

SB 916 by **Flores (CO-INTRODUCERS) Benacquisto**; (Identical to H 0419) Tax on Sales, Use, and Other Transactions

793966	A	S	RCS	AFT, Simmons	Delete L.34 - 43:	04/17 11:49 AM
224228	A	S	RCS	AFT, Simmons	btw L.52 - 53:	04/17 11:49 AM

SB 1026 by **Thrasher**; (Compare to CS/H 0837) Tax Collectors

752026	D	S	RCS	AFT, Gardiner	Delete everything after	04/17 11:49 AM
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SB 1064 by **Latvala**; (Compare to CS/CS/H 0277) Assessment of Residential and Nonhomestead Real Property

337862	D	S	RCS	AFT, Evers	Delete everything after	04/17 11:51 AM
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SB 1246 by **Bean**; (Similar to CS/H 0853) Public Retirement Plans

702116	A	S	RCS	AFT, Simmons	Delete L.65 - 77:	04/17 11:52 AM
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SB 1838 by **MS**; (Compare to CS/H 7159) Homestead Property Tax Exemptions

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

**APPROPRIATIONS SUBCOMMITTEE ON FINANCE AND
TAX**

Senator Hukill, Chair
Senator Ring, Vice Chair

MEETING DATE: Wednesday, April 17, 2013
TIME: 11:00 a.m.—1:00 p.m.
PLACE: Mallory Horne Committee Room, 37 Senate Office Building

MEMBERS: Senator Hukill, Chair; Senator Ring, Vice Chair; Senators Abruzzo, Altman, Brandes, Clemens, Diaz de la Portilla, Evers, Gardiner, Margolis, Sachs, and Simmons

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	SB 916 Flores (Identical H 419, Compare H 5601, H 7097)	Tax on Sales, Use, and Other Transactions; Specifying a period during which the sale of clothing, wallets, bags, school supplies, personal computers, and personal computer related accessories are exempt from the sales tax, etc. ED 03/18/2013 Favorable AFT 04/17/2013 Fav/CS AP	Fav/CS Yeas 11 Nays 0
2	SB 1026 Thrasher (Compare CS/H 837)	Tax Collectors; Specifying that the tax collector may collect delinquent taxes by processing tax deed applications, etc. CA 04/02/2013 Favorable AFT 04/17/2013 Fav/CS AP	Fav/CS Yeas 11 Nays 0
3	SB 1064 Latvala (Compare CS/CS/H 277)	Assessment of Residential and Nonhomestead Real Property; Excluding the value of certain installations, changes, or improvements made after a specified date from the assessed value of residential real property; requiring a nonrefundable filing fee for a petition to the value adjustment board; specifying additional exceptions to the assessment of homestead property at just value; repealing provisions relating to the property tax exemption for renewable energy source devices, etc. CA 03/14/2013 Favorable AFT 04/17/2013 Fav/CS AP	Fav/CS Yeas 10 Nays 0

COMMITTEE MEETING EXPANDED AGENDA

Appropriations Subcommittee on Finance and Tax
Wednesday, April 17, 2013, 11:00 a.m.—1:00 p.m.

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
4	SB 1246 Bean (Identical H 853)	Public Retirement Plans; Providing that a consolidated government that has entered into an interlocal agreement to provide police protection services to a municipality within its boundaries is eligible to receive the premium taxes reported for the municipality under certain circumstances; authorizing the municipality receiving the police protection services to enact an ordinance levying the tax as provided by law, etc. GO 04/02/2013 Favorable CA 04/09/2013 Favorable AFT 04/17/2013 Fav/CS AP	Fav/CS Yeas 11 Nays 0
5	SB 1838 Military and Veterans Affairs, Space, and Domestic Security (Compare H 7159)	Homestead Property Tax Exemptions; Deleting a requirement that a disabled veteran be a resident of this state at the time of entering military service in order to receive a discount on the ad valorem tax owed on his or her homestead property; providing for retroactivity, etc. AFT 04/17/2013 Favorable AP	Favorable Yeas 10 Nays 0
Continuation of Review of Economic Development Tax Incentives			Not Considered
Other Related Meeting Documents			

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: CS/SB 916

INTRODUCER: Appropriations Subcommittee on Finance and Tax; and Senator Flores

SUBJECT: Sales and Use Tax

DATE: April 17, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Klebacha	ED	Favorable
2.	Cote	Diez-Arguelles	AFT	Fav/CS
3.			AP	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

CS/SB 916 provides an exemption from state and local sales tax during the 3-day period beginning at 12:01 a.m. on August 2, 2013, through 11:59 p.m. on August 4, 2013, on purchases of clothing costing \$75 or less per item, school supplies costing \$15 or less per item, and computers costing \$750 or less per item.

The Revenue Estimating Conference estimates that the bill will have a nonrecurring, negative impact of \$28.3 million to General Revenue for Fiscal Year 2013-2014 and a nonrecurring, negative impact of \$6.4 million to local governments.

The bill provides an appropriation of \$235,695 in Fiscal Year 2012-2013 for the Department of Revenue to implement the law and notify sales and use tax dealers prior to the beginning of the sales tax holiday.

The bill takes effect upon becoming law.

The bill creates one unnumbered section of law.

II. Present Situation:

Ch. 212, F.S., imposes a 6 percent¹ sales tax on the retail sale of tangible personal property, including books, clothing, footwear, wallets, bags, school supplies, and computers. In addition, county governments may impose discretionary sales surtaxes.²

The Legislature has approved sales tax holidays for a number of years, notably from 2004 through 2007, and then again from 2010 through 2012. The length of the exemption period has varied from 3 to 10 days. The type and value of exempt items has also varied. The holiday is made available for the benefit of families making back-to-school purchases, and is typically offered just prior to the start of a new school year.

III. Effect of Proposed Changes:

SB 916 provides an exemption from state and local sales tax during the 3-day period beginning at 12:01 a.m. on August 2, 2013, through 11:59 p.m. on August 4, 2013, for the following:

- Sales of clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags, having a sales price of \$75 or less per item. “Clothing” is defined to mean:
 - Any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs.
 - All footwear, excluding skis, swim fins, roller blades, and skates.
- Sales of school supplies having a sales price of \$15 or less per item. “School supplies” is defined to mean pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue, paste, rulers, computer disks, protractors, compasses, and calculators.
- Sales of personal computers and related accessories having a sales price of \$750 or less. Qualifying items must be purchased for noncommercial home or personal use. The exemption includes electronic book readers, laptops, desktops, tablets, monitors, other peripheral devices, modems for Internet and network access, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit. The exemption does not include cell phones, video game consoles, digital media receivers or other devices that are not primarily designed to process data. Computer and computer related accessories do not include furniture or any systems, devices, software, or peripherals designed or intended primarily for recreational use.

The exemptions of the above items from sales tax do not apply to sales within a public lodging establishment, theme park, entertainment complex or airport.

The Department of Revenue is authorized to adopt rules to administer the exemption. The bill provides an appropriation of \$235,695 in Fiscal Year 2012-2013 for the Department of Revenue

¹ s. 212.05, F.S..

² s. 212.054, F.S.

to implement the law and notify sales and use tax dealers prior to the beginning of the sales tax holiday.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Subsection (b) of s. 18, Art. VII, State Constitution, provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989.

The bill provides a sales tax exemption that will reduce the municipalities' and counties' local option sales tax collections over a three-day period, thereby reducing their revenue-raising authority. However, an exemption may apply because the reduction in local governments' revenue-raising authority may be below the \$1.9 million threshold for an insignificant impact on local governments.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference estimates that the bill will have a nonrecurring, negative impact of \$28.3 million to General Revenue for Fiscal Year 2013-2014 and a nonrecurring, negative impact of \$6.4 million to local governments.

B. Private Sector Impact:

During the specified period, clothing, wallets, and bags selling for \$75 or less; school supplies selling for \$15 or less; and computers selling for \$750 or less can be purchased tax-free. Given the timing of the tax-free period, families will be able to save money on clothing and school supplies prior to the beginning of the school year.

C. Government Sector Impact:

The Department of Revenue (DOR) will need to print and mail Tax Information Publications (TIPs) to notify dealers. DOR anticipates that it will need to print and mail TIPs to 565,000 sales and use tax dealers prior to the beginning of the sales tax holiday,

with an additional print of 5,000 TIPs for mail to retail associations and others upon request.³

VI. Technical Deficiencies:

None.

VII. Related Issues:

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS by Appropriations Subcommittee on Finance and Tax on April 17, 2013:

The CS clarifies the items that qualify as personal computers and related accessories. The CS also provides an appropriation of \$235,695 in Fiscal Year 2012-2013 for the Department of Revenue to implement the law and notify sales and use tax dealers prior to the beginning of the sales tax holiday.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

³ DOR Bill Analysis (February 20, 2013), on file with the Appropriations Subcommittee on Finance and Tax.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/17/2013	.	
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Appropriations Subcommittee on Finance and Tax (Simmons)
recommended the following:

Senate Amendment

Delete lines 34 - 43
and insert:

(c) Personal computers and related accessories that have a sales price of \$750 or less and are purchased for noncommercial home or personal use. As used in this paragraph, the term:

1. "Personal computer" means an electronic device that accepts information in digital or similar form and manipulates such information for a result based on a sequence of instructions. The term includes an electronic book reader and laptop, desktop, handheld, tablet, or tower computer but does



793966

13 not include cellular telephones, video game consoles, digital
14 media receivers, or devices that are not primarily designed to
15 process data.

16 2. "Related accessories" includes keyboards, mice, personal
17 digital assistants, monitors, other peripheral devices, modems,
18 routers, and nonrecreational software regardless of whether the
19 accessories are used in association with a personal computer
20 base unit, but does not include furniture or systems, devices,
21 software, or peripherals that are designed or intended primarily
22 for recreational use.

23 3. "Monitor" does not include a device that includes a
24 television tuner.



224228

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/17/2013	.	
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Appropriations Subcommittee on Finance and Tax (Simmons)
recommended the following:

Senate Amendment (with title amendment)

Between lines 52 and 53
insert:

Section 2. For the 2012-2013 fiscal year, the sum of \$235,695 in nonrecurring funds is appropriated from the General Revenue Fund to the Department of Revenue for the purpose of administering this act. Funds from the appropriation that remain unexpended or unencumbered as of June 30, 2013, shall revert and be reappropriated for the same purpose in the 2013-2014 fiscal year.



224228

13 ===== T I T L E A M E N D M E N T =====

14 And the title is amended as follows:

15 Between lines 8 and 9

16 insert:

17 providing an appropriation;

By Senator Flores

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A bill to be entitled

An act relating to the tax on sales, use, and other transactions; specifying a period during which the sale of clothing, wallets, bags, school supplies, personal computers, and personal computer related accessories are exempt from the sales tax; providing definitions; providing exceptions; authorizing the Department of Revenue to adopt emergency rules; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. (1) The tax levied under chapter 212, Florida Statutes, may not be collected during the period from 12:01 a.m. on August 2, 2013, through 11:59 p.m. on August 4, 2013, on the sale of:

(a) Clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags, having a sales price of \$75 or less per item. As used in this paragraph, the term "clothing" means:

1. Any article of wearing apparel intended to be worn on or about the human body, excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs; and

2. All footwear, excluding skis, swim fins, roller blades, and skates.

(b) School supplies having a sales price of \$15 or less per item. As used in this paragraph, the term "school supplies" means pens, pencils, erasers, crayons, notebooks, notebook

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filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, protractors, compasses, and calculators.

(c) Personal computers and related accessories with a sales price of \$750 or less, purchased for noncommercial home or personal use, including personal computer base units and keyboards, personal digital assistants, handheld computers, monitors, other peripheral devices, modems for Internet and network access, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit. Computers and computer-related accessories do not include furniture or any systems, devices, software, or peripherals designed or intended primarily for recreational use.

(2) The tax exemptions provided in this section do not apply to sales within a theme park or entertainment complex as defined in s. 509.013(9), Florida Statutes, within a public lodging establishment as defined in s. 509.013(4), Florida Statutes, or within an airport as defined in s. 330.27(2), Florida Statutes.

(3) The Department of Revenue may, and all conditions are deemed met to, adopt emergency rules pursuant to ss. 120.536(1) and 120.54, Florida Statutes, to administer this section.

Section 2. This act shall take effect upon becoming a law.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: CS/SB 1026

INTRODUCER: Appropriations Subcommittee on Finance and Tax; and Senator Thrasher

SUBJECT: Tax Collectors

DATE: April 17, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Toman	Yeatman	CA	Favorable
2.	Babin	Diez-Arguelles	AFT	Fav/CS
3.			AP	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

Tax collectors are currently authorized to collect a tax deed application fee of \$75. CS/SB 1026 authorizes tax collectors to also charge fees as reimbursement for the cost to process tax deed applications electronically. If the tax deed application fee and the cost reimbursement exceed \$75, the tax deed applicant has the option to not use the electronic tax deed application process.

The Revenue Estimating Conference (REC) has not yet determined the revenue impact of this bill. Staff estimates that this bill will increase tax collector revenue by an indeterminate amount.

This bill amends section 197.502 of the Florida Statutes.

II. Present Situation:

Tax Certificates

Property taxes are due and payable on November 1 of each year or as soon thereafter as the certified tax roll is received by the tax collector and tax notices are mailed to taxpayers notifying

them of the amount of taxes due and any discounts that are available to them.¹ Taxes are considered delinquent if they are not paid by April 1 following the year in which they are assessed.² By April 30, the tax collector must mail an additional tax notice to each taxpayer whose payment has not been received, notifying the taxpayer that a tax certificate on the property will be sold for delinquent taxes that are not paid in full.³

On or before June 1, tax collectors are required to hold tax certificate auctions to sell tax certificates on properties with delinquent taxes.⁴ Tax certificates are issued to the person who will pay the taxes, interest, cost and charges and demands the lowest rate of interest.⁵

A tax certificate is a legal document, representing unpaid delinquent real property taxes, non-ad valorem assessments, including special assessments, interest, and related costs and charges, issued in accordance with ch. 197, F.S., against a specific parcel of real property.⁶ Tax certificates that are not sold are issued to the county at the maximum interest rate (18 percent).⁷ The sale of the tax certificate acts as first lien on the property that is superior to all other liens, but it does not convey any property rights to the investor.⁸

A property owner can redeem a tax certificate anytime before a tax deed is issued or the property is placed on the list of lands available for sale. The person redeeming or purchasing the tax certificate is required to pay the investor or county all taxes, interest, costs, charges, and a \$6.25 fee to the tax collector.⁹

Tax Deeds

If the property owner has not redeemed the tax certificate, a tax certificate holder may apply for a tax deed on the property on or after the second year following the sale of the certificate and before the expiration of seven years from issuance.¹⁰ The holder files an application for tax deed with the county tax collector and pays all amounts required for redemption or purchase of all other outstanding tax certificates, any omitted taxes or delinquent taxes, and any current taxes due, plus interest.¹¹ The tax collector is authorized to collect a tax deed application fee of \$75 at the time of application for the tax deed.¹² The property is then placed on the list of lands available for sale and sold to the highest bidder at a public auction held by the clerk of the circuit court.¹³ If property placed on the list of lands available for sale is not sold within three years after the public auction, the land escheats to the county in which the property is located, free and clear

¹ Sections 197.322 and 197.333, F.S.

² Section 197.333, F.S.

³ Section 197.343(1), F.S.

⁴ Section 197.402, F.S. For tax rolls that are not completed timely, tax certificate sales begin 60 days after the date of delinquency.

⁵ Section 197.432(5), F.S.

⁶ Section 197.102(3), F.S.

⁷ Section 197.432(6), F.S.

⁸ Section 197.122, F.S., *see also* s. 197.432, F.S.

⁹ Section 197.472, F.S.

¹⁰ Sections 197.502 and 197.482, F.S.

¹¹ Section 197.502(2), F.S.

¹² Section 197.502(1), F.S.

¹³ Section 197.542(1), F.S.

of all liens.¹⁴ Tax certificates that are not redeemed or, for which a tax deed has not been applied for within seven years, become null and void.¹⁵

III. Effect of Proposed Changes:

Section 1 amends s. 197.502, F.S., to authorize the tax collector to charge fees as reimbursement for the cost to process tax deed applications electronically. If the tax deed application fee and the cost reimbursement exceed \$75, the tax deed applicant has the option to not use the electronic tax deed application process.

Section 2 provides an effective date of July 1, 2013.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The REC has not reviewed the impact of this bill. Staff estimates that it will increase tax collector revenue by an indeterminate amount.

B. Private Sector Impact:

Tax certificate holders may be required to pay additional fees to apply for a tax deed.

C. Government Sector Impact:

Tax collectors will be able to more efficiently process tax deed applications.

VI. Technical Deficiencies:

None.

¹⁴ Section 197.502(8), F.S.

¹⁵ Section 197.482(1), F.S.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

The CS:

- Authorizes the tax collector to charge fees to recover the costs of processing tax deed applications electronically.
- Authorizes tax deed applicants to opt out of an electronic tax deed application process when the total fees for the tax deed application exceed \$75.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/17/2013	.	
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Appropriations Subcommittee on Finance and Tax (Gardiner)
recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Subsection (1) of section 197.502, Florida
Statutes, is amended to read:

197.502 Application for obtaining tax deed by holder of tax
sale certificate; fees.—

(1) The holder of a tax certificate at any time after 2
years have elapsed since April 1 of the year of issuance of the
tax certificate and before the cancellation of the certificate,
may file the certificate and an application for a tax deed with



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13 the tax collector of the county where the property described in
14 the certificate is located. The tax collector may charge a tax
15 deed application fee of \$75 and for reimbursement of the costs
16 for providing online tax deed application services. If the tax
17 collector charges a combined fee in excess of \$75, applicants
18 shall have the option of using the electronic tax deed
19 application process or filing applications without using such
20 service.

21 Section 2. This act shall take effect July 1, 2013.

22
23 ===== T I T L E A M E N D M E N T =====

24 And the title is amended as follows:

25 Delete everything before the enacting clause
26 and insert:

27 A bill to be entitled
28 An act relating to tax deeds; amending s. 197.502,
29 F.S.; authorizing the tax collector to charge for
30 reimbursement of the costs for providing online tax
31 deed application services; providing that an
32 applicant's use of such online application services is
33 optional under certain circumstances; providing an
34 effective date.

By Senator Thrasher

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A bill to be entitled

An act relating to tax collectors; amending s.
197.332, F.S.; specifying that the tax collector may
collect delinquent taxes by processing tax deed
applications; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 197.332, Florida
Statutes, is amended to read:

197.332 Duties of tax collectors; branch offices.—

(1) The tax collector has the authority and obligation to
collect all taxes as shown on the tax roll by the date of
delinquency or ~~to~~ collect delinquent taxes, interest, and costs,
by sale of tax certificates on real property, by processing tax
deed applications, and by seizure and sale of personal property.
In exercising their powers to contract, the tax collector may
perform such duties by use of contracted services or products or
by electronic means. The use of contracted services, products,
or vendors does not diminish the responsibility or liability of
the tax collector to perform such duties pursuant to law. The
tax collector may collect the cost of contracted services. The
tax collector may also collect ~~and~~ reasonable attorney
~~attorney's~~ fees and court costs in actions on proceedings to
recover delinquent taxes, interest, and costs.

Section 2. This act shall take effect July 1, 2013.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: CS/SB 1064

INTRODUCER: Appropriations Subcommittee on Finance and Tax; and Senator Latvala

SUBJECT: Assessment of Residential and Nonhomestead Real Property

DATE: April 18, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Toman</u>	<u>Yeatman</u>	<u>CA</u>	Favorable
2.	<u>Fournier</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

CS/SB 1064 provides that, in determining the assessed value of real property used for residential purposes, an increase in the just value of the property attributable to the installation of a renewable energy source device may not be considered.

This bill is estimated to reduce property tax revenue by \$5.2 million in Fiscal Year 2014-2015 and by \$12.6 million on a recurring basis.

The bill implements a part of a constitutional amendment approved by voters in the November 2008 General Election. The amendment added the following language to article VII, section 4 of the Florida Constitution:

- (i) The legislature, by general law and subject to conditions specified therein, may prohibit the consideration of the following in the determination of the assessed value of real property used for residential purposes:
 - (1) Any change or improvement made for the purpose of improving the property's resistance to wind damage.
 - (2) The installation of a renewable energy source device.¹

The constitutional amendment also repealed then-existing constitutional authority for the Legislature to grant an ad valorem tax exemption to a renewable energy source device and to real property on which such a device is installed and operated.

¹ FLA. CONST. art. VII, s. 4.

The bill defines “renewable energy source devices,” and specifies that these provisions apply to changes or improvements made on or after January 1, 2013, to new and existing residential real.

This bill creates s. 193.624, F.S., and repeals s. 196.175, F.S.

This bill substantially amends the following sections of the Florida Statutes: 193.155, 193.1551, 193.1554, 196.012, 196.121, 196.1995.

