brokers, sales agents, or sales persons to the prohibitions of giving financial aid and assistance to vendors. The law was extended to allow vendors to own brands, brand names, or labels of alcoholic beverages.

BASE AND RATE:

Beer: Vendor, on-premises \$40 - \$200 depending on the size of the county; 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 the 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 the size of county and the number of locations on the premises where consumption occurs; off-premises are 75% of on-premises rate. Manufacturers distilling liquors - \$4,000; blending liquors - \$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.

DISPOSITION:

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

OTHER STATES:

There are 18 states that control the sale of liquor, and 32 states and the District of Columbia that license the sale of liquor. Every state that allows alcoholic beverages to be sold by private industry imposes a vendor's license fee. All states impose a license fee on manufacturing or distribution of alcoholic beverages. Some states charge a licensing fee for importers in addition to wholesale license fees. There is no uniform rate schedule among the states for comparisons, but among the states for which comparisons can be made in amount of revenues raised, Florida ranks high. Florida collects approximately 8.95% of the total alcoholic beverage license fee revenues in the US annually, with only Texas, New York, and California collecting more.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|--|
| Allows for direct shipment of wine from out-of-state, and requires shippers to be licensed. Provides the annual registration fee for direct shipment licenses in the amount of \$100. | S656/2001, S480/2005, S906/2005 |
| Allows for direct shipment of wine from out-of-state, and requires shippers to be licensed. Provides the annual registration fee for direct shipment licenses in the amount of \$250. | S144/2006 sm H247, S126/2007, S2608/2008, S1096/2008, S1736/2008 |

BEVERAGE TAX

FLORIDA STATUTES: Chapters 561 to 568

ADMINISTERED BY: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

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 \$2.25 to \$9.53 per gallon, with rates varying with the alcohol content of the beverage. Additionally, surtaxes are required to be paid by each seller of alcoholic beverages for consumption on the premises at the rate of \$.0334 per ounce of spirits or 4 ounces of wine, \$.0134 per 12 ounces of beer, and \$.02 per 12 ounces of cider. The surtax was repealed effective July 1, 2007.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Excise Tax on Spirits, Wine and Beer | On-Premise Consumption Surcharge** |
|-------------|-------------------|-----------------|--------------------------------------|------------------------------------|
| 2009-2010* | 599,700,000 | 0.7% | 599,700,000 | - |
| 2008-2009* | 595,800,000 | -2.2% | 593,800,000 | 2,000,000 |
| 2007-2008 | 609,235,323 | -6.8% | 600,185,177 | 9,050,146 |
| 2006-2007 | 653,649,044 | 1.7% | 603,726,674 | 49,922,371 |
| 2005-2006 | 643,030,877 | 3.2% | 594,039,423 | 48,991,454 |
| 2004-2005 | 622,873,992 | 5.3% | 575,934,460 | 46,939,532 |
| 2003-2004 | 591,692,192 | | 546,641,912 | 45,050,280 |

| Fiscal Year | Excise Tax Collections by Source | | | Beverage Tax Distributions | | |
|-------------|----------------------------------|-------------|-------------|----------------------------|--------------------|---|
| | Spirits **** | Wine **** | Beer **** | General Revenue | CASA Trust Fund*** | Alcoholic Beverage and Tobacco Trust Fund |
| 2009-2010* | 203,898,000 | 125,937,000 | 269,865,000 | 591,500,000 | - | 11,100,000 |
| 2008-2009* | 202,572,000 | 125,118,000 | 268,110,000 | 588,600,000 | - | 11,000,000 |
| 2007-2008 | 211,746,249 | 131,451,645 | 256,987,283 | 609,200,000 | - | 11,100,000 |
| 2006-2007 | 210,956,351 | 129,135,721 | 263,634,601 | 637,500,000 | 12,597,123 | 11,200,000 |
| 2005-2006 | 204,351,445 | 123,680,716 | 266,007,263 | 590,400,000 | 12,353,771 | 13,200,000 |
| 2004-2005 | 197,923,802 | 118,016,930 | 259,993,728 | 575,700,000 | 11,745,809 | 10,200,000 |
| 2003-2004 | 183,977,207 | 113,564,865 | 249,099,841 | 572,500,000 | 11,321,456 | 10,100,000 |

* Estimate

** The Surcharge was reduced by one-third on September 1, 1999 and again by one-half on July 1, 2000. It will be repealed on July 1, 2007. Any collections after that date will be from close-out audit collections.

*** The distribution to the Children and Adolescents Abuse Trust Fund from the on-premise consumption surcharge was discontinued due to the repeal of the surcharge effective July, 2007.

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

BEVERAGE TAX

basis of accounting.

HISTORY:

In 1933, Florida authorized the sale of alcoholic beverages and a tax was placed on manufacturers, distributors, and vendors of beer and liquor. In 1935, the beverage tax was extended to include beer, wine, and liquor. The tax rates were increased on specific beverage categories in 1937, 1941, 1947, 1949, 1967, 1968, and 1972. The primary tax rates were increased in 1945, 1963, 1977, and 1983 on all alcoholic beverages and the classification of beverages was established as they now exist. The drinking age was increased from 19 to 21 in 1985. 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 later 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 per ounce of liquor, \$.10 per 4 ounces of wine, and \$.04 per 12 ounces of beer 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 serving to \$.06 per 12 ounce serving. In 1999, all surcharge tax rates were reduced by 1/3, and in 2000 they were reduced again by 1/2. In 2001, the Legislature removed the 8, 12, and 16-ounce restrictions on container sizes of malt beverages sold at retail, allowing malt beverages to be sold in individual containers of any size of 32 ounces or less. In 2004, ch. 2004-2, Laws of Florida, directed the following distributions from Beverage Excise Tax collections: Grants and Donations Trust Fund, Department of Elderly Affairs - \$15 million annually; Biomedical Research Trust Fund - \$6 million annually; and the Florida State University School of Chiropractic Medicine - \$9 million annually. Ch. 2006-182, Laws of Florida, eliminated the distributions to the Grants and Donations Trust Fund in the Department of Elderly Affairs, the Biomedical Research Trust Fund, and the Florida State University School of Chiropractic Medicine and restored the funds to the General Revenue Fund. Ch. 2006-162, Laws of Florida, repealed the on-premises consumption surcharge, effective July 1, 2007.

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

B E V E R A G E T A X

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 for beer, wine, and liquor, less 7.3% General Revenue Service Charge.

Children and Adolescents Substance Abuse Trust Fund: Until June 30, 2007, 27.2% of On-Premises Consumption Surcharge, less 7% General Revenue Service Charge. Effective July 1, 2007, the distribution is discontinued.

Grants and Donations Trust Fund: \$15 million annually, Department of Elderly Affairs, 2004-05 and 2005-06 only.

Biomedical Research Fund: \$6 million annually, 2004-05 and 2005-06 only.

Florida State University School of Chiropractic Medicine: \$9 million annually, 2004-05 and 2005-06 only.

General Revenue Fund: Receives the remainder of the proceeds.

OTHER STATES:

All states, plus the District of Columbia, tax the sale of alcoholic beverages. There are 18 states that control the sale of liquor, and 32 states and the District of Columbia that license the sale of liquor. Among the states for which comparisons can be made, Alaska is the only state with higher excise tax rates for some categories of wine and liquor. Alabama, North Carolina, South Carolina, Hawaii and Alaska have higher excise tax rates on beer. Florida collects approximately 12.68% of the total alcoholic beverage excise taxes in the US annually, with only Texas collecting more.

| | <u>2009-2010</u> (millions) |
|---|--------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of 1 cent per gallon levy on beer | \$4.2 |
| Value of 10 cents per gallon levy on liquor | \$3.4 |
| Value of 10 cents per gallon levy on wine | \$5.7 |
| (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) | \$4.5 |
| VALUE OF REFUNDS AND ALLOWANCES: | |
| Dealer allowance on wine (1.9%) (s. 564.06(6)) | \$2.6 |
| Dealer allowance on beer (2.5%) (s. 563.07) | \$6.7 |
| Dealer allowance on liquor (1.0%) (s. 565.13) | \$2.3 |

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.

B E V E R A G E T A X

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

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|--|
| Exempts charitable organizations from sale and excise taxes on sales made from direct shipments of wine from out of state. | S656/2001, S480/2005 |
| Provides out-of-state winery shippers to collect and remit sales and excise taxes to the Department of Revenue. The amount of tax is determined by designating the sale at the delivery location in this state. | S656/2001, S480/2005, S144/2006 sm H247, S126/2007, S2608/2008 sm H693, S1096/2008, S1736/2008 |
| Provides an exemption for non-profit organizations, licensed by the division under Florida Statute s.565.20 or s. 561.442, from surcharges on alcohol being consumed on premises. | S286/2000, S1458/2000 |

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

FLORIDA STATUTES: Chapter 210

ADMINISTERED BY: Department of Business and Professional Regulation, Division of Alcoholic Beverages and Tobacco

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 the 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.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Cigarette Collections | Other Tobacco Products Tax Collections |
|-------------|-------------------|-----------------|-----------------------|--|
| 2009-10* | 430,300,000 | -0.23% | 398,700,000 | 31,600,000 |
| 2008-09* | 431,300,000 | -2.80% | 400,800,000 | 30,500,000 |
| 2007-08 | 443,731,618 | -2.27% | 411,947,605 | 31,784,013 |
| 2006-07 | 454,017,042 | -0.61% | 420,927,870 | 33,089,172 |
| 2005-06 | 456,794,264 | -2.44% | 429,331,794 | 27,462,470 |
| 2004-05 | 468,218,569 | 4.89% | 439,174,476 | 29,044,093 |
| 2003-04 | 446,406,170 | | 418,713,225 | 27,692,945 |

| Distributions** | | | | | |
|-----------------|---------------------|--------------------|------------------------|--------------------------------------|------------------------------------|
| Fiscal Year | Total Distributions | General Revenue*** | County Revenue Sharing | Public Medical Assistance Trust Fund | Cancer Center & Research Institute |
| 2009-10* | 365,800,000 | 242,400,000 | 10,600,000 | 107,200,000 | 5,600,000 |
| 2008-09* | 367,800,000 | 238,600,000 | 10,700,000 | 107,800,000 | 10,700,000 |
| 2007-08 | 406,299,839 | 269,204,708 | 10,914,747 | 110,276,582 | 15,903,802 |
| 2006-07 | 417,413,574 | 276,993,576 | 11,208,894 | 113,248,477 | 15,962,627 |
| 2005-06 | 424,279,028 | 281,418,923 | 11,397,165 | 115,150,676 | 16,312,264 |
| 2004-05 | 437,720,932 | 290,475,705 | 11,730,192 | 119,581,673 | 15,933,362 |
| 2003-04 | 414,303,130 | 278,973,625 | 11,109,423 | 113,000,000 | 11,220,082 |

* Estimate

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

*** Includes a 7.3% General Revenue Service Charge.

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.

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

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. Chapter 85-141, Laws of Florida (L.O.F.), imposed a 25% tax on the wholesale price of chewing tobacco, snuff and loose tobacco for the first time. Chapter 90-132, L.O.F., provided for a cigarette tax increase of 9.9 cents per pack, earmarked for deposit into the Public Medical Assistance Trust Fund, and authorized the Division of Alcoholic Beverages and Tobacco to withhold 0.9 percent of cigarette tax collections for deposit into the Alcoholic Beverage and Tobacco Trust Fund to fund the Division. Chapter 98-286, L.O.F., provided for a 10 year distribution of 2.59% to the H. Lee Moffitt Cancer Center and Research Institute, reducing the General Revenue distribution accordingly. Chapter 200-355, L.O.F., eliminated the distribution from cigarette tax to the Municipal Revenue Sharing Trust Fund and the Municipal Financial Assistance Trust Fund, resulting in an increase in the distribution to the General Revenue Fund. Chapter 2002-393, L.O.F., provided for an additional distribution to the H. Lee Moffitt Cancer Center and Research Institute: 0.2632% in 2002-03 and 2003-04; and 1.47% in 2004-05 through 2015-16, with the General Revenue distribution reduced accordingly.

BASE AND RATE:

Cigarettes of common size (not over 3 lbs. per 1,000) are 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.

DISPOSITION:

Cigarette Tax: Deductions from total collections are seven and three-tenths percent to General Revenue Service Charge and nine-tenths percent to the Alcoholic Beverage and Tobacco Trust Fund. Distributions are then made from the remaining revenue as follows: 2.9% to County Revenue Sharing, 29.3% to the Public Medical Assistance Trust Fund to fund indigent health care, 4.06% to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute (declining to 1.47% beginning January 1, 2009 through 2015-16), and the remainder to General Revenue.

Other Tobacco Products Tax: General Revenue Fund

OTHER STATES:

All states and the District of Columbia tax cigarettes at rates varying from 7.0 cents in South Carolina to \$2.58 in New Jersey. Forty-five states and the District of Columbia currently have higher cigarette taxes than Florida.

| | <u>2009-10</u> (millions) |
|--|------------------------------|
| VALUE OF RATE CHANGES: | |
| Cigarette Tax: | |
| Value of 1 cent per pack tax levy (Note; this estimate assumes no reduction in consumption would result from a tax increase. With higher increases in the tax, consumption affects would likely occur, reducing the associated per penny increase in tax collections) | \$11.8 |
| Other Tobacco Products Tax: | |
| Value of 1% levy on currently taxed products | \$1.3 |
| VALUE OF EXEMPTIONS: | |
| Cigarette Tax: | |
| Cigarettes sold at federal installations (s. 210.04(4)(a)) (Note: Title 4, Section 107 USC (Buck Act), prohibits states from Levying excise taxes on cigarettes sold at federal installations) | \$37.9 |

CIGARETTE AND OTHER TOBACCO PRODUCTS TAX

Cigarettes sold on Indian reservations (s. 210.05(5)) \$8.6

VALUE OF REFUNDS AND ALLOWANCES: 2009-10
(millions)

Dealer collection allowance (s. 210.05(3)(a)) \$5.8
(2% of taxes collected and due calculated on a 24 cent tax rate)

Refund for unsold products (s. 210.11) \$.3

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|---|
| Imposes the new Public Health Tobacco Equity Surcharge in the amount of \$0.36, per pack. | S2214/2001, S1508/2002 |
| Allows for the exemption from Public Health Equity Surcharge by removing all outdoor advertising by tobacco companies. | S1998/2000, S2214/2001, S1508/2002 |
| Imposes an additional fee on cigarettes sold by nonsettling-manufacturers at 20 mills per cigarette, increasing each year at the greater of either 3%, or the percentage change in the consumer price index | S2112/2004 sm H405, S1988/2006 sm H1313 |
| Increases the tax on all cigarettes weighing more than three pounds per thousand that are less than six inches long, from 33.9 to 133.9 mills. Also increases the tax on all cigarettes weighing more than three pounds per thousand that are more than six inches long, from 67.8 to 267.8 mills. | H299/2008, S2790/2008 |
| Imposes a tax on moist snuff, at a rate of ___ cents per ounce. Although there is no amount present, this issue is likely to be brought up again in 2009. | S2402/2007 sm H523, S2328/2008 idn H681 |

CITRUS TAXES

FLORIDA STATUTES: Chapter 601

ADMINISTERED BY: Department of Citrus

SUMMARY:

Each box of fresh and processed citrus is subject to the citrus tax. The annual per box tax rates are determined by the Florida Citrus Commission each year, but cannot exceed maximum rates set forth in Section 601.15, F.S.

REVENUE:

| Fiscal Year | Total Collections (Millions) | Annual Change % |
|-------------|---------------------------------|--------------------|
| 2009-10* | 49.5 | 0.00% |
| 2008-09* | 49.5 | -6.95% |
| 2007-08 | 53.2 | 27.27% |
| 2006-07 | 41.8 | 24.78% |
| 2005-06 | 33.5 | 9.84% |
| 2004-05** | 30.5 | -37.24% |
| 2003-04 | 48.6 | |

* Estimate

** The 2004-05 drop in citrus tax collections was the result of the negative impact the hurricanes of 2004 had on the industry.

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.

BASE AND RATE:

The tax rates per box for the August 1, 2008 – July 31, 2009 season are:

Fresh – 11 cents for oranges, 35 cents for grapefruits, and 10 cents for other varieties

Processed – 24 cents for oranges, 35 cents for grapefruits, and 24 cents for other varieties

The tax on imported processed fruit may be reduced by 2/3ds at the option of the taxpayer. Section 601.155, F.S.

DISPOSITION:

Citrus Advertising Trust Fund

OTHER STATES:

The nature of this tax precludes an interstate comparison, but some other states have similar taxes used to promote specific agricultural products.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

COMMUNICATIONS SERVICES TAX

FLORIDA STATUTES: Chapter 202

ADMINISTERED BY: Department of Revenue

SUMMARY:

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

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Distributed by Sales Tax Distribution Formula | Tax on Direct-to-Home Satellite Service** | Gross Receipts Tax |
|-------------|-------------------|-----------------|---|---|--------------------|
| 2009-10* | 1,736,810,000 | 3.35% | 1,190,440,000 | 61,460,000 | 484,910,000 |
| 2008-09* | 1,680,480,000 | 4.87% | 1,151,150,000 | 58,810,000 | 470,520,000 |
| 2007-08 | 1,602,507,328 | 4.17% | 1,090,020,000 | 56,630,000 | 455,857,328 |
| 2006-07 | 1,538,400,000 | 3.78% | 1,043,700,000 | 53,700,000 | 441,000,000 |
| 2005-06 | 1,482,315,081 | 6.65% | 1,007,214,172 | 52,190,000 | 422,910,909 |
| 2004-05 | 1,389,946,278 | 8.43% | 944,098,247 | 40,180,000 | 405,668,031 |
| 2003-04 | 1,281,833,973 | | 863,512,864 | 35,249,400 | 383,071,709 |

* Estimate

** Distributed to local governments through the Local Government Half-Cent Clearing Trust Fund.

HISTORY:

Prior to 2001, nonresidential telecommunications 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. Telecommunications services were also subject to gross receipts tax at the rate of 2.5% 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 telecommunications 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 locally imposed communications services tax to be administered by the Department of Revenue. Chapter 2001-140, L.O.F., established the revenue-neutral tax rates for the state-wide and local communications services taxes. Chapter 2002-48, L.O.F., conformed the communications services tax exemption for religious and educational institutions to similar provisions in the sales tax statute. It also provided an exemption for the public lodging industry from the requirement that dealers separately state the communications services tax. In 2003, ch. 2003-254, L.O.F., exempted homes for the aged from the tax on communications services. Chapter 2005-187, L.O.F., repealed the tax on substitute communications systems and provided that the Department of Revenue would not assess this tax back to October 1, 2001, when the communications services tax was implemented. Chapter 2006-229, L.O.F., redistributed communications services tax revenue from the Local Government Half-cent Clearing Trust Fund to fiscally constrained counties. Thirty percent of the tax on direct-to-home satellite services that had been transferred to the Local Government Half-cent Clearing Trust Fund was redirected to fiscally constrained counties, which are defined as counties for which a mill of property tax will raise no more than \$5 million.

COMMUNICATIONS SERVICES TAX

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, are subject to state communications tax at a rate of 6.8 percent. Direct-to-home satellite service is taxed at a 10.8 percent rate. A gross receipts tax is also imposed on these services at a rate of 2.37 percent.

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., the emergency distribution under s. 218.65, F.S., and the fiscally constrained counties distribution under s. 218.67, F.S. The gross receipts tax which is administered under this law goes to the Public Education Capital Outlay and Debt Service Trust Fund.

OTHER STATES:

Communications services are taxed by all fifty states and the District of Columbia. A state-by-state comparison of the taxes levied in 2007 on wireless services appears in the April 2008 issue of the Info Tech & Telecom News published by The Heartland Institute and accessible at <http://www.heartland.org/policybot/results.html?articleid=23012> .

2009-10
(millions)

VALUE OF RATE CHANGE:

| | | |
|-------------------------------|---|---------------|
| Value of 1% levy on tax base: | Cable Telecommunication Services | \$34.1 |
| | Wireless Telecommunication Services | \$87.9 |
| | Direct-to-Home Satellite Telecommunication Services | \$15.3 |
| | Residential Telephone Services | \$30.2 |
| | Other Telecommunication Services | <u>\$34.7</u> |
| | Total Telecommunication Services | \$202.2 |

VALUE OF EXEMPTIONS:

| | |
|---|---------------|
| Residential telephone (not including mobile telephone) (s. 202.125) | \$205.6 |
| Sales to government agencies, religious or educational 501(c) (3) organizations, and homes for the aged (s. 202.125) | \$297.3 |
| \$100,000 cap on taxes on incoming interstate communications services for holder of direct-pay permits (s. 202.12(3)) | \$14.8 |
| Internet access (s. 202.17(3)) | Indeterminate |
| Dealer collection allowance | \$17.2 |

COMMUNICATIONS SERVICES TAX

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|---|
| Addresses the issue of determining taxation amount of bundled items that include communication services. Bundles including nontaxable items will still be taxed unless the provider can reasonable identify from its books which portion should not be taxed, and calculate the adjusted rate accordingly. If the bundle includes items that are taxed at different rates, the entire bundle shall be taxed at the higher rate unless the provider can reasonably identify from its books which portion should be taxed less, and calculate the adjusted rate accordingly. | S2666/2003 idn H141 sm H1897, S2904/2004 |
| Provides for the deletion of the provision authorizing the imposition of local communications services tax on substitute communications systems. | H735/2004, S818/2005 |

CORPORATION FEES

FLORIDA STATUTES: Sections 15.09; 607.0122; 607.193; 608.452; 609.02, 617.0122, 620.1109, and 620.81055.

ADMINISTERED BY: Department of State, Division of Corporations

SUMMARY:

All corporations doing business in Florida must file annually with the Department of State. Business entities 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. A comprehensive list of fees can be found in the Florida Statutes sections detailed above.

REVENUE:

| Fiscal Year | Partnerships Fees (a) | Annual Report Fees (b) | Corporate Fees | Supplemental Corporate Fees | Misc Fees (c) | Total Fees | General Revenue Distribution (d) | Annual Change % |
|-------------|-----------------------|------------------------|----------------|-----------------------------|---------------|-------------|----------------------------------|-----------------|
| 2009-10* | 970,000 | 70,470,000 | 37,290,000 | 89,450,000 | 18,820,000 | 217,000,000 | 217,000,000 | -1.99% |
| 2008-09* | 990,000 | 71,900,000 | 38,050,000 | 91,270,000 | 19,190,000 | 221,400,000 | 221,400,000 | 0.59% |
| 2007-08 | 1,003,938 | 73,088,263 | 38,675,606 | 92,770,280 | 19,508,883 | 225,046,970 | 220,111,353 | 12.21% |
| 2006-07 | 1,038,672 | 72,462,819 | 38,901,005 | 67,630,358 | 21,385,123 | 201,417,977 | 196,156,917 | 2.32% |
| 2005-06 | 1,256,791 | 67,850,415 | 40,775,586 | 65,492,606 | 21,617,193 | 196,992,591 | 191,715,911 | 8.67% |
| 2004-05 | 1,723,831 | 59,793,163 | 37,042,412 | 62,456,360 | 20,356,552 | 181,372,318 | 176,414,111 | 9.29% |
| 2003-04 | 2,844,821 | 52,753,141 | 33,714,519 | 56,891,759 | 19,492,924 | 165,697,164 | 161,423,236 | |

* Estimate

- (a) A newly instated accounting change has removed non-partnership fees from this account.
- (b) Annual report fees include annual reports for the arts.
- (c) Miscellaneous fees include: trademarks, service of process, liens, fictitious names, federal tax liens, penalties for NSF, certificates, certified and photocopies.
- (d) The General Revenue distribution does not always equal Total Fees collected due to accounting practices and end of year balances.

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. 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 43% of all moneys deposited each month into the trust fund to be transferred to the General Revenue Fund. Also in 1990 a supplemental corporate fee of \$138.75 was imposed on each business entity authorized to do business in Florida and required to file an annual report with the Department of State. Revenues from the supplemental fee were 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.

In 1993, the annual report filing fee was increased for limited liability companies. In 1995, the supplemental corporate fee for not-for-profit corporations was reduced from \$138.75 to \$68.75 and the fee for not-for-profit corporations was repealed on January 1, 1996. On January 1, 1997, the supplemental corporate fee for

CORPORATION FEES

corporations-for-profit was reduced from \$138.75 to \$103.75 and to \$88.75 on January 1, 1998. In addition, the supplemental corporate fee late charge was increased from \$25 to \$385 on January 1, 1997, and increased to \$400 on January 1, 1998. In 2001, the legislature authorized the Department of State to reduce the annual filing fee by an amount equal to the convenience fee. Also, authorization was granted to the department to waive supplemental corporate late charges for filers who had not received the department's prescribed forms.

In 2003 the Corporation Trust Fund was eliminated with all current balances transferred to the General Revenue Fund. In 2007 Ch. 2007-5, L.O.F., corrected a reference in s. 607.193, F.S. to render limited liability companies subject to the supplemental filing fee.

BASE AND RATE:

Specific fees are charged for each type of filing required by law. The current fee schedule for each type of entity is detailed below:

For corporations (s. 607.0122, F.S.):

- (1) Articles of incorporation: \$35.
- (2) Application for registered name: \$87.50.
- (3) Application for renewal of registered name: \$87.50.
- (4) Corporation's statement of change of registered agent or registered office or both if not included on the annual report: \$35.
- (5) Designation of and acceptance by registered agent: \$35.
- (6) Agent's statement of resignation from active corporation: \$87.50.
- (7) Agent's statement of resignation from an inactive corporation: \$35.
- (8) Amendment of articles of incorporation: \$35.
- (9) Restatement of articles of incorporation with amendment of articles: \$35.
- (10) Articles of merger or share exchange for each party thereto: \$35.
- (11) Articles of dissolution: \$35.
- (12) Articles of revocation of dissolution: \$35.
- (13) Application for reinstatement following administrative dissolution: \$600.
- (14) Application for certificate of authority to transact business in this state by a foreign corporation: \$35.
- (15) Application for amended certificate of authority: \$35.
- (16) Application for certificate of withdrawal by a foreign corporation: \$35.
- (17) Annual report: \$61.25.
- (18) Articles of correction: \$35.
- (19) Application for certificate of status: \$8.75.
- (20) Certificate of domestication of a foreign corporation: \$50.
- (21) Certified copy of document: \$52.50.
- (22) Serving as agent for substitute service of process: \$87.50.
- (23) Supplemental corporate fee: \$88.75.
- (24) Any other document required or permitted to be filed by this act: \$35.

For limited liability corporations (s. 608.452, F.S.):

- (1) For furnishing a certified copy, \$30.
- (2) For filing original articles of organization, articles of revocation of dissolution, or a foreign limited liability company's application for a certificate of authority to transact business, \$100.
- (3) For filing a certificate of merger of limited liability companies or other business entities, \$25 per constituent party to the merger, unless a specific fee is required for a party in other applicable law.
- (4) For filing an annual report, \$50.
- (5) For filing an application for reinstatement after an administrative or judicial dissolution or a revocation of authority to transact business, \$100.

C O R P O R A T I O N F E E S

- (6) For filing a certificate designating a registered agent or changing a registered agent, \$25.
- (7) For filing a registered agent's statement of resignation from an active limited liability company, \$85.
- (8) For filing a registered agent's statement of resignation from a dissolved limited liability company, \$25.
- (9) For filing a certificate of conversion of a limited liability company, \$25.
- (10) For filing any other limited liability company document, \$25.
- (11) For furnishing a certificate of status, \$5.
- (12) Supplemental corporate fee: \$88.75 (s. 607.193, F.S.).

For corporations not for profit (s. 617.0122, F.S.):

- (1) Articles of incorporation: \$35.
- (2) Application for registered name: \$87.50.
- (3) Application for renewal of registered name: \$87.50.
- (4) Corporation's statement of change of registered agent or registered office or both if not included on the annual report: \$35.
- (5) Designation of and acceptance by registered agent: \$35.
- (6) Agent's statement of resignation from active corporation: \$87.50.
- (7) Agent's statement of resignation from administratively dissolved corporation: \$35.
- (8) Amendment of articles of incorporation: \$35.
- (9) Restatement of articles of incorporation with amendment of articles: \$35.
- (10) Articles of merger for each party thereto: \$35.
- (11) Articles of dissolution: \$35.
- (12) Articles of revocation of dissolution: \$35.
- (13) Application for reinstatement following administrative dissolution: \$175.
- (14) Application for certificate of authority to transact business in this state by a foreign corporation: \$35.
- (15) Application for amended certificate of authority: \$35.
- (16) Application for certificate of withdrawal by a foreign corporation: \$35.
- (17) Annual report: \$61.25.
- (18) Articles of correction: \$35.
- (19) Application for certificate of status: \$8.75.
- (20) Certified copy of document: \$52.50.
- (21) Serving as agent for substitute service of process: \$87.50.
- (22) Any other document required or permitted to be filed by this chapter: \$35.

For partnerships (s. 620.81055, F.S.):

- (1) Partnership registration statement: \$50.
- (2) Statement of partnership authority: \$25.
- (3) Statement of denial: \$25.
- (4) Statement of dissociation: \$25.
- (5) Statement of dissolution: \$25.
- (6) Statement of qualification: \$25.
- (7) Statement of foreign qualification: \$25.
- (8) Limited liability partnership annual report: \$25.
- (9) Certificate of merger for each party thereto: \$25.
- (10) Amendment to any statement or registration: \$25.
- (11) Cancellation of any statement or registration: \$25.
- (12) Certified copy of any recording or part thereof: \$52.50.
- (13) Certificate of status: \$8.75.
- (14) Certificate of conversion: \$25.
- (15) Any other document required or permitted to be filed by this act: \$25.
- (16) Supplemental corporate fee: \$88.75 (s. 607.193, F.S.).

CORPORATION FEES

For limited liability partnerships (s. 620.1109, F.S.):

- (1) For furnishing a certified copy, \$52.50 for the first 15 pages plus \$1.00 for each additional page.
- (2) For filing an original certificate of limited partnership, \$965.
- (3) For filing an original application for registration as a foreign limited partnership, \$965.
- (4) For filing certificate of conversion, \$52.50.
- (5) For filing certificate of merger, \$52.50 for each party thereto.
- (6) For filing a reinstatement, \$500 for each calendar year or part thereof the limited partnership was administratively dissolved or foreign limited partnership was revoked in the records of the Department of State.
- (7) For filing an annual report, \$411.25.
- (8) For filing a certificate:
 - (a) Designating a registered agent, \$35;
 - (b) Changing a registered agent or registered office address, \$35;
 - (c) Resigning as a registered agent, \$87.50; or
 - (d) Of amendment or restatement of the certificate of limited partnership, \$52.50;
- (9) For filing a statement of termination, \$52.50.
- (10) For filing a notice of cancellation for foreign limited partnership, \$52.50.
- (11) For furnishing a certificate of status or authorization, \$8.75.
- (12) For filing a certificate of dissolution, \$52.50.
- (13) For filing a certificate of revocation of dissolution, \$52.50.
- (14) For filing any other domestic or foreign limited partnership document, \$52.50.
- (15) Supplemental corporate fee: \$88.75 (s. 607.193, F.S.).

For common-law declarations of trust (s. 609.02, F.S.):

For filing a copy of the declaration of trust, \$350

DISPOSITION:

All corporate filing fees collected by the Department of State are deposited into the General Revenue Fund.

OTHER STATES:

All fifty states and the District of Columbia require corporate filing, annual report, and general fees for doing business in their respective jurisdictions. A comprehensive list of state contacts with links to details on business filing fees can be found at <http://www.iaca.org/node/21> .

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

CORPORATION INCOME AND EMERGENCY EXCISE TAX

FLORIDA STATUTES: Chapters 220 and 221; Florida Constitution Art. VII, Subsection 5(b)

ADMINISTERED BY: Department of Revenue

SUMMARY:

Certain corporations doing business in Florida must pay tax of 5.5% on income earned in Florida. Florida piggybacks the federal income tax code in its determination of taxable income. Taxable income earned by corporations operating in more than one state is taxed in Florida on an apportioned basis using a formula based 25% on property, 25% on payroll and 50% on sales. The first \$5,000 of net income is exempt. Also, subchapter S corporations, master limited partnerships, and most limited liability companies are exempt.

REVENUE:

| Fiscal Year | Gross Collections | Annual Change % | Refunds | Annual Change % | Net Collections |
|-------------|-------------------|-----------------|-------------|-----------------|-----------------|
| 2009-10* | 1,820,000,000 | -3.19% | 310,300,000 | -19.13% | 1,509,700,000 |
| 2008-09* | 1,880,000,000 | -15.19% | 383,700,000 | 29.71% | 1,496,300,000 |
| 2007-08 | 2,216,757,000 | -9.29% | 295,818,357 | 51.55% | 1,920,938,643 |
| 2006-07 | 2,443,687,000 | 1.59% | 195,200,000 | 12.06% | 2,248,487,000 |
| 2005-06 | 2,405,400,000 | 39.06% | 174,200,000 | 11.24% | 2,231,200,000 |
| 2004-05 | 1,729,700,000 | 28.62% | 156,600,000 | -25.46% | 1,573,100,000 |
| 2003-04 | 1,344,800,000 | | 210,100,000 | | 1,134,700,000 |

* Estimate

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 cannot 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%.

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 1994, the community contribution tax credit was extended from June 30, 1994 to June 30, 2005, but was restricted to projects within enterprise zones or benefiting low-income housing. The allowable annual contribution amount was reduced from a total of \$3 million annually to \$2 million annually. A 15% enterprise zone job credit was adopted by the 1996 Legislature for WAGES participants and a 5% job credit was adopted for non-WAGES employees whose wages exceed \$1,500 a month. In 1997, ch. 97-50, L.O.F., created the Rural Job Tax Credit Program and the Urban High Crime Area Job Tax Credit Program. Each program authorizes qualified corporations to take a tax credit per eligible employee of \$500, \$1,000 or \$1,500. This credit can be taken against the corporate income tax or the sales and use tax, but not both.

The 1998 Legislature provided for eight changes in the Florida Income Tax Code. The new laws: (1) created an exemption for research and development activities through a university; (2) created a capital tax credit equal to

CORPORATION INCOME AND EMERGENCY EXCISE TAX

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) increased the number of enterprise credits; (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. In 1999 the Legislature: (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; and (3) increased the community contribution tax credit from \$5 million to \$10 million. The 2001 Legislature provided for one change in the Florida Income Tax Code by introducing a tax credit for contributions made by Florida corporations to non-profit scholarship funding organizations (SFOs). The 2002 Legislature provided for the piggybacking of the Florida Income Tax Code, including the accelerated/bonus depreciation provisions of the Federal Job Creation and Worker Assistance Act of 2002, P.L. 107-147. Other changes pertained to the expansion of the SFO credit scholarship recipients to students in kindergarten and first grade, the change in the apportionment factor for industries in NAICS 311411 (SIC 2037, frozen fruit juices, and vegetables), and the change in the manner of calculating interest on tax deficiencies.

The 2003 Legislature included certain financial services facilities as qualified projects for the capital investment tax credit. Chapter 2003-395, L.O.F., created an amnesty program for taxpayers. This law also increased the interest rate on certain tax deficiencies to prime plus four percent. Chapter 2003-391, L.O.F., amended the corporate income tax credit scholarship program to provide a cap of \$88 million in annual tax credits and the carry forward of tax credits. In Special Session, the Legislature subsequently reduced from \$88 million to \$50 million the maximum amount of corporate tax credits and carry forward tax credits for contributions to SFO's for fiscal year 2003-04. The 2004 Legislature reduced the SFO credits limitation from \$88 million to \$50 million for FY 2004-05. The 2005 Legislature extended the time to file for refunds from two years to three years from the due date of the return with regard to extension. Chapter 2005-282, L.O.F., extends the community contribution tax program through June 30, 2015, and increased the annual cap on the total amount of tax credits granted under the program from \$10 million to \$12 million. This law also allows the Office of Tourism, Trade, and Economic Development to waive the sector requirements of the Capital Investment Tax Credit Program to induce the location or expansion of a facility that creates or retains 1,000 jobs, provided that 100 are new jobs, pays an average wage of at least 130% of the average private sector wage, and makes a cumulative capital investment of at least \$100 million. Chapter 2006-230, L.O.F., authorized a corporate income tax credit for a new or expanded Florida renewable energy facility. Total credits may not exceed \$5 million for any tax year and can be claimed for a maximum period of 10 years. Chapter 2006-230, L.O.F., also provided a corporate income tax credit of 75 percent of all capital costs, operation and maintenance costs, and research and development costs incurred between July 1, 2006 and June 30, 2010, up to a limit of \$3 million per fiscal year, in connection with an investment in hydrogen powered vehicles and hydrogen vehicle fuel stations in Florida. Chapter 2006-78, L.O.F., increased the annual community contribution tax credit by \$2 million. Chapter 2006-55, L.O.F., established the Florida Capital Investment Trust, the Florida Opportunity Fund Management Corporation, and the Florida Opportunity Fund for the purpose of increasing the availability of seed capital and early stage venture capital for emerging companies in Florida. It provided for a total of \$75 million in tax credits, with tax credits exercisable only between July 1, 2011 and June 30, 2036, with an annual cap of \$20 million.

No major changes were made by the 2007 Legislature other than the annual "piggybacking" legislation.

The 2008 Legislature made several major changes. Chapter 2008-206, L.O.F., updated references to the Federal Internal Revenue Code, thereby "piggybacking" Florida's code to the Federal code. However, the temporarily increased asset expensing and temporary additional depreciation allowances enacted by Congress in the Economic Stimulus Act of 2008 were disallowed for Florida income tax purposes. Additionally, the bill slightly accelerated the timing of all estimated payments by requiring remittance only before the first day of the month, not on the first day. Chapter, 2008-241, L.O.F., increased the total annual tax credits allowed for contributions made by Florida corporations to non-profit scholarship funding organizations from \$88 million to \$118 million.

CORPORATION INCOME AND EMERGENCY EXCISE TAX

Chapter 2008-153, L.O.F., increased from \$10.5 million to \$13 million, for FY 2008-09 only, the allowed total credits for the portion of the Community Contribution Tax Credit program dedicated to homeownership for low-income and very-low-income households. Chapter 2008-239, L.O.F., added to the Contaminated Site Rehabilitation Tax Credit (brownfields) new allowances for recovering the cost of solid waste removal and the cost of constructing a health care facility. In addition to various clarifications of renewable energy tax credit provisions, Ch. 2008-227, L.O.F., allows for the transferability of the corporate tax credits for renewable energy technologies investment.

Unless otherwise indicated in the history, it can be assumed that the Legislature has annually updated references to the Federal Internal Revenue Code, thereby “piggybacking” Florida’s code to the Federal code.

BASE AND RATE:

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

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.

DISPOSITION:

General Revenue Fund

OTHER STATES:

All states and the District of Columbia currently impose some form of corporate income or franchise tax, except for Nevada, South Dakota, Washington (state) and Wyoming. Most levying states and the District of Columbia have flat tax rates. These rates range from 1.0 percent to 9.99 percent, with a median tax rate of 6.9 percent. Five states have flat rates lower than Florida’s 5.5 percent rate. Sixteen states use graduated rates. Most of the ranges fall completely between 1.0 and 9.99 percent. Only Iowa goes up to a 12 percent maximum rate. Ohio and Texas have recently made major changes to the structure of their business income taxes. More comparisons can be found at <http://www.taxfoundation.org/taxdata>.

VALUE OF RATE CHANGE:

| | <u>2009-10</u> (millions) |
|--|------------------------------|
| Value of a 1% levy on apportioned net income | \$ 427.2 |

VALUE OF EXEMPTIONS:

Exemptions:

| | | |
|-----------------------------|--------------|----------|
| Chapter S Corporations | I.R.C. | \$ 889.0 |
| Master Limited Partnerships | I.R.C. | 28.5 |
| Standard \$5,000** | s. 220.14(1) | 11.1 |
| Limited Liability Companies | s. 220.02(1) | 235.2 |

Subtractions From Federal Taxable Income:

| | | |
|---|---------------------|------|
| Foreign Source Income (s.78 I.R.C. Income) | s. 220.13(1)(b)2.b. | 53.1 |
| Foreign Source Income (s.951 I.R.C. Subpart F Income) | s. 220.13(1)(b)2.b. | 46.5 |
| Net Foreign Source Dividends | s. 220.13(1)(b)2.a. | 49.7 |
| Florida Net Operating Loss Carryover | s. 220.13(1)(b)1.a. | 30.5 |

CORPORATION INCOME AND EMERGENCY EXCISE TAX

| | | |
|---|---------------------|------|
| Florida Net Capital Loss Carryover | s. 220.13(1)(b)1.b. | 32.9 |
| Florida Excess Charitable or EPB Contribution Carryover | s. 220.13(1)(b)1.c. | 1.3 |
| Florida Targeted Jobs Deduction | s. 220.13(1)(b)3. | 11.2 |
| Non-Florida Non-Business Income | s. 220.13(1)(b)4. | 82.2 |
| International Banking Facility Income | s. 220.63(5) | 20.9 |

VALUE OF CREDITS: 2009-10
(millions)

| | | |
|---|-------------|--------|
| Credits Against Florida Tax Liability: | | |
| Florida HMO Consumer Assistance Assessment | s. 631.828 | \$ 0.6 |
| Capital Investment | s. 220.191 | 0.5 |
| Enterprise Zone Jobs | s. 220.181 | 5.6 |
| Community Contribution (\$13m cap) | s. 220.183 | 13.0 |
| Enterprise Zone Ad Valorem | s. 220.182 | 1.4 |
| Emergency Excise Tax | s. 221.02 | 0.2 |
| Hazardous Waste Facility | s. 220.184 | 0.1 |
| Alternative Minimum Tax (AMT) | s. 220.186 | 0.5 |
| Rehabilitation of Contaminated Sites (\$2m cap) | s. 220.1845 | 2.0 |
| Child Care Facility (\$2m cap) | s. 220.19 | 0.2 |
| State Housing Tax | s. 220.185 | 2.3 |
| Scholarship Funding Organizations (\$118m cap) | s. 220.187 | 118.0 |

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

VALUE OF DEDUCTIONS: 2009-10
(millions)

| | | |
|---|-----------------|-------|
| Deductions From Florida Apportioned Income: | | |
| University Research and Development | s. 220.15(2)(c) | \$5.0 |

ALTERNATIVE BASES:

Base Reduction Measures:

| | | |
|---|-------------------|--------|
| Exempt Florida Non-Business Income | s. 220.16 | (7.3) |
| Delete Florida Alternative Minimum Tax | s. 220.11(3) | (68.7) |
| Exempt Interest Received from Federal Government Notes and Bonds | s. 220.13(1)(a)2. | (45.2) |

Base Expansion Measures:

| | |
|---|---------------|
| Delete the deduction for advertising expenditures | 614.8 |
| Delete the deduction for interest expenses (include financial institutions) | 4,662.3 |
| Delete the deduction for interest expenses (exclude financial institutions) | 1,901.2 |
| Create an addition for deductible Florida Credit | Insignificant |
| Limit net loss carry forward to 1 year | Indeterminate |

Impose a minimum payment requirement of \$200:

| | |
|-------------------------|------|
| On C Corporations Only | 38.1 |
| On C and S Corporations | 62.5 |

Require combined reporting of all domestic corporations

| | |
|-------------------------------------|-------|
| (waters-edge unitary apportionment) | 364.3 |
|-------------------------------------|-------|

CORPORATION INCOME AND EMERGENCY EXCISE TAX

Adopt the throwback rule 37.2

Apply the tax to gross receipts rather than net profits:
 Status C Corporations (replace CIT)* 49,597.7
 Partnerships 4,847.1

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|---|
| Provides for the appointment of adjusted federal income to this state. | H1155/2001, S126/2002, H121/2002 |
| Provides for the total amount of tax credit which may be granted each fiscal year. | S2062/2002, S116/2003 sm H239, S2062/2003, H57-A/2003, S1210/2004 sm S13710 |
| Implements an amnesty program for state and local taxes described in Florida Statute s. 220. | H1935/2003, H59-A/2003 |
| <i>The following rows contain proposed bills regarding corporate income tax credits for donations to, or participation in the following programs:</i> | |
| Industrial Partnership Professorship | S74/2000 sm H727, S1164/2001 sm H443 |
| Non-Profit Scholarship-Funding Organizations | S2314/2000 sm H1127, S1048/2001 sm H271, S2008/2001, S1100/2003 sm H805, S2532/2003, S2106/2004, H313/2004, S2574/2006, S2846/2007, S1222/2007, S258/2008 |
| District School-Boards and Public Schools | S1836/2003 sm H1043, S1740/2004, H383/2004, H175/2005, S2518/2005, H815/2005 |
| Non-Profit Cultural Organizations | S406/2004 sm H219, S668/2004 idn H439, S630/2005 sm H941, S1582/2005 idn H243 |
| Voluntary Brownfield and Contamination Site Clean-Up | H1757/2000, H485/2004 sm S330, S1448/2005 sm H1857, S1092/2006, S2682/2007, S2018/2008 idn S2594 |
| Enterprise Zones | S1056/2000 sm H741, S1934/2000 sm H1951, S460/2001 sm S1216, S1826/2001 sm H1645, S2252/2003 sm S2328 and H809, S598/2004, S1708/2004 sm H617, S1912/2006 idn H1595, S2110/2006 sm H1321, S624/2006 |
| Community Contribution | S966/2001, S710/2005 sm H15 and H503, S784/2006, S840/2007 sm H129 |
| Businesses Offering Health Insurance to Employees | S2268/2001, S96/2002, S1540/2003 sm H447, S598/2004, S2182/2004, H1221/2004, H1255/2004 |
| Capital Investment | S2588/2000, S30-B/2001, S2414/2002, S2410/2003 sm H691, S850/2008 sm H293 |

CORPORATION INCOME AND EMERGENCY EXCISE TAX

| Description | Bill Number/Year |
|---|--|
| Employing Special Hires (felons, disabled etc.) | S2448/2003, S1173/2003, S2182/2004, H1255/2004, S2064/2004 idn H1101, S14/2006, S520/2006, S470/2007 sm H1459, S2826/2007, S1328/2008 |
| Low Income Housing | S1828/2003, H775/2003, S330/2004, S648/2004 sm H767, S3002/2004 sm H109 and H1795 |
| Energy Technologies | S2074/2005 sm H1597, S2074/2005, S2100/2006 sm H1575, H1473/2006, S2274/2007, S2666/2007, H13-D/2007, S308/2008, S310/2008, S314/2008 sm H229, S412/2008, S1544/2008, S2250/2008 |
| Businesses Providing Fitness Facilities or Supporting Fitness-Related Activities by Employees | S1230/2006 sm H729, S194/2007, H325/2007 |
| Community Reinvestment Plan | S2320/2005, S332/2006, S702/2007, S1348/2008 |
| Computer Equipment | H1159/2001, S742/2006 |
| Research and Development Program | S1398/2008, H733/2008 |
| New Product or Market Donations | H1215/2001, H11-B/2001, H562/2002 sm H289, H1-E/2002 sm H39-E, S2280/2007 |
| Health Care Clinics | S1646/2007, H203/2007 |
| Prohibits certain private schools from participating in corporate scholarship tax credit program. | S2882/2004, S2978/2004, S766/2005 |

DOCUMENTARY STAMP TAX

FLORIDA STATUTES: Chapter 201

ADMINISTERED BY: Department of Revenue

SUMMARY:

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

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|---------------|-----------------|
| 2009-10* | 1,176,300,000 | -6.72% |
| 2008-09* | 1,261,100,000 | -35.49% |
| 2007-08 | 1,954,931,000 | -35.54% |
| 2006-07 | 3,032,837,000 | -25.27% |
| 2005-06 | 4,058,326,000 | 20.60% |
| 2004-05 | 3,365,221,000 | 27.85% |
| 2003-04 | 2,632,124,000 | |

| Distributions | | | | | |
|---------------|-----------------|--------------------------------|--|---------------------------------|--|
| Fiscal Year | General Revenue | General Revenue Service Charge | Preservation 2000 & Florida Forever Outstanding Debt Service | State Transportation Trust Fund | Water Protection and Sustainability Program Trust Fund |
| 2009-10* | 132,100,000 | 82,300,000 | 439,600,000 | 94,050,000 | 340,000 |
| 2008-09* | 172,000,000 | 88,300,000 | 422,100,000 | 120,250,000 | 440,000 |
| 2007-08 | 203,366,424 | 136,727,156 | 400,745,840 | 540,040,763 | 2,000,000 |
| 2006-07 | 625,512,271 | 212,063,135 | 348,553,062 | 541,750,000 | 2,000,000 |
| 2005-06 | 1,241,847,309 | 283,729,405 | 332,979,676 | 541,750,000 | 2,000,000 |
| 2004-05 | 1,601,160,195 | 235,219,024 | 321,126,299 | 0 | 2,000,000 |
| 2003-04 | 1,181,037,970 | 183,928,515 | 317,400,000 | 0 | 2,000,000 |

DOCUMENTARY STAMP TAX

| Distributions | | | | | |
|---------------|---------------------------------|---|--|------------------------------------|-----------------------------|
| Fiscal Year | Grants and Donations Trust Fund | Ecosystem Management and Restoration Trust Fund | Marine Resources Conservation Trust Fund | DACS General Inspection Trust Fund | Land Acquisition Trust Fund |
| 2009-10* | 570,000 | 5,220,000 | 340,000 | 2,760,000 | 102,920,000 |
| 2008-09* | 720,000 | 6,670,000 | 440,000 | 2,970,000 | 107,480,000 |
| 2007-08 | 3,250,000 | 30,000,000 | 2,000,000 | 4,716,947 | 110,900,000 |
| 2006-07 | 3,250,000 | 30,000,000 | 2,000,000 | 6,984,375 | 265,406,247 |
| 2005-06 | 3,250,000 | 30,000,000 | 2,000,000 | 9,361,405 | 355,733,396 |
| 2004-05 | 0 | 30,000,000 | 2,000,000 | 7,754,291 | 294,663,063 |
| 2003-04 | 0 | 30,000,000 | 2,000,000 | 6,053,367 | 230,027,951 |

| Distributions | | | | | |
|---------------|-----------------------------------|---|-----------------------------------|-----------------------|--|
| Fiscal Year | Water Management Lands Trust Fund | Conservation & Recreational Land Trust Fund | Invasive Plant Control Trust Fund | State Game Trust Fund | DEP Water Quality Assurance Trust Fund |
| 2009-10* | 45,500,000 | 33,880,000 | 24,700,000 | 9,670,000 | 2,710,000 |
| 2008-09* | 48,880,000 | 36,400,000 | 26,540,000 | 10,390,000 | 2,910,000 |
| 2007-08 | 60,500,000 | 64,121,781 | 34,100,000 | 15,998,140 | 4,416,947 |
| 2006-07 | 117,337,499 | 106,190,436 | 63,697,000 | 25,115,812 | 6,984,375 |
| 2005-06 | 157,271,607 | 142,330,804 | 85,376,015 | 33,663,613 | 9,361,405 |
| 2004-05 | 130,272,091 | 117,896,245 | 70,719,135 | 27,884,431 | 7,754,291 |
| 2003-04 | 101,696,568 | 92,035,394 | 55,206,708 | 21,767,908 | 6,053,367 |

| Distributions | | | |
|---------------|--------------------------|-------------------------------------|--|
| Fiscal Year | State Housing Trust Fund | Local Government Housing Trust Fund | Public Education Capital Outlay Trust Fund |
| 2009-10* | 52,520,000 | 122,880,000 | 0 |
| 2008-09* | 56,420,000 | 132,010,000 | 0 |
| 2007-08 | 70,500,000 | 172,500,000 | 0 |
| 2006-07 | 135,357,186 | 316,950,933 | 105,000,000 |
| 2005-06 | 181,424,032 | 424,820,566 | 105,000,000 |
| 2004-05 | 150,278,162 | 351,889,732 | 0 |
| 2003-04 | 117,314,255 | 274,701,800 | 0 |

* Estimate

DOCUMENTARY STAMP TAX

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 Miami-Dade County to levy a discretionary surtax on deeds of up to 45 cents for each \$100 except for deeds on single family residences. This surtax was originally authorized for 10 years; in 1989 it was extended through 2011.

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 (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 funds were distributed to the State Housing Trust Fund. 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 re-nourishment; 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 (ch. 88-247, L.O.F.) Additional debt service was limited to \$30 million in each fiscal year for ten years and total annual debt service was limited to \$300 million. This legislation 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 tax General Revenue distribution (ch. 2000-197, L.O.F.) Chapter 2002-128, L.O.F., capped the amount of documentary stamp tax due on unsecured loans at \$2,450. Chapter 2002-218, L.O.F., repealed the tax on original issues of stock certificates. Chapter 2002-261, L.O.F., provided for a portion of the documentary stamp tax collections to be used to pay the debt service on Everglades Restoration Bonds.

Chapter 2005-92, L.O.F., capped the amounts distributed from documentary stamp tax collections to the Land Acquisition Trust Fund, Water Management Lands Trust Fund, Invasive Plant Control Trust Fund, State Game Trust Fund, State Housing Trust Fund, and Local Government Housing Trust Fund. The law included a growth factor which increased the cap for each fund based on growth in documentary stamp collections. Calculated distributions in excess of the limits specified in the bill were credited to the General Revenue Fund. Chapter 2005-290, L. O. F., provided \$750 million annually to fund specified transportation, school, and water projects, effective July 1, 2007. Chapter 2006-185, L.O.F., repealed the 50-cents per bag surcharge on oysters harvested from the waters of the Apalachicola Bay and replaced the surcharge with a \$300,000 annual documentary stamp tax distribution to the General Inspection Trust Fund within the Department of Agriculture & Consumer

DOCUMENTARY STAMP TAX

Services (DACs) to be used to fund oyster management and restoration programs in the Bay and other areas of the state.

Chapter 2007-60, L.O.F., eliminated a \$105 million annual distribution to the PECO Trust Fund, and directed that amount to the General Revenue Fund. Chapter 2007-72, L.O.F., authorized the sale of \$300 million in new Florida Forever bonds and \$100 million in new Everglades Restoration bonds. Chapter 2007-198, L.O.F., provided a documentary stamp tax and intangibles tax exemption for all notes, mortgages, security agreements, letters of credit, or any other instruments connected with financing any housing under ch. 420, F.S.

Chapter 2008-24, L.O.F., repealed s. 201.022, F.S., which had required a return to be filed with the clerk of the circuit court, and had provided a commission to the clerks for processing these returns. Chapter 2008-49, L.O.F., extended authorization for the sale of Everglades Restoration bonds through FY 2019-2020, and authorized additional bonds to be sold for 4 years to fund the Florida Keys Area of Critical State Concern protection program. Chapter 2008-114, L.O.F., changed the distribution of documentary stamp revenues by calculating trust fund distributions as a percentage of available revenue, capped at a dollar amount, and assessing the cost of administering the tax to all funds that receive revenue from it. Chapter 2008-152, L.O.F., authorized the sale of \$300 million in new Florida Forever bonds, and ch. 2008-229, L.O.F., extended the statutory authority for Florida Forever bond sales through FY 2019-2020.

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.

DISPOSITION:

Seven percent of total collections are deducted as General Revenue service charge and deductions are made for costs of collection and enforcement of the tax. Distributions are then made as follows:

- 63.31 % as follows:
 - Debt service for Preservation 2000, Florida Forever, and Everglades Restoration.
 - Of the remainder:
 - Lesser of 38.2% or \$541.75 million in each fiscal year, to the State Transportation Trust Fund
 - Lesser of 5.64% or \$80.0 million in each fiscal year, to the Water Protection and Sustainability Program Trust Fund
 - Lesser of .23% or \$3.25 million in each fiscal year, to the Grants and Donations Trust Fund in the Department of Community Affairs
 - Lesser of 2.12% or \$30 million in each fiscal year, to the Ecosystem Management and Restoration Trust Fund
 - Lesser of .14% or \$2 million in each fiscal year, to the Marine Resources Conservation Trust Fund
 - Lesser of .02% or \$300,000 in each fiscal year, to the General Inspection Trust Fund
 - The remainder to the General Revenue Fund
- Lesser of 7.56% or \$84.9 million in each fiscal year, to the Land Acquisition Trust Fund for any lawful purpose*
- Lesser of 1.94% or \$26 million in each fiscal year, to the Land Acquisition Trust fund for acquiring or managing coastal lands
- Lesser of 4.2 % or \$60.5 million in each fiscal year, to the Water Management Lands Trust Fund*
- 3.52% to the Conservation and Recreation Lands Trust fund, with 11.15% of that amount being transferred to the State Game Trust Fund for land management activities
- Lesser of 2.28% or \$34.1 million, to the Invasive Plant Control Trust Fund*

DOCUMENTARY STAMP TAX

- Lesser of .5% or \$9.3 million in each fiscal year, percent to the State Game Trust Fund for implementing the Lake Restoration 2020 Program*
- .25% each to the Water Quality Assurance Trust Fund and to the General Inspection Trust Fund in the Department of Agriculture and Consumer Services
- Lesser of 7.53% or \$107 million, half to the State Housing Trust Fund and half to the Local Government Housing Trust Fund*
- Lesser of 8.66% or \$136 million, 12.5% to the State Housing Trust Fund and 87.5% to the Local Government Housing Trust Fund*
- The remainder to the General Revenue Fund

*In the case that the amount to be distributed increases from the prior fiscal year, the stated maximum amounts in these distributions are increased by an amount equal to 10 percent of the increase in the amount to be distributed multiplied by the applicable percentages.

OTHER STATES:

Thirty-nine states and the District of Columbia levy taxes on the recording of certain documents or on property transfers. (Alaska, Idaho, Indiana, Louisiana, Missouri, Montana, New Mexico, North Dakota, Oregon, Texas, and Utah do not levy document or transfer taxes, and California authorizes local transfer taxes but does not levy a statewide tax.) Although some states levy document recording taxes only on documents relating to real estate transfers, others, including Florida, have a more general tax that is also levied on documents relating to indebtedness.