II. Present Situation:

Property Tax Assessments

Article VII, s. 4, Florida Constitution, requires that all property be assessed at just value for ad valorem tax purposes. Just value has been interpreted by the courts to mean fair market value, or what a willing buyer would pay a willing seller for the property in an arm’s length transaction.² Section 193.011, F.S., requires property appraisers to consider eight factors in determining the property’s just valuation.³

Exceptions to the just valuation requirement exist for agricultural land, land producing high water recharge to Florida’s aquifers, land used exclusively for noncommercial recreational purposes, and land used for conservation purposes. Each of these property categories may be assessed solely on the basis of their character or use.⁴ Tangible personal property that is held as inventory may be assessed at a specified percentage of its value or may be totally exempted.⁵ Certain working waterfront properties are assessed on the basis of the current use of the property.⁶ The State Constitution also limits the amount by which the assessed value may increase in a given year for certain classes of property.⁷

Article VII, sections 3 and 6, Florida Constitution, permit a number of ad valorem tax exemptions. These include exemptions for homesteads and for charitable, religious, or literary properties, as well as tax limitations under the Save Our Homes provisions. After calculating the assessed value of the property, the appraiser subtracts the value of any applicable exemptions to determine the property’s taxable value.

² See *Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So. 2d 4 (Fla. 1973).

³ See s. 193.011(5), F.S.

⁴ FLA. CONST. art. VII, s. 4.

⁵ Section 196.185, F.S.

⁶ FLA. CONST. art. VII, s. 4.

⁷ See FLA. CONST. art. VII, s. 4(d) and (g) (stating that the assessed value of homestead property may not increase over the prior year’s assessment more than 3 percent or the percentage change in the Consumer Price Index, and levies for non-school tax purposes, the assessment of residential real property and non-residential real property may not increase more than 10 percent over the prior year).

Early Efforts at Renewable Energy Source Incentives

Property tax incentives for renewable energy in Florida date back over 30 years. In 1980, Florida voters added the following ad valorem tax exemption authorization to art. VII, s. 3(d), Florida Constitution:

By general law and subject to conditions specified therein, there may be granted an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, to the value fixed by general law not to exceed the original cost of the device, for the period of time fixed by general law not to exceed ten years.⁸

During that same year, the Legislature enacted s. 196.175, F.S., to implement the constitutional amendment.⁹ The legislation limited the ad valorem exemption to the lesser of:

- The assessed value of the property less any other exemptions applicable under the chapter;
- The original cost of the device, including the installation costs, but excluding the cost of replacing previously existing property removed or improved in the course of the installation; or
- Eight percent of the assessed value of the property immediately following the installation.

The statute granting the exemption mirrored the 10-year time limit in the constitution. Specifically, the exemption period authorized was from January 1, 1980, through December 31, 1990. Therefore, no exemptions were granted after December 31, 1990, and exemptions granted in December 1990 expired 10 years later in December 2000. At this point, the statute was rendered inoperative and art. VII, s. 3(d), Florida Constitution was not implemented by general law.

2008: Legislative Action and Constitutional Amendment 3

On April 30, 2008, the Legislature enacted ch. 2008-227, L.O.F., (HB 7135) to remove the expiration date of the property tax exemption for renewable energy source devices. This allowed property owners to apply again for the exemption effective January 1, 2009, and once more bound it with a 10-year life span. The bill also revised the means for calculating the exemption limit. The exemption was no longer capped at 8 percent of assessed value. Instead, it was limited to the original cost of the renewable energy device, including the installation cost, but excluding the cost of replacing previously existing property.¹⁰

In November 2008, Florida voters approved the following constitutional amendment placed on the ballot by the Florida Tax and Budget Reform Commission (TBRC):

- (i) The legislature, by general law and subject to conditions specified therein, may prohibit the consideration of the following in the

⁸ FLA. CONST. art. VII, s. 3.

⁹ Section 196.175, F.S.

¹⁰ Section 196.175, F.S.

determination of the assessed value of real property used for residential purposes:

- (1) Any change or improvement made for the purpose of improving the property's resistance to wind damage.
- (2) The installation of a renewable energy source device.¹¹

The amendment was permissive; unless the Legislature enacted implementing legislation it had no effect. The 2008 amendment also repealed then-existing constitutional authority for the Legislature to grant an ad valorem tax exemption to a renewable energy source device and to real property on which such a device is installed and operated. Although the constitutional provisions granting the ad valorem tax exemptions were repealed in 2008, the implementing language in s. 196.175, F.S., is still part of the Florida Statutes.¹²

Florida Statutes currently do not provide property tax incentives for changes or improvements for wind damage resistance or for installation of a renewable energy source device. Bills were filed during the 2009, 2010, 2011 and 2012 legislative sessions to implement the changes made to the constitution in 2008; however, no legislation was passed.¹³

2009 Senate Interim Report

In 2009, the Senate Committee on Finance and Tax issued an interim report evaluating the 2008 Constitutional Amendment.¹⁴ The report reviewed proposed legislation that was filed during the 2009 legislative session to implement the constitutional amendment. It also discussed property tax incentives that are provided in other states for installing renewable energy equipment or improving disaster resistance.¹⁵

At the time of the interim report, 17 states had enacted property tax incentives for renewable energy equipment including devices related to solar, wind, and geothermal energy. Although the report noted that tax incentives for improvements related to disaster preparedness are less common, three states had enacted such laws.

III. Effect of Proposed Changes:

Section 1 creates s. 193.624, F.S., related to renewable energy source devices installed on or after January 1, 2013, to new and existing residential real property. The section provides that, when determining the assessed value of real property used for residential purposes, the property appraiser may not consider the just value of the installation and operation of a renewable energy

¹¹ FLA. CONST. art. VII, s. 4.

¹² In 2010, HB 7005 was filed, repealing the obsolete language in ss. 196.175 and 196.12(14), F.S. This legislation passed the House on March 10, 2010, but died in messages.

¹³ During the 2009 legislative session, SB 2454 and HB 7113 were filed; in 2010, SB 1164, HB 151, SB 1410, and SPB 7020; in 2011 SB 434, SB 732 and HB 531. CS/CS/HB 531 passed the House but died in messages. In 2012, CS/SB 156 and CS/HB 133 both died in committee.

¹⁴ Comm. on Finance and Tax, The Florida Senate, *Assessment of Renewable Energy Devices and Improvements That Increase Resistance to Wind Damage – Implementation of Constitutional Amendment Approved in November 2008*, (Interim Report 2010-116) (Oct. 2009).

¹⁵ *Id.* citing *State Tax Guide Volume 2*, Commerce Clearing House (Chicago, IL).

source device, which means any of the following equipment that collects, transmits, stores, or uses solar energy, wind energy or energy derived from geothermal deposits:

- Solar energy collectors, photovoltaic modules, and inverters;
- Storage tanks and other storage systems, excluding swimming pools used as storage tanks;
- Rockbeds;
- Thermostats and other control devices;
- Heat exchange devices;
- Pumps and fans;
- Roof ponds;
- Freestanding thermal containers;
- Pipes, ducts, refrigerant handling systems, and other equipment used to interconnect such systems; however, conventional backup systems of any type are not included in this definition;
- Windmills and wind turbines;
- Wind-driven generators;
- Power conditioning and storage devices that use wind energy to generate electricity or mechanical forms of energy; or
- Pipes and other equipment used to transmit hot geothermal water to a dwelling or structure from a geothermal deposit.

Section 2 amends s. 193.155, F.S., relating to homestead assessments to make cross references which incorporate changes made by the bill.

Section 3 amends s. 193.1554, F.S., relating to nonhomestead assessments to make cross references which incorporate changes made by the bill.

Section 4 amends s. 196.012, F.S., to delete the existing definition for renewable energy source devices provided in subsection (14).

Section 5 amends s. 193.121, F.S., relating to homestead exemption forms to make cross references which incorporate changes made by the bill.

Section 6 amends s. 193.1995, F.S., relating to economic development ad valorem tax exemptions to make cross references which incorporate changes made by the bill.

Section 7 repeals s. 196.175, F.S., the provisions of which are obsolete as a result of the removal of the constitutional tax exemption for renewable energy source devices in 2008.

Section 8 provides that this act shall take effect on July 1, 2013, and shall apply to assessments beginning January 1, 2014.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

Section 18, Art. VII, State Constitution, provides that except upon approval by two-thirds of the members of each house, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would reduce the authority that municipalities or counties have to raise revenues in the aggregate, as such authority exists on February 1, 1989. By reducing the tax base upon which counties and municipalities raise ad valorem revenue, this bill reduces their revenue-raising authority and may require a two-thirds vote of the membership of each house of the Legislature.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The Revenue Estimating Conference has determined that the bill's recurring impact on non-school local tax revenue is -\$7.2 million at 2012 millage rates. There is no impact in Fiscal Year 2013-2014, but in Fiscal Year 2014-2015 the impact on non-school local tax revenue is -\$3.0 million. The recurring impact on school tax revenue is -\$5.4 million at 2012 millage rates. There is no impact in Fiscal Year 2013-2014, but in Fiscal Year 2014-2015 the impact on school tax revenue is -\$2.2 million.

B. Private Sector Impact:

The bill may provide incentives for residential property owners and home builders to install renewable energy source devices, since such devices will not increase the assessed value of the property.

C. Government Sector Impact:

The bill may create additional workload for property appraisers.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS by Appropriations Subcommittee on Finance and Tax on April 17, 2013:

- Deletes parts of the bill relating to changes or improvements made for the purpose of improving resistance to wind damage.
- Removes requirement that a property owner apply for assessment under this bill.

B. Amendments:

None.



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/17/2013	.	
	.	
	.	
	.	

Appropriations Subcommittee on Finance and Tax (Evers)
recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Section 193.624, Florida Statutes, is created to
read:

193.624 Assessment of residential property.-

(1) As used in this section, the term "renewable energy
source device" means any of the following equipment that
collects, transmits, stores, or uses solar energy, wind energy,
or energy derived from geothermal deposits:

(a) Solar energy collectors, photovoltaic modules, and



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13 inverters.
14 (b) Storage tanks and other storage systems, excluding
15 swimming pools used as storage tanks.
16 (c) Rockbeds.
17 (d) Thermostats and other control devices.
18 (e) Heat exchange devices.
19 (f) Pumps and fans.
20 (g) Roof ponds.
21 (h) Freestanding thermal containers.
22 (i) Pipes, ducts, refrigerant handling systems, and other
23 equipment used to interconnect such systems; however, such
24 equipment does not include conventional backup systems of any
25 type.
26 (j) Windmills and wind turbines.
27 (k) Wind-driven generators.
28 (l) Power conditioning and storage devices that use wind
29 energy to generate electricity or mechanical forms of energy.
30 (m) Pipes and other equipment used to transmit hot
31 geothermal water to a dwelling or structure from a geothermal
32 deposit.
33 (2) In determining the assessed value of real property used
34 for residential purposes, an increase in the just value of the
35 property attributable to the installation of a renewable energy
36 source device may not be considered.
37 (3) This section applies to the installation of a renewable
38 energy source device installed on or after January 1, 2013, to
39 new and existing residential real property.
40 Section 2. Paragraph (a) of subsection (4) of section
41 193.155, Florida Statutes, is amended to read:



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42 193.155 Homestead assessments.—Homestead property shall be
43 assessed at just value as of January 1, 1994. Property receiving
44 the homestead exemption after January 1, 1994, shall be assessed
45 at just value as of January 1 of the year in which the property
46 receives the exemption unless the provisions of subsection (8)
47 apply.

48 (4) (a) Except as provided in paragraph (b) and s. 193.624,
49 changes, additions, or improvements to homestead property shall
50 be assessed at just value as of the first January 1 after the
51 changes, additions, or improvements are substantially completed.

52 Section 3. Paragraph (a) of subsection (6) of section
53 193.1554, Florida Statutes, is amended to read:

54 193.1554 Assessment of nonhomestead residential property.—

55 (6) (a) Except as provided in paragraph (b) and s. 193.624,
56 changes, additions, or improvements to nonhomestead residential
57 property shall be assessed at just value as of the first January
58 1 after the changes, additions, or improvements are
59 substantially completed.

60 Section 4. Subsections (14) through (20) of section
61 196.012, Florida Statutes, are amended to read:

62 196.012 Definitions.—For the purpose of this chapter, the
63 following terms are defined as follows, except where the context
64 clearly indicates otherwise:

65 ~~(14) "Renewable energy source device" or "device" means any~~
66 ~~of the following equipment which, when installed in connection~~
67 ~~with a dwelling unit or other structure, collects, transmits,~~
68 ~~stores, or uses solar energy, wind energy, or energy derived~~
69 ~~from geothermal deposits:~~

70 ~~(a) Solar energy collectors.~~



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- 71 ~~(b) Storage tanks and other storage systems, excluding~~
72 ~~swimming pools used as storage tanks.~~
- 73 ~~(c) Rockbeds.~~
- 74 ~~(d) Thermostats and other control devices.~~
- 75 ~~(e) Heat exchange devices.~~
- 76 ~~(f) Pumps and fans.~~
- 77 ~~(g) Roof ponds.~~
- 78 ~~(h) Freestanding thermal containers.~~
- 79 ~~(i) Pipes, ducts, refrigerant handling systems, and other~~
80 ~~equipment used to interconnect such systems; however,~~
81 ~~conventional backup systems of any type are not included in this~~
82 ~~definition.~~
- 83 ~~(j) Windmills.~~
- 84 ~~(k) Wind-driven generators.~~
- 85 ~~(l) Power conditioning and storage devices that use wind~~
86 ~~energy to generate electricity or mechanical forms of energy.~~
- 87 ~~(m) Pipes and other equipment used to transmit hot~~
88 ~~geothermal water to a dwelling or structure from a geothermal~~
89 ~~deposit.~~
- 90 (14)~~(15)~~ "New business" means:
- 91 (a)1. A business or organization establishing 10 or more
92 new jobs to employ 10 or more full-time employees in this state,
93 paying an average wage for such new jobs that is above the
94 average wage in the area, which principally engages in any one
95 or more of the following operations:
- 96 a. Manufactures, processes, compounds, fabricates, or
97 produces for sale items of tangible personal property at a fixed
98 location and which comprises an industrial or manufacturing
99 plant; or



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100 b. Is a target industry business as defined in s.
101 288.106(2) (q);

102 2. A business or organization establishing 25 or more new
103 jobs to employ 25 or more full-time employees in this state, the
104 sales factor of which, as defined by s. 220.15(5), for the
105 facility with respect to which it requests an economic
106 development ad valorem tax exemption is less than 0.50 for each
107 year the exemption is claimed; or

108 3. An office space in this state owned and used by a
109 business or organization newly domiciled in this state; provided
110 such office space houses 50 or more full-time employees of such
111 business or organization; provided that such business or
112 organization office first begins operation on a site clearly
113 separate from any other commercial or industrial operation owned
114 by the same business or organization.

115 (b) Any business or organization located in an enterprise
116 zone or brownfield area that first begins operation on a site
117 clearly separate from any other commercial or industrial
118 operation owned by the same business or organization.

119 (c) A business or organization that is situated on property
120 annexed into a municipality and that, at the time of the
121 annexation, is receiving an economic development ad valorem tax
122 exemption from the county under s. 196.1995.

123 ~~(15)-(16)~~ "Expansion of an existing business" means:

124 (a)1. A business or organization establishing 10 or more
125 new jobs to employ 10 or more full-time employees in this state,
126 paying an average wage for such new jobs that is above the
127 average wage in the area, which principally engages in any of
128 the operations referred to in subparagraph (15) (a)1.; or



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129 2. A business or organization establishing 25 or more new
130 jobs to employ 25 or more full-time employees in this state, the
131 sales factor of which, as defined by s. 220.15(5), for the
132 facility with respect to which it requests an economic
133 development ad valorem tax exemption is less than 0.50 for each
134 year the exemption is claimed; provided that such business
135 increases operations on a site located within the same county,
136 municipality, or both colocated with a commercial or industrial
137 operation owned by the same business or organization under
138 common control with the same business or organization, resulting
139 in a net increase in employment of not less than 10 percent or
140 an increase in productive output or sales of not less than 10
141 percent.

142 (b) Any business or organization located in an enterprise
143 zone or brownfield area that increases operations on a site
144 located within the same zone or area colocated with a commercial
145 or industrial operation owned by the same business or
146 organization under common control with the same business or
147 organization.

148 ~~(16)-(17)~~ "Permanent resident" means a person who has
149 established a permanent residence as defined in subsection (17)
150 ~~(18)~~.

151 (17)-(18) "Permanent residence" means that place where a
152 person has his or her true, fixed, and permanent home and
153 principal establishment to which, whenever absent, he or she has
154 the intention of returning. A person may have only one permanent
155 residence at a time; and, once a permanent residence is
156 established in a foreign state or country, it is presumed to
157 continue until the person shows that a change has occurred.



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158 ~~(18)-(19)~~ "Enterprise zone" means an area designated as an
159 enterprise zone pursuant to s. 290.0065. This subsection expires
160 on the date specified in s. 290.016 for the expiration of the
161 Florida Enterprise Zone Act.

162 ~~(19)-(20)~~ "Ex-servicemember" means any person who has served
163 as a member of the United States Armed Forces on active duty or
164 state active duty, a member of the Florida National Guard, or a
165 member of the United States Reserve Forces.

166 Section 5. Subsection (2) of section 196.121, Florida
167 Statutes, is amended to read:

168 196.121 Homestead exemptions; forms.-

169 (2) The forms shall require the taxpayer to furnish certain
170 information to the property appraiser for the purpose of
171 determining that the taxpayer is a permanent resident as defined
172 in s. 196.012(16) ~~196.012(17)~~. Such information may include, but
173 need not be limited to, the factors enumerated in s. 196.015.

174 Section 6. Subsections (6), (8), (9), and (11) of section
175 196.1995, Florida Statutes, are amended to read:

176 196.1995 Economic development ad valorem tax exemption.-

177 (6) With respect to a new business as defined by s.
178 196.012(14)(c) ~~196.012(15)(e)~~, the municipality annexing the
179 property on which the business is situated may grant an economic
180 development ad valorem tax exemption under this section to that
181 business for a period that will expire upon the expiration of
182 the exemption granted by the county. If the county renews the
183 exemption under subsection (7), the municipality may also extend
184 its exemption. A municipal economic development ad valorem tax
185 exemption granted under this subsection may not extend beyond
186 the duration of the county exemption.



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187 (8) Any person, firm, or corporation which desires an
188 economic development ad valorem tax exemption shall, in the year
189 the exemption is desired to take effect, file a written
190 application on a form prescribed by the department with the
191 board of county commissioners or the governing authority of the
192 municipality, or both. The application shall request the
193 adoption of an ordinance granting the applicant an exemption
194 pursuant to this section and shall include the following
195 information:

196 (a) The name and location of the new business or the
197 expansion of an existing business;

198 (b) A description of the improvements to real property for
199 which an exemption is requested and the date of commencement of
200 construction of such improvements;

201 (c) A description of the tangible personal property for
202 which an exemption is requested and the dates when such property
203 was or is to be purchased;

204 (d) Proof, to the satisfaction of the board of county
205 commissioners or the governing authority of the municipality,
206 that the applicant is a new business or an expansion of an
207 existing business, as defined in s. 196.012~~(15)~~ or ~~(16)~~;

208 (e) The number of jobs the applicant expects to create
209 along with the average wage of the jobs and whether the jobs are
210 full-time or part-time;

211 (f) The expected time schedule for job creation; and

212 (g) Other information deemed necessary or appropriate by
213 the department, county, or municipality.

214 (9) Before it takes action on the application, the board of
215 county commissioners or the governing authority of the



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216 municipality shall deliver a copy of the application to the
217 property appraiser of the county. After careful consideration,
218 the property appraiser shall report the following information to
219 the board of county commissioners or the governing authority of
220 the municipality:

221 (a) The total revenue available to the county or
222 municipality for the current fiscal year from ad valorem tax
223 sources, or an estimate of such revenue if the actual total
224 revenue available cannot be determined;

225 (b) Any revenue lost to the county or municipality for the
226 current fiscal year by virtue of exemptions previously granted
227 under this section, or an estimate of such revenue if the actual
228 revenue lost cannot be determined;

229 (c) An estimate of the revenue which would be lost to the
230 county or municipality during the current fiscal year if the
231 exemption applied for were granted had the property for which
232 the exemption is requested otherwise been subject to taxation;
233 and

234 (d) A determination as to whether the property for which an
235 exemption is requested is to be incorporated into a new business
236 or the expansion of an existing business, as defined in s.
237 ~~196.012(15) or (16)~~, or into neither, which determination the
238 property appraiser shall also affix to the face of the
239 application. Upon the request of the property appraiser, the
240 department shall provide to him or her such information as it
241 may have available to assist in making such determination.

242 (11) An ordinance granting an exemption under this section
243 shall be adopted in the same manner as any other ordinance of
244 the county or municipality and shall include the following:



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245 (a) The name and address of the new business or expansion
246 of an existing business to which the exemption is granted;

247 (b) The total amount of revenue available to the county or
248 municipality from ad valorem tax sources for the current fiscal
249 year, the total amount of revenue lost to the county or
250 municipality for the current fiscal year by virtue of economic
251 development ad valorem tax exemptions currently in effect, and
252 the estimated revenue loss to the county or municipality for the
253 current fiscal year attributable to the exemption of the
254 business named in the ordinance;

255 (c) The period of time for which the exemption will remain
256 in effect and the expiration date of the exemption, which may be
257 any period of time up to 10 years; and

258 (d) A finding that the business named in the ordinance
259 meets the requirements of s. 196.012(14) or (15) ~~196.012 (15) or~~
260 ~~(16)~~.