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of 1 cent levy for each \$100 of consideration on deeds | \$8.6 |
| 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 | \$16.8 |
| VALUE OF EXEMPTIONS AND DIFFERENTIALS: | |
| Stock transfers (s. 201.05) | \$7.1 |
| Renewal notes (s. 201.09) | \$26.6 |
| Certificates of deposit (s. 201.10) | Indeterminate |
| Wholesale warehouse mortgage agreements (s. 201.21) | \$16.5 |
| Leases | \$56.0 |
| Uniform Commercial Code documents (s. 201.22) | Indeterminate |
| Security dealers - 30 days or less (s. 517.32) | \$25.6 |
| Foreign notes (s. 201.23(1)) | \$1.8 |
| Obligations of political subdivisions (s. 201.24) | \$2.1 |
| International banking transactions (s. 201.23(4)) | \$9.3 |
| Out-of-state notes held by Florida businesses (s. 201.08) | \$1.4 |
| Supplements on utility bond financing (s. 201.08(4)) | Indeterminate |
| 10 cent rate differential for Miami-Dade County (s. 201.031) | \$17.0 |
| Dissolution of marriage (s. 201.02(7)) | \$2.1 |
| Cross collateralization of loans (s. 201.08(7)) | \$0.6 |
| Tax only on increased amount of renewed loans (s. 201.09(1)) | \$0.1 |
| VALUE OF REFUNDS AND ALLOWANCES: | |
| Agents commission (.5%) (s. 201.11(2)) | \$5.9 |

DOCUMENTARY STAMP TAX

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|---|
| Provides that documentary stamp tax applies to certificates of title issued in judicial sale of real property pursuant to court order, or final judgment issued in foreclosure proceeding. | S1632/2001, S180/2002 |
| Provides for the limit of \$2,450 for the amount of tax on promissory or nonnegotiable notes as written obligations to pay money, etc. | S2140/2001, H123/2002 |
| Decreases the maximum rate of or documentary stamp surtax from 45 to 30 cents for each \$100, which will only apply to documents taxable under Florida Statute s. 201.02. Also provides that administration costs may not exceed 5% of the tax. | S2812/2007, H1357/2007 |
| Allows county government authorities, by ordinance, to levy a surtax on deeds and other documents taxed under Florida Statute s. 201.02. Also, sets a maximum rate on surtax not to exceed 5 cents per \$100. | S2874/2004, S1886/2005 |
| Provides for an exemption on deeds and other instruments, if property is conveyed from an electric utility to a regional transmission organization. | S128/2001, S1978/2001 sm H1981 |
| Provides for an exemption on deeds and other instruments, if the property is being transferred between spouses within the first year of marriage. | S2376/2002, H647/2008 |
| Contracts to sell the residence of an employee who is relocating at the direction of his or her employer. The taxes imposed only apply to the transfer of real property comprising the residence by deed that vests legal title in a named grantee. | S1068/2002, S2302/2002 sm H1995 |
| Provides for an exemption on notes or other written obligations to pay money executed by agriculture producers, in this state, to the Commodity Credit Corporation | S1386/2004 idn H469, S556/2005 idn H89 |

In addition to exemptions, the majority of bills proposed illustrated permutations regarding the distribution of revenue generated by the Documentary Stamp Tax.

DRIVER LICENSES

FLORIDA STATUTES: Chapter 322

ADMINISTERED BY: Department of Highway Safety and Motor Vehicles

SUMMARY:

Driver licenses fees are collected from individuals who apply for the following types of licenses (originals, renewals and replacements): Learners, Class E operators, Class E with motorcycle endorsement, Class E motorcycle only license, and Class A, B and C commercial driver licenses with or without endorsements. In addition, fees collected for delinquent renewals, reinstatements following suspensions, revocations, disqualifications and cancellations.

REVENUE:

| Fiscal Year | Collections | Annual Change % | General Revenue | Highway Safety Operating Trust Fund |
|-------------|-------------|-----------------|-----------------|-------------------------------------|
| 2009-10* | 148,200,000 | 10.02% | 97,100,000 | 51,100,000 |
| 2008-09* | 134,700,000 | 10.57% | 83,100,000 | 51,600,000 |
| 2007-08 | 121,820,908 | -4.82% | 71,279,608 | 50,541,300 |
| 2006-07 | 127,985,980 | -4.63% | 71,542,480 | 56,443,500 |
| 2005-06 | 134,194,026 | 1.53% | 74,386,672 | 59,807,354 |
| 2004-05 | 132,169,523 | 17.84% | 73,609,523 | 58,560,000 |
| 2003-04 | 112,159,326 | | 66,459,326 | 45,700,000 |

* Estimate

HISTORY:

Driver 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's education fee was added to the issuance of driver licenses and earmarked for public school driver education. Driver's license fee increases were adopted in 1941, 1945, 1955, 1971, 1984, 1989, 1991, and 2008. In 1983, a \$4 fee was authorized in order to operate a motorcycle or motor-driven vehicle. The 1989 Legislature provided for re-classification of driver 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 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 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 re-designated as the Highway Safety Operating Trust Fund. During Special Session A of 2003, the Legislature increased reinstatement fees charged for a suspension or revocation by \$10. In addition, identification card renewals were raised from \$3 to \$10 and a new re-exam fee was created. Drivers failing the written exam are charged \$5 for each time they must retake the exam and \$10 for each time they re-take the driving exam. The 2006 Legislature imposed additional reinstatement fees for specific types of suspended or revoked licenses. Persons convicted of patient brokering (s. 817.505, F.S.), or solicitation (s. 817.234(8), F.S.) or participating in a staged crash (s. 817.234(9), F.S.) are

DRIVER LICENSES

subject to an additional fee of \$180 for each offense. These funds are earmarked for the Highway Safety Operating Trust Fund.

In 2008, Chapter 2008-176, L.O.F, became effective October 1, 2008 and the term of the driver license and identification card was changed from 4 (safe driver) or 6 years to 8 years. However, applicants who are at least eighty years old applying for an original issuance will be issued a license valid for a six year term. These changes resulted in the fees for driver licenses, identification cards and license endorsements being raised to reflect the new terms. Duplicate and replacement licenses were combined and are all now labeled "replacements". This change caused the distribution of the funds to be modified; however, General Revenue and the Highway Safety Operating Trust Fund were both held harmless in this change

BASE AND RATE:

The new fee structure is as follows: Original Class E license \$27; Renewal Class E license \$20; Original Motorcycle Only \$27 plus \$7 endorsement fee; Replacement License \$10; All Identification Cards \$10; Endorsements \$ 7; Commercial driver license \$67 (the fees include a 50 cent per year driver's education fee earmarked for Public School Driver Education).

Additional fees: Regular endorsement - \$7; hazardous-materials application fee - \$91; Delinquent renewal - \$1; replacement fee - \$10, \$7 for deposit into the Highway Safety Operating Trust Fund and \$3 for deposit into the General Revenue Fund; reinstatement fee following suspension - \$35, \$15 for deposit into the General Revenue Fund and \$20 for deposit into the Highway Safety Operating Trust Fund; reinstatement fee following revocation - \$60, \$35 for deposit into the General Revenue Fund and \$25 for deposit into the Highway Safety Operating Trust Fund. If a revocation or suspension of the driver's license was for a violation of s. 316.193, for refusal to submit to a lawful breath, blood, or urine test, an additional fee of \$115, for deposit into the Highway Safety Operating Trust Fund is incurred. Persons convicted of vehicle insurance fraud as defined under s.817.234(8) or (9), F.S. or persons convicted of patient brokering as described in s. 817.505, F.S., are subject to a fee of \$180. Drivers failing the written exam are charged \$5 for each time they retake the exam and \$10 for each time they retake the driving exam, for deposit into the Highway Safety Operating Trust Fund. Owners failing to maintain insurance coverage on their motor vehicle, as provided in s. 627.732, F.S., are required to pay a reinstatement fee of \$150 for a first offense, \$250 for a second offense and \$500 for a third offense. In addition, the department may release driving statistics to approved applicants. The following fees are charged with the release of these statistics: a list of names, addresses, and birth dates of the licensed drivers of the entire state or part thereof by age group - \$0.01 per name, a transcript of an individual's three year driving history - \$2.10, a transcript of an individual's seven year driver history - \$3.10, a certified copy of the driver history - \$3.10, a certified per page photocopy of a document - \$1, an exemplified record - \$15, photocopies of documents - \$0.50, and assistance in searching an individual's driving record at the department's headquarters in Tallahassee - \$2.

DISPOSITION:

The fees above are deposited in the General Revenue Fund and Highway Safety Operating Trust Fund.

OTHER STATES:

All states license vehicle operators. Most states issue four-year licenses at costs ranging from \$4.50 to \$60. It is common to require somewhat higher fees for a commercial license than for an operator license.

VALUE OF RATE CHANGE:

Value of \$1 levy on all driver licenses issued

2009-10
(millions)

\$5.9

DRIVER LICENSES

VALUE OF EXEMPTIONS:

| | |
|----------------------------------|---------------|
| Drivers of emergency vehicles | Indeterminate |
| Farmers | Indeterminate |
| Military personnel | Indeterminate |
| Drivers of recreational vehicles | Indeterminate |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|---|
| Deletes the fee for a change of address on drivers' licenses. | S216/2003, H65/2007 |
| Provides for an additional fee for the reinstatement of suspended driving privileges. | S1456/2003, H189/2003, H15-A/2003, S1528/2004, S2400/2005 |
| Revises the expiration period for driver licenses issued to specified persons. | S1526/2004, S1344/2005 |
| Provides for a fee imposed on persons participating in the health care advance directive and blood type registry who are applying for driver licenses and identification cards. | S2902/2004, H1655/2004, S2324/2006 sm H1011 |
| Requires an additional fee for the reinstatement of a suspended or revoked driver's license when the revocation was for an offense relating to a fraudulent insurance claim. | S1124/2006 sm H533, S1596/2006, H7263/2006 |

DRY CLEANING TAX

FLORIDA STATUTES: Sections 376.303, 376.70 and 376.75

ADMINISTERED BY: Department of Environmental Protection and the Department of Revenue

SUMMARY:

All states license vehicle operators. Most states issue four-year licenses at costs ranging from \$4.50 to \$60.00. It is common to require somewhat higher fees for a commercial license than for an operator license.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Gross Receipts Tax Collections | Perchloroethylene Tax Collections | Registration Fee Collections |
|-------------|-------------------|-----------------|--------------------------------|-----------------------------------|------------------------------|
| 2009-10* | 9,595,436 | 0.49% | 8,866,430 | 594,006 | 135,000 |
| 2008-09* | 9,548,217 | -8.60% | 8,825,092 | 588,125 | 135,000 |
| 2007-08 | 10,447,175 | -5.52% | 9,676,635 | 635,540 | 135,000 |
| 2006-07 | 11,056,981 | 0.48% | 10,190,000 | 731,981 | 135,000 |
| 2005-06 | 11,004,666 | 2.97% | 10,020,000 | 849,666 | 135,000 |
| 2004-05 | 10,687,236 | 12.83% | 9,673,167 | 879,069 | 135,000 |
| 2003-04 | 9,471,637 | | 8,388,000 | 948,637 | 135,000 |

* Estimate

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 dry-cleaning facility restoration. The 1995 Legislature adopted the following changes to the dry-cleaning tax: exempted uniform rental and linen supply services from the gross receipts tax, retroactive to October 1, 1994; exempted perchloroethylene not used by a dry-cleaning 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.

BASE AND RATE:

Dry-cleaning Facilities and Wholesale Suppliers Registration Fee:
\$100 annually

Tax on the Gross Receipts of Dry-cleaning Facilities:

2% of the gross receipts from the dry-cleaning or laundering of clothing or other fabrics; \$30 initial registration fee for any person taxable under the Gross Receipts of Dry-cleaning Facilities Tax.

Tax on the Sale or Importation of Perchloroethylene:

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

DISPOSITION:

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

DRY CLEANING TAX

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 dry-cleaning services or materials.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

EARNINGS ON INVESTMENTS

FLORIDA STATUTES: Sections 17.57; 17.61

ADMINISTERED BY: Chief Financial Officer

SUMMARY:

Cash balances not needed for day-to-day transactions are invested.

REVENUE:

| Fiscal Year | Collections | Annual Change % | General Revenue | Trust Funds** |
|-------------|---------------|-----------------|-----------------|---------------|
| 2009-10* | 399,800,000 | -13.20% | 107,900,000 | 291,900,000 |
| 2008-09* | 460,600,000 | -56.63% | 143,500,000 | 317,100,000 |
| 2007-08 | 1,062,126,139 | 5.29% | 446,339,725 | 615,786,414 |
| 2006-07 | 1,008,778,336 | 50.16% | 473,055,439 | 535,722,897 |
| 2005-06 | 671,811,015 | 18.90% | 320,817,210 | 350,993,805 |
| 2004-05 | 565,019,777 | 7.46% | 261,881,176 | 303,138,601 |
| 2003-04 | 525,792,220 | | 194,286,234 | 331,505,986 |

* Estimate

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

HISTORY:

The Chief Financial Officer is the constitutional officer with the fiduciary responsibility over the Division of Treasury, which manages a fixed income investment operation for both general revenue and trust funds in the Treasury Investment Pool. The Treasury Investment Pool is a combination of short and intermediate term fixed income investment strategies. The Pool is designed to provide strong liquidity and capital preservation using short term investments and additional investment income provided by a substantial commitment to intermediate investments. Treasury staff members are responsible for short-term investment portfolios. Professional money management firms are responsible for intermediate term investments. Agency financial officers may request that excess trust fund balances be invested with earnings accruing to the trust fund. Otherwise, earnings accrue to the General Revenue Fund. Section 17.61, F.S. specifies that earnings on the balances of certain specified trust funds, including the Budget Stabilization Fund, shall accrue to the General Revenue Fund. A small amount of interest is earned in accounts not under the supervision of the Treasury. Typically these accounts are used to fund the administrative operations of regional state offices.

BASE AND RATE:

Not applicable.

DISPOSITION:

Earnings on balances invested on behalf of trust funds accrue to the trust funds. Otherwise, earnings accrue to the General Revenue Fund.

OTHER STATES:

All states have some sort of policy in place to invest idle cash balances.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

E S T A T E T A X

FLORIDA STATUTES: Chapter 198

ADMINISTERED BY: Department of Revenue

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. As a result of a change in federal law, Florida's estate tax has been phased out since 2002 and will be eliminated by 2008. Effective January 1, 2011, the federal estate tax, including the credit for state taxes, is reinstated, reinstating Florida's estate tax. (See History)

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10 | 0 | 0.00% |
| 2008-09 | 0 | 0.00% |
| 2007-08 | 0 | -100.00% |
| 2006-07 | 43,396,570 | -39.25% |
| 2005-06 | 71,430,865 | -77.98% |
| 2004-05 | 324,447,976 | -15.21% |
| 2003-04 | 382,667,040 | |

HISTORY:

Prior to 1924, there were no restrictions on the imposition of a Florida estate or inheritance tax. In 1924, the Florida electorate adopted an amendment to the constitution to prohibit the imposition of inheritance and income taxation. In 1930, the electorate adopted a constitutional amendment allowing the imposition of estate or inheritance taxes on residents to the extent such tax was allowed to be credited against a similar tax imposed by the federal government. In 1984, the date for filing and paying the Florida estate tax was changed to coincide with the date for filing and paying the federal estate tax. In 1991, the legislature imposed a late penalty of 5% of any unpaid tax for the first 30 days and 10% of any unpaid tax due for more than 30 days. In 1992, this late penalty was increased to 10% for the first 30 days and 20% for more than 30 days. The Federal Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax and repeals the state credit against the federal tax by 2005. Effective January 1, 2011, the federal estate tax, including the credit for state taxes, is reinstated. 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 eliminates Florida's estate tax from 2008 until 2011.

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.

DISPOSITION:

General Revenue Fund

ESTATE TAX

OTHER STATES:

Before the enactment of the Federal Economic Growth and Tax Relief Reconciliation Act of 2001, which phases out the federal estate tax and repeals the state credit against the federal tax, all fifty states plus the District of Columbia imposed an estate tax at least to the extent of the credit allowed against the federal estate tax, and some imposed additional estate and inheritance taxes. Since the enactment of the federal law, however, many states have amended their estate tax laws. Arkansas repealed its estate tax simultaneous with the phase-out of the state credit. Fifteen states have retained their estate tax statutes. Of these, twelve states Illinois, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon, Rhode Island, Vermont and Wisconsin have decoupled from the federal estate tax law and continue to levy an estate tax that is the same or very similar to the estate tax prior to the enactment. Virginia also decoupled from the federal estate tax law but repealed their tax on July 1, 2007. Connecticut, Kansas and Washington replaced their tax with an estate tax that was similar to what they received from the piggyback tax but is not tied to the federal tax.

Indiana, Iowa, Kentucky, Louisiana, Nebraska, Ohio, Oklahoma, Pennsylvania, and Tennessee levy a state inheritance or estate tax that was never tied to the federal tax. Nebraska repealed their state inheritance tax for deaths occurring on or after January 1, 2007, however, they still levy an inheritance tax at the county level.

Maryland and New Jersey levy both an estate tax that is similar to the enactment and a separate inheritance tax.

Wisconsin repealed its estate tax on January 1, 2008. Kansas and Oklahoma will repeal its estate tax on January 1, 2010.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

GROSS RECEIPTS TAX ON UTILITIES

FLORIDA STATUTES: Chapter 203; Constitution Article XII Section 9(a)

ADMINISTERED BY: Department of Revenue

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 communications services.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|---------------|-----------------|
| 2009-10* | 1,165,024,342 | 2.80% |
| 2008-09* | 1,133,282,359 | 0.65% |
| 2007-08 | 1,125,964,651 | 5.47% |
| 2006-07 | 1,067,596,526 | 9.41% |
| 2005-06 | 975,804,599 | 10.62% |
| 2004-05 | 882,150,499 | 6.41% |
| 2003-04 | 829,001,679 | |

* Estimate

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 that is in excess of electricity produced and not taxed during the twelve-month period ending June 30, 1990. In 1991, the definition of "electricity" was clarified for the purpose of the tax base; and the exemption from gross receipts tax for separately stated tax for telecommunications was repealed. SJR 2H was placed on the November 1992 ballot by the 1992 Legislature and adopted by the electorate. The amendment removed the July 1, 2025 ending date for the bonding of gross receipts taxes, permanently allowing such bonding of revenues, but with a maturity date on the bonds not to exceed 30 years from date of issuance. In 1998, Internet access fees were exempted from gross receipts and other taxes. Effective October 1, 2001, the definition of telecommunications was changed as part of a communications tax overhaul. The new definition includes cable and direct satellite television, and the rate was decreased from 2.5% to 2.37%. The gross receipts tax on communications services is remitted as a component of the communications services tax, which includes sales tax and local government tax components as well. Chapter 2003-17, L.O.F., exempted the sale of manufactured gas to an electric utility from the gross receipts tax and ch. 2003-254, L.O.F., exempted homes for the aged from the gross receipts tax on communications services.

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

GROSS RECEIPTS TAX ON UTILITIES

from the tax. Tax payments are due monthly. The gross receipts tax on communication services is remitted as a component of the communications services tax. Late penalties range from 10% to 50% of unpaid taxes.

DISPOSITION:

Public Education Capital Outlay and Debt Service Trust Fund

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.

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of 0.1% levy on the current base | \$47.6 |
| VALUE OF EXEMPTIONS: | |
| Sale of LP Gas – residential (s. 203.012) | \$8.9 |
| Sale of LP Gas – nonresidential (s. 203.012) | \$4.3 |
| Sale of natural or manufactured gas used to generate electricity (s. 203.01(3)) | \$150.8 |
| Sale of communications services to governments, tax-exempt religious or educational organizations and homes for the aged (s. 202.125) | \$69.5 |
| ALTERNATIVE BASES: | |
| Water Services | \$71.4 |
| Sewer Services | \$66.0 |
| Sewer Waste Services | \$75.0 |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

HEALTH CARE ASSESSMENTS

FLORIDA STATUTES: Sections 395.701; 395.7015

ADMINISTERED BY: Agency for Health Care Administration

SUMMARY:

Health care assessments are imposed on net operating revenues of hospitals at the rate of 1.5% for inpatient services and 1% for outpatient services. Assessments are imposed at the rate of 1.0% on net operating revenues of ambulatory surgical centers and clinical laboratories.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 398,870,000 | 0.33% |
| 2008-09* | 397,570,000 | 8.22% |
| 2007-08 | 367,383,645 | -9.66% |
| 2006-07 | 406,665,816 | 20.90% |
| 2005-06 | 336,377,199 | -5.68% |
| 2004-05 | 356,623,966 | 33.32% |
| 2003-04 | 267,503,725 | |

* Estimate

HISTORY:

The assessment on hospitals was enacted in 1984, as part of the Health Care Consumer Protection and Awareness Act (Chapter 84-35, L.O.F.). The assessment was imposed on all hospitals other than those operated by the Department of Health and Rehabilitative Services (now, the Agency for Health Care Administration) or the Department of Corrections, at the rate of 1.5% of annual net operating revenue. The Act created the Public Medical Assistance Trust Fund and specified its use to reimburse hospitals for uncompensated care provided to indigent patients. In July 1991, the assessment base was expanded to apply to ambulatory surgical centers, clinical laboratories, freestanding radiation therapy centers, and freestanding diagnostic imaging centers. In July 1992, an assessment was imposed on nursing home facilities in the amount of \$1.50 for each patient day provided by the nursing home. The nursing home assessment was repealed on May 1, 1993. In 1998, outpatient radiation therapy services provided by a hospital were exempted from the assessment as well. Effective July 1, 2000, the assessment rate for outpatient services provided by hospitals was reduced from 1.5% to 1.0%.

The Second Judicial Circuit found the ambulatory assessment to be an unconstitutional income tax. In 2003, on appeal, the parties entered into a court-approved settlement agreement by which the ambulatory portion of the existing monies in the Public Medical Assistance Trust Fund were distributed and the Agency for Health Care Administration (AHCA) discontinued the assessments. In 2003, a number of hospitals brought separate administrative actions challenging AHCA's implementation of those portions of Chapter 2000-256, L.O.F., enacting the assessment rate changes currently in effect. A Final Order from the Division of Administrative Hearings supporting the hospitals was issued during calendar year 2006 and was later upheld by the First District Court of Appeals. Assessments subject to the Order were returned to providers during FY 2007-08.

BASE AND RATE:

The annual net operating revenue is determined by AHCA based on the health care entity's prior fiscal year financial reports. The assessment is payable in equal quarterly amounts on or before the first day of each calendar quarter of the assessment year.

HEALTH CARE ASSESSMENTS

DISPOSITION:

Public Medical Assistance Trust Fund

OTHER STATES:

Health care provider taxes are levied in forty-three states. Such taxes generally are levied as a percentage of net revenue or as a bed tax per patient day. Of the forty-one states, nineteen levy assessments on hospitals, thirty tax nursing homes, twenty-six tax intermediate care facilities for the mentally retarded, fifteen tax HMOs, two tax prescription drug providers, and nine tax other providers.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|-------------------------------------|
| Amends health care assessment on outpatient services to equal 1% of the annual net operations revenue. | S2154/2000, H931/2000 |
| Removes the health care assessment on annual net operations revenue for outpatient services. | S388/2002 idn H541, S598/2003 |
| Amends health care assessment on outpatient services to equal .5% of the annual net operations revenue. | S254/2001 sm H55, S652/2006 sm H503 |
| Amends annual assessment for inpatient revenue. Any hospital may claim credit for any amount spent during each fiscal year for the purchase of mechanical lifting devices, etc., equal to 100% of the cost. | S2208/2007, H1193/2007 |

HOTEL AND RESTAURANT LICENSES AND FEES

FLORIDA STATUTES: Sections 509.251, 509.302, 399.01, 399.03, and 399.07

ADMINISTERED BY: Department of Business and Professional Regulation, Division of Hotels and Restaurants

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 or services for food service establishments.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 25,569,728 | 0.00% |
| 2008-09* | 25,569,728 | -4.66% |
| 2007-08 | 26,820,659 | 7.01% |
| 2006-07 | 25,064,161 | -3.65% |
| 2005-06 | 26,014,732 | 10.32% |
| 2004-05 | 23,580,863 | -0.34% |
| 2003-04 | 23,660,938 | |

* Estimate

HISTORY:

Beginning in 1899, sanitary inspection of hotels and restaurants was assigned to the Board of Health and a \$2 fee was prescribed. In 1913, hotel and restaurant inspections were taken over by a Hotel and Restaurant Commissioner. Fee changes have been made at frequent intervals by the Division of Hotels and Restaurants. From 1953 to 1975, all collections were deposited into the General Revenue Fund, from which administrative costs were appropriated. In 1975, an increase in fees was enacted and disposition of funds was changed to the Hotel and Restaurant Trust Fund. The \$3 hospitality education fee was increased in 1990 to "no more than \$6" and is to be "included in" instead of "in addition to" each lodging and food service license fee. In 1992, s. 559.925, F.S., providing for the licensure of receptive tour operators, was repealed. In 1993, the caps on various fees were increased. In 1996, the Legislature required that all hospitality education fees be used for the sole purpose of funding the Hospitality Education Program. Chapter 2001-186, Florida Statutes (F.S), increased the caps for various fees related to elevator safety. Chapter 2002-299, F.S., increased the cap for the Hospitality Education Fee cap from \$6 to \$10, and excluded certain fees from the maximum aggregate license fee for public food service establishments.

BASE AND RATE:

Public lodgings: Apartments - basic fee - transient unit - \$125, non-transient unit - \$95, plus additional amount based on number of units. Single unit (transient only) - \$10; 2 (transient) or 5 (non-transient) to 25 units - \$20; 26 to 50 units - \$35; 51 to 100 units - \$50; 101 to 200 units - \$75; 201 to 300 units - \$105; 301 to 400 units - \$135; 401 to 500 units - \$160; over 500 units - \$190. Non-transient Rooming Houses - basic fee \$140, plus additional amount based on number of units, same as apartments, ranging from \$20-\$190. Hotels, Motels & Transient Rooming Houses - basic fee \$170, plus additional amount based on number of units, same as apartments, ranging from \$10-\$190. Single and Group Condominiums - basic fee \$150, plus additional amount based on number of units, same as hotels, motels, and rooming houses. Collective Condominiums – basic fee \$150, plus \$10 per unit up to \$1,000 maximum fee (175 units).

HOTEL AND RESTAURANT LICENSES AND FEES

Food service: Each permanent seating establishment \$185 plus additional amount according to seats - 1 to 49 seats \$55; 50 to 149 - \$65; 150 to 249 - \$85; 250 to 349 - \$105; 350-499 - \$125; 500 or more seats - \$145. Theme park food carts – base fee \$185 plus additional amount based on number of carts like seating, ranging from \$55 to \$145. Permanent Nonseating Establishments - \$220. Mobile food dispensing vehicle licenses – base fee \$185 plus service type fee \$135. Caterers – base fee \$185 plus service type fee \$55. Vending machines – base fee \$10. Temporary food service licenses – 1-3 day events \$77; 4-30 day events \$90; annual license \$942. A fee of approximately 5% is added to each food service license fee for epidemiological services provided by the Department of Health for food borne illness investigations. Except for annual temporary event licenses, aggregate fees per establishment may not exceed \$400.

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

Elevator Licensing Fees: Basic fee of \$75 per device.

DISPOSITION:

Hotel and Restaurant Trust Fund

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.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

HUNTING AND FISHING LICENSES

FLORIDA STATUTES: Chapter 379.353 to 379.357; 379.361 to 379.377

ADMINISTERED BY: Fish and Wildlife Conservation Commission

SUMMARY:

Hunting and fishing in Florida generally requires a license unless an exemption applies and licenses are issued by the Fish and Wildlife Conservation Commission. They may be purchased from Tax Collectors, or for an additional fee, from retail vendors and via the telephone and Internet. License fees are set by statute and the amount differs based on duration, intended activity, location, residency status and applicable exemptions. License fees support fish and wildlife resource conservation including management, research, and law enforcement, and provide hunting and fishing recreational opportunities.

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % | State Game Trust Fund | Marine Resources Conservation Trust Fund | Dedicated License Trust Fund | Life Fish and Wildlife Trust Fund |
|-------------|---------------------|-----------------|-----------------------|--|------------------------------|-----------------------------------|
| 2009-10* | 50,208,485 | 2.78% | 19,923,915 | 26,482,353 | 3,096,709 | 705,508 |
| 2008-09* | 48,850,199 | 10.37% | 18,981,185 | 26,220,643 | 2,994,043 | 654,328 |
| 2007-08 | 44,258,687 | 24.99% | 17,851,093 | 23,524,764 | 2,236,135 | 646,695 |
| 2006-07** | 35,408,797 | -3.79% | 14,807,368 | 17,964,159 | 2,007,310 | 629,960 |
| 2005-06 | 36,802,589 | 5.40% | 16,637,714 | 17,961,890 | 1,681,710 | 521,275 |
| 2004-05 | 34,917,409 | -4.58% | 14,761,703 | 17,966,896 | 1,664,510 | 524,300 |
| 2003-04 | 36,592,922 | | 15,046,055 | 19,381,817 | 1,659,766 | 505,284 |

* Estimate

** FY 2006-07 included a one-year waiver of \$1.2 million marine commercial fees.

HISTORY:

Florida enacted a law requiring hunting and freshwater fishing licenses in 1929. License fees were increased in 1961, 1963, 1977, 1979, 1985, 1989, 1990, and 2007. There have been many new types of licenses created over the years, including combination hunting and fishing license established in 1985 and a resident sportsman license created in 1987. In 1989, the Legislature required a saltwater fishing license for the first time. In 1990, persons who operated vessels licensed to carry customers fishing for a fee were authorized to obtain a saltwater license in the name of the individual and the license was transferable to any vessel operated by the individual where appropriate fees had been paid. Resident lifetime and 5-year hunting and fishing licenses were created in 1991. A special recreational crawfish license was created 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., eliminated the \$10.00 for a 10-day license; created a \$12 fee for a permanent hunting and fishing license for a resident 64 years of age or older; eliminated the \$12 resident Lifetime Sportsman license; and reduced the 5-year Game Hunting License fee from \$270 to \$55. 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; and freshwater and saltwater fishing. In 2005, the Legislature created the Military Gold Sportsman's License. Any resident who is an active or retired member of the U.S. Armed Forces, the U.S. Armed Forces Reserves, the National Guard, U.S. Coast Guard, or the U.S. Coast Guard Reserves is eligible to purchase the Military Gold Sportsman's License upon submission of a current military identification card. Chapter 2006-304, L.O.F., created a \$5 crossbow permit and, accordingly, increased the annual fees for Sportsman License from \$66 to \$71 and the Gold Sportsman's License from \$82 to \$87. Chapter 2007-223, L.O.F., established fees

HUNTING AND FISHING LICENSES

associated with a Blue Crab Effort Management Program, increased licenses fees for recreational fishing and hunting licenses, and enabled the Florida Fish and Wildlife Conservation Commission to solicit donations for youth hunting and fishing programs as a voluntary check-off at the time hunting and fishing licenses are sold.

2008 Legislative Changes:

Chapter 2008-247, L.O.F., consolidated Chapters 370 and 372, F.S., relating to the regulation of wild animal life, freshwater aquatic life, and marine life into one combined Chapter 379, F.S., and repealed obsolete provisions of law.

Chapter 2008-106, L.O.F., provided for vessel registration fees and hunting and fishing license fees to be adjusted by the percentage changes in the Consumer Price Index (CPI), starting in 2013 and every five years thereafter.

BASE AND RATE:

Hunting Game Licenses: Resident: Annual \$15.50; Five year \$77.50; Lifetime 4 years or younger \$200, 5 - 12 years \$350, 13 - 63 years \$500; Non-Resident: Annual \$150; 10-day \$45. Trapping License: Resident \$25; Non-Resident \$25. Annual Permits Resident or Non-Resident: Waterfowl \$3; Management Area \$25; Muzzle-loading Gun \$5; Archery \$5; and Crossbow \$5. Florida Turkey Permit: Resident \$5; Non-Resident \$100. Special use permits: varies. Fur and hide dealers: Resident \$100; Non-Resident \$500. Private hunting preserve: \$70; Commercial \$500.

Combination Licenses: Resident Lifetime Sportsman License Fee: 4 years or younger \$400; 5 - 12 years \$700; 13 years or older \$1,000. Annual freshwater and saltwater fishing \$31; Annual hunting, freshwater and saltwater fishing \$46.50; Annual hunting and freshwater fishing \$31; Annual Sportsman's License \$79.00; 64 years and older \$12; Annual Gold Sportsman's License \$98.50; Annual Military Gold Sportsman's License \$18.50.

Freshwater Fishing License: Resident: Annual \$15.50; Five-year \$77.50; Lifetime 4 years or younger \$125; 5 - 12 years \$225; 13 years or older \$300; Non-Resident Freshwater Fishing License: 3-day \$15.50; 7-day \$28.50; Annual \$45.50. Other: Fish Pond (greater than 20 acres) \$3 per surface acre. Annual Gear license: haul seines \$100. Permits: Resident haul seine \$100.

Annual Wholesale and Retail Freshwater Dealers, Alligators: Freshwater Fish Dealer: Resident \$40; Non-Resident \$100; Wholesale Fish Dealer's License: Non-Resident \$500. Wholesale Fish Buyer's License: Non-Resident \$50. Alligator Trapping License: Resident \$250; Non-Resident \$1,000; Farming or Processing \$250; Agent Farming or Processing \$50.

Recreational Saltwater Fishing (non-commercial): Resident: Annual \$15.50; Five year: \$77.50; Lifetime 4 years or younger \$125; 5 - 12 years \$225; 13 years or older \$300; Non-Resident: 3 day license \$15.50; 7 day \$28.50; Annual. \$45.50. Other: Fishing piers charging a fee to customers \$500 per year; Snook and Spiny Lobster Annual Permit \$2 each; Special Recreational Spiny Lobster License Annual \$100.

Saltwater Products (commercial): Individual Resident \$50; Non-Resident \$200; Alien \$300. Individual vessel operators and all aboard: Resident \$150; Non-Resident \$600; Alien \$900. Commercial vessel operators and all aboard: Resident \$100; Non-Resident \$400; Alien \$600. Marine life endorsement \$75. Stone Crab endorsement \$125 (plus trap certificate fees). Blue Crab endorsement \$125 (hard shell); \$250 (soft shell) (plus trap certificate fees). Spiny Lobster endorsement \$125. Oyster (Apalachicola Bay) Resident \$100; Non-Resident \$500. St. Johns seine net permit \$250. Live/dead bait/shrimp production license (specified counties) \$250-\$1000.

HUNTING AND FISHING LICENSES

Recreational saltwater vessel operators charging a fee (party boats): 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. Gear License: purse seines \$25; haul seines \$100.

Annual Wholesale and Retail Saltwater Product Dealers: Wholesale county: Resident \$400; Non-Resident \$600; Alien \$1,100. Wholesale state: Resident \$550; Non-Resident \$1,100; Alien \$1,600. Annual Retail: Resident \$75 (\$10 per additional location); Non-Resident \$250 (\$25 per additional location); Alien \$300 (\$50 per additional location). Retail Other: Resident \$25; Non-Resident \$40; Alien \$65.

Possessing, Selling Exhibiting Wild Animals: Venomous Reptile License: \$100; Wildlife \$50-\$250.

DISPOSITION:

Hunting and Freshwater Fishing Licenses, Fines, Forfeitures and Administrative Fees: State Game Trust Fund.

Lifetime Fishing and Hunting License Fees: Lifetime Fish and Wildlife Trust Fund.

5 Year License Fees: Dedicated License Trust Fund.

Saltwater-Fishing License Fees: Marine Resources Conservation Trust Fund.

OTHER STATES:

All states collect hunting and fishing license fees.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|-----------------------|
| Provides for a permit to hunt wild turkeys for non-residents. | S880/2000, H1063/2003 |
| Increases the fee for private game preserve licenses from \$5 per year to \$50 per year. | S354/2002, S372/2003 |

INSPECTION LICENSES AND FEES

FLORIDA STATUTES: 487.045, 500.459, 501.605, 525.09, 526.51, 576.041, 578.08, 580.041, 601.28, 601.59, 603.12, 604.19, and 616.242

ADMINISTERED BY: Department of Agriculture and Consumer Services

SUMMARY:

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

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 34,407,035 | 0.39% |
| 2008-09* | 34,271,934 | 5.72% |
| 2007-08 | 32,417,179 | -7.47% |
| 2006-07 | 35,032,461 | -2.91% |
| 2005-06 | 36,082,526 | 0.65% |
| 2004-05 | 35,848,441 | -6.38% |
| 2003-04 | 38,291,414 | |

* Estimate

HISTORY:

The Department of Agriculture and Consumer Services is responsible for the regulation and inspection of all agriculture and consumer commodities. Inspection fees are imposed on such agriculture and consumer commodities in order to cover the cost of regulation and inspection. Following is a listing of the various types of fees and the date of their implementation:

| Type of Fee | Base and Rate | Date of Creation | Last Increase | Disposition |
|-----------------------------|--|------------------|---------------|-------------------------------|
| Citrus Inspection | Fees for inspection of citrus grade and maturity in continuous inspection packing houses, inspection for pounds solid and brix acid levels at processing plants, inspection of imported fruit at terminal markets, | 1949 | 2008 | Citrus Inspection Trust Fund |
| Citrus Licenses | Each applicant that qualifies for a citrus fruit dealer's license must pay a \$25 per shipping season license fee. A \$10 per shipping season registration fee is required for each agent of the licensed citrus fruit dealer. | 1949 | | Citrus Inspection Trust Fund |
| Gas and Kerosene Inspection | An inspection fee of one-eighth cent per gallon is assessed on all gasoline, kerosene (except when used as aviation turbine fuel), and #1 fuel oil for sale or use in this state. | 1919 | | General Inspection Trust Fund |

INSPECTION LICENSES AND FEES

| | | | | |
|--------------------------------|--|------|------|-------------------------------|
| Produce Dealers Licenses | A license is required before conducting business as a dealer in agricultural products. The license fee may not exceed \$500. | 1941 | 2006 | General Inspection Trust Fund |
| Pesticide Licenses | A license is required for a pesticide applicator that uses or supervises the use of restricted use pesticides. The license fee varies by type of applicant. | 1975 | 2008 | General Inspection Trust Fund |
| Fairs and Expos Permits | Fees are established by rule to cover the costs and expenditures associated with the Bureau of Fair and Rides Inspection. | 1986 | 2005 | General Inspection Trust Fund |
| Fruit and Vegetable Inspection | When requested by the shipper, the Department will furnish car lot inspections of fruits, vegetables, nuts, grains, and other agricultural products at shipping point. The expense of the inspection is paid by the shipper in the form of inspection fees. | | 2008 | General Inspection Trust Fund |
| Feed Registration | Each distributor of commercial feed must annually obtain a master registration for each brand that will be distributed in the state. The registration fee is determined by the number of tons of feed distributed in this state by the distributor during the previous year. | 1905 | 2008 | General Inspection Trust Fund |
| Fertilizer Inspection | \$1 per ton for fertilizer sold in the state | 1966 | 2008 | General Inspection Trust Fund |
| Seed Registration | A seed dealer must obtain a license prior to selling seed in the state. The license fee is determined by the gross receipts from the sale of such seed for the preceding license year. | 1945 | 1992 | General Inspection Trust Fund |
| Brake Fluid Permit | A permit fee of \$100 is required for the registration of each brand of brake fluid sold in the state. Renewal fees are \$50 per year. | 1961 | | General Inspection Trust Fund |
| Phosphate and Lime Nitrogen | 30 cents per ton for phosphate and lime sold or used for agricultural purposes in the state. | 2003 | | General Inspection Trust Fund |

INSPECTION LICENSES AND FEES

| | | | | |
|----------------------------------|---|------|--|-------------------------------|
| Telecommunication List Solicitor | A license fee of \$1,500 is required for businesses to engage in commercial telephone solicitation in the state. | 1991 | | General Inspection Trust Fund |
| Water Vending Permits | A water vending machine permit is required of any person who establishes, maintains or operates a water vending machine in the state. The permit fee is \$35 per machine. | 1984 | | General Inspection Trust Fund |

OTHER STATES:

All states engage in some form of regulation and inspection of agricultural commodities.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

INSURANCE LICENSE FEES

FLORIDA STATUTES: Sections 624.501 to 624.506; 624.521; 624.523

ADMINISTERED BY: Department of Financial Services

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 a biennial state license fee of \$12, an appointment fee of \$42 and a county license fee of \$6.

REVENUE:

| Fiscal Year | Collections | Annual Change % | Insurance Regulatory Trust Fund** | Agents County Tax Trust Fund |
|-------------|-------------|-----------------|-----------------------------------|------------------------------|
| 2009-10* | 57,585,971 | 0.00% | 51,823,037 | 5,762,934 |
| 2008-09* | 57,585,971 | 1.81% | 51,823,037 | 5,762,934 |
| 2007-08 | 56,564,173 | -3.16% | 51,057,511 | 5,506,662 |
| 2006-07 | 58,407,260 | 0.12% | 53,127,527 | 5,279,733 |
| 2005-06 | 58,334,593 | 22.89% | 53,088,391 | 5,246,202 |
| 2004-05 | 47,468,703 | -0.63% | 42,667,218 | 4,801,485 |
| 2003-04 | 47,770,805 | | 42,836,459 | 4,934,346 |

* Estimate

** Distributions to the Insurance Regulatory Trust Fund from insurance licenses increased in 2005-06 as a result of re-classification of “licenses” to “fees” by the Department of financial Services.

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.

BASE AND RATE:

Each insurer company: \$1,000 annually.

Each resident property, casualty, marine, surety, life, health, title and limited lines insurance agent pays a \$60 biennial license fee (\$42 appointment fee, \$12 state license fee and \$6 county license fee). Each non-resident insurance agent and all adjusters, whether resident or non-resident, pay a \$60 biennial appointment fee. Each title insurer and title insurance agency pays an annual \$200 administrative surcharge to be deposited in the Insurance Commissioners Regulatory Trust Fund.

DISPOSITION:

Insurance Regulatory Trust Fund: All “state tax” portions (\$12) of the agents’ licenses are collected to fund the administrative costs of the Division of Insurance Fraud. The \$42 appointment fee is also deposited in the Regulatory Trust Fund.

INSURANCE LICENSE FEES

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

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

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.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|-----------------------|
| Provides for an additional fee on applications for the reinstatement of a suspended license. Amends Florida Statute s. 624.501. | S1098/2008, H661/2008 |

INSURANCE PREMIUM TAX

FLORIDA STATUTES: Sections 624.509 50 624.519; 252.372

ADMINISTERED BY: Department of Revenue and the Department of Financial Services

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; and 1.6% on self insurers.

REVENUE:

| Receipts | | | Distributions** | | | |
|-------------|-------------|-----------------|-----------------|---------------------------------|--|---|
| Fiscal Year | Collections | Annual Change % | General Revenue | Insurance Regulatory Trust Fund | Police & Firefighters Premium Tax Trust Fund | Emergency Mangement Preparedness & Assitance Trust Fund |
| 2009-10* | 750,100,000 | 1.17% | 510,400,000 | 40,500,000 | 179,100,000 | 15,000,000 |
| 2008-09* | 741,400,000 | 3.22% | 505,100,000 | 39,400,000 | 177,300,000 | 14,600,000 |
| 2007-08 | 718,300,000 | -7.20% | 507,000,000 | 43,900,000 | 175,100,000 | 14,500,000 |
| 2006-07 | 774,000,000 | 14.11% | 525,900,000 | 40,100,000 | 168,100,000 | 13,900,000 |
| 2005-06 | 678,300,000 | 9.12% | 474,400,000 | 29,300,000 | 146,100,000 | 14,000,000 |
| 2004-05 | 621,600,000 | 7.58% | 435,000,000 | 27,500,000 | 133,600,000 | 15,200,000 |
| 2003-04 | 577,800,000 | | 392,000,000 | 24,100,000 | 127,500,000 | 13,300,000 |

* Estimate

** Distributions do not equal collections due to beginning and ending cash balances and refunds.

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. Annual tax credits for the FIGA and FLHIGA guaranty association assessments were reduced from 5% to 0.1% and totally eliminated after 3 years. Insurance premium taxes levied on "multiple-employer welfare arrangement" benefit plans were repealed. In 1991, refund payments were authorized to be made in the year following over-payment of premium taxes and such payments must be made out of the General Revenue Fund.

After Hurricane Andrew in 1992, 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

INSURANCE PREMIUM TAX

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 (now the Department of Financial Services) for distribution to local governments. The 1996 Legislature once again allowed the FLHIGA assessment credit against premium taxes paid.

Beginning with the 1997 tax year, companies are allowed to take a credit of 0.1% of their FLHIGA assessments paid prior to the 1997 tax year plus a credit of 5.0% of assessments paid after the 1996 tax year. These percentage credits may be taken in each year following the payment of the assessment until the full assessment amount has been credited. In 1998, the community contribution tax credit cap was raised to \$5 million and raise to \$10 million in 1999. The 2000 tax year introduced many changes in available tax credits. Insurance companies became exempt from the recurring intangible tax, which meant intangibles tax credit was no longer available. An investment in Capital Companies (CAPCO'S) provided a tax credit limited to \$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 to insurance companies to take against their Premium taxes or Corporate Income Taxes.

The 2004 legislature passed four laws which impacted the insurance premium tax. Chapter 2004-27, L.O.F., increased the potential one-year Florida Hurricane Catastrophe Fund (FHCF) assessment from 4% to 6%. FHCF multiple years' aggregate assessment limit was also raised from 6% to 10%. This law also provided for an emergency assessment exemption from the insurance premium tax. Chapter 2004-370, L.O.F., eliminated a \$10 fee required under s. 627.849, F.S., to file forms with the Department of Financial Services regarding insurance premium finance companies. This law and ch. 2004-390, L.O.F., provide that any local government workers' compensation self-insurance fund created after October 1, 2004, is subject to the requirements placed on a commercial fund for 5 years and must pay insurance premium tax. Chapter 2004-266, L.O.F., exempts the Florida Workers' Compensation Joint Underwriting Association from the premium tax and from paying assessments under ss. 440.49 and 440.51, F.S.

The 2005 Legislature passed ch. 2005-280, L.O.F., allowing foreign insurers to exclude the fraction of their salary tax credit when calculating retaliatory tax. This law also allows for mutual insurance holding companies meeting certain criteria to allocate the salaries of employees of a service company subsidiary among the insurance companies within the group that the employee services, although funding was vetoed. This law also provides that community contributions tax credits will not increase retaliatory tax owed by an insurer. Chapter 2005-94, L.O.F., exempts insurers domiciled outside the U.S. from the requirement that the insurer obtain a certificate of authority to operate from offices within Florida for transactions involving life and annuity contracts sold to non-residents of the United States. Chapter 2005-205, L.O.F., provides that any municipality that has entered into an inter-local agreement to provide fire protection services to any other incorporated municipality may be eligible to receive the 1.85 percent excise tax reported for such other municipality. In order to be eligible to receive the premium taxes, the municipality providing the fire services must notify the Division of Retirement that it has entered into an inter-local agreement with another municipality. The municipality receiving the fire services is authorized to enact an ordinance levying the tax. Chapter 2006-55, L.O.F., allowed certain salary credits to be transferred to a member of an affiliated group.

BASE AND RATE:

Premium Tax: Premium tax is applied to insurance premiums written in Florida at the following rates: gross property & casualty premiums less reinsurance and returned premiums, life premiums, accident and health premiums, and prepaid limited health premiums, 1.75%; commercial self-insurance, group self-insurance, medical malpractice self-insurance, and assessable mutual insurance, 1.6%; and annuities, 1%. Corporation income tax and the emergency excise 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

INSURANCE PREMIUM TAX

to employees located or based in Florida who are covered by unemployment compensation. This credit in combination with the corporate income tax 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 perils, and business owner's property insurance policy, issued on or after May 1, 1993, pursuant to s. 252.372, F.S.

DISPOSITION:

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

Surcharge: Emergency Management, Preparedness, and Assistance Trust Fund, which is administered by the Department of Community Affairs.

OTHER STATES:

Premium taxes are imposed in most states 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 0.4% to 4.265%, with the average rate for all states being 2%. All insurance taxes are complicated by retaliatory taxes which nearly every state levies under some circumstances.

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| 0.5% increase | \$214.5 |
| VALUE OF CREDITS: | |
| Community Contributions (s. 624.5105) | \$0.3 |
| Corporate Income Credits Claimed (s. 624.509(4)) | \$248.6 |
| Florida Employee's Salary (s. 624.509(5)) | \$212.5 |
| Capital Company Investment Credit (s. 288.99) | \$12.8 |
| Municipal Firefighter's Pension Fund (s. 175.141) | \$112.0 |
| Municipal Police Officer's Retirement Fund (s. 185.12) | \$70.2 |
| Capital Investment Tax Credit (s. 220.191 (2)) | \$1.4 |
| Child Care Credit (s. 624.5107) | \$0.1 |
| VALUE OF DEDUCTIONS: | |
| Workers Compensation Assessments Credit (s. 440.51) | \$12.0 |
| Florida Life & Health Insurance Guarantee Association Assessment (s. 631.711) | \$3.6 |
| VALUE OF EXEMPTIONS: | |
| Annuity premiums (s. 624.509(8)) – exempt from 1% tax when savings are passed on to policy holders. | \$124.9 |
| Florida Workers' Compensation Joint Underwriting Association | \$0.5 |

INSURANCE PREMIUM TAX

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

**INSURANCE SURPLUS LINES AND INDEPENDENT
PROCUREMENT TAX**

FLORIDA STATUTES: Sections 626.932; 626.938;

ADMINISTERED BY: Department of Financial Services

SUMMARY:

Taxes are imposed on surplus lines premiums and independently procured coverage at 5% and paid by surplus lines companies.

REVENUE:

| Fiscal Year | Receipts | | Distributions | |
|-------------|-------------------|-----------------|-----------------|---------------------------------|
| | Total Collections | Annual Change % | General Revenue | Insurance Regulatory Trust Fund |
| 2009-10* | 209,230,000 | 0.97% | 176,300,000 | 32,930,000 |
| 2008-09* | 207,220,000 | -4.99% | 174,600,000 | 32,620,000 |
| 2007-08 | 218,100,000 | -3.73% | 165,100,000 | 53,000,000 |
| 2006-07 | 226,550,000 | 24.91% | 171,500,000 | 55,050,000 |
| 2005-06 | 181,370,000 | 24.02% | 137,300,000 | 44,070,000 |
| 2004-05 | 146,240,000 | 10.60% | 110,700,000 | 35,540,000 |
| 2003-04 | 132,230,000 | | 100,100,000 | 32,130,000 |

* Estimate

HISTORY:

Before 1990, the tax on surplus lines and independently procured insurance was levied at 3%. In 1990, this tax was raised to 5%, but the amount of such assessment going to the Department of Insurance was reduced from 3% to 2.75%.

Chapter 2003-395, L.O.F., changed the distribution of the tax on surplus lines and independently procured coverage from 55% to the Insurance Regulatory Trust Fund and 45% to General Revenue to 24.3% to the Insurance Regulatory Trust Fund and 75.7% to General Revenue. Chapter 2004-27, L.O.F., made surplus lines insurance policies subject to Florida Hurricane Catastrophe Fund assessments.

2008 Legislative Changes

Chapter 2008-132, L.O.F., changed the distribution of the Surplus Lines Tax between the General Revenue Fund and the Insurance Regulatory Trust Fund by increasing the percentage deposited into the General Revenue Fund, from 75.7% to 84.26%. The remainder is deposited into the Regulatory Trust Fund.

BASE AND RATE:

Surplus lines and independently procured insurance, 5%

DISPOSITION:

The tax on surplus lines and independently procured coverage is distributed 15.74% to the Insurance Regulatory Trust Fund and 84.26% to General Revenue.

OTHER STATES:

Surplus lines premium and independently procured coverage taxes are imposed in most states. Taxes imposed vary considerably from state to state, with a range from 1% to 5%.

**INSURANCE SURPLUS LINES AND INDEPENDENT
PROCUREMENT TAX**

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|-----------------------|
| Rescinds the repeal of an alternative tax rate. | S390/2000, S1688/2001 |

INTANGIBLES TAX

FLORIDA STATUTES: Chapter 199

ADMINISTERED BY: Department of Revenue

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.) Obligations secured by liens on Florida realty are taxed at 2 mills at the time they are recorded. Most intangibles tax revenue goes to the General Revenue Fund. (1 mill = .1 cent or \$.001; also expressed as \$1 per \$1,000 or .1%).

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % | Annual Tax** | Mortgages | General Revenue Distribution*** |
|-------------|---------------------|-----------------|--------------|-------------|---------------------------------|
| 2009-10* | 212,100,000 | -6.15% | 0 | 212,100,000 | 212,100,000 |
| 2008-09* | 226,000,000 | -48.21% | 0 | 226,000,000 | 226,000,000 |
| 2007-08 | 436,338,664 | -43.52% | 0 | 436,338,664 | 436,338,664 |
| 2006-07 | 772,556,394 | -28.80% | 45,859,437 | 726,696,957 | 772,556,394 |
| 2005-06 | 1,085,019,940 | 10.59% | 194,489,325 | 890,530,615 | 1,085,019,940 |
| 2004-05 | 981,129,357 | 14.47% | 303,055,000 | 678,074,000 | 981,129,000 |
| 2003-04 | 857,109,293 | | 275,124,000 | 581,985,000 | 857,109,000 |

* Estimate

** Beginning January 1, 2001, accounts receivable became exempt and the annual tax on intangible assets was reduced from 1.5 mills to 1 mill. Effective July 1, 2003, the exemption against the annual tax increased to \$250,000 for each natural taxpayer and spouse and a \$250,000 exemption was created for businesses. Effective January 1, 2006, the annual tax on intangible tax on intangible assets was reduced from 1 mill to 0.5 mills. Effective January 1, 2007, the annual tax on intangible assets was repealed.

*** Beginning July 1, 2000, intangible tax revenue is not distributed to the County Revenue Sharing Trust Fund. Beginning July 1, 2004, all intangible tax revenue except revenue from the tax on leaseholds is distributed to General Revenue.

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 in the state's General Revenue Fund. In 1941 intangibles tax revenue was used to fund county tax assessors and collectors, and revenue not needed for these purposes was divided between General Revenue (75%) and the county where collected (25%). Tax rates were changed to 1 mill on stocks and bonds, 3 mills on mortgages, and 1/20 mill on money.

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

In 1967, 55% of net collections was shared with counties where collected. The Department of Revenue began assessing and collecting the tax in 1971 and the tax on money was repealed. The Revenue Sharing Act of 1972 (ch. 72-360, L.O.F.) channeled the counties' 55% share through a revenue sharing formula. In 1974, the \$20,000 annual exemption for each taxpayer and spouse was created.

INTANGIBLES TAX

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, the Legislature made several significant changes were made to the intangibles tax: the minimum amount of tax due before a return and payment is required was raised from \$5 to \$60 dollars; one-third of accounts receivable was exempted from the intangibles tax beginning January 1, 1999, and the act expressed the intent of the Legislature to increase the exempt amount to two-thirds on January 1, 2000, and to completely exempt accounts receivable on January 1, 2001. The penalties for late payment and late filing were limited to a total of 10 percent per month and 50 percent of the total tax due. The penalty for under reporting and undervaluation was reduced from 30 percent to 10 percent; and banks, savings associations, as defined in s. 220.62, F.S., and insurers, as defined in s. 624.03, F.S., were exempted from intangibles tax. The distribution rate was changed to 35.3% for the Revenue Sharing Trust Fund for Counties for FY 1998-1999 and to 37.7% for FY 1999-2000. (Chapter 98-132, L.O.F.)

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. (Chapters 99-242 and 99-274, L.O. F.) The next year, ch. 2000- 173, L.O.F., 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 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 distribution of intangibles tax to counties and replaced the revenue with sales tax.

Chapter 2001-225, L.O.F., increased the exemption against the annual tax to \$250,000 for each natural taxpayer and spouse, and created a \$250,000 exemption for all other taxpayers, which were mainly businesses. These changes were postponed until the 2004 tax year in Special Session C in December, 2001. Chapter 2004-234, Laws of Florida, provided that all proceeds of the intangibles tax are deposited in the General Revenue fund, except for revenue collected pursuant to the tax on governmental leaseholds, which is returned to the local school boards in the counties where the leasehold property is located. In 2005, the Legislature reduced the annual tax on intangible assets from 1 mill to 0.5 mill. Chapter 2006-312, L.O.F., repealed the annual tax on intangible personal property, effective January 1, 2007. The non-recurring tax imposed upon obligations secured by liens on Florida property and the .5 mill annual tax imposed on government leaseholds were not affected by this repeal.

BASE AND RATE:

A 2 mill non-recurring tax is imposed on obligations for the payment of money secured by liens on Florida real property. An annual .5 mill tax is imposed on governmental leaseholds. The minimum amount of tax due before a return and payment of the annual tax are required is \$60.

INTANGIBLES TAX

DISPOSITION:

All intangibles tax revenue is deposited into the General Revenue Fund, except for revenue collected pursuant to the tax on governmental leaseholds, which is returned to the local school boards in the counties where the leasehold property is located.

OTHER STATES:

Most states include income from intangible personal property in their personal income tax base. Along with Florida, the states of Kansas, Kentucky, and Pennsylvania 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. 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.

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of .5 mill levy on stocks, bonds, notes, etc.* | \$124.9 |
| Value of 1 mill levy on mortgages* | \$106.5 |
| VALUE OF EXEMPTIONS: | |
| Exemption for credit unions from state and local taxes (s. 213.12(2)) | Indeterminate |
| Exemption for property owned by the state or by religious, educational, or charitable institutions (s. 199.183) | Indeterminate |
| VALUE OF REFUNDS AND ALLOWANCES: | |
| Clerk of Circuit Court Commission (0.5%) (s.199.135(3)) | \$1.1 |
| <u>DISTRIBUTION TO SCHOOL BOARDS</u> | |
| Government leasehold collections (s. 199.292(1)) | \$0.5 |

* 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.

INTANGIBLES TAX

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|--|
| Repeals the annual intangible personal property tax. | S906/2000 sm H425, S1570/2000, S976/2001, H23-C/2001, S1014/2003 sm H47, S3068/2004, H75/2004 sm H1131, S880/2005 sm H383 and H661, H963/2005, S260/2006 idn S1946, S714/2006, H711/2006 |
| Reduces the rate of annual intangible personal property tax from 1.5 mill to 1 mill imposed on each dollar of the just valuation of property. | S60/2000, H187/2000 |
| Provides that all accounts receivable are exempt from intangible personal property taxes. | S60/2000, H187/2000 |
| Amends Florida Statute s. 199.052, providing that a trustee is not responsible for returns and is not required to pay annual tax on trust property. | S192/2000 sm H415, H2443/2000 |
| Exempts certain natural persons from the payment of annual tax. | S1676/2002 idn H917, H55-C/2001 |
| Increases the exemption amount for natural persons on the value of property otherwise subject to the annual intangible personal property tax. | S204/2000, S128/2001, H9-C/2001 |
| Increases the percentage of voluntary cleanup cost of contamination sites allowed as a tax credit against the intangibles tax. | H485/2004, S1448/2005 sm H1857 |

INTERGOVERNMENTAL AID

FLORIDA STATUTES: 215.32(2)(b)

ADMINISTERED BY: Various agencies

SUMMARY:

Approximately 30% of all revenue received in fiscal year 2007-08 was federally funded. Health and Human Services grants make up the majority of funding and are located in the following agencies/departments: Children and Families, Health, Agency for Health Care Administration, and the Agency for Persons with Disabilities. The majority of Community Affairs grant funding is disaster related and fluctuates based on the level of disasters experienced annually.

REVENUE:

| Fiscal Year | Collections | Annual Change % | Federal Grants | County and City Grants | Other Assistance and Donations Grants |
|-------------|----------------|-----------------|----------------|------------------------|---------------------------------------|
| 2009-10* | 18,238,951,895 | -0.85% | 18,043,988,040 | 88,926,929 | 106,036,926 |
| 2008-09* | 18,394,858,070 | 2.13% | 18,200,801,335 | 88,513,459 | 105,543,276 |
| 2007-08 | 18,011,497,642 | 2.21% | 17,818,269,738 | 88,135,411 | 105,092,493 |
| 2006-07 | 17,621,332,549 | -1.62% | 17,408,537,069 | 72,910,244 | 139,885,236 |
| 2005-06 | 17,912,130,578 | 2.06% | 17,742,921,355 | 60,879,601 | 108,329,622 |
| 2004-05 | 17,549,870,996 | 5.00% | 17,380,478,359 | 82,403,079 | 86,989,558 |
| 2003-04 | 16,713,435,928 | | 16,282,315,753 | 81,321,297 | 349,798,878 |

* Estimate

HISTORY:

Intergovernmental Aid is a combination of three types of grant funding: County and city grants, federal government grants, and other assistance and donations grants. In FY 2007-08 Intergovernmental Aid made up 29.6% of total direct revenue to the state. From FY 1970-71 through FY 2007-08 this funding category is averaging 24% of total direct revenue to the state.