261 Section 7. Section 196.175, Florida Statutes, is repealed.

262 Section 8. This act shall take effect July 1, 2013, and
263 applies to assessments beginning January 1, 2014.

264
265
266 ===== T I T L E A M E N D M E N T =====

267 And the title is amended as follows:

268 Delete everything before the enacting clause
269 and insert:

270 A bill to be entitled
271 An act relating to the assessment of residential and
272 nonhomestead real property; creating s. 193.624, F.S.;
273 defining the term "renewable energy source device";



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274 excluding the value of renewable energy source devices
275 from the assessed value of residential real property;
276 providing for applicability; amending s. 193.155,
277 F.S.; specifying additional exceptions to the
278 assessment of homestead property at just value;
279 amending s. 193.1554, F.S.; specifying additional
280 exceptions to assessment of nonhomestead residential
281 property at just value; amending s. 196.012, F.S.;
282 deleting the definition of the terms "renewable energy
283 source device" and "device"; conforming a cross-
284 reference; amending ss. 196.121 and 196.1995, F.S.;
285 conforming cross-references; repealing s. 196.175,
286 F.S., relating to the property tax exemption for
287 renewable energy source devices; providing for
288 applicability; providing an effective date.

By Senator Latvala

20-00676A-13

20131064__

A bill to be entitled

An act relating to the assessment of residential and nonhomestead real property; creating s. 193.624, F.S.; providing definitions; excluding the value of certain installations, changes, or improvements made after a specified date from the assessed value of residential real property; providing for application; requiring the filing of applications by specified times in order for such installations, changes, or improvements to be excluded from the assessed value of residential real property; providing procedural requirements and limitations; requiring a nonrefundable filing fee for a petition to the value adjustment board; amending s. 193.155, F.S.; specifying additional exceptions to the assessment of homestead property at just value; reenacting s. 193.1551, F.S., relating to assessment of certain homestead property damaged in 2004 named storms, to incorporate the amendments made to s. 193.155, F.S., in a reference thereto; amending s. 193.1554, F.S.; specifying additional exceptions to assessment of nonhomestead property at just value; amending s. 196.012, F.S.; deleting the definition of the terms "renewable energy source device" and "device"; conforming cross-references; amending ss. 196.121 and 196.1995, F.S.; conforming cross-references; repealing s. 196.175, F.S., relating to the property tax exemption for renewable energy source devices; providing for application of the act; providing an effective date.

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

20-00676A-13

20131064__

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 193.624, Florida Statutes, is created to read:

193.624 Assessment of residential property improved to resist wind damage; using renewable energy devices.—

(1) As used in this section, the term:

(a) "Changes or improvements made for the purpose of improving a property's resistance to wind damage" means:

1. Improving the strength of the roof-deck attachment;

2. Creating a secondary water barrier to prevent water intrusion;

3. Installing wind-resistant shingles;

4. Installing gable-end bracing;

5. Reinforcing roof-to-wall connections;

6. Installing storm shutters; or

7. Installing opening protections.

(b) "Renewable energy source device" means any of the following equipment that collects, transmits, stores, or uses solar energy, wind energy, or energy derived from geothermal deposits:

1. Solar energy collectors, photovoltaic modules, and inverters.

2. Storage tanks and other storage systems, excluding swimming pools used as storage tanks.

3. Rockbeds.

4. Thermostats and other control devices.

5. Heat exchange devices.

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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59 6. Pumps and fans.
 60 7. Roof ponds.
 61 8. Freestanding thermal containers.
 62 9. Pipes, ducts, refrigerant handling systems, and other
 63 equipment used to interconnect such systems; however, such
 64 equipment does not include conventional backup systems of any
 65 type.
 66 10. Windmills and wind turbines.
 67 11. Wind-driven generators.
 68 12. Power conditioning and storage devices that use wind
 69 energy to generate electricity or mechanical forms of energy.
 70 13. Pipes and other equipment used to transmit hot
 71 geothermal water to a dwelling or structure from a geothermal
 72 deposit.
 73 (2) In determining the assessed value of real property used
 74 for residential purposes, any increase in the just value of the
 75 property attributable to the installation of a renewable energy
 76 source device or changes or improvements made for the purpose of
 77 improving a property's resistance to wind damage may not be
 78 considered.
 79 (3) For a parcel of residential property to be assessed
 80 pursuant to this section, the owner of the property must file
 81 with the county property appraiser an application on or before
 82 March 1 of the first year such assessment is requested. The
 83 property appraiser may require the taxpayer or the taxpayer's
 84 representative to furnish the property appraiser such
 85 information as may reasonably be required to establish the
 86 increase in just value attributable to the renewable energy
 87 source device or changes or improvements made for the purpose of

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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88 improving the property's resistance to wind damage. Failure to
 89 make timely application by March 1 constitutes a waiver of the
 90 property owner to have his or her assessment calculated for that
 91 year under this section. However, an applicant who fails to file
 92 an application by March 1 may file a late application and may
 93 file, pursuant to s. 194.011(3), a petition with the value
 94 adjustment board requesting assessment under this section. The
 95 petition must be filed on or before the 25th day after the
 96 mailing of the notice by the property appraiser as provided in
 97 s. 194.011(1). Notwithstanding s. 194.013, the applicant must
 98 pay a nonrefundable fee of \$15 upon filing the petition. Upon
 99 reviewing the petition, if the property is qualified to be
 100 assessed under this section and the property owner demonstrates
 101 particular extenuating circumstances judged by the property
 102 appraiser or the value adjustment board to warrant granting
 103 assessment under this section, the property appraiser shall
 104 calculate the assessment pursuant to this section.
 105 (4) This section applies to the installation of a renewable
 106 energy source device or changes or improvements made for the
 107 purpose of improving a property's resistance to wind damage
 108 installed or made on or after January 1, 2013, to new and
 109 existing residential real property.
 110 Section 2. Paragraph (a) of subsection (4) of section
 111 193.155, Florida Statutes, is amended to read:
 112 193.155 Homestead assessments.—Homestead property shall be
 113 assessed at just value as of January 1, 1994. Property receiving
 114 the homestead exemption after January 1, 1994, shall be assessed
 115 at just value as of January 1 of the year in which the property
 116 receives the exemption unless the provisions of subsection (8)

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

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 117 apply.

118 (4) (a) Except as provided in paragraph (b) and s. 193.624,
 119 changes, additions, or improvements to homestead property shall
 120 be assessed at just value as of the first January 1 after the
 121 changes, additions, or improvements are substantially completed.

122 Section 3. For the purpose of incorporating the amendment
 123 made by this act to section 193.155, Florida Statutes, in a
 124 reference thereto, section 193.1551, Florida Statutes, is
 125 reenacted to read:

126 193.1551 Assessment of certain homestead property damaged
 127 in 2004 named storms.—Notwithstanding the provisions of s.
 128 193.155(4), the assessment at just value for changes, additions,
 129 or improvements to homestead property rendered uninhabitable in
 130 one or more of the named storms of 2004 shall be limited to the
 131 square footage exceeding 110 percent of the homestead property's
 132 total square footage. Additionally, homes having square footage
 133 of 1,350 square feet or less which were rendered uninhabitable
 134 may rebuild up to 1,500 total square feet and the increase in
 135 square footage shall not be considered as a change, an addition,
 136 or an improvement that is subject to assessment at just value.
 137 The provisions of this section are limited to homestead
 138 properties in which repairs are commenced by January 1, 2008,
 139 and apply retroactively to January 1, 2005.

140 Section 4. Paragraph (a) of subsection (6) of section
 141 193.1554, Florida Statutes, is amended to read:

142 193.1554 Assessment of nonhomestead residential property.—

143 (6) (a) Except as provided in paragraph (b) and s. 193.624,
 144 changes, additions, or improvements to nonhomestead residential
 145 property shall be assessed at just value as of the first January

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146 1 after the changes, additions, or improvements are
 147 substantially completed.

148 Section 5. Subsections (14) through (20) of section
 149 196.012, Florida Statutes, are amended to read:

150 196.012 Definitions.—For the purpose of this chapter, the
 151 following terms are defined as follows, except where the context
 152 clearly indicates otherwise:

153 ~~(14) "Renewable energy source device" or "device" means any~~
 154 ~~of the following equipment which, when installed in connection~~
 155 ~~with a dwelling unit or other structure, collects, transmits,~~
 156 ~~stores, or uses solar energy, wind energy, or energy derived~~
 157 ~~from geothermal deposits:~~

158 ~~(a) Solar energy collectors.~~

159 ~~(b) Storage tanks and other storage systems, excluding~~
 160 ~~swimming pools used as storage tanks.~~

161 ~~(c) Reckbeds.~~

162 ~~(d) Thermostats and other control devices.~~

163 ~~(e) Heat exchange devices.~~

164 ~~(f) Pumps and fans.~~

165 ~~(g) Reef ponds.~~

166 ~~(h) Freestanding thermal containers.~~

167 ~~(i) Pipes, ducts, refrigerant handling systems, and other~~
 168 ~~equipment used to interconnect such systems; however,~~
 169 ~~conventional backup systems of any type are not included in this~~
 170 ~~definition.~~

171 ~~(j) Windmills.~~

172 ~~(k) Wind-driven generators.~~

173 ~~(l) Power conditioning and storage devices that use wind~~
 174 ~~energy to generate electricity or mechanical forms of energy.~~

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175 ~~(m) Pipes and other equipment used to transmit hot~~
 176 ~~geothermal water to a dwelling or structure from a geothermal~~
 177 ~~deposit.~~

178 ~~(14)(15)~~ "New business" means:

179 (a)1. A business or organization establishing 10 or more
 180 new jobs to employ 10 or more full-time employees in this state,
 181 paying an average wage for such new jobs that is above the
 182 average wage in the area, which principally engages in any one
 183 or more of the following operations:

184 a. Manufactures, processes, compounds, fabricates, or
 185 produces for sale items of tangible personal property at a fixed
 186 location and which comprises an industrial or manufacturing
 187 plant; or

188 b. Is a target industry business as defined in s.
 189 288.106(2)(q);

190 2. A business or organization establishing 25 or more new
 191 jobs to employ 25 or more full-time employees in this state, the
 192 sales factor of which, as defined by s. 220.15(5), for the
 193 facility with respect to which it requests an economic
 194 development ad valorem tax exemption is less than 0.50 for each
 195 year the exemption is claimed; or

196 3. An office space in this state owned and used by a
 197 business or organization newly domiciled in this state; provided
 198 such office space houses 50 or more full-time employees of such
 199 business or organization; provided that such business or
 200 organization office first begins operation on a site clearly
 201 separate from any other commercial or industrial operation owned
 202 by the same business or organization.

203 (b) Any business or organization located in an enterprise

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204 zone or brownfield area that first begins operation on a site
 205 clearly separate from any other commercial or industrial
 206 operation owned by the same business or organization.

207 (c) A business or organization that is situated on property
 208 annexed into a municipality and that, at the time of the
 209 annexation, is receiving an economic development ad valorem tax
 210 exemption from the county under s. 196.1995.

211 ~~(15)(16)~~ "Expansion of an existing business" means:

212 (a)1. A business or organization establishing 10 or more
 213 new jobs to employ 10 or more full-time employees in this state,
 214 paying an average wage for such new jobs that is above the
 215 average wage in the area, which principally engages in any of
 216 the operations referred to in subparagraph (14)(a)1. ~~(15)(a)1.~~
 217 or

218 2. A business or organization establishing 25 or more new
 219 jobs to employ 25 or more full-time employees in this state, the
 220 sales factor of which, as defined by s. 220.15(5), for the
 221 facility with respect to which it requests an economic
 222 development ad valorem tax exemption is less than 0.50 for each
 223 year the exemption is claimed; provided that such business
 224 increases operations on a site located within the same county,
 225 municipality, or both colocated with a commercial or industrial
 226 operation owned by the same business or organization under
 227 common control with the same business or organization, resulting
 228 in a net increase in employment of not less than 10 percent or
 229 an increase in productive output or sales of not less than 10
 230 percent.

231 (b) Any business or organization located in an enterprise
 232 zone or brownfield area that increases operations on a site

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233 located within the same zone or area colocated with a commercial
 234 or industrial operation owned by the same business or
 235 organization under common control with the same business or
 236 organization.

237 ~~(16)-(17)~~ "Permanent resident" means a person who has
 238 established a permanent residence as defined in subsection (17)
 239 ~~(18)~~.

240 (17)-(18) "Permanent residence" means that place where a
 241 person has his or her true, fixed, and permanent home and
 242 principal establishment to which, whenever absent, he or she has
 243 the intention of returning. A person may have only one permanent
 244 residence at a time; and, once a permanent residence is
 245 established in a foreign state or country, it is presumed to
 246 continue until the person shows that a change has occurred.

247 (18)-(19) "Enterprise zone" means an area designated as an
 248 enterprise zone pursuant to s. 290.0065. This subsection expires
 249 on the date specified in s. 290.016 for the expiration of the
 250 Florida Enterprise Zone Act.

251 (19)-(20) "Ex-servicemember" means any person who has served
 252 as a member of the United States Armed Forces on active duty or
 253 state active duty, a member of the Florida National Guard, or a
 254 member of the United States Reserve Forces.

255 Section 6. Subsection (2) of section 196.121, Florida
 256 Statutes, is amended to read:

257 196.121 Homestead exemptions; forms.—

258 (2) The forms shall require the taxpayer to furnish certain
 259 information to the property appraiser for the purpose of
 260 determining that the taxpayer is a permanent resident as defined
 261 in s. 196.012(16) ~~196.012(17)~~. Such information may include, but

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262 need not be limited to, the factors enumerated in s. 196.015.

263 Section 7. Subsections (6) and (8), paragraph (d) of
 264 subsection (9), and paragraph (d) of subsection (11) of section
 265 196.1995, Florida Statutes, are amended to read:

266 196.1995 Economic development ad valorem tax exemption.—

267 (6) With respect to a new business as defined by s.
 268 196.012(14)(c) ~~196.012(15)(e)~~, the municipality annexing the
 269 property on which the business is situated may grant an economic
 270 development ad valorem tax exemption under this section to that
 271 business for a period that will expire upon the expiration of
 272 the exemption granted by the county. If the county renews the
 273 exemption under subsection (7), the municipality may also extend
 274 its exemption. A municipal economic development ad valorem tax
 275 exemption granted under this subsection may not extend beyond
 276 the duration of the county exemption.

277 (8) Any person, firm, or corporation which desires an
 278 economic development ad valorem tax exemption shall, in the year
 279 the exemption is desired to take effect, file a written
 280 application on a form prescribed by the department with the
 281 board of county commissioners or the governing authority of the
 282 municipality, or both. The application shall request the
 283 adoption of an ordinance granting the applicant an exemption
 284 pursuant to this section and shall include the following
 285 information:

286 (a) The name and location of the new business or the
 287 expansion of an existing business;

288 (b) A description of the improvements to real property for
 289 which an exemption is requested and the date of commencement of
 290 construction of such improvements;

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291 (c) A description of the tangible personal property for
 292 which an exemption is requested and the dates when such property
 293 was or is to be purchased;

294 (d) Proof, to the satisfaction of the board of county
 295 commissioners or the governing authority of the municipality,
 296 that the applicant is a new business or an expansion of an
 297 existing business, as defined in s. 196.012~~(15)~~ or (16);

298 (e) The number of jobs the applicant expects to create
 299 along with the average wage of the jobs and whether the jobs are
 300 full-time or part-time;

301 (f) The expected time schedule for job creation; and

302 (g) Other information deemed necessary or appropriate by
 303 the department, county, or municipality.

304 (9) Before it takes action on the application, the board of
 305 county commissioners or the governing authority of the
 306 municipality shall deliver a copy of the application to the
 307 property appraiser of the county. After careful consideration,
 308 the property appraiser shall report the following information to
 309 the board of county commissioners or the governing authority of
 310 the municipality:

311 (d) A determination as to whether the property for which an
 312 exemption is requested is to be incorporated into a new business
 313 or the expansion of an existing business, as defined in s.
 314 196.012~~(15)~~ or (16), or into neither, which determination the
 315 property appraiser shall also affix to the face of the
 316 application. Upon the request of the property appraiser, the
 317 department shall provide to him or her such information as it
 318 may have available to assist in making such determination.

319 (11) An ordinance granting an exemption under this section

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320 shall be adopted in the same manner as any other ordinance of
 321 the county or municipality and shall include the following:

322 (d) A finding that the business named in the ordinance
 323 meets the requirements of s. 196.012(14) or (15) ~~196.012(15) or~~
 324 ~~(16)~~.

325 Section 8. Section 196.175, Florida Statutes, is repealed.

326 Section 9. This act shall take effect July 1, 2013, and
 327 applies to assessments beginning January 1, 2014.

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The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: CS/SB 1246

INTRODUCER: Appropriations Subcommittee on Finance and Tax; and Senator Bean

SUBJECT: Public Retirement Plans

DATE: April 17, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McVaney	McVaney	GO	Favorable
2.	Toman	Yeatman	CA	Favorable
3.	Fournier	Diez-Arguelles	AFT	Fav/CS
4.			AP	
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

CS/SB 1246 provides that a consolidated government that has entered into an interlocal agreement to provide police protection services to another incorporated municipality is eligible to receive the premium taxes reported for the other municipality under certain circumstances. The bill authorizes the municipality receiving the police protection services to enact an ordinance levying the premium tax as provided by law and to distribute those premium tax revenues reported for the municipality to the consolidated government as long as the interlocal agreement is in effect.

The Revenue Estimating Conference has estimated that this bill has an insignificant negative fiscal impact on the state General Revenue Fund and a corresponding insignificant positive fiscal impact on local government revenues by shifting these tax revenues from the state to the local governments.

This bill substantially amends sections 185.03 and 185.08 of the Florida Statutes.

II. Present Situation:

Municipal Police Pensions

Chapter 185, F.S., provides funding for municipal police officers' pension plans. It provides for a "uniform retirement system" with defined benefit retirement plans for municipal police officers and sets standards for the operation and funding of these pension systems.¹ Each municipality with a municipal police officers' retirement trust fund is authorized to assess an excise tax of .85 percent of the gross amount of receipts of premiums from policyholders on casualty insurance policies covering property within its corporate limits.² Revenues from this excise tax are one of the funding sources for police officers' pension plans. Currently, a municipality is eligible to receive state premium taxes (or excise taxes) only on those premiums for casualty insurance policies covering property within its municipal limits. A municipality that provides police protection services outside of its municipal limits through an interlocal agreement is not eligible to receive premium tax revenue for casualty policies covering the property where the service is being provided.³

In order to qualify for the premium taxes, a police officers' pension plan must meet certain requirements in ch. 185, F.S.⁴ The Department of Management Services (DMS) oversees and monitors these pension plans; however, day-to-day operational control rests with local boards of trustees.⁵ Any premium taxes collected by and distributed to a municipality for funding police officers' pension plans have a negative impact on the General Revenue Fund because those premium taxes paid by an insurance company under ch. 185, F.S., to a municipality are allowed as a credit against premium taxes the insurance company must pay to the state under s. 624.509, F.S.

Chapter 185, F.S., applies only to municipalities organized and established pursuant to the laws of the state, and does not apply to the unincorporated areas of any county or counties or to any governmental entity whose police officers are eligible to participate in the Florida Retirement System.

Firefighter Pensions

Under current law, a municipality may receive another municipality's premium tax revenues (associated with the tax on property insurance premiums) when there is an interlocal agreement in place to provide fire protection services.⁶ The municipality receiving fire services must levy the tax authorized by ch. 175, F.S., and copies of the interlocal agreement and the municipal ordinance levying the tax must be provided to the Division of Retirement within DMS.

¹ Section 185.01, F.S.

² Section 185.08, F.S.

³ *Id.*

⁴ *See* ss. 185.10, 185.085, F.S.

⁵ Section 185.05, F.S.

⁶ Section 175.041, F.S.

Consolidation

Consolidation combines city and county governments so that the boundaries of the county and an affected city or cities become the same. Consolidation can be total or partial. Total consolidation occurs when all independent governmental units within a county are assimilated into the consolidated government. When some of the governments remain independent, the consolidation is partial. Nationally, few successful city-county consolidations exist. According to the National Association of Counties, only 31 of the 3,066 county governments in the United States are combined city/county governments.

Section 3, Article VIII, of the Florida Constitution, reads as follows:

Consolidation. —The government of a county and the government of one or more municipalities located therein may be consolidated into a single government which may exercise any and all powers of the county and the several municipalities. The consolidation plan may be proposed only by special law, which shall become effective if approved by vote of the electors of the county, or of the county and municipalities affected. Consolidation shall not extend the territorial scope of taxation for the payment of pre-existing debt except to areas whose residents receive a benefit from the facility or service for which the indebtedness was incurred.

Prior to 1933, the Florida Constitution of 1885 was silent on the subject of consolidation. The 1933 Legislature passed a constitutional amendment specifically declaring its own power to establish a municipal corporation consolidating the governments of Duval County and any of the municipalities within its boundaries, subject to referendum approval of the affected voters. The electorate of Florida adopted this amendment in 1934.

The voters of the City of Jacksonville and Duval County did not adopt a municipal charter pursuant to this constitutional provision until 1967, and to date, only Duval County and the City of Jacksonville have taken advantage of the specific constitutional authority to consolidate. Section 9, of Article VIII, of the Constitution of 1885, establishes the Jacksonville/Duval County consolidated charter. Section 6(e), Art. VIII of the State Constitution provides that Section 9, of Article VIII, of the Constitution of 1885 remained in full force and effect after the adoption of the 1968 revision. The municipalities of Atlantic Beach, Baldwin, Jacksonville Beach, and Neptune Beach are not consolidated with Duval County.

III. Effect of Proposed Changes:

Sections 1 and 2 amend ss. 185.03 and 185.08, F.S., respectively, to allow a single consolidated government consisting of a former county and one or more municipalities, consolidated pursuant to s. 3 or s. 6(e), Art. VIII of the State Constitution, to receive the distribution of premium tax revenues related to casualty insurance premiums covering property within a non-consolidated municipality with the county's boundaries. The consolidated government must notify the Division of Retirement of the Department of Management Services (division) when it has entered into an interlocal agreement to provide police services to a municipality within its

boundaries. The municipality may enact an ordinance levying the tax as provided in s. 185.08, F.S. Upon being provided copies of the interlocal agreement and the municipal ordinance levying the tax, the division may distribute any premium taxes reported for the municipality to the consolidated government as long as the interlocal agreement is in effect.

Section 3 provides an effective date of July 1, 2013.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has estimated that this bill has an insignificant negative fiscal impact on the state General Revenue Fund and a corresponding insignificant positive fiscal impact on local government revenues by shifting these tax revenues from the state to the local governments.

B. Private Sector Impact:

None. Although the bill authorizes a municipality to enact a tax on insurance premiums, the municipal taxes are fully credited against the state taxes on insurance premiums.

C. Government Sector Impact:

The Department of Revenue (DOR) will be notified by the Division of Retirement (within the Department of Management Services) of any additional taxing jurisdiction as a result of the language of this bill. DOR will need to add those jurisdictions to the insurance premium tax form in the annual form process. The form will be adopted in a rule in the annual form adoption process. Additionally, this bill will require changes to the Insurance Premium Database to determine situs of premiums for allocation purposes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

In 2005, the Legislature made similar changes to ch. 175, F.S., relating to the Firefighters' Pension Trust Fund. Sections 175.041 and 175.101, F.S., allow a municipality to receive excise tax monies for firefighter pension plans from another municipality if there is an interlocal agreement in place to provide fire protection services.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

Recommended CS by Appropriations Subcommittee on Finance and Tax on April 17, 2013

- Amends the bill so that the language in s. 185.08, F.S., parallels a similar provision in s. 175.101, F.S.

B. Amendments:

None.



702116

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/17/2013	.	
	.	
	.	
	.	

Appropriations Subcommittee on Finance and Tax (Simmons)
recommended the following:

Senate Amendment

Delete lines 65 - 77
and insert:

(b) This section also applies to a municipality that consists of a single consolidated government, composed of a former county and one or more municipalities, which was consolidated pursuant to s. 3 or s. 6(e), Art. VIII of the State Constitution, as provided in s. 185.03(2)(b), and to casualty insurance policies covering properties within the boundaries of the consolidated government, regardless of whether the properties are located within one or more separately



702116

13 incorporated areas within the consolidated government, if the
14 properties are being provided police protection services by the
15 consolidated government.

By Senator Bean

4-00935-13

20131246__

A bill to be entitled

An act relating to public retirement plans; amending ss. 185.03 and 185.08, F.S.; specifying applicability of ch. 185, F.S., to certain consolidated governments; providing that a consolidated government that has entered into an interlocal agreement to provide police protection services to a municipality within its boundaries is eligible to receive the premium taxes reported for the municipality under certain circumstances; authorizing the municipality receiving the police protection services to enact an ordinance levying the tax as provided by law; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (2) of section 185.03, Florida Statutes, is amended to read:

185.03 Municipal police officers' retirement trust funds; creation; applicability of provisions; participation by public safety officers.—For any municipality, chapter plan, local law municipality, or local law plan under this chapter:

(2) ~~(a) The provisions of This chapter applies shall apply~~ only to municipalities organized and established pursuant to the laws of the state, and ~~does said provisions shall~~ not apply to the unincorporated areas of ~~a any county or counties nor shall the provisions hereof apply~~ to any governmental entity whose police officers are eligible to participate in the Florida Retirement System.

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(b) With respect to the distribution of premium taxes, a single consolidated government consisting of a former county and one or more municipalities, consolidated pursuant to s. 3 or s. 6(e), Art. VIII of the State Constitution, is also eligible to participate under this chapter. The consolidated government shall notify the division when it has entered into an interlocal agreement to provide police services to a municipality within its boundaries. The municipality may enact an ordinance levying the tax as provided in s. 185.08. Upon being provided copies of the interlocal agreement and the municipal ordinance levying the tax, the division may distribute any premium taxes reported for the municipality to the consolidated government as long as the interlocal agreement is in effect.

Section 2. Subsection (1) of section 185.08, Florida Statutes, is amended to read:

185.08 State excise tax on casualty insurance premiums authorized; procedure.—For any municipality, chapter plan, local law municipality, or local law plan under this chapter:

(1) (a) Each incorporated municipality in this state described and classified in s. 185.03, as well as each other city or town of this state which on July 31, 1953, had a lawfully established municipal police officers' retirement trust fund or city fund, by whatever name known, providing pension or relief benefits to police officers as provided under this chapter, may assess and impose on every insurance company, corporation, or other insurer now engaged in or carrying on, or who shall hereafter engage in or carry on, the business of casualty insurance as shown by records of the Office of Insurance Regulation of the Financial Services Commission, an

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20131246

59 excise tax in addition to any lawful license or excise tax now
60 levied by each of the ~~said~~ municipalities, respectively,
61 amounting to .85 percent of the gross amount of receipts of
62 premiums from policyholders on all premiums collected on
63 casualty insurance policies covering property within the
64 corporate limits of such municipalities, respectively.

65 (b) With respect to the distribution of premium taxes, a
66 single consolidated government consisting of a former county and
67 one or more municipalities, consolidated pursuant to s. 3 or s.
68 6(e), Art. VIII of the State Constitution, is also eligible to
69 participate under this chapter. The consolidated government
70 shall notify the division when it has entered into an interlocal
71 agreement to provide police services to a municipality within
72 its boundaries. The municipality may enact an ordinance levying
73 the tax as provided in this section. Upon being provided copies
74 of the interlocal agreement and the municipal ordinance levying
75 the tax, the division may distribute any premium taxes reported
76 for the municipality to the consolidated government as long as
77 the interlocal agreement is in effect.

78 Section 3. This act shall take effect July 1, 2013.

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

BILL: SB 1838

INTRODUCER: Military and Veterans Affairs, Space, And Domestic Security Committee

SUBJECT: Homestead Property Tax Exemptions

DATE: April 17, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ryon	Ryon	MS	MS SPB 7032 as introduced
2.	Babin	Diez-Arguelles	AFT	Favorable
3.			AP	
4.				
5.				
6.				

I. Summary:

SB 1838 implements an amendment to Article VII, Section 6 of the Florida Constitution, which was approved by Florida voters in the November 2012 general election. This amendment, Amendment 2, allows disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veterans' property tax discount on homestead property.

The bill does not affect state or local revenues.

The bill substantially amends section 196.082 of the Florida Statutes.

II. Present Situation:

Exemptions and Property Classifications

The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes.¹ However, sections 3, 4, and 6, Article VII of the Florida Constitution, provide for specified assessment limitations, property classifications and exemptions. After the property appraiser has considered any assessment limitation or use classification affecting the just value of a property, the assessed value is determined. The assessed value is then reduced by any applicable exemptions to produce the taxable value.² Available exemptions include homestead exemptions and exemptions for property used for education, religious, or charitable purposes.³

¹ Fla. Const. Art. VII, s. 4.

² See s. 196.031, F.S.

³ Fla. Const. Art. VII, ss. 3 and 6.

Homestead Exemption

Every person who maintains his or her permanent residence⁴ on property to which he or she holds legal and equitable title is eligible for a \$25,000 homestead tax exemption applicable to all ad valorem tax levies, including school districts.⁵ An additional \$25,000 homestead exemption applies to homesteads that have an assessed value greater than \$50,000 and up to \$75,000, excluding ad valorem taxes levied by schools.⁶

Additional Exemptions for Veterans with Service-connected Disabilities

Florida exempts homestead property of a veteran who was honorably discharged with a service-connected total and permanent disability from ad valorem taxes.⁷ After the veteran dies, the exemption carries over to the veteran's surviving spouse under certain circumstances.⁸

Florida exempts up to \$5,000 of property of a veteran who was honorably discharged and who is at least 10 percent disabled from ad valorem taxes.⁹

Property Tax Discount for Veterans with a Combat-related Disability

Florida also provides a discount on ad valorem taxes owed on homestead property for veterans age 65 or older who have a permanent disability that is combat-related.¹⁰ The discount percentage is equal to the veteran's service-connected disability percentage, as determined by the U.S. Department of Veterans Affairs.

The discount was enacted in November 2006 with the adoption of constitutional Amendment 7 (2006) by Florida voters. This constitutional provision was subsequently amended during the 2012 general election with the adoption of Amendment 2 (2012).

Prior to the approval of Amendment 2 (2012), the property tax discount only applied to veterans who were Florida residents at the time of entering military service. In 2011, the Legislature approved a joint resolution, proposing Amendment 2, which removed the requirement that a veteran be a Florida resident at the time of entering military service.¹¹ The change was effective on January 1, 2013.¹²

⁴ Pursuant to s. 196.012(18), F.S., "permanent residence" means that place where a person has his or her true, fixed, and permanent home and principal establishment to which, whenever absent, he or she has the intention of returning. Intention to establish a permanent residence in Florida is a factual determination to be made, in the first instance, by the property appraiser.

⁵ Fla. Const. Art. VII, s. 6.

⁶ *Id.*

⁷ Section 196.081(1), F.S.

⁸ Section 196.081(3), F.S.

⁹ Section 196.24(1), F.S.

¹⁰ Fla. Const. Art. VII, s. 6(e). The discount is primarily useful for *partially* disabled veterans; homestead property of *totally* disabled veterans is completely exempt. See Fn 7.

¹¹ CS/SJR 592 (2011)

¹² Fla. Const. Art. XII, s. 32

The property tax discount is implemented in s. 196.082, F.S. The statute still contains the requirement that the veteran must have been a Florida resident at the time of entering military service in order to qualify for the discount.

III. Effect of Proposed Changes:

The bill amends s. 196.082, F.S., to remove the requirement that a veteran must have been a resident of Florida at the time the veteran entered the military to be eligible for the property tax discount available to veterans with a combat-related disability.

The bill provides an effective date of July 1, 2013 and operates retroactively to January 1, 2013.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

By the Committee on Military and Veterans Affairs, Space, and
Domestic Security

583-03412-13

20131838__

A bill to be entitled

An act relating to homestead property tax exemptions;
amending s. 196.082, F.S.; deleting a requirement that
a disabled veteran be a resident of this state at the
time of entering military service in order to receive
a discount on the ad valorem tax owed on his or her
homestead property; providing for retroactivity;
providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (1) and (3) of section 196.082,
Florida Statutes, are amended to read:

196.082 Discounts for disabled veterans.—

(1) Each veteran who is age 65 or older and is partially or
totally permanently disabled shall receive a discount from the
amount of the ad valorem tax otherwise owed on homestead
property that the veteran owns and resides in if:

(a) The disability was combat-related;

~~(b) The veteran was a resident of this state at the time of
entering the military service of the United States; and~~

(b) (c) The veteran was honorably discharged upon separation
from military service.

(3) To qualify for the discount ~~granted~~ under this section,
an applicant must submit to the county property appraiser by
March 1:

~~(a) Proof of residency at the time of entering military
service;~~

(a) (b) An official letter from the United States Department

Page 1 of 2

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of Veterans Affairs which states the percentage of the veteran's
service-connected disability and evidence that reasonably
identifies the disability as combat-related;

~~(b) (c)~~ A copy of the veteran's honorable discharge; and

~~(c) (d)~~ Proof of age as of January 1 of the year to which
the discount applies ~~will apply~~.

An ~~Any~~ applicant who is qualified to receive a discount under
this section and who fails to file an application by March 1 may
file an application for the discount and may file, pursuant to
s. 194.011(3), a petition with the value adjustment board
requesting that the discount be granted. Such application and
petition is ~~shall be~~ subject to the same procedures as ~~for~~
exemptions under ~~set forth in~~ s. 196.011(8).

Section 2. This act shall take effect July 1, 2013, and
operate retroactively to January 1, 2013.

Page 2 of 2

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

**APPROPRIATIONS SUBCOMMITTEE ON
FINANCE AND TAX
COMMITTEE MEETING
APRIL 17, 2013**

**REVIEW OF SELECTED ECONOMIC DEVELOPMENT
TAX INCENTIVES**

REVIEW OF SELECTED ECONOMIC DEVELOPMENT TAX INCENTIVES

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INTERNATIONAL BANKING FACILITY INCOME DEDUCTION

Section 220.63(5), F.S.

INCENTIVE:

- Income from international banking activities is not subject to Florida Corporate Income Tax.
- Although the statute is more detailed, qualifying income generally includes income derived from:
 - loans to foreign persons,
 - deposits with foreign banks or other international banking facilities; and
 - foreign exchange trading or hedging transactions.

PURPOSE:

- To encourage banks that engage in international banking activities to locate their physical facilities in Florida.
- Note: At the time this deduction was adopted, federal banking laws were such that Florida's deduction was restricted to Florida banks that had international banking facilities. Because of changes to federal law, a bank paying tax in Florida can take advantage of the deduction even if the international banking facility is located in another state.

QUALIFYING REQUIREMENTS:

- The deduction applies only to income from international banking activities. International banking accounts must be segregated from other banking organization accounts.

APPROVAL / OVERSIGHT / LIMITATIONS:

- No prior approval necessary.
- DOR reviews deductions through its normal auditing procedures.

SIGNIFICANT HISTORY:

- 1981 – Created.
- 1994 – Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 allowed interstate branch banking throughout the U.S., except in states that passed laws to prohibit it.

FISCAL IMPACT:

- \$10.8 Million per year

ADDITIONAL INFORMATION:

- The international banking facility deduction was created during an expansion of U.S. banks into international banking, apparently pursuant to increased authority granted by the federal Edge Act of 1919. See 12 U.S.C. ss. 611-631.
- The initial intent of the federal authority was directed at U.S. banks being permitted to conduct more activities outside of the U.S.
- U.S. banks taking advantage of this authority had discretion in choosing the location of their facilities for managing these accounts. Florida's deduction was created in an apparent attempt to have these facilities located in Florida.

SINGLE SALES FACTOR APPORTIONMENT

Sections 220.153, F.S.

INCENTIVE:

- Allows a multi-state corporation to use single sales factor apportionment to determine its Florida corporate taxable income.
- Typically, Florida uses a 3-factor formula to determine taxable income. The use of a single sales factor apportionment formula benefits corporations with a large percentage of sales to out-of-state customers.

PURPOSE:

- To encourage capital investment in Florida.

SIGNIFICANT HISTORY:

- 2011 – created.

QUALIFYING REQUIREMENTS:

- The company must declare a 2-year period for measuring its capital investment in Florida, and then within that 2-year period invest at least \$250 million into Florida real property, fixtures, and equipment.
- Expenditures to acquire an existing business and expenditures in excess of \$125 million for land or buildings do not qualify.
- There is no requirement that the company demonstrate that the incentive caused it to make the investment in Florida.

APPROVAL / OVERSIGHT / LIMITATIONS:

- DEO reviews and approves the qualifying capital expenditures.
- DOR oversees the use of apportionment factors through its normal auditing procedures.
- The first year during which single sales factor appointment could be used is a taxable year beginning on or after January 1, 2013.

FISCAL IMPACT:

- \$7.6 Million, beginning in 2013-2014, as originally estimated by the Revenue Estimating Conference in 2011.
- To date, 5 companies have filed notices of intent to begin their 2-year measurement period. One of the 5 companies has completed its \$250 million investment.

ADDITIONAL INFORMATION:

Program Participants	
1	CSX
2	Publix
3	NextEra Energy
4	Mosaic
5	(Confidential due to nature of project)

RESEARCH & DEVELOPMENT TAX CREDIT

Section 220.196, F.S.

INCENTIVE:

- Provides a credit against Corporate Income Tax for increasing research and development expenses in Florida. The credit is equal to 10 percent of the annual increase. Florida's credit is based on a similar federal credit.

PURPOSE:

- To encourage research and development activities within Florida.

QUALIFYING REQUIREMENTS:

- Companies must increase their qualifying research expenses in Florida over their average qualifying research expenses in Florida during the 4 immediately preceding years.
- The company must qualify for and receive the federal research and development credit.

APPROVAL / OVERSIGHT / LIMITATIONS:

- No prior approval necessary.
- Department of Revenue oversees through its normal auditing procedures.
- For companies that have not existed for 4 years, the credit amount is reduced 25 percent for each year that the business did not exist.
- Total credits may not exceed \$9 million per calendar year.

SIGNIFICANT HISTORY:

- 2011 – created.

FISCAL IMPACT:

- \$9 Million per year, as originally estimated by the Revenue Estimating Conference in 2011.

CAPITAL INVESTMENT TAX CREDIT

Section 220.191, F.S.

INCENTIVE:

- Corporate Income Tax credits and/or Insurance Premium Tax credits are provided to high-impact sector and qualified target industry companies, as well as corporate headquarters, if they invest significant capital (\$25 million or more) within Florida.

- High-impact sectors have evolved over time, but currently include:
 - Transportation Equipment (Aviation/Aerospace),
 - Silicon Technology,
 - Information Technology,
 - Life Sciences,
 - Financial Services,
 - Corporate Headquarters, and
 - Clean Energy.

- Qualified Target Industry business sectors include:
 - All High-impact sectors, and
 - Homeland Security and Defense.

PURPOSE:

- To encourage qualifying companies to locate or expand physical facilities in Florida.

QUALIFYING REQUIREMENTS:

CURRENT CAPITAL INVESTMENT TAX CREDIT QUALIFYING PROJECT TYPES					
	High-Impact Tier 1	High-Impact Tier 2	High-Impact Tier 3	Target Industry	Headquarters
Investment Required	\$25 Million	\$50 Million	\$100 Million	\$100 Million	\$250 Million
Taxes that the Credit can be Applied Against	Corporate Income Tax or Insurance Premium	Corporate Income Tax or Insurance Premium	Corporate Income Tax or Insurance Premium	Corporate Income Tax or Insurance Premium	Corporate Income Tax
Jobs Requirement	100 New Jobs	100 New Jobs	100 New Jobs	100 New, 900 New or Retained	1,500 New
Annual Credit Amount	5% of Eligible Costs	5% of Eligible Costs	5% of Eligible Costs	50% of increased tax liability arising out of the project	Lesser of \$15 million or 5% of Eligible Costs
Annual Credit Limit	50% of tax arising out of project	75% of tax arising out of project	100% of tax arising out of project	50% of increased tax liability arising out of project	\$15 million per year
Credit Period	20 years	20 Years	20 Years	5 years	20 years
Credit Carryover	None	None	Amounts not used within the 20-yr period can be taken between years 21 and 30	None	Annual unused amounts can be carried forward within the 20-yr period
Disproportionately Affected County Waiver	Between 7/1/11 and 6/30/14, the high impact sector requirement is waived for any business that relocates all or a portion of its out-of-state business to Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Walton or Wakulla County.			N/A	N/A
Taxpayer Permitted to Transfer Credit?	Generally no. However, if a project establishes a new solar panel manufacturing facility and generates at least 400 jobs within 6 months of commencing operations and pays those jobs at least \$50,000 average annual salary, it may transfer its permissible credit to another business.				

APPROVAL / OVERSIGHT / LIMITATIONS:

- Businesses must apply and have their projects pre-approved through DEO.
- After credit is awarded, DEO reviews businesses annually to ensure continuing requirements are satisfied.
- DOR oversees credit use through DOR's normal auditing procedures.
- Taxpayer is only permitted to offset the income generated from the qualifying project.
- Taxpayer can only offset a set percentage of its income from the qualifying project.
- Except for certain projects, unused credits expire at the end of each year.

SIGNIFICANT HISTORY:

- 1998 – Capital Investment Tax Credit (CITC) was created for high-impact sectors. High-impact sectors included Aviation/Aerospace, Automotive, and Silicon Technology. The credit only applied against Florida's Corporate Income Tax.
- 1999 – CITC was amended to allow the credit to apply to insurance premium tax.
- 1999 – DEO expanded high-impact sectors to include Information Technology.
- 2002 – DEO expanded high-impact sectors to include Life Sciences.
- 2003 – CITC was amended to temporarily allow financial services businesses to qualify for the CITC through June 30, 2004.
- 2004 – DEO expanded high-impact sectors to include Financial Services.
- 2005 – CITC was expanded to allow target industry businesses to qualify.
- 2006 – CITC was expanded to allow corporate headquarters to qualify.
- 2006 – DEO expanded high-impact sectors to include corporate headquarters.
- 2008 – CITC was amended to allow certain solar projects to transfer the credits.
- 2008 – DEO expanded high-impact sectors to include clean energy.
- 2011 – CITC was amended to allow certain tax credits to be used outside of the normal 20-year period following commencement of operations.
- 2011 – High-impact sector requirement was temporarily waived from 7/1/2011 through 6/30/2014, for Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, Walton, and Wakulla counties, due to the significant impacts from the Deepwater Horizon oil spill.