The state receives county and city grant funds from Boards of County Commissioners, County Health Care Taxing Districts, County School Boards, and various other levels of county or city governments. These funds are generally provided to fund activities appropriate to the services being provided. In addition, the local governments may request that the state provide specific services and enter into specific agreements related to these specific services.

Federal government grant funds are received from many different federal agencies for the purpose of providing support services to a variety of department clients, supporting regulatory activities of the state's various departments, and for other such purposes as may be appropriate. The state's various agencies receive the funds through the federal government grant award process, either directly from the awarding federal agency or transfers from another state agency. The grants are used for specific purposes in accordance with the directives of the grant. Other assistance and donations grants are received from various foundations and non-profit organizations for the purpose of providing specific services as directed by the grant or donation, and as matching funds for various services.

BASE AND RATE:

Various matching formulas are program-specific. Matching required for Federal aid may vary from zero to 100%.

DISPOSITION:

Various Agency Trust Funds (earmarked accounts appropriate to the purpose of each type of aid received).

INTERGOVERNMENTAL AID

OTHER STATES:

All states receive similar types of grant funding at a variety of levels. Federal government grant funding levels are generally guided by population, program, and need based on economic indicators.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

LOTTERY

FLORIDA STATUTES: Chapter 24

ADMINISTERED BY: Department of the Lottery

SUMMARY:

The Lottery's mission is to maximize revenues for educational enhancement in Florida. To do so, it operates both instant ticket games and on-line numbers games. The Lottery is self-funded. In addition to ticket sales, a relatively small portion of Lottery proceeds are generated from security lending, interest earnings, on-line communication fees and retailer fees. As a final component, 80% of each month's unclaimed prize money is transferred to the Educational Enhancement Trust Fund (EETF).

REVENUE:

| Fiscal Year | Collections | Annual Change % | Education Enhancement Trust Fund Distributions |
|-------------|---------------|-----------------|--|
| 2009-10* | 3,948,800,000 | 0.58% | 1,177,201,700 |
| 2008-09* | 3,926,100,000 | -6.61% | 1,189,473,390 |
| 2007-08 | 4,203,975,000 | 1.48% | 1,277,142,000 |
| 2006-07 | 4,142,570,000 | 3.86% | 1,256,378,000 |
| 2005-06 | 3,988,578,000 | 14.36% | 1,218,513,000 |
| 2004-05 | 3,487,600,000 | 13.00% | 1,028,600,000 |
| 2003-04 | 3,086,400,000 | | 970,700,000 |

* Estimate

HISTORY:

In November, 1986, voters approved Article X, Section 15 to the State Constitution, providing for a state-operated lottery. The Department of the Lottery was created during the 1987 Regular Session and the state lottery officially began selling tickets on January 12, 1988. Beginning July 1989, the allocation for education was increased from 35% to 37.5% and increased again to 38% in July 1990. During the 2002 legislative session, the Legislature authorized the Department of the Lottery to determine a variable percentage of revenue from instant lottery tickets that is to be returned as prizes. In the following year, the Legislature increased the allocation for education from 38% to 39% for on-line games. However, in 2005, the on-line game prize and education allocations were made variable as had been done for instant games previously. The Lottery is to determine prize percentages so as to maximize the amount of funding going to education. The granting of variable prize authority was the major factor in the \$233 million or 84% rise, from FY 2001-02 to FY 2007-08, in funding for education directly from instant games.

In 2003, the legislature eliminated the \$180 million cap on money used from the EETF for bond requirements, and removed designated transfers going to the Classroom First program. During Special Session E, HB 43-E (ch. 2003-426, L.O.F.) transferred \$30,147,947 of unclaimed lottery prize money to the EETF.

During the 2005 regular session of the legislature, HB 841 (ch. 2005-84, L.O.F.) was passed. The bill required 80% of all unclaimed lottery prize money from online games to be deposited in the EETF and the remaining 20% to be added to future prizes or special prize promotions. As noted above, the bill also authorized the department to establish variable percentages for on-line games prize payouts and transfers to the EETF.

The 2006 and 2007 Legislative sessions saw passage of two additional bills related to the Lottery. HB 755 (ch. 2006-278, L.O.F.) narrowed the standard of review for administrative law judges in considering protests of the Lottery's competitive procurement actions. The Lottery expected this legislation to reduce agency costs over

LOTTERY

the long term. In SB 1376 (ch. 2007-128, L.O.F.), the Legislature added the authority to obtain patents to the Lottery's existing authorities to hold copyrights, trademarks and service marks.

BASE AND RATE:

In Fiscal Year 2007-08 monthly surveys conducted by the Lottery found that 57% of adult Floridian respondents reported playing at least one Florida Lottery game during the preceding twelve months. Thirty-four percent reported playing at least one game during the past month. During that same fiscal year, funds generated for the Educational Enhancement Trust Fund (EETF) equaled 30% of total Lottery proceeds.

DISPOSITION:

Total collections are distributed as follows: variable percentages, as determined by the department, of the gross revenue from the sale of online and instant lottery tickets are returned to Lottery players as prizes. The next portion of the proceeds is used to compensate the more than 13,000 Lottery retailers around the state that sold the tickets. A third portion of the proceeds is used to cover all of the Lottery's operational costs, that is, payments to vendors, advertising and promotional spending and the internal costs of the Lottery itself. Proceeds remaining after the payment of prizes and operational costs are transferred to the EETF. Following an annual financial audit, any unencumbered balance which remains in the Operating Trust Fund at the end of each fiscal year is transferred to the EETF. In FY 2007-08, approximately 61% of Lottery proceeds were spent on prizes and 9% on operational costs, leaving 30% for transfer to the EETF.

OTHER STATES:

Currently, forty-two states and the District of Columbia are authorized to operate state lotteries. Forty-one of these states and the District of Columbia operate instant ticket games and at least one form of on-line game. (North Dakota does not operate its own state games, but instead, participates in multi-state games). Of the forty-two U.S. lotteries, Florida ranks third in total sales and tenth in per capita sales (FY 2007-08). In regard to transfers to government, the Florida Lottery ranked fourth in FY 2006-07, the latest year for which data are available.

VALUE OF RATE CHANGE:

The Lottery has had the authority to vary the prize payout and EETF transfer rates since 2002 for instant games and since 2005 for on-line games. The Lottery's higher prize payout and ticket price strategies made possible by this authority resulted in a FY 2007-08 level of EETF from instant game sales that was \$219 million higher than in FY 2001-02. However, prize payout and EETF transfer rates have been at or near their optimal levels for maximizing EETF since then, and further gains solely from rate changes are likely to be limited. Use of prize and price strategies for on-line games has been more deliberate, but they still have yielded positive net EETF returns in most cases.

VALUE OF REFUNDS AND ALLOWANCES:

The Lottery has a statewide network of more than 13,000 retailers selling lottery games and cashing winning tickets. These retailers are compensated for providing these services and for marketing lottery games through point-of-sale materials and special promotions. Each retailer receives a 5% commission on lottery sales and a 1% cashing bonus on the value of prizes redeemed at that retailer location. In FY 2007-08, these commissions and cashing bonuses totaled \$233,469,174 or 5.6% of net sales.

In addition, the Legislature authorizes the Lottery to expend money on retailer incentives aimed at encouraging greater sales. Typically, the launch of a new or especially important game or promotion is accompanied by a retailer incentive, for example, paying a higher sales commission for the new product for a limited time. During FY 2007-08, the Lottery expended \$2,182,350 on such incentive programs.

L O T T E R Y

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|---|
| Provides that unclaimed prize money shall be distributed to public schools, community colleges, and universities on a pro rata basis, based on enrollment. | S956/2001 idn H13, H29-B/2001, H893/2003, S190/2004, H37/2004 |
| Provides that all unclaimed prize money shall be deposited in the Educational Enhancement Trust Fund. | S1268/2003 idn H241 and S1392, S270/2004 sm S592 |
| Provides for the deposit of 80% of unclaimed prize money into the Educational Enhancement Trust Fund. | S174/2004, H1143/2004, S482/2005 |
| Provides that all unclaimed prize money, except unclaimed prize money from instant lottery tickets, shall be deposited in the Educational Enhancement Trust Fund to be used to provide funding for grades K-12 as provided in Florida Statute s. 24.121. | S320/2004 idn H55, S490/2007 idn H673 |
| Increases the amount to be deposited into the Educational Enhancement Trust Fund. | H1841/2003, H37-A/2003 |

MEDICAL HOSPITAL FEES

FLORIDA STATUTES: Section 409.915

ADMINISTERED BY: Agency for Health Care Administration

SUMMARY:

Medical Hospital Fees (aka county contributions to Medicaid) are payments made to the state as reimbursement for a portion of the cost of certain services provided to county residents through Florida's Medicaid program.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 166,600,000 | -10.33% |
| 2008-09* | 185,800,000 | 12.01% |
| 2007-08 | 165,875,669 | -3.87% |
| 2006-07 | 172,551,366 | -4.66% |
| 2005-06 | 180,986,967 | -0.10% |
| 2004-05 | 181,160,363 | 9.19% |
| 2003-04 | 165,914,736 | |

* Estimate

HISTORY:

Chapter 72-225 created section 409.267, F.S., which required county participation in the cost of the following items provided under Medicaid: 35% of the cost of inpatient hospitalization in excess of 12 days; and 35% of the cost of nursing home or intermediate care facilities in excess of \$170 per month. In 1975, a limitation of \$55 per resident per month on the required reimbursements for services provided by nursing home and intermediate care facilities was enacted. In 1991, Section 409.267, F.S. was repealed and replaced with section 409.915, F.S. An exemption for county residents in the Medically Needy program component of Medicaid was also enacted at this time. In 1996, required reimbursements were extended to services provided to health maintenance organization members if the services would have been reimbursable in a fee-for-service setting. In 2001 the 12 day exclusion for inpatient hospital services was reduced to 10 days, and an exemption for the cost of adult lung transplant services was established.

BASE AND RATE:

Reimbursements for hospital inpatient services amount to approximately 7% of Medicaid hospital inpatient expenditures. Reimbursements for nursing home services amount to approximately 1.5% of Medicaid nursing home expenditures. Reimbursements for hospital inpatient services provided through health maintenance organizations amount to approximately 1% of Medicaid HMO payments.

DISPOSITION:

Reimbursements are deposited into the General Revenue Fund.

OTHER STATES:

Twenty states besides Florida use local government funding to support their state Medicaid programs. This support takes various forms. Some local governments levy a tax which is remitted to the state. At least one state diverts state revenue sharing funds to support Medicaid expenditures. More commonly, local governments participate in the program administration or provision of services.

VALUE OF RATE OR TAX BASE CHANGE:

Increasing the nursing home reimbursement by 10% increases the revenue by \$3.1 million. Reducing the 10 day exclusion for hospital inpatient services to 9 days increases the revenue by \$11.5 million.

MEDICAL HOSPITAL FEES

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:
There have been no significant changes to this state revenue source.

MOTOR BOAT LICENSES

FLORIDA STATUTES: Chapter 328

ADMINISTERED BY: Department of Highway Safety and Motor Vehicles

SUMMARY:

All motorboats operated on Florida waters must be registered annually with the Department of Highway Safety and Motor Vehicles. License fees are based on the length of the boat and range from a low of \$5.50 to a high of \$189.75". All counties are authorized to impose an annual vessel registration fee which must be equal to 50% of the applicable state vessel registration fee.

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % | Marine Resources Conservation Trust Fund | State Agency Law Enforcement Radio System Trust Fund |
|-------------|---------------------|-----------------|--|--|
| 2009-10* | 6,660,090 | 1.26% | 5,660,090 | 1,000,000 |
| 2008-09* | 6,577,257 | 1.26% | 5,581,943 | 995,314 |
| 2007-08 | 6,495,237 | 1.14% | 5,504,875 | 990,362 |
| 2006-07 | 6,422,338 | 0.60% | 5,455,773 | 966,565 |
| 2005-06 | 6,384,116 | 2.18% | 5,413,507 | 970,609 |
| 2004-05 | 6,247,727 | 1.29% | 5,304,640 | 943,087 |
| 2003-04 | 6,167,963 | | 5,228,993 | 938,970 |

* Estimate

HISTORY:

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

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

MOTOR BOAT LICENSES

to the counties where collected. Chapter 2001-196, L.O.F., capped administrative costs for vessel registration at \$1.4 million for deposit in the Highway Safety Operating Trust Fund. Chapter 2005-157, L.O.F., distributes \$1 of the county portion of the state vessel registration fee to the Marine Resources Conservation Trust Fund to fund grant programs for public launching facilities.

Chapter 2007-242, L.O.F., created the biennial vehicle registration option. Vehicle owners are permitted to pay the vehicle registration taxes in advance for two-years and are then issued the appropriate decal for their license plate. The fees for a two-year registration are double that of an annual registration however the distribution of the revenue does not actually occur until the year in which it would have normally been collected.

Chapter 2008-106, L.O.F., raised all vessel registration fees effective July 1, 2008 by 50 – 60 percent. The vessel dealer registration fee was also raised to \$25.50. In addition, beginning in 2013 and every five-years thereafter the vessel registration fees are to be adjusted by the percentage change in the Consumer Price Index for All Urban Consumers.

BASE AND RATE:

All motorboats: Boats and canoes with motors under 12 feet - \$5.50; others - \$16.25 to \$189.75, depending on length. Dealer - \$25.50. \$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. 328.72, (1), F.S., 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.

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.

OTHER STATES:

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

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|---|
| Authorizes an extended registration period for certain vessels. | S2402/2002, S1150/2005 sm H435, S442/2007 |

MOTOR FUEL & DIESEL FUEL TAXES

FLORIDA STATUTES: Chapter 206; Section 212.0501, F.S.

ADMINISTERED BY: Department of Revenue

SUMMARY:

Motor fuel, diesel fuel and aviation fuel are subject to taxation in Florida pursuant to chapter 206, F.S. 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 a statutorily established tax rate of 6.9 cents per gallon by the percentage change in the average of the consumer price index; State Comprehensive Enhanced Transportation System (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.

Combined state fuel tax rates for fiscal year 2007-08 are: motor fuel – 21.66 cents per gallon and diesel fuel – 21.67 cents per gallon. 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.

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % | Chapter 206 & s. 212.0501 | SCETS TAX |
|-------------|---------------------|-----------------|---------------------------|-------------|
| 2009-10* | 2,274,283,879 | 2.99 | 1,624,683,879 | 649,600,000 |
| 2008-09* | 2,208,278,242 | -3.88 | 1,583,678,242 | 624,600,000 |
| 2007-08 | 2,297,365,979 | 0.45 | 1,663,841,649 | 633,524,330 |
| 2006-07 | 2,286,967,689 | 2.64 | 1,654,467,689 | 632,500,000 |
| 2005-06 | 2,228,182,321 | 3.08 | 1,611,988,322 | 616,193,999 |
| 2004-05 | 2,161,679,848 | 7.13 | 1,569,979,848 | 591,700,000 |
| 2003-04 | 2,017,720,870 | 5.96 | 1,464,159,483 | 553,561,387 |

* Estimate

** Total collections represent gross collections and include the following:

| Distributions | | | | | | |
|---------------|-----------------|---------------|------------------|-------------------------------|----------------------------------|------------|
| Fiscal Year | Service Charges | Diversions*** | DOR Admin. Costs | Agr. Emergency Eradication TF | Marine Resources Conservation TF | Total |
| 2009-10* | 4,600,000 | 55,200,000 | 16,469,844 | 9,812,759 | 13,400,000 | 99,482,603 |
| 2008-09* | 4,600,000 | 54,000,000 | 16,311,981 | 9,379,081 | 13,400,000 | 97,691,062 |
| 2007-08 | 4,851,097 | 55,235,896 | 15,695,897 | 9,561,369 | 13,400,000 | 98,744,259 |
| 2006-07 | 4,600,000 | 50,830,000 | 13,010,600 | 9,480,000 | 10,900,000 | 88,820,600 |
| 2005-06 | 4,300,000 | 54,000,000 | 13,600,000 | 9,200,000 | 8,500,000 | 89,600,000 |
| 2004-05 | 4,400,000 | 48,100,000 | 12,700,000 | 8,500,000 | 4,941,700 | 78,641,700 |
| 2003-04 | 4,100,000 | 47,200,000 | 12,400,000 | 8,400,000 | 2,500,000 | 74,600,000 |

*** Diversions consist of refunds, collection fees, an annual distribution of \$6.3 m to the Department of Environmental Protection for Aquatic Weed Control and other boating-related activities and \$2.5 m to the

MOTOR FUEL & DIESEL FUEL TAXES

Fish and Wildlife Conservation Commission (FWC) to be used for recreational boating activities and fresh water fisheries management and research.

| Allocation by Type of Fuel** | | | | |
|------------------------------|---------------|-------------|-------------------|------------|
| Fiscal Year | Motor Fuel | Diesel Fuel | Off-Highway Fuel@ | Aviation |
| 2009-10* | 1,851,347,893 | 334,135,986 | 15,300,000 | 73,500,000 |
| 2008-09* | 1,788,946,973 | 330,331,269 | 15,500,000 | 73,500,000 |
| 2007-08 | 1,844,323,329 | 360,932,865 | 15,658,542 | 76,451,243 |
| 2006-07 | 1,824,153,584 | 373,893,475 | 15,463,727 | 73,465,903 |
| 2005-06 | 1,772,684,919 | 369,540,281 | 14,645,035 | 71,312,086 |
| 2004-05 | 1,729,519,927 | 339,204,543 | 20,076,392 | 72,878,986 |
| 2003-04 | 1,645,691,180 | 301,648,772 | 4,324,718 | 66,056,200 |

* Estimate

** 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.

@ The 2004-05 off-highway fuel allocation includes \$10,885,587 collected in prior years, but not distributed until 2004-05.

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 (Chapter 206 Part II F.S.). 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. In 1980 a 5 year exemption was granted from the first gas tax for gasohol and beginning July 1, 1980 to July, 1983, gasohol was granted an exemption from the 7th cent tax. The legislation provided that the exemption would be reduced to only two cents of the first gas tax in 1985 and then would be totally removed in 1987. 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. The fees collected pursuant to s. 206.87(7), will be deposited into the newly created Sate Alternative Fuel User Fee Clearing Trust Fund and the Local Alternative Fuel User Fee Clearing Trust Fund.

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, the County 1-6 cents Local Option Gas Tax and the County 1-5 cents Local Option Motor Fuel Tax. All proceeds were deposited in the General Revenue Fund. In 1986, the proceeds from the aviation fuel tax, less service charges and refunds, were redirected for distribution to the State Transportation Trust Fund from the General Revenue Fund. Certain air carriers making an election pursuant to s. 212.0598, F.S., were authorized to use the apportionment formula in s. 212.0598, F.S., for their aviation fuel tax in 1988. The authorization was set to expire 7/1/89 but was extended by the 1989 and 1990 legislature and was scheduled to expire 7/1/91. 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

MOTOR FUEL & DIESEL FUEL TAXES

Enhanced Transportation System (SCETS) tax was enacted. The SCETS tax was levied on gasoline in each county levying a local option gas tax at a rate equal to two-thirds of the sum of the county's local option gas taxes, not to exceed 4 cents per gallon. The SCETS tax is annually adjusted by the average of the Consumer Price Index. The equalization of local option fuel taxes on diesel fuel was adopted. Effective calendar year 1991, the local option tax rate on diesel cannot be lower than 4 cents per gallon; in 1992, 5 cents per gallon; in 1993, 6 cents per gallon. Effective calendar year 1994, the local option tax rate on diesel fuel was 7 cents per gallon. Chapter 94-146, L.O.F., provided that beginning in fiscal year 1997-98, all fuel tax administrative costs incurred by the Department of Revenue would begin to be phased-in over a three year period, so that by fiscal year 1999-2000, administrative costs would be deducted proportionally from all fuel taxes, except the Constitutional gas tax.

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

Chapter 96-323, L.O.F., provided for a 5-year aviation fuel tax credit for air carriers offering transcontinental jet service who meet certain employment criteria. Also, kerosene was defined as aviation fuel and made subject to the 6.9 cents aviation fuel tax. Chapter 97-54, L.O.F., allowed owners of noncommercial vessels to purchase tax-exempt (dyed) diesel fuel provided that such fuel purchases were subject to the 6% general sales and use tax. 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. Effective July 1, 1998, the \$1.5 m distribution of fuel tax revenues to the Board of Regents for the Center for Urban Transportation Research was repealed. Effective July 1, 1999, the distribution to the Invasive Plant Control Trust Fund was decreased from \$7.55 m to \$6.3 m; and the distribution to the Fish and Wildlife Conservation Commission was increased from \$1.25 m to \$2.5 m.

Effective July 1, 2000, the 7.3 percent General Revenue Service Charge was eliminated 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 was eliminated on SCETS tax collections. Chapter 2000-266, L.O.F., provided that taxes paid on diesel fuel purchased in Florida and consumed by a qualified motor coach during idle time for the purpose of running climate control systems and maintaining electrical systems is subject to a refund. The 2002 legislation reinstated the aviation fuel tax exemption for certain air carriers, which expired July 1, 2001. The 2003 legislation authorized that a portion of the moneys attributable to the sale of motor fuel and diesel fuel at marinas shall be transferred to the Marine Resources Conservation Trust Fund in the Fish and Wildlife Conservation Commission as follows: \$2.5 m in 2003-04; \$5.0 m in 2004-05; \$8.5 m in 2005-06; \$10.9 m in 2006-07; and \$13.4 m in 2007-08 and each fiscal year thereafter. The 2004 Legislature enacted the "Florida Motor Fuel Tax Relief Act of 2004." For the month of August 2004, the "Fuel Sales Tax" on motor fuel was reduced by 8 cents a gallon. It was the intent of the Legislature that the 8 cent reduction be passed on to the consumer.

Effective July 1, 2007, a refund of the local option fuel tax, the State Comprehensive Enhanced Transportation System tax, and the fuel sales tax was granted for any person who used motor fuel in the operation of aviation ground support vehicles or equipment that were not driven or operated on the public highways of Florida.

MOTOR FUEL & DIESEL FUEL TAXES

BASE AND RATE:

Chapter 206

Motor fuel, diesel fuel, and diesel fuel use tax, 4 cents excise tax per gallon. Counties may levy local option fuel taxes. (For details on local option fuel taxes, see pages 175-178.)

Aviation fuel, 6.9 cents per gallon

Fuel sales tax: The tax rate is determined annually by adjusting the statutorily established tax rate of 6.9 cents per gallon by the percentage change in the average of the consumer price index between 1989 and the present. 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 between 1989 and the present. The tax is collected from the terminal supplier.

Section 212.0501

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

DISPOSITION:

Chapter 206

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

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

County fuel tax (1 cent) to counties

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

Aviation Fuel Tax: State Transportation Trust Fund.

Fuel Sales Tax: State Transportation Trust Fund.

SCETS Tax: State Transportation Trust Fund.

Section 212.0501

State Transportation Trust Fund

ALLOCATION FORMULAS:

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

MOTOR FUEL & DIESEL FUEL TAXES

OTHER STATES:

All states tax motor fuel and diesel fuel. Both motor fuel and diesel fuel state tax rates vary from 8 cents to 32.9 cents per gallon. All fifty states plus the District of Columbia charge 10 cents or more per gallon of motor fuel and diesel fuel.

2009-10
(millions)

VALUE OF RATE CHANGE:

| | |
|---|---------|
| Value of 1 cent levy per gallon of motor and diesel fuel (excludes off-highway use) | \$96.54 |
| Value of 1 cent levy per gallon on aviation fuel | \$10.65 |

(Note: Gross proceeds before deductions, transfers and refunds)

VALUE OF EXEMPTIONS:

| | |
|--|-------|
| Sales to U.S. Government (s.206.62) | \$3.0 |
| Farmers and Fishermen (s. 206.874(3)(a) and (e)) | \$4.7 |

VALUE OF REFUNDS AND CREDITS:

| | |
|---|--------|
| Aviation Fuel Employment Refund (s.206.9855) | \$10.0 |
| Refund to Counties (ss. 206.41(4)(d), 206.625(1), 206.874(4)) | \$7.0 |
| Refunds to Municipalities (ss. 206.41(4)(d) and 206.625(1), 206.874(4)) | \$1.7 |
| Refunds to School Districts (ss. 206.41(4)(e), 206.625(2), 206.874(4)) | \$7.8 |
| Refunds for Farmers and Fishermen (ss. 206.41(4)(c), 206.64) | \$0.5 |
| Refunds to Local Transit Systems (ss. 206.41(b), 206.874(5)(d)) | \$1.0 |
| Dealer Collection Allowances (ss. 206.43 and 206.91) | \$4.6 |

VALUE OF DISTRIBUTIONS:

| | |
|---|--------|
| 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)) | \$9.8 |
| Marine Resources Conservation Trust Fund (s. 206.606(1)(d)) | \$13.4 |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|---|
| Amends definition of term "local government user of diesel fuel" to include certain fire control districts. Allows such districts to be licensed to use untaxed diesel fuel in motor vehicles. | S1000/2000, S704/2001 |
| Providing for the adjustment in the tax rate for the ninth-cent fuel tax. | S1616/2002 sm H869, S1356/2003, S510/2007, |
| Provides for refunding motor fuel taxes paid on fuel used for certain commercial aviation purposes. | S1932/2006 sm H989, H67/2007 |

DISTRIBUTION OF MOTOR FUEL AND SPECIAL FUEL TAXES
(Thousands of Dollars)

| | 2004-05 | | 2005-06 | | 2006-07 | | 2007-08 | |
|--|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
| | Motor | Special Fuel |
| STATE SHARE OF SALES TAX ON FUEL | | | | | | | | |
| Dept. of Transportation | 837,779 | 188,058 | 885,794 | 193,603 | 917,622 | 195,463 | 919,648 | 183,319 |
| Dept. of Env. Protection - Aquatic Weed Control | 5,417 | 882 | 5,418 | 882 | 5,418 | 882 | 5,418 | 882 |
| Fish and Wildlife Conservation Commission | 6,441 | 1,059 | 9,790 | 1,604 | 11,778 | 1,928 | 13,665 | 2,235 |
| Agr. Emergency Eradication Trust Fund | 5,325 | | 5,895 | | 6,116 | | 6,142 | |
| Refunds - Agr. and Commercial Fish | 210 | | 132 | | 142 | | 229 | |
| Refunds - City Transit | 655 | 206 | 134 | 466 | 132 | 484 | 203 | 409 |
| Refunds - Municipal, County & School District | 3,672 | 1,875 | 2,904 | 3,734 | 3,036 | 3,708 | 3,345 | 4,042 |
| Refunds as Result of 1996 Fuel Tax Rewrite | 7,775 | 5,940 | 12,782 | 8,879 | 12,903 | 8,528 | 15,508 | 9,131 |
| Administrative Trust Fund | 6,651 | 1,232 | 6,800 | 1,582 | 6,526 | 1,480 | 8,248 | 1,819 |
| General Revenue Service Charge (7.3%) | | | | | | | | |
| TOTAL | 873,925 | 199,252 | 929,649 | 210,750 | 963,673 | 212,473 | 972,404 | 201,837 |
| 2 CENT CONSTITUTIONAL GAS TAX | | | | | | | | |
| Counties and County Road Debt | 172,519 | 33,290 | 172,965 | 36,185 | 172,881 | 35,414 | 168,803 | 32,780 |
| Refunds as Result of 1996 Fuel Tax Rewrite | 265 | 1,020 | 746 | 1,027 | 481 | 945 | 730 | 924 |
| TOTAL | 172,784 | 34,310 | 173,711 | 37,212 | 173,362 | 36,359 | 169,533 | 33,704 |
| 1 CENT COUNTY TAX | | | | | | | | |
| Administrative Trust Fund | 653 | 121 | 718 | 143 | 612 | 128 | 746 | 152 |
| Refunds - Municipalities, Counties and School Boards | 354 | 178 | 273 | 350 | 275 | 334 | 293 | 353 |
| Refunds as Result of 1996 Fuel Tax Rewrite | 727 | 811 | 1,189 | 551 | 1,189 | 508 | 1,407 | 491 |
| County Aid | 77,423 | 13,978 | 77,547 | 15,023 | 77,606 | 14,703 | 75,496 | 13,404 |
| General Revenue Service Charge (7.3%) | 6,148 | 1,110 | 6,163 | 1,194 | 6,160 | 1,168 | 6,004 | 1,067 |
| TOTAL | 85,305 | 16,198 | 85,890 | 17,261 | 85,842 | 16,841 | 83,947 | 15,468 |
| 1 CENT MUNICIPAL TAX | | | | | | | | |
| Administrative Trust Fund | 653 | 121 | 718 | 145 | 609 | 131 | 742 | 156 |
| Revenue Sharing Trust Fund | 78,223 | 14,559 | 78,274 | 15,780 | 78,341 | 15,446 | 76,339 | 14,242 |
| Refunds - Farmers and Fishermen | 20 | | 12 | | 13 | | 12 | |
| Refunds as Result of 1996 Fuel Tax Rewrite | 132 | 509 | 369 | 519 | 237 | 469 | 360 | 459 |
| General Revenue Service Charge (7.3%) | 6,211 | 1,156 | 6,221 | 1,255 | 6,217 | 1,227 | 6,070 | 1,134 |
| TOTAL | 85,239 | 16,345 | 85,594 | 17,699 | 85,417 | 17,273 | 83,522 | 15,991 |
| TOTAL - Motor & Diesel Fuel | 1,217,253 | 266,105 | 1,274,844 | 282,922 | 1,308,294 | 282,946 | 1,309,407 | 266,999 |
| TOTAL: Fuel Tax Distribution | 1,483,358 | | 1,557,766 | | 1,591,240 | | 1,576,406 | |
| Annual Change | 5.25% | | 5.02% | | 2.15% | | -0.93% | |

MOTOR VEHICLE AND MOBILE HOME LICENSES

FLORIDA STATUTES: Chapter 320

ADMINISTERED BY: Department of Highway Safety and Motor Vehicles

SUMMARY:

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

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | General Revenue | State Trust Funds | Local Government |
|-------------|-------------------|-----------------|-----------------|-------------------|------------------|
| 2009-10* | 657,033,134 | 18.57% | 800,000 | 533,148,962 | 123,084,172 |
| 2008-09* | 554,142,081 | -17.32% | 800,000 | 431,771,920 | 121,570,161 |
| 2007-08 | 670,199,900 | -6.10% | 757,400 | 536,286,700 | 133,155,800 |
| 2006-07 | 713,749,800 | 2.93% | 786,000 | 572,343,000 | 140,620,800 |
| 2005-06 | 693,420,000 | 6.66% | 815,000 | 554,408,000 | 138,197,000 |
| 2004-05 | 650,096,000 | 3.41% | 820,000 | 514,334,000 | 134,942,000 |
| 2003-04 | 628,675,000 | | 820,000 | 494,044,000 | 133,811,000 |

* Estimate

HISTORY:

Motor vehicle licensing began in 1905, with one-time registration. In 1917, annual registrations began. By constitutional amendment adopted in 1930, motor vehicles as property were exempted from personal property assessments. Major revisions to the law occurred in 1927, 1931, 1947, and 1975. Re-classification of vehicles was 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. In 1965, by constitutional amendment, the following were added to the constitutional categories of motor vehicles: mobile homes, house trailers, camper-type mobile homes, and similar equipment. However, if these are permanently attached to the land, they are taxable as real estate. All mobile home license fees above \$2.00 went to the school district (50%) and county or city (50%) in which they were registered. Rates for truck-tractors and semi-trailers were revised in 1973 and 1983. The disposition of revenues was amended in 1977 to distribute, for the first time, 36.5% to the State Transportation Trust Fund. By 1985, all revenues remaining after school districts receive first proceeds were transferred into the State Transportation Trust Fund.

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

MOTOR VEHICLE AND MOBILE HOME LICENSES

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

Chapter 97-300, L.O.F., provided the following exemptions 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; and 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. Chapter 97-300, L.O.F., also provided for a \$10 sample license plate and provided for a wrecker license plate, with fees ranging from \$87 to \$979, according to gross vehicle weight. Chapter 98-324, L.O.F., requires that a wrecker used to tow a vessel must register and pay a license tax based on gross vehicle weight. Chapter 98-202, L.O.F., allowed disabled persons to apply for a disabled license plate at no fee beyond the regular license tax. The disabled license plate would replace the \$13.50 long-term disabled parking placard.

Chapter 99-248, L.O.F., created an annual \$12.50 manufacturer license plate, increased the Challenger license plate use fee from \$15 to \$25, and reduced the annual fleet license fee from \$6.00 to \$2.00. Effective July 1, 2001, ch. 2000-257, L.O.F., eliminated the 7.3 percent General Revenue Service Charge on the \$100 new-wheels-on-the-road fee. Also, effective July 1, 2005, the entire \$100 "new-wheels-on-the-road" fee will be deposited into the State Transportation Trust Fund. Chapter 2002-235, L.O.F., requires all taxes and fees collected under chapter 320, F.S., by county officials to be submitted by electronic funds transfer to the State Treasury no later than 5 working days, instead of 7 working days as provided for in chapter 116, F.S., after the close of the business day in which the funds were received. Chapter 2002-20, L.O.F., eliminated the \$13.50 state portion paid for a long term disabled parking placard. Chapter 2003-179, L.O.F., changed the distribution of the \$1.00 surcharge imposed per motor vehicle license registration pursuant to s. 320.08046, F.S., by eliminating the 18% distribution to the Florida Motor Vehicle Theft Prevention Trust Fund and increasing the General Revenue distribution from 40% to 58%. Chapter 2004-337, L.O.F., amended the requirements for requests to establish specialty license plates by requiring a sample license plate that confirms to specifications and increasing from 15,000 to 30,000, the results of a scientific sample survey of Florida motor vehicle owners that intend to purchase the proposed specialty license plate.

Chapter 2007-242, L.O.F., created the biennial vehicle registration option. Vehicle owners are permitted to pay the vehicle registration taxes in advance for two-years and are then issued the appropriate decal for their license plate. The fees for a two-year registration are double that of an annual registration however the distribution of the revenue does not actually occur until the year in which it would have normally been collected.

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

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

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 lbs.

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, F.S., and on each moped, as defined in s. 316.003(2), F.S.; \$1.00 surcharge on each annual motor vehicle registration as provided for in s. 320.08, F.S., (except for mobile homes); and \$5.00 surcharge on each commercial motor vehicle having a gross vehicle weight of 10,000 lbs. or more.

\$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:

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

MOTOR VEHICLE AND MOBILE HOME LICENSES

Effective July 1, 2005 100% of the “new-wheels-on-the-road” fee is deposited into the State Transportation Trust Fund. Prior to fiscal year 2005-06, \$30 of the “new-wheels-on-the-road” fee was deposited into the General Revenue Fund and the remaining \$70, less the General Revenue Service Charge, was deposited into the State Transportation Trust Fund. (Effective July 1, 2001, the 7.3 percent General Revenue Service Charge was eliminated on the \$100 “new-wheels-on-the-road” fee.)

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, and 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.

| | <u>2009-10</u> (millions) |
|---------------------------------------|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of 1% levy on all licenses sold | |
| Passenger Cars | \$3.02 |
| Light Trucks | \$.68 |
| Heavy Truck/Truck tractors | \$1.30 |
| All Other | <u>\$1.60</u> |
| Total | \$6.60 |

VALUE OF EXEMPTIONS:

| | |
|--|-------|
| Boy Scouts Churches, etc. (s310.10) | \$.2 |
| State and Local Government Vehicles (s320.0655) | \$.7 |
| Miscellaneous (disabled veterans, Seminole and Miccosukee Indians, wheelchair users, etc.) (ss. 320.084, 320.0841, 320.0842 ½ year tags (s 320.0705) | \$1.4 |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|--|
| Imposes the fee for registration of certain trucks, trailers, and motorcycles, including tag transfers and temporary tags be deposited into the Transportation Disadvantaged Trust Fund, regardless of weight. | S256/2001 sm H79, H141/2002 |
| Allows for an extended registration period for certain motor vehicles and mobile homes. | S1064/2001 sm H1665, S2402/2002, S1150/2005 sm H435, S442/2007 |

PARI-MUTUEL TAX

FLORIDA STATUTES: Sections 550.0951(1)(a); 550.0951(2)(a); 550.0951(2)(b) and (c); 550.0951(3)(b)1; 550.0951(3)(d); 550.09515(2)(a); 550.0951(3)(a); 550.3551(4); 550.3551(4); 550.3551(3) through 550.3551(3)(c); 550.0951(3)(b)1; 550.0951(3)(c)2; 550.0951(3)(b)2; 550.09511(3)(a); 550.09515(5); 550.1645(2); 550.09514(1); 550.0951(1)(a) and (b); 550.1647; 550.09511(1)(b); 550.1646; 550.09511(2)(a)1; 550.09511(4); 550.09515(6); 550.0351(1), (5), and (6); 849.086(5)(d); and 849.086(13)(a) through (c);

ADMINISTERED BY: Department of Business and Professional Regulation; Division of Pari-Mutuel Wagering

SUMMARY:

Taxes and fees are imposed on pari-mutuel facilities in Florida that conduct greyhound, harness, thoroughbred, and quarter horse races; and jai alai games. Taxes are imposed at each pari-mutuel facility that operates a cardroom at 10% of the total cardroom gross receipts. Also imposed is an annual cardroom license fee of \$1,000 for each table operated at the cardroom facility. A series of occupational license fees for employees and associated businesses are also imposed.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | General Revenue | Trust Funds |
|-------------|-------------------|-----------------|-----------------|-------------|
| 2009-10* | 32,300,000 | -3.29% | 18,400,000 | 13,900,000 |
| 2008-09* | 33,400,000 | -1.21% | 19,500,000 | 13,900,000 |
| 2007-08 | 33,809,600 | -0.35% | 22,376,068 | 11,433,532 |
| 2006-07 | 33,927,187 | 1.09% | 32,125,104 | 1,802,083 |
| 2005-06 | 33,560,963 | 4.81% | 15,972,492 | 17,588,471 |
| 2004-05 | 32,021,039 | -0.11% | 18,392,670 | 13,628,369 |
| 2003-04 | 32,055,367 | | 23,746,219 | 8,309,148 |

* Estimate

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 annually make recommendations to the Legislature for additional operating days. 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 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.

PARI-MUTUEL TAX

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 provided that if a jai alai or horseracing permitholder does not pay state taxes for 2 consecutive years and incurs no tax liability for failure to operate a full schedule of live races, the permit escheats to the state. The state may reissue the permit to a qualified applicant. Also, the Breeders' Cup Meet was reestablished, but without tax credits. In 1994, the daily license fee for jai alai was reduced from \$80 to \$40 per game and the tax on handle for live jai alai performances was reduced from 7.1 percent to 5 percent of handle. However, when the live handle during the preceding state fiscal year is less than \$15 million, the tax shall be paid on handle in excess of \$30,000 per performance per day. Chapter 94-328, L.O.F., created s. 550.2704, F.S., and authorized the licensing of one special Jai Alai Tournament of Champions Meet. The meet will consist of four performances at different locations each year. 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, F.S.

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

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

The 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 the Hialeah Race Track to be performed to address State or municipal ownership. The 1999 Legislative Session allotted an additional \$700,000 to facilitate the relocation of the PMW Racing Laboratory from Tallahassee to Gainesville.

In 2000, the Florida Legislature passed a 76-page amendment affecting pari-mutuel wagering, which included \$20 million in tax reductions for permitholders and an assortment of other revisions to chapter 550, F.S. 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.

PARI-MUTUEL TAX

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.

Section 10, of ch. 2000-354, L.O.F., reenacted and amended paragraph (2) (a) of s. 550.09515, F.S., as amended by s. 4, ch. 98-190, L.O.F. Effective July 1, 2001, the tax on live handle for thoroughbred horseracing was set at 0.5 percent. In 2003, s. 849.086, F.S., was amended to allow permitholders who operate a cardroom to raise the pot limits from a \$10 pot to a bet limit of \$2 for up to three raises per round of play. Additionally, horseracing permitholders would be permitted to conduct simulcast racing after 7:00 PM and simultaneously operate a cardroom. Sections 550.26165 and 550.2625, F.S., modified the criteria for breeders' awards and the payment of special racing awards to owners of winning Florida-bred thoroughbred horses.

Chapter 2005-288, L.O.F., reduced the number of live performances constituting a full schedule from 100 to 40 for certain jai alai permitholders. Permitholders taking advantage of this reduction are required to pay the same amount of tax as they paid during the last year in which they conducted at least 100 live performances. Additionally, any quarterhorse permitholder wanting to substitute thoroughbred races or take intertrack wagering signals would have to have approval from other permitholders in its proximity. Finally, transfer of cardroom licenses is permitted, with no referendum required if the permitholder relocates its permit within the same county as its existing pari-mutuel facility.

Chapter 2007-163, L.O.F., increased the wagering limits from \$2 to \$5, and authorized new wagering options such as dominoes, games of Texas Hold-em without betting limits as long as the minimum buy-in is \$100; and poker tournaments as long as the entry fee does not exceed the maximum amount that could be wagered in 10-likekind non-tournament games. Additionally, the per table fee paid by each cardroom operator was increased from \$500 for the first table and \$1,000 for each additional table to \$1,000 for all tables. Finally, the requirement to conduct live performances in conjunction with operating a cardroom was amended, authorizing cardroom operators to operate a cardroom year round without having to conduct a live performance. These amendments to Section 849.086, F.S., had a positive impact on tax revenue to the State.

In 1996 the Legislature passed Chapter 1996-364, L.O.F., as a general act covering the entire state. In September 2007, the Florida Supreme Court ruled Section 550.615(6), F.S., to be unconstitutional because of the way it was adopted. The justices found the act should have been a local bill because it only affects South Florida tracks. The high court upheld two lower court decisions that also found the law unconstitutionally restricted the tracks. Section 550.615(6), F.S., limited the ability of South Florida horse racing tracks to simulcast events from other pari-mutuel facilities. As a result of the ruling, effective September 21, 2007, all pari-mutuel facilities in Miami-Dade and Broward counties, were permitted to enter into contractual agreements that allow the host facility to send its live and import simulcast signals to other facilities in the two counties, the tax rate for simulcast handle for the two affected Broward County greyhound facilities increased from 3.9% to 5.5%.

PARI-MUTUEL TAX

BASE AND RATE:

| | Thoroughbreds | Harness | Quarter Horse | Greyhounds | Jai-Alai |
|----------------------|--|--|--|---|---|
| Daily License Fee | | | | | |
| Live Simulcast | \$100 per race \$500 per day | \$100 per race \$500 per day | \$100 per race \$500 per day | \$80 per race \$500 per day | \$40 per game \$500 per day |
| Admissions Tax | 15% or 10 cents, whichever is greater No tax applies to free or complimentary passes | 15% or 10 cents, whichever is greater No tax applies to free or complimentary passes | 15% or 10 cents, whichever is greater No tax applies to free or complimentary passes | 15% or 10 cents, whichever is greater No tax applies to free or complimentary passes | 15% or 10 cents, whichever is greater No tax applies to free or complimentary passes |
| Tax on Handle | | | | | |
| Live | 0.5% of handle | 0.5% of handle | 1.0% of handle | 5.5% of handle 7.6% of handle for charity performances | 2.0% of handle |
| ITW | 2.0% of handle 0.5% of handle (I) | 3.3% of handle 0.5% of handle (I) | 2.0% of handle 0.5% of handle (I) | 5.5% of handle 3.9% of handle on regular performances, and 7.6% on charity performances (II) 0.5% of handle (I) | 7.1% of handle 6.1% of handle (III) 3.3% of handle (IV) 2.3% of handle (III) 0.5% of handle (I) |
| Simulcast | 0.5% of handle | 0.5% of handle | 1.0% of handle | 5.5% of handle | 2.0% of handle |
| ITW of Simulcast | 2.4% of handle 0.5% of handle (I and V) | 1.5% of handle 0.5% of handle (I) | 2.4% of handle 0.5% of handle (I) | 5.5% of handle 3.9% of handle (II) 0.5% of handle (I) | Same as intertrack 0.5% of handle (I) |
| Tax on Cardroom | 10% of gross receipts | 10% of gross receipts |
| Cardroom License Fee | \$1,000 per table | \$1,000 per table | \$1,000 per table | \$1,000 per table | \$1,000 per table |

DISPOSITION:

Pari-Mutuel Taxes and Fees

Seven and three-tenths percent of total collections is deducted as service charges to the General Revenue Fund, with the remainder being deposited into the Pari-Mutuel Wagering Trust Fund.

Cardroom Taxes

One half of total collections is distributed to the General Revenue Fund. The other half of the collections is deposited into the Pari-Mutuel Wagering Trust Fund. Of the one half deposited into the Pari-Mutuel Wagering Trust Fund, seven and three-tenths percent is deducted as service charges to the General Revenue Fund. One fourth of the collections deposited into the Pari-Mutuel Wagering Trust Fund is distributed the following October to the counties or municipalities where the cardroom was approved.

PARI-MUTUEL TAX

Cardroom Table Fees

Seven and three-tenths percent is deducted as service charges to the General Revenue Fund, with the remainder being deposited into the Pari-Mutuel Wagering Trust Fund.

Pari-Mutuel and Cardroom Occupational Licenses

Seven and three-tenths percent is deducted as service charges to the General Revenue Fund, with the remainder being deposited into the Pari-Mutuel Wagering Trust Fund.

OTHER STATES:

There are many other states that permit some type of pari-mutuel and/or cardroom operations. Those operations are sometimes regulated by the state, commissions, or boards. Historically, pari-mutuel and cardroom statutes relating to taxes and fees are very complex and vary greatly from state to state. Most states have some sort of pari-mutuel wagering, except Alaska, Georgia, Hawaii, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Utah, Vermont, and Washington DC.

2009-10
(millions)

VALUE OF RATE CHANGE:

Value of 1% levy on pari-mutuel handle
(Assuming no additional track allowance)

| | |
|-------------------------------------|--------------|
| Greyhound (live and simulcast) | \$1.4 |
| Jai-Alai (live and simulcast) | \$0.0 |
| Harness (live and simulcast) | \$0.3 |
| Thoroughbred (live and simulcast) | \$2.4 |
| Inter-track Wagering (ITW and ITWS) | <u>\$7.7</u> |
| Total | \$11.8 |

Value of 1% levy on cardroom gross receipts

| | |
|-----------|-------|
| Card room | \$0.9 |
|-----------|-------|

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|--|
| Amends the tax rate on Jai Alai permit holders conducting inter-track wagering from 3.3% of handle to 2% of handle. | H433/2002, S2830/2003 |
| Although there were only two proposed amendments that would create exactly the same revenue impact, there were several other proposed bills that altered handle amounts, and tax rates. The bills listed here would all have an effect on pari-mutuel tax revenue. | S1630/2000 sm S1936 and H945, S2022/2000 sm H1463 and S1532, S2324/2000, H725/2000 sm S1600, S2474/2004, S342/2005, H1013/2008 |

POLLUTANT TAXES AND FEES

FLORIDA STATUTES: Chapter 206 Part IV, F.S. (Coastal Protection Tax, Water Quality Tax and Inland Protection Tax), Section 376.75, F.S. (Perchloroethylene Tax), Section 403.718, F.S. (Waste Tire Fees) and 403.7185, F.S. (Lead-acid Battery Fees).

ADMINISTERED BY: Department of Revenue

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.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Coastal Protection | Water Quality** | Inland Protection |
|-------------|-------------------|-----------------|--------------------|-----------------|-------------------|
| 2009-10* | 249,513,500 | 0.40% | 6,589,000 | 27,891,000 | 215,033,500 |
| 2008-09* | 248,518,898 | -5.27% | 6,562,198 | 27,779,700 | 214,177,000 |
| 2007-08 | 262,332,991 | -4.21% | 6,930,220 | 29,239,271 | 226,163,500 |
| 2006-07 | 273,869,750 | 1.22% | 7,500,073 | 29,575,079 | 236,794,598 |
| 2005-06 | 270,558,110 | 0.26% | 7,615,773 | 30,807,965 | 232,134,372 |
| 2004-05 | 269,863,848 | 4.51% | 7,715,823 | 31,522,036 | 230,625,989 |
| 2003-04 | 258,214,447 | | 7,673,436 | 30,013,829 | 220,527,182 |

* Estimate

HISTORY:

The Coastal Protection Tax, Water Quality Tax and Inland Protection Tax are deposited into the Pollutant Tax Clearing Trust Fund, from which distributions to other trust funds and to the General Revenue Fund (service charges) are made. The Perchloroethylene Tax is deposited into the Water Quality Assurance Trust Fund. The Lead-acid Battery Fees and the Waste Tire Fees are deposited into the Solid Waste Management Clearing Trust Fund.

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

In 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 as well as adopting waste newsprint disposal fees. Solvent mixtures were added to the list of taxable pollutants under the Water Quality Assurance Tax in 1989 and tax rates were adjusted. The lead-acid battery tax was transferred to chapter 403, F.S. In 1990, provisions were adopted to increase the cap on the Coastal Protection Trust Fund if the U.S. Department of the Interior approves offshore oil drilling, excluding natural gas drilling activities, in waters off Florida's coast; 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.

POLLUTANT TAXES AND FEES

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 them from the Water Quality Tax. Chapter 2006-16, L.O.F., changed the fuel tax distribution by decreasing the transfer of funds to the Inland Protection Trust Fund and increasing the distribution to the Florida Coastal Protection Trust Funds. Chapter 2007-81, L.O.F., prescribed a transfer of the greater of \$5 million or 2.5% of the Inland Protection Trust Fund to the Coastal Protection Trust Fund.

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 and if a catastrophic discharge of pollutants occurs, the tax can be increased up to 10 cents a barrel. (See s. 206.9935(1), 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. 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. See s. 206.9935(3)(b), F.S., for details.

Waste Tire Fee: 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: 2001-02 - \$19.5 million; 2002-03 - \$18.9 million; 2004-05 - \$22.2 million; 2005-06 - \$23.0 million; 2006-07 - \$21.6 million; and 2007-08 \$19.4 million. Estimated revenues for 2008-09 and 2009-10 are \$17.7 million and \$17.9 million, respectively.

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

POLLUTANT TAXES AND FEES

purposes. The revenues are as follows: 2001-02 - \$1.0 million; 2002-03 - \$1.0 million; 2003-04 - \$0.95 million; 2004-05 - \$0.88 million; 2005-06 - \$0.85 million; 2006-07 - \$0.68 million; and 2007-08 - \$0.64 million. Estimated revenues for 2008-09 and 2009-10 are \$0.59 million and \$0.59 million.

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

Solid Waste Management Trust Fund: Waste Tire Fee

OTHER STATES:

A number of states besides Florida impose some form of pollutants, environmental protection, or oil contingency tax. The Federation of Tax Administrators shows some pollutant-related taxes in its summary of Motor Fuel Excise Tax Rates at http://www.taxadmin.org/fta/rate/motor_fl.html .

| | <u>2009-10</u> (millions) |
|---|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of 1 cent levy per barrel of petroleum product: | |
| Coastal Protection | \$3.1 |
| Water Quality | \$3.0 |
| Inland Protection | \$2.7 |
| Value of 10 cent levy per lead-acid battery: | \$0.6 |
| Value of 1 cent levy per gallon of motor oil or other lubricant: | \$0.9 |
| Value of 1 cent levy per gallon of solvent | \$0.2 |

VALUE OF EXEMPTIONS:

In 1996, the Legislature eliminated solvent mixtures from the definition of taxable pollutants (Ch. 1996-352, Laws of Florida). "Solvent mixtures" were defined as "a blend or mixture in liquid form containing one or more organic compounds [listed in then subsection (6)], but the term excludes ethanol when used as a motor gas blending agent." Compounds in the "solvents" list that the "solvent mixtures" definitions referred to included acetamide, acetone, acetonitrile, acetophenone, amyl acetates (all), aniline, benzene, butyl acetates (all), butyl alcohols (all), butyl benzyl phthalate, carbon disulfide, carbon tetrachloride, chlorobenzene, chloroform, cumene, cyclohexane, cyclohexanone, dibutyl phthalate, dichlorobenzenes (all), dichlorodifluoromethane, diethyl phthalate, dimethyl phthalate, dioctyl phthalate (di2-ethyl hexyl phthalate), n-dioctyl phthalate, 1,4-dioxane, petroleum-derived ethanol, ethyl acetate, ethyl benzene, ethylene dichloride, 2-ethoxy ethanol (ethylene glycol ethyl ether), ethylene glycol, furfural, formaldehyde, n-hexane, isophorone, isopropyl alcohol, methanol, 2-methoxy ethanol (ethylene glycol methyl ether), methyl tert-butyl ether, methylene chloride (dichloromethane), methyl ethyl ketone, methyl isobutyl ketone, mineral spirits, 140-F naphtha, naphthalene, nitrobenzene, 2-nitropropane, pentachlorobenzene, phenol, perchloroethylene (tetrachloroethylene), stoddard solvent, tetrahydrofuran, toluene, 1,1,1-trichloroethane, trichloroethylene, 1,1,2-trichloro-1,2,2-trifluoroethane, and xylenes (all).

Based on the revenue loss from the 1996 exemption, and the current levels of revenue from solvents, repeal of the 1996 solvent mixtures exemption in FY 2009-10 would result in a revenue gain of \$0.7 M.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

PROFESSIONAL AND OCCUPATIONAL LICENSING FEES

FLORIDA STATUTES: Chapters 310, 450, 455, 469, 471, 472, 473, 474, 475, 476, 477, 481, 486, 489, 492 and sections 468.381 - 468.457, 468.520 - 468.633, and 468.83 - 468.8423

ADMINISTERED BY: Department of Business and Professional Regulation

SUMMARY:

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

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 53,444,042 | -42.20% |
| 2008-09* | 92,463,740 | 65.00% |
| 2007-08 | 56,038,630 | -21.24% |
| 2006-07 | 71,153,611 | -5.79% |
| 2005-06 | 75,527,564 | -6.69% |
| 2004-05 | 80,938,501 | 21.66% |
| 2003-04 | 66,529,892 | |

* Estimate

HISTORY:

The Department of Business and Professional Regulation was formed in 1993 as a result of the merger between the Department of Business Regulation and the Department of Professional Regulation. The Department of Professional Regulation and the Department of Business Regulation were both created by the 1969 Government Reorganization Act. The professions included in the revenue category of professional and occupational licenses are: architects and interior designers, asbestos consultants, athlete agents, auctioneers, barbers, building code administrators and inspectors, community association managers, the construction industry, cosmetologists, electrical contractors, employee leasing companies, engineering, geologists, landscape architects, pilot commissioners, surveyors and mappers, talent agencies, veterinarians, farm labor contractors, boxers and mixed martial arts participants, real estate, real estate appraisal, and certified public accounting.

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 legislation, major changes were made in the Department's structure and the responsibilities of the many regulatory boards that serve it. In 1983, ch. 83-329, L.O.F., made changes affecting the Department, various regulatory boards and nearly all of the professions currently regulated. License fees and caps have been increased over the years for a number of professions and new laws enacted to regulate professions for the first time. Chapter 92-149, L.O.F., required that professional license fees be set at a level sufficient to cover the costs of regulation of the profession. In that same law, professional licensing boards were given the authority to impose a one-time fee in an amount necessary to eliminate a cash deficit, or if there was not a cash deficit, in an amount sufficient to maintain the financial integrity of the profession. No more than one such assessment may be made in any 4-year period without specific legislative authorization. If a licensing board fails to increase fees to cover costs, then the Department was authorized to increase the fees. Chapter 92-33, L.O.F., transferred the regulation and licensing of the medical profession from the Department of Business and Professional Regulation to the Agency for Health Care Administration. Chapter 97-312, L.O.F., provided for the privatization of the regulation of the engineering profession.

PROFESSIONAL AND OCCUPATIONAL LICENSING FEES

BASE AND RATE:

There are 23 professions regulated by the Department of Business and Professional Regulation. Cumulatively, there are over 450 fees associated with the regulation of these professions. The fees range from a low of \$4 for a building code fee to a high of \$2,500 for an employee leasing company group license.

DISPOSITION:

Most fees are deposited into the Professional Regulation Trust Fund and are subject to a 7.3% General Revenue Service Charge. When examinations are administered by an outside source, the examination fees, under some contracts, are paid by the applicant directly to the vendor that conducts the testing.

OTHER STATES:

All states engage in some form of regulation and licensing of professions.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There have been numerous bills filed over the years addressing different aspects of licensing fees for professional occupations, referring to regulation of these professions.

SALES AND USE TAX

FLORIDA STATUTES: Chapter 212

ADMINISTERED BY: Department of Revenue

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.

REVENUE:

| Fiscal Year | Collections@ | Annual Change % |
|-------------|----------------|-----------------|
| 2009-10* | 19,791,800,000 | 2.13 |
| 2008-09* | 19,378,200,000 | -6.48 |
| 2007-08 | 20,721,299,764 | -5.28 |
| 2006-07 | 21,877,149,948 | 0.30 |
| 2005-06 | 21,812,428,112 | 9.77 |
| 2004-05 | 19,870,288,114 | 11.21 |
| 2003-04 | 17,866,723,160 | 8.73 |

| Distributions of the General Sales and Use Tax**@ | | | | | | |
|---|-----------------|----------------------|---|----------------------------|------------------------|--|
| Fiscal Year | General Revenue | Local Governments*** | Ecosystem and Restoration Management Trust Fund | Sports Facilities Transfer | Emergency Distribution | Public Employees Relations Commission Trust Fund |
| 2009-10* | 17,587,600,000 | 2,123,969,444 | 39,600,000 | 22,730,556 | 16,400,000 | 1,500,000 |
| 2008-09* | 17,220,400,000 | 2,079,069,444 | 38,600,000 | 22,730,556 | 16,000,000 | 1,400,000 |
| 2007-08 | 18,428,916,348 | 2,209,833,939 | 41,191,617 | 22,730,556 | 17,112,840 | 1,514,468 |
| 2006-07 | 19,435,200,499 | 2,358,309,936 | 43,539,314 | 20,409,979 | 18,060,908 | 1,629,311 |
| 2005-06 | 19,367,389,624 | 2,362,466,167 | 43,453,669 | 19,466,712 | 18,016,900 | 1,635,040 |
| 2004-05 | 17,628,880,648 | 2,164,556,215 | 39,513,733 | 19,466,712 | 16,375,383 | 1,495,423 |
| 2003-04 | 15,753,833,197 | 2,046,453,898 | 35,502,600 | 19,466,712 | 10,016,991 | 1,449,762 |

* Estimate

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

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

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

SALES AND USE TAX

HISTORY:

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

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

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

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

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

In 1992, the sales tax on nonresidential telecommunication and electric services was increased from 6% to 7%. Effective September 1, 1992, a 6% sales and use tax was imposed on burglar protection services, detective services, nonresidential cleaning and pest control services, and the sale of rare coins. The dealer collection allowance was capped at \$30 per month and enterprise zone tax credits were revised. In addition, penalties for failure to pay sales and use taxes were doubled. Services that are subject to the state sales and use tax were made subject to local option sales and use taxes in 1993. The exemption from the local option tax for goods which cost more than \$5,000 does not apply to service transactions. In addition, conditions under which a sale of tangible personal property or a service is deemed to occur in a certain county and when a local option tax applies to dealers outside a county were revised. The Legislature authorized \$166,667 of sales tax revenue to be

SALES AND USE TAX

distributed monthly to an applicant certified by the Department of Commerce as the professional golf hall of fame, for up to 300 months. In 1994, the emergency distribution from the Local Government Half-cent Sales Tax Clearing Trust Fund to qualified counties was changed from an annual General Revenue appropriation of not less than \$5.5 million to 0.054% of remaining sales tax collection after specific distributions. Effective January 1, 1995, the sales tax on amusement machines was reduced from 6% to 4% and effective July 1, 1995, an annual \$20 sticker per amusement machine was required. In 1995, the per-machine decal for amusement machines was replaced by a location certificate for the number of machines at a location times \$30. The sports facility rebate was expanded to include current sports franchises.

The 1996 Legislature adopted a sales tax exemption for charges of electricity used to run certain machinery and equipment. The exemption was phased in over a five-year period beginning July 1, 1996.

Also in 1996, the \$100,000 threshold for qualification for the machinery and equipment sales tax exemption for expanding businesses was decreased to \$50,000. In addition, the new and expanding industry sales tax exemption was expanded to include printing firms and those publishing firms that export at least 50 percent of their finished product out of the state. The 1997 Legislature adopted a sales tax exemption for Internet access service and similar on-line computer services by removing them from the definition of telecommunication services. In addition, ch. 97-50, L.O.F., created the Rural Job Tax Credit Program and the Urban High Crime Area Job Tax Credit Program. Each program authorizes qualified corporations to take a tax credit per eligible employee of \$500, \$1,000 or \$1,500. This credit can be taken against the sales and use tax or the corporate income tax, but not both. The 1998 Legislature enacted a sales tax free week in August 1998 for clothing sold for \$50 or less. It also extended the reduced 3% tax rate for some agricultural equipment to the rental of such equipment and to a variety of other agricultural equipments. Also, exempted from sales tax was machinery and equipment purchased for a printing facility that expands by at least 10% and pollution control and solid waste management equipment.

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

In 2003, Chapter 2003-404, L.O.F., reduced the sales tax distribution to the Local Government Half-cent Sales Tax Trust Fund by 0.1% effective July 1, 2003. The 0.1% of sales tax collections is distributed to the Public Employees Relations Commission Trust Fund, less \$5,000 each month. The \$5,000 each month is distributed to qualified counties pursuant to s. 218.65, F.S.. Chapter 2003-402, L.O.F., changed sales tax distributions to local governments in order to provide funding for the judicial system. Effective July 1, 2004, sales tax distributions were changed as follows: the Local Government Half-cent Sales Tax Trust Fund was reduced from 9.653% to 8.814%; the Emergency Distribution was increased from 0.065% to 0.095%; the County Revenue Sharing Trust Fund was reduced from 2.25% to 2.0440%; and the Municipal Revenue Sharing Trust Fund was increased from 1.0715% to 1.3409%. The 2005 Legislature enacted sales tax holidays for clothing, books, school supplies, and hurricane preparedness articles. The Legislature also re-enacted the community contribution credit and increased the cap to \$12 million, as well as fully exempting agricultural equipment.

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In 2007, Chapter 2007-53, L.O.F., provided a sales tax exemption for payments to a postsecondary educational institution for the right to conduct bookstore operations. This exemption applied retroactively to payments made on or after January 1, 2006.

Also in 2007, the legislature enacted sales tax holidays for clothing, books, school supplies, energy efficient products, and hurricane preparedness articles. Chapter 2007-106, section 23, L.O.F., provides an exemption for certain charges for delivery, inspection, and placement of furniture and appliances. The 2007 Legislature also provided for an exemption on land owned by the Florida Turnpike Enterprise and exemption electricity used on a farm.

In 2008, Chapter 2008-153, L.O.F., provided for tax credits equal to 50 percent of a community contribution to projects that provide homeownership opportunities for low-income or very low income households. Credits were capped at \$200,000 per business annually and the program capped the credits at \$13.0 million for FY 2008-09 only. These credits can be used for sales tax, corporate income tax, or insurance premium tax.

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; and ships and commercial fishing equipment. 6% - burglar protection services; detective services; nonresidential cleaning and pest control services; and the sale of rare coins. 7% - nonresidential electric services and 4% - coin-operated amusement machines. Use tax is imposed at corresponding rates. The 6.8% tax on cable and non-residential telephone services can be found in chapter 202 – see the communications services tax chapter in this publication.

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

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

DISPOSITION:

General sales and use tax:

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

Local Government Half-cent Sales Tax Clearing Trust Fund: 8.814% of collections remaining after distribution to the General Revenue Fund in the amount previously distributed to the State Infrastructure Fund and the Ecosystem and Restoration Management Trust Fund. Beginning July 1, 2003, the amount to be transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund was reduced by 0.1%. The 0.1%, less \$5,000 each month, is distributed to the Public Employees Relations Commission Trust Fund.

Fiscally Constrained Counties: Since July 1, 2006, a special distribution of thirty percent of the remaining portion of communications services tax proceeds remitted under chapter 202, F.S., and transferred to the Local Government Half Cent Sales Tax Clearing Trust Fund pursuant to section 202.18(2), (c), F.S., is distributed to fiscally constrained counties in accordance with section 218.67, F.S.

A fiscally constrained county is defined by section 218.67(1), F.S., as any county that is entirely within a rural area of critical economic concern as designated by the Governor pursuant to section [288.0656](#), F.S., or each county for which the value of a mill will raise no more than \$5 million in revenue, based on the taxable value certified pursuant to Section [1011.62](#)(4)(a)1 a., F.S., from the previous July 1.

In all, 30 counties have received fiscally constrained county distributions from the Half Cent Sales Tax Clearing Trust Fund since these distributions began in FY 2006-07 (all 28 counties designated as rural

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areas of critical economic concern pursuant to section 288.0656, F.S. and two counties^[1] in which the value of a mill does not raise \$5 million or more in revenue). The following table depicts the distributions from the Half Cent Sales Tax Clearing Trust Fund to fiscally constrained counties for FY 2007-08:

Fiscally Constrained County Distributions for FY 2007-08

| No. | COUNTY | Fiscally Constrained Distribution | No. | COUNTY | Fiscally Constrained Distribution |
|-----|--------------|-----------------------------------|-----|------------|-----------------------------------|
| 1 | Baker | \$650,431.77 | 16 | Holmes | \$954,392.51 |
| 2 | Bradford | \$694,681.75 | 17 | Jackson | \$628,207.72 |
| 3 | Calhoun | \$845,664.23 | 18 | Jefferson | \$724,855.07 |
| 4 | Columbia | \$663,290.70 | 19 | Lafayette | \$724,855.07 |
| 5 | DeSoto | \$357,595.16 | 20 | Levy | \$381,756.99 |
| 6 | Dixie | \$724,855.07 | 21 | Liberty | \$724,855.07 |
| 7 | Franklin | \$185,741.70 | 22 | Madison | \$688,612.33 |
| 8 | Gadsden | \$845,664.23 | 23 | Okeechobee | \$282,538.84 |
| 9 | Gilchrist | \$724,855.07 | 24 | Putnam | \$444,577.76 |
| 10 | Glades | \$483,236.69 | 25 | Sumter | \$311,252.76 |
| 11 | Gulf | \$224,081.70 | 26 | Suwannee | \$676,531.40 |
| 12 | Hamilton | \$483,236.69 | 27 | Taylor | \$390,261.95 |
| 13 | Hardee | \$434,913.03 | 28 | Union | \$966,473.41 |
| 14 | Hendry | \$314,103.85 | 29 | Wakulla | \$395,287.62 |
| 15 | Highlands | \$410,751.20 | 30 | Washington | \$652,369.55 |
| | TOTAL | | | | \$16,989,930.89 |

Emergency Distribution: After the above mentioned distributions, 0.095% is transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund, along with \$5,000 per month, and distributed to qualified counties pursuant to s. 218.65, F.S.

County Revenue Sharing: After the above distributions, 2.044% 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, 1.3409% 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 to an applicant certified by the Office of Tourism, Trade and Economic Development, for up to 300 months.

^[1] Sumter and Wakulla are the two counties receiving distributions as a result of the value of a mill raising no more than \$5 million in revenue.

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

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 \$111.0 million in 2007-08 and \$113.2 million in 2008-09.

Tourism Promotion Trust Fund: 15.75% of the rental car surcharge collections which are estimated to be \$21.8 million in 2007-08 and \$22.3 million in 2008-09.

Florida International Trade and Promotion Trust Fund: 4.25% of the rental car surcharge collections which are estimated to be \$5.8 million in 2007-08 and \$6.0 million in 2008-09.

For details, please see: <http://edr.state.fl.us/conferences/transportation/transport.htm>

(#) Revenues are not included in Collections on the previous page.

OTHER STATES:

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

| VALUE OF RATE CHANGE: | <u>2009-10</u> (millions) |
|---|------------------------------|
| Value of 1% levy on tax base Chapter 212, F.S. | \$3,114.0 |

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

DISTRIBUTION TO LOCAL GOVERNMENT:

| | |
|--|-----------|
| Local Government Half-cent Sales Tax (s. 218.61, F.S.) | \$1,509.7 |
| County Revenue Sharing (s. 212.20(6)(d)5.) | \$352.3 |
| Municipal Revenue Sharing (s. 212.20(6)(d)6.) | \$231.1 |

SALES AND USE TAX

2009-10
(millions)

| | |
|---|--------|
| County Share (s. 212.20(6)(d)7.) | \$29.9 |
| Emergency Distribution (s. 218.65, F.S.) | \$16.4 |
| Public Employees Relations Commission (s. 212.20(6)(d)3.) | \$1.5 |

ALTERNATIVE BASES:

| | |
|---|-------------|
| Convert sales tax to an invoice-credit value added tax (Tax all final consumption @ 6%) | \$24,200.8 |
| Broaden resale exemption under current sales tax to exempt any business purchase | (\$5,128.3) |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|---|--|
| Exempts dues and fees paid to private physical fitness facilities from tax on sales, use and other transactions. | S1306/2000 idn H745, S802/2001 sm H547, S152/2002, H117/2002, S154/2006 |
| Reduces the maximum amount of annual exemption for industrial machinery and equipment used to increase productive output from \$50,000 to \$15,000. | S1458/2000, H587/2000, H1073/2000 |
| Broadens the application of exemption to include all machinery and equipment, not just that used to increase productive output. Also reduces maximum annual exemption amount from \$50,000 to \$40,000. | S1800/2001, H1961/2001 |
| Deletes the limitation on exemption from sales tax for machinery and equipment used to increase productive output each year. | S2540/2004 sm H873, S616/2005, S1200/2005, S1180/2006, S1206/2006 |
| Revises an exemption from taxation for machinery and equipment used in silicon-technology production, research and development, making the exemption applicable to semiconductor-technology production, research and development. | S2402/2000, S2548/2000, H2425/2000 |
| Provides an exemption for building materials used in manufacturing or expanding clean rooms in semiconductor manufacturing facilities. | S2548/2000, H899/2000, H2425/2000, S2362/2005 |
| Allows a business certified to receive the sales tax exemption to designate one or more state universities or community colleges as recipients for part or all of the amount of the exemption, under specified conditions. | S2934/2004 sm H1827, S1200/2005, S582/2005 |
| Deletes an exception to an exemption from the tax for research and development costs. | S2934/2004 sm H1827, S1200/2005, S582/2005, S2362/2005, H81/2005, H77/2006 |

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| Description | Bill Number/Year |
|--|---|
| Amends exemption for equipment and machinery used for pollution control in connection with the manufacture of items of tangible personal property for sale, to include specialty chemicals and bio-augmentation products. | S1070/2000, S1340/2000 |
| Provides an exemption for the use of a specified percentage (15%) of nonresidual fuel to produce electrical or steam energy. | S1070/2000, S2534/2000 |
| Provides an exemption from sales and use tax for building materials used in rehabilitation of real property located in designated brownfield areas. Also provides an exemption from sales and use tax for business property purchased for use by businesses located in designated brownfield areas. | H1757/2000, S2048/2001 |
| Provides a credit against sales tax for businesses located in an enterprise zone within a rural county or city. | S1934/2000 sm H1951, S1826/2001 sm H1645 |
| Revises provisions providing for the Urban Job Tax Credit Program to apply to designated urban job tax credit areas rather than high crime areas. | S2328/2003, S1708/2004 sm H617, S2212/2005 sm H1313, S624/2006 sm H305 and H449 |
| Provides a miscellaneous exemption for diapers and incontinence undergarments from sales and use tax. | S858/2000, H255/2000 |
| Provides a miscellaneous exemption for child safety restraint systems for automobiles from sales and use tax. | S858/2000, H385/2000 |
| Creates the Florida Residents' Tax Relief Act, which specifies a period during which the sales of clothing and school supplies is exempt from sales and use tax. | S64/2000, S156/2001, S2186/2002 sm H97, S58-E/2002 sm H19-E, S214/2002, H137/2003, S474/2003 idn S980, S6-A/2003 sm H39-A, S244/2004 idn S1566, S358/2005, S476/2005, H13/2005, H29/2006, H215/2007, S2094/2008 sm H893 |
| Provides that the sales of items of tangible personal property having selling price of \$100 or less shall be exempt from said tax during the specified period. | S1088/2000 idn H89, H141- B/2001, H333/2002 |
| Provides exemption for tangible personal property sold to contractor employed directly by, or as agent of United States Government, or state or local government when such property will become part of public K-12 school owned by governmental entities, contractors, and sellers regarding documentation and recordkeeping. | S1908/2003 sm H409, S568/2004 sm H1157, S2290/2005 sm H1225 and S2458, S434/2006 sm H689, S582/2007 idn H89 |
| Provides an exemption for tangible personal property sold to contractor employed directly by or as agent of United States Government or state or local government when such property will become part of a public facility owned by a governmental entity, if specified conditions are met. | S1764/2001 sm H1151, S1052/2002 sm H639 |

SALES AND USE TAX

| Description | Bill Number/Year |
|---|---|
| Includes in exemption for items in agricultural use, certain agricultural machinery or farm equipment used for low-volume irrigation or micro-irrigation. | S2410/2006 idn H507, S1368/2007, H245/2007 |
| Exempts purchases of certain building materials used in the construction of certain farming structures. | S1984/2007, H1561/2007 |
| Increases the cap on sales tax exemption for materials used in the distribution of biodiesel and ethanol fuels. | S2666/2007, S308/2008, S310/2008 |
| Exempts property used as a travel center or truck stop facility from the sales and use tax on the rental or lease of, or grant of a license to use real property. | S904/2000 idn H209, H893/2000 |
| Provides an exemption for textbooks and other books required or recommended in connection with a course of study at public or private non-profit postsecondary educational institution. | H1613/2001, S130/2002, S1720/2005 sm H891, S1554/2006 |
| Provides for the issuance of tax credit vouchers to businesses in this state that employ former offenders. | S2448/2003, S520/2006 |
| Repeals tax exemption on sales, use and other transactions regarding ostrich feed. | S1670/2003, S234/2004 idn H1105, S448/2005, S1784/2007, S2320/2008 |
| Repeals exemption from tax on rental or license fees for use of real property which applies to charges for rental, lease, sublease, or license for use of skybox, luxury box, or other box seats during high school or college football game. | S1696/2003, S236/2004 sm H1563, S368/2005, H1447/2005, S2480/2007, S2324/2008 |
| Creates a tax refund program for hiring a person who has a disability. | S2182/2004, H1255/2004 |
| Specifies a limited period during which the sale of energy efficient products is exempt from the tax on sales, use, and other transactions. | S762/2006 sm H347, S996/2007, S1640/2007 idn H313 |
| Provides an exemption from the tax on sales, use, and other transactions for automated external defibrillators purchased by certain businesses. | S1760/2005 sm H1123, S978/2006, S1168/2007 |
| Creates a tax refund program for hiring at-risk, inner-city youth. | S2528/2005, S342/2006, S458/2007 |
| Provides financial incentives for the purchase of an alternative motor vehicle by offering a sales tax refund for those purchased from a dealer. | S438/2007, S434/2008 |
| Exempts sale or lease of gasoline-electric hybrid vehicles or vehicles powered by certain other alternative fuels from tax on sales, rental, use, consumption, storage, or distribution imposed by state law. | S2576/2007, S2160/2008 |

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

| Line No. | Enactment Date | Florida Statute | | FY 2009-10 (in \$ m) | Ex. Type |
|----------|----------------|----------------------------|---|-------------------------|----------|
| 1 | 1949 | 212.02(1),212.04(1)(b) | Federal tax on admissions. | 0.4 | H |
| 2 | 1990 | 212.02(1) | Hospital physical fitness facility charges. | 1.9 | H |
| 3 | 1949 | 212.02(2) | Occasional or isolated sales by businesses and individuals. (*1) | 22.9 | M |
| 4 | 1970 | 212.02(2) | Rent on low income housing. | 55.2 | H |
| 5 | 1990 | 212.02(2) | Leasing of real property between certain corporations. | 4.8 | B |
| 6 | 1979 | 212.02(10)(g) | Per diem and mileage charges paid to owners of railroad cars. | 1.3 | B |
| 7 | 1995 | 212.02(10)(f) | Privilege, franchise and other fees paid to do business at airports | 7.4 | B |
| 8 | 1949 | 212.02(14)(a) | Items purchased for subsequent resale. (*2) | 31,088.9 | (*) |
| 9 | 1949 | 212.02(14)(c) | Materials used for packaging. | 31.0 | B |
| 10 | 1949 | 212.02(14)(c) | Components or ingredients of processed or manufactured goods. | insig. | B |
| 11 | 1998 | 212.02(14)(c) | Parts incorporated into repair for resale | insig. | B |
| 12 | 1998 | 212.02(16) | Federal excise taxes imposed on retailers | 0.9 | B |
| 13 | 1949 | 212.02(19) | Intangible personal property. (*4) | 16,665.2 | (*) |
| 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 | 2006 | 212.02(33) | Small private aircraft fleet of more than 25 planes | 0.0 | B |
| 17 | 1949 | 212.03(4), 212.031(1)(a)2. | Rent charges paid by certain long term occupants. | 3.5 | H |
| 18 | 1979 | 212.03(7)(a) | Rent charges paid by certain full-time students. | 29.6 | H |
| 19 | 1979 | 212.03(7)(a) | Rent charges paid by active military personnel. | 12.1 | H |
| 20 | 1972 | 212.03(7)(a) | Rent charges paid by permanent residents. | 932.1 | H |
| 21 | 1972 | 212.03(7)(c) | Charges for rent in certain mobile home parks. | 2.8 | H |
| 22 | 1979 | 212.03(7)(d) | Rent charges for living accommodations in migrant labor camps. | 11.3 | H |
| 23 | 1969 | 212.031(1)(a)1. | Charges for renting property assessed as agricultural. | 4.4 | B |
| 24 | 1985 | 212.031(1)(a)4. | Condominium recreational leases. | 6.9 | B |
| 25 | 1987 | 212.031(1)(a)5. | Streets used by a utility for utility purposes. | 48.7 | B |
| 26 | 1999 | 212.031(1)(a)5. | Cell phone towers & co-located equipment | 2.9 | B |
| 27 | 2000 | 212.031(1)(a)5. | Cell phone towers | 0.8 | B |
| 28 | 1987 | 212.031(1)(a)6. | Toll road charges. | 56.9 | M |
| 29 | 1987 | 212.031(1)(a)6. | Street parking meter charges. | 1.2 | M |
| 30 | 1987 | 212.031(1)(a)7. | Airport property used for landing, taxiing, or loading. | 42.3 | B |
| 31 | 1987 | 212.031(1)(a)8. | Port property used for moving, loading or fueling of ships. | 17.5 | B |
| 32 | 1997 | 212.031(1)(a)8. | Wharfage guarantees | 0.3 | B |
| 33 | 1987 | 212.031(1)(a)9. | Leases/rentals of certain property used for movie productions | 4.9 | B |
| 34 | 1983 | 212.031(1)(a)10. | Movie theater concession rent. | 1.8 | B |
| 35 | 1999 | 212.031(1)(a)10. | Rents, subleases, or licenses in recr. or sports arenas, civic centers | 0.6 | B |
| 36 | 2006 | 212.031(1)(a)12. | Rents, based on sales, from Souvenirs' leases in civic centers, 7-1-09 | 0.0 | B |
| 37 | 2000 | 212.031(1)(a)13. | Commercial Leases/Space Flight | 0.7 | B |
| 38 | 1998 | 212.031(1)(b) | Pro-rated exemption for for-profit homes for the aged | insig. | B |
| 39 | 1977 | 212.031(5) | Convention hall subleases. | 6.6 | B |
| 40 | 1978 | 212.031(6) | Leases by agricultural fair associations. | insig. | B |
| 41 | 1998 | 212.031(7) | Certain utility charges if separately billed | 18.4 | H |
| 42 | 1998 | 212.031(8) | Certain lease termination payments | 25.6 | B |
| 43 | 1999 | 212.031(9) | Highschool and college teams' stadium skyboxes | 0.8 | O |
| 44 | 2000 | 212.031(10) | Entertainment Facilities; repeal 7-1-09 | 3.7 | B |
| 45 | 2006 | 212.04(1)(b) | Local seat surcharges or service charges | 0.0 | M |
| 46 | 1998 | 212.04(1)(d) | Travel agent mark-up on taxed admissions or transient rentals | insig. | B |
| 47 | 1949 | 212.04(2)(a)1. | Admissions to certain school and state events. | 6.9 | M |
| 48 | 1978 | 212.04(2)(a)2.a. | Dues, fees, and admissions charged by non-profit entities. | 26.0 | O |
| 49 | 2006 | 212.04(2)(a)2.b. | Sports authority or Commission events; repeal 7-1-09 | 0.0 | M |
| 50 | 1980 | 212.04(2)(a)3. | Admissions paid by students for required sports or recreation. | 5.2 | M |
| 51 | 1981 | 212.04(2)(a)4. | Super Bowl football tickets (impact only when held in Florida) | insig. | H |
| 52 | 1994 | 212.04(2)(a)5. | Governmental participation or sponsorship fees | 20.8 | O |
| 53 | 1989 | 212.04(2)(a)6. | Tickets for certain non-profit theater, opera or ballet events. | 1.5 | O |
| 54 | 1998 | 212.04(2)(a)8. | Particip. fees to athletic events where spectators are charged admission | insig. | O |
| 55 | 1963 | 212.04(2)(c), 212.02(20) | Pari-mutuel admissions tax imposed by s. 550.09. | insig. | B |
| 56 | 1976 | 212.05(1)(a)2. | Sales of boats or airplanes removed from the state. | 85.3 | B |
| 57 | 1971 | 212.05(1)(c) | Long term vehicle leases if tax paid when purchased by lessor. | 1.9 | B |
| 58 | 1998 | 212.05(1)(g) | Newspaper and magazine inserts | 42.7 | B |
| 59 | 1994 | 212.05(1)(h)1. | 2% rate abatement for coin-operated amusement machines | 4.2 | B |
| 60 | 1993 | 212.05(1)(k) | Law enforcement officers' protection services. | 3.6 | B |
| 61 | 1999 | 212.05(1)(k) | US legal coins and coins in excess of \$500 | 0.3 | B |
| 62 | 1998 | 212.05(1)(m) | When TPP prizes are awarded, operator can pay tax on 25% of receipts | 0.3 | B |
| 63 | 1989 | 212.0506(3) | Certain service warranties relating to real property fixtures. | 3.5 | B |
| 64 | 1989 | 212.0506(7) | Service warranties on which ins. prem. tax is due (homeowner warr.). | 2.6 | B |
| 65 | 1998 | 212.0506(10) | Certain materials and supplies used in fulfillment of service warranty | 38.3 | B |
| 66 | 1998 | 212.051(1) | Pollution control equipment used in manufacturing | 21.0 | B |
| 67 | 1998 | 212.051(2) | Solid waste management equipment | 3.4 | B |
| 68 | 1982/06 | 212.052 | Items fabricated for use in research and development activities. | 15.7 | B |
| 69 | 1987 | 212.0598 | Partial exemption for air carriers' maintenance bases. | insig. | B |
| 70 | 1984 | 212.06(1)(b) | Partial exemption for production cost of cogenerated energy. (*15) | 39.2 | B |
| 71 | 1984 | 212.06(1)(b) | Electricity consumed or dissipated in the transmission of electricity.(*15) | 25.1 | B |
| 72 | 1969 | 212.06(1)(b) | Fabrication labor used in the production of qualified motion pictures. | 8.5 | B |
| 73 | 1982 | 212.06(1)(b) | Portion of price of factory built building attributable to labor costs. | insig. | B |
| 74 | 1988 | 212.06(1)(c) | Use tax on asphalt; special calculations. | insig. | B |
| 75 | 1999 | 212.06(1)(c) | Partial exemption for asphalt sold to governments | 1.7 | B |

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| Line No. | Enactment Date | Florida Statute | | FY 2009-10 (in \$ m) | Ex. Type |
|----------|----------------|--------------------------------------|--|-------------------------|----------|
| 76 | 1998 | 212.06(1)(d) | Cost price calculation for certain industries | insig. | B |
| 77 | 1992 | 212.06(2)(d),5(c),212.0596(2)(c),(j) | Printing for out-of-state customer, when he provides the paper. | 17.4 | B |
| 78 | 2000 | 212.06(3)(b) | Certain Printed Materials | 0.3 | B |
| 79 | 1949 | 212.06(5)(a) | Tangible personal property imported or produced for export. | 4,127.4 | (*) |
| 80 | 1949 | 212.06(5)(a) | Aircraft being exported outside the U.S. | 26.1 | B |
| 81 | 1949 | 212.06(5)(a), 212.081(5) | Any sale exempted by federal law or the U.S. Constitution. | insig. | M |
| 82 | 1983 | 212.06(5)(b) | Non-resident dealers purchasing items for resale overseas. | 3.2 | B |
| 83 | 1949 | 212.06(7) | Credit for tax paid to other states. | 55.8 | M |
| 84 | 1969 | 212.06(8) | Imported items if used in another state for 6 months or more. | 136.2 | M |
| 85 | 1949 | 212.06(9) | Sales of religious items. | 21.0 | M |
| 86 | 1992 | 212.06(11) | Certain magazine promotional materials, if exported. | 4.1 | B |
| 87 | 1998 | 212.06(13) | 1% tax rate/month for airplanes purchased for resale but used by dealer | 1.3 | B |
| 88 | 1998 | 212.06(14) | Mobile home lot improvements | insig. | B |
| 89 | 1998 | 212.06(15) | Contractors' use of rock, shell, fill dirt for own use | 1.4 | B |
| 90 | 2000 | 212.06(15)(a) | Fill Dirt | insig. | B |
| 91 | 1987 | 212.06(01) | Partial exemption from use tax for motor vehicle dealers. | 0.8 | B |
| 92 | 1998 | 212.06(01)(3) | Vehicles loaned by car dealer at no charge: calc. based on IRS table | insig. | B |
| 93 | 1998 | 212.06(01)(4) | Vehicles loaned by car dealer while repairs are made. | 0.3 | B |
| 94 | 1997/99 | 212.06(02) | Purchases of cinematography school, including leases | 0.8 | O |
| 95 | 1949 | 212.07(5) | Sales of farm products sold directly by the producer. | 1.7 | B |
| 96 | 1998 | 212.07(5)(b) | Horses sold at claiming races are taxed on first sale; then on mark-up | 0.5 | B |
| 97 | 1949 | 212.07(6) | Agricultural products consumed on the farm. | insig. | B |
| 98 | 1949 | 212.07(7) | Purchases of ag. products for further processing for resale. | 471.5 | (*) |
| 99 | 1949 | 212.08(1)(a) | Groceries purchased for human consumption. | 2,446.3 | H |
| 100 | 1986 | 212.08(1)(b) | Food purchased with food stamps [not exempt under s. 212.08(1)(a)]. | 1.0 | H |
| 101 | 1949 | 212.08(2)(a) | Prescription drugs. | 933.6 | H |
| 102 | 1949 | 212.08(2)(a) | Non-prescription drugs. | 246.0 | H |
| 103 | 1949 | 212.08(2)(a) | Eyeglasses and other corrective lenses. | 44.6 | H |
| 104 | 1949 | 212.08(2)(a) | Medical supplies and products such as syringes and prosthetics. | 129.7 | H |
| 105 | 1951 | 212.08(2)(a) | Funerals except for tangible personal property used. (*9) | 13.4 | M |
| 106 | 1990 | 212.08(2)(a) | Contact lens molds cost in excess of \$100,000. | 5.5 | B |
| 107 | 1998 | 212.08(2)(d) | Lithotripters | 0.3 | B |
| 108 | 1998 | 212.08(2)(e) | Human organs | insig. | B |
| 109 | 1998 | 212.08(2)(f) & (h) | Veterinary medicines | 10.4 | B |
| 110 | 1999 | 212.08(2)(f) & (h) | Non-retail pharmacies | 103.7 | B |
| 111 | 1998 | 212.08(2)(j) | Special lettering or similar attachments used to aid handicapped persons | 2.7 | H |
| 112 | 63/98/05 | 212.08(3) | Farm equipment. | 43.6 | B |
| 113 | 2005 | 212.08(3) | Agricultural diesel engines and irrigators. | 2.6 | B |
| 114 | 1949 | 212.08(4)(a)1. | Metered Water, excluding well. | 304.0 | M |
| 115 | 1949 | 212.08(4)(a)1. | Bottled (except carbonated) Water | 42.3 | M |
| 116 | 1969 | 212.08(4)(a)2. | Purchases of fuel by public and private utilities. | 563.0 | B |
| 117 | 1963 | 212.08(4)(a)2. | Fuel for vehicles and vessels in interstate commerce (partial). | 3.0 | B |
| 118 | 1987 | 212.08(4)(a)3. | Wheeling or transmission of electricity. (*15) | 4.0 | B |
| 119 | 1949 | 212.08(5)(a) | Purchase of commercial fishing nets. | insig. | B |
| 120 | 1949/98 | 212.08(5)(a) | Purchase of agricultural items (pesticides, seeds, fertilizers, etc.) | 78.8 | B |
| 121 | 1978 | 212.08(5)(a) | Fuels used to heat poultry structures. | 0.1 | B |
| 122 | 1998 | 212.08(5)(a) | Poultry structure generators | 0.2 | B |
| 123 | 1978 | 212.08(5)(b)1. | Purchases of machinery and equipment by new businesses. | 33.5 | B |
| 124 | 78/89/06 | 212.08(5)(b)2.a. | M&E purchased by expanding businesses or for spaceports | 44.8 | B |
| 125 | 1998 | 212.08(5)(b)2.b. | M&E purchased by expanding printing facilities | 15.5 | B |
| 126 | 1980 | 212.08(5)(c)1. | Certain M&E used to produce energy. (*10) | 16.8 | B |
| 128 | 2000 | 212.08(5)(c)1. & 2. | Boiler Fuels | 0.4 | B |
| 129 | 1983 | 212.08(5)(d) | Certain M&E purchased pursuant to federal contract. | insig. | B |
| 130 | 1988 | 212.08(5)(e)1. | Butane and other gases (except natural) used for agricultural purposes. | 0.9 | B |
| 131 | 1993 | 212.08(5)(e)1. | Natural gas used for agricultural purposes. | 0.7 | B |
| 132 | 2006 | 212.08(5)(e)2. | Diesel fuel/electricity used in farming | 0.0 | B |
| 133 | 1983 | 212.08(5)(f) | Certain motion picture or recording equipment; refund. | 2.6 | B |
| 134 | 2000 | 212.08(5)(f) | Additional Movie Exemptions | 19.4 | B |
| 135 | 2000 | 212.08(5)(f) | Motion Picture Video Equipment | 4.7 | B |
| 136 | 1984 | 212.08(5)(g) | Certain building materials used in an enterprise zone. | 25.7 | B |
| 137 | 1984 | 212.08(5)(h) | Certain depreciable business equip. used in an enterprise zone; refund. | 1.3 | B |
| 138 | 1988 | 212.08(5)(i) | Certain aircraft modification services. | 31.7 | B |
| 139 | 1997 | 212.08(5)(j) | M & E used in semiconductor, defense or space technology | 2.5 | B |
| 140 | 2000 | 212.08(5)(j) | Semi-conductor clean rooms | 0.1 | B |
| 141 | 2000 | 212.08(5)(j) | Defense & Space M&E | 2.1 | B |
| 142 | 1998 | 212.08(5)(k) | Paint color cards and samples | 0.3 | B |
| 143 | 1998 | 212.08(5)(l) | Cattle growth enhancers | 0.4 | B |
| 144 | 1999 | 212.08(5)(m) | Gold Seal child care facilities' purchases of educational materials | 0.2 | B |
| 145 | 2000 | 212.08(5)(n) | Materials for construction of single-family homes in EZ | 0.3 | H |
| 146 | 2000 | 212.08(5)(o) | Building materials in redevelopment projects | 0.4 | H |
| 147 | 2000 | 212.08(5)(p) | Broad Band Technology , sunset on 6-30-05 | 0.0 | B |
| 148 | 01/05/06 | 212.08(5)(q) | Community Contribution Credit | 14.0 | B |
| 149 | 1949 | 212.08(6) | Direct purchases by governm't (except electrical generating eq.). (*12) | 287.1 | O |
| 150 | 1987 | 212.08(6) | Services by radio and TV stations. | insig. | B |
| 151 | 1978 | 212.08(7)(a) | Sales of artificial commemorative flowers by V.A. | insig. | O |

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| Line No. | Enactment Date | Florida Statute | | FY 2009-10 (in \$ m) | Ex. Type |
|----------|----------------|-----------------|---|-------------------------|----------|
| 152 | 1978 | 212.08(7)(b) | Purchases of boiler fuels for use in industrial manufacturing. | 56.7 | B |
| 153 | 1974 | 212.08(7)(c) | Purchases of crab bait by commercial fishermen. | 0.4 | B |
| 154 | 1949 | 212.08(7)(d) | Feed for poultry and livestock, including racehorses, and ostriches. | 30.2 | B |
| 155 | 1949 | 212.08(7)(e) | Film rentals, when admissions are charged. | 4.3 | B |
| 156 | 1970 | 212.08(7)(e) | License fee charges for films & tapes used by broadcasters. | insig. | B |
| 157 | 1974 | 212.08(7)(f) | Sales of U.S. and State flags. | 1.9 | M |
| 158 | 1982 | 212.08(7)(g) | Supplies & equipment by the Fla. Retired Educators' Assn. | insig. | O |
| 159 | 1971 | 212.08(7)(h) | Purchases of, and supplies for, guide dogs for the blind. | insig. | H |
| 160 | 1963 | 212.08(7)(i) | Charges for hospital meals and rooms. | 471.3 | H |
| 161 | 1995 | 212.08(7)(i) | In-facility meals purchased by residents of homes for the aged | 19.0 | H |
| 162 | 1972 | 212.08(7)(j) | Purchases of power & heating fuels by residential households. (*15) | 969.6 | H |
| 163 | 1996 | 212.08(7)(j) | Purchases of power & heating fuels by licensed day care homes (*15) | 0.3 | B |
| 164 | 1980 | 212.08(7)(j) | Utilities purchased for use in a residential model home. (*15) | 0.2 | B |
| 165 | 1978 | 212.08(7)(k) | Charges for certain meals provided by non-profit orgs. | 23.2 | O |
| 166 | 1983 | 212.08(7)(l) | Purchases by orgs. providing certain benefits to minors. | 6.2 | O |
| 167 | 1949 | 212.08(7)(m)1. | Sales or leases to churches. | 11.5 | O |
| 168 | 1983 | 212.08(7)(m)1. | Items purchased or leased by certain non-profit organizations. | 10.0 | O |
| 169 | 1984 | 212.08(7)(m)2. | Non-profit orgs. providing free transportation to church members. | 0.1 | O |
| 170 | 1988 | 212.08(7)(m)2. | Purchases by religious non-profit TV stations. | 0.5 | O |
| 171 | 1995 | 212.08(7)(m)2. | Purchases by orgs. providing religious services to state prisoners (*20) | * | O |
| 172 | 1998 | 212.08(7)(m)2. | Religious tapes for the blind | 0.1 | O |
| 173 | 1998 | 212.08(7)(m)2. | Organizations w/o permanent location conducting religious services | 0.6 | O |
| 174 | 1995 | 212.08(7)(m)2. | Purchases by certain orgs. supporting charitable service providers (*20) | 0.1 | O |
| 175 | 1978/99 | 212.08(7)(n)1. | Items purchased or leased by qualified veterans organizations. | 0.6 | O |
| 176 | 1949/00 | 212.08(7)(o) | Schools, colleges, and universities | insig. | O |
| 177 | 1949/00 | 212.08(7)(p) | Section 501(c)(3) organizations | 41.0 | O |
| 178 | 1978 | 212.08(7)(q) | Purchases of "resource recovery equipment" by local govts. | 0.2 | O |
| 179 | 1963 | 212.08(7)(r) | K-12 schoolbooks and lunches. | 55.0 | O |
| 180 | 1998 | 212.08(7)(r) | School yearbooks, magazines, newspapers, and bulletins | 5.9 | O |
| 181 | 1987 | 212.08(7)(s) | Alcoholic beverages used by businesses for tasting. | 1.4 | B |
| 182 | 1986 | 212.08(7)(t) | Boats temporarily docked in Florida. | 4.3 | B |
| 183 | 1969 | 212.08(7)(u) | Purchases of fire-fighting equipment by volunteer fire depts. | 0.3 | O |
| 184 | 1949/88 | 212.08(7)(v) | Charges for professional, personal and insurance services: | ** | M |
| 185 | 1990 | 212.08(7)(w) | Free advertising publications. | 22.3 | B |
| 186 | 1996 | 212.08(7)(w) | Subscription newspapers, newsletters & magazines delivered by mail | 11.2 | B |
| 187 | 1987 | 212.08(7)(x) | Sporting equipment brought to Florida for certain events. | 0.1 | B |
| 188 | 1988 | 212.08(7)(y) | Charter fishing boats. | 11.9 | B |
| 189 | 1988 | 212.08(7)(z) | Certain candy sold in vending machines by non-profit orgs. | insig. | O |
| 190 | 1988 | 212.08(7)(aa) | Commercial trucks sold between commonly owned companies. | 0.4 | B |
| 191 | 1992 | 212.08(7)(bb) | Community cemeteries. | 0.1 | B |
| 192 | 1992/99 | 212.08(7)(cc) | Works of art provided to an educational institution. | 6.7 | B |
| 193 | 1994 | 212.08(7)(dd) | Lease or license to use taxicab equipment | 7.6 | B |
| 194 | 1994/98 | 212.08(7)(ee) | Aircraft repair and maintenance labor charges for aircraft > 15,000 lbs | 2.7 | B |
| 195 | 1998 | 212.08(7)(ee) | Aircraft repair and maintenance labor charges for helicopters > 10,000 lbs | 0.2 | B |
| 196 | 1996 | 212.08(7)(ff) | Electricity used in Manufacturing (*15) | 77.9 | B |
| 197 | 1996 | 212.08(7)(gg) | Leases to or by fair associations for real or tangible personal property | 1.1 | B |
| 199 | 1997/05 | 212.08(7)(hh) | Solar energy systems | 1.2 | B |
| 200 | 1997 | 212.08(7)(ii) | Nonprofit cooperative hospital laundries | 0.1 | B |
| 201 | 1997 | 212.08(7)(jj) | Complimentary meals served by hotels & motels | 3.6 | B |
| 202 | 1997 | 212.08(7)(kk) | PRIDE | 1.4 | O |
| 203 | 1998 | 212.08(7)(ll) | Items sold by PTO's and PTA's, if tax paid at purchase | 1.8 | O |
| 204 | 1998 | 212.08(7)(ll) | Vending machine items in lunchrooms, if tax paid at purchase | 0.2 | O |
| 205 | 1998 | 212.08(7)(mm) | Mobile home lot improvements | 0.7 | B |
| 206 | 1998 | 212.08(7)(nn) | Portions of purchase price of boats, cars, planes paid by Veterans' Org. | 0.2 | O |
| 207 | 1998 | 212.08(7)(oo) | Complimentary food items | 0.7 | B |
| 208 | 1998 | 212.08(7)(pp) | Food or beverages donated to non-profit organizations. | 0.3 | O |
| 209 | 1998 | 212.08(7)(qq) | Racing dogs by breeders | 0.1 | B |
| 210 | 1998 | 212.08(7)(rr) | Parts and labor used in certain aircraft maintenance or repair | 2.7 | B |
| 211 | 1998 | 212.08(7)(ss) | Aircraft leases and sales by common carriers, if in excess of 15,000 lbs | 2.8 | B |
| 212 | 1999/00 | 212.08(7)(tt) | Non-profit water systems | 0.8 | O |
| 213 | 1999 | 212.08(7)(uu) | Library co-operatives | 0.1 | O |
| 214 | 1999 | 212.08(7)(v v) | Certain advertising services | 15.2 | B |
| 215 | 1999 | 212.08(7)(ww) | Gold, silver, platinum bullion in excess of \$500 | insig. | B |
| 216 | 1999/00 | 212.08(7)(xx) | Shipping and parts and labor for repair of certain machinery | 13.9 | B |
| 217 | 1999 | 212.08(7)(yy) | Film and printing supplies | 6.4 | B |
| 218 | 2000 | 212.08(7)(zz) | People Mover Systems | 0.3 | B |
| 220 | 2000 | 212.08(7)(aaa) | Florida Fire and Emergency Services | insig. | O |
| 221 | 2000 | 212.08(7)(bbb) | Railroad Bed Materials | 0.7 | B |
| 222 | 2006 | 212.08(7)(ccc) | Energy Efficient Technology | 0.0 | B |
| 223 | 2006 | 212.08(7)(ddd) | Advertising materials distributed free by mail in an envelope | 0.0 | B |
| 224 | 1957 | 212.08(8) | Vessels, parts & related items used in interstate commerce (partial). | 23.1 | B |
| 225 | 1957 | 212.08(9) | RR equip, MV & pts. used in interstate commerce (partial). (*18) | 36.5 | B |
| 226 | 1977 | 212.08(10) | Partial exemption on motor vehicles sold to out-of-state residents. | 36.7 | M |
| 227 | 1978 | 212.08(11) | "Flyable aircraft" sold by a Fla. m'gr. to out-of-state resident (partial). | 7.1 | B |
| 228 | 1998 | 212.08(11) | Aircraft temporarily located in Fla for repairs. | 6.8 | B |
| 229 | 1984 | 212.08(12) | Master tapes, records, films or video tapes (partial). | 28.0 | B |
| 230 | 1984 | 212.08(15) | Certain electrical energy used in an enterprise zone. (*15) | 0.4 | B |

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

| Line No. | Enactment Date | Florida Statute | | FY 2009-10 (in \$ m) | Ex. Type |
|--------------------|----------------|----------------------|---|-------------------------|----------|
| 231 | 1989 | 212.08(16)(a)1. | The sale or use of satellites or other space vehicles. | 99.4 | B |
| 232 | 1989 | 212.08(16)(a)2. | The sale or use of tangible personal property placed on satellites. | insig. | B |
| 233 | 1999 | 212.08(17) | Overhead items purchased by certain gov't contractors | 9.0 | B |
| 234 | 2006 | 212.08(18) | Machinery and Equipment used for R&D at least 50% | 0.0 | B |
| 235 | 1984 | 212.0821(1) | Items bought by Parent-Teacher Orgs. through school districts. | 1.7 | O |
| 236 | 1984 | 212.0821(2) | Items bought by certain community groups through local govts. | insig. | O |
| 237 | 1984 | 212.0821(3) | Items bought by certain library fund raising groups. | insig. | O |
| 238 | 1949 | 212.09, 212.02(17) | The value of trade-ins or discounts. | 497.3 | M |
| 239 | 1984 | 212.096 | Credit for job creation in enterprise zones. | 5.7 | B |
| 240 | 1997 | 212.097 | Urban High-crime area job tax credit | 5.6 | B |
| 241 | 1997 | 212.098 | Rural job tax credit | insig. | B |
| 242 | 1949 | 212.12(1), 212.04(5) | Collection allowance of 2.5% for the first \$1,200 of tax per return. | 63.0 | B |
| 243 | 1991/06 | 212.20(6)(g)4.a. | Up to \$2.0m annual subsidy for certain professional sports teams. | 20.7 | B |
| 244 | 1993 | 212.20(6)(g)4.b. | \$2 million annual subsidy for Professional Golf Hall of Fame. | 2.0 | B |
| 245 | 1996 | 212.20(6)(g)4.c. | \$1 m annual subsidy for Intern'l Game Fish Association World Center | 1.0 | B |
| 246 | 1998 | 376.75(1) | Tax on perchloroethylene | 0.1 | B |
| GRAND TOTAL | | | | 10,229.9 | |

| | <i>(in \$ b)</i> |
|--|------------------|
| H = Household Items | 6.331 |
| O = Organizations | 0.499 |
| B = Business Items | 2.198 |
| S = Services (Household and Business) | 0.000 |
| M = Miscellaneous | 1.202 |
| Grand Total (*) | 10.230 |

Notes:

n/a - Estimate not available.

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

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

- 1 Estimate reflects only sales by businesses.
- 2 Estimate excludes items exempt under other provisions as well.
- 3 Impact included in estimate for item #8
- 4 The estimate represents only sales of stocks and bonds traded in national markets. A variety of additional items would also be potentially taxed.
- 5 Impact included in estimate for #339.
- 6 The 2005 Super Bowl was held in Jacksonville. This exemption is estimated to cost \$2.4m. In 2007, it was held in Miami.
- 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.
- 12 Excludes \$378.2m of tax on federal purchases. Taxation would require congressional authorization.
- 13 See NAICS codes 51
- 14 This exemption applies when delivery is by a physical medium. The estimate for NAICS codes 51 include both physical delivery and electronic transmission. The latter form dominates the market.
- 15 The statutory tax rate for electricity is 7%.
- 16 Estimate includes commuter transportation only. Federal law prohibits state taxation of Amtrak services.
- 17 Federal law prohibits state taxation of airline passenger charges. If federal law changes, it could generate \$352m.
- 18 Estimate assumes other supporting statutory changes in addition to exemption repeal.
- 19 The impact is included in the impacts of services currently excluded from the tax.
- 20 Item 171 is included in #174 due to a rewrite of the religious and 501(c)(3) exemptions in 2000.

| | | (1) | (2) | (3) |
|------------------------------|--|----------------|----------------|----------------|
| | | 6% | 6% | 6% |
| | | Annualized | First Year | Annualized |
| | | Receipts | Cash | Receipts |
| 1997 | | SFY 2009/10 | SFY 2009/10 | On Services |
| NAICS | Business Type | | | Taxed in 1987 |
| Code(s) | | \$m | \$m | \$m |
| PERSONAL SERVICES | | | | |
| 812 | Personal and Laundry Services | | | |
| 8121 | Personal Care Services (includes Beauty and Barber Shops) | 90.8 | 67.8 | - |
| 8123 | Drycleaning and Laundry Services | 66.6 | 49.8 | 56.8 |
| 8129 | Other Personal Services (Pet Care, Photo Finishing, Valet Parking, Parking Lots and Garages) | 13.0 | 9.7 | 13.0 |
| | Subtotal: All Personal Services..... | 170.3 | 127.3 | 69.8 |
| PROFESSIONAL SERVICES | | | | |
| 531 | Real Estate | | | |
| 5312 | Offices of Real Estate Agents and Brokers | 317.7 | 237.4 | 161.4 |
| 5313 | Activities Related to Real Estate (Property Managers and Appraisers) | 154.4 | 115.4 | 78.4 |
| 533 | Lessors of Non-Financial Intangible Assets (except Copyrighted Work) Buying, Licensing, Leasing of Industrial Designs, Franchises, Brand Names, Patents, Trademarks | 7.2 | 5.4 | 7.2 |
| 541 | Professional, Scientific, and Technical Services | | | |
| 5411 | Legal Services (includes Title Search and Abstract Services) | 668.0 | 499.2 | 596.4 |
| 5412 | Accounting, Tax Preparation, Bookkeeping, and Payroll Services | 328.9 | 245.8 | 328.9 |
| 5413 | Architectural, Engineering, and Related Services | 506.2 | 378.3 | 218.4 |
| 5414 | Specialized Design Services (Interior, industrial, Graphic, Fashion, and other Design Services) | 94.7 | 70.7 | - |
| 5415 | Computer Systems Design and Related Services | 363.2 | 271.4 | 345.1 |
| 5416 | Management, Scientific, and Technical Consulting Services | 419.1 | 313.2 | 419.1 |
| 5417 | Scientific Research and Development Services | 26.4 | 19.8 | - |
| 5418 | Advertising and Related Services | 129.9 | 97.0 | 112.4 |
| 5419 | Other Professional, Scientific, and Technical Services (Marketing Research, Photographic, Veterinary, Translation Services) | 191.1 | 142.8 | - |
| 551 | Management of Companies and Enterprises | | | |
| 55111 | Offices of Bank Holding Companies | 17.2 | 12.9 | 17.2 |
| 55112 | Offices of Other Holding Companies | 94.6 | 70.7 | 94.6 |
| 55114 | Corporate, Subsidiary, and Regional Managing Offices | 93.4 | 69.8 | 93.4 |
| 561 | Administrative and Support Services | | | |
| 5611 | Office Administrative Services | 120.1 | 89.7 | 120.1 |
| 5612 | Facilities Support Services | 49.6 | 37.1 | 49.6 |
| 5613 | Employment Services | 388.0 | 290.0 | 58.2 |
| 5614 | Business Support Services (includes Credit and Collection Agencies, Secretarial and Court Reporting Services) | 236.6 | 176.8 | - |
| 5615 | Travel Arrangement and Reservation Services (Travel Agencies and Tour Operators) | 85.3 | 63.8 | - |
| 5616 | Investigation and Security Services | - | - | - |
| 5617 | Services to Buildings and Dwellings (includes Cleaning and Pest Control) | 255.9 | 191.2 | 255.9 |
| 5619 | Other Support Services (Packaging and Labeling Services, Convention and Trade Show Organizers) | 100.7 | 75.3 | 50.4 |
| 813 | Professional Organizations | | | |
| 8132 | Grantmaking and Giving Services | 5.4 | 4.0 | - |
| 8133 | Social Advocacy Organizations | 10.4 | 7.8 | - |
| 8134 | Civic and Social Organizations | 15.5 | 11.6 | - |
| 8139 | Business, Professional, Labor, Political, and Similar Organizations | 131.5 | 98.3 | - |
| | Subtotal: All Professional Services..... | 4,811.3 | 3,595.3 | 3,006.6 |
| BUSINESS SERVICES | | | | |
| 115 | Support Activities for Agriculture and Forestry | | | |
| 1151 | Support Activities for Crop Production | 65.6 | 49.0 | 21.1 |
| 1152 | Support Activities for Animal Production | 91.9 | 68.7 | 29.5 |
| 1153 | Support Activities for Forestry | 39.5 | 29.5 | - |
| 213 | Support Activities for Mining | | | |
| 21311 | Drilling Oil and Gas Wells | 1.7 | 1.3 | - |
| 21312 | Support Activities for Oil and Gas Operations | 0.3 | 0.2 | - |
| 21313 | Support Activities for Coal Mining | - | - | - |
| 323 | Printing and Related Support Activities | | | |
| 32312 | Prepress Services | 2.9 | 2.2 | 2.9 |
| 492 | Couriers and Messengers | | | |
| 4921 | Couriers | 222.8 | 166.5 | 159.5 |
| 4922 | Local Messengers and Local Delivery | 27.2 | 20.3 | 19.5 |
| | Subtotal: All Business Services..... | 452.0 | 337.8 | 232.4 |
| FINANCIAL SERVICES | | | | |
| 522 | Credit Intermediation and Related Activities | | | |
| 5221 | Depository Credit Intermediation (Banks, S&Ls, Credit Unions, et al) | 1,794.1 | 1,340.7 | - |
| 5222 | Nondepository Credit Intermediation (Credit Cards, Sales Financing, Consumer Lending, Real Estate Credit) | 808.9 | 604.5 | - |
| 5223 | Activities Related to Credit Intermediation (Loan Brokers, EFT Networks, Clearinghouse Assoc., Credit Card Svcs) | 281.0 | 210.0 | 98.4 |
| 523 | Securities, Commodity Contracts, and Other Financial Investments | | | |
| 5231 | Securities and Commodity Contracts Intermediation and Brokerage | 377.3 | 281.9 | 79.2 |
| 524 | Insurance Carriers and Related Activities | | | |
| 5241 | Insurance Carriers | 3,061.3 | 2,287.6 | - |
| 5242 | Agencies, Brokerages, and Other Insurance Related Activities | 478.7 | 357.7 | - |
| 525 | Funds, Trusts, and other Financial Vehicles | | | |
| 5259 | Other Investment Pools and Funds (REITs) | 13.1 | 9.8 | 13.1 |

| | | (1) | (2) | (3) |
|------------|--|----------------|----------------|----------------|
| | | 6% | 6% | 6% |
| | | Annualized | First Year | Annualized |
| | | Receipts | Cash | Receipts |
| 1997 | | SFY 2009/10 | SFY 2009/10 | On Services |
| NAICS | Business Type | | | Taxed in 1987 |
| Code(s) | | \$m | \$m | \$m |
| | Subtotal: All Financial Services..... | 6,814.5 | 5,092.3 | 190.7 |
| | MEDIA SERVICES | | | |
| 511 | Publishing Industries | | | |
| 5112 | Software Publishers | 137.7 | 102.9 | 130.8 |
| 512 | Motion Picture and Sound Recording Industries | | | |
| 5121 | Motion Picture and Video Industries | 95.8 | 71.6 | - |
| 515 | Broadcasting and Telecommunications | | | |
| 5151 | Radio and Television Broadcasting | 154.6 | 115.5 | 154.6 |
| 5152 | Cable Networks and Program Distribution | 9.0 | 6.8 | - |
| 518 | ISPs, Wep Search Portals, and Data Processing Services | | | |
| 5181 | ISPs and Web Search Portals | 7.2 | 5.4 | 6.9 |
| 5182 | Data Processing, Hosting, and related Services | 53.2 | 39.7 | 50.5 |
| | Subtotal: All Media Services..... | 457.6 | 341.9 | 342.8 |
| | ENTERTAINMENT & SPORTS SERVICES | | | |
| 711 | Performing Arts, Spectator Sports, and Related Industries | | | |
| 7111 | Performing Arts Companies | 6.8 | 5.1 | 5.7 |
| 7112 | Spectator Sports (Sports Teams and Clubs, Racetracks, etc.) | 15.8 | 11.8 | - |
| 7113 | Promoters of Performing Arts, Sports, and Similar Events | 58.9 | 44.0 | - |
| 7114 | Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures | 15.3 | 11.4 | 12.8 |
| 7115 | Independent Artists, Writers, and Performers | 23.7 | 17.7 | - |
| 713 | Amusement, Gambling, and Recreation Industries | | | |
| 7139 | Other Amusement and Recreation Industries (includes Physical Fitness Facilities, Dance Studios, Golf Courses, etc) | 31.0 | 23.1 | - |
| | Subtotal: All Entertainment and Sports Services..... | 151.5 | 113.2 | 18.5 |
| | CONSTRUCTION SERVICES | | | |
| 236 | Building, Developing, and General Contracting | | | |
| 2361 | Residential Building Construction | 444.1 | 331.9 | 444.1 |
| 2362 | Nonresidential Building Construction | 325.9 | 243.5 | 325.9 |
| 237 | Heavy Construction | | | |
| 2371 | Utility System Construction | 576.7 | 430.9 | - |
| 2372 | Land Subdivision and Land Development | 123.2 | 92.1 | - |
| 2373 | Highway, Street, and Bridge Construction | 181.1 | 135.3 | 181.1 |
| 2379 | Other Heavy Construction | 37.5 | 28.0 | 37.5 |
| 238 | Special Trade Contractors | | | |
| 2381 | Building Foundation and Exterior Contractors | 271.7 | 203.1 | 271.7 |
| 2382 | Building Equipment Contractors | 407.4 | 304.4 | 407.4 |
| 2383 | Building Finishing Contractors | 183.0 | 136.8 | 183.0 |
| 2389 | Other Special Trade Contractors | 154.1 | 115.2 | 154.1 |
| | Subtotal: All Construction Services..... | 2,704.8 | 2,021.2 | 2,004.9 |
| | INSTITUTIONAL SERVICES | | | |
| 562 | Waste Management and Remediation Services | | | |
| 5621 | Waste Collection | 97.7 | 73.0 | 32.3 |
| 5622 | Waste Treatment and Disposal | 32.9 | 24.6 | 10.9 |
| 5629 | Remediation and Other Waste Management Services | 72.0 | 53.8 | 23.8 |
| 611 | Educational Services | | | |
| 6114 | Business Schools and Computer and Management Training | 36.4 | 27.2 | 12.0 |
| 6115 | Technical and Trade Schools | 63.1 | 47.2 | 20.8 |
| 6116 | Other Schools and Instruction | 47.9 | 35.8 | 15.8 |
| 6117 | Educational Support Services | 24.2 | 18.1 | 8.0 |
| 624 | Social Assistance | | | |
| 6241 | Individual and Family Services | 170.9 | 127.7 | - |
| 6242 | Community Food and Housing, and Emergency and Other Relief Services | 28.5 | 21.3 | - |
| 6243 | Vocational Rehabilitation Services | 29.6 | 22.1 | - |
| 6244 | Child Day Care Services | 93.2 | 69.6 | - |
| | Subtotal: All Institutional Services..... | 696.4 | 520.4 | 123.5 |
| | TRANSPORTATION SERVICES | | | |
| 481 | Air Transportation | | | |
| 481111 | Scheduled Passenger Air Transportation | 34.3 | 25.7 | 27.9 |
| 481112 | Scheduled Freight Air Transportation | 4.1 | 3.1 | 3.4 |
| 481211 | Nonscheduled Chartered Passenger Air Transportation | 39.9 | 29.8 | 32.4 |
| 481212 | Nonscheduled Chartered Freight Air Transportation | 9.5 | 7.1 | 7.8 |
| 481219 | Other Nonscheduled Air Transportation | 1.3 | 0.9 | 1.0 |
| 482 | Rail Transportation | | | |
| 482111 | Line-Haul Railroads (Long Distance Cargo and Passenger) | 52.0 | 38.9 | - |
| 482112 | Short Line Railroads (Short Distance Cargo) | 13.0 | 9.7 | - |
| 483 | Water Transportation | | | |
| 4831 | Deep Sea, Coastal, and Great Lakes Water Transportation | 29.5 | 22.0 | 1.6 |
| 4832 | Inland Water Transportation | 1.0 | 0.7 | 0.1 |

| | | (1) | (2) | (3) |
|---------------|---|-----------------|-----------------|----------------|
| | | 6% | 6% | 6% |
| | | Annualized | First Year | Annualized |
| | | Receipts | Cash | Receipts |
| 1997 | | SFY 2009/10 | SFY 2009/10 | On Services |
| NAICS | Business Type | | | Taxed in 1987 |
| Code(s) | | \$m | \$m | \$m |
| 484 | Truck Transportation | | | |
| 4841 | General Freight Trucking | 184.3 | 137.7 | - |
| 4842 | Specialized Freight Trucking | 97.3 | 72.7 | - |
| 485 | Transit and Ground Passenger Transportation | | | |
| 4851 | Urban Transit Systems | 5.5 | 4.1 | 0.3 |
| 4852 | Interurban and Rural Bus Transportation | 2.7 | 2.0 | - |
| 4853 | Taxi and Limousine Service | 21.7 | 16.2 | - |
| 4854 | School and Employee Bus Transportation | 4.3 | 3.2 | 0.2 |
| 4855 | Charter Bus Industry | 9.5 | 7.1 | 9.5 |
| 4859 | Other Transit and Ground Passenger Transportation | 10.4 | 7.8 | 0.5 |
| 486 | Pipeline Transportation | | | |
| 4862 | Pipeline Transportation of Natural Gas | 4.3 | 3.2 | - |
| 487 | Scenic and Sightseeing Transportation | | | |
| 4871 | Scenic and Sightseeing Transportation, Land | 2.1 | 1.6 | 2.1 |
| 4872 | Scenic and Sightseeing Transportation, Water | 5.9 | 4.4 | 0.3 |
| 4879 | Scenic and Sightseeing Transportation, Other | 0.4 | 0.3 | - |
| 488 | Support Activities for Transportation | | | |
| 4881 | Support Activities for Air Transportation (Air Traffic Control and Airport Terminal Services) | 92.9 | 69.4 | 75.4 |
| 4882 | Support Activities for Rail Transportation (Loading Services, Terminal Services, Rail Car Rentals) | 9.1 | 6.8 | 9.1 |
| 4883 | Support Activities for Water Transportation (Port and Harbor Operations, Cargo Handling, Navigational Services) | 32.3 | 24.1 | 1.7 |
| 4884 | Support Activities for Road Transportation (Auto Towing, Terminal and Service Facilities) | 15.7 | 11.7 | 14.8 |
| 4885 | Freight Transportation Arrangement | 136.7 | 102.2 | - |
| 4889 | Other Support Activities for Transportation | 36.6 | 27.3 | - |
| | Subtotal: All Transportation Services..... | 856.5 | 640.0 | 188.1 |
| | HEALTH SERVICES | | | |
| 621 | Ambulatory Health Care Services | | | |
| 6211 | Offices of Physicians | 1,462.4 | 1,092.8 | - |
| 6212 | Offices of Dentists | 305.3 | 228.1 | - |
| 6213 | Offices of Other Health Practitioners | 224.0 | 167.4 | - |
| 6214 | Outpatient Care Centers | 210.5 | 157.3 | - |
| 6215 | Medical and Diagnostic Laboratories | 143.4 | 107.2 | - |
| 6216 | Home Health Care Services | 212.8 | 159.0 | - |
| 6219 | Other Ambulatory Health Care Services | 57.5 | 43.0 | - |
| 622 | Hospitals - except Government | | | |
| 6221 | General Medical and Surgical Hospitals | 403.2 | 301.3 | - |
| 6222 | Psychiatric and Substance Abuse Hospitals | 3.9 | 2.9 | - |
| 6223 | Specialty (except Psychiatric and Substance Abuse) Hospitals | 22.3 | 16.7 | - |
| 622 | Hospitals - Government | | | |
| 6221 | General Medical and Surgical Hospitals | 104.4 | 78.1 | - |
| 6222 | Psychiatric and Substance Abuse Hospitals | 5.3 | 4.0 | - |
| 6223 | Specialty (except Psychiatric and Substance Abuse) Hospitals | - | - | - |
| 623 | Nursing and Residential Care Facilities | | | |
| 6231 | Nursing Care Facilities | 344.8 | 257.6 | - |
| 6232 | Residential Mental Retardation/Health and Substance Abuse Facilities | 49.8 | 37.2 | - |
| 6233 | Community Care Facilities for the Elderly | 155.4 | 116.1 | - |
| 6239 | Other Residential Care Facilities | 17.9 | 13.4 | - |
| | Subtotal: All Health Services..... | 3,723.0 | 2,782.0 | - |
| | TOTAL STATE 6% SALES & USE TAX ON SERVICE TRANSACTIONS | 20,837.7 | 15,571.3 | 6,177.3 |
| | General Revenue Fund Share (Assumes same % as current law) | 18,499.7 | 13,824.2 | 5,484.2 |
| | Local Govt. Half-Cent Distributions From Tax on Services | 2,277.6 | 1,701.9 | 675.2 |
| Notes: | The estimates presume an exemption for Florida sales of services consumed out of state, and a use tax on services consumed in Florida. Also, the construction service estimates presume no internal pyramiding. | | | |

Total Impact of Sales Tax Exemptions and Exclusions
(\$ Billions)

EXEMPTION SUMMARY BY TYPE:

(in \$ b)

| | |
|--|---------------|
| H = Household Items | 6.331 |
| O = Organizations | 0.499 |
| B = Business Items | 2.198 |
| S = Services (Household and Business) | 0.000 |
| M = Miscellaneous | 1.202 |
| EXEMPTION TOTAL | 10.230 |

TOTAL POTENTIAL SALES ON SERVICE TRANSACTIONS

20.838

COMBINED TOTAL IMPACT OF TAXING EXEMPTIONS AND SERVICES

31.068

SERVICE CHARGES

FLORIDA STATUTES: Sections 215.20, 215.211, 215.22, 215.24 and 215.25, F.S.