FISCAL IMPACT:

The following information is valid as of December 2012:

Number of Applicants recommended from Enterprise Florida, Inc.	24
Number of Applicants Certified by DEO to Participate	23
Amount of Credit Initially Certified	\$2.6 billion
Number of Projects Completed and Audited	5
Number of Completed Projects Taking Credit	5
Amount of Credit Taken	\$90.2 million
Amount of Credit Taken in 2011	\$5.6 million

ADDITIONAL INFORMATION:

Active CITC Participants (as of March 3, 2013)			
	Company	Investment	Location
1	Bellsouth Telecommunications, Inc.	\$127m	Statewide
2	Chase (dba Pricing, Billing & Commerce Solutions)	\$82.8m	Hillsborough
3	Chico's FAS, Inc.	unconfirmed	Lee
4	Chromalloy Castings	unconfirmed	Hillsborough
5	Cox Target Media	unconfirmed	Pinellas
6	Darden Restaurants, Inc.	\$150.1m	Orange
7	Embraer Aircraft Holdings	unconfirmed	Brevard
8	Harris Corporation.	unconfirmed	Brevard
9	Jabil Circuit, Inc.	unconfirmed	Pinellas
10	Lockheed Martin Astronautics	\$356m	Brevard
11	Lockheed Martin Missiles and Fire Control	unconfirmed	Orange
12	Nabi Biopharmaceuticals	unconfirmed	Broward
13	Nipro Diagnostics, Inc.	\$38.9m	Broward
14	Planar Energy Devices, Inc.	unconfirmed	Alachua
15	SAFT Industrial Battery Group	unconfirmed	Duval
16	T. Rowe Price Associates, Inc.	unconfirmed	Pasco
17	The Boeing Company	unconfirmed	Brevard
18	The Depository Trust & Clearing Corporation	\$35.7m	Hillsborough
19	UBS AG	unconfirmed	Dade
20	Verizon Corporate Resources Group, LLC	unconfirmed	Seminole

NEW MARKETS TAX CREDIT

Sections 288.9916, F.S.

INCENTIVE:

- Corporate Income Tax credits or Insurance Premium Tax credits equal to 39 percent of qualified investments in Community Development Entities (CDEs). The CDEs use qualified investments to fund projects in low-income communities. Florida's program is related to a similar federal government program.

PURPOSE:

- To encourage capital investment in low-income communities.

QUALIFYING REQUIREMENTS:

- The investor must make a qualifying investment in a CDE.
- The CDE must be certified under the federal New Markets Tax Program.
- CDEs must use these funds to invest in qualifying businesses in low-income communities. These investments are typically made in the form of loans.

APPROVAL / OVERSIGHT / LIMITATIONS:

- DEO reviews projects and approves credit allocations.
- DOR reviews credit use through its normal auditing procedures.
- The 39 percent credit must be taken in portions spread over 5 taxable years.
- A qualifying business may not receive more than \$10 million in qualifying investments under the entire program.
- The total amount of annual credits that may be awarded to CDEs is \$33.6 million per state fiscal year, and the total amount of credits that may be awarded for all years of the program is \$163.8 million.
- The New Markets Development Program expires December 31, 2022.

SIGNIFICANT HISTORY:

- 2000 -- The federal New Markets Tax Program was created by the Community Renewal Tax Relief Act.
- 2009 -- Florida created its New Markets Development Program, with an annual cap on credits of \$20 million, and a total program credit limit of \$97.5 million.
- 2012 -- The credit limits were raised to \$33.6 million per year and \$163.8 million for the life of the program, and some clarifying amendments were made.

FISCAL IMPACT:

- \$33.6 million per year; \$163.8 million over the life of the program.
- To date, \$163.8 million has been allocated.

ADDITIONAL INFORMATION:

PARTICIPATING COMMUNITY DEVELOPMENT ENTITIES	
1	Whitney New Market Fund, LLC
2	Urban Development Fund, LLC
3	Stonehenge Community Development, LLC
4	USBCDE Sub-CDE LXV, LLC
5	Enhanced Community Development, LLC
6	Advantage-BizCapital BIDCO I, LLC
7	Advantage- Southeast Community Development Fund V, LLC

QUALIFIED LOW-INCOME COMMUNITY BUSINESSES RECEIVING INVESTMENTS			
	BUSINESS	LOCATION	USE OF INVESTMENT
1	Cocoa Expo Sports	Cocoa	Construct Facility
2	Agri-Source Fuels, LLC	Dade City	Facility Expansion & Working Capital
3			
4			
5	Halifax Media Holdings & Halifax Media Acquisition	Daytona Beach	Media Acquisitions & Working Capital
6			
7	Contego Services Group, LLC	Fort Lauderdale	Working Capital
8	Patriot Risk Management	Fort Lauderdale	Employees
9	Harlem Heights	Fort Myers	Construct a Community Arts & Education Center
10	Coppert Art, LLC & Tropical Imports by Damar, LLC	Fort Pierce	Refinance & Working Capital
11	Prioria Robotics, Inc.	Gainesville	Working Capital for Contracts to provide UAVs
12			
13	Second Campbell Associates, LLC	Homestead	Create a Training Facility for a Restaurant Chain
14	Basic Products, LLC (Jerome Brown BBQ)	Jacksonville	Facility Renovations, New Equipment, Inventory & Working Capital
15	Litmark, Inc.	Jacksonville	Purchase Realty
16			
17	Lake Montessori by Weston, Inc.	Leesburg	Purchase Business & Working Capital
18	Advanced Footcare, Inc.	Miami	Purchase & Improve Realty
19	Sunburst Farms, Inc.	Miami	Corporate Headquarters & Warehouse Facilities

20	Summit Aerospace Holdings, LLC	Miami	Employees & Inventory
21	Aspira of Florida	Miami	Purchase & Renovate a Middle School
22	International Cruise Food and Hotel Supplies Inc.	Miami	Improve Operations
23			
24	Atlas Paper Mills, LLC	Miami	Refinance / Working Capital
25	University Plaza Properties, LLC	Miami	Construct Nursing Facility & Working Capital
26	Florida Trading Import & Export, Inc. (American Spice Trading Co., Inc.)	Miami	Refinance, New Equipment, Inventory & Working Capital
27	DCR Engineering Services, Inc.	Mulberry	Business Expansion & New Employees
28	ABC's of Learning and Growing, Inc.	North Lauderdale	Improve Operations
29			
30			
31	Okeechobee Funeral Home	Okeechobee	Purchase Realty
32	Orlando Telephone Company	Orlando	Operating Facility Investment
33	Harvill's Produce Company, Inc.	Orlando	Refinance and Improve Realty
34			
35	Orlando Historic Aloft Hotel	Orlando	Construct Facility
36	ESP Management of Florida, Inc.	Orlando	Refinance
37	Community Maritime Park Associates, Inc.	Pensacola	Construct Facility
38	BN Bio-Fuels, LLC	Riviera Beach	Construct a Bio-Fuel Facility
39	SunnyLand Solar, Inc.	Tallahassee	Construct Manufacturing Facility
40	Solar Distributors of America	Tallahassee	Construct commercial solar array, establish Headquarters & Working Capital
41	SolarSink, LLC	Tallahassee	Establish Manufacturing Facility
42	Manna Pro Products Florida	Tampa	Refinance & Working Capital
43	Glazer Children's Museum	Tampa	Finance Facility & Working Capital
44	Tampa Bay History Center	Tampa	Working Capital & Facility Improvements
45	Tampa Bay Arena, L.P.	Tampa	Facility Renovation
46	Drug Abuse Comprehensive Coordinating Office Properties, Inc.	Tampa	Construct Facility

URBAN HIGH-CRIME AREA JOB TAX CREDIT

Sections 212.097 and 220.1895, F.S.

INCENTIVE:

- Provides a credit of \$500 to \$2,000 per qualified job against either Sales Tax or Corporate Income Tax for creating new jobs within designated urban areas nominated by local governments and qualified by the Department of Economic Opportunity as high-crime areas.

PURPOSE:

- To encourage the creation of jobs in urban areas of Florida.¹

QUALIFYING REQUIREMENTS:

- “Qualified high-crime areas” were nominated by local governments and ranked by DEO based on:
 - Arrest rates for violent crimes and other crimes such as drug sales, drug possession, prostitution, vandalism, and civil disturbances
 - Reported crime volume and rate of specific property crimes
 - Percentage of reported index crimes that are violent in nature
 - Overall index crime volume for the area, and
 - Overall index crime rate for the geographic area
- Rankings are based on comparisons to other nominated areas, not to the community as a whole.
- Qualified high-crime areas are designated in 3 tiers, with tier one containing the highest crime areas. Available credits per job created are higher in higher-crime tiers.
- An area that has been designated as a federal Empowerment Zone is also considered a qualified high-crime area.
- Eligible businesses include sole proprietorships, firms, partnerships, and corporations predominantly engaged in:
 - Agriculture, forestry and fishing
 - Manufacturing
 - Retail
 - Public warehousing and storage
 - Hotels and other lodging places
 - Research and development
 - Motion picture production and allied services

¹ *State of Florida Job Creation Plan*, pg. 34.

- Public golf courses
- Amusement parks
- Targeted industries eligible for the targeted industry business tax refund
- Call centers or similar customer service operations that service a multistate or international market
- A qualified employee must work for an eligible business at least 36 hours per week for at least 3 months.
- A new business with at least 10 employees in a tier one area is eligible for tax credits; tiers two and three require 20 and 30 new employees, respectively.
- An existing business within a tier one area must add at least 5 employees; existing businesses in tiers two and three must add 10 and 15 more employees, respectively.
- To be eligible for this credit, an existing business's number of eligible employees as of one year before the application date must be at least as great as the number of qualified employees on January 1, 2009, or on the application date on which a credit was based for any previous application.
- A new or existing business will receive an additional \$500 credit for any qualified employee who is a welfare transition program participant.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity must approve all applications for this credit.
- The maximum credit amount that may be approved during any calendar year is \$5 million, and \$1 million is reserved for tier-one areas.
- Up to 15 high-crime areas are authorized by Florida Statutes but only 13 applications were submitted by local governments. These areas have not changed since the program's original application period in 1998.
- A municipality, or a county and one or more municipalities together, may not nominate more than one high-crime area. This limitation does not apply to Miami-Dade County.
- The size of a designated area is limited to 20 square miles in a community having more than 150,000 persons, and in smaller communities the allowable size is smaller. The designated area may consist of up to 3 noncontiguous parcels.

SIGNIFICANT HISTORY:

- Created in 1997.
- In 2001 qualified target industry businesses and motion picture production and allied services were added to the list of eligible businesses.
- In 2012, dates for the reference period number of employees for existing businesses applying for the credit for a second time or more were changed so that when a business is applying for the second time or more, the number of qualified employees the business has at the time must be no lower than the number of qualified employees that the employer had on January 1, 2009, or on the date of its previous application for this credit. The change also allowed a business to reapply for credits that had been disallowed under the law as it existed at the time of application, but would have been allowed under the law as amended.

FISCAL IMPACT:

- 13 Urban High-Crime Areas have been designated by DEO based on nominations by local governments.
- \$2.5 m in credits were approved in 2012.
- \$21.9 m in credits have been approved since the program's inception.

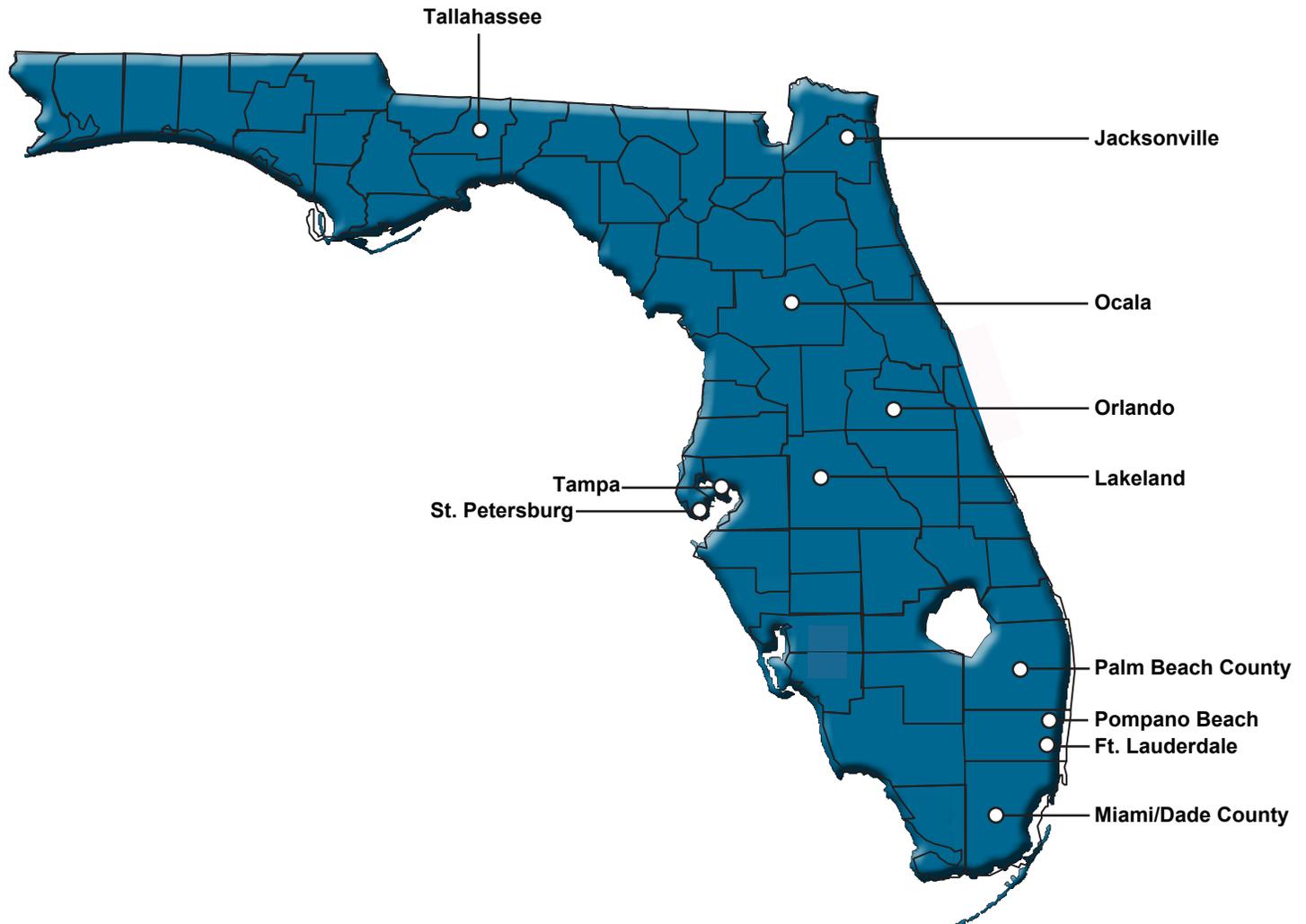
ADDITIONAL INFORMATION:

- Under this program the credit is based on the creation of new jobs; there is no ongoing obligation for the state to provide credits in the future. Job creation is measured over a 12-month period, and any change to the program could be crafted to allow any eligible business to receive credits for jobs created during its current 12-month measurement period.
- 46 percent (\$10.1 million) of the credits approved under this program have gone to hotel projects, and 2 companies—Universal City Development Partners, Ltd., and UCF Hotel Venture—have received 80 percent of those credits.
- Retail or distribution projects have received \$6.2 million in credits, and a handful of large businesses—Wal-Mart, Home Depot, Winn Dixie, Publix, Target, Lowes, and IKEA—account for \$5.6 million.
- Mail order fulfillment centers have received credits worth \$2.5 million.
- Auto dealers have received \$1 million in credits.
- Credits have been received by projects located in 11 Urban High Crime Areas, but 91 percent of credits have gone to 4 areas, namely, Orlando (48 percent), Miami-Dade (20 percent), Palm Beach (13 percent), and Jacksonville (11 percent).

- 76 percent of credits approved have gone to businesses that serve a predominantly local or regional market (retail and auto dealers) or could not easily locate elsewhere (hotels).

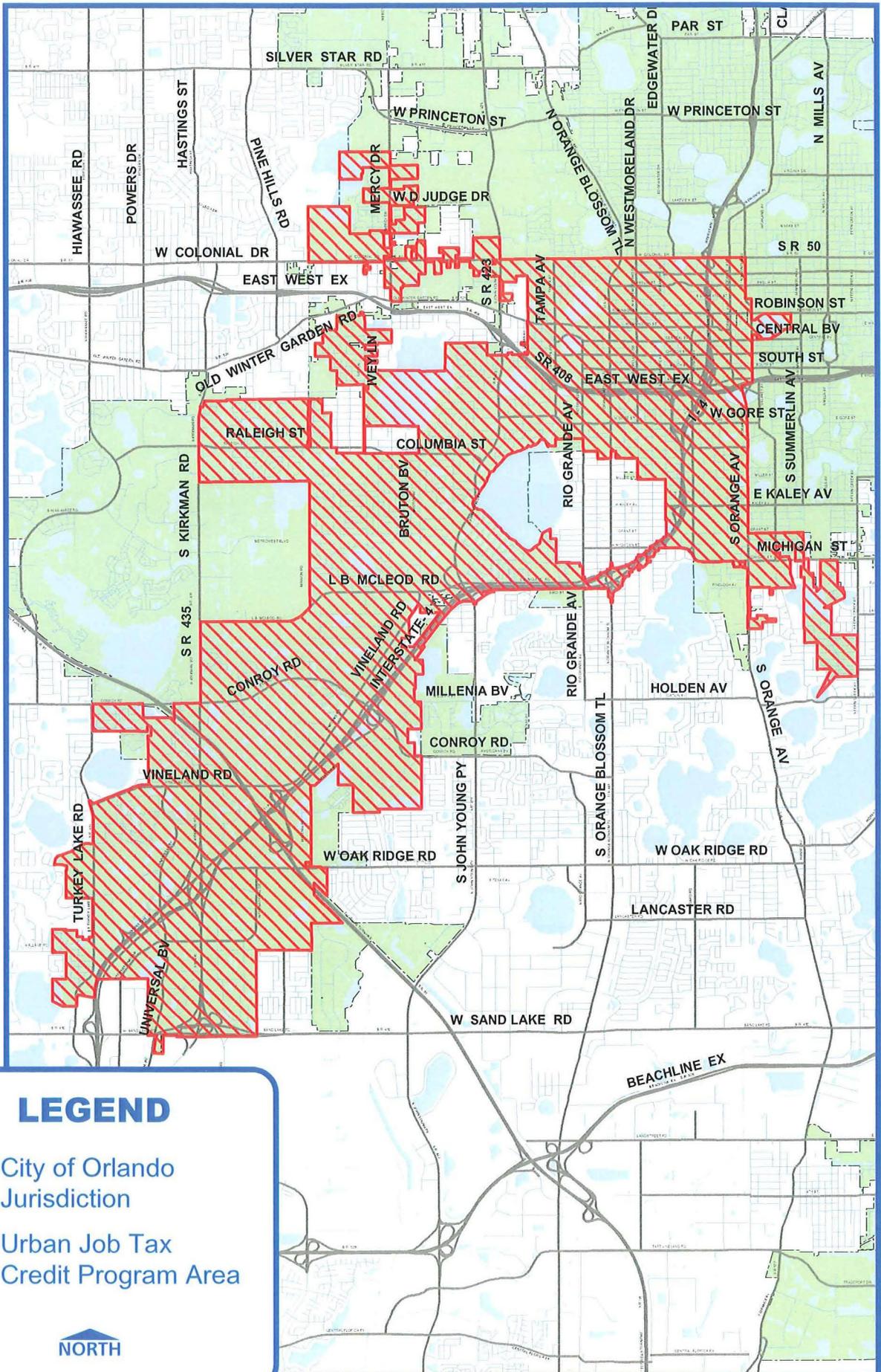
FLORIDA URBAN JOB TAX CREDIT PROGRAM

Effective January 2013



**Florida Department of Economic Opportunity
Division of Community Development
107 East Madison Street; MSC 160
Tallahassee, Florida 32399**

Urban Job Tax Credit Program Area



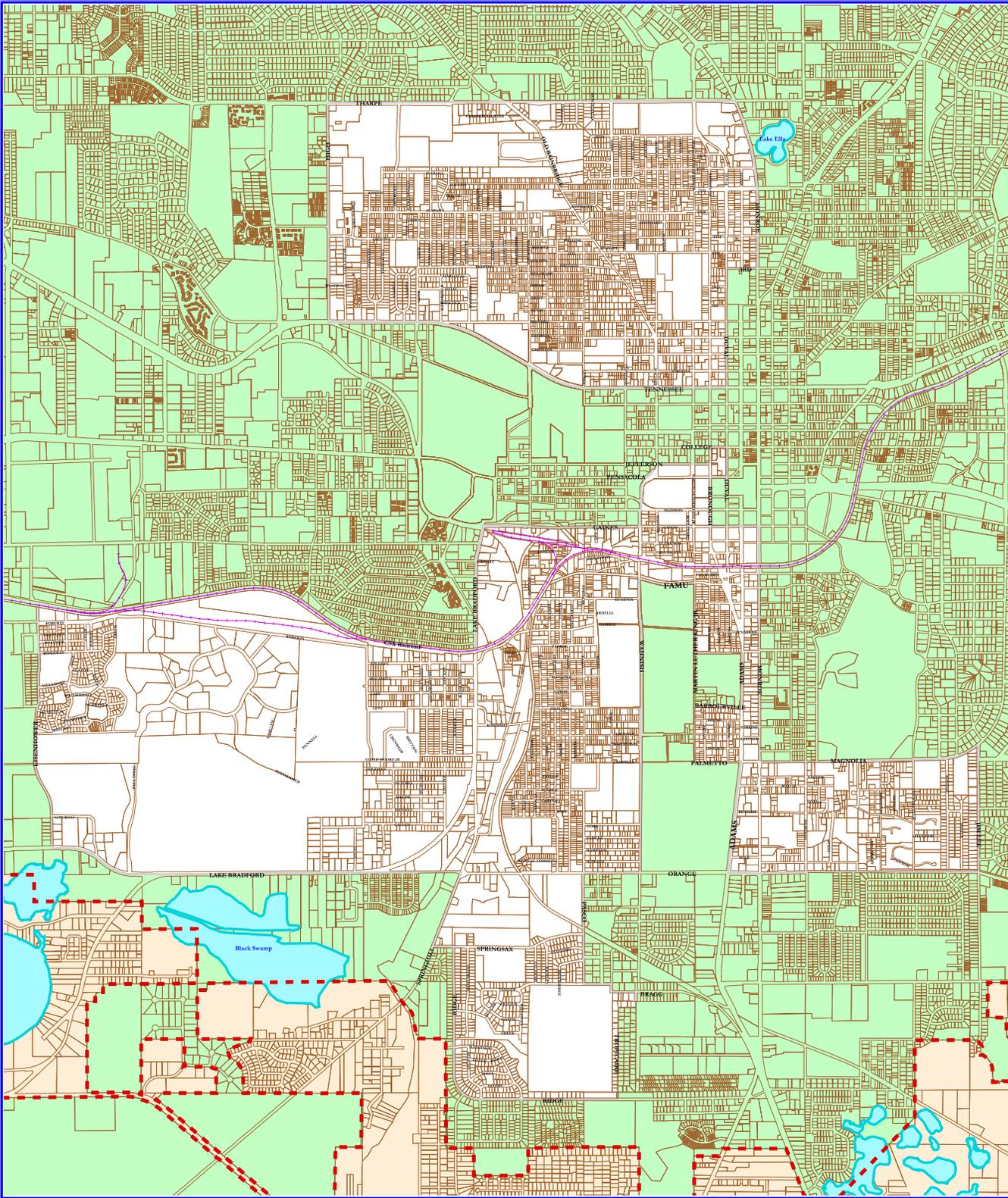
LEGEND

-  City of Orlando Jurisdiction
-  Urban Job Tax Credit Program Area

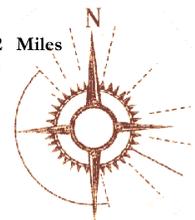
 NORTH

City of Tallahassee

Urban Job Tax Credit Program Area



-  City Limits
-  Lakes
-  Railroad
-  Parcels
-  UJTCP Area
-  Tallahassee
-  Leon County



RURAL JOB TAX CREDIT

Sections 212.098 and 220.1895, F.S.