ADMINISTERED BY: Department of Financial Services

SUMMARY:

A service charge of either 3%, 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 for those funds and revenues specifically exempted by s. 215.211, s. 215.22, and s. 215.24, F.S.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 321,900,000 | -0.68% |
| 2008-09* | 324,100,000 | -10.63% |
| 2007-08 | 362,635,199 | -17.67% |
| 2006-07 | 440,468,724 | -17.21% |
| 2005-06 | 532,055,100 | 7.71% |
| 2004-05 | 493,992,889 | 14.14% |
| 2003-04 | 432,800,313 | |

* Estimate

HISTORY:

General Revenue Service Charges represent transfers from trust funds to the General Revenue Fund. Rates range from 0.3% to 7.3%.

The policy of assessing certain specified trust funds a service charge was established in 1941 and rates were set at 3%. Rate changes occurred in 1961, 1979, 1983, and 1990. A large number of trust funds were added in 1983.

In 1990, all trust funds not specifically exempt under s. 215.22, F.S., were made subject to the 7% General Revenue Service Charge. An additional .3% General Revenue Service Charge was imposed on trust funds specifically enumerated in s. 215.20(4), F.S.

In order to fund Mobility 2000, service charges imposed on collections of motor fuel and diesel fuel taxes, local option fuel taxes, auto title fees, and the \$100 "new-wheels-on-the-road" fee were eliminated pursuant to Ch. 2000-257, L.O.F. Effective July 1, 2000, the 7.3% General Revenue Service Charge was eliminated on the Fuel Tax Collection Trust Fund for motor fuel and diesel fuel tax collections and on the \$24 original certificate of title fee and each duplicate copy fee. Effective July 1, 2001, the 7.3% General Revenue Service Charge was eliminated on SCETS tax collections and on the \$100 "new-wheels-on-the road" fee. The service charge on local option fuel tax collections is phased out over a two-year period. Effective July 1, 2005, the General Revenue Service Charge rate on the Fuel Tax Collection Trust Fund was reduced from 7.3% to 3.5% and effective July 1, 2006 and thereafter, the 3.5% General Revenue Service Charge is eliminated.

In 2008, Ch. 2008-114, L.O.F. was enacted. This measure redirected the 7.3% General Revenue Service Charge assessed on the second local option fuel tax imposed under s. 336.0251(1)(b), F.S., from the University Concurrency Trust Fund to the General Revenue Fund.

SERVICE CHARGES

BASE AND RATE:

All trust funds enumerated in s. 215.20(4), F. S., 7.3%; all other trust funds not specifically exempt in s. 215.22, F. S., 7%; peanut, soybean, and tobacco marketing, most trust Funds in the Department of Agriculture and Consumer Services and the Department of Citrus, and the Save the Manatee Trust Fund, 3%. The Service Charge is normally transferred during the quarter following the quarter in which revenue is collected. An updated list of trust funds showing the current rate of the Service Charge can be found at http://www.myfloridacfo.com/aadir/accounts_control.htm by clicking on the Trust Fund Listing link.

DISPOSITION:

Service Charges are deposited into the General Revenue Fund, by transfer from specified trust fund accounts.

OTHER STATES:

There is no data available for interstate comparison on such service charges. The practice developed from the 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.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

SEVERANCE TAXES OIL AND GAS

FLORIDA STATUTES: Chapter 211, Part I

ADMINISTERED BY: Department of Revenue

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, small well oil, and tertiary oil are taxed at 5% of gross value at the point of production.

REVENUE:

| Fiscal Year | Collections | Annual Change % | General Revenue Distribution | Distribution to Counties |
|-------------|-------------|-----------------|------------------------------|--------------------------|
| 2009-10* | 7,263,000 | -27.85% | 5,360,000 | 995,000 |
| 2008-09* | 10,067,000 | -24.10% | 7,420,000 | 1,389,000 |
| 2007-08 | 13,263,929 | 42.81% | 9,011,628 | 1,560,916 |
| 2006-07 | 9,288,044 | -2.78% | 7,178,498 | 1,193,086 |
| 2005-06 | 9,554,037 | 15.76% | 7,245,328 | 1,189,278 |
| 2004-05 | 8,253,610 | 30.97% | 5,378,746 | 883,198 |
| 2003-04 | 6,302,129 | | 4,349,585 | 705,381 |

* Estimate

HISTORY:

The severance tax on oil and gas is composed of four separate taxes with different bases and rates. Small well oil and tertiary oil are taxed at the rate of 5% of gross value. All other oil is taxed at the rate of 8% of gross value. Gas is taxed by volume using a base rate adjusted each year for the gas fuels producer price index; this process is described in s. 211.025, F.S. Sulfur is taxed by long ton using a base rate adjusted each year for the sulfur producer price index; this process is described in s. 211.026, F.S. Definitions for each tax are provided in s. 211.01, F.S.

Severance taxation of oil and gas was begun in 1945 at a 5% rate. The rate on oil was increased to 8% in 1977. 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. At that time, 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 again by the 1994 Legislature. Effective July 1, 1995, 75% of the 8% oil tax and 67.5% of the 5% oil, gas and sulfur tax was distributed to the General Revenue Fund, and 12.5% of all sources will go to the Mineral Trust Fund. The remaining 12.5% of the 8% oil and 20% of the 5% small well oil and tertiary oil, gas and sulfur is returned to the board of county commissioners of the county where production occurred.

SEVERANCE TAXES OIL AND GAS

Chapter 96-323, L.O.F., provided for a 5 year tax exemption for new oil wells completed after July 1, 1997; this exemption has expired.

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 \$0.171 per MCF. The tax rate effective July 1, 2008 was \$0.457 per MCF.

Sulfur: The tax is determined by the long tons (2,240 lbs) of sulfur produced or recovered from the hydrogen sulfide gas contained in oil or gas production. The tax rate is based on the change in the annual monthly average of the sulfur producer price index for the previous calendar year times \$2.43 per long ton. The tax rate effective July 1, 2008 was \$4.78 per long ton.

DISPOSITION:

| Distributions of: | To General Revenue | To County where produced | To Minerals Trust Fund |
|-------------------------------|--------------------|--------------------------|------------------------|
| 8% Oil | 75.0% | 12.5% | 12.5% |
| 5% Oil (Small wells/tertiary) | 67.5% | 20.0% | 12.5% |
| Gas | 67.5% | 20.0% | 12.5% |
| Sulfur | 67.5% | 20.0% | 12.5% |

OTHER STATES:

Twenty-four other states specifically tax the production of oil and gas. Some states include petroleum production taxes in mineral severance regulations. A state-by-state list of the various types of severance taxes levied, including oil and gas severance, can be found at <http://www.ncls.org/programs/fiscal/severtax05.htm>.

2009-10
(millions)

VALUE OF RATE CHANGE:

Value of 1% increase in tax rate:

| | |
|--|-------|
| Oil currently taxed at 8% of gross value | \$0.8 |
| Oil currently taxed at 5% of gross value | \$0.2 |

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

SEVERANCE TAXES SOLID MINERALS

FLORIDA STATUTES: Chapter 211, Part II

ADMINISTERED BY: Department of Revenue

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.

REVENUE:

| Fiscal Year | Collections | Annual Change % | General Revenue Distribution |
|-------------|-------------|--------------------|------------------------------------|
| 2009-10* | 37,755,000 | -3.72% | 10,784,300 |
| 2008-09* | 39,213,800 | -9.29% | 11,388,000 |
| 2007-08 | 43,229,733 | 18.41% | 12,411,974 |
| 2006-07 | 36,507,907 | -20.58% | 10,267,644 |
| 2005-06 | 45,966,129 | -9.20% | 15,285,020 |
| 2004-05 | 50,621,469 | 38.62% | 15,341,709 |
| 2003-04** | 36,517,866 | | 473,882 |

* Estimate

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

HISTORY:

Severance tax on solid minerals is composed of three separate taxes. Severance of phosphate rock is taxed at a rate based on a base rate adjusted each year by an index as established in s. 211.3103, F. S. Severance of heavy minerals is taxed at a rate based on a base rate adjusted each year by an index as established in s. 211.3106, F.S. Severance of other solid minerals, except phosphate rock and heavy minerals is taxed at the rate of 8% of value at the point of severance.

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

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

SEVERANCE TAXES SOLID MINERALS

Fund; 10.7% to the Mineral Trust Fund; 10.4% to NMLRTF; and 13.0% to any county designated a Rural Area of Critical Economic Concern.

In 2008, Ch. 2008-150, L.O.F., amended s. 211.3103, F.S. relating to the severance tax on phosphate rock. A surcharge of \$1.38 per ton severed was imposed, and the excise tax rate was set at \$1.945 per ton severed. This excise tax rate is to remain constant until July 1 of the fiscal year following the date when revenues collected from the surcharge equals or exceeds \$60 million. At that point, a base rate of \$1.51 per ton severed is established. Each taxpayer is allowed a surcharge offset equal to the difference between the rate that would have been charged based on the base rate adjustment during the period and the rate of \$1.51 times the tonnage severed. Distribution of the tax will also change when the surcharge equals \$60 million. At that time, proceeds of the tax on phosphate rock will be exempt from the General Revenue service charge, with the proceeds divided as follows: 25.5% to the conservation and Recreation Lands Trust Fund; 37% to the General Revenue Fund; 13.6% to counties in proportion to the tons of phosphate rock produced within each county; 10.7% to counties designated as rural areas of critical economic concern in proportion to the tons of phosphate rock produced within each county; 6.6% to the Nonmandatory Land Reclamation Trust Fund; and 6.6% to the Phosphate Research Trust Fund in the Division of Universities of the Department of Education.

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. Pursuant to Ch. 2008-150, L.O.F., the tax rate is \$1.945 per ton severed beginning on July 1, 2008 (see above). A surcharge of \$1.38 per ton will be levied until a total of \$60 million has been reached (see above).

| Calendar Year | Tax Rate Per Ton of Phosphate | Total Tons | Surcharge per Ton |
|---------------|----------------------------------|-------------|-------------------|
| 2009* | \$1.945 | 19,000,000* | \$1.38 |
| 2008 | \$1.945 (beginning July 1, 2008) | 20,500,000* | \$1.38 |
| 2007 | \$1.71 | 22,782,543 | NA |
| 2006 | \$1.68 | 22,600,477 | NA |
| 2005 | \$1.67 | 29,727,060 | NA |
| 2004 | \$1.63 | 29,031,055 | NA |
| 2003 | \$1.31 | 28,704,898 | NA |
| 2002 | \$1.30 | 29,829,500 | NA |

*Estimated

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. The tax rate for calendar year 2008 is set at \$3.03 per ton.

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

SEVERANCE TAXES SOLID MINERALS

DISPOSITION:

| Phosphate Distribution: | While Surcharge is Collected | After Surcharge Ends |
|---|------------------------------|----------------------|
| Conservation and Recreation Lands Trust Fund | First \$10 million | 25.5% |
| GENERAL REVENUE FUND | 40.1% of remainder | 37.0% |
| County where mined | 16.5% of remainder | 13.6% |
| Phosphate Research Trust Fund | 9.3% of remainder | 6.6% |
| Minerals Trust Fund | 10.7% of remainder | |
| Non-Mandatory Land Reclamation Trust Fund (NMLRTF) | 10.4% of remainder | 6.6% |
| Counties designated as Rural Areas of Critical Economic Concern | 13.0 % of remainder | 10.7% |
| | | |
| Phosphate Surcharge Distribution | 100% to NMLRTF | NA |
| | | |
| Other Solid Minerals (Excluding Phosphate) Distribution: | | |
| GENERAL REVENUE FUND | 32.0% | 32.0% |
| Minerals Trust Fund | 68.0% | 68.0% |

OTHER STATES:

Thirty-seven other states levy a severance tax on natural resources. Many states levy taxes on specific resources, but some have general resource severance taxes which may 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 for 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. A state-by-state list of the various types of severance taxes levied can be found at <http://www.ncsl.org/programs/fiscal/severtax05.htm>.

VALUE OF RATE CHANGE:

Increasing the current tax rate on phosphate by 10 cents in FY 2009-10 would produce \$1.9 M.

VALUE OF EXEMPTIONS:

Although s. 211.3108, F.S., provides four specific exemptions, no exemptions have been taken in the past four years. The four exemptions are for taxes due on: (1) solid minerals sold to governmental entities in Florida; (2) solid minerals, except phosphate rock and heavy minerals, on which the sales tax is ultimately paid; (3) solid minerals extracted by the owner of the site for improving the site, subject to a restoration or reclamation program; and (4) solid minerals, except for phosphate rock, which are severed solely for direct application in agricultural uses.

Although s. 212.085(5)(b)5., F.S., provides a credit against severance taxes due for machinery and equipment purchased for use in phosphate or other solid mineral severance, mining or processing operations, no credit has been taken under this provision for the past four years. Additionally, the exemption is conditioned upon the machinery and equipment purchase being made for a new or expanding business.

SEVERANCE TAXES SOLID MINERALS

DISTRIBUTION TO TRUST FUNDS:

| Trust Fund Distribution (\$ M) | Conservation & Recreation Land TF | Nonmandatory Land Reclamation TF | Phosphate Research TF | Minerals TF |
|--------------------------------|-----------------------------------|----------------------------------|-----------------------|-------------|
| 2009-10 * | \$10.0 | \$2.531 | \$2.263 | \$3.108 |
| 2008-09 * | \$10.0 | \$2.672 | \$2.389 | \$3.253 |
| 2007-08 | \$10.0 | \$3.051 | \$2.729 | \$3.693 |
| 2006-07 | \$10.0 | \$2.367 | \$2.117 | \$3.221 |
| 2005-06 | \$10.0 | \$3.271 | \$2.925 | \$3.933 |
| 2004-05 | \$10.0 | \$3.720 | \$3.327 | \$4.901 |
| 2003-04 ** | \$10.0 | \$10.065 | \$2.588 | \$3.275 |

* Estimate

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

DISTRIBUTION TO COUNTIES:

| Distribution to Counties (\$ M) | Counties where phosphate rock produced | Counties within designated Rural Areas of Critical State Concern |
|---------------------------------|--|--|
| 2009-10 * | \$4.332 | \$3.413 |
| 2008-09 * | \$4.573 | \$3.603 |
| 2007-08 | \$5.222 | \$4.115 |
| 2006-07 | \$4.051 | \$3.192 |
| 2005-06 | \$5.598 | \$4.411 |
| 2004-05 | \$6.367 | \$5.016 |
| 2003-04 ** | \$4.653 | \$3.723 |

* Estimate

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

ALTERNATIVE BASES:

A number of other states impose a severance tax on timber or forestry products. Southern states currently imposing this type of severance tax are Alabama (forest products), Arkansas (timber taken from state lands), Mississippi (timber severance tax) and North Carolina (primary forest product assessment). The latest year for which data is available is 2005. In that year, the output of all timber industry products totaled 445,145,000 cubic feet, a decrease of 63,541,000 (about 12.5%) from 2003 production. Of 2005 total production, pulpwood comprised 48% and saw logs comprised 28%. The remainder is made up by veneer logs, composite panels and other industrial output. (See *Florida's Timber Industry—An Assessment of Timber Product Output and Use, 2005* at http://www.srs.fs.usda.gov/pubs/rb/rb_srs133.pdf.)

Roundwood output in 2005 totaled 445,145,000 cubic feet. Forest industry lands contributed about 20% of total roundwood output in 2005, with 72% from nonindustrial private forest lands and 8% from public lands. Actual roundwood output for available years is shown in the table below.

| Year | 1997 | 1999 | 2003 | 2005 |
|--|---------|---------|---------|---------|
| All roundwood output in 1,000 cubic feet | 517,355 | 498,562 | 508,686 | 445,145 |

A 1 cent severance tax per cubic foot on all roundwood output would have yielded \$4.45 M in 2005.

SEVERANCE TAXES SOLID MINERALS

A 1 cent severance tax per cubic foot on roundwood from forest industry lands would have yielded \$0.89 M in 2005.

A 1 cent severance tax per cubic foot on roundwood from public lands would have yielded \$0.36 M in 2005.

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

SLOT MACHINE TAX

FLORIDA STATUTES: Chapter 551

ADMINISTERED BY: Department of Business and Professional Regulation; Division of Pari-Mutuel Wagering

SUMMARY:

Taxes are imposed on slot machine revenues at each pari-mutuel facility which has the machines. The tax rate is 50%. Additionally, each facility must pay an annual license fee of \$3,000,000 and a fee of \$250,000 which is used to fund programs for the prevention of compulsive or addictive gambling. A series of occupational license fees for employees of the facilities and associated businesses are also imposed.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | General Revenue | Slot Machine Tax Collections | Facility License Fee Collections | Occupational License Fee Collections | Addictive Gambling Program Fee Collections |
|-------------|-------------------|-----------------|-----------------|------------------------------|----------------------------------|--------------------------------------|--|
| 2009-10* | 138,556,980 | 8.21% | 11,400,000 | 107,500,000 | 18,000,000 | 156,980 | 1,500,000 |
| 2008-09* | 128,047,874 | -6.42% | 0 | 107,800,000 | 18,000,000 | 747,874 | 1,500,000 |
| 2007-08 | 136,832,462 | 122.21% | 4,500,000 | 122,264,364 | 9,000,000 | 318,098 | 750,000 |
| 2006-07 | 61,577,979 | 100.00% | 0 | 48,156,595 | 12,000,000 | 421,384 | 1,000,000 |
| 2005-06 | 0 | | 0 | 0 | 0 | 0 | 0 |
| 2004-05 | 0 | | 0 | 0 | 0 | 0 | 0 |
| 2003-04 | 0 | | 0 | 0 | 0 | 0 | 0 |

* Estimate

HISTORY:

Casino gambling (including slot machines) would require a constitutional amendment. Florida voters rejected casino gambling proposals in 1979 and 1986. 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. In November of 2004, the voters of the State of Florida approved an amendment to the Florida Constitution which resulted in the creation of Section 23 of Article X, dealing with slot machines. The amendment allows the authorization of slot machines in pari-mutuel facilities in Miami-Dade and/or Broward Counties, subject to voter approval. In 2005, the voters of Broward County approved slot machines by referendum, while Miami-Dade voters did not. Chapter 2005-362, Laws of Florida (L.O.F.), provided for regulation of slot machines. A tax rate of 50% was assessed on slot machine revenues, and facility license fees, occupational license fees, and a fee to fund an addictive gambling prevention program were established. Slot machines began operating in Broward County in late 2006. Chapter 2007-252, L.O.F., increased the maximum number of machines in a facility from 1,500 to 2,000, and provided for increased operating hours. In 2008, Miami-Dade voters approved slot machines in the pari-mutuel facilities in their county.

BASE AND RATE:

Slot Machine Tax: 50% of slot machine revenues.

Facility License Fee: \$3,000, 000 annually for each facility which has slot machines.

Occupational Licenses: Determined by rule. Up to \$50 annually for a general or professional occupational license for an employee of the slot machine licensee; Up to \$1,000 annually for a business occupational license for nonemployees of the licensee providing goods or services to the slot machine licensee.

SLOT MACHINE TAX

Addictive gambling program fee: \$250,000 annually for each facility which has slot machines.

DISPOSITION:

Slot Machine Tax: All proceeds are distributed to the Educational Enhancement Trust Fund.

Facility License Fee: Seven and three-tenths percent of total collections are deducted as service charges to the General Revenue Fund, with the remainder going to the Pari-Mutuel Wagering Trust Fund.

Occupational Licenses: Seven and three-tenths percent of total collections is deducted as service charges to the General Revenue Fund, with the remainder going to the Pari-Mutuel Wagering Trust Fund.

Addictive Gambling Program Fee: Seven and three-tenths percent of total collections is deducted as service charges to the General Revenue Fund, with the remainder going to the Pari-Mutuel Wagering Trust Fund to contract for services related to the prevention of compulsive and addictive gambling.

OTHER STATES:

At present, many states offer slot machines or video lottery terminals in some venue. Tax rates and venue restrictions vary widely by state.

2009-10
(millions)

VALUE OF RATE CHANGE:

1% increase in Slot Machines Tax Rate (s.551.106 (2) (a))

\$2.15

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

| Description | Bill Number/Year |
|--|---|
| Imposes tax on revenues from slot machines in certain pari-mutuel facilities located in Broward County or Miami-Dade County. | S1342/2005, H1901/2005, S4-B/2005, S928/2006, S218/2007 |
| Revises the tax rate on slot machine revenues in pari-mutuel facilities. | S970/2008, H1241/2008 |

UNEMPLOYMENT COMPENSATION TAX

FLORIDA STATUTES: Chapter 443

ADMINISTERED BY: Agency for Workforce Innovation and the Department of Revenue

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.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|---------------|-----------------|
| 2009-10* | 1,226,400,000 | 42.09% |
| 2008-09* | 863,100,000 | -1.32% |
| 2007-08 | 874,622,799 | -15.71% |
| 2006-07 | 1,037,625,648 | -15.86% |
| 2005-06 | 1,233,268,814 | 7.06% |
| 2004-05 | 1,151,969,858 | 23.73% |
| 2003-04 | 931,051,618 | |

* Estimate

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, 1990, and 1998. Rate schedules were changed in 1979 and 1984. In 1980, the Unemployment Compensation Act was extensively revised (chapter 80-95, Laws of Florida (L.O.F)). The maximum benefit was increased from \$200 to \$225 in 1990. Chapter 94-347, L.O.F., made administrative changes to unemployment compensation, including changing the time frames for tax notification and reporting to make employers' compliance fairer and easier. Chapter 97-29, L.O.F., reduced unemployment taxes for all Florida employers, except those employers that have paid at a rate of 5.4 percent for more than 36 months, by five tenths percent for one year and decreased the initial rate charged new employers from 2.7% to 2.0% for one year. These tax reductions are effective for the 1998 calendar year. The law also increased the maximum weekly amount an unemployed individual may receive from \$250 to \$275, effective January 1, 1998. Finally, the law raised the exemption for sole-proprietors from paying unemployment taxes on wages paid to their children from 18 to 21 years of age. Chapter 99-131, L.O.F. reduced unemployment taxes and benefits for calendar year 2000, in the same manner as calendar year 1998. (See History above, chapter 97-29, L.O.F.) Chapter 2002-218, L. O. F., lowered the trigger for increasing the unemployment compensation tax rate from 4 percent of taxable payroll to 3.7 percent of taxable payroll.

BASE AND RATE:

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

DISPOSITION:

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

UNEMPLOYMENT COMPENSATION TAX

OTHER STATES:

All states have unemployment benefit plans complying with Federal legislation. Wages per employee subject to the tax range from Florida's \$7,000 (matched by seven other states) to a high of \$34,000 (state of Washington). There are also a range of tax rates among the states. Florida's minimum tax rate of .1% is exceeded by twenty-eight states and the District of Columbia, and matched by seven others, with fourteen states having lower minimum rates. The range of minimum rates is from 0.0% to 1.69%. The maximum tax rate of 5.4% is the lowest among the states (matched by sixteen other states), with thirty-three states and the District of Columbia having a higher maximum rate. The range of maximum rates is from 5.4% to 10.96%.

UNITED STATES TREASURY:

| Fiscal Year | Revenue* | Benefits** | Fund Balance (June) |
|-------------|---------------|---------------|------------------------|
| 2007-08 | 1,413,854,677 | 1,848,620,909 | 2,099,552,017 |
| 2006-07 | 1,128,129,815 | 925,882,483 | 2,534,318,250 |
| 2005-06 | 1,311,147,889 | 791,881,473 | 2,332,069,917 |
| 2004-05 | 1,241,394,046 | 1,026,992,826 | 1,812,803,501 |
| 2003-04 | 1,015,951,780 | 1,112,011,347 | 1,598,402,281 |
| 2002-03 | 795,660,211 | 1,189,879,589 | 1,694,461,847 |
| 2001-02 | 1,187,801,352 | 1,176,995,972 | 2,088,681,225 |
| 2000-01 | 650,126,285 | 757,797,273 | 2,077,875,845 |
| 1999-00 | 679,366,427 | 675,866,002 | 2,185,546,832 |

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

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

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

WORKERS' COMPENSATION ASSESSMENTS

FLORIDA STATUTES: Chapter 440

ADMINISTERED BY: Department of Financial Services; Division of Workers' Compensation

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.

REVENUE:

| Fiscal Year | Workers' Compensation Administration Trust Fund | Annual Change % | Special Disability Trust Fund | Annual Change % |
|-------------|---|-----------------|-------------------------------|-----------------|
| 2009-10* | 35,826,085 | 4.10% | 195,000,000 | -2.99% |
| 2008-09* | 34,415,067 | 2.30% | 201,000,000 | 6.19% |
| 2007-08 | 33,641,317 | -36.99% | 189,283,014 | -20.98% |
| 2006-07 | 53,388,290 | -24.76% | 239,524,048 | -3.70% |
| 2005-06 | 70,954,049 | -34.49% | 248,724,903 | 10.68% |
| 2004-05 | 108,303,797 | -15.01% | 224,729,863 | 12.82% |
| 2003-04 | 127,428,099 | | 199,190,818 | |

* Estimate

HISTORY:

Florida adopted workers' compensation laws in 1935. The purpose of the assessments is to fund the Workers' Compensation Administration Trust Fund and The Special Disability Trust Fund. These funds are for administrative expenses and the funding of the Special Disability Trust Fund. Assessments are made annually according to estimated expenses. In 1979, major revisions were made in the statutes for administrative purposes. The 1990 Legislature did a comprehensive rewrite of the Workers' Compensation statute and in 1991, certain exemptions were reinstated. Substantial reform of the workers' compensation system was adopted by the 1993 Legislature in SB 12-C, during Special Session "C". Chapter 96-423, L.O.F., postponed the Special Disability rate increase to 7.25% from July 1, 1996 to July 1, 1997. Chapter 97-262, L.O.F., provided that the Special Disability Trust Fund assessment rate could not exceed 4.52%. In addition, the Special Disability Trust Fund shall be supplemented by a \$250 notification fee on each notice of claim filed or re-filed after July 1, 1997, and a \$500 fee on each proof of claim filed after July 1, 1997. Chapter 2000-150, L.O.F., reduced the cap on the assessment for the Administration Trust Fund from 4% to 2.75%, effective January 1, 2001.

Effective January 1, 2004, the department shall impose a \$25 penalty for late payments or disallowances or denials of medical, hospital, pharmacy or dental bills that are below the 95% timely performance standard, but meeting a 90% timely standard; and \$50 for each bill below a 90% timely performance standard. These penalties shall be paid by the carrier to the Workers Compensation Administration Trust Fund. In order to ensure carrier compliance, the office shall impose a penalty of \$50 per number of installments below the 95% timely payment performance standard and equal to or greater than 90% timely payment performance standard and \$100 per number of installments of compensation below a 90% timely payment performance standard to the Workers Compensation Administration Trust Fund.

WORKERS' COMPENSATION ASSESSMENTS

The assessment rate for the Workers' Compensation Administration Trust Fund has declined in recent years. The maximum rates, effective January 1 of each year, were: 2002, 2.56%; 2003, 1.75%; 2004, 1.5%; 2005, 0.75%; 2006, 0.60%, 2007, 0.50%; 2008 0.25% and 2009 0.25%.

BASE AND RATE:

Assessment Rates: The Workers' Compensation Administration Trust Fund rate, beginning January 1, 2008, cannot exceed .25%. The Special Disability Trust Fund rate is currently 4.52% and cannot exceed 4.52%.

Assessment Base: Both funds are supported by annual assessments against workers' compensation insurance premiums, actual and estimated. For insurance companies, assessable mutual insurers and self-insurance funds, assessments are based on actual premiums; for individual self-insurers, assessments are based on the amount of premiums calculated by the Division of Workers' Compensation.

DISPOSITION:

Workers' Compensation Administration Trust Fund and Special Disability Trust Fund

OTHER STATES:

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

PROPOSED LEGISLATION REPEATED MULTIPLE YEARS:

There has been no proposed legislation repeated multiple years regarding this revenue source.

**MAJOR LOCAL GOVERNMENT
REVENUE SOURCES**

AD VALOREM TAXES

FLORIDA STATUTES: Chapters 192, 193, 194, 195, 196, 197, and 200

ADMINISTERED BY: Units of Local Government and Florida Department of Revenue

SUMMARY: The 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 value (i.e, the fair market value) of the property adjusted for any exclusions, differentials, or exemptions allowed by the constitution or the statutes. The Florida constitution strictly limits the legislature's authority to provide exemptions or adjustments to fair market value. Also, 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. Discounts are granted for early payment and most taxpayers pay by late November.

REVENUE: (millions)*

| Fiscal Year | Total Taxes Levied | % Change | Counties | % Change | School Districts | % Change | Municipalities | % Change | Special Districts** | % Change |
|-------------|--------------------|----------|----------|----------|------------------|----------|----------------|----------|---------------------|----------|
| 2008-09 | 30,261.4 | -2.4 | 10,734.5 | -3.9 | 13,088.8 | -1.1 | 3,932.2 | -1.4 | 2,505.9 | -3.9 |
| 2007-08 | 31,006.7 | 1.9 | 11,169.6 | -2.7 | 13,241.0 | 7.6 | 3,989.1 | -1.8 | 2,606.9 | 0.5 |
| 2006-07 | 30,435.0 | 18.5 | 11,474.4 | 17.0 | 12,302.3 | 18.7 | 4,063.8 | 20.5 | 2,594.5 | 21.2 |
| 2005-06 | 25,691.7 | 14.8 | 9,810.6 | 14.3 | 10,367.2 | 14.2 | 3,373.4 | 18.0 | 2,140.5 | 15.2 |
| 2004-05 | 22,374.4 | 10.5 | 8,581.7 | 12.3 | 9,075.9 | 7.7 | 2,858.9 | 14.3 | 1,857.9 | 11.4 |
| 2003-04 | 20,240.6 | 11.3 | 7,644.1 | 10.3 | 8,427.3 | 9.8 | 2,501.3 | 14.5 | 1,667.8 | 18.8 |
| 2002-03 | 18,191.8 | 8.6 | 6,928.8 | 8.6 | 7,673.7 | 9.0 | 2,184.8 | 6.5 | 1,404.5 | 10.2 |
| 2001-02 | 16,744.5 | 9.5 | 6,379.4 | 9.6 | 7,039.3 | 8.2 | 2,051.8 | 9.8 | 1,274.0 | 15.9 |
| 2000-01 | 15,297.6 | 7.0 | 5,823.2 | 7.5 | 6,506.2 | 6.4 | 1,868.7 | 7.4 | 1,099.4 | 7.5 |
| 1999-00 | 14,293.7 | 4.0 | 5,415.2 | 6.9 | 6,115.3 | 1.3 | 1,740.8 | 9.2 | 1,022.4 | -1.9 |
| 1998-99 | 13,739.1 | 6.7 | 5,067.3 | 5.7 | 6,035.1 | 5.9 | 1,594.2 | 7.9 | 1,042.6 | 14.5 |
| 1997-98 | 12,879.3 | 4.8 | 4,792.8 | 6.5 | 5,698.3 | 2.7 | 1,477.6 | 6.4 | 910.6 | 6.9 |
| 1996-97 | 12,288.8 | 4.9 | 4,499.3 | 3.8 | 5,548.9 | 6.0 | 1,388.7 | 7.9 | 852.0 | -0.6 |
| 1995-96 | 11,712.2 | 4.2 | 4,333.2 | 3.1 | 5,234.7 | 4.2 | 1,287.3 | 4.7 | 857.0 | 8.7 |
| 1994-95 | 11,244.2 | 5.8 | 4,203.7 | 4.6 | 5,023.4 | 8.1 | 1,229.0 | 3.6 | 788.1 | 0.9 |
| 1993-94 | 10,631.3 | 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 | -2.9 | 685.9 | 8.2 |
| 1990-91 | 9,500.3 | 12.1 | 3,636.6 | 10.3 | 4,070.8 | 13.3 | 1,158.8 | 13.2 | 634.2 | 13.5 |
| 1989-90 | 8,474.5 | 15.0 | 3,298.3 | 11.4 | 3,593.9 | 19.5 | 1,023.4 | 7.8 | 558.8 | 23.4 |
| 1988-89 | 7,371.1 | 11.1 | 2,960.6 | 10.9 | 3,008.1 | 11.0 | 949.6 | 10.6 | 452.8 | 13.8 |

AD VALOREM TAXES

| | | | | | | | | | | |
|---------|---------|------|---------|------|---------|------|-------|------|-------|------|
| 1987-88 | 6,635.7 | 13.3 | 2,669.3 | 15.7 | 2,710.1 | 10.8 | 858.3 | 11.6 | 397.9 | 19.4 |
| 1986-87 | 5,855.6 | 14.5 | 2,306.5 | 15.3 | 2,446.7 | 13.3 | 769.2 | 12.9 | 333.2 | 22.2 |
| 1985-86 | 5,114.2 | 11.7 | 2,000.9 | 12.7 | 2,159.5 | 13.7 | 681.1 | 10.4 | 272.6 | -4.9 |

* Includes operating and debt service taxes.

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

HISTORY:

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

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

Amendments to the Constitution of 1885:

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

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

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

- No state ad valorem taxes on real or personal property;
- No ad valorem taxes on motor vehicles, boats, airplanes, trailers, trailer coaches, or mobile homes, as defined by law;
- All ad valorem taxation shall be at a uniform rate within each taxing district;
- Property owned by a municipality and used exclusively by it for municipal or public purposes is exempt;
- Property used predominantly for educational, literary, scientific, religious or charitable purposes may be exempted by general law;
- \$1,000 minimum exemption for household goods, to be fixed by general law;
- \$500 exemption for widows, blind or totally and permanently disabled persons;

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

AD VALOREM TAXES

- By law regulations shall be prescribed which shall secure a just valuation of all property for ad valorem taxation;
- Agricultural land or land used for non-commercial recreational purposes may be classified by general law and assessed on the basis of character or use;
- Tangible personal property held as stock in trade or livestock may be valued at a specified percentage of its value, by general law;
- \$5,000 homestead exemption, which may, by general law, be increased to \$10,000 if the property owner is at least 65 or is permanently and totally disabled;
- 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; and a county furnishing municipal services may, to the extent authorized by law, levy additional taxes within the municipal millage.
- The Constitution of 1968 adopted and superseded most of the ad valorem tax provisions of the Constitution of 1885 as amended. It changed the treatment of municipal property. Prior to 1968, Art IX, sec. 1 of the Constitution provided that “(t)he Legislature shall provide for a uniform and equal rate of taxation;... and shall prescribe such regulations as shall secure a just valuation of all property, both real and personal, excepting such property as may be exempted by general law for municipal, education, literary, scientific, religious or charitable purposes.” Art. VII, sec. 3 of the 1968 Constitution, provides “(a)ll property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation.” The Constitution of 1968 does not authorize the Legislature to exempt municipal property from taxation unless it is used exclusively by the municipality for municipal or public purposes. This provision has led to extensive litigation when the Legislature has attempted to provide ad valorem tax exemptions for property leased by municipalities to private users.

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

In 1975, Art. VII, sec. 9 of the Florida Constitution, was amended to authorize ad valorem taxes 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 limits are determined by the Legislature.

In 1976, the Legislature provided property tax exemptions for non-profit homes for the aged. (Chapter 76-234, L.O.F.)

Residential units occupied by permanent residents with incomes below certain limits were considered to be used for a charitable purpose. Units that did not qualify as charitable purpose, but were occupied by permanent residents, were provided an exemption equivalent to the homestead exemption on residential units.

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

- The homestead exemption was increased to \$25,000, but the exemption increase was tied to improvement in the assessment of homestead property. (The increase for city and county purposes was phased in over a three year period.)
- Counties and cities were given authority to enact ad valorem exemptions for new and expanding businesses, if approved by a referendum. The exemptions were limited to the millage of the county or city enacting the exemption, and authority to grant the exemptions expired 10 years after the referendum unless renewed by another referendum. (Implemented 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 TAXES

- 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 was 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 for devices installed before December 31, 1990.) This constitutional provision was repealed in 2008 and replaced. See discussion of 2008 constitutional changes.

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. 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 only for agricultural land and land used exclusively for non-commercial recreational uses. Chapter 96-204, L.O.F., provided for classification of high water recharge areas.

In 1992, Florida voters approved two changes to the Constitution. One change authorized cities or counties to grant ad valorem tax exemptions to owners of historic properties engaging in rehabilitation or renovation of these properties, subject to general law. Chapter 92-152, L.O.F., provided the general law implementation of this amendment. The second change was initiated by a petition, and limited increases in the assessment of homestead property to 3 percent per year or the percent change in 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 based on changes to the Consumer Price Index. The legislature enacted ch. 99-341, L.O.F., to provide for this additional homestead exemption.

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

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

AD VALOREM TAXES

In 2005, legislation was passed to extend the \$5,000 exemption granted to disabled ex-service members to a member's un-remarried widow or widower as long as they had been married to the veteran for at least 5 years at the time of death. In addition, special provisions were made for persons who lost their homestead property during the 2004 hurricane season to allow them to rebuild their property without losing their Save Our Homes benefit, provided the rebuilt home was no larger than 1500 square feet (if the home originally measured 1350 square feet or less) or 110% of the previous square footage.

Two constitutional amendments affecting ad valorem taxation were adopted in 2006. First, the maximum value of the additional homestead exemption authorized for low income seniors was raised from \$25,000 to \$50,000. Second, a discount on ad valorem taxes owed on homestead property was authorized for veterans with combat related disabilities, provided that the veteran was a Florida resident at the time he or she entered service. The percentage of the discount is equal to the veteran's percentage of disability as determined by the United States Department of Veterans Affairs.

In 2007, the Legislature enacted statutory changes that required most county, municipal, and special district governments to reduce their 2007-08 millage rates below their rolled back rates. Exceptions were made for certain fiscally limited governments and for certain types of activities. Local governments were allowed to override the prescribed rate reductions by extraordinary votes of their governing boards or by referenda of the electorate. For fiscal year 2008-09 and beyond, the same legislation limited growth in each county's, city's, or independent special district's property tax levies to growth in state per capita personal income growth plus growth attributable to the value of net new construction added to the tax roll each year. Again, overrides of the limitation are allowed by certain extraordinary votes or referenda.

In January 2008, a constitutional amendment proposed by the legislature was approved that made four major changes. First, an additional homestead exemption of up to \$25,000 for assessed value between \$50,000 and \$75,000 was granted. This exemption does not apply to school district tax bases. Second, owners of homesteads relocating within the state were given the ability to transfer up to \$500,000 of value protected from taxation due to the Save Our Homes assessment limitation. Third, an exemption was granted for the first \$25,000 of tangible personal property. Finally, a per parcel annual assessed value growth limitation of 10% was created for non-homestead, non-agricultural property. The value protected from taxation as a result of this limitation does not apply to school district tax bases.

In November 2008, the voters approved three constitutional amendments placed on the ballot by the Taxation and Budget Reform Commission. One amendment provided for classified use assessments for certain defined working waterfront properties. Another amendment provided an exemption for property dedicated in perpetuity for conservation purposes and provided for classified used assessments for land used for conservation purposes. The third amendment provided for an assessment limitation for renewable energy source devices and wind resistance improvements installed on real property used for residential purposes.

BASE AND RATE:

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

AD VALOREM TAXES

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 that 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 that results from a limitation on annual increases (e.g., increases in assessments of homestead property are limited to the lesser of 3% or the change in consumer price index).

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

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

Deferrals do not reduce the overall tax liability of a taxpayer, but do allow for changes in the timing of payment. For example, under certain circumstances a taxpayer may defer a portion of the taxes due on homestead property for the remaining lifetime 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 taxable value of new construction. Dollar amounts are in billions.

| Assessment Date | Just Value | % Change | Taxable Value ** | % Change | Net New Construction | % of Revenue From New Const. @ |
|-----------------|------------|----------|------------------|----------|----------------------|--------------------------------|
| 1/1/09* | 2,312.6 | -10.2 | 1,704.8 | -6.1 | 29.1 | 1.7 |
| 1/1/08# | 2,576.0 | -3.3 | 1,816.2 | 0.1 | 50.7 | 2.9 |
| 1/1/07 | 2,663.8 | 9.3 | 1,813.6 | 10.6 | 65.7 | 3.8 |
| 1/1/06 | 2,438.2 | 28.4 | 1,639.6 | 24.7 | 56.7 | 3.6 |
| 1/1/05 | 1,899.0 | 20.4 | 1,314.9 | 18.4 | 42.1 | 3.3 |
| 1/1/04 | 1,577.2 | 14.0 | 1,110.7 | 12.7 | 35.0 | 3.3 |
| 1/1/03 | 1,383.5 | 12.2 | 985.3 | 11.3 | 30.7 | 3.2 |
| 1/1/02 | 1,232.8 | 11.3 | 885.1 | 10.0 | 28.7 | 3.3 |
| 1/1/01 | 1,107.7 | 10.6 | 804.9 | 10.3 | 24.9 | 3.2 |
| 1/1/00 | 1,001.3 | 7.2 | 729.7 | 8.0 | 21.5 | 3.0 |
| 1/1/99 | 934.4 | 6.9 | 675.6 | 7.1 | 19.5 | 3.0 |
| 1/1/98 | 874.5 | 6.1 | 630.8 | 6.4 | 16.4 | 2.7 |
| 1/1/97 | 824.1 | 5.6 | 592.9 | 6.0 | 13.4 | 2.3 |
| 1/1/96 | 780.5 | 3.8 | 559.2 | 4.4 | 12.5 | 2.3 |

AD VALOREM TAXES

| Assessment Date | Just Value | % Change | Taxable Value ** | % Change | Net New Construction | % of Revenue From New Const. @ |
|-----------------|------------|----------|------------------|----------|----------------------|--------------------------------|
| 1/1/95 | 752.0 | 4.4 | 535.6 | 4.6 | 11.5 | 2.2 |
| 1/1/94 | 720.0 | 5.2 | 511.8 | 4.7 | 11.7 | 2.3 |
| 1/1/93 | 684.6 | 2.1 | 488.6 | 1.8 | 8.4 | 1.8 |
| 1/1/92 | 670.5 | 1.9 | 480.0 | 1.0 | 9.0 | 1.9 |
| 1/1/91 | 658.1 | 5.5 | 475.1 | 5.8 | 11.9 | 2.6 |
| 1/1/90 | 623.6 | 8.3 | 449.1 | 8.7 | 13.5 | 3.1 |
| 1/1/89 | 576.0 | 8.6 | 413.3 | 9.3 | 13.3 | 3.3 |
| 1/1/88 | 530.3 | 6.8 | 378.1 | 7.3 | 13.1 | 3.6 |
| 1/1/87 | 496.5 | 8.4 | 352.4 | 9.1 | 13.2 | 3.9 |
| 1/1/86 | 458.2 | 8.3 | 322.9 | 9.1 | 12.0 | 3.9 |
| 1/1/85 | 423.2 | 10.1 | 296.0 | 11.2 | 12.3 | 4.3 |

* Estimates

** Figures shown are school taxable values. County and municipal taxable values are lower than school values due to local option exemptions, including those for economic development, low income seniors, and historic preservation. Beginning in 2008, the difference between county and school taxable values widened further with the passage of a new homestead exemption that does not apply for school purposes. A 10% assessment increase limitation on non-homestead property will become effective in 2009 and apply only to non-school levies.

Preliminary

@ Computed as New Construction divided by (Taxable Value - New Construction). This approximates 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 for the local government 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. Dependent special district millage rates are included in the limit applicable to the authority to which they are dependent. Independent special district millage rates are limited by the law establishing such districts. Mills above the ten mill limitation may be authorized by local voters, by referendum, to be levied 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. In addition, school districts are subject to certain statutory limits less than ten mills to be eligible to participate in the state K-12 funding program (FEFP). 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)). Beginning in fiscal year 2007-08 and thereafter, county, city and special district tax rates were made subject to certain statutory limitations restricting the rate of growth in revenues. See ss. 200.065(5) and 200.185, F.S.

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* |
|-------------|----------------|---------------|----------------|-----------------------|
| 2008-09 | 5.91 | 7.21 | 4.37 | 16.66 |
| 2007-08 | 6.11 | 7.27 | 4.24 | 17.00 |

AD VALOREM TAXES

| Fiscal Year | Total Counties | School Boards | Municipalities | Total Millage Levied* |
|-------------|----------------|---------------|----------------|-----------------------|
| 2006-07 | 7.00 | 7.50 | 4.74 | 18.56 |
| 2005-06 | 7.46 | 7.88 | 4.90 | 19.54 |
| 2004-05 | 7.73 | 8.17 | 4.90 | 20.14 |
| 2003-04 | 7.76 | 8.55 | 4.78 | 20.54 |
| 2002-03 | 7.83 | 8.67 | 4.79 | 20.55 |
| 2001-02 | 7.93 | 8.75 | 4.96 | 20.80 |
| 2000-01 | 7.98 | 8.92 | 4.94 | 20.96 |
| 1999-00 | 8.01 | 9.05 | 5.19 | 21.16 |
| 1998-99 | 8.03 | 9.57 | 5.10 | 21.78 |
| 1997-98 | 8.08 | 9.61 | 5.10 | 21.72 |
| 1996-97 | 8.05 | 9.92 | 4.96 | 21.98 |
| 1995-96 | 8.09 | 9.77 | 5.07 | 21.87 |
| 1994-95 | 8.21 | 9.81 | 5.03 | 21.97 |
| 1993-94 | 8.22 | 9.51 | 5.04 | 21.76 |
| 1992-93 | 8.03 | 9.38 | 5.01 | 21.26 |
| 1991-92 | 7.93 | 9.27 | 4.92 | 21.01 |
| 1990-91 | 8.10 | 9.06 | 5.30 | 21.16 |
| 1989-90 | 7.98 | 8.70 | 5.09 | 20.50 |
| 1988-89 | 7.83 | 7.96 | 5.15 | 19.49 |
| 1987-88 | 7.57 | 7.69 | 4.97 | 18.83 |

* 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 used 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.

DISPOSITION:

To the Local Government levying the tax.

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

RATE CHANGE

Value of 1 mill levy on 2008-09 tax base (est.)

School Tax Base

\$1,704.8 million

County Tax Base

\$1,604.0million

AD VALOREM TAXES

| <u>VALUE OF EXEMPTIONS, DIFFERENTIALS, ETC.</u> | 2009-10 Estimated <u>Taxable Value</u> (millions of dollars) | 2009-10 Estimated <u>Revenue Impacts#</u> |
|---|---|---|
| <u>Administration</u> | | |
| Assessment of real property at less than fair market value (includes 15.0% for application of 1st and 8th criteria (s. 193.011) and 3.2% for general underassessment) | \$343,760.7 | \$5,727.1 |
| Assessment of tangible personal property at less than fair market value (assumes 15% for general under-assessment) | 18,252.5 | 304.1 |
| <u>Exclusions</u> | | |
| Transportation vehicles | Indeterminate | Indeterminate |
| Property held for transshipment | Indeterminate | Indeterminate |
| <u>Differentials</u> | | |
| Homestead assessment limitation (Save Our Homes) (s. 193.155) | 162,072.0 | 2,700.1 |
| Agricultural land (s. 193.461(6)(a)) | 75,958.0 | 1,265.5 |
| Private park and recreational land (s. 193.501) | 186.9 | 3.1 |
| Environmentally endangered land (s. 193.501) | Indeterminate | Indeterminate |
| Historically significant (s. 193.505) | Insignificant | Insignificant |
| Pollution control devices (s. 193.621(1)) | 2,161.6 | 36.0 |
| 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 |
| Nonhomestead residential assessment limitation (s. 193.1554) | Indeterminate | Indeterminate |
| Nonresidential assessment limitation (s.193.1555) | Indeterminate | Indeterminate |
| Working Waterfront (applies in 2010) | N/A | N/A |
| Conservation land (applies in 2010) | N/A | N/A |
| Renewable energy and wind resistance (applies in 2010) | N/A | N/A |
| <u>Exemptions</u> | | |
| \$25,000 Homestead Exemption (s. 196.031(1)(a)) | \$115,148.0 | \$1,918.4 |
| \$25,000 Homestead Exemption above \$50,000 in value (s. 196.031(1)(b)) | 93,094.8 | 880.1 |
| Permanently and totally disabled veterans (s. 196.081) | 4,289.3 | 71.5 |
| Disabled veterans confined to wheelchairs (s. 196.091) | 37.0 | 0.6 |
| Totally and permanently disabled persons (s. 196.101) (Note 1) | 699.8 | 11.7 |
| Renewable energy source (s. 196.175) | Insignificant | Insignificant |
| \$25,000 Tangible Personal Property (s. 196.183) | 8,023.1 | 133.7 |
| Blind (s. 196.202) | 5.2 | 0.1 |
| \$500 Totally and permanently disabled persons (s. 196.202) (Note 1) | 36.3 | 0.6 |
| Widows' and Widowers exemption (s. 196.202) | 213.2 | 3.6 |
| Property used by hospitals, nursing homes and homes for special services (s. 196.197) | 6,306.3 | 105.1 |
| Property used by nonprofit homes for the aged (s. 196.1975) | 1,252.1 | 20.9 |
| Educational property (s. 196.198) | 13,143.8 | 219.0 |
| Labor organizations (s. 196.1985) (Note 2) | 98.4 | 1.6 |
| Community centers (s. 196.1986) | 2,784.0 | 46.4 |

AD VALOREM TAXES

| | | |
|---|---------------|---------------|
| Institutional exempt property (Note 3) | 54,727.6 | 911.8 |
| Totally exempt & immune | 417,155.0 | 6,949.8 |
| Government Property (s. 196.199) (Note 4) | | |
| Federal property | 28,226.2 | 470.2 |
| State property | 32,402.2 | 539.8 |
| Local government property | 95,347.1 | 1,588.5 |
| Government leaseholds | 1,302.4 | 21.7 |
| Local Option Economic Development (s. 196.1995) (Note 5) (Note 6) | 810.0 | 6.8 |
| Not-for-profit sewer and water company (s. 196.2001) | 1,336.8 | 22.3 |
| \$5,000 Disabled, Ex-Servicemen Exemption (s. 196.24) | 472.4 | 7.9 |
| Historic property (s. 196.1997) (Note 5) | Indeterminate | Indeterminate |
| Local Option Additional Homestead for 65 and older (s. 196.075) (Note 7) | 6,887.2 | 55.4 |
| Living Quarters for Parents or Grandparents (s. 193.703) | 31.2 | 0.5 |
| Conservation lands (applies in 2010) | N/A | N/A |

VALUE OF DISCOUNTS AND ALLOWANCES

| | |
|--|-----------------|
| Discounts for early payments | \$858.4 million |
| Veterans discount | 32.6 million |

- # Revenue impacts are based on an aggregate average millage rate of 16.66 unless otherwise indicated.
- * Includes timber. Current administrative practice has resulted in the non-assessment of timber in virtually all counties, although timber is not an "annual agricultural crop," per the statutory requirement for exemption.

Notes

1. Available to: quadriplegics and the following, if total household income does not exceed an annually adjusted income limit: (a) paraplegics; (b) hemiplegics; (c) other totally and permanently disabled persons confined to a wheelchair; and (d) other totally and permanently disabled persons who are blind. An inconsistency in the statutes has resulted in the administrative determination that blind persons who are not totally and permanently disabled may also receive the total exemption if they meet the income test.
2. The portions of labor union property used for educational purposes may be separately assessed, thus avoiding the predominant use requirement.
3. Applies to property used exclusively or predominantly (greater than 50%) for the following purposes: (a) charitable, (b) literary, (c) religious, (d) scientific, and (e) educational. Exemption is total if use for stated purposes is exclusive. For predominant use, exemption is proportional to use for stated 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. U.S. government, state, county and school district property is immune from taxation. Other local government property is exempt if used exclusively by the government for municipal 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.

AD VALOREM TAXES

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. The revenue impact is calculated by assuming 50% of the taxable value reduction is also in cities, and applying county and city average millages to the respective amounts.
6. Computed using average county millage rate only.
7. Total value loss is for both counties and municipalities.

OTHER STATES:

All states and the District of Columbia impose local government property taxes.

CHARTER COUNTY TRANSIT SYSTEM SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(1)

ADMINISTERED BY: Department of Revenue

SUMMARY:

The Charter County Transit System Surtax allows for a discretionary surtax of up to 1 percent for certain transportation projects. Counties must have adopted a charter prior to January 1, 1984 and pass a ballot initiative by a majority of the county electorate in order to be eligible to enact the surtax. Some of the uses of the surtax include a countywide bus system, a fixed guideway rapid transit system, and the development, construction, operation and maintenance of roads and bridges in the county. Only Duval and Miami-Dade Counties collect this surtax. There are seven counties that are eligible to enact the Charter County Transit System Surtax.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 221,352,696 | 1.70% |
| 2008-09* | 217,652,602 | -6.60% |
| 2007-08 | 233,032,764 | -3.14% |
| 2006-07 | 240,586,355 | 3.65% |
| 2005-06 | 232,111,349 | 9.90% |
| 2004-05 | 211,204,032 | 8.72% |
| 2003-04 | 194,270,257 | |

* Estimate

HISTORY:

In 1976, s.2, 76-284, Laws of Florida, created §212.055, Florida Statutes. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The county would be required to have a majority vote of the county's electorate in order to levy the surtax. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.5, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §212.055, Florida Statutes.

In 1983, s.3, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §212.055, Florida Statutes.

In 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph.) The rate is 20 percent of any amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes.

Also in 1985, s. 69, 85-342, Laws of Florida, created effective on January 1, 1986 §212.054, Florida Statutes. This Section is titled Discretionary sales surtax; limitations, administration, and collection. The Section

CHARTER COUNTY TRANSIT SYSTEM SURTAX

specifies the eligible counties and the tax rate, if levied, to that specified in §212.055, Florida Statutes. The surtax is the rate times the amount of taxes imposed under this part, and rounded to the nearest penny. Sales amount above \$1,000 and long distance telephone service are excluded from the surtax. Utility, telecommunications, and wired television billings after the effective date include the full surtax; billings after the last day that the surtax is in effect are not subject to the surtax. Contracts signed prior to the effective date are subject to the surtax if the work is not completed by the effective date. Contractors must pay the surtax, but may apply for a refund. It is a second degree misdemeanor to fraudulently attempt to obtain a refund. A transaction is considered as occurring in the county imposing the surtax if the dealer is located in the county and the sale includes tangible property except in the case of utilities, telecommunications, and wired television, in which case, it is the county where it is used. A charged event occurring in the county is also subject to the surtax. Imported vehicles requiring licensing or titling are subject to the surtax unless used for more than 6 months outside the county. Real property rentals and transient rental properties inside the county are also subject to the surtax. The Department of Revenue shall administer, collect, and enforce the tax. Up to 3 percent may be deducted for administrative costs. Discretionary sales surtaxes may only take effect on January 1. The county must notify the Department of Revenue within 10 days after adoption of the ordinance. This notice shall include the time period the surtax will be in effect.