INCENTIVE:

- Provides a credit of \$1,000 to \$1,500 per qualified job against either Sales Tax or Corporate Income Tax for creating new jobs in rural counties.

PURPOSE:

- To encourage meaningful employment opportunities that will improve the quality of life of those employed and to encourage economic expansion of new and existing businesses in rural areas of Florida.²

QUALIFYING REQUIREMENTS:

- A “Qualified Rural Area” is any area that is:
 - Within a Rural Area of Critical Economic concern;
 - A county with a population of fewer than 75,000; or
 - A county with a population of 125,000 or fewer that is contiguous to a county with a population of fewer than 75,000.
- Eligible businesses include sole proprietorships, firms, partnerships, and corporations predominantly engaged in:
 - Agriculture, forestry and fishing
 - Manufacturing
 - Public warehousing and storage
 - Hotels and other lodging places
 - Motion picture production and allied services
 - Public golf courses
 - Amusement parks
 - Targeted industries eligible for the targeted industry business tax refund
 - Call centers or similar customer service operations that service a multistate or international market
- A qualified employee must work for an eligible business at least 36 hours per week for at least 3 months.
- A new business with at least 10 employees is eligible for tax credits.
- An existing business with fewer than 50 employees must increase employment by at least 20 percent; and existing business with more than 50 employees must add at least 10 employees.

² *State of Florida Job Creation Plan*, pg. 36.

- For existing businesses, the number of qualified employees required for the credit is measured against the number of qualified employees the business had one year prior to application for the credit.
- A new or existing business will receive an addition \$500 credit for any qualified employee who is a welfare transition program participant.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity must approve all applications for this credit.
- The maximum credit amount available to any one business in a single year is \$500,000.
- The maximum credit amount that may be approved during any calendar year is \$5 million.

SIGNIFICANT HISTORY:

- Created in 1997.
- In 2001 qualified target industry businesses and motion picture production and allied services were added to the list of eligible businesses, and total tax credits available to a business in any one calendar year were limited to \$500,000.

FISCAL IMPACT:

- 32 rural counties, 3 cities, and one rural area qualify for the program.
- \$0.2 m in credits were approved in 2012.
- \$4.5 m in credits have been approved since the program's inception.

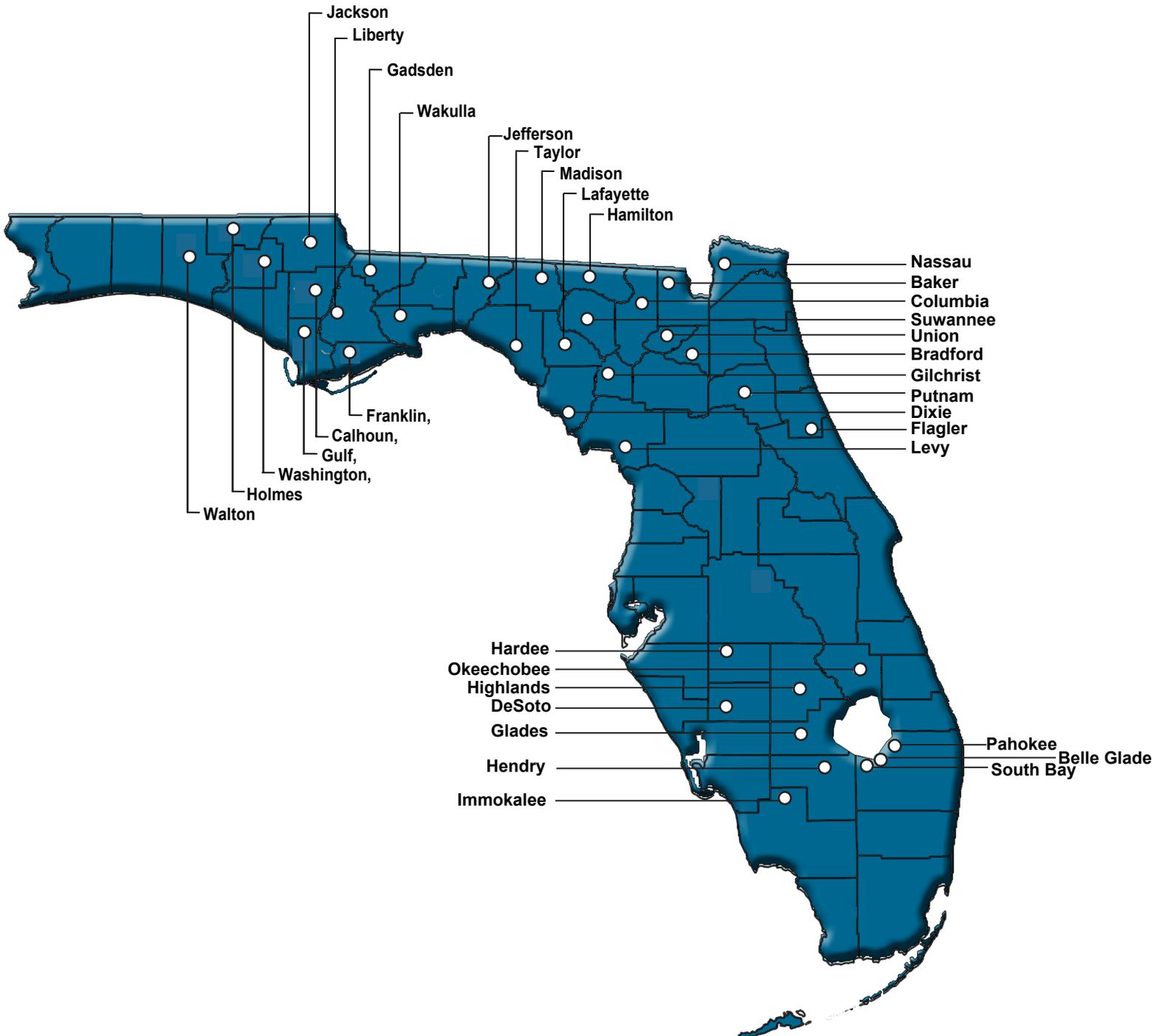
ADDITIONAL INFORMATION:

- Under this program the credit is based on the creation of new jobs; there is no ongoing obligation for the state to provide credits in the future. Job creation is measured over a 12 month period, and any change to the program could be crafted to allow any eligible business to receive credits for jobs created during its current 12-month measurement period.
- 64 applicants, representing 4,714 jobs, have been funded by this program since its inception.
- The largest single industry by number of projects is hospitality, with 24 projects and 915 jobs.
- The greatest number of credited jobs—1,490—was created in distribution centers for major retailers.
- Other industries that have received credits under this program are:
 - Food processing (980 jobs),
 - Manufacturing (420 jobs),

- Transportation and related services (332 jobs),
- Construction and construction materials (271 jobs),
- Business services (256 jobs), and
- Real estate development (31 jobs).
- Projects located in 20 counties have received credits under this program.

FLORIDA RURAL JOB TAX CREDIT PROGRAM

Effective January 2013



Florida Department of Economic Opportunity
Division of Community Development
107 East Madison Street; MSC 160
Tallahassee, Florida 32399

FLORIDA BROWNFIELDS REDEVELOPMENT ACT

Sections 220.1845, 212.08(5)(o), 288.107, and 376.77-376.85, F.S.

INCENTIVE:

- Florida's Brownfields Redevelopment Program offers 3 incentives for cleaning up and developing brownfield areas.
- **Voluntary Cleanup Tax Credits** are transferable corporate income tax credits for 50% of the cost of site rehabilitation, with an additional 25% credit when cleanup is complete. These credits are available to projects that are executed under a Brownfield Site Rehabilitation agreement with DEP, and are limited to \$500,000 per project per year and \$5 million annually.
- **Building Materials Sales Tax Refunds** are available in brownfield areas for construction of housing projects that set aside at least 20% of the units for low-income and moderate income persons, or mixed-use projects that set aside at least 20% of the square footage for housing reserved for low-income and moderate-income persons.
- **Brownfield Redevelopment Bonus Refund**, a tax refund of up to \$2,500 for each new job created by a pre-approved business in a brownfield area. The business must create at least 10 new jobs and satisfy other criteria, and the total amount of money available for refunds for a given year is subject to appropriation.

PURPOSE:

- To encourage cleanup and development of sites that are “abandoned, idled, or underused properties where expansion or redevelopment is complicated by actual or perceived environmental contamination.”³
- The program provides incentives to rehabilitate contaminated sites, and develop “brownfield areas” which are contiguous areas of one or more brownfield sites, **some of which may not be contaminated**. A brownfield site is real property, the expansion, redevelopment, or reuse of which may be complicated by actual **or perceived** environmental contamination. There are no objective criteria for designating brownfield sites or brownfield areas.

³ Office of Program Policy Analysis and Government Accountability Report No. 11-15, “Over 600 Brownfield Acres Cleaned Up; Businesses Tax Advantage of Program Incentives,” p. 1.

QUALIFYING REQUIREMENTS:

- A local government may designate a brownfield area by resolution.
- Voluntary Cleanup Tax Credits are 50 percent of the costs of voluntary cleanup activity that is integral to site rehabilitation in the previous year. An additional 25 percent of total cleanup costs is available in the final year of cleanup. This credit is also available for cleanup of a drycleaning-solvent contaminated site.
- Building materials sales tax refunds are available for housing projects and mixed use projects in brownfield areas if at least 20 percent of the project is set aside for low-income and moderate-income persons.
- Brownfield Redevelopment Bonus Refund, a tax refund of up to \$2,500 for each new job created by a pre-approved business in a brownfield area, is limited to a qualified target industry business, or a business that provides benefits to its employees and that can demonstrate a fixed capital investment of at least \$2 million in mixed-use business activities or at least \$500,000 in brownfield areas that do not require site cleanup. At least 10 new full-time permanent jobs must be created, and the actual amount of the refund is 20 percent of the average annual wage for the jobs created.

APPROVAL / OVERSIGHT / LIMITATIONS:

- Voluntary Cleanup Tax Credits require a Site Rehabilitation Agreement between the responsible party and either the Department of Environmental Protection (DEP) or a county with authorized program authority and DEP must authorize the credits.
- Voluntary Cleanup Tax Credits for any project are limited to \$500,000 per year, and the total amount of tax credits that may be granted under this program is limited to \$5 million annually. As of June 30, 2012, there was a backlog for unissued credits of \$13.6 million.
- The Department of Revenue also oversees these tax credits and building materials sales tax refunds through its normal auditing procedures.
- Brownfield Redevelopment Bonus Refunds require a recommendation by resolution of the governing board of the county or municipality that certain types of businesses be approved by the Department of Economic Opportunity.
- The total amount of bonus refunds approved in any fiscal year is limited by the amount appropriated to the Economic Development Incentives Account for this purpose.

SIGNIFICANT HISTORY:

- Created in 1997 as a voluntary program in which a local government may designate a brownfield area by resolution.

- In 2000 additional types of businesses were made eligible for the Brownfield Redevelopment Bonus Refund, and in 2009 the minimum investment required to qualify for the bonus refund was reduced for investments in brownfield areas that do not require site cleanup.
- In 2011 the annual authorization for the Voluntary Cleanup Tax Credit was increased from \$2 million to \$5 million.

FISCAL IMPACT:

- As of June 30, 2012, brownfield areas have been designated in 43 counties. There are 312 designated areas covering 226,948 acres.
- The extent of property subject to cleanup is much smaller--167 brownfield site rehabilitation agreements have been executed covering 3,642 acres. This equals 1.6% of total brownfield areas.
- Rehabilitation has been completed on 54 sites, totaling 812 acres, or 22% of the area covered by rehabilitation agreements.
- Voluntary Cleanup Tax Credits--\$5 million annually, \$20.5 million credits issued since program began through FY 2011-12. As of June 30, 2012, there was a backlog for unissued credits of \$13.6 million.
- Building Materials Sales Tax Refunds— \$1.2 m in FY 2011-12, \$7.0 m since FY 2005-06.
- Brownfield Redevelopment Bonus Refund--\$8.0 m through FY 2011-12.

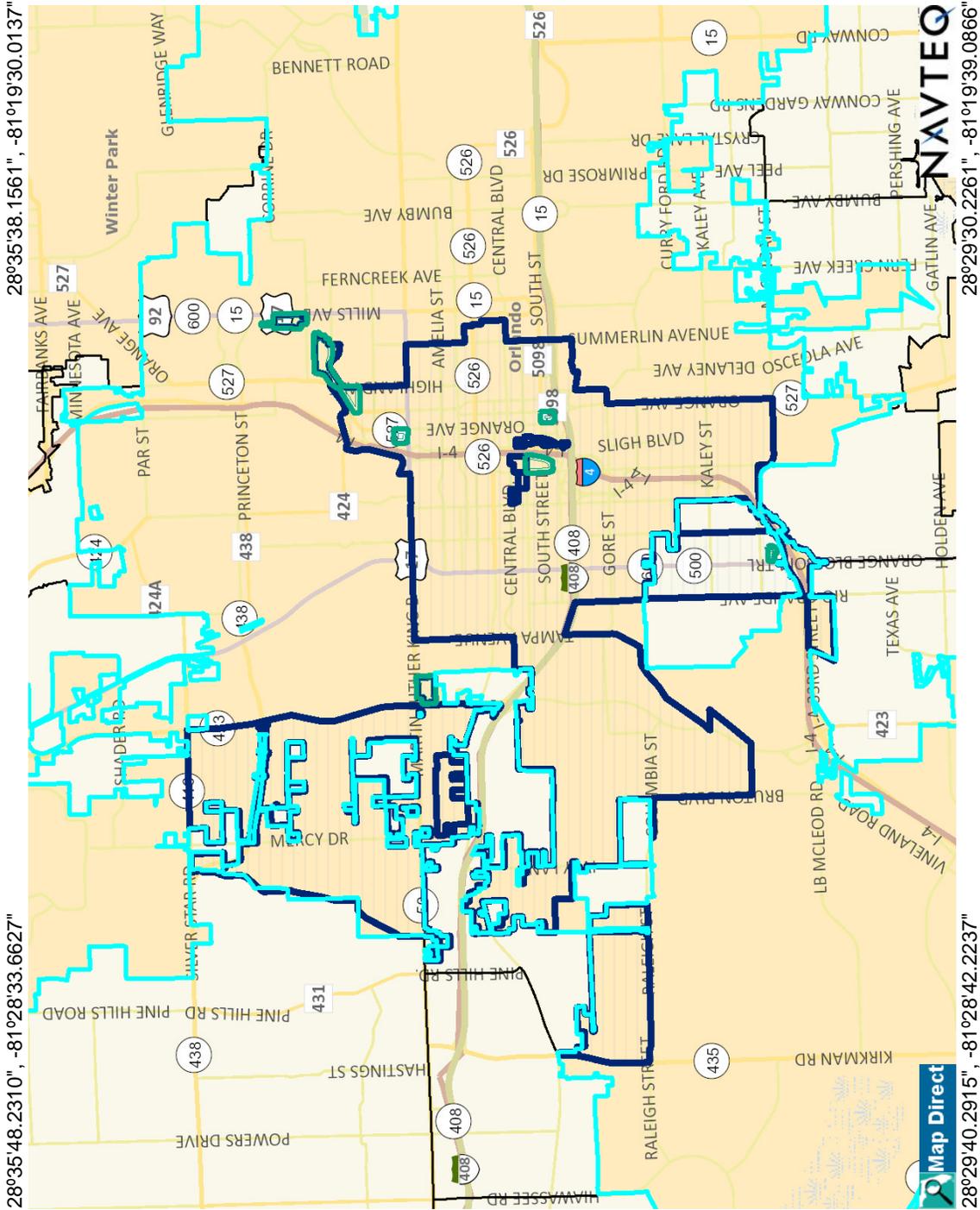
ADDITIONAL INFORMATION:

- Maps of all brownfield sites and areas can be viewed on the DEP website: <http://ca.dep.state.fl.us/mapdirect/?focus=brnfls>
- Some local governments have designated brownfield areas that are far larger than actual brownfield sites; others have limited the brownfield area designations.
- There are advantages to expansive brownfield areas because it is easier to initiate a site rehabilitation agreement for voluntary cleanup in a designated brownfield area.
- The Legislature could limit Brownfield Redevelopment Bonus Refunds and building materials sales tax refunds to actual brownfield sites and locations within a limited distance of these sites.
- The attached maps show where brownfield areas are located in the state and details of brownfield areas and sites in parts of Miami-Dade County and the cities of Orlando and Tampa.

- 42 projects have been **approved** for Brownfield Redevelopment Bonus incentive payments worth \$12.8 million (\$1 million was for a project that was subsequently terminated).⁴
- 15 projects have **received** Brownfield Redevelopment Bonus incentive payments of \$2.2 million.
- The single largest business type to receive bonus incentives is retail, with 16 projects. Other recipients include manufacturing (10 projects), wholesale distributors (4 projects), restaurants (3 projects), hotels and call centers (2 projects each), and recycling and smelting (1 project each).

⁴ Department of Economic Opportunity Economic Development Incentives Portal, Report Generated on 03/03/13

Map Direct: Brownfields



Scale 1:79,461

- Aerial Imagery 2004-2009
- TIGER 2010 Places
- Counties
- Aerial Imagery Flight Dates 2004-2009
- Brownfield Sites
- Brownfield Areas



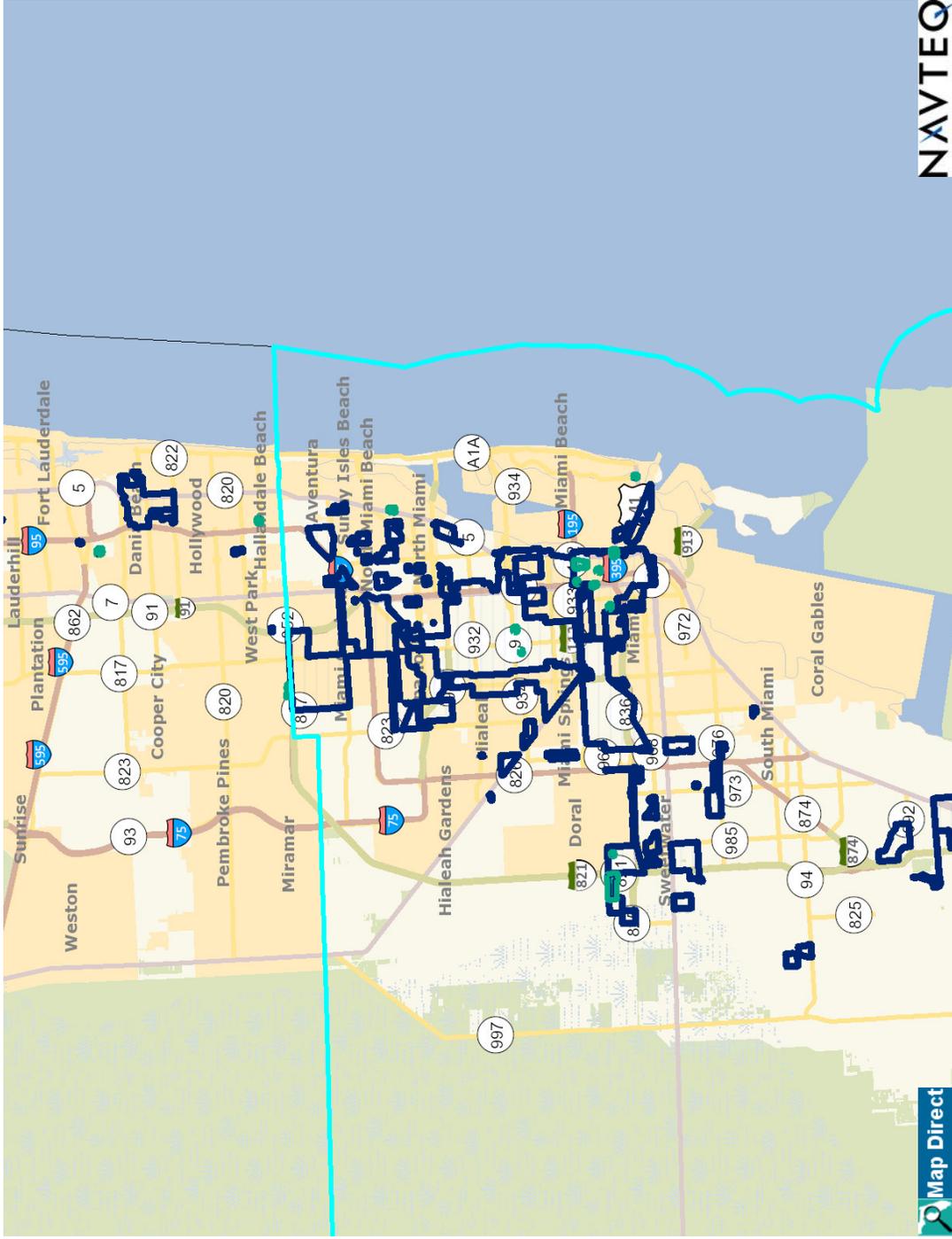
Florida Department of Environmental Protection Disclaimer: This map created in Map Direct on Mon, 4 Mar 2013 15:10:37 UTC is intended for display purposes only. It was created using data from different sources collected at different scales, with different levels of accuracy, and for differing purposes. The user assumes all responsibility for the accuracy of the information displayed on this map. The user should verify the information for a specific purpose, satisfactory quality and non-infringement. YOU SHOULD THEREFORE VERIFY ANY INFORMATION OBTAINED FROM THIS SITE BEFORE ACTING ON IT.



Map Direct: Brownfields

26°08'27.9585", -80°36'0.6570"

26°07'11.5231", -79°49'52.7811"



25°36'30.2758", -80°36'59.1585"

25°35'14.1766", -79°51'4.4944"



Scale 1:413,855

Aerial Imagery 2004-2009

Counties



Aerial Imagery Flight Dates
2004-2009

Brownfield Sites

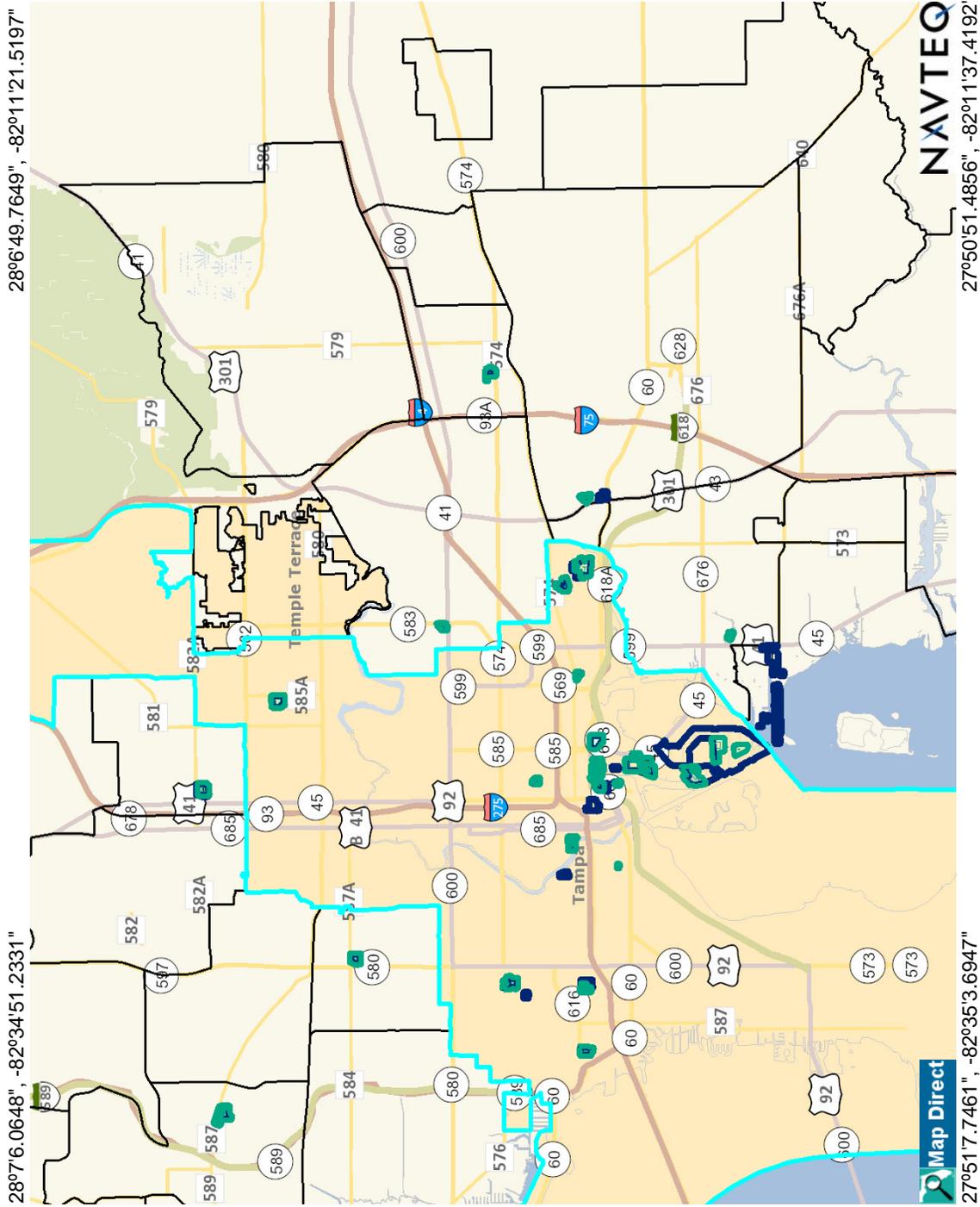


Brownfield Areas



Florida Department of Environmental Protection Disclaimer: This map created in Map Direct on Mon, 4 Mar 2013 14:55:19 UTC is intended for display purposes only. It was created using data from different sources collected at different scales, with different levels of accuracy, or for different purposes. The road data is provided as a general reference only. The accuracy of any data on this map is not guaranteed. The user should verify the information obtained from this map for any purpose, satisfactory quality and non-infringement. YOU SHOULD THEREFORE VERIFY ANY INFORMATION OBTAINED FROM THIS SITE BEFORE ACTING ON IT.

Map Direct: Brownfields



Scale 1:206,928

- Aerial Imagery 2004-2009
- TIGER 2010 Places
- Counties
- Aerial Imagery Flight Dates 2004-2009
- Brownfield Sites
- Brownfield Areas

Florida Department of Environmental Protection Disclaimer: This map created in Map Direct on Mon, 4 Mar 2013 15:04:04 UTC is intended for display purposes only. It was created using data from different sources collected at different scales, with different levels of accuracy, or for different purposes. The user assumes all responsibility for the accuracy of the information displayed on this map. Map Direct does not warrant, represent, or imply any accuracy for any purpose, satisfactory quality and non-infringement. YOU SHOULD THEREFORE VERIFY ANY INFORMATION OBTAINED FROM THIS MAP BEFORE ACTING ON IT.

FLORIDA EMPLOYEES' SALARY INSURANCE PREMIUM TAX CREDIT

Section 624.509(5), F.S.

INCENTIVE:

- This statute provides a credit against the insurance premium tax equal to 15 percent of the amount paid by an insurer in salaries to employees located or based within Florida.

PURPOSE:

- To encourage insurance companies to locate employees in Florida.

QUALIFYING REQUIREMENTS:

- Employees of the insurance company, or employees of an affiliated group of corporations who perform insurance-related activities, must be located or based within Florida to qualify for the credit.

APPROVAL / OVERSIGHT / LIMITATIONS:

- "Salaries" does not include amounts paid as commissions, and "employees" does not include independent contractors or persons required to hold a license under the Florida Insurance Code (including insurance agents), except for adjusters, managing general agents, and service representatives.
- The sum of the salary credit and the credit for Florida corporate income taxes paid cannot exceed 65 percent of the premium tax due after deducting the taxes paid under s. 175.101 and s. 185.08, F.S., (Municipal Firefighters' Pension Fund and Municipal Police Retirement Fund Credits) and any assessments under s. 440.51, F.S.(Workers Compensation Assessments Credits).

SIGNIFICANT HISTORY:

- In 1949, the Legislature provided an insurance premium tax exemption for insurers that maintained their home offices in Florida.
- In 1953 it reduced premium taxes of a foreign insurance company incorporated under the laws of another state or foreign country, if the company owned and substantially occupied any building in the state as a regional home office.

- In 1985, the U.S. Supreme Court ruled in *Metropolitan Life Insurance Company v. Ward* that a domestic preference provision in Alabama's insurance tax law similar to the preference provision in Florida at the time violated the Equal Protection Clause.
- Florida and other states looked for ways to provide tax breaks to their domestic insurance companies that would pass constitutional muster, and in 1987 the Florida Legislature responded by repealing its own domestic preference provision and replacing it with a Florida Employees' Salary Credit.
- Chapter 87- 99, L.O.F, provided a credit against the net insurance premium tax equal to 10 percent of the amount paid by an insurer in salaries to employees located or based within Florida.
- The salary credit was increased to 15 percent by ch. 88-206, L.O.F, which also increased the amount of credit granted for corporate income taxes and Florida employees' salaries.

FISCAL IMPACT:

- In 2011, \$219.8 m in Florida employees' salary credit was taken against the insurance premium tax.

ADDITIONAL INFORMATION:

- Since 2006, the actual salary credits **taken** have ranged from \$202 million in 2006 to \$234.4 million in 2010.
- Total salary credits **available** have ranged from \$312.3 million in 2007 to \$399.1 million in 2008. Some credits are unused because the total amount of combined salary and corporate income tax credits that can be taken is capped at 65 percent of premium tax due after deductions.
- According to research done by NCSL, Arkansas is the only other state that provides an across-the-board salary credit against insurance premium tax. Several states allow premium tax credits for creating new jobs under programs meant to encourage job creation.
- Citizens Insurance is subject to the insurance premium tax laws, including the credit for employees' salaries. This credit is available to any insurance company with employees located in Florida, up to 65 percent of its net premium tax.

FLORIDA ENTERPRISE ZONE PROGRAM

PURPOSE:

- The Florida Enterprise Zone Program was created in 1982 to encourage economic development in economically distressed areas of the state by providing incentives and inducing private investment.

INCENTIVES: The Florida Enterprise Zone Program includes a variety of tax incentives available to qualified businesses.

- **Enterprise Zone Jobs Tax Credit – Sales and Use Tax (s. 212.096, F.S.) or Corporate Income Tax (s. 220.181, F.S.)**
Businesses located in an enterprise zone can receive sales tax or corporate income tax credits for wages paid to new employees who have been employed for at least three months and are residents of a Florida enterprise zone. The amount of the credit is limited to 20% of monthly wages, or 30% of monthly wages if at least 20 percent of all full-time employees are enterprise zone residents. For rural enterprise zones, the credit is limited to 30% of monthly wages, or 45% of monthly wages if at least 20 percent of all full-time employees are enterprise zone residents. The qualified business may receive the credit for up to 24 months.
- **Enterprise Zone Property Tax Credit - Corporate Income Tax (s. 220.182, F.S.)**
New or expanded businesses located in an enterprise zone can receive corporate income tax credits for property taxes paid in Florida. To qualify, a business must hire 5 or more additional full-time employees. The amount of the credit is limited to \$25,000 per business, or \$50,000 if at least 20 percent of full-time employees are enterprise zone residents. The qualified business may receive the credit for up to 5 years.
- **Sales Tax Refund for Building Materials Used in an Enterprise Zone (s. 212.08(5)(g), F.S.)**
A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an enterprise zone. The amount of the refund is limited to \$5,000 per parcel of property, or \$10,000 if at least 20 percent of full-time employees are enterprise zone residents. The refund is limited to one per parcel of property.

- **Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone (s. 212.08(5)(h), F.S.)**

A refund is available for sales taxes paid on the purchase of certain business property, (e.g., tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment). The minimum purchase price of equipment is \$5,000 per unit. The amount of the refund is limited to \$5,000, or \$10,000 if at least 20 percent of full-time employees are enterprise zone residents.

- **Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone (s.212.08(15), F.S.)**

Qualified businesses located in an enterprise zone are eligible for a sales tax exemption on their electricity purchases if the municipality in which they are located has enacted an ordinance providing an exemption from municipal utility tax. The sales tax exemption is 50 percent or 100 percent if at least 20 percent of full-time employees are enterprise zone residents. The qualified business may receive the exemption for up to 5 years.

QUALIFYING REQUIREMENTS:

- Sections 290.001-290.016, F.S., authorize the creation of enterprise zones and establish criteria and goals for the program. Prior to submitting an application for an enterprise zone, a local governed body must determine that an area:
 - Has pervasive poverty, unemployment, physical deterioration, and economic disinvestment;
 - Needs rehabilitation or redevelopment for the public health, safety, and welfare of the residents in the county or municipality; and
 - Can be revitalized through the inducement of the private sector.
- An enterprise zone is subject to the following mileage limitations:
 - Up to 20 square miles for a rural enterprise zone or for communities with a population of 150,000 or more.
 - Up to 10 square miles for communities with a population between 50,000 and 150,000.
 - Up to 5 square miles for communities with a population between 20,000 and 50,000.
 - Up to 3 square miles for communities with a population less than 20,000.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity is responsible for approving applications for enterprise zones, and also approves changes to the boundaries of an enterprise zone. As part of the application process for an enterprise zone, the county or municipality in which the designation will be located is also responsible for creating an Enterprise Zone Development Agency and an enterprise zone development plan.

SIGNIFICANT HISTORY:

- Created in 1982 and revised several times since.
- There are currently 65 enterprise zones.
- The Florida Enterprise Zone Program is repealed December 31, 2015.

FISCAL IMPACT:

Enterprise zone incentives (\$ claimed)

Category	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Jobs Credit - Sales Tax	6,777,250	6,087,843	5,732,605	5,227,245	5,683,252	757,739	865,560
Jobs Credit – Corporate Tax	4,253,621	5,919,236	5,507,311	5,072,555	4,348,031	4,956,598	4,455,624
Property Tax Credits	1,267,999	2,291,961	2,184,036	1,910,708	1,384,668	1,994,562	1,022,199
Building Materials Refunds	7,415,711	18,855,129	25,665,025	30,994,860	54,012,915	13,590,376	2,462,136
Business Equipment Refunds	2,940,864	1,771,396	1,269,955	1,139,066	1,035,562	679,440	1,228,479
Electric Energy Exemption	778,090	793,179	606	1,007,007	1,138,054	972,185	900,476
Total all zones	23,433,535	35,718,744	40,359,538	45,351,441	67,602,482	22,950,900	10,934,474

ADDITIONAL INFORMATION:

OPPAGA Report No. 11-01 (January 2011)

- Other states' enterprise zone programs are similar to Florida's.
- Research in Florida and other states has found mixed results regarding program effectiveness.
- Low program participation limited progress towards meeting major legislative goals.
- EZ coordinators rated program performance and incentives as moderately effective.
- EZ coordinators suggested program improvements (e.g., reducing incentive thresholds).

The Legislature could consider several options to modify the Enterprise Zone Program:

- Modify program eligibility requirements to encourage participation.
- Target program incentives to encourage job creation.
- Implement a one-year program moratorium.
- Abolish the program.
- Allow the program to sunset on December 31, 2015.

A copy of the OPPAGA report can be found here:

www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1101rpt.pdf

Florida Enterprise Zone Program Annual Reports

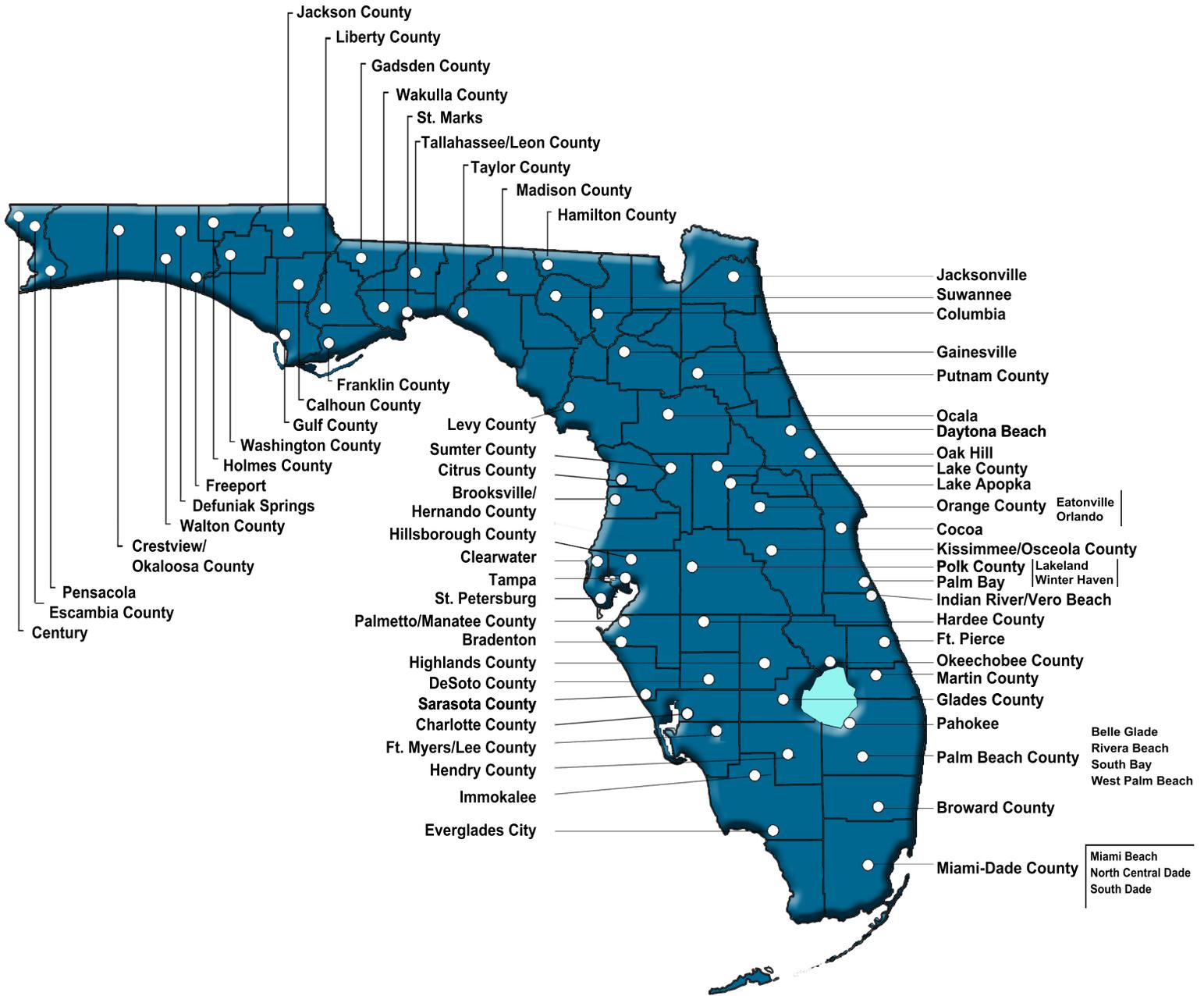
By March 1st of each year, the Department of Economic Opportunity submits a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. Each year's annual report is based on information provided by the local Enterprise Zone Development Agencies and the Florida Department of Revenue. The purpose of the reports is to examine the impact of the program and monitor the use of state and local incentives.

Summary: FY 05-06 to FY 11-12

Category	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	Total
Businesses Moved into or Created	3,324	4,976	2,719	3,104	7,559	4,103	4,500	30,285
Jobs Created	12,490	11,456	9,600	9,073	6,784	11,559	11,602	72,564
State Incentives Claimed	\$23.43m	\$35.72m	\$40.36m	\$45.35m	\$67.60m	\$22.95m	\$10.93m	\$246.34m
Number of Zones	55	56	56	56	59	59	63	

FLORIDA ENTERPRISE ZONES

EFFECTIVE JANUARY 1, 2013



Florida Department of Economic Opportunity
 Division of Community Development
 107 East Madison Street; MSC 160
 Tallahassee, Florida 32399
www.floridaenterprisezone.com

ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE PROGRAM

Sections 288.1254, F.S.