In 1986, s.68, 86-152, Laws of Florida made two changes. First, if a dealer owing t use tax on purchases or leases is located in a county subject to the surtax, then the sale or lease is considered as occurring in the county and is subject to the surtax. Second, the dealer is not required to separately state the surtax on the receipt.

In 1987, s. 11, 87-6, Laws of Florida, specially added services provided by a dealer located in the county. Section 84, 87-6, Laws of Florida, increased the penalty of fraudulently attempting to obtain a refund from a second degree misdemeanor to a third degree felony. Next s. 10, 87-548, Laws of Florida, changed the base from taxes collected to taxable sales (Note: This base change occurs in tandem with the rate change in §212.055, Florida Statutes from 20 percent to 1 percent.) Also in this section, the surtax becomes applicable to sales up to \$5,000 (Previously, there was a \$1,000 limit.), and for vehicle sales, the county of the registration of the purchaser must be of the county with the surtax in order for the transaction to be eligible for the surtax. Section 11, 87-548, Laws of Florida, only replicated the change in the limit of surtax from the first \$1,000 to the first \$5,000.

Changes in 1987 to §212.055(1), Florida Statutes, include s.8, 87-99, Laws of Florida, allows counties, whose governments are consolidated with one or more municipalities, 10 percent instead of the 20 percent rate. This law also allows counties the option to remit the money to an expressway or transportation authority instead of the rapid transit trust fund. Section.1, 87-100, Laws of Florida, is nearly identical to s.8, 87-99, Laws of Florida, but allows for the higher 20 percent for counties, whose governments are consolidated with one or more municipalities, until all previously issued outstanding bonds have been retired. Section.12, 87-548, Laws of Florida, allows any county, regardless of charter status, governments are consolidated with one or more municipalities, to participate in the Charter County Transit System Surtax. It changed the rate from 20 percent (and in some cases 10 percent) of the amount of tax imposed pursuant to this part to “up to one percent.”

In 1988, s. 19, 88-119, Laws of Florida, further required that the delivery is made to a location in the county imposing the surtax in order for the transaction to be eligible for the surtax. Section 37, 88-119, Laws of Florida, adds that if the tangible personal property is brought back into the count with the surtax, the customer must pay the surtax. It also requires a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax.

In 1989, s.38, 89-356, Laws of Florida, restated the provision requiring a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. The new version requires the following. The Florida manufacturer or wholesaler is located in the county with the surtax. The dealer is located outside the county with the surtax. If the dealer

CHARTER COUNTY TRANSIT SYSTEM SURTAX

then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax. The law also eliminated the reference to §212.20, Florida Statutes.

In 1990, s.19, 90-132, Laws of Florida, revised references of “wired television” to “television system program. Section 31, 90-132, Laws of Florida, changes references of §212.11(1)(a), Florida Statutes to §212.11, Florida Statutes. In s. 3, 90-203, Laws of Florida, changes the name of the Surtax Trust Fund to the Surtax Clearing Trust Fund and stipulated that “The department shall distribute moneys in the trust fund each month,” as opposed to “Proceeds shall be distributed monthly.”

In 1991, s. 1, 91-81, Laws of Florida reenacted §212.054(2)(a), Florida Statutes. In the reenactment, services were excluded. Also, s. 28, 91-112, Laws of Florida specifies that two or more items sold simultaneously as a unit or in bulk would count as a single unit, with respect to the \$5,000 limitation. Section 129 of the same law, subjects items imported into the county after 6 months that are provided for in §212.06(8)(b), Florida Statutes, and coin-operated amusement or vending machines located in the county to the surtax.

Changes in 1991 to §212.055(1), Florida Statutes, include s.2, 91-418, Laws of Florida, that allows for a charter amendment if approved by a majority vote of the county electorate in addition to the majority vote of the electorate for the adoption of the surtax. It also added the provisions for counties defined in §125.011(1), Florida Statutes.

In 1993, s. 2, 93-222, Laws of Florida, re-included services as subject to the surtax. It states that the surtax is not levied if the property or service is delivered to within a county that does not have the surtax. Unless there is reasonable documentation to the contrary, it is assumed that delivery is made to the location of the place of business. The \$5,000 limitation does not apply to services other than rentals. A dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. The provision requiring a Florida manufacturer or wholesaler who is located in the county with the surtax, and the dealer located outside the county with the surtax when the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax; this provision was eliminated. Provisions have been added to dealers in counties without the surtax that collect the surtax from deliveries in other counties. The counties with surtax authorizations are required to report revenues to the department in a timely manner.

In 1996, s.1, 96-325, Laws of Florida, added florists, located in a county with the surtax, taking an original order for tangible property is subject to the surtax. Section 24, 96-397, Laws of Florida, removed language concerning the distribution of surtax collections through June 30, 1994.

In 1997, s. 22, 97-99, Laws of Florida, replaced reference of “transactions by this part” with “transactions by this chapter” in §212.054(2)(a), Florida Statutes.

In 1998, s.3, 98-141, Laws of Florida, added provisions for partial exemptions from the surtax to vessels, railroad, and motor vehicle common carriers. Also in 1998, s.8, 98-342, Laws of Florida, Eliminated the provision for a dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. Section 8, 98-342, Laws of Florida, also changes the requirement for counties to notify the department within 10 days of adopting an ordinance to collect the surtax to include school boards, and penalties for timely notification by delaying the effective date by one year. Also, counties are can increase or decrease the rate of the surtax only on January 1. The surtax can only be eliminated on December 31.

CHARTER COUNTY TRANSIT SYSTEM SURTAX

Changes in 1999 to §212.055(1), Florida Statutes, include s. 54, 99-385, Laws of Florida, states that the proceeds of the surtax may be used for as many of few and in any combination of the enumerated uses that the county commission deems appropriate. It also limits non-transit uses to no more than 25 percent.

In 2000, s. 47, 2000-260, Laws of Florida, subjects the sale of prepaid calling cards to the surtax, although long-distance telephone service is not subject to the surtax. Also in Section 47, the base for the surtax is on the “charge of utility, telecommunications, or television program services” instead of the “tax of utility, telecommunications, or television program services.” Section 49, 2000-260, Laws of Florida, Eliminated the reference to long distance telephone service not subject to the surtax. Also, the expressed limitations not applying to any other service was deleted. “Utility, telecommunication, or television services” was replaced by “utility services,” and defined as not including any communications services as defined in chapter 202. Section 58, 2000-260, Laws of Florida, sunsets the provisions of Section 47, 2000-260, Laws of Florida, to June 30, 2001.

In 2001, s. 28, 2001-140, Laws of Florida, subjects communications services defined under chapter 202 to the surtax, if levied. Section 38, 2001-140, Laws of Florida, repealed Section 58, 2000-260, Laws of Florida, thus repealing the sunset of Section 47, 2000-260, Laws of Florida.

In 2002, s. 100, 2002-20, Laws of Florida, changes the eligible charter counties. Counties that adopted their charter prior to January 1, 1984 are eligible to implement the Charter County Transit System Surtax. Prior to this law, counties had to have adopted the charter prior to June 1, 1976.

In 2003, s. 42, 2003-254, Laws of Florida, allows the proceeds of the surtax to be used for planning and distributed through a municipality or an expressway or transportation authority created by law.

In 2004, s. 1, 2004-66, Laws of Florida, affected specifies that the proceeds of the surtax are for “the charter county” and not “each county, as defined in s. 125.011(1).”

HISTORY Exclusive of §212.055(3), Florida Statutes:

In 1976, s.1, 76-284, Laws of Florida, created §125.0165, Florida Statutes, which, in conjunction with §212.055, Florida Statutes, would become the Charter County Transit System Surtax. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The revenues from the surtax would be deposited into a rapid transit trust fund and could only be used for the purposes of development, construction, equipment, maintenance, operation, supportive services, and related cost of a fixed guideway rapid transit system. The county would be required to have a majority vote of the county’s electorate in order to levy the surtax.

In the same law, Section 2 created §212.055, Florida Statutes. It has similar language as §125.0165, Florida Statutes concerning the eligible counties and the additional 1 percent tax rate on all transactions that are taxed at 4 percent and limits the surtax on the first \$1,000. There are no direct references to the rapid transit trust fund, or the use of the revenue. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.9, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §125.0165, Florida Statutes. Section 5 of the same law made similar changes to §212.055, Florida Statutes.

In 1983, s.4, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §125.0165, Florida Statutes. Section 3 of the same law made

CHARTER COUNTY TRANSIT SYSTEM SURTAX

similar changes to §212.055, Florida Statutes. Also in 1983, s. 6, 83-297, Laws of Florida, required the county to notify the department within 10 days after the approval of the ordinance and the time when the tax would be levied under §125.0165, Florida Statutes.

In 1985, s.25, 85-180, Laws of Florida, specially permits the county to use the funding for a county wide bus system under §125.0165, Florida Statutes.

Also in 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. In this law, the name “Charter County Transit System Surtax” was created and established as §212.055(1), Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph.) The rate is 20 percent of any amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes. The county will deposit the proceeds of the surtax into a rapid transit trust fund within the county accounts

In 1987, s.8, 87-99, Laws of Florida, allows counties, whose governments are consolidated with one or more municipalities, 10 percent instead of the 20 percent rate. This law also allows counties the option to remit the money to an expressway or transportation authority instead of the rapid transit trust fund. Section.1, 87-100, Laws of Florida, is nearly identical to s.8, 87-99, Laws of Florida, but allows for the higher 20 percent for counties, whose governments are consolidated with one or more municipalities, until all previously issued outstanding bonds have been retired. Section.12, 87-548, Laws of Florida, allows any county, regardless of charter status, governments are consolidated with one or more municipalities, to participate in the Charter County Transit System Surtax. It changed the rate from 20 percent (and in some cases 10 percent) of the amount of tax imposed pursuant to this part to “up to one percent.”

In 1991, s.2, 91-418, Laws of Florida, allows for a charter amendment if approved by a majority vote of the county electorate in addition to the majority vote of the electorate for the adoption of the surtax. It also added the provisions for counties defined in §125.011(1), Florida Statutes.

In 1999, s. 54, 99-385, Laws of Florida, states that the proceeds of the surtax may be used for as many of few and in any combination of the enumerated uses that the county commission deems appropriate. It also limits nontransit uses to no more than 25 percent.

In 2002, s. 100, 2002-20, Laws of Florida, changes the eligible charter counties. Counties that adopted their charter prior to January 1, 1984 are eligible to implement the Charter County Transit System Surtax. Prior to this law, counties had to have adopted the charter prior to June 1, 1976.

In 2003, s. 42, 2003-254, Laws of Florida, allows the proceeds of the surtax to be used for planning and distributed through a municipality or an expressway or transportation authority created by law.

In 2004, s. 1, 2004-66, Laws of Florida, affected specifies that the proceeds of the surtax are for “the charter county” and not “each county, as defined in s. 125.011(1).”

BASE AND RATE:

Eligible counties (Broward, Miami-Dade, Duval, Hillsborough, Pinellas, Sarasota, and Volusia) include those which adopted a charter prior to June 1, 1984 and those which are consolidated with one or more municipalities. Such counties may impose, if approved by referendum, up to a 1 percent sales surtax on most transactions taxable under ch. 212, F.S. Any taxable sale of tangible personal property priced above \$5,000 shall only be

CHARTER COUNTY TRANSIT SYSTEM SURTAX

taxed on the first \$5,000. However, the tax imposed on taxable services is not capped. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

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. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Many other states provide for a local government tax. Listed below is a sample of states with special sales tax provisions for counties. The states listed are in alphabetical order. Colorado's Sales Tax for Mass Transit (C.R.S. 29-2-103.5) allows counties outside of the RTD to collect up to 0.5 percent sales tax for transit programs. Hawaii's County General Excise and Use Tax Surcharge (HRS 46-16.7) was enacted in 1990. It allows all counties except Kalawao to raise up to 0.5 percent sales tax for ten years for capital mass transit by county law. Washington State's Local Option Retail Sales and Use Tax (RCW 82.14.030) allows counties to collect up to 0.5 percent additional sales tax for any purpose. It must be approved by the county government.

CONVENTION DEVELOPMENT TAX

FLORIDA STATUTES: Section 212.0305

ADMINISTERED BY: Department of Revenue and Local Tax Authorities

SUMMARY:

Duval, Miami-Dade, and Volusia counties are authorized to levy convention development taxes on transient rental transactions. Three of the five available levies are applicable to separate taxing districts in Volusia County. The levies may be authorized pursuant to an ordinance enacted by the county's governing body, and the tax rates are either 2 or 3 percent depending on the particular levy. Generally, the revenues may be used for capital construction of convention centers and other tourist related facilities as well as tourist promotion; however, the authorized uses vary according to the particular levy.

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % |
|-------------|---------------------|-----------------|
| 2009-10* | 63,179,420 | 1.70% |
| 2008-09* | 62,123,323 | -5.48% |
| 2007-08 | 65,726,852 | 4.44% |
| 2006-07 | 62,932,403 | 5.85% |
| 2005-06 | 59,451,861 | 10.67% |
| 2004-05 | 53,720,126 | 13.45% |
| 2003-04 | 47,349,314 | |

* Estimate

** 38 counties administer their own tourism development tax. The revenue data reflects both Department of Revenue collections and self administered collections.

HISTORY:

Authorized in 1983, certain counties could levy a convention development tax on certain rentals or leases.

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 up to 3 percent (Volusia County).

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. Estimates for this tax may be found at the link provided.

<http://www.floridalcir.gov>

OTHER STATES:

Michigan and Missouri, have a convention development tax.

COUNTY LOCAL OPTION FUEL TAX

FLORIDA STATUTES: Sections 336.025(1)(a), 206.41(1)(e) and 206.87(1)(c)

ADMINISTERED BY: Department of Revenue

SUMMARY:

Local governments are authorized to levy a tax of 1 to 6 cents on every net gallon of motor fuel sold in a county. The tax is imposed on diesel fuel in each county at the maximum rate of 6 cents per gallon. The tax on motor fuel may be authorized by an ordinance adopted by a majority vote of the governing body or voter approval in a countywide referendum. In general, the proceeds may be used to fund transportation expenditures.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 174,586,812 | 0.80% |
| 2008-09* | 173,201,202 | -4.50% |
| 2007-08 | 181,362,515 | 1.99% |
| 2006-07 | 177,815,683 | 2.52% |
| 2005-06 | 173,447,532 | 1.01% |
| 2004-05 | 171,708,324 | 1.82% |
| 2003-04 | 168,646,790 | |

* Estimate

HISTORY:

Authorized in 1983, the local option fuel tax is a tax of 1 to 6 cents on every gallon of motor and diesel fuel sold within a county pursuant to s. 336.025(1)(a), F.S. The tax may be authorized by an ordinance adopted by a majority vote of the governing body or by referendum. The proceeds may be used to fund transportation expenditures, as defined in s. 336.025(7), F.S. In addition, small counties (defined as having a total population of 50,000 or less on April 1, 1992) may use the proceeds of this tax to fund infrastructure projects, under certain conditions. This tax is often referred to as the first local option gas tax. Currently, all counties except Franklin and Union levy 6 cents. Both Franklin and Union counties levy 5 cents.

BASE AND RATE:

Any county may levy 1-6 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, F.S. Additionally, chapter 90-351, L.O.F., specifies the rate on diesel fuel to be 6 cents. Until June 30, 1996, retail dealers remitted the appropriate tax on all taxable fuels sold within the levying county. Effective July 1, 1996, wholesalers have remitted the tax on motor fuel. The terminal suppliers have remitted the tax on diesel fuel. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>. 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 and the municipalities within the county, according to an inter local agreement or the formula provided in s. 336.025(4), F.S.

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.

COUNTY LOCAL OPTION FUEL TAX

OTHER STATES: The majority of states levy local option fuel tax ranging from 1 cent to 18.7 cents.

COUNTY LOCAL OPTION MOTOR FUEL TAX

FLORIDA STATUTES: Sections 336.025(1)(b) and 206.41(1)(e)

ADMINISTERED BY: Department of Revenue

SUMMARY:

Every county is authorized to levy a tax of 1 to 5 cents per gallon of motor fuel sold within the county. This additional tax shall be levied by an ordinance adopted by a majority plus one vote of the membership of the governing body or voter approval in a county wide referendum. Currently, 21 counties levy local option motor fuel tax.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 174,586,812 | 0.80% |
| 2008-09* | 173,201,202 | -4.50% |
| 2007-08 | 181,362,515 | 1.99% |
| 2006-07 | 177,815,683 | 2.52% |
| 2005-06 | 173,447,532 | 1.01% |
| 2004-05 | 171,708,324 | 1.82% |
| 2003-04 | 168,646,790 | |

* Estimate

HISTORY:

Authorized in 1993, the tax is a 1 to 5 cent levy upon every gallon of motor fuel sold within a county. Diesel fuel is not subject to this tax. This additional tax shall be levied by an ordinance adopted by a majority plus one vote of the membership of the governing body or voter approval in a countywide referendum. Proceeds received from this additional tax may be used for transportation expenditures needed to meet the requirements of the capital improvements element of an adopted local government comprehensive plan.

BASE AND RATE:

Any county may levy 1-5 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 remitted the tax to the Department of Revenue. Effective July 1, 1996, wholesalers have remitted 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.

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. Estimates for this tax may be found at the link provided.

<http://www.floridalcir.gov>

OTHER STATES:

The majority of states levy local option fuel tax ranging from 1 cent to 18.7 cents.

COUNTY PUBLIC HOSPITAL SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(5)

ADMINISTERED BY: Department of Revenue

SUMMARY:

Any county, as defined in s. 125.011(1), F.S., [i.e., Miami-Dade County] is authorized to levy the County Public Hospital Surtax at a rate of 0.5 percent. The levy may be authorized either by an extraordinary vote of the county's governing body or voter approval in a countywide referendum. Proceeds shall be used to supplement the operation, maintenance, and administration of the county public general hospital.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 160,018,182 | 1.70% |
| 2008-09* | 157,343,345 | -6.60% |
| 2007-08 | 168,461,825 | -2.66% |
| 2006-07 | 173,059,412 | 4.62% |
| 2005-06 | 165,415,882 | |

* Estimate

HISTORY:

Authorized in 1991, counties could levy surtax on sales for the operation, maintenance, and administration of a county public general hospital. In 2005 the law was reenacted by the Legislature.

BASE AND RATE:

The rate is limited to 0.5 percent. Most transactions subject to taxation under ch. 212, F.S., are subject to the tax. 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. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

Miami-Dade County's tax was originally levied according to the provisions of ch. 91-81, L.O.F., on 1/1/92. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

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. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

The states, in general, use public funds to support hospitals.

DISCRETIONARY SURTAX ON DOCUMENTS

FLORIDA STATUTES: Chapter 83-220, L.O.F., as amended by ch. 84-270, L.O.F., ch. 86-152, L.O.F., and ch.89-252, L.O.F.

ADMINISTERED BY: Department of Revenue

SUMMARY:

Miami-Dade County levies a discretionary surtax on documents for the purpose of establishing and financing a Housing Assistance Loan Trust Fund. The surtax is \$0.45 per \$100 or fractional part thereof, and applies only to documents taxable under s. 201.01, F.S. No surtax is imposed on a deed conveying a single-family residence, identified as a detached dwelling, a condominium unit, or a unit held through stock ownership or membership representing a proprietary interest in a corporation owning a fee or a lease-hold initially in excess of 98 years.

REVENUE:

| Fiscal Year | Collections | Annual Change % |
|-------------|-------------|-----------------|
| 2009-10* | 14,537,454 | -6.70% |
| 2008-09* | 15,581,409 | -35.50% |
| 2007-08 | 24,157,223 | -32.75% |
| 2006-07 | 35,920,804 | -24.69% |
| 2005-06 | 47,699,858 | 0.60% |
| 2004-05 | 47,417,198 | 32.00% |
| 2003-04 | 35,920,804 | |

* Estimate

HISTORY:

In 1983, the Legislature enacted chapter 83-220, Laws of Florida, creating s. 125.0167, F.S., to authorize the governing body of Miami-Dade County to levy a discretionary surtax on documents for the purpose of establishing and financing a Home Ownership Assistance Loan Trust Fund. Revenues in the fund were to be used to assist low and moderate income families in the purchase of a home or an apartment. Not less than 1/2 of the funds were to be used to assist low-income families, defined as families whose income did not exceed 80 percent of the median income for the area. The remaining funds could be used to assist families whose income was in excess of 80 percent, but not more than 140 percent, of the median income for the area. The surtax could not exceed the rate of \$0.45 per \$100 or fractional part thereof, and could apply only to documents taxable under s. 201.01, F.S., except that no surtax could be imposed on a deed conveying a single-family residence, identified as a detached dwelling, a condominium unit, or a unit held through stock ownership or membership representing a proprietary interest in a corporation owning a fee or a leasehold initially in excess of 98 years.

The governing body was directed to adopt an ordinance to levy the discretionary surtax and create the trust fund. The ordinance was required to establish the policies and procedures of the assistance program. The county was directed to deposit revenues from the surtax into the trust fund to be used only for the purchase of a home or an apartment, or the rehabilitation of an existing home or apartment. The surtax could not be used for rent subsidies or grants.

Section 201.031, F.S., was created to establish the discretionary surtax and require the county levying the surtax to submit a financial report (under s. 218.32, F.S.) showing the revenues and expenses of the trust fund. The Department of Revenue was directed to distribute all surtaxes collected to that county's governing authority. The act was scheduled to sunset on October 1, 1993.

In 1984, chapter 84-270, Laws of Florida, changed the name of the Home Ownership Assistance Loan Trust Fund to the Housing Assistance Loan Trust Fund with a specified purpose of assisting in the financing of

DISCRETIONARY SURTAX ON DOCUMENTS

construction, rehabilitation, or purchase of housing for low and moderate income families. Funds could be used for first or second mortgages, and buying property to form housing cooperatives. Special consideration was to be given to neighborhood economic development programs of Community Development Corporations. Not more than 1/2 of the revenues collected each year could be used to finance new construction.

In 1989, the Legislature enacted chapter 89-252, Laws of Florida, to provide that the discretionary surtax program will sunset on October 1, 2011. In 1992, the Legislature enacted chapter 92-317, Laws of Florida, to provide that a portion of the discretionary surtax revenues deposited into the Housing Assistance Loan Trust Fund could be deposited into the Home Investment Trust Fund of the county as defined by and created under the requirements of federal law. These set-aside funds are to be used to finance the construction, rehabilitation, or purchase of housing for low-income and moderate-income families and to fund any local matching contributions required under federal law.

The income criteria to qualify for assistance and the discretionary surtax rate remain unchanged since 1983.

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.

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.

OTHER STATES:

California, Arkansas, Delaware, Illinois, Maryland Michigan, New York, Pennsylvania, Virginia, and Washington authorize some or all local governments to levy taxes on transfers of real estate or other assets.

| | <u>2009-10</u> (millions) |
|--|------------------------------|
| VALUE OF RATE CHANGE: | |
| Value of a 10 cent/\$100 levy on: | |
| 1) all deeds | \$21.2 |
| 2) deeds other than for documents related to single family dwellings | \$0.5 |
| VALUE OF EXEMPTIONS: | |
| Exemption for documents related to single family dwellings | \$42.9 |
| VALUE OF REFUNDS AND ALLOWANCES: | |
| Agents' commission at .5% of taxes collected | \$0.1 |

FLORIDA REVENUE SHARING ACT

FLORIDA STATUTES: Chapter 218, Part II; and Sections 206.41(1)(c), 206.789(1), 210.20(2)(a),
212.20(6), F.S.

ADMINISTERED BY: Department of Revenue

SUMMARY:

Florida shares certain state revenues with cities and counties. A percentage of the sales tax, motor fuel 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).

REVENUE:

| Fiscal Year | Municipal Revenue Sharing Trust Fund | | County Revenue Sharing Trust Fund | |
|-------------|--------------------------------------|-----------------|-----------------------------------|-----------------|
| | Total Collections | Annual Change % | Total Collections | Annual Change % |
| 2009-10* | 358,620,265 | 2.10% | 405,413,142 | 2.10% |
| 2008-09* | 351,244,138 | -7.00% | 397,074,576 | -7.00% |
| 2007-08 | 377,681,869 | -5.52% | 426,961,910 | -6.40% |
| 2006-07 | 399,747,680 | 1.62% | 456,172,937 | 2.04% |
| 2005-06 | 393,362,456 | 6.47% | 447,046,672 | 8.58% |
| 2004-05 | 369,448,059 | 26.74% | 411,730,192 | -0.33% |
| 2003-04 | 291,496,694 | | 413,097,681 | |

* Estimate

| Distributions | | | | |
|---------------|-------------|-----------------|-------------|-----------------|
| Fiscal Year | Cities | Annual Change % | Counties | Annual Change % |
| 2009-10* | 308,267,522 | 2.10% | 343,345,017 | 2.10% |
| 2008-09* | 301,927,054 | -9.02% | 336,283,072 | -10.92% |
| 2007-08 | 331,856,542 | -4.72% | 377,506,262 | -5.18% |
| 2006-07 | 348,299,663 | -0.04% | 398,129,556 | 0.19% |
| 2005-06 | 348,426,094 | 6.33% | 397,391,708 | 8.75% |
| 2004-05 | 327,684,527 | 28.62% | 365,423,351 | 3.75% |
| 2003-04 | 254,769,684 | | 352,219,937 | |

* Estimate

DISTRIBUTION FACTORS:

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

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

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

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

ELIGIBILITY FACTORS FOR FULL SHARING BY CITIES AND COUNTIES:

FLORIDA REVENUE SHARING ACT

- a. Report finances to Department of Financial Services.
- 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, F.S., if applicable, have been met.

Eligible cities and counties must receive at least as much as in fiscal year 1971-72 from the same three sources as now fund the revenue sharing program ("guaranteed entitlement"). Total distributions in fiscal year 1971-72 were \$84,045,989 for cities and \$30,330,097 for counties. Also, eligible counties are entitled to receive a second guaranteed entitlement, which is equal to the amount of revenue received in the aggregate by an eligible county in fiscal year 1981-82, under the provisions of the then existing s. 210.20(2)(a), F.S., tax on cigarettes, and s. 199.292(4), F.S., tax on intangible personal property, less the guaranteed entitlement. The total distribution in fiscal year 1981-82 for counties was \$64,756,373. Paragraph (6)(b) of s. 218.21, F.S., guarantees Miami-Dade no less than it received the previous year, plus, through fiscal year 2008-09, an annual increase proportionate to the annual increase in the Revenue Sharing Trust Fund for Municipalities for the preceding year.

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

LIMITATION ON USE OF STATE REVENUE SHARING FUNDS:

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

HISTORY:

The Revenue Sharing Act of 1972² (Chapter 72-360, L.O.F.) placed three shared tax sources for cities and three for counties into a "revenue sharing program" with an expiration date the following year. 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. The requirement for cities to levy three mills on non-exempt valuations was included. An alternative was allowed by combining collections from utility tax, occupational licenses, and property tax to equal at least the amount of a three mill levy. In 1973, the act was considerably reworded but the substantive

² 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 significantly 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.

FLORIDA REVENUE SHARING ACT

requirements remained substantially unchanged. Amounts to be distributed were all available funds, rather than a predetermined amount. The act was again set to expire the following year. Renewal of the Revenue Sharing Act in 1974 was accomplished without an automatic expiration provision. Inconsequential changes in wording occurred but all the principal features of administration remained unchanged. It was clarified that formula computations were expected to be made only once each year and that the act did not apply to special districts of the state.

In 1983, 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 revenue collected from these fuels is transferred to the Revenue Sharing Trust Fund for Municipalities. In 1987, the Legislature approved a second guaranteed entitlement for eligible counties only. The second guaranteed entitlement is equal to the amount of revenue received in the aggregate by an eligible county in fiscal year 1981-82, under the provisions of the then existing s. 210.20(2)(a), F.S., tax on cigarettes, and s. 199.292(4), F.S., tax on intangible personal property, less the guaranteed entitlement. In 1989, Chapter 89-169, L.O.F., required governments in addition to the existing eligibility criteria, to certify that each dependent special district that was 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, L.O.F., reduced the annual guaranteed increase from the Municipal Revenue Sharing Trust Fund to Miami-Dade county from seven percent to the amount received in the previous year plus the percentage increase in the trust fund. Sources of shared revenue were changed significantly by the 2000 Legislature. Chapter 2000-173, L.O.F., repealed the sharing of intangibles tax revenues with counties and provided for a distribution from sales and use tax to the Revenue Sharing Trust Fund for Counties. Chapter 2000-355, L.O.F., restructured the Revenue Sharing Trust Fund for Municipalities by transferring the portion of cigarette tax that previously funded these trust funds to the General Revenue Fund and providing a distribution from sales and use tax to the Revenue Sharing Trust Fund for Municipalities. In addition, Chapter 2000-355, L.O.F., repealed the Municipal Financial Assistance Trust Fund.

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

BASE AND RATE:

Revenue Sharing Trust Fund for Municipalities – 1.3409 percent of sales and use taxes, 12.5 percent of the state alternative user decal fees and net collections from one cent municipal fuel tax³ revenues

Revenue Sharing Trust Fund for Counties – 2.044 percent of sales and use taxes and 2.9 percent of net cigarette tax revenues

³ Revenues from the one cent municipal fuel tax must be used only for transportation-related purposes.

FLORIDA REVENUE SHARING ACT

DISPOSITION:

The Department of Revenue must compute apportionment factors by July 25th of each fiscal year and establish a schedule of equal monthly distribution for the computation period. Monthly payments are required to be made by the 25th day of each month.

OTHER STATES: According to the National Conference of State Legislatures, all 50 states provide some form of state financial aid to local governments.

INDIGENT CARE AND TRAUMA CENTER SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(4)

ADMINISTERED BY: Department of Revenue

SUMMARY:

This surtax consists of two separate levies for different groups of eligible counties. Non-consolidated counties with a total population of 800,000 or more may impose, either by an extraordinary vote of the county's governing body or voter approval in a countywide referendum, a surtax not to exceed 0.5 percent for the purpose of funding health care services for qualified residents. Non-consolidated counties with a total population of less than 800,000 may impose, subject to voter approval in a countywide referendum, a surtax not to exceed 0.25 percent for the sole purpose of funding trauma services provided by a trauma center licensed pursuant to ch. 395, F.S.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 84,893,850 | 1.70% |
| 2008-09* | 83,474,779 | -6.60% |
| 2007-08 | 89,373,425 | -6.69% |
| 2006-07 | 95,786,253 | 0.44% |
| 2005-06 | 95,367,318 | |

* Estimate

HISTORY:

Authorized in 1991, counties meeting specific criteria such as a population of 800,000 or greater could levy an Indigent Care and Trauma Center Surtax by vote of the governing body or a referendum. In 2000 the eligibility requirements were broadened to include more counties such as those with a population under 800,000. In 2003 the law was amended and reenacted

BASE AND RATE:

The indigent care and trauma center surtax may be levied at the rate not to exceed 0.5 percent only in counties with a population greater than 800,000 either by extraordinary vote of the governing board or by voter approval. (Broward, Hillsborough, Palm Beach, Pinellas, - Duval and Miami-Dade are excluded).

The indigent care and trauma center surtax may be levied at the rate not to exceed 0.25 percent only in counties which are not consolidated with one or more municipalities with a population of less than 800,000 by voter approval. The authorization to levy this tax shall expire 4 years after the effective date of the surtax unless reenacted by ordinance subject to voter approval.

Most transactions subject to taxation under ch. 212, F.S., are subject to the tax. 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. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

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)

INDIGENT CARE AND TRAUMA CENTER SURTAX

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. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Texas, New Mexico, Louisiana Virginia, Colorado, and Oklahoma have an indigent health care program.

LOCAL BUSINESS TAXES

FLORIDA STATUTES: Chapter 205

ADMINISTERED BY: Counties and Municipalities

SUMMARY:

Local business 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.

REVENUE:

| Fiscal Year | Collections*** | Annual Change % | County Levies** | Municipal Levies |
|-------------|----------------|-----------------|-----------------|------------------|
| 2009-10* | 152,624,768 | 2.80% | 29,814,085 | 122,810,683 |
| 2008-09* | 148,467,673 | 0.60% | 29,002,028 | 119,465,645 |
| 2007-08* | 147,582,180 | 5.50% | 28,829,053 | 118,753,126 |
| 2006-07 | 139,888,322 | -14.85% | 27,326,117 | 112,562,205 |
| 2005-06 | 164,291,033 | 3.35% | 36,617,440 | 127,673,593 |
| 2004-05 | 158,959,892 | 6.07% | 37,649,689 | 121,310,203 |
| 2003-04 | 149,870,084 | | 38,043,958 | 111,826,126 |

* Estimate

** Includes collections reported by the Chief Financial Officer 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.

HISTORY:

County Tax

Between 1967 and 1972, the state imposed a business tax, retaining two-thirds of the revenues and distributing one-third to the counties. Counties had no authority to levy the tax. Effective October 1, 1972, ch. 72-306, L.O.F., repealed the state tax and authorized counties to impose a business tax, known as the occupational license 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 Miami-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 were allowed to accomplish this reclassification and restructuring through October 1, 1995.

LOCAL BUSINESS TAXES

Municipal Tax

Unlike county rates which are constrained by the historical state established rate, municipal rates are constrained by historical municipal business tax rates. Before 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 that the City of Tampa's business tax was unconstitutional because the tax was not authorized by statute. The Legislature responded by amending chapter 205, F.S., expressly to authorize municipalities to levy occupational license taxes, but limited them to the rates in effect in the municipalities as of October 1, 1971.

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

Chapter 2006-152, L.O.F., renamed ch. 205, F.S., as the "Local Business Tax Act," and the tax was redesignated to conform.

BASE AND RATE:

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 a business tax for the current year to the county or municipality in the state where their permanent business location or branch office is maintained, the county or municipality may not levy a business tax.

Counties

Between 1967 and 1972, the state imposed a business tax retaining two-thirds of the revenues and distributing one-third to the counties. Counties had no authority to levy the tax. Effective October 1, 1972, ch. 72-306, L.O.F., repealed the state tax and authorized counties to impose a business 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 Miami-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

LOCAL BUSINESS TAXES

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 business 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 business tax because the tax was not authorized by statute. The Legislature responded by amending chapter 205, F.S., to expressly authorize municipalities to levy occupational license taxes, but limited them to the rates in effect in the municipalities as of October 1, 1971.

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

In 2006, the "Local Occupational License Tax Act" was renamed the "Local Business Tax Act," and the tax was redesignated to conform.

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, Miami-Dade, Broward, Collier, and Monroe Counties were authorized to increase their license taxes 50% to implement and oversee a comprehensive economic development strategy. (Section 205.033(6), F.S.). However, an ordinance adopting this additional tax must have been adopted by January 1, 1995, and only Miami-Dade and Broward counties imposed the additional tax amount.

OTHER STATES:

Alabama, Alaska, California, Delaware, the District of Columbia, North Carolina, West Virginia, and Wisconsin levy taxes for the privilege of operating a business within the state. In addition to Florida, local business privilege taxes are authorized in Georgia, Kentucky, Louisiana, Maryland, Mississippi, Tennessee, Virginia, Washington, and Wyoming.

VALUE OF RATE CHANGE:

2009-10
(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:

\$15.3

VALUE OF EXEMPTIONS:

No data are collected at the state level as to the number or types of business tax exemptions granted.

Indeterminate

LOCAL COMMUNICATIONS SERVICES TAX

FLORIDA STATUTES: Chapter 202

ADMINISTERED BY: Department of Revenue

SUMMARY:

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

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 850,892,284 | -8.20% |
| 2008-09* | 926,931,298 | 7.92% |
| 2007-08 | 858,918,337 | 0.93% |
| 2006-07 | 850,963,335 | 2.17% |
| 2005-06 | 832,861,266 | 5.58% |
| 2004-05 | 788,872,228 | 5.23% |
| 2003-04 | 749,696,233 | |

* Estimate

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

Ch. 2005-187, L.O.F., repealed the tax on substitute communications systems and provided that the Department of Revenue will not assess this tax back to October 1, 2001, when the communications services tax was implemented. The bill created a task force of experts in the areas of telecommunications policy, taxation, law, or technology to study the implications of emerging technologies on Florida’s communication service tax. This task force was dissolved by Ch. 2006-311, L.O.F.

LOCAL COMMUNICATIONS SERVICES TAX

BASE AND RATE:

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

DISPOSITION:

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

OTHER STATES:

Taxes imposed vary considerably from state to state.

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(2)

ADMINISTERED BY: Department of Revenue

SUMMARY:

The Small County Surtax allows for a discretionary surtax of 0.5 or 1.0 percent for a variety of projects. This surtax requires a majority of members of the county governing authority to place the surtax, including the rate and the purpose of the proceeds on the ballot. Then, a majority of the county voters must approve the surtax in order to enact it. The proceeds from the surtax may be used to finance, plan, and construct infrastructure and to acquire land for public recreation, conservation, natural resource protection, or to finance the closure of county and municipally owned solid waste landfills. There are some special provisions for smaller counties, medium sized counties, and counties designated as an area of critical state concern. The sum of the Local Government Infrastructure, Small County, Indigent Care and Trauma Center, and the County Public Hospital surtaxes cannot exceed 1.0 percent. Currently 20 of the 67 counties collect the Local Government Infrastructure Surtax.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|--------------------|
| 2009-10* | 602,588,735 | 1.70% |
| 2008-09* | 592,515,964 | -9.98% |
| 2007-08 | 658,207,195 | -4.05% |
| 2006-07 | 685,978,662 | -0.96% |
| 2005-06 | 692,601,834 | |

* Estimate

HISTORY:

Note: From its creation by s. 70, 85-342, Laws of Florida, until it was deleted by s.12, 87-548, Laws of Florida, Section 212.055 (2), Florida Statutes, referred to the Indigent Care Surtax. Later, the Indigent Care Surtax was reestablished as §212.055(3), Florida Statutes, by s. 2, 91-81, Laws of Florida.

In 1976, s.2, 76-284, Laws of Florida, created §212.055, Florida Statutes. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The county would be required to have a majority vote of the county's electorate in order to levy the surtax. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.5, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §212.055, Florida Statutes.

In 1983, s.3, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §212.055, Florida Statutes.

In 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph). The rate is 20 percent of any

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes.

Also in 1985, s. 69, 85-342, Laws of Florida, created effective on January 1, 1986 §212.054, Florida Statutes. This Section is titled Discretionary sales surtax; limitations, administration, and collection. The Section specifies the eligible counties and the tax rate, if levied, to that specified in §212.055, Florida Statutes. The surtax is the rate times the amount of taxes imposed under this part, and rounded to the nearest penny. Sales amount above \$1,000 and long distance telephone service are excluded from the surtax. Utility, telecommunications, and wired television billings after the effective date include the full surtax; billings after the last day that the surtax is in effect are not subject to the surtax. Contracts signed prior to the effective date are subject to the surtax if the work is not completed by the effective date. Contractors must pay the surtax, but may apply for a refund. It is a second degree misdemeanor to fraudulently attempt to obtain a refund. A transaction is considered as occurring in the county imposing the surtax if the dealer is located in the county and the sale includes tangible property except in the case of utilities, telecommunications, and wired television, in which case, it is the county where it is used. A charged event occurring in the county is also subject to the surtax. Imported vehicles requiring licensing or titling are subject to the surtax unless used for more than 6 months outside the county. Real property rentals and transient rental properties inside the county are also subject to the surtax. The Department of Revenue shall administer, collect, and enforce the tax. Up to 3 percent may be deducted for administrative costs. Discretionary sales surtaxes may only take effect on January 1. The county must notify the Department of Revenue within 10 days after adoption of the ordinance. This notice shall include the time period the surtax will be in effect.

In 1986, s.68, 86-152, Laws of Florida made two changes. First, if a dealer owing t use tax on purchases or leases is located in a county subject to the surtax, then the sale or lease is considered as occurring in the county and is subject to the surtax. Second, the dealer is not required to separately state the surtax on the receipt.

In 1987, s. 11, 87-6, Laws of Florida, specially added services provided by a dealer located in the county. Section 84, 87-6, Laws of Florida, increased the penalty of fraudulently attempting to obtain a refund from a second degree misdemeanor to a third degree felony. Next s. 10, 87-548, Laws of Florida, changed the base from taxes collected to taxable sales (Note: This base change occurs in tandem with the rate change in §212.055, Florida Statutes from 20 percent to 1 percent.) Also in this section, the surtax becomes applicable to sales up to \$5,000 (Previously, there was a \$1,000 limit.), and for vehicle sales, the county of the registration of the purchaser must be of the county with the surtax in order for the transaction to be eligible for the surtax. Section 11, 87-548, Laws of Florida, only replicated the change in the limit of surtax from the first \$1,000 to the first \$5,000.

Also in 1987, s. 2, 87-239, Laws of Florida, created the Local Government Infrastructure Surtax as §212.055(3), Florida Statutes. It allows the governing authority of each Florida County to levy a surtax of 5, 10, 15, or 20 percent of the state sales tax for a period of 15 years. The surtax must be approved by a majority of voters in a referendum. The ballot must include a brief general description of the projects to be funded by and the amount of the surtax. The surtax is limited to the first \$5,000, not the first \$1,000. The proceeds of the surtax, including interest, are divided between the county and municipalities base on an agreement or formula. Counties and municipalities are not allowed use the proceeds to supplant user fees of reduce ad valorem taxes existing prior to the levy. Counties may not hold a referendum for this surtax between March 9 and December 31, 1988 or after November 30, 1992.

Again in 1987, S. 12, 87-548, Laws of Florida renumbered the Local Government Infrastructure Surtax as §212.055(2), Florida Statutes. It allows for the levy to be up to 15 years, and the rate changed to 0.5 percent or 1 percent. (Note: this is now as a percent of the taxable sales as opposed to sales tax collected.) It requires a majority vote of the county's municipal population, as opposed to the county population. It eliminated the

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

provision for the \$5,000 limit. (Note this provision was incorporated in §212.054, Florida Statutes.) It also requires the surtax to take effect on the first of the month, at least 60 days after the referendum.

In 1988, s. 19, 88-119, Laws of Florida, further required that the delivery is made to a location in the county imposing the surtax in order for the transaction to be eligible for the surtax. Section 37, 88-119, Laws of Florida, adds that if the tangible personal property is brought back into the county with the surtax, the customer must pay the surtax. It also requires a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. In 1989, s.38, 89-356, Laws of Florida, restated the provision requiring a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. The new version requires the following. The Florida manufacturer or wholesaler is located in the county with the surtax. The dealer is located outside the county with the surtax. If the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax. The law also eliminated the reference to §212.20, Florida Statutes.

In 1990, s.19, 90-132, Laws of Florida, revised references of “wired television” to “television system program. Section 31, 90-132, Laws of Florida, changes references of §212.11(1)(a), Florida Statutes to §212.11, Florida Statutes. In s. 3, 90-203, Laws of Florida, changes the name of the Surtax Trust Fund to the Surtax Clearing Trust Fund and stipulated that “The department shall distribute moneys in the trust fund each month,” as opposed to “Proceeds shall be distributed monthly.”

Also in 1990, s. 85, 90-132, Laws of Florida, added acquiring land for public recreation, conservation, or protection of natural resources to the list of eligible project for proceeds of the surtax. Section 4, 90-203, Laws of Florida, requires the referendum to represent a majority of the county’s population, as opposed to the county’s municipal population. Section 1, 90-282, laws of Florida, allows the interlocal agreement to include school districts.

In 1991, s. 1, 91-81, Laws of Florida reenacted §212.054(2)(a), Florida Statutes. In the reenactment, services were excluded. Also, s. 28, 91-112, Laws of Florida specifies that two or more items sold simultaneously as a unit or in bulk would count as a single unit, with respect to the \$5,000 limitation. Section 129 of the same law, subjects items imported into the county after 6 months that are provided for in §212.06(8)(b), Florida Statutes, and coin-operated amusement or vending machines located in the county to the surtax.

Also in 1991, s.29, 91-112, Laws of Florida, requires any changes in the distribution formula must take place on the first of the month, at least 60 days after notifying the Department of Revenue about the change.

In 1992, s. 1, 92-309, Laws of Florida, allows counties with population of 50,000 or less on April 1, 1992, to use the interest on surtax proceeds, after all obligations are met, for any public purpose. It also limited the sum of surtaxes from the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care Surtax, the County Public Hospital Surtax, and the Small County Indigent Care Surtax to a maximum combine rate of 1 percent.

In 1993, s. 2, 93-222, Laws of Florida, re-included services as subject to the surtax; it states that the surtax is not levied if the property or service is delivered to within a county that does not have the surtax. Unless there is reasonable documentation to the contrary, it is assumed that delivery is made to the location of the place of business. The \$5,000 limitation does not apply to services other than rentals. A dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. The provision requiring a Florida manufacturer or wholesaler who is located in the county with the surtax, and the dealer located outside the county with the surtax

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

when the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax; this provision was eliminated. Provisions have been added to dealers in counties without the surtax that collect the surtax from deliveries in other counties. The counties with surtax authorizations are required to report revenues to the department in a timely manner.

Also in 1993, s. 3, 93-207, Laws of Florida, allows the proceeds of the Local Government Infrastructure Surtax to be used in the closure of county-owned or municipally-owned solid waste landfills. Also in 1993, s.3, 93-222, Laws of Florida, struck the 15-year limitation provision of the Local Government Infrastructure Surtax. It also eliminated the limit against referendums between March 9 and December 31, 1988 or referendums after November 30, 1992. It requires an additional referendum for counties that wish to extend their surtax. It also allows for the proceeds to be used in purchasing emergency vehicles.

In 1994, s. 51, 94-356, Laws of Florida, changed a reference from the “Department of Environmental Regulation” to the “Department of Environmental Protection”

In 1996, s.1, 96-325, Laws of Florida, added florists, located in a county with the surtax, taking an original order for tangible property is subject to the surtax. Section, 24, 96-397, Laws of Florida, removed language concerning the distribution of surtax collections through June 30, 1994.

Also in 1996, s. 1, 96-240, Laws of Florida allowed for some special provisions for counties designated as an “area of critical state concern.”

In 1997, s. 22, 97-99, Laws of Florida, replaced reference of “transactions by this part” with “transactions by this chapter” in §212.054(2)(a), Florida Statutes.

In 1998, s.3, 98-141, Laws of Florida, added provisions for partial exemptions from the surtax to vessels, railroad, and motor vehicle common carriers. Also in 1998, s.8, 98-342, Laws of Florida, Eliminated the provision for a dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. Section 8, 98-342, Laws of Florida, also changes the requirement for counties to notify the department within 10 days of adopting an ordinance to collect the surtax to include school boards, and penalties for timely notification by delaying the effective date by one year. Also, counties are can increase or decrease the rate of the surtax only on January 1. The surtax can only be eliminated on December 31.

Also in 1998, s.7, 98-258, Laws of Florida, changed the provisions for smaller counties (See s. 1, 92-309, Laws of Florida, above) to include counties with populations under 75,000. Also in 1998, s. 9, 98-342, Laws of Florida, authorizes counties to use up to 15 percent of the proceeds from the surtax for funding economic development projects. It also eliminated the provisions where the surtax must take effect on the first of the month at least 60 days after the referendum. Note: a variation of this last provision was incorporated into §212.054, Florida Statutes.

In 1999, s.1, 99-340, Laws of Florida, allows for proceeds of the surtax to be used for the payment of bonds used to retire bonds.

In 2000, s. 47, 2000-260, Laws of Florida, subjects the sale of prepaid calling cards to the surtax, although long-distance telephone service is not subject to the surtax. Also in Section 47, the base for the surtax is on the “charge of utility, telecommunications, or television program services” instead of the “tax of utility, telecommunications, or television program services.” Section 49, 2000-260, Laws of Florida, Eliminated the reference to long distance telephone service not subject to the surtax. Also, the expressed limitations not

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

applying to any other service was deleted. “Utility, telecommunication, or television services” was replaced by “utility services,” and defined as not including any communications services as defined in chapter 202. Section 58, 2000-260, Laws of Florida, sunsets the provisions of Section 47, 2000-260, Laws of Florida, to June 30, 2001

Also in 2000, s.40, 2000-151, Laws of Florida, eliminated the reference to the Small County Indigent Care Surtax when calculating the 1 percent combined surtax limit. Note: the Small County Indigent Care Surtax program was repealed by s.4, 99-4, Laws of Florida.

In 2001, s. 28, 2001-140, Laws of Florida, subjects communications services defined under chapter 202 to the surtax, if levied. Section 38, 2001-140, Laws of Florida, repealed Section 58, 2000-260, Laws of Florida, thus repealing the sunset of Section 47, 2000-260, Laws of Florida.

Also in 2001, s. 33, 2001-60, Laws of Florida, purported to amend the Local Government Infrastructure Surtax, but due to technical issues, no changes occurred.

In 2003, s. 91, 2003-254, Laws of Florida, repealed the prohibition against using the proceeds from the surtax to supplant user fees or reduce ad valorem taxes. Also in 2003, s. 91, 2003-402, Laws of Florida, allows the use of the surtaxes’ proceeds to be used for facilities defined in §29.008, Florida Statutes.

In 2004, s.1, 2004-67, Laws of Florida, limits the counties that can use the proceeds from the surtax on parks and recreational programs. These counties have populations under 75,000 where the taxable value is less than 60 percent of the just value on real property.

In 2006, s.1, 2006-67, Laws of Florida, Allows for the proceeds of the surtax to be used of improvement to private facilities. The owner must agree to make the facility available on a temporary basis as an emergency shelter or staging area. Also in 2006, s. 2, 2006-223, Laws of Florida, permits counties that were designated as an “area of critical state concern” for more than 20 consecutive years may continue to use up to 10 percent of the surtax proceeds for other purposes after no longer being classified as an “area of critical state concern.”

In 2007, s. 14, 2007-196, Laws of Florida, eliminated the restriction of issuing bonds only once per year.

HISTORY Exclusive of §212.055(2), Florida Statutes

Note: From its creation by s. 70, 85-342, Laws of Florida, until it was deleted by s.12, 87-548, Laws of Florida, Section 212.055 (2), Florida Statutes, referred to the Indigent Care Surtax. Later, the Indigent Care Surtax was reestablished as §212.055(3), Florida Statutes, by s. 2, 91-81, Laws of Florida.

In 1987, s. 2, 87-239, Laws of Florida, created the Local Government Infrastructure Surtax as §212.055(3), Florida Statutes. It allows the governing authority of each Florida County to levy a surtax of 5, 10, 15, or 20 percent of the state sales tax for a period of 15 years. The surtax must be approved by a majority of voters in a referendum. The ballot must include a brief general description of the projects to be funded by and the amount of the surtax. . The surtax is limited to the first \$5,000, not the first \$1,000. The proceeds of the surtax, including interest, are divided between the county and municipalities base on an agreement or formula. Counties and municipalities are not allowed use the proceeds to supplant user fees of reduce ad valorem taxes existing prior to the levy. Counties may not hold a referendum for this surtax between March 9 and December 31, 1988 or after November 30, 1992.

Also in 1987, S. 12, 87-548, Laws of Florida renumbered the Local Government Infrastructure Surtax as §212.055(2), Florida Statutes. It allows for the levy to be up to 15 years, and the rate changed to 0.5 percent or 1 percent. (Note: this is now as a percent of the taxable sales as opposed to sales tax collected.) It requires a

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

majority vote of the county's municipal population, as opposed to the county population. It eliminated the provision for the \$5,000 limit. (Note this provision was incorporated in §212.054, Florida Statutes.) It also requires the surtax to take effect on the first of the month, at least 60 days after the referendum.

In 1990, s. 85, 90-132, Laws of Florida, added acquiring land for public recreation, conservation, or protection of natural resources to the list of eligible project for proceeds of the surtax. Section 4, 90-203, Laws of Florida, requires the referendum to represent a majority of the county's population, as opposed to the county's municipal population. Section 1, 90-282, laws of Florida, allows the interlocal agreement to include school districts.

In 1991, s.29, 91-112, Laws of Florida, requires any changes in the distribution formula must take place on the first of the month, at least 60 days after notifying the Department of Revenue about the change.

In 1992, s. 1, 92-309, Laws of Florida, allows counties with population of 50,000 or less on April 1, 1992, to use the interest on surtax proceeds, after all obligations are met, for any public purpose. It also limited the sum of surtaxes from the Local Government Infrastructure Surtax, the Small County Surtax, the Indigent Care Surtax, the County Public Hospital Surtax, and the Small County Indigent Care Surtax to a maximum combine rate of 1 percent.

In 1993, s. 3, 93-207, Laws of Florida, allows the proceeds of the Local Government Infrastructure Surtax to be used in the closure of county-owned or municipally-owned solid waste landfills. Also in 1993, s.3, 93-222, Laws of Florida, struck the 15-year limitation provision of the Local Government Infrastructure Surtax. It also eliminated the limit against referendums between March 9 and December 31, 1988 or referendums after November 30, 1992. It requires an additional referendum for counties that wish to extend their surtax. It also allows for the proceeds to be used in purchasing emergency vehicles.

In 1994, s. 51, 94-356, Laws of Florida, changed a reference from the "Department of Environmental Regulation" to the "Department of Environmental Protection"

In 1996, s. 1, 96-240, Laws of Florida allowed for some special provisions for counties designated as an "area of critical state concern."

In 1998, s.7, 98-258, Laws of Florida, changed the provisions for smaller counties (See s. 1, 92-309, Laws of Florida, above) to include counties with populations under 75,000. Also in 1998, s. 9, 98-342, Laws of Florida, authorizes counties to use up to 15 percent of the proceeds from the surtax for funding economic development projects. It also eliminated the provisions where the surtax must take effect on the first of the month at least 60 days after the referendum. Note: a variation of this last provision was incorporated into §212.054, Florida Statutes.

In 1999, s.1, 99-340, Laws of Florida, allows for proceeds of the surtax to be used for the payment of bonds used to retire bonds.

In 2000, s.40, 2000-151, Laws of Florida, eliminated the reference to the Small County Indigent Care Surtax when calculating the 1 percent combined surtax limit. Note: the Small County Indigent Care Surtax program was repealed by s.4, 99-4, Laws of Florida.

In 2001, s. 33, 2001-60, Laws of Florida, purported to amend the Local Government Infrastructure Surtax, but due to technical issues, no changes occurred.

In 2003, s. 91, 2003-254, Laws of Florida, repealed the prohibition against using the proceeds from the surtax to supplant user fees or reduce ad valorem taxes. Also in 2003, s. 91, 2003-402, Laws of Florida, allows the use of the surtaxes' proceeds to be used for facilities defined in §29.008, Florida Statutes.

LOCAL GOVERNMENT INFRASTRUCTURE SURTAX

In 2004, s.1, 2004-67, Laws of Florida, limits the counties that can use the proceeds from the surtax on parks and recreational programs. These counties have populations under 75,000 where the taxable value is less than 60 percent of the just value on real property.

In 2006, s.1, 2006-67, Laws of Florida, Allows for the proceeds of the surtax to be used of improvement to private facilities. The owner must agree to make the facility available on a temporary basis as an emergency shelter or staging area. Also in 2006, s. 2, 2006-223, Laws of Florida, permits counties that were designated as an “area of critical state concern” for more than 20 consecutive years may continue to use up to 10 percent of the surtax proceeds for other purposes after no longer being classified as an “area of critical state concern.”

In 2007, s. 14, 2007-196, Laws of Florida, eliminated the restriction of issuing bonds only once per year.

BASE AND RATE:

Any county may levy a 0.5 percent or 1 percent tax upon voter approval in a countywide referendum. Most transactions subject to taxation under ch. 212, F.S., are subject to the tax. 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. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S. 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.

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 over 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) 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, the definition of "infrastructure" was expanded to include emergency vehicles and equipment and specified that purchases of such items with surtax revenues is approved retroactively. Any county with a population of 50,000 or less as of April 1, 1992, in addition to generally authorized uses, may use these tax revenues for any public purpose if: 1) the debt service obligations for any year are met, 2) the county's comprehensive plan is in compliance, and 3) the county has amended its surtax ordinance. Small counties (population < 50,000) are authorized to use the proceeds or accrued interest for long-term maintenance costs associated with landfill closures. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Many other states provide for a local government tax. Listed below is a sample of states with special sales tax provisions for counties. The states listed are in alphabetical order. Arizona's County Capital Projects Tax (ARC 42-6111) allows for rates up to 0.5 percent for capital projects. All counties except Maricopa are eligible. It requires a county law through a public vote. Arkansas's County Sales and Use Tax for Capital Improvements (A.C. 26-74-201, -301) was enacted in 1981 and allows for rates up to 1 percent for capital improvements. It requires a popular vote; all counties are eligible. Missouri's Capital Improvements Sales Taxes (R.S.Mo. 67.700 & R.S.Mo. 94.577) were enacted 1983 and 1987, respectively. They allow counties to collect 1/8 to 1/2 percent sales taxes for capital improvements. A popular vote is required for passage. Nevada's Sales Tax for Infrastructure (NRS 377B) was enacted in 1997. It allows for 1/8 percent in Washoe County and up to 1/4 percent in other counties for water and waste management related infrastructure. The tax is sunsets in 2025 or until there is \$2.3 billion in reserve. The tax requires passage by the county with a two-thirds vote. Oklahoma's Sales Tax (68 Okl. St. /1370), enacted in 1983, allows for up to 2 percent sales tax to all counties for specified purposes including capital improvements. A popular vote is required for passage.

MIAMI-DADE COUNTY FOOD AND BEVERAGE TAX

FLORIDA STATUTES: Section 212.0306(1)(b)

ADMINISTERED BY: Local Tax Authorities

SUMMARY:

Any county, as defined in s. 125.011(1), F.S., [i.e., Miami-Dade County] may impose two separate taxes by ordinance adopted by a majority of the county's governing body. A tax of 2 percent may be imposed on the sale of food, beverages, and alcoholic beverages in hotels and motels. The proceeds shall be used for promoting the county and its constituent municipalities as a destination site for conventions, trade shows, and pleasure travel.

With some exceptions, a tax of 1 percent 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. Not less than 15 percent of the proceeds shall be used for construction and operation of domestic violence centers. The remainder shall be used for programs to assist the homeless or those about to become homeless.

REVENUE:

Specific data summarizing this revenue is currently unavailable from the annual local government financial report provided to the Department of Financial Services under code 312.100, Local Option Taxes, because it is included along with other local option revenues. However, revenue amounts are available for revenues resulting from section 212.0306, Florida Statutes, from several of the most recent Miami-Dade County final adopted budgets as follows:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2008-09* | 13,760,000 | -4.57% |
| 2007-08 | 14,419,496 | 2.65% |
| 2006-07 | 14,046,979 | 5.97% |
| 2005-06 | 13,255,760 | 10.46% |
| 2004-05 | 12,000,408 | |

Note:

Amounts include s. 212.036(1), (a) & (b), F.S.

* Estimate

HISTORY:

In 1993, the legislature authorized any county, as defined in s. 125.011(1), F.S. (Miami-Dade County), to impose a local tax of 1% on the sale of food and beverages for consumption in establishments licensed by the state to sell alcoholic beverages, except hotels and motels. Provided exemptions for establishments that had gross annual revenues of \$400,000 or less in the previous calendar year and for sales in fraternal clubs licensed under s. 565.02(4), F.S. For the first 12 months, this tax was to be used to assist homeless persons. This law was to be repealed October 1, 2008. (Ch. 93-233, L.O.F.)

In 1994, the legislature clarified the law to state the tax did not apply to alcoholic beverages sold by the package for "off-premises consumption." Revised the provision for exemption for establishments with gross annual revenues of \$400,000 or less and removed the exemption for sales in fraternal clubs licensed under s. 565.02(4), F.S. The legislature removed the repeal of the tax on October 1, 2008. (CH 94-351, L.O.F.)

DISPOSITION:

Eligible counties collect and administer these funds.

MIAMI-DADE COUNTY FOOD AND BEVERAGE TAX

BASE AND RATE:

As authorized by ch. 93-233, L.O.F., and amended by ch. 94-351, L.O.F., and ch. 94-353, L.O.F., any county defined in s. 125.011(1), F.S., (Miami-Dade County) may levy this tax at the rate of 1 percent. Although not officially labeled, it is referred to here as the "Miami-Dade County Food and Beverage Tax." This tax may be imposed on the sale of food, beverages, and alcoholic beverages in establishments that are licensed by the state to sell alcoholic beverages for consumption on the premises, except for hotels and motels. However, the tax does not apply to any alcoholic beverage sold by the package for off-premise consumption. This tax may be imposed by majority vote of the county's governing body. For the first 12 months, the proceeds must be used for programs to assist the homeless. Thereafter, not less than 15% of the proceeds must be used for construction and operation of domestic violence centers, and the remainder will fund programs for the homeless. In addition, the proceeds may be bonded.

OTHER STATES:

Municipalities in other states have established surtax on food and beverages that are consumed on the premises including hotels and motels.

**MIAMI-DADE COUNTY HOTEL/MOTEL FOOD AND
BEVERAGE TAX**

FLORIDA STATUTES: Section 212.0306(1)(a)

ADMINISTERED BY: Local Tax Authorities

SUMMARY:

Any county, as defined in s. 125.011(1), F.S., [i.e., Miami-Dade County] may impose two separate taxes by ordinance adopted by a majority of the county's governing body. A tax of 2 percent may be imposed on the sale of food, beverages, and alcoholic beverages in hotels and motels. The proceeds shall be used for promoting the county and its constituent municipalities as a destination site for conventions, trade shows, and pleasure travel.

With some exceptions, a tax of 1 percent 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. Not less than 15 percent of the proceeds shall be used for construction and operation of domestic violence centers. The remainder shall be used for programs to assist the homeless or those about to become homeless.

REVENUE:

Specific data summarizing this revenue is currently unavailable from the annual local government financial report provided to the Department of Financial Services under code 312.100, Local Option Taxes, because it is included along with other local option revenues. However, revenue amounts are available for revenues resulting from section 212.0306, Florida Statutes, from several of the most recent Miami-Dade County final adopted budgets as follows:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2008-09* | 13,760,000 | -4.57% |
| 2007-08 | 14,419,496 | 2.65% |
| 2006-07 | 14,046,979 | 5.97% |
| 2005-06 | 13,255,760 | 10.46% |
| 2004-05 | 12,000,408 | |

Note:

Amounts include s. 212.036(1), (a) & (b), F.S.

* Estimate

HISTORY:

In 1989, Ch. 89-362, L.O.F. allowed an additional tax by counties as defined in s. 125.011(1), F.S. (Miami-Dade County) at the rate of 2 percent on the sale of food, beverages, or alcoholic beverages in hotels and motels. The county should allocate the proceeds to a county-wide convention and visitor's bureau through an inter-local agreement.

BASE AND RATE:

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

The tax proceeds must be allocated according to an inter-local agreement and contract with the county, to a county wide convention and visitors' bureau authorized to promote the county and constituent cities as a

**MIAMI-DADE COUNTY HOTEL/MOTEL FOOD AND
BEVERAGE TAX**

destination for conventions, trade shows, etc. If there is no inter-local agreement or a contract with a countywide convention and visitor bureau, the county must spend these funds as specified in statute.

DISPOSITION:

Eligible counties collect and administer these funds.

OTHER STATES:

Municipalities in other states have established a surtax on food and beverages that are consumed on the premises including hotels and motels.

**MIAMI-DADE COUNTY LAKE BELT MITIGATION
AND WATER TREATMENT PLANT UPGRADE FEES**

FLORIDA STATUTES: Section 373.41492, Florida Statutes.

ADMINISTERED BY: Department of Revenue

SUMMARY:

The Lake Belt Mitigation Fee and the Water Treatment Plant Upgrade Fee are imposed on each ton of limerock and sand, extracted in raw, processed, or manufactured form, by any person who engages in the business of extracting limerock or sand from within the Miami-Dade County Lake Belt Area and Township sections (see s. 373.4149, F. S., for boundary description).

REVENUE:

| Fiscal Year | Total Collections | Annual Change % | Mitigation | Water Treatment |
|-------------|-------------------|-----------------|------------|-----------------|
| 2009-10* | 8,972,266 | -9.40% | 4,806,481 | 4,165,784 |
| 2008-09* | 9,903,310 | -4.89% | 5,737,526 | 4,165,784 |
| 2007-08 | 10,412,472 | 42.93% | 5,038,090 | 5,374,381 |
| 2006-07 | 7,285,035 | 105.44% | 4,486,709 | 2,798,326 |
| 2005-06 | 3,546,128 | 8.38% | 3,546,128 | 0 |
| 2004-05 | 3,271,969 | 6.89% | 3,271,969 | 0 |
| 2003-04 | 3,061,060 | | 3,061,060 | 0 |

* Estimate

HISTORY:

In 1999, the Legislature authorized the imposition of a fee on persons extracting limerock or sand from within the Miami-Dade County Lake Belt Area (Ch. 99-298, L.O.F.). The fee is to be used by Miami-Dade County to mitigate the wetland resources lost to mining activities within the specified area. In 1999, the mitigation fee was set at 5 cents per ton of limerock and sand. The fee was to be adjusted each year on January 1 as provided in s. 373.41492(5), F. S. Components of the adjustment include the percentage change in the Employment Cost Index for All Civilian Workers and the percentage change in the Producer Price Index for All Commodities.

In 2006 the Legislature enacted Ch. 2006-13, L.O.F. At that time, the mitigation fee was set at 12 cents per ton beginning January 1, 2007, 18 cents per ton beginning on January 1, 2008, and 24 cents a ton on January 1, 2009. The increase by weighted average described above was re-set to begin on January 1, 2010, and each January 1 thereafter.

Also in Ch. 2006-13, L.O.F., the Legislature authorized the imposition of a Northwest Wellfield Water Treatment Plant Upgrade Fee. This fee is to be collected until the total proceeds reach the amount necessary to design and construct the water treatment plant upgrade, as determined in an open, public solicitation process. This legislation set the water treatment plant upgrade fee at 15 cents per ton of limerock and sand. No provision was made for increases in the water treatment plant upgrade fee.

BASE AND RATE:

Both the mitigation fee and the water treatment fee are based on the tonnage of limerock and sand mined within a specified geographical area of Miami-Dade County.

The rate for the mitigation fee is set at 24 cents per ton on January 1, 2009. Future rates will be calculated using the formula described above. The rate for the water treatment plant upgrade fee is set at 15 cents per ton.

**MIAMI-DADE COUNTY LAKE BELT MITIGATION
AND WATER TREATMENT PLANT UPGRADE FEES**

DISPOSITION:

Lake Belt Mitigation fees are reported to and collected by the Department of Revenue. Fees are then transferred from the Department to the South Florida Water Management District, to be deposited into the Lake Belt Mitigation Trust Fund.

Water treatment plant upgrade fees are also reported to and collected by the Department of Revenue. Fees are then transferred to a trust fund established by Miami-Dade County subject to certain conditions. See s. 373.41492, F.S.

OTHER STATES:

In many other states, mitigation fees are charged by local governments. Mitigation fees attempt to allocate costs to the entity(s) impacting a resource or a publicly-provided good or service. For example, local governments may charge a road impact fee to mitigate the impact of development on highway capacity. In the case of the Lake Belt and Water Treatment Upgrade fees, mitigation of impact to wetlands is a state regulatory requirement; thus the fee is collected at the state level and remitted to the impacted local entities.

**MUNICIPAL RESORT TAX
(TRANSIENT RENTALS AND FOOD/BEVERAGE)**

FLORIDA STATUTES: Chapters 67-930, 82-142, 83-363, 93-286

ADMINISTERED BY: Municipal Tax Authorities

SUMMARY:

The Municipal Resort Tax may be levied at a rate up to 4 percent on transient rental transactions, and up to 2 percent on the sale of food and beverages consumed in restaurants and bars in certain municipalities whose respective county population fell within specified limits based on the 1960 Census and whose municipal charter specifically provided for the levy of this tax prior to January 1, 1968. The tax levy must be adopted by an ordinance approved by the governing body. Revenues can be used for tourism promotion activities, capital construction and maintenance of convention and cultural facilities, and relief of ad valorem taxes used for those purposes.

REVENUE:

Specific data summarizing current and prior years' revenues is currently unavailable. This occurs because the revenues are reported by local governments imposing this tax in the annual local government financial report to the Department of Financial Services under code 312.100, Local Option Taxes, which is a broad category that includes a number of other local option taxes and at present there is no mechanism to break them out from the other local option revenues.

HISTORY:

Ch. 67-930, L.O.F., authorizes the levy of an excise tax by municipalities in certain instances for promoting and advertising the tourist industry of the metropolitan areas of this state. It authorizes a levy of no more than 2% on room rentals and food, beverages, and alcoholic beverages other than beer or malt beverages sold at an establishment licensed by the state hotel and restaurant commission or by the state beverage department. To qualify, all cities and towns must have a population between 330,000 and 340,000 in a county having a population of more than 900,000, whose charter was amended by January 1, 1968.

In 1970, the state challenged the law as unconstitutional and contended that the "...classification of the act as to the cities and towns which can qualify to collect a resort tax in the counties of the prescribed population brackets is so restrictive that the act on its face is a local act..." STATE v. CITY OF MIAMI BEACH [234 So.2d 103, 1970 Fla.S.Ct 1197]. The Florida Supreme Court upheld the law as valid.

Ch 82-142, L.O.F., allows that a referendum, prior to January 1, 1983, of a charter amendment max levy the tax not higher than 3% on room rental.

Ch 83-363, L.O.F., removes the requirement that the referendum be made prior to January 1, 1983, changes the maximum rate to be charged to 4% on room rentals.

Ch. 93-286, L.O.F., removes the exemption on beer and malt beverages.

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.

**MUNICIPAL RESORT TAX
(TRANSIENT RENTALS AND FOOD/BEVERAGE)**

DISPOSITION:

Eligible cities collect and administer these funds.

OTHER STATES:

Municipalities in other states like Montana and Utah levy a resort tax.

NINTH CENT FUEL TAX

FLORIDA STATUTES: Sections 336.021, 206.41(1)(d) and 206.87(1)(b)

ADMINISTERED BY: Department of Revenue

SUMMARY:

The ninth-cent is a tax of 1 cent on every net gallon of motor and diesel fuel sold within a county. It is also called the one-cent voted gas tax. All counties levy the ninth cent fuel tax on diesel fuel. 47 counties levy the one-cent voted gas tax on motor fuel currently. The tax may be authorized by an ordinance adopted by an extraordinary vote of the governing body or voter approval in a countywide referendum. In General, the proceeds may be used to fund transportation expenditures.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 80,472,416 | 0.80% |
| 2008-09* | 79,833,746 | -4.50% |
| 2007-08 | 83,595,546 | -1.44% |
| 2006-07 | 84,820,911 | 2.65% |
| 2005-06 | 82,634,241 | 3.76% |
| 2004-05 | 79,642,125 | 8.03% |
| 2003-04 | 73,722,249 | |

* Estimate

HISTORY:

Authorized in 1972, a one-cent voted gas tax is a local option tax that can be levied for every gallon of motor fuel and special fuel sold in a county or unincorporated area in a county. In order to levy this tax, which may be used to fund local transportation-related expenditures, the governing body of the county has the authority to draft a referendum for the number of years this tax is to remain in effect and submit the referendum to a public vote. Since January 1, 1994, this tax has been imposed on diesel fuels in every county as the result of statewide equalization.

All impositions of the tax shall be levied before July 1st to be effective January 1st of the following year. However, levies of the tax which were in effect on July 1, 2002, and which expire on August 31st of any year may be reimposed at the current authorized rate to be effective September 1st of the year of expiration. A decision to rescind the tax shall not take effect on any other date than December 31st and shall require a minimum of 60 days notice to the Department of Revenue of such decision.

Currently, 49 counties levy one-cent voted gas tax on motor fuel.

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, F.S. Until June 30, 1996, retailers remitted the tax on all fuels sold within the county levying this tax. Effective July 1, 1996, wholesalers have remitted the tax on motor fuel and terminal suppliers remit the tax on diesel fuel.

NINTH CENT FUEL TAX

DISPOSITION:

The Department of Revenue returns the proceeds to the county where the tax is levied. Moneys are deposited in a Ninth-cent Fuel Tax Trust Fund. Estimates for this tax may be found at the link provided.

<http://www.floridalcir.gov>

OTHER STATES:

The majority of states levy local option fuel tax ranging from 1 cent to 18.7 cents.

PANAMA CITY LICENSE TAX

FLORIDA STATUTES: Section 205.043, F.S., implemented by Article II, Section 7-53, Panama City Municipal Code 2005 codified via Ordinance No. 2313 on May 13, 2008 and Part I, Section 14-29(136) of Panama City Beach Code of Ordinances codified via Ordinance No. 1123 on May 22, 2008.

ADMINISTERED BY: City of Panama City and City of Panama City Beach

SUMMARY:

The City of Panama City and the City of Panama City Beach levy a 1% license tax on the gross receipts of all retailers, with a minimum of \$1.50 per month. The tax is to be remitted monthly and a 3% dealer collection allowance is granted if remittance is made by a specified time. Details can be found in Article II, Occupational License Tax, Section 7-53, Amounts of License Taxes, City of Panama City Municipal Code 2005 Codified through Ordinance No. 2313 and Chapter 14, Licenses and License Taxes, Section 14-29, Business Tax Schedule, City of Panama City Beach Code of Ordinances Codified through Ordinance No. 1123.

REVENUE:

Data was not readily available from the Cities of Panama City and Panama City Beach to distinguish the amount of revenues resulting from imposition of the tax on the gross receipts of merchants from the other business taxes imposed by the cities. Therefore, the business tax revenues reported for both cities include these revenues as well as the more traditionally based business tax revenues.

HISTORY:

On August 9, 1961, the City of Panama City Commission adopted Ordinance Number 639, imposing a merchant's license tax on a basis of \$10 per \$1,000 of gross sales for retail merchants. Although the ordinance has been codified periodically into the City's Municipal Code, according to the City Clerk, it has remained unchanged since adoption.

Originally adopted as Ordinance Number 11 in 1959 by the City of West Panama City Beach, the merchant's license tax was formally adopted by the City of Panama City Beach by Ordinance Number 141 on April 30, 1971. The ordinance imposed a merchant's license tax on a basis of \$10 per \$1,000 of gross sales for retail merchants⁴. The ordinance has been codified periodically into the City's Code of Ordinances.

BASE AND RATE:

1% license tax on the gross receipts of all retailers, with a minimum of \$1.50 per month⁵.

DISPOSITION:

Tax is collected by the seller of the taxable item from the purchaser at the time of payment for the good and remitted monthly (for the preceding month) to the City of Panama City or Panama City Beach Clerk/Treasurer as appropriate. Retailers are allowed to retain 3% for remitting tax revenues prior to the 20th of the month.

OTHER STATES:

The Cities of Panama City and Panama City Beach are the only known local governments in Florida that levy a license tax on the gross receipts of retailers. While local governments in most states impose some form of tax or fee on businesses and occupations located within their jurisdictions, it is unknown how many use gross receipts as a basis of the tax or fee.

⁴ In addition, in the City of Panama City, wholesale merchants are subject to a levy of \$0.50 for each \$1,000.00 or major fraction thereof of sales and in the City of Panama City Beach, a levy of \$1.50 for each \$1,000.00 or major portion thereof.

⁵ The minimum fee in the City of Panama City Beach is \$50.00 per year paid annually.

PUBLIC SERVICE TAX

FLORIDA STATUTES: Sections 166.231, 166.232, 166.233, 161.234, & 166.235, F.S.

ADMINISTERED BY: Municipalities and Charter Counties

SUMMARY:

The public service 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.

REVENUE: MUNICIPALITIES

| Fiscal Year | Total Collections | Annual Change % | Electricity | Water | Other |
|-------------|-------------------|-----------------|-------------|------------|------------|
| 2009-10* | 748,595,299 | 5.90% | 605,225,643 | 94,359,746 | 49,009,910 |
| 2008-09* | 706,888,857 | 3.80% | 571,506,745 | 89,102,687 | 46,279,424 |
| 2007-08* | 681,010,459 | 7.00% | 550,584,533 | 85,840,739 | 44,585,187 |
| 2006-07 | 636,458,373 | 3.75% | 514,564,984 | 80,224,990 | 41,668,399 |
| 2005-06 | 613,475,509 | 5.89% | 499,648,341 | 75,618,974 | 38,208,194 |
| 2004-05 | 579,360,408 | 5.21% | 479,646,370 | 66,761,601 | 32,952,437 |
| 2003-04 | 550,683,443 | | 458,444,057 | 61,725,075 | 30,514,311 |

CHARTER COUNTIES

| Fiscal Year | Total Collections | Annual Change % | Electricity | Water | Other |
|-------------|-------------------|-----------------|-------------|------------|-----------|
| 2009-10* | 318,551,541 | 5.90% | 282,012,299 | 27,079,050 | 9,460,192 |
| 2008-09* | 300,804,099 | 3.80% | 266,300,566 | 25,570,396 | 8,933,137 |
| 2007-08* | 289,792,003 | 7.00% | 256,551,605 | 24,634,293 | 8,606,105 |
| 2006-07 | 270,833,648 | 7.71% | 239,767,855 | 23,022,704 | 8,043,089 |
| 2005-06 | 251,450,567 | 20.09% | 220,842,424 | 22,227,020 | 8,381,123 |
| 2004-05 | 209,377,112 | 5.79% | 186,836,189 | 15,666,326 | 6,874,597 |
| 2003-04 | 197,919,513 | | 173,869,576 | 17,325,379 | 6,724,558 |

* Estimate

HISTORY:

On June 11, 1945, Chapter 22829 (No. 315) was filed with the Secretary of State's Office providing the authority to municipalities to tax public services. 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). By 2004, twelve charter counties and consolidated Duval/Jacksonville levied the municipal utility or public service tax. Charter counties may levy the tax only in unincorporated areas of the county. In 1985, telecommunications services, rather than telephone services, were made taxable by municipalities. A municipality could tax local telecommunications services alone at up to 10 percent or it could tax at up to 7 percent local service plus intrastate long distance service which originated or terminated within the municipality and was billed to a person, telephone number or device, or telecommunications number or device within the municipality (s. 166.231(9), F.S.). Authority to levy a tax upon cable TV service was removed effective October 1, 1977, unless the tax was 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.

PUBLIC SERVICE TAX

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 telecommunications services.

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

Chapter 2005-287, L.O.F., repealed the tax on substitute communications systems and provided that the Department of Revenue will not assess this tax back to October 1, 2001, when the communications services tax was implemented. The bill created a task force of experts in the areas of telecommunications policy, taxation, law, or technology to study the implications of emerging technologies on Florida's communications service tax.

BASE AND RATE:

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

DISPOSITION:

Tax is collected by the seller of the service from the purchaser at the time of payment for such service and remitted to the municipality or county imposing the tax as prescribed by local ordinance.

OTHER STATES:

Compiled information relating to other states authorizing local governments to impose a public service tax is not available.

VALUE OF RATE CHANGE:

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:

2009-10
(millions)

\$106.7

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.

\$3.6

Fuel Adjustment Charges (s. 166.231(1)(b))

All fuel adjustment charges subsequent to October 1, 1973 are exempt from taxation.

\$215.1

PUBLIC SERVICE TAX

2009-10
(millions)

| | |
|--|---------------|
| 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 12/31/2015, municipalities may exempt not less than 50% of the tax imposed on purchasers of electricity located within enterprise zones. | Indeterminate |

SCHOOL CAPITAL OUTLAY SURTAX

FLORIDA STATUTES: Section 212.055 (6) and Section 212.054

ADMINISTERED BY: Department of Revenue

SUMMARY:

The School Capital Outlay Surtax allows for a discretionary surtax of up to 0.5 percent for construction, or improvement of school facilities including land acquisition. All counties are eligible. Passage of the surtax requires a majority vote of county voters of a referendum. If the surtax is imposed, the school board must freeze noncapital local school property taxes, at the prior year's millage rate for at least 3 years (excluding the application to existing debt). Currently 16 of the 67 counties charge the School Capital Outlay Surtax.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|--------------------|
| 2009-10* | 396,831,735 | 1.70% |
| 2008-09* | 390,198,362 | -12.21% |
| 2007-08 | 444,469,914 | -4.13% |
| 2006-07 | 463,639,557 | -0.17% |
| 2005-06 | 464,407,255 | 30.83% |
| 2004-05 | 354,963,090 | 33.48% |
| 2003-04 | 265,931,327 | |

* Estimate

HISTORY:

In 1976, s.1, 76-284, Laws of Florida, created §125.0165, Florida Statutes, which, in conjunction with §212.055, Florida Statutes, would become the Charter County Transit System Surtax. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The revenues from the surtax would be deposited into a rapid transit trust fund and could only be used for the purposes of development, construction, equipment, maintenance, operation, supportive services, and related cost of a fixed guideway rapid transit system. The county would be required to have a majority vote of the county's electorate in order to levy the surtax.

In the same law, Section 2 created §212.055, Florida Statutes. It has similar language as §125.0165, Florida Statutes concerning the eligible counties and the additional 1 percent tax rate on all transactions that are taxed at 4 percent and limits the surtax on the first \$1,000. There are no direct references to the rapid transit trust fund, or the use of the revenue. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.9, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §125.0165, Florida Statutes. Section 5 of the same law made similar changes to §212.055, Florida Statutes.

In 1983, s.4, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §125.0165, Florida Statutes. Section 3 of the same law made similar changes to §212.055, Florida Statutes. Also in 1983, s. 6, 83-297, Laws of Florida, required the county to notify the department within 10 days after the approval of the ordinance and the time when the tax would be levied under §125.0165, Florida Statutes.

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In 1985, s.25, 85-180, Laws of Florida, specially permits the county to use the funding for a county wide bus system under §125.0165, Florida Statutes.

Also in 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. In this law, the name “Charter County Transit System Surtax” was created and established as §212.055(1), Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph). The rate is 20 percent of any amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes. The county will deposit the proceeds of the surtax into a rapid transit trust fund within the county accounts

Again in 1985, s. 69, 85-342, Laws of Florida, created effective on January 1, 1986 212.054, Florida Statutes. This Section is titled Discretionary sales surtax; limitations, administration, and collection. The Section specifies the eligible counties and the tax rate, if levied, to that specified in §212.055, Florida Statutes. The surtax is the rate times the amount of taxes imposed under this part, and rounded to the nearest penny. Sales amount above \$1,000 and long distance telephone service are excluded from the surtax. Utility, telecommunications, and wired television billings after the effective date include the full surtax; billings after the last day that the surtax is in effect are not subject to the surtax. Contracts signed prior to the effective date are subject to the surtax if the work is not completed by the effective date. Contractors must pay the surtax, but may apply for a refund. It is a second degree misdemeanor to fraudulently attempt to obtain a refund. A transaction is considered as occurring in the county imposing the surtax if the dealer is located in the county and the sale includes tangible property except in the case of utilities, telecommunications, and wired television, in which case, it is the county where it is used. A charged event occurring in the county is also subject to the surtax. Imported vehicles requiring licensing or titling are subject to the surtax unless used for more than 6 months outside the county. Real property rentals and transient rental properties inside the county are also subject to the surtax. The Department of Revenue shall administer, collect, and enforce the tax. Up to 3 percent may be deducted for administrative costs. Discretionary sales surtaxes may only take effect on January 1. The county must notify the Department of Revenue within 10 days after adoption of the ordinance. This notice shall include the time period the surtax will be in effect.

In 1986, s.68, 86-152, Laws of Florida made two changes to §212.055, Florida Statutes. First, if a dealer owing t use tax on purchases or leases is located in a county subject to the surtax, then the sale or lease is considered as occurring in the county and is subject to the surtax. Second, the dealer is not required to separately state the surtax on the receipt.

In 1987, there were three laws that affected §212.055, Florida Statutes. These include s.8, 87-99, Laws of Florida, which allow counties, whose governments are consolidated with one or more municipalities, 10 percent instead of the 20 percent rate. This law also allows counties the option to remit the money to an expressway or transportation authority instead of the rapid transit trust fund. The next law, s.1, 87-100, Laws of Florida, is nearly identical to s.8, 87-99, Laws of Florida, but allows for the higher 20 percent for counties, whose governments are consolidated with one or more municipalities, until all previously issued outstanding bonds have been retired. Then, s.12, 87-548, Laws of Florida, allowed for the any county, regardless of charter status, governments are consolidated with one or more municipalities, to participate in the Charter County Transit System Surtax. It changed the rate from 20 percent (and in some cases 10 percent) of the amount of tax imposed pursuant to this part to “up to one percent.”

In addition to the three laws affecting §212.055, Florida Statutes, there were four that affected §212.054, Florida Statutes, in 1987. These include s. 11, 87-6, Laws of Florida, which specially added services provided by a

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dealer located in the county. Section 84 of the same law increased penalty of fraudulently attempting to obtain a refund from a second degree misdemeanor to a third degree felony. Next s. 10, 87-548 changed the base from taxes collected to taxable sales (Note: This base change occurs in tandem with the rate change in §212.055, Florida Statutes from 20 percent to 1 percent.) Also in this section, the surtax becomes applicable to sales up to \$5,000 (Previously, there was a \$1,000 limit.), and for vehicle sales, the county of the registration of the purchaser must be of the county with the surtax in order for the transaction to be eligible for the surtax. Section 11 of the same law only replicated the change in the limit of surtax from the first \$1,000 to the first \$5,000.

In 1988, two sections to 88-119, Laws of Florida, affected §212.054, Florida Statutes. Section 19 further required that the delivery is made to a location in the county imposing the surtax in order for the transaction to be eligible for the surtax. Section 37 adds that if the tangible personal property is brought back into the county with the surtax, the customer must pay the surtax. It also requires a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax.

In 1989, s.38, 89-356, Laws of Florida, restated the provision requiring a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. The new version requires the following. The Florida manufacturer or wholesaler is located in the county with the surtax. The dealer is located outside the county with the surtax. If the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax. The law also eliminated the reference to §212.20, Florida Statutes.

In 1990, there were three laws affecting §212.054, Florida Statutes. The first two are from 90-132. Section 19 revised references of “wired television” to “television system program. Section 31 changes references of §212.11(1)(a), Florida Statutes to §212.11, Florida Statutes. In s. 3, 90-203, Laws of Florida, changes the name of the Surtax Trust Fund to the Surtax Clearing Trust Fund and stipulated that “The department shall distribute moneys in the trust fund each month,” as opposed to “Proceeds shall be distributed monthly.”

In 1991, s.2, 91-418, Laws of Florida, allowed for a charter amendment if approved by a majority vote of the county electorate in addition to the majority vote of the electorate for the adoption of the surtax. It also added the provisions for counties defined in §125.011(1), Florida Statutes.

Also in 1991, there were three changes to §212.054, Florida Statutes. Section 1, 91-81, Laws of Florida reenacted §212.054(2)(a), Florida Statutes. In the reenactment, services were excluded. Also, s. 28, 91-112, Laws of Florida specifies that two or more items sold simultaneously as a unit or in bulk would count as a single unit, with respect to the \$5,000 limitation. Section 129 of the same law, subjects items imported into the county after 6 months that are provided for in §212.06(8)(b), Florida Statutes, and coin-operated amusement or vending machines located in the county to the surtax.

In 1993, s. 2, 93-222, Laws of Florida, affected §212.054, Florida Statutes, by re-including services as subject to the surtax, It states that the surtax is not levied if the property or service is delivered to within a county that does not have the surtax. Unless there is reasonable documentation to the contrary, it is assumed that delivery is made to the location of the place of business. The \$5,000 limitation does not apply to services other than rentals. A dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. The provision requiring a Florida manufacturer or wholesaler who is located in the county with the surtax, and the dealer located outside the county with the surtax when the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax; this provision was eliminated. Provisions have been added to dealers in counties without the surtax that collect

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the surtax from deliveries in other counties. The counties with surtax authorizations are required to report revenues to the department in a timely manner.

In 1996, s.1, 96-325, Laws of Florida, affected §212.054, Florida Statutes, by adding florists, located in a county with the surtax, taking an original order for tangible property is subject to the surtax. Also affecting §212.054, Florida Statutes, s. 24, 96-397, Laws of Florida, , by removing language concerning the distribution of surtax collections through June 30, 1994.

In 1997, s. 22, 97-99, Laws of Florida, replaced reference of “transactions by this part” with “transactions by this chapter” in §212.054(2)(a), Florida Statutes.

In 1998, s.3, 98-141, Laws of Florida affect §212.054, Florida Statutes, by adding provisions for partial exemptions from the surtax to vessels, railroad, and motor vehicle common carriers. Also affecting §212.054, Florida Statutes, in 1998, s.8, 98-342, Laws of Florida, Eliminated the provision for a dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. Section 8, 98-342, Laws of Florida, also eliminates the requirement for counties to notify the department within 10 days of adopting an ordinance to collect the surtax. Also, counties are can increase or decrease the rate of the surtax only on January 1. The surtax can only be eliminated on December 31.

In 1999, s. 54, 99-385, Laws of Florida, affected §212.055(1), Florida Statutes, by stating that the proceeds of the surtax may be used for as many of few and in any combination of the enumerated uses that the county commission deems appropriate. It also limits nontransit uses to no more than 25 percent.

In 2000, 2000-260, Laws of Florida had three sections affecting §212.054, Florida Statutes. Section 47, 2000-260, Laws of Florida, subjects the sale of prepaid calling cards to the surtax, although long-distance telephone service is not subject to the surtax. Also in Section 47, the base for the surtax is on the “charge of utility, telecommunications, or television program services” instead of the “tax of utility, telecommunications, or television program services.” Section 49, 2000-260, Laws of Florida, Eliminated the reference to long distance telephone service not subject to the surtax. Also, the expressed limitations not applying to any other service was deleted. “Utility, telecommunication, or television services” was replaced by “utility services,” and defined as not including any communications services as defined in chapter 202. Section 58, 2000-260, Laws of Florida, sunsets the provisions of Section 47, 2000-260, Laws of Florida, to June 30, 2001

In 2001, 2001-140, Laws of Florida, had two sections affecting §212.054, Florida Statutes. Section 28, 2001-140, Laws of Florida, subjects communications services defined under chapter 202 to the surtax, if levied. Section 38, 2001-140, Laws of Florida, repeals of Section 47, 2000-260, Laws of Florida, to June 30, 2001, thereby repealing the sunset.

In 2002, s. 100, 2002-20, Laws of Florida, affected §212.055(1), Florida Statutes by changing the eligible charter counties. Counties that adopted their charter prior to January 1, 1984 are eligible to implement the Charter County Transit System Surtax. Prior to this law, counties had to have adopted the charter prior to June 1, 1976.

In 2003, s. 42, 2003-254, Laws of Florida, affected §212.055(1), Florida Statutes by allowing the proceeds of the surtax to be used for planning and distributed through a municipality or an expressway or transportation authority created by law.

In 2004, s. 1, 2004-66, Laws of Florida, affected §212.055(1)(d)3, Florida Statutes by specifying that the proceeds of the surtax are “the charter county” and not “each county, as defined in s. 125.011(1).”

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In 1976, s.2, 76-284, Laws of Florida, created §212.055, Florida Statutes. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The county would be required to have a majority vote of the county's electorate in order to levy the surtax. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.5, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §212.055, Florida Statutes.

In 1983, s.3, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §212.055, Florida Statutes.

In 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph.) The rate is 20 percent of any amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes.

Also in 1985, s. 69, 85-342, Laws of Florida, created effective on January 1, 1986 §212.054, Florida Statutes. This Section is titled Discretionary sales surtax; limitations, administration, and collection. The Section specifies the eligible counties and the tax rate, if levied, to that specified in §212.055, Florida Statutes. The surtax is the rate times the amount of taxes imposed under this part, and rounded to the nearest penny. Sales amount above \$1,000 and long distance telephone service are excluded from the surtax. Utility, telecommunications, and wired television billings after the effective date include the full surtax; billings after the last day that the surtax is in effect are not subject to the surtax. Contracts signed prior to the effective date are subject to the surtax if the work is not completed by the effective date. Contractors must pay the surtax, but may apply for a refund. It is a second degree misdemeanor to fraudulently attempt to obtain a refund. A transaction is considered as occurring in the county imposing the surtax if the dealer is located in the county and the sale includes tangible property except in the case of utilities, telecommunications, and wired television, in which case, it is the county where it is used. A charged event occurring in the county is also subject to the surtax. Imported vehicles requiring licensing or titling are subject to the surtax unless used for more than 6 months outside the county. Real property rentals and transient rental properties inside the county are also subject to the surtax. The Department of Revenue shall administer, collect, and enforce the tax. Up to 3 percent may be deducted for administrative costs. Discretionary sales surtaxes may only take effect on January 1. The county must notify the Department of Revenue within 10 days after adoption of the ordinance. This notice shall include the time period the surtax will be in effect.

In 1986, s.68, 86-152, Laws of Florida made two changes. First, if a dealer owing t use tax on purchases or leases is located in a county subject to the surtax, then the sale or lease is considered as occurring in the county and is subject to the surtax. Second, the dealer is not required to separately state the surtax on the receipt.

In 1987, s. 11, 87-6, Laws of Florida, specially added services provided by a dealer located in the county. Section 84, 87-6, Laws of Florida, increased the penalty of fraudulently attempting to obtain a refund from a second degree misdemeanor to a third degree felony. Next s. 10, 87-548, Laws of Florida, changed the base from taxes collected to taxable sales (Note: This base change occurs in tandem with the rate change in §212.055, Florida Statutes from 20 percent to 1 percent.) Also in this section, the surtax becomes applicable to sales up to \$5,000 (Previously, there was a \$1,000 limit.), and for vehicle sales, the county of the registration of the

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purchaser must be of the county with the surtax in order for the transaction to be eligible for the surtax. Section 11, 87-548, Laws of Florida, only replicated the change in the limit of surtax from the first \$1,000 to the first \$5,000.

In 1988, s. 19, 88-119, Laws of Florida, further required that the delivery is made to a location in the county imposing the surtax in order for the transaction to be eligible for the surtax. Section 37, 88-119, Laws of Florida, adds that if the tangible personal property is brought back into the county with the surtax, the customer must pay the surtax. It also requires a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax.

In 1989, s.38, 89-356, Laws of Florida, restated the provision requiring a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. The new version requires the following. The Florida manufacturer or wholesaler is located in the county with the surtax. The dealer is located outside the county with the surtax. If the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax. The law also eliminated the reference to §212.20, Florida Statutes.

In 1990, s.19, 90-132, Laws of Florida, revised references of “wired television” to “television system program. Section 31, 90-132, Laws of Florida, changes references of §212.11(1)(a), Florida Statutes to §212.11, Florida Statutes. In s. 3, 90-203, Laws of Florida, changes the name of the Surtax Trust Fund to the Surtax Clearing Trust Fund and stipulated that “The department shall distribute moneys in the trust fund each month,” as opposed to “Proceeds shall be distributed monthly.”

In 1991, s. 1, 91-81, Laws of Florida reenacted §212.054(2)(a), Florida Statutes. In the reenactment, services were excluded. Also, s. 28, 91-112, Laws of Florida specifies that two or more items sold simultaneously as a unit or in bulk would count as a single unit, with respect to the \$5,000 limitation. Section 129 of the same law, subjects items imported into the county after 6 months that are provided for in §212.06(8)(b), Florida Statutes, and coin-operated amusement or vending machines located in the county to the surtax.

In 1993, s. 2, 93-222, Laws of Florida, re-included services as subject to the surtax. It states that the surtax is not levied if the property or service is delivered to within a county that does not have the surtax. Unless there is reasonable documentation to the contrary, it is assumed that delivery is made to the location of the place of business. The \$5,000 limitation does not apply to services other than rentals. A dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. The provision requiring a Florida manufacturer or wholesaler who is located in the county with the surtax, and the dealer located outside the county with the surtax when the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax; this provision was eliminated. Provisions have been added to dealers in counties without the surtax that collect the surtax from deliveries in other counties. The counties with surtax authorizations are required to report revenues to the department in a timely manner.

In 1995, s.1, 95-258, Laws of Florida, created §212.055 (7), Florida Statutes, which authorized the School Capital Outlay Surtax. It allows the school board in each county, with a majority vote of a county referendum, to levy a surtax of up to 0.5 percent. The ballot must have a brief general description of the projects funded by the surtax and the amount of the surtax. It also requires the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month. It identifies the type of things that the surtax can be used for. It requires counties that opt for the surtax to implement a freeze on noncapital local school property tax for at least three years except when applied to existing debt or required state taxes.

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The revenues are collected by the Department of Revenue and distributed to the school board imposing the surtax.

In 1996, s.1, 96-325, Laws of Florida, added florists, located in a county with the surtax, taking an original order for tangible property is subject to the surtax. Section 24, 96-397, Laws of Florida, removed language concerning the distribution of surtax collections through June 30, 1994.

In 1997, s. 22, 97-99, Laws of Florida, replaced reference of “transactions by this part” with “transactions by this chapter” in §212.054(2)(a), Florida Statutes.

Also in 1997, s. 17, 97-384, Laws of Florida, required those districts identified as a “Florida Frugal Schools Program,” to state that fact on their ballot, and to use the proceeds of the surtax in a way consistent with the “Florida Frugal Schools Program.”

In 1998, s.3, 98-141, Laws of Florida, added provisions for partial exemptions from the surtax to vessels, railroad, and motor vehicle common carriers. Also in 1998, s.8, 98-342, Laws of Florida, Eliminated the provision for a dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. Section 8, 98-342, Laws of Florida, also changes the requirement for counties to notify the department within 10 days of adopting an ordinance to collect the surtax to include school boards, and penalties for timely notification by delaying the effective date by one year. Also, counties are can increase or decrease the rate of the surtax only on January 1. The surtax can only be eliminated on December 31.

Also in 1998, s. 9, 98-342, Laws of Florida, eliminated the provision that the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month.

In 1999, .4, 99-4, Laws of Florida, the School Capital Outlay Surtax became §212.055 (6), Florida Statutes, with the deletion of the Small County Indigent Care Surtax.

In 2000, s. 47, 2000-260, Laws of Florida, subjects the sale of prepaid calling cards to the surtax, although long-distance telephone service is not subject to the surtax. Also in Section 47, the base for the surtax is on the “charge of utility, telecommunications, or television program services” instead of the “tax of utility, telecommunications, or television program services.” Section 49, 2000-260, Laws of Florida, Eliminated the reference to long distance telephone service not subject to the surtax. Also, the expressed limitations not applying to any other service was deleted. “Utility, telecommunication, or television services” was replaced by “utility services,” and defined as not including any communications services as defined in chapter 202. Section 58, 2000-260, Laws of Florida, sunsets the provisions of Section 47, 2000-260, Laws of Florida, to June 30, 2001

In 2001, s. 28, 2001-140, Laws of Florida, subjects communications services defined under chapter 202 to the surtax, if levied. Section 38, 2001-140, Laws of Florida, repealed Section 58, 2000-260, Laws of Florida, thus repealing the sunset of Section 47, 2000-260, Laws of Florida.

In 2004, s.6, 2004-41, Laws of Florida eliminated the references of the “Florida Frugal Schools Program.”

In 2005, s. 1, 2005-56, Laws of Florida, changed the exception of the freeze on noncapital local school property tax to include “taxes authorized in the General Appropriations Act” instead of the previous “required state taxes.”

SCHOOL CAPITAL OUTLAY SURTAX

History Exclusive to Section 212.055 (6), Florida Statutes:

Note: From its creation by s. 1, 92-309, Laws of Florida, until it was deleted by s.4, 99-4, Laws of Florida, Section 212.055 (6), Florida Statutes, referred to the Small County Indigent Care Surtax.

In 1995, s.1, 95-258, Laws of Florida, created §212.055 (7), Florida Statutes, which authorized the School Capital Outlay Surtax. It allows the school board in each county, with a majority vote of a county referendum, to levy a surtax of up to 0.5 percent. The ballot must have a brief general description of the projects funded by the surtax and the amount of the surtax. It also requires the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month. It identifies the type of things that the surtax can be used for. It requires counties that opt for the surtax to implement a freeze on noncapital local school property tax for at least three years except when applied to existing debt or required state taxes. The revenues are collected by the Department of Revenue and distributed to the school board imposing the surtax.

In 1997, s. 17, 97-384, Laws of Florida, required those districts identified as a “Florida Frugal Schools Program,” to state that fact on their ballot, and to use the proceeds of the surtax in a way consistent with the “Florida Frugal Schools Program.”

In 1998, s. 9, 98-342, Laws of Florida, eliminated the provision that the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month.

In 1999, .4, 99-4, Laws of Florida, the School Capital Outlay Surtax became §212.055 (6), Florida Statutes, with the deletion of the Small County Indigent Care Surtax.

In 2004, s.6, 2004-41, Laws of Florida eliminated the references of the “Florida Frugal Schools Program.”

In 2005, s. 1, 2005-56, Laws of Florida, changed the exception of the freeze on noncapital local school property tax to include “taxes authorized in the General Appropriations Act” instead of the previous “required state taxes.”

BASE AND RATE:

The school capital outlay surtax of up to 0.5 percent must be approved by referendum. Most transactions subject to taxation under ch. 212, F.S., are subject to the tax. 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. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S. The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax. If applicable, the resolution must state that the district school board has been recognized by the State Board of Education as having a Florida Frugal Schools Program. The statement shall conform to the requirements of s. 101.161 and shall be placed on the ballot by the governing body of the county.

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

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

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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. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Many other states provide for a local government tax. Listed below is a sample of states with special sales tax provisions for counties. The states listed are in alphabetical order. Colorado's Countywide Sales and Use Tax (C.R.S. 29-2-103) Allows for a maximum combined sales tax rate of 7 percent for any specified purpose. It requires a popular vote. South Carolina's Local Option Sales Tax (SCCL 4-10-20) was enacted in 1990. It allows counties to charge a 1 percent sales tax for general revenue. It requires a popular vote. Tennessee's Local Option Sales Tax (T.C.A. 67-6-702) was enacted in 1963. It allows for a sales tax up to 2.75 percent and requires half of the proceeds for schools. (The other half is for general revenue.) It requires a popular vote.

SMALL COUNTY SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(3)

ADMINISTERED BY: Department of Revenue

SUMMARY:

The Small County Surtax allows for a discretionary surtax of 0.5 or 1.0 percent for a variety of projects. Counties must have had a population of 50,000 or less on April 1, 1992 to be eligible. If the proceeds are used for operating purposes, it must be passed by an ordinance with an extraordinary vote of the county governing authority. If the proceeds are used to service bond indebtedness, it must be passed by a majority vote in a county referendum. If the surtax was enacted via a referendum, the proceeds may be used to service bond debt to finance, plan, and construct infrastructure, or land acquisition for public recreation, conservation, or natural resource preservation. If the surtax was enacted by the governing authority, the proceeds may be used for operational expenses of any infrastructure or any public purpose authorized in the ordinance. The sum of the Local Government Infrastructure, Small County, Indigent Care and Trauma Center, and the County Public Hospital surtaxes cannot exceed 1.0 percent. Currently 26 of the 31 eligible counties collect the Small County Surtax.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 62,935,747 | 1.70% |
| 2008-09* | 61,883,724 | -3.76% |
| 2007-08 | 64,304,730 | -3.75% |
| 2006-07 | 66,811,985 | 3.94% |
| 2005-06 | 64,279,356 | |

* Estimate

HISTORY:

In 1976, s.2, 76-284, Laws of Florida, created §212.055, Florida Statutes. The law is restricted to Florida counties that adopted a charter before June 1, 1976. It authorizes these counties to levy an additional 1 percent tax on all transactions that are taxed at 4 percent. It limits the surtax to the first \$1,000 of any one transaction. The county would be required to have a majority vote of the county's electorate in order to levy the surtax. It does require the Department of Revenue to administer and collect the tax and to distribute the revenues on a regular and periodic basis.

In 1982, s.5, 82-154, Laws of Florida, changed the transactions eligible for the surtax from all transactions taxed at 4 percent to all transactions taxed at 3 or 5 percent under §212.055, Florida Statutes.

In 1983, s.3, 83-3, Laws of Florida, specifically disallowed the surtax on motor fuel and special fuels as defined in §212.02(21) and (22), Florida Statutes, to §212.055, Florida Statutes.

In 1985, s. 70, 85-342, Laws of Florida, transferred §125.0165, Florida Statutes into §212.055, Florida Statutes. It eliminated references to the 1 percent surtax on all transactions taxed at 3 or 5 percent as well as the references to the \$1,000 limit, and the restrictions for motor fuels or special fuels. Likewise, the references for the Department of Revenue administering and collecting the tax and counties notifying the Department of Revenue after the approval of an ordinance have been eliminated in this section. (Many of these eliminations are included in the newly created 212.054, Florida Statutes. See next paragraph). The rate is 20 percent of any amount of tax imposed and paid to the state pursuant to this part except for this section and the newly created 212.054, Florida Statutes.

SMALL COUNTY SURTAX

Also in 1985, s. 69, 85-342, Laws of Florida, created effective on January 1, 1986 §212.054, Florida Statutes. This Section is titled Discretionary sales surtax; limitations, administration, and collection. The Section specifies the eligible counties and the tax rate, if levied, to that specified in §212.055, Florida Statutes. The surtax is the rate times the amount of taxes imposed under this part, and rounded to the nearest penny. Sales amount above \$1,000 and long distance telephone service are excluded from the surtax. Utility, telecommunications, and wired television billings after the effective date include the full surtax; billings after the last day that the surtax is in effect are not subject to the surtax. Contracts signed prior to the effective date are subject to the surtax if the work is not completed by the effective date. Contractors must pay the surtax, but may apply for a refund. It is a second degree misdemeanor to fraudulently attempt to obtain a refund. A transaction is considered as occurring in the county imposing the surtax if the dealer is located in the county and the sale includes tangible property except in the case of utilities, telecommunications, and wired television, in which case, it is the county where it is used. A charged event occurring in the county is also subject to the surtax. Imported vehicles requiring licensing or titling are subject to the surtax unless used for more than 6 months outside the county. Real property rentals and transient rental properties inside the county are also subject to the surtax. The Department of Revenue shall administer, collect, and enforce the tax. Up to 3 percent may be deducted for administrative costs. Discretionary sales surtaxes may only take effect on January 1. The county must notify the Department of Revenue within 10 days after adoption of the ordinance. This notice shall include the time period the surtax will be in effect.

In 1986, s.68, 86-152, Laws of Florida made two changes. First, if a dealer owing t use tax on purchases or leases is located in a county subject to the surtax, then the sale or lease is considered as occurring in the county and is subject to the surtax. Second, the dealer is not required to separately state the surtax on the receipt.

In 1987, s. 11, 87-6, Laws of Florida, specially added services provided by a dealer located in the county. Section 84, 87-6, Laws of Florida, increased the penalty of fraudulently attempting to obtain a refund from a second degree misdemeanor to a third degree felony. Next s. 10, 87-548, Laws of Florida, changed the base from taxes collected to taxable sales (Note: This base change occurs in tandem with the rate change in §212.055, Florida Statutes from 20 percent to 1 percent.) Also in this section, the surtax becomes applicable to sales up to \$5,000 (Previously, there was a \$1,000 limit.), and for vehicle sales, the county of the registration of the purchaser must be of the county with the surtax in order for the transaction to be eligible for the surtax. Section 11, 87-548, Laws of Florida, only replicated the change in the limit of surtax from the first \$1,000 to the first \$5,000.

In 1988, s. 19, 88-119, Laws of Florida, further required that the delivery is made to a location in the county imposing the surtax in order for the transaction to be eligible for the surtax. Section 37, 88-119, Laws of Florida, adds that if the tangible personal property is brought back into the count with the surtax, the customer must pay the surtax. It also requires a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax.

In 1989, s.38, 89-356, Laws of Florida, restated the provision requiring a dealer outside of a county with the surtax to collect the surtax on deliveries of tangible personal property from a Florida manufacturer or wholesaler into a county with the surtax. The new version requires the following. The Florida manufacturer or wholesaler is located in the county with the surtax. The dealer is located outside the county with the surtax. If the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax. The law also eliminated the reference to §212.20, Florida Statutes.

In 1990, s.19, 90-132, Laws of Florida, revised references of “wired television” to “television system program. Section 31, 90-132, Laws of Florida, changes references of §212.11(1)(a), Florida Statutes to §212.11, Florida Statutes. In s. 3, 90-203, Laws of Florida, changes the name of the Surtax Trust Fund to the Surtax Clearing

SMALL COUNTY SURTAX

Trust Fund and stipulated that “The department shall distribute moneys in the trust fund each month,” as opposed to “Proceeds shall be distributed monthly.”

In 1991, s. 1, 91-81, Laws of Florida reenacted §212.054(2)(a), Florida Statutes. In the reenactment, services were excluded. Also, s. 28, 91-112, Laws of Florida specifies that two or more items sold simultaneously as a unit or in bulk would count as a single unit, with respect to the \$5,000 limitation. Section 129 of the same law, subjects items imported into the county after 6 months that are provided for in §212.06(8)(b), Florida Statutes, and coin-operated amusement or vending machines located in the county to the surtax.

In 1992, s.1, 92-309 created §212.055(3), Florida Statutes, The small county surtax. It gave counties with an April 1, 1992 population of 50,000 or less the authority to levy a discretionary sales surtax of 0.5 percent or 1.0 percent. If the surtax revenues are used for operating purposes, the surtax is enacted by an extraordinary vote of the county governing authority. If the surtax revenues are to be used to service bond indebtedness, then the surtax must be voted for by a majority of the people voting in the referendum. The ballot would include a brief description of the projects to be funded and the amount of the surtax. The proceeds are distributed between the county and its municipalities based on an interlocal agreement or a formula. It also requires the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month. Finally, it imposed a one percent surtax limit on the combination of the Local Government Infrastructure Surtax, Small County Surtax, Indigent Care Surtax, County Public Hospital Surtax, and Small County Indigent Surtax.

In 1993, s. 2, 93-222, Laws of Florida, re-included services as subject to the surtax. It states that the surtax is not levied if the property or service is delivered to within a county that does not have the surtax. Unless there is reasonable documentation to the contrary, it is assumed that delivery is made to the location of the place of business. The \$5,000 limitation does not apply to services other than rentals. A dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. The provision requiring a Florida manufacturer or wholesaler who is located in the county with the surtax, and the dealer located outside the county with the surtax when the dealer then delivers the personal tangible property to a customer in the county in which the manufacturer or wholesaler is located, the dealer is required to collect and remit the surtax; this provision was eliminated. Provisions have been added to dealers in counties without the surtax that collect the surtax from deliveries in other counties. The counties with surtax authorizations are required to report revenues to the department in a timely manner.

In 1996, s.1, 96-325, Laws of Florida, added florists, located in a county with the surtax, taking an original order for tangible property is subject to the surtax. Section 24, 96-397, Laws of Florida, removed language concerning the distribution of surtax collections through June 30, 1994.

In 1997, s. 22, 97-99, Laws of Florida, replaced reference of “transactions by this part” with “transactions by this chapter” in §212.054(2)(a), Florida Statutes.

In 1998, s.3, 98-141, Laws of Florida, added provisions for partial exemptions from the surtax to vessels, railroad, and motor vehicle common carriers. Also in 1998, s.8, 98-342, Laws of Florida, Eliminated the provision for a dealer that delivers into a county that adopts the surtax before November 9 is not required to collect the surtax until February 1 of the following year. If the surtax is adopted between November 9 and December 31, the dealer is not required to collect the surtax until February 1 the year after next. Section 8, 98-342, Laws of Florida, also changes the requirement for counties to notify the department within 10 days of adopting an ordinance to collect the surtax to include school boards, and penalties for timely notification by delaying the effective date by one year. Also, counties are can increase or decrease the rate of the surtax only on January 1. The surtax can only be eliminated on December 31.

SMALL COUNTY SURTAX

Also in 1998, s. 9, 98-342, Laws of Florida, eliminated the requirement that the county begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month in §212.055(3), Florida Statutes. Note the collections requirements added to §212.054, Florida Statutes, by s.3, 98-141, Laws of Florida,

In 2000, s. 47, 2000-260, Laws of Florida, subjects the sale of prepaid calling cards to the surtax, although long-distance telephone service is not subject to the surtax. Also in Section 47, the base for the surtax is on the “charge of utility, telecommunications, or television program services” instead of the “tax of utility, telecommunications, or television program services.” Section 49, 2000-260, Laws of Florida, Eliminated the reference to long distance telephone service not subject to the surtax. Also, the expressed limitations not applying to any other service was deleted. “Utility, telecommunication, or television services” was replaced by “utility services,” and defined as not including any communications services as defined in chapter 202. Section 58, 2000-260, Laws of Florida, sunsets the provisions of Section 47, 2000-260, Laws of Florida, to June 30, 2001

Also in 2000, s.40, 2000-151, dropped the Small County Indigent Care surtax as one of the elements that could not sum to more than one percent in §212.055(3), Florida Statutes. Note: the provisions of the Small County Indigent Care surtax expired via a sunset proposal on October 1, 1998.

In 2001, s. 28, 2001-140, Laws of Florida, subjects communications services defined under chapter 202 to the surtax, if levied. Section 38, 2001-140, Laws of Florida, repealed Section 58, 2000-260, Laws of Florida, thus repealing the sunset of Section 47, 2000-260, Laws of Florida.

HISTORY Exclusive of §212.055(3), Florida Statutes

In 1992, s.1, 92-309 created §212.055(3), Florida Statutes, The small county surtax. It gave counties with an April 1, 1992 population of 50,000 or less the authority to levy a discretionary sales surtax of 0.5 percent or 1.0 percent. If the surtax revenues are used for operating purposes, the surtax is enacted by an extraordinary vote of the county governing authority. If the surtax revenues are to be used to service bond indebtedness, then the surtax must be voted for by a majority of the people voting in the referendum. The ballot would include a brief description of the projects to be funded and the amount of the surtax. The proceeds are distributed between the county and its municipalities based on an interlocal agreement or a formula. It also requires the county to begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month. Finally, it imposed a one percent surtax limit on the combination of the Local Government Infrastructure Surtax, Small County Surtax, Indigent Care Surtax, County Public Hospital Surtax, and Small County Indigent Surtax.

In 1998, s. 9, 98-342, Laws of Florida, eliminated the requirement that the county begin levying the surtax no sooner than 60 days after the referendum with the surtax beginning on the first day of the month. Note the collections requirements added to §212.054, Florida Statutes, by s.3, 98-141, Laws of Florida,

In 2000, s.40, 2000-151, dropped the Small County Indigent Care surtax as one of the elements that could not sum to more than one percent. Note: the provisions of the Small County Indigent Care surtax expired via a sunset proposal on October 1, 1998.

BASE AND RATE:

Eligible counties may levy, for a time period not limited by statute, a 0.5 percent or 1 percent tax upon referendum or extraordinary vote of the county governing board. Most transactions subject to taxation under ch. 212, F.S., are subject to the tax. 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. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

SMALL COUNTY SURTAX

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 inter-local agreement or the formula provided in s. 218.62, F.S. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Many other states provide for a local government tax. Listed below is a sample of states with special sales tax provisions for counties. The states listed are in alphabetical order. Pennsylvania's Local Option Sales Tax (53 P.S. 3152-B, 53P.S. 3155-B) allows second class counties (with populations between 800,000 and 1,500,000) to collect an additional 1 percent sales tax. It requires a popular vote. Utah's County Option Sales and Use Tax (UCA 59-12-1102) allows any county to collect an additional 0.25 percent in sales taxes for general revenues. It also requires a popular vote.

TOURIST DEVELOPMENT TAX

FLORIDA STATUTES: Section 125.0104

ADMINISTERED BY: Department of Revenue and Local Tax Authorities

SUMMARY:

Current law authorizes five separate tourist development taxes on transient rental transactions. Depending on a county's eligibility to levy, the maximum rate varies from a minimum of 3 percent to a maximum of 6 percent. The levies may be authorized by vote of the county's governing body or referendum approval. Generally, the revenues may be used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance; however, the authorized uses vary according to the particular levy.

REVENUE:

| Fiscal Year | Total Collections** | Annual Change % |
|-------------|---------------------|-----------------|
| 2009-10* | 506,074,187 | 1.70% |
| 2008-09* | 497,614,736 | -5.08% |
| 2007-08 | 524,224,993 | 7.08% |
| 2006-07 | 489,577,868 | 12.12% |
| 2005-06 | 436,666,398 | 7.69% |
| 2004-05 | 405,491,925 | 15.75% |
| 2003-04 | 350,331,525 | |

* Estimate

** 38 counties administer their own tourism development tax. The revenue data reflects both Department of Revenue collections and self administered collections.

HISTORY:

Any county may levy and impose a tourist development taxes on transient rentals. In 1977, the Legislature enacted the Tourist Development Tax which allows a governing body to levy and impose at a rate of 1 or 2 % of total rental charged. In 1994, he Legislature enacted a bill that allowed local governments to self-administer the tax.

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. [s. 125.0104(3)(c)]. The following additional taxes may be levied:

A 1% 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 (Miami-Dade County, Duval County, and Volusia County).
[s. 125.0104(3)(d)]

A 1% tax to pay debt service on professional sports franchise facilities, retained spring training franchise facilities, and convention centers. In addition these proceeds can be used to promote tourism in the State of Florida, nationally, and internationally. [s. 125.0104(3)(l)]

A 1% tax to pay debt service on professional sports franchise facilities or on retained spring training franchise facilities in counties that currently levy the Professional Sports Franchise Facilities Tax, and do not levy a convention development tax (Miami-Dade County, and Volusia County). However, any county authorized to levy the Consolidated County Convention Development Tax (Duval County) is eligible to levy this tax. In addition these proceeds can be used to promote tourism in the State of Florida, nationally, and internationally. [(s. 125.0104(3)(n)]

TOURIST DEVELOPMENT TAX

A 1% 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). [s. 125.0104(3)(m)]

Additionally, counties as defined in s. 125.011(1), F.S., (Miami-Dade County) may impose by majority vote a 2% tax on the sale of food, beverages, and alcoholic beverages in hotels and motels. (See page 180, Miami-Dade County Hotel/Motel Food and Beverage Tax, for additional information.)

DISPOSITION:

If administered by the Department of Revenue, the department returns the 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-nine 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), Clay (1/1/89), Collier (1/1/93), Miami-Dade (4/1/88), Duval (12/1/90), Escambia (6/1/89), Gulf (6/1/01), Hernando (1/1/93), Hillsborough (1/1/92), Indian River (10/1/00), Lake (11/1/98), Lee (5/1/88), Leon (10/1/94), Manatee (10/1/89), Martin (11/1/02), Monroe (1/1/91), Nassau (5/1/89), Okaloosa (7/1/92), Orange (1/1/92), Osceola (5/1/92), Palm Beach (1/1/93), Pinellas (10/1/90), Polk (1/1/94), Putnam (4/1/99), St. Johns (8/1/88), St. Lucie (5/1/91), Santa Rosa (5/1/94), Sarasota (6/1/92), Seminole (9/1/93), Suwannee (11/1/01), Taylor (7/1/06), Volusia (4/1/90), Wakulla (12/1/96), and Walton (10/1/91). Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Other states levy additional taxes on transient rentals, including Mississippi, New Hampshire, Washington and the District of Columbia.

TOURIST IMPACT TAX

FLORIDA STATUTES: Section 125.0108

ADMINISTERED BY: Department of Revenue

SUMMARY:

Any county creating a land authority pursuant to s. 380.0663(1), F.S., is authorized to levy a 1 percent tax on transient rental facilities within the county area designated as an area of critical state concern pursuant to ch. 380, F.S. If the area(s) of critical state concern are greater than 50 percent of the county's total land area, the tax may be levied countywide. The tax proceeds are used to purchase property in the area of critical state concern and to offset the loss of ad valorem taxes due to those land acquisitions.

REVENUE:

Only Monroe County currently levies a tourist impact tax. Amounts are included in the convention develop tax portion of this handbook.

HISTORY:

In 1986, the Legislature created the tourist impact tax. The tax imposed a 1% levy for transient rentals, food and beverages, and admissions in an area that has been designated as an area of critical state concern. The revenues were to be directed to purchasing land in areas of critical state concern. In 1987, Ch. 87-280, L.O.F. removed the tax on food and beverages and admissions. In 2001, Ch. 2001-252, L.O.F., added that if an area of critical state concern was greater than 50% of the land of the county, the tax may be levied throughout the entire county.

BASE AND RATE:

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

DISPOSITION:

The department returns proceeds, less costs of administration, to the county that 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.

OTHER STATES:

Other states levy additional taxes on transient rentals, including Mississippi, New Hampshire, Washington and the District of Columbia.

VOTER-APPROVED INDIGENT CARE SURTAX

FLORIDA STATUTES: Sections 212.054 and 212.055(7)

ADMINISTERED BY: Department of Revenue

SUMMARY:

Counties with a total population of less than 800,000 are eligible to levy the Voter-Approved Indigent Care Surtax subject to voter approval in a countywide referendum. If a publicly supported medical school is located within the county, the tax rate shall not exceed 1 percent. If no such medical school is located within the county, the tax rate is capped at 0.5 percent. However, any county with a total population of less than 50,000 may levy the surtax at a rate not to exceed 1 percent. The proceeds are to be used to fund health care services for the medically poor.

REVENUE:

| Fiscal Year | Total Collections | Annual Change % |
|-------------|-------------------|-----------------|
| 2009-10* | 37,258,627 | 1.70% |
| 2008-09* | 36,635,818 | -6.60% |
| 2007-08 | 39,224,645 | -4.90% |
| 2006-07 | 41,247,694 | -2.78% |
| 2005-06 | 42,428,204 | |

* Estimate

HISTORY:

Authorized in 1991, counties meeting specific criteria such as a population of 800,000 or greater could levy an Indigent Care Surtax by vote of the governing body or a referendum. In 2000, the eligibility requirements were broadened to include more counties such as those with a population under 800,000. In 2005 the eligibility requirements were broadened to include counties with a population under 50,000

BASE AND RATE:

Counties with less than 800,000 residents may impose, by referendum only, the Voter-Approved Indigent Care Surtax. The rate is capped at 0.5 percent or 1 percent if a publicly supported medical school is located in the county. The surtax is imposed on the first \$5,000 of most items taxable under ch. 212, F.S.; however, there is no cap imposed on taxable services. The tax, at a lesser statutorily authorized conversion rate, also applies to communications services taxable under ch. 202, F.S.

As of January 1, 2007, 61 counties are authorized to levy the Voter-Approved Indigent Care Surtax. Counties levying the tax: Alachua .25% (effective 1/1/05), Polk .5% (effective 1/1/05), and Madison .5% (effective 1/1/07).

DISPOSITION:

The Department of Revenue returns voter-approved indigent care surtax 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. Estimates for this tax may be found at the link provided. <http://www.floridalcir.gov>

OTHER STATES:

Texas, New Mexico, Louisiana Virginia, Colorado, and Oklahoma have an indigent health care program.

ALTERNATIVE SOURCES

ADVANCE DISPOSAL FEES

SUMMARY:

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.

Florida's ADF between 10/1/1993 and 12/31/1994 was 1 cent per package container sold in the state. Effective 1/1/1995, the ADF was 2 cent per container for every containers sold in the state. Repeal was effective 10/1/1995.

| Fiscal Year | Fee Revenues | Per Capita |
|----------------|---------------------|---------------|
| 93-94 | \$24,776,340 | \$1.79 |
| 94-95 | \$21,537,104 | \$1.53 |
| 95-96 | \$8,392,867 | |

OTHER STATES:

Hawaii has an ADF on all glass containers. Since Hawaii enacted a deposit fee on beverage containers in 2002, the ADF no longer applies to glass beverage containers.

Glass Advance Disposal Fee Revenue for Hawaii in 2008 was \$622,215

REPORT TO THE TWENTY-FOURTH LEGISLATURE, STATE OF HAWAII, 2009

http://oeqc.doh.hawaii.gov/sites/LegRpt/20091/2009%20OSWM%20Leg%20Rpt_1-8-09%20FINAL.pdf

CONTAINER DEPOSIT FEES

SUMMARY:

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 in whole or in part. Early deposit legislation was designed to help control roadside littering, increase public safety and conserve resources. It eventually has evolved into a recycling mechanism.

OTHER STATES:

Eleven states (California, Connecticut, Delaware, Hawaii, Iowa, Maine, Massachusetts, Michigan, New York, Oregon, and Vermont) have deposit legislation on beverage containers. Unlike traditional deposit law systems, beverage containers in California and Hawaii are redeemed at recycling centers rather than at retail locations.

Container Deposit Legislation Revenue Data

| State | Year | Revenue | Beneficiary |
|--------------|-------------|---|---|
| CA | 2008 | \$1,100,000,000 | Department of Conservation's Beverage Container Recycling Program |
| CN | 2007 | \$29,000,000(estimated) between \$1 and \$2 million | State of CN |
| DE | 2008 | million | Beverage Distributors (from unclaimed deposits) |
| HA | 2006 | \$31,494,701 | State of HA |
| IO | 2008 | \$15,725,581 | Beverage Distributors(from unclaimed deposits) |
| MN | 2006 | \$1,232,774.00 \$58,000,000 | State of MN |
| MA | 2008 | (estimated) | State of MA |
| MI | 2006 | \$16,300,000 | State of MI |
| NY | 2008 | \$144,000,000 \$15,000,000 | Beverage Distributors (from unclaimed deposits) |
| OR | 2008 | (estimated) | Beverage Distributors (from unclaimed deposits) |
| VT | 1999 | 5,040,000,000 | Beverage Distributors (from unclaimed deposits) |

PERSONAL INCOME TAX

FLORIDA CONSTITUTION: Prohibited by Article VII, Section 5

SUMMARY:

Florida currently does not levy a personal income tax.

ESTIMATED REVENUE:

Not applicable.

HISTORY:

FY 2009-10
(millions)

1% of Estimated:

| | |
|--------------------------------------|---------|
| Federal Taxable Income (FTI) | \$4,081 |
| Federal Taxable Income \$20K Exempt* | 2,385 |
| Federal Taxable Income \$40K Exempt* | 1,196 |
| Federal Taxable Income \$60K Exempt* | 410 |

1% of Estimated:

| | |
|--|-----|
| Federal Tax Liability | 795 |
| Federal Tax Liability Double Per Exempt# | 201 |
| Federal Tax Liability Double Std Ded# | 136 |

* 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-one levy a broad-based tax while the remaining two have selected more limited income bases. Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming are the seven states that currently 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. Seven states levy a flat rate tax: Colorado, 4.63% on federal taxable income; Illinois, 3% on federal adjusted gross income; Indiana, 3.4% on federal adjusted gross income; Massachusetts, 5.3% on federal adjusted gross income, Pennsylvania, 3.07% on taxable income, Michigan, 4.35% on federal adjusted gross income; and Rhode Island, 25% of federal tax rates (the taxpayer has the option of computing their income tax liability based on a flat 6.5% of gross income).

Incremental tax rate schedules vary considerably among states. Minimum rates range from 0.36% (for the first \$1,379 in Iowa) to 6% (for the first \$12,750 in North Carolina). Maximum marginal rates range from 4.54% (for income above \$150,000 in Arizona) to 9.5% (for income above \$357,700 in Vermont).

PERSONAL INCOME TAX

Currently, 16 states provide some type of indexing. Arkansas (after 1998), California, Idaho, Iowa, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oregon, South Carolina, Vermont, and Wisconsin (after 1998) have statutory provision for automatic adjustment of tax brackets, personal exemption, or standard deductions to the rate of inflation. Massachusetts, Michigan, Nebraska and Ohio index the personal exemption amounts only.

Eight states give some type of tax credit against federal income taxes paid: Alabama, Iowa, Louisiana, Missouri, Montana, Oklahoma, Oregon, and Utah.

Tax rates can be found at: http://www.taxadmin.org/fta/rate/tax_stru.html.

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.

Due to the fact that 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.

STATE PROPERTY TAX

FLORIDA CONSTITUTION: Prohibited by Article VII, Section I

SUMMARY:

A tax imposed on the market value of real and personal property.

ESTIMATED TAX:

| Fiscal Year | Taxable Value** (Billions) | 1 Mill Levy (Millions) | Annual Change % |
|-------------|----------------------------|------------------------|-----------------|
| 2010-11* | 1,744.1 | 1,744 | 1.99% |
| 2009-10* | 1,710.3 | 1,710 | -5.84% |
| 2008-09 | 1,816.2 | 1,816 | -0.27% |
| 2007-08 | 1,820.5 | 1,821 | 10.97% |
| 2006-07 | 1,641.2 | 1,641 | 24.79% |
| 2005-06 | 1,314.9 | 1,315 | 18.36% |
| 2004-05 | 1,110.7 | 1,111 | 12.79% |
| 2003-04 | 985.3 | 985 | 11.30% |
| 2002-03 | 885.1 | 885 | 9.94% |
| 2001-02 | 804.9 | 805 | 10.27% |
| 2000-01 | 729.7 | 730 | 7.99% |
| 1999-00 | 675.6 | 676 | 7.13% |
| 1998-99 | 630.8 | 631 | 6.41% |
| 1997-98 | 592.9 | 593 | 6.08% |
| 1996-97 | 559.2 | 559 | 4.29% |
| 1995-96 | 535.6 | 536 | 4.69% |
| 1994-95 | 511.8 | 512 | 4.70% |
| 1993-94 | 488.6 | 489 | 1.88% |
| 1992-93 | 480.0 | 480 | 1.05% |
| 1991-92 | 475.1 | 475 | 5.79% |
| 1990-91 | 449.1 | 449 | 8.72% |
| 1989-90 | 413.3 | 413 | 9.26% |
| 1988-89 | 378.1 | 378 | 7.39% |
| 1987-88 | 352.4 | 352 | 8.98% |
| 1986-87 | 322.9 | 323 | 9.12% |
| 1985-86 | 296.0 | 296 | 11.28% |

* Estimate

** Assumes same tax base (real estate, personal property, and centrally assessed) and exemption structure as currently allowed for school districts.

HISTORY:

See discussion of Ad Valorem Taxes in the Major Local Government Revenue Sources section of this handbook.

OTHER STATES:

In the 19th century, property taxes generally were imposed at the state level. During the 20th century the property tax became the major source of local government revenue and the use of the tax as a state revenue source declined substantially. However, most states still impose state property taxes on selected types of property, with 10 states generating more than \$100 per capita in 2006.

VALUE - ADDED TAX

SUMMARY:

Florida currently does not levy a value-added tax (VAT).

ESTIMATED REVENUE:

Estimated revenue for 2009-10 from a 1% VAT in Florida:

| | | |
|-------------------------------------|---|-----------------|
| Michigan-type SBT (additive method) | - | \$ 3.75 billion |
| Invoice-credit VAT | - | \$ 5.27 billion |
| New Hampshire-type BET | - | \$ 4.57 billion |

HISTORY:

The value-added tax (VAT) is paid by producers on the value-added by their firms. Value-added is simply a firm's total revenue minus the value of purchased non-labor inputs (from outside suppliers) that the firm uses to produce goods and services. For example, if a firm uses labor, equipment (which it owns), and raw materials (which it purchases) to make a product, then value-added by the firm will be revenue minus the cost of raw materials. A VAT would be a percentage levy on that amount.

Measuring Value-Added - Invoice-Credit Method

In practice, measuring value-added is not as simple as portrayed above. In those countries with national VATs, the tax is commonly computed using the invoice-credit method. Under this method a firm applies the VAT rate to its gross receipts (revenue) and subtracts any VAT that was paid on purchased inputs, such as intermediate goods and capital goods. This is alleged to enhance compliance under a VAT in several ways. First, invoices provide a way of cross-checking the credits claimed by a taxpayer. Second, since taxpayers have the incentive to maximize the credit they can claim, it is in their interest that their suppliers pay the proper amount of VAT. It also concentrates the remittance burden on larger upstream businesses that can be audited more cost effectively, and it reduces the amount of tax at risk due to skimming and under-reporting by smaller retailers.

Measuring Value-Added - Income- Additive Method

A second method for calculating a VAT is the income or additive approach. Instead of subtracting the value of inputs from receipts, this approach directly adds up those categories of expenditure and net income of a given business that represent value-added (i.e., wages + interest + rent + profit). Strict utilization of federal income tax accounting (e.g., measurement of income and expenditures, timing or recognition of these items, reporting time frames, etc.) in calculating the VAT would result in value-added being measured directly from items already reported on federal income tax returns. For multi-state entities, national value-added could 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 four 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.

In the United States, the state of Michigan used a form of VAT known as the "Single Business Tax" (SBT) as its form of general business taxation. It is the only state in the U.S. to have used a VAT. When it was adopted in 1975, it replaced seven business taxes, including a corporate income tax. On August 9, 2006, the Michigan

VALUE - ADDED TAX

legislature approved voter-initiated legislation to repeal the Single Business Tax. The repeal became effective January 1, 2008.

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 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 \$150,000 in gross receipts or less than \$75,000 in taxable base are exempt. The tax rate is currently .75%.

Incidence of the VAT

Firms subject to the VAT will try to pass it along to their consumers. The extent to which they are able to do so will depend on competitive conditions in markets for inputs to the production process and output markets. For practical purposes, it is generally assumed that the tax is fully-shifted forward in the production chain. In this case, the effect of a VAT is equivalent to taxing the total value of all taxable goods and services sold to final consumers. In the case where firms operate in multiple jurisdictions subject to a VAT the matter is more complicated and the outcome is dependent, in large part, upon the form of VAT being employed.

OTHER STATES:

Michigan and New Hampshire.

MAJOR PENDING LITIGATION

MAJOR PENDING LITIGATION

A. SIGNIFICANT EXCISE TAX LITIGATION UPDATE

1. CONCLUDED UNITED STATES SUPREME COURT CASES

State of Florida, Department of Revenue v. Piccadilly Cafeterias, Inc. U.S. Supreme Court Case No. 07-312.

This case involved a question regarding a provision of the U.S. Bankruptcy Code which provides a documentary stamp tax exemption to transfers under a confirmed Chapter 11 plan and specifically whether the exemption is available for pre-confirmation transfers.

The Court ruled on June 16, 2008 in favor of the State of Florida agreeing that the language of the U.S. Bankruptcy Code limited documentary tax stamp exemptions only to transfers which occur after confirmation of a Chapter 11 Plan, reversing the holding of the United States Court of Appeal for the Eleventh Circuit in **In re Piccadilly Cafeterias, Inc.**, 484 F.3d 1299 (11th Cir. 2007).

2. PENDING UNITED STATES SUPREME COURT CASES

None.

3. CONCLUDED FLORIDA SUPREME COURT CASES

None.

4. PENDING FLORIDA SUPREME COURT CASES

Florida Department of Revenue v. USCardio Vascular, Inc., Case No. SC08-2256, Lower Case No. 1D07-3811 (1st DCA).

The taxpayer, a lessor of special purpose medical centers, entered into a lease agreement which defined “base rent” as equal to the center expenses, including all the operating and non-operating expenses of the facility. The Department issued an assessment for additional commercial rental sales tax due on certain expenses included in the base rent as part of the “total rent.” After the Department prevailed on summary judgment in the trial court, the First District Court of Appeal reversed, finding that because some of the center expenses are not subject to tax, such as salaries, benefits, and insurance for the employees, the Department only has the authority to assess taxes on the center expenses that are taxable as total rent, not on the total amount billed as base rent, effectively “unbundling” the transaction. The Department has requested review by the Florida Supreme Court, citing the opinion to be in conflict with **Gaulden v. Kirk**, 47 So.2d 576 (Fla. 1950), and **State ex rel. Szabo Food Services, Inc. of North Carolina v. Dickinson**, 286 So.2d 529 (Fla. 1973). Jurisdictional briefs have been filed, and the Court has not yet indicated whether it will accept the case.

5. CONCLUDED FLORIDA DISTRICT COURT CASES

Golden West Financial Corporation v. Florida Department of Revenue, Case No. 1D07-135, Case No. 04-218 (1st DCA), Second Judicial Circuit.

The First District Court of Appeal held in this case that the separate return year limitation provisions of Florida Administrative Code Rule 12C-1.013 “. . . enlarge, modify and contravene

the statute [sections 220.131(4) and 220.13(1)(b)1., Florida Statutes] it purports to implement and that, therefore, it constitutes an invalid exercise of delegated legislative authority....” As a consequence of the Court’s opinion, the Department repealed this rule.

Colgate-Palmolive Company v. Florida Department of Revenue, Case No. 1D07-1051 (1st DCA). The case dealt with whether the net operating loss provisions of section 220.13(1)(b)1., Florida Statutes, are unconstitutional as applied because the statute discriminates in favor of dividends paid by domestic subsidiary corporations and against dividends paid by foreign subsidiary corporations to a Florida taxpayer in violation of the foreign commerce clause of the U.S. Constitution. The First District Court of Appeal rejected the taxpayer’s facial and as-applied challenge, holding that the statute does not violate the foreign commerce clause because: (1) Florida does not impose a tax on foreign dividends received by the taxpayer; and (2) the taxpayer elected to claim a foreign tax credit instead of a foreign tax deduction at the federal level.

6. PENDING FLORIDA DISTRICT COURT CASES

Pinellas VP, LLC v. Department of Revenue, Case No. 2D07-6037; **Pilgrim Hall, LLC v. Department of Revenue**, Case NO. 2D07-6038, and **TPA Investments, LLC f/k/a Condo, LLC v. Department of Revenue**, Case No. 2D07-6039 (2nd DCA).

This trio of cases challenges documentary stamp tax on deeds to encumbered real property. In each case, the plaintiff alleged that no tax was due because the same individual owns 100% of the grantor and the grantee entities, and was “ultimately liable” on the mortgages both before and after the conveyances. That individual was either personally liable on the note or had guaranteed payment of the note. All three cases are within the jurisdiction of the 2nd DCA, which held in **Department of Revenue v. PMR Resorts, Inc.**, 868 So.2d 621 (Fla. 2nd DCA 2004), that the tax base included the amount of encumbrance, even when there was common ownership of the grantor and grantee.

At the trial court level, Summary Judgment issued against the Department. In each case, the trial judge concluded that there was merely a non-taxable change in the form of ownership pursuant to the opinion rendered by the Florida Supreme Court in **Crescent Miami Center, LLC v. Florida Department of Revenue**, 903 So.2d 913 (Fla. 2005). On appeal, holding for the Department, the Second District issued its consolidated opinion in **Pinellas VP, LLC** and **TPA Investments, LLC** cases that the encumbrances **are** included in the base, and therefore taxable. The opinion in **Pilgrim Hall, LLC** has not yet been issued.

Lakeview Center, Inc. v. Florida Department of Revenue, Case No. 1D08-758, (1st DCA).

The taxpayer is a prepaid limited health service organization (PLHSO) that provides mental health services to the public pursuant to a contract with the Agency for Health Care Administration (AHCA). Section 636.066(1), Florida Statutes, provides that a PLHSO is subject to the insurance premium tax provided in section 624.509, Florida Statutes. The taxpayer filed insurance premium tax returns and paid the tax. The trial court denied the taxpayer’s claim for refund and granted final summary judgment to the Department, holding that the payments received though the contract with AHCA are premiums that are subject to the insurance premium tax. The taxpayer filed a Notice of Appeal with the First District Court of Appeal and oral argument has not yet been set.

Florida Department of Revenue v. Catalina Marketing Corporation and Subsidiaries, Case No. 2D08-914 (2nd DCA)

The issue in this matter is whether the Department properly issued an assessment that sought to recover a refund that had been paid in error. The trial court agreed with the taxpayer and dismissed the Department's assessment. Oral argument is set with the Second District Court of Appeal for February 17, 2009.

7. CONCLUDED FLORIDA CIRCUIT COURT CASES

Pagenet, Inc., f/k/a Paging Network of Tennessee, Inc. v. The State of Florida, Department of Revenue, Case No. 02-CA-1208, Second Judicial Circuit.

This case involves an assessment of sales and use tax pertaining to telecommunication services. Following an appeal of the trial court's dismissal of the case for lack of subject matter jurisdiction due to the taxpayer's failure to comply with the financial responsibility requirements of section 72.011(3)(b), Florida Statutes, the First District Court of Appeal reversed the dismissal in **Pagenet, Inc. v. Department of Revenue**, 896 So.2d 824 (Fla. 1st DCA 2005). The case was stayed pending Pagenet's establishment of alternative security with the Department in July 2006. Following extensive negotiations after the emergence from bankruptcy and acquisition by a successor corporation, the case was resolved by settlement.

American Airlines, Inc. v. Florida Department of Revenue, Case No. 06-1829, Second Judicial Circuit.

The issue in this case was whether the apportionment method provided for in section 220.151(2)(c), Florida Statutes, unconstitutionally apportions income to Florida. The taxpayer asserted that the statutory definition of revenue miles violated the commerce and due process clauses of the U.S. Constitution and the due process and state boundary clauses of the Florida Constitution. The parties executed a settlement agreement and closed the matter.

Colonial Bank, N.A. v. Department of Revenue, Case No. 07-CA-16316, Ninth Judicial Circuit.

The taxpayer asserted that the Department failed to timely assesses Florida corporate income tax within the period prescribed by section 95.091(3)(a), Florida Statutes. The parties executed a settlement agreement and closed the matter.

Affinity Internet, Inc. v. Department of Revenue, Case No. 06-14606, Seventeenth Judicial Circuit.

This case involved a refund denial of communications services tax. Affinity Internet, Inc. purchased communications services during the period of 3/9/02-8/7/04 to provide web hosting services to its customers. A significant issue in the case was whether these purchases were barred by the federal moratorium on state and local taxes on "Internet access" or "Internet access services" (including telecommunication services purchased, used or sold to provide Internet access) under the provisions of the federal Internet Tax Freedom Act of October 21, 1998 (ITFA), as amended by the Internet Tax Nondiscrimination Acts of November 28, 2001 and December 3, 2004 (ITNA) (47 U.S.C. s. 151, et seq.). On March 26, 2008, the trial judge granted the Department's motion for summary judgment for dismissal with prejudice on the grounds that the taxpayer failed to exhaust its administrative remedies and failed to satisfy the jurisdictional requirements of sections 72.011 and 202.23, Florida Statutes, by not following the procedures set forth in section 202.23, Florida Statutes.

8. PENDING FLORIDA CIRCUIT COURT CASES

Daimler-Chrysler Corporation v. State of Florida, Department of Revenue, Case No. 06-2229, Second Judicial Circuit.

Two issues are present in this corporate income tax case. The first is whether the add-back of interest income derived from U.S. government obligations required by section 220.13(1)(a)2., Florida Statutes, is unconstitutional because it taxes U.S. government obligations, and, in the event that statute is unconstitutional, must the taxpayer follow section 220.15(5)(a), Florida Statutes, which excludes interest income from the sales factor of the apportionment formula. The second issue is did the taxpayer properly substantiate and compute Emergency Excise Tax credits.

Marcus and Patricia Ogborn on behalf of themselves and others similarly situated v. Jim Zingale , Acting in her official capacity as the Executive Director, Florida Department of Revenue (Case No. 05-CA-1354) **and DirecTV, Inc. and Echostar Satellite, LLC, n/k/a Dish Network, LLC. v. Department of Revenue** (Case No. 05-CA-1037) now Consolidated Case No. 05-CA-1037, Second Judicial Circuit.

DirecTV, Inc. and Echostar Satellite, LLC, n/k/a Dish Network, LLC (DirecTV) have brought their action as a provider of direct-to-home services, while Marcus and Patricia Ogborn (The Ogborns) raise their challenge on behalf of a class of subscribers. These related cases challenge the statutory distinction made in the application of the Communications Services Tax to cable and direct-to-home satellite services. The main issue in these cases is whether the different communications services tax rates in section 202.12(1), Florida Statutes, for cable services (6.8%) and satellite services (10.8%), in isolation, without taking into account the entire tax scheme, violate the commerce Clause or Equal Protection Clause of the United States Constitution.

The Ogborns appealed to the First District Court of Appeal the trial court's order granting the Department's motion to dismiss, which held that the Ogborns' constitutional challenge is an "as applied" challenge. On July 11, 2008, the First District reversed the trial court's dismissal and remanded the case to the trial court, holding that the Ogborns are claiming a facial challenge. The cases now have been consolidated and will proceed as one action. The Florida Cable Telecommunications Association has been permitted to intervene in the consolidated case.

Qualcomm, Inc. v. Department of Revenue, Case No. 06-20005 CA 31, Eleventh Judicial Circuit.

The issue in this case is whether Qualcomm, Inc., is providing its customers a taxable communications service or a non taxable information service. The parties are in discovery. The case is set for trial in April 2009.

Sprint Communications Company, L.P. v. Department of Revenue., Case No. 08-CA-2234, Second Judicial Circuit.

Sprint is challenging the Department's refund denial of sales tax. Sprint claims that telecommunication services that it sold to telecommunication service dealers for their internal use in connection with their business of providing telecommunication services were excluded from sales tax, pursuant to paragraph 212.05(1)(g), F.S.(2000), a paragraph addressing substitute telecommunication systems.

Bank of America, N.A. v. Department of Revenue, Case No. 05-7427, 13th Judicial Circuit.

This case involves documentary stamp tax and the nonrecurring intangible personal property tax. The case challenges whether certain notes secured by mortgages are exempt from: (1) documentary stamp tax pursuant to sections 201.08 and 201.09, Florida Statutes, as a renewal, and (2) nonrecurring intangible personal property tax pursuant to sections 199.133 and 199.145(4), Florida Statutes, as a refinancing when they "replace" prior notes and mortgages between the same lender and borrowers, based on the full amount of the "new" notes and mortgages, or based only on the excess of the "new" loan amount over the then principal balance

of the prior note and mortgage, when a satisfaction of the prior note and mortgage was recorded. The plaintiff's complaint also presents a challenge to Florida Administrative Code Rule 12B-4.052(12)(f)4., which states that a renewal does not include a "new" loan (from the same lender) when a satisfaction of the prior loan was recorded. Furthermore, the complaint states a challenge to an "unpromulgated rule," allegedly to the effect that, for intangible personal property tax, a refinance does not include a "new" loan (from the same lender), when a satisfaction of the prior loan was recorded.

HCA, Inc. v. Department of Revenue, State of Florida, Case No. 03-0440 CA 37, Second Judicial Circuit.

The remaining issue in this corporate income tax case is whether various amounts of interest, dividend, and capital gain income derived from intangible assets should be included in the sales factor of Florida's apportionment formula, pursuant to sections 220.15 and 220.152, Florida Statutes.

HCA – The Healthcare Company, a Delaware corporation, and its Subsidiaries v. Department of Revenue of the State of Florida, Case No. 01-0074 CA 37, Second Judicial Circuit.

There are two remaining issues related to apportionment in this corporate income tax case: (1) whether the corporate taxpayer can successfully challenge subsections (1)(a), and (1)(b)2., 3. and 4. of Florida Administrative Code Rule 12C-1.016 in a circuit court, as exceeding delegated statutory authority; and (2) whether various amounts of interest, dividend, and capital gain income derived from intangible assets should be included in the sales factor of Florida's apportionment formula, pursuant to Sections 220.15 and 220.152, Florida Statutes.

CitiBank International v. Department of Revenue, Case No. 07-CA-1352, Eleventh Judicial Circuit.

The complaint seeks to determine whether the taxpayer properly calculated its expenses that relate to eligible gross income of its Florida International Banking Facility.

General Motors Corporation v. Florida Department of Revenue, Case No. 04-2739, Second Judicial Circuit.

The case involves an assessment for sales and use tax (and related discretionary sales and use taxes) pertaining to parts used for discretionary after-warranty adjustments/repairs to vehicles made by General Motors ("GM") dealers for its customers. These warranty "adjustments" are done by GM dealers after the expiration of the new vehicle limited warranty (e.g., three-year/36,000 miles) which is included in the purchase price of the vehicle.

There are three types of programs of after-warranty adjustments, referred to as: (1) "Special Policy Adjustment Programs," (2) "Dealer Product Campaign Bulletins," and (3) "Goodwill Adjustments." The first relates to government-mandated safety and emissions matters; the second refers to GM (i.e., non-government-mandated) repairs regarding other safety matters; and the third relates to all other adjustments either without charge to the customer (or those requiring that the customer only pay a portion of the charge) after the expiration of the basic warranty period. The third type of adjustments (the so called "case-by-case adjustment program") is the only one at issue in this case.

The Department of Revenue's assessment is for the value of the parts installed and labor costs at no (or a reduced) charge to the customers. GM argues that the cost of this warranty program is included in the original price of the vehicle when purchased, even though it is not legally required to make these repairs (the repairs are made solely at GM's discretion). GM further argues this is required to provide customer goodwill and satisfaction when there are defects in materials and/or workmanship in the vehicle after the expiration of the original express

warranty. The Department's position is that these discretionary repairs by GM are taxable as a separate transaction from the original purchase price of the vehicle.

Seminole Tribe of Florida v. Department of Revenue, Case No. 08-13474, Seventeenth Judicial Circuit.

This case involves whether the Seminole Tribe of Florida has provided sufficient support for its claim for refund of fuel taxes paid pursuant to Chapter 206, Florida Statutes, on motor fuel purchased from retail service stations off of the Seminole reservations and trust lands.

Cinemark, USA, Inc. v. Department of Revenue, Case No. 06-CA-00155, consolidated with **Cinemark USA, Inc. v. Department of Revenue**, Case No. 07-CA-0288, Second Judicial Circuit.

This is an action to contest an assessment of sales and use tax. The issue is whether the lease of real property on which the tenant/taxpayer operates a movie theater qualifies for the sales tax exemption provided in section 212.031(1)(a)10., Florida Statutes, available to one who leases to a person who provides food and drink concessionaire services within the premises, thereby exempting all rentals due under the lease for the entire premises.

United Artists Theater Circuit, Inc. v. Department of Revenue, Case No. 07-CA-286, consolidated with **United Artists Theater Group, LLC n/k/a Regal Cinemas, Inc. v. Department of Revenue**, Case No. 07-CA-289, and **Regal Cinemas, Inc. v. Department of Revenue**, Case No. 07-CA-287, Second Judicial Circuit.

This is a consolidated action seeking a refund of sales and use tax. The issue is whether the lease of real property on which the tenant/taxpayer operates a movie theater qualifies for the sales tax exemption provided in section 212.031(1)(a)10., Florida Statutes, available to one who leases to a person who provides food and drink concessionaire services within the premises, thereby exempting all rentals due under the lease for the entire premises.

Muvico Theaters v. Department of Revenue, Case No. 07-1860, consolidated with **Muvico Theaters v. Department of Revenue**, Case No. 07-1864, Seventeenth Judicial Circuit.

This is a consolidated action seeking a refund of sales and use tax. The issue is whether the lease of real property on which the tenant/taxpayer operates a movie theater qualifies for the sales tax exemption provided in section 212.031(1)(a)10., Florida Statutes, available to one who leases to a person who provides food and drink concessionaire services within the premises, thereby exempting all rentals due under the lease for the entire premises.

Home Depot USA, Inc. v. Department of Revenue, Case No. 07-CA-004335, Thirteenth Judicial Circuit.

Home Depot is challenging four sales tax refund denials, relating to bad debts. Customers purchased merchandise at Home Depot using private label credit cards. These private label credit cards were issued by a separate entity bank that reimbursed Home Depot for the sales price, including sales tax, less a discount. The issue in this case is whether the "discount" (the difference between the sales price, plus sales tax charged to a customer and the amount reimbursed by the separate entity to Home Depot), is a "bad debt" for purposes of section 212.17(3), Florida Statutes.

UPS Worldwide Forwarding, Inc. v. Department of Revenue, Case No. 06-3081, Second Judicial Circuit and **UPS Worldwide Forwarding, Inc. v. Department of Revenue**, Case No. 07-721, Second Judicial Circuit.

The issue in this case is whether the apportionment method provided for in section 220.151(2)(c), Florida Statutes, unconstitutionally apportions income to Florida. The taxpayer

asserts that the statutory definition of revenue miles violates the commerce and due process clauses of the U.S. Constitution and the due process and state boundary clauses of the Florida Constitution.

Mortgage Guaranty Insurance Corporation v. Department of Revenue, Case No. 08-27215, Thirteenth Judicial Circuit.

The case involves an assessment of corporate income tax. The plaintiff is an insurance company and is required to apportion its income to Florida using a single factor based upon direct written premiums pursuant to section 220.151(1)(a), Florida Statutes. The plaintiff also owns an interest in a partnership that uses the standard three factor apportion formula provided for in section 220.15, Florida Statutes, consisting of payroll, property and sales. The income from the partnership is included in the income of the plaintiff. The issue is whether the plaintiff can convert the plaintiff's share of the partnership's apportionment factor based upon payroll, property and sales into direct written premiums.

Marriott International, Inc. v. Florida Department of Revenue, Case No. 08-24993, Ninth Judicial Circuit and **Marriott International, Inc. v. Florida Department of Revenue**, Case No. 08-30554, Ninth Judicial Circuit.

The taxpayer was required by section 220.23, Florida Statutes, to file amended Florida returns to report federal audit changes and pay the additional tax due. The taxpayer timely paid the tax and did not pay interest as required by Section 220.23(2)(c), Florida Statutes. The Department assessed the interest due.

Prior to January 1, 2003, the First District Court of Appeals in **Barnett Banks, Inc. v. Department of Revenue**, 738 So.2d (Fla. 1st DCA 1999), held that the language of Section 220.23, Florida Statutes, did not permit Florida to impose interest from the original due date of the return through the date of payment when a taxpayer was required to pay additional tax. The legislature enacted Chapter 2002-218, Sections 44 and 45, Laws of Florida, which amended sections 220.23, 220.807 and 220.809, Florida Statutes, in response to **Barnett Bank** and provided that the law is effective January 1, 2003.

The issue is whether the statutory change to sections 220.23, 220.807 and 220.809, Florida Statutes, relating to the computation of interest applies to tax years ending prior to 2003.

HCA Squared, LLC v. Department of Revenue, Case No. 2008-4143, Second Judicial Circuit.

The taxpayer was required by section 220.23, Florida Statutes, to file amended Florida returns to report federal audit changes and pay the additional tax due. The taxpayer timely paid the tax and did not pay interest as required by Section 220.23(2)(c), Florida Statutes. The Department assessed the interest due.

Prior to January 1, 2003, the First District Court of Appeals in **Barnett Banks, Inc. v. Department of Revenue**, 738 So.2d (Fla. 1st DCA 1999), held that the language of Section 220.23, Florida Statutes, did not permit Florida to impose interest from the original due date of the return through the date of payment when a taxpayer was required to pay additional tax. The legislature enacted Chapter 2002-218, Sections 44 and 45, Laws of Florida, which amended sections 220.23, 220.807 and 220.809, Florida Statutes, in response to **Barnett Bank** and provided that the law is effective January 1, 2003.

The issue is whether the statutory change to sections 220.23, 220.807 and 220.809, Florida Statutes, relating to the computation of interest applies to tax years ending prior to 2003.

Auto-Owners Insurance Company v. Department of Revenue, Case No. 08-1938, Second Judicial Circuit.

Section 624.509(5), Florida Statutes, provides a credit against the insurance premium tax for salaries paid to specific companies employees. The taxpayer included bonuses in its computation of the credit. The issue is whether bonuses are included in the computation of the salary tax credit.

**9. CONCLUDED FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS CASES**

Travelers Life and Annuity Company v. Department of Revenue, DOAH Case no. 05-3989.

This was a corporate income tax case for the tax years 2000-2002. The main issue in this case was whether the Department must follow the taxpayer's apportionment of income determined by a written agreement among its affiliated companies. The taxpayer asserted the Department had no authority to reallocate items contrary to the terms of the express written agreement among the affiliated companies. The parties executed a settlement agreement and closed the matter.

**10. PENDING FLORIDA
DIVISION OF ADMINISTRATIVE HEARINGS CASES**

Haas Publishing Companies, Inc. v. Department of Revenue, DOAH Case No. 08-3477.

The issue in this case is whether Haas' exclusive right to place display racks and publications on retailer's premises is a separable and allocable personal property right that is not subject to tax, pursuant to section 212.031(1)(c), Florida Statutes, or part of the license to use real property that is subject to sales tax. The case is scheduled for Final Hearing on February 10-11, 2009.

B. SIGNIFICANT AD VALOREM TAX LITIGATION UPDATE

1. CONCLUDED FLORIDA SUPREME COURT CASES

The Crossings at Fleming Island Community Development District, a Unit of special purpose government v. Wayne Weeks, Property Appraiser, Clay County, Florida, Jimmy Weeks, Tax Collector, Clay County, Florida and Jim Zingale, Executive Director of Florida Department of Revenue, an agency of the State, Florida Supreme Court Case No. SC 07-1556 Fourth Judicial Circuit.

This is an action contesting the ad valorem tax assessment of Plaintiffs' property brought pursuant to Chapters 86, 190,194 (Part II), and 195, Fla. Stat. (2001), the Equal Protection clauses of Fla. and U.S. Constitutions, requesting injunctive relief, declaratory relief, and award of attorneys' fees and costs.

The taxpayer (CDC) is a community development district created under Chapter 190, Florida Statutes. It alleges that it is immune or exempt from ad valorem taxation in the same manner as a Florida municipality. The CDC owns, operates and maintains a public golf course, a swim and tennis center, and a waterfront park and playgrounds. The taxpayer also alleges it is not being treated the same as similar property owned by the City of Green Cove in Clay County. A bench trial in this case was held on November 17, 2004.

After remand and additional post-trial motions, the circuit court entered an amended final judgment on April 11, 2006 declaring certain property was taxable and other property was exempt from ad valorem taxation. The trial court held that the ponds, the golf pro shop and the restaurant were taxable; the other recreational facilities were held tax exempt. The Department

filed a notice of appeal on April 18, 2006. The First District Court of Appeal affirmed the lower court on May 8, 2007 and denied rehearing July 19, 2007, and remanded the case for hearing on the constitutionality of the exemption statute. The taxpayer and Property appraiser invoked jurisdiction of the Florida Supreme Court.

The Florida Supreme Court held that the fact that the Property Appraiser was the defendant in a taxpayer's action did not confer standing on the Property Appraiser to challenge the constitutionality of a taxing statute as a defense in an action filed by a taxpayer, disapproving *Fuchs v. Robbins*, 818 So.2d 460 (Fla. 2002). The Court quashed the decision in the First DCA in this case (**Zingale v. Crossings at Fleming Island Community Development District**, 960 So. 2d 20 (Fla. 1st DCA 2007) and approved the decision of the Second DCA in **Sun 'N Lake of Sebring Improvement District v. McIntyre**, 800 So. 2d 715 (Fla. 2d DCA 2001).

2. PENDING FLORIDA SUPREME COURT CASES

None.

3. CONCLUDED FLORIDA DISTRICT COURT OF APPEAL CASES

None.

4. PENDING FLORIDA DISTRICT COURT OF APPEAL CASES

Lanning, et al., v. Pilcher, .: Case No. 1D07-6564, First District Court of Appeal; L.T. Case No. 37-2007-CA-000582.

Appellants are permanent residents of Alabama who challenged the Save Our Homes Amendment ("SOHA") on the basis that it violates the Privileges and Immunities Clause of Article IV, section 2 of the U.S. Constitution, the Due Process and Equal Protection Clauses of the 14th Amendment to the U.S. Constitution, the Right to Travel, and the Dormant Interstate Commerce Clause. The Second Circuit Court, Leon County, entered its final judgment October 18, 2007, dismissing the claims and denied rehearing December 4, 2007. A Notice of Appeal was filed December 20, 2007.

The Lanning case involves different tax treatment based on the homestead exemption status versus non-homestead exemption status of second houses. The Appellants in Lanning are non-residents who own second houses in Florida that do not qualify for homestead status.

Bruner et al. v. Hartsfield, et al., Case No. 1D08-5524, First District Court of Appeal, L.T. Case No. 2007-CA-003247, Second Judicial Circuit.

The Plaintiffs/Appellants in Bruner are permanent residents of Florida challenging the Save Our Homes Amendment (SOHA) based upon a violation of the Equal Protection Clause of the Florida Constitution and of the Right to Travel under the United States Constitution. The Plaintiffs in Bruner also contend that the "portability" feature of the Constitutional Amendment No. 1, would aggravate the disparity resulting from the application of the SOHA.

The issues and facts in Bruner present challenges to Article VII, section 4(c), Florida Constitution, by taxpayers that have applied for and received the benefits of homestead exemption on their property under Florida Law. They are also receiving the benefits of the enhanced homestead exemption under Article VII (4)(c) and are entitled to the benefits of portability provided by Constitutional Amendment No 1. The Bruner Plaintiffs/Appellants challenge the SOHA based on an alleged disparate economic benefit for long-term homestead property owners, as compared to recently established homestead property owners.

The trial court concluded in its Final Judgment of Dismissal With Prejudice that the Plaintiffs are not entitled to any of the relief requested on any theory presented. The Plaintiffs/Appellants filed their Notice of Appeal on November 10, 2008

Deluccio, et al., v. Havill, et al., Case No. 1D08-5529, First District Court of Appeal, L.T. Case No. 2008-CA-1412, Second Judicial Circuit.

The Plaintiffs are out of state residents who own real property in Florida that they use for seasonal or vacation residences. They sought to have Florida's Save Our Homes Amendment (SOHA) property tax provisions struck down as unconstitutional because the provisions make a distinction for purposes of ad valorem taxation between properties used by out-of-state residents for seasonal or vacation purposes and homestead property used as the primary dwelling of the owners.

In the trial court's Order of Dismissal With Prejudice, the court found that the Plaintiffs failed to comply with the mandatory sixty day provision to file a cause of action required by section 194.171(1), Florida Statutes, depriving the court of jurisdiction to hear this case. The court additionally observed that, arguendo, if it had jurisdiction to entertain this action, that the Plaintiffs failed to state a cause of action and that the SOHA property tax provisions do not discriminate under the "dormant" Commerce Clause or the Privileges and Immunities Clause of the U.S. Constitution. Further, the court held that the Plaintiffs also failed to state a cause of action under 42 U.S.C. Section 1983.

The Plaintiffs filed their Notice of Appeal in the First District Court of Appeal on November 10, 2008. The First District has noted that **Lanning, Bruner** and **Deluccio** will be heard by the same panel of judges when briefing is completed (briefing has been completed in **Lanning**, but has not yet commenced in **Bruner** and **Deluccio**) and oral argument is set.

Nikolits et al. v. Verizon Wireless Personal Communications (f/k/a Primeco), Case No. 4D08-1389, Fourth District Court of Appeal, L. T. Case Nos. 05-11462-CA and 06-13442-CA, Fifteenth Judicial Circuit.

The issue in this ad valorem tax assessment challenge for the 2005 tax year is whether certain wireless telecommunications switching equipment (switches), owned by Plaintiff (Verizon) and located in Palm Beach County, comes under the definition of computer software contained in section 192.001(19), Florida Statutes, and is therefore not to be considered as tangible personal property and not subject to ad valorem taxes. The lower court adopted the Plaintiff's position and rejected the positions and assessments of the Property Appraiser. The Property Appraiser's office appealed and the Department declined to join in the appeal. Oral argument has been set for March 24, 2009.

5. CONCLUDED FLORIDA CIRCUIT COURT CASES

CSX Intermodal, Inc. v. The Department of Revenue, Case No. 06-2812, Second Judicial Circuit.

This was an ad valorem tax case brought by CSX Intermodal, Inc. (CSXI). CSXI transports semi-trailers on flatbed railcars over railroads in the state of Florida and the Department considered these operations to be railroad operating property. Railroad operating property in Florida is subject to ad valorem tax. See **CSX Transportation, Inc., v. Department of Revenue**, Case No. 06-CV-342, U.S. District Court (N.D. Fla.), below, for an explanation of the Department's authority and procedure for administering ad valorem tax on railroad property. CSXI contended that it is a trucking company and therefore not subject to ad valorem tax in Florida as railroad operating property. Following settlement negotiations, the case settled on March 10, 2008, by a written settlement agreement.

6. PENDING FLORIDA CIRCUIT COURT CASES

None.

7. PENDING FLORIDA DIVISION OF ADMINISTRATIVE HEARINGS CASES

None.

8. CONCLUDED FEDERAL DISTRICT COURT CASES

CSX Transportation, Inc., v. Department of Revenue, Case No. 06-CV -342, U.S. District Court (N.D. Fla.) .

This was an ad valorem tax case brought by CSX Transportation, Inc. ("CSXT") to challenge the Department's 2006 assessment of its Florida railroad property (real and tangible personal property). The Department's assessment was issued to "CSX Corporation," not CSXT. CSX Corporation is the parent corporation to both CSXT and CSX Intermodal, Inc. CSXT sought a determination in federal District Court that the Department's 2006 assessment was excessive and discriminatory pursuant to the Railroad Revitalization and Regulatory Reform Act of 1976 (codified as 49 U.S.C. Section 11501, et seq., also known as "the 4R Act"). CSXT is an interstate carrier by railroad with extensive operations in Florida (approximately 40 counties).

The Department is responsible for the annual valuation and assessment of railroad property in Florida for ad valorem purposes. See Art. VII, Section 2 and 4, Fla. Const., and Sections 193.011 and 193.085(4), Florida Statutes. Florida law requires the Department to submit railroad assessments to each county's property appraiser by June 1 of each year, and to certify to the property appraisers when railroad assessments have been finalized by the Department. Section 193.085(4), Florida Statutes.

49 U.S.C. Section 11501, et seq., ("the 4R Act") prohibits unjust and unreasonable discrimination ad valorem taxation against railroads as an undue burden on Interstate Commerce. The standard is whether the ratio of assessed value to true market value is more than five (5%) per cent that the ratio applicable to other commercial and industrial property in Florida. The plaintiff's complaint sought a determination of the "correct" valuation and for other (injunctive) relief.

The case settled on March 17, 2008 with the filing of a consent order of settlement and dismissal.

9. PENDING FEDERAL DISTRICT COURT CASES

None.

INTERNET DATA SOURCES

Internet Resources

Federal Government Websites

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|--|---|
| http://www.federalreserve.gov | Board of Governors of the Federal Reserve | Economic research and data; banking information and regulation |
| http://www.fcc.gov | Federal Communications Commission | Telecommunications data and reports |
| http://www.fdic.gov | Federal Deposit Insurance Corporation | Economic statistics |
| http://www.ffeic.gov | Federal Financial Institutions Examination Council | Economic statistics |
| http://www.frbatlanta.org | Federal Reserve Bank of Atlanta | Economic research and data |
| http://research.stlouisfed.org/fred2 | Federal Reserve Bank of St. Louis | FRED - Federal Reserve Economic Data |
| http://www.ncua.gov | National Credit Union Administration | Credit union data |
| http://www.fedstats.gov | Office of Management and Budget | Portal for US government statistics from more than 100 agencies |
| http://www.agcensus.usda.gov | US Department of Agriculture, National Agricultural Science Service | Census of agriculture |
| http://www.census.gov | US Department of Commerce, Bureau of Census | Demographic and economic statistics |
| http://www.bea.gov | US Department of Commerce, Bureau of Economic Analysis | Economic statistics |
| http://www.hud.gov | US Department of Housing and Urban Development | Housing data |
| http://www.huduser.org | US Department of Housing and Urban Development's Office of Policy Development and Research | Housing data |
| http://www.bls.gov | US Department of Labor, Bureau of Labor Statistics | Employment statistics |
| http://www.irs.gov/taxstats/index.html | US Department of the Treasury, Internal Revenue Service | Tax statistics |
| http://www.faa.gov | US Department of Transportation, Federal Aviation Administration | Aviation statistics |
| http://www.usa.gov | US General Services Administration | Portal for US government agencies and statistics |
| http://thomas.loc.gov | US Library of Congress | Legislative information from the Library of Congress |
| http://www.sec.gov/edgar.shtml | US Securities and Exchange Commission | Documents filed with the SEC by public companies can be accessed by EDGAR - Electronic Data Gathering Analysis and Retrieval system |

Other National Data Sources

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|---|---|
| http://www.taxsites.com | AccountantsWorld, LLC | Tax, accounting and payroll sites directory |
| http://www.alec.org | American Legislative Exchange Council | Books, reports, and white papers on the issues and policies being debated in the states |
| http://www.cbpp.org | Center on Budget and Policy Priorities | Research and analysis on proposed budget and tax policies |
| http://www.ctj.org | Citizens for Tax Justice | Research on the impact of federal, state, and local tax policies |
| http://www.taxadmin.org | Federation of Tax Administrators | Links to state tax agencies, IRS, and federal data sources |
| http://www.forrester.com | Forrester Research, Inc. | Research on the business implications of technology change |
| http://www.economy.com/freelunch/default.asp | Moody's Analytics, Inc. | Economic, demographic, and financial data |
| http://www.mtc.gov | Multistate Tax Commission | Tax research |
| http://www.realtor.org/research/research/eoindicator | National Association of Realtors | National housing and economic indicators |
| http://www.nber.org | National Bureau of Economic Research | Economic data and research |
| http://www.nccs.urban.org | National Center for Charitable Statistics | Data on US nonprofits |
| http://www.ncsl.org | National Conference of State Legislatures | Research on state issues |
| http://www.nga.org | National Governors Association | Governor directory and state-related issue papers |
| http://www.digitaltelevision.com | NewBay Media | Links to television industry news |
| http://www.taxfoundation.org | Tax Foundation | Data on tax rates, collections and overall tax burdens |
| http://www.tiaonline.org | Telecommunications Industry Association | Compilation of publications in the information and communications technology industry |

Internet Resources

Florida Government Websites

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|---|--|
| http://www.eflorida.com | Enterprise Florida, Inc. | Information on Florida's industry clusters and Florida's regions |
| http://www.labormarketinfo.com | Florida Agency for Workforce Innovation, Labor Market Statistics Center | Florida labor market statistics data |
| http://www.law.fsu.edu/crc | Florida Constitution Revision Commission | 1997-1998 proceedings |
| http://www.fl-ag.com | Florida Department of Agriculture and Consumer Services | Agriculture data |
| http://www.floridaspecialdistricts.org/OfficialList/index.cfm | Florida Department of Community Affairs | List of special districts |
| http://www.fldoe.org/ | Florida Department of Education | Education data |
| http://dor.myflorida.com | Florida Department of Revenue | Tax data |
| http://www.sunbiz.org/search.html | Florida Department of State, Division of Corporations | Sunbiz - Corporation search |
| http://laws.flrules.org | Florida Department of State, State Library & Archives of Florida | Laws of Florida |
| https://www.flrules.org/Default.asp | Florida Department of State, State Library & Archives of Florida, Florida Administrative Weekly & Florida Administrative Code | Florida government electronic rulemaking system |
| http://www.flelibrary.org | Florida Department of State, State Library & Archives of Florida, Florida Electronic Library | Florida electronic library |
| http://www.dot.state.fl.us/planning/statistics/ | Florida Department of Transportation, Transportation Statistics Office | TranStat is the Florida Department of Transportation's central clearinghouse and principal source for highway and traffic data |
| http://www.flgov.com/ | Florida Governor's website | Initiatives, press releases, and executive orders |
| http://www.leg.state.fl.us | Florida Legislature | Online Sunshine includes Florida statutes and constitution and the laws of Florida |
| http://www.floridalcir.gov | Florida Legislature, Committee on Intergovernmental Relations | Local government surveys and tax reports |
| http://edr.state.fl.us | Florida Legislature, Office of Economic and Demographic Research | Economic and demographic data and revenue estimates |
| http://www.oppaga.state.fl.us | Florida Legislature, Office of Program Policy Analysis and Government Accountability | OPPAGA reports |
| http://www.flofr.com/banking | Florida Office of Financial Regulation, Division of Financial Institutions | Links to financial regulators, trade organizations, and other financial websites |
| http://www.psc.state.fl.us | Florida Public Service Commission | Utility data and reports |
| http://www.sbafla.com/fsb/ | Florida State Board of Administration | State investment data |
| http://www.flcourts.org | Florida State Courts | Florida court decisions |
| http://www.floridatbrc.org | Florida Taxation and Budget Reform Commission | Proposals, recommendations and reports |
| http://411.myflorida.com | State of Florida | State government 411 online telephone directory |

Other Florida Data Sources

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|--|--|
| http://www.collinscenter.org | Collins Center for Public Policy | Public policy research |
| http://media.living.net/statistics/statisticsfull.htm | Florida Association of Realtors | Florida existing home sales data |
| http://www.fcta.com | Florida Cable Telecommunications Association | Florida and federal government telecommunication links |
| http://www.flasports.com | Florida Sports Federation | Lists of events |
| http://www.floridatxwatch.org | Florida TaxWatch | Public policy research |
| http://www.iflorida.com | ITFlorida | Directory of Florida public libraries, universities and community colleges |
| http://www.jamesmadison.org | The James Madison Institute | Public policy research |

US General Information

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|---|-------------------------------------|
| http://www.governing.com | Governing Magazine, Congressional Quarterly, Inc., a subsidiary of Times Publishing Co. | State and local government news |
| http://www.stateneWSnetwork.com/ | State News Network, FHL Mobile Marketing | Links to news websites and articles |

Universities

| <i>Website</i> | <i>Organization Name</i> | <i>Brief Description</i> |
|---|--|--|
| http://www.fiu.edu/~economic/ | Florida International University, Department of Economics | Economic research |
| http://metropolitan.fiu.edu/ | Florida International University, Metropolitan Center | Demographics, economics, and politics of South Florida |
| http://www.fsu.edu/~popctr/ | Florida State University, Center for Demography and Population Health | Trends in population and health |
| http://www.coss.fsu.edu/economics/ | Florida State University, Department of Economics | Economic research |
| http://www.pepperinstitute.org/Home/ | Florida State University, Pepper Institute on Aging & Public Policy | Multidisciplinary work in aging issues |
| http://www.law.gmu.edu/nctl/ | George Mason University, University of Law, National Center for Technology and Law | Information on economy project |
| http://www.utc.edu/Outreach/SouthernEconomicAssociation/index.html | Southern Economic Association hosted by the University of Tennessee, Chattanooga | Southern Economic Journal |
| http://www.bebr.ufl.edu | University of Florida, Bureau of Economic and Business Research | Demographic data and consumer confidence index |
| http://www.cba.ufl.edu/eco/ | University of Florida, Department of Economics | Economic research |
| http://www.shimberg.ufl.edu/ | University of Florida, Shimberg Center for Affordable Housing | Housing data |
| http://www.unf.edu/dept/ceppp/index.html | University of North Florida, Blue Cross an Blue Shield of Florida Center for Ethics, Public Policy and the Professions | Applied ethics research |

Internet Resources

State Department of Revenue Websites

| State | DOR Homepage |
|----------------------|---|
| Alabama | http://www.revenue.alabama.gov |
| Alaska | http://www.revenue.state.ak.us |
| Arizona | http://www.revenue.state.az.us |
| Arkansas | http://www.state.ar.us/dfa/index.html |
| California | http://www.taxes.ca.gov |
| Colorado | http://www.revenue.state.co.us/main/home.asp |
| Connecticut | http://www.ct.gov/drs/site/default.asp |
| Delaware | http://revenue.delaware.gov |
| District of Columbia | http://otr.cfo.dc.gov/otr/site/default.asp |
| Florida | http://dor.myflorida.com/dor |
| Georgia | http://www.dor.ga.gov |
| Hawaii | http://www.state.hi.us/tax |
| Idaho | http://tax.idaho.gov |
| Illinois | http://www.iltax.com |
| Indiana | http://www.in.gov/dor/index.htm |
| Iowa | http://www.state.ia.us/tax/index.html |
| Kansas | http://www.ksrevenue.org |
| Kentucky | http://revenue.ky.gov |
| Louisiana | http://www.revenue.louisiana.gov |
| Maine | http://www.state.me.us/revenue |
| Maryland | http://www.comp.state.md.us |
| Massachusetts | http://www.mass.gov/?pageID=dorhomepage&L=1&LO=Home&sid=Ador |
| Michigan | http://www.michigan.gov/treasury |
| Minnesota | http://www.taxes.state.mn.us |
| Mississippi | http://www.mstc.state.ms.us |
| Missouri | http://dor.mo.gov |
| Montana | http://mt.gov/revenue |
| Nebraska | http://www.revenue.state.ne.us |
| Nevada | http://tax.state.nv.us |
| New Hampshire | http://www.revenue.nh.gov |
| New Jersey | http://www.state.nj.us/treasury/taxation/index.html |
| New Mexico | http://www.tax.state.nm.us |
| New York | http://www.tax.state.ny.us |
| North Carolina | http://www.dor.state.nc.us |
| North Dakota | http://www.nd.gov/tax |
| Ohio | http://tax.ohio.gov |
| Oklahoma | http://www.oktax.state.ok.us |
| Oregon | http://www.oregon.gov/DOR |
| Pennsylvania | http://www.revenue.state.pa.us/revenue/cwp/view.asp?a=13&Q=69009&subID=B |
| Rhode Island | http://www.tax.state.ri.us |
| South Carolina | http://www.sctax.org/default.htm |
| South Dakota | http://www.state.sd.us/drr2/revenue.html |
| Tennessee | http://www.state.tn.us/revenue |
| Texas | http://www.window.state.tx.us/index.html |
| Utah | http://www.tax.utah.gov |
| Vermont | http://www.state.vt.us/tax/index.shtml |
| Virginia | http://www.tax.virginia.gov |
| Washington | http://dor.wa.gov/Content/Home/Default.aspx |
| West Virginia | http://www.wvrevenue.gov |
| Wisconsin | http://www.dor.state.wi.us |
| Wyoming | http://revenue.state.wy.us |