INCENTIVE:

- Transferable Corporate Income Tax credits and/or Sales and Use Tax credits are provided to companies that produce films, commercials, music videos, television shows, video games, etc. within Florida.

PURPOSE:

- To encourage the use of Florida as a site for filming, for the digital production of films, and to sustain the workforce and infrastructure for film, digital media, and entertainment production.

QUALIFYING REQUIREMENTS:

- Productions that qualify include motion pictures, television programs, digital effects and animation sequences, commercials, music videos, industrial/educational films, telenovelas, game shows, and digital media projects (video games, animations, interactive websites, etc.)
- 60 percent of the production cast and certain crew positions must be filled by Florida residents (75 percent for digital media projects).
- The project cannot include obscene content.
- The credit is calculated based upon qualifying expenditures. Qualifying expenditures include:
 - Goods and services, purchased or leased from a supplier in Florida, and
 - Salary or wage payments to Florida residents (\$400,000 per person limit).

Entertainment Industry Financial Incentive Program			
FY 2010/11 – 2015/16	\$296 million		
Queue	General Production	Commercials and Music Videos	Independent and Emerging Media
Credit Allocation	94% \$284 million	3% \$8.9 million	3% \$8.9 million
Required Expenses	\$625,000	\$500,000	\$100,000
Credit Calculation	20% of Expenses	20% of Expenses	20% of Expenses
Bonus Credits	15% Film Students 5% Qual. Prod. Facility 5% Off-season 5% Underutilized region 5% Family-friendly	None	5% family-friendly 5% Off-Season
Maximum Credit	30% \$8 million per project	20% \$500,000 per project	30% \$125,000 per project
Internal Allocation Limit	No greater than 45% of credits awarded after 4/1/2012 can go to high-impact television	None	None
Credit Carryforwards	5 years	5 years	5 years
Credit Transfers	Transferable	Transferable	Transferable

APPROVAL / OVERSIGHT / LIMITATIONS:

- Applicants must apply to DEO to determine if their project qualifies.
- DEO certifies credit amount after production is completed.
- DOR oversees credit use through DOR's normal auditing procedures.
- Anecdotal evidence suggests that credits are sold at 85-98% of their value.

SIGNIFICANT HISTORY:

- 2003 – Florida created the Entertainment Industry Financial Incentive Program. Initially, the program was structured as a reimbursement program, rather than a tax credit program. Qualifying projects could earn payments based on expenses.
- 2005 – The program was expanded to cover more types of projects and to remove time restraints (prior to 2005, certain projects had to have minimum airtimes).
- 2007 – The program was substantially reworded and amended to bring it up to date to industry practices.
- 2009 – The program was amended to increase the queue allocation for independent Florida filmmakers and to allow excess amounts to flow to digital media projects.
- 2010 – The program was substantially rewritten and changed into a tax credit program. Tax credits were allocated for FY 2010-11 through FY 2014-15, totaling \$242 million.
- 2011 – The program was amended to limit the allocation of credits to television series, provide additional credits for certain activities, and permit limited transfers of credits. An additional \$12 million of credit was added for FYs 2012-13, 2013-14, and 2014-15, raising the total credit under the program to \$254 million.
- 2012 – The program was amended to add an additional year of allocations of \$42 million (FY 2015-16), and to delay the television series limitations that were passed in 2011.

FISCAL IMPACT:

FISCAL YEAR	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
ANNUAL	\$53.5m	\$74.5m	\$42m	\$42m	\$42m	\$42m
TOTAL	\$296 million					

TOP 5 CREDIT ALLOCATION CATEGORIES AND PERCENT OF TOTAL CREDIT ALLOCATIONS		
HIGH-IMPACT TELEVISION SERIES	\$118.6m	40.6%
VIDEO GAMES	\$56.8m	19.4%
MOTION PICTURES	\$47.5m	16.3%
TELENOVELA TELEVISION SERIES	\$26.4m	9.0%
OTHER (INCLUDES 13 CATEGORIES, EACH CLAIMING LESS THAN 3.4% OF TOTAL CREDIT)	\$43.0m	14.7%

QUALIFIED PRODUCTION COMPANY SALES TAX EXEMPTION

Sections 288.1258, 212.031(1)(a)9. and 212.08(5)(f), F.S.

INCENTIVES:

- A purchase or lease of motion picture and sound recording equipment is exempt from sales tax. The exemption may include a building and its structural components when they are closely related to the motion picture or sound recording equipment.
- A lease of property that is used as an integral part of a motion picture is exempt from the sales tax on commercial rentals.

PURPOSE:

- To encourage commercial filming and recording activities in Florida

QUALIFYING REQUIREMENTS:

- The exemption is for companies that produce motion pictures, television programs, commercials, music videos and sound recordings.

APPROVAL / OVERSIGHT / LIMITATIONS:

- Production companies apply to DOR for a certificate of exemption.
- DEO ultimately approves the applicants.

SIGNIFICANT HISTORY:

- 1983 – Created sales tax exemption, which would be obtained by a refund through the Department of Revenue.
- 2000 – Restructured the program to create oversight of production companies by the Office of Film and Entertainment.

FISCAL IMPACT:

- \$30.1 million

INTERCOMPANY TRANSACTIONS

1. A Corporation's State Income Tax Liability

a. Tax Rate

Forty-seven states and the District of Columbia impose a corporate income tax. The rates vary between 1 and 12 percent. The states that do not impose a tax are Nevada, South Dakota, Washington, and Wyoming. Texas and Ohio could be said not to have income taxes, but they do have similar tax burdens that are not measured on income.

b. Type of Income

Some states have a unique definition of "income." For instance, Delaware does not impose tax on income from intangible assets.

c. Consolidated Filing / Separate Return Filing

Many modern businesses are not made up of a single corporation doing business one state, but rather consist of many commonly-owned corporations doing business in many states. Some states permit separate filing by each individual corporation. However, as of 2010, twenty-two states required all related corporations to join in a single return (often referred to as a "combined report"). These combined reporting states then determine what their share of the total "corporate family" income is through their apportionment formula.

All southeastern states are "separate return" states. Additionally, some states throughout the Midwest and Northeast remain separate return states.

Separate return states are especially susceptible to the techniques described below.

2. Use of Intercompany Transactions

a. Basics

When a business transaction crosses state lines, it has the potential to "shift" income from one state to the other. For example, if a business in Florida buys a product from a business in Alabama, the Alabama business will have an item of income, while the Florida company will have a business expense (less income).

Some businesses use this “shifting” feature of multi-state transactions to move income to a no-tax or lower-tax state. By creating a subsidiary in a no-tax or lower-tax state and having that subsidiary conduct business with related corporations, a business can “shift” income to the no-tax or lower-tax state.

b. Leases

i. Intangible Holding Companies

Intangible Holding Companies are probably the most well-known method for using intercompany transactions to lower taxes. The basic structure is to create a holding company in a state that either does not have a tax or does not tax income from intangible assets. The main business then transfers its intangible assets (usually a trademark) to the holding company. The holding company then charges its related companies in other states a fee for the use of the intangible asset in the other state. In paying for the use of the intangible, the companies that are located in states that impose taxes (in-state companies) are creating business expenses.

This technique was involved in the recent case reported in Florida.

ii. Real Estate Investment Trusts

Real Estate Investment Trusts use the same type of structure, but rather than lease payments for an intangible asset, the in-state companies pay rent for the use of realty. The rental payments are made to a Real Estate Investment Trust that then pays out dividends to a company located in a no-tax state. By doing this, the in-state companies create a rental expense.

This technique is not effective in Florida due to Florida’s sales tax on commercial rents.

c. Transfer Pricing Issues

Related companies can also be used to reduce income through the use of inflated pricing. When a company calculates its income from the sale of a product, the income generally is the sales price of the item minus all of the costs of producing it.

The purchaser of a product can insert a related company between itself and a supplier in an effort to inflate the price it pays for supplies. For instance, a Florida company purchasing supplies could have the supplier sell the product to a related company in a low-tax or no-tax state. The related company could then inflate the price of the product when selling it to the Florida company. By doing so, the Florida company reduces its income because of the higher cost of goods.

d. Loans

Related companies can be established in no-tax states to make loans. In paying the interest on the loan, the in-state company creates an interest deduction.

e. Management Fees

Related companies can be established to provide management services. In paying for the management services, the in-state company creates a regular business expense.

3. Methods to Impose Tax

a. Add-Back Statute

A legislative approach to address these techniques is to require the Florida company to disregard or “add-back” the business expense for the payment to the related subsidiary.

In 2009, the Senate Committee on Finance and Taxation considered and passed a bill that contained an add-back provision. It addressed payments to related companies for intangible assets, interest, and management fees.

b. Impose Tax on “Out-of-State” Company

i. Nexus

A state could attempt address these related-company issues by attempting to subject the no-tax state subsidiary to tax. The primary obstacle to overcome is the Commerce Clause requirements of the federal Constitution. The U.S. Supreme Court has interpreted the Commerce Clause to require that a company must have a sufficient presence within the taxing state to support taxation. The Court has not provided a lot of guidance on what presence is sufficient in the context of income taxes. Oftentimes, these related companies will not have employees or a location within the state.

ii. Litigation Has Mixed Results

States that have attempted to impose tax have had varying results:

Toys-R-Us.....Taxable. South Carolina (1993)
SYL, Inc.....Not Taxable. Maryland (1999)
Lane Bryant.....Not Taxable. New Jersey (2003)
Autozone.....Not Taxable. Louisiana (2004)
KFC.....Taxable. Iowa (2010)
Conagra Brands, Inc.....Not Taxable. West Virginia (2012)

c. Consolidated Reporting (“Combined Reporting”)

The approach taken by 22 states is to require all related companies to join in a single return. With this approach, all of the income of every related corporation is included; the state just uses its apportionment factor to determine the portion of the combined income that is subject to tax.

SELECTED SALES TAX EXEMPTIONS FOR INDUSTRIAL MACHINERY AND EQUIPMENT

Generally, the sale at retail of tangible personal property, including industrial machinery and equipment, is subject to sales tax. Currently, there are several sales tax exemptions for machinery and equipment available to eligible businesses under specified conditions. These exemptions generally apply to manufacturing, defense and space activities.

PURPOSE:

- To encourage manufacturing, defense, and space activities within Florida.

INCENTIVES:

- Industrial Machinery and Equipment for New and Expanding Businesses or for Spaceports (s. 212.08(5)(b), F.S.)
- Industrial Machinery and Equipment Used in Semiconductor, Defense or Space Technology Production (s. 212.08(5)(j), F.S.)
- Research and Development Costs (ss. 212.052 and 212.08(18), F.S.)
- Repair Parts, Materials and Labor Charges for Industrial Machinery and Equipment (s. 212.08(7)(xx), F.S.)

INDUSTRIAL MACHINERY AND EQUIPMENT FOR NEW AND EXPANDING BUSINESSES OR FOR SPACEPORTS

Section 212.08(5)(b), F.S.

INCENTIVE:

- Industrial machinery and equipment purchased for exclusive use by a **new** business in spaceport activities or for use in a new business that manufactures, processes, compounds, or produces for sales items of tangible personal property at a fixed location in this state are exempt from sales and use tax.
- Industrial machinery and equipment purchased for exclusive use by an **expanding** facility engaged in spaceport activities or used in an expanding manufacturing facility that manufactures, processes, compounds, or produces for sales items of tangible personal property at a fixed location in this state are exempt from sales and use tax if the items are used to increase the productive output of a facility by at least 5%.

PURPOSE:

- To encourage manufacturing and spaceport activities within Florida.

QUALIFYING REQUIREMENTS:

- To qualify, the business must be new or increase production at the facility by at least 5% over the previous 12 month period.
- “Industrial machinery and equipment” is defined as tangible personal property or other property that has a depreciable life of 3 years or more and that is used as an integral part in the **manufacturing, processing, compounding, or production** of tangible personal property for sale or is exclusively used in spaceport activities.
- This exemption does not apply to machinery and equipment purchased by electric utilities, communications companies, oil or gas exploration or production, publishing firms that do not export at least 50% of their finished product out of state, or hotels and restaurants.
- “Spaceport activities” means activities directed or sponsored by Space Florida on spaceport territory.

APPROVAL / OVERSIGHT / LIMITATIONS:

- To receive these exemptions, a qualifying business must apply to the Department of Revenue for a temporary tax exemption permit.

SIGNIFICANT HISTORY:

- Created in 1978 and amended several times since.
- When the exemption was enacted in 1978, it applied to sales tax in excess of \$100,000. This threshold was reduced to \$50,000 in 1996. In 1999, the exemption was extended to included machinery and equipment used for phosphate and other solid mineral severance. In 2006, the \$50,000 tax threshold for expanding manufacturing businesses was eliminated. In 2012, the productive output requirement for expanding businesses was lowered from 10% to 5%.

FISCAL IMPACT:

\$41.7m per state fiscal year

INDUSTRIAL MACHINERY AND EQUIPMENT USED IN SEMICONDUCTOR, DEFENSE OR SPACE TECHNOLOGY PRODUCTION

Section 212.08(5)(j), F.S.

INCENTIVE:

- Industrial machinery and equipment used in **semiconductor** facilities to manufacture, process, compound or produce semiconductor products for sale or for use by these facilities is exempt from sales and use tax.
- Industrial machinery and equipment used in **defense or space technology** facilities to *design*, manufacture, *assemble*, process, compound or produce defense or space technology products for sale or for use by these facilities is exempt from sales and use tax.

PURPOSE:

- To encourage the development of defense and space technology facilities within Florida.

QUALIFYING REQUIREMENTS:

- The facilities must be certified by the Department of Economic Opportunity and the certification is valid for 2 years. A business may renew the certification biennially.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity is responsible for processing applications and certifying businesses.

SIGNIFICANT HISTORY:

- Created in 2000 to provide a full exemption for industrial M&E used in semiconductor facilities and a 25% exemption for industrial M&E used in defense or space technology facilities. A business using the exemption was required to apply for certification each year.
- In 2006, the exemption for industrial M&E used in defense or space technology facilities was increased to 100% and the certification was extended to 2 years. The definition of “space technology products” was expanded to include space flight vehicles and components of space technology products. The exemption was also extended to include M&E used to “design” or “assemble” defense or space technology products.

FISCAL IMPACT:

\$4.5m per state fiscal year

RESEARCH AND DEVELOPMENT COSTS

Sections 212.052 and 212.08(18), F.S.

INCENTIVE:

- Tangible personal property manufactured, produced, compounded, processed or fabricated for use directly or solely in research or development, and machinery and equipment used predominately for research and development is exempt from sales and use tax.

PURPOSE:

- To encourage research and development activities within Florida.

QUALIFYING REQUIREMENTS:

- “Machinery and equipment” includes, but is not limited to, molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing and measuring equipment, test beds, computers, and software.
- Must use machinery and equipment for research and development purposes at least 50% of the time, however, there is no requirement that machinery and equipment have a depreciable life of 3 years or more.
- Purchasers must provide an affidavit to seller stating the machinery and equipment will be used for research and development.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Revenue oversees through its normal auditing procedures.

SIGNIFICANT HISTORY:

- Enacted in 2006.

FISCAL IMPACT:

\$46.8m per state fiscal year

REPAIR PARTS, MATERIALS AND LABOR CHARGES FOR INDUSTRIAL MACHINERY AND EQUIPMENT

Section 212.08(7)(xx), F.S.

INCENTIVE:

- Parts, materials and labor charges for the repair of industrial machinery and equipment are exempt from sales and use tax.

PURPOSE:

- To encourage manufacturing activities within Florida.

QUALIFYING REQUIREMENTS:

- The exemption is available to those industries classified under specified Standard Industrial Classification (SIC) Industry Major Group Numbers provided in statute. These classifications generally include mining, construction, and manufacturing industries.
- Purchasers must provide an exemption certificate to the seller stating that the repair parts, materials and labor charges will be used for the repair of machinery and equipment.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Revenue oversees through its normal auditing procedures.

SIGNIFICANT HISTORY:

- Enacted in 1999. This exemption was phased in over a 4-year period. Starting July 1, 1999, only 25% of the charges for repair parts and labor were exempt. The exemption increased by 25% on July 1 of each year until it reached 100% on July 1, 2002.

FISCAL IMPACT:

\$10.3m per state fiscal year

ENERGY ECONOMIC ZONE PILOT PROGRAM

Section 377.809, F.S.

PURPOSE:

- The Florida Energy Economic Zone Pilot Program was created in 2009 to help communities cultivate green economic development, encourage renewable electric energy generation, and promote product manufacturing that contributes to energy conservation and green jobs.

INCENTIVES: All incentives and benefits provided for enterprise zones are available to the energy economic zones. However, the total amount of incentives is limited to \$300,000 annually for each zone.

- **Enterprise Zone Jobs Tax Credit – Sales and Use Tax (s. 212.096, F.S.) or Corporate Income Tax (s. 220.181, F.S.)**
Businesses located in an enterprise zone can receive sales tax or corporate income tax credits for wages paid to new employees who have been employed for at least three months and are residents of a Florida enterprise zone. The amount of the credit is limited to 20% of monthly wages, or 30% of monthly wages if at least 20 percent of all full-time employees are enterprise zone residents. For rural enterprise zones, the credit is limited to 30% of monthly wages, or 45% of monthly wages if at least 20 percent of all full-time employees are enterprise zone residents. The qualified business may receive the credit for up to 24 months.
- **Enterprise Zone Property Tax Credit - Corporate Income Tax (s. 220.182, F.S.)**
New or expanded businesses located in an enterprise zone can receive corporate income tax credits for property taxes paid in Florida. To qualify, a business must hire 5 or more additional full-time employees. The amount of the credit is limited to \$25,000 per business, or \$50,000 if at least 20 percent of full-time employees are enterprise zone residents. The qualified business may receive the credit for up to 5 years.

- **Sales Tax Refund for Building Materials Used in an Enterprise Zone (s. 212.08(5)(g), F.S.)**

A refund is available for sales taxes paid on the purchase of building materials used to rehabilitate real property located in an enterprise zone. The amount of the refund is limited to \$5,000 per parcel of property, or \$10,000 if at least 20 percent of full-time employees are enterprise zone residents. The refund is limited to one per parcel of property.

- **Sales Tax Refund for Business Machinery and Equipment Used in an Enterprise Zone (s. 212.08(5)(h), F.S.)**

A refund is available for sales taxes paid on the purchase of certain business property, (e.g., tangible personal property such as office equipment, warehouse equipment, and some industrial machinery and equipment). The minimum purchase price of equipment is \$5,000 per unit. The amount of the refund is limited to \$5,000, or \$10,000 if at least 20 percent of full-time employees are enterprise zone residents.

- **Sales Tax Exemption for Electrical Energy Used in an Enterprise Zone (s.212.08(15), F.S.)**

Qualified businesses located in an enterprise zone are eligible for a sales tax exemption on their electricity purchases if the municipality in which they are located has enacted an ordinance providing an exemption from municipal utility tax. The sales tax exemption is 50 percent or 100 percent if at least 20 percent of full-time employees are enterprise zone residents. The qualified business may receive the exemption for up to 5 years.

- **Sales Tax Exemption for Machinery and Equipment used in the Production of Renewable Energy (s. 212.08(5)(c), F.S.)**

The purchase of machinery and equipment used in the production of renewable energy is exempt from sales and use tax.

QUALIFYING REQUIREMENTS:

- The incentives and benefits are available to energy economic zones designated before July 1, 2010.
- By March 1, 2012, each local governing body with jurisdiction over an energy economic zone, must by local ordinance, establish the boundary of the energy economic zones, specify applicable energy-efficiency standards and determine the eligibility criteria for the application of state and local incentives and benefits.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity, Department of Transportation and the Department of Agriculture and Consumer Services provide technical assistance to designated communities.
- The governing body of an energy economic zone is responsible for allocating the incentives and verifying that businesses are eligible.
- The Department of Economic Opportunity must submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by February 15, 2015, evaluating whether the pilot program has demonstrated success.

SIGNIFICANT HISTORY:

- Created in 2009 and revised in 2011 to include tax incentives.
- There are currently two designated Energy Economic Zone Pilot Program Communities located in the City of Miami Beach and Sarasota County.

FISCAL IMPACT:

\$300,000 per energy economic zone in any state fiscal year

INCENTIVES SPECIFIC TO SPACEFLIGHT ACTIVITY

Since the creation of Spaceport Florida in 1989, the state has pursued space-related businesses as part of its economic development policy.

- The Spaceport Florida Authority Act included tax exemptions for rocket fuel as well as orbital space facilities, space propulsion systems, space vehicles, satellites, space stations, and tangible personal property placed or used on any of these devices.
- In 2000, an exemption was created for renting or leasing property used or occupied predominantly for space flight business purposes.
- In 2011, spaceflight business tax credits were created to attract launch, payload, research and development, and other space business to Florida. For a spaceflight business meeting job creation and other criteria, nontransferable corporate income tax credits can be used to offset up to 50 percent of the business's corporate income tax liability and transferable credits may be sold in an amount equal to the business's net operating loss.
 - The credits in this program are limited to tax returns filed on or after October 1, 2015, and no credit may be approved after October 1, 2017.
 - The maximum amount of nontransferable credit that may be approved under this program is \$3 million, and the maximum amount of transferable credit is \$7 million.
- Spaceflight activity is also eligible for many other tax incentives relating to machinery and equipment purchases.

SPACEPORT TAX EXEMPTIONS

Sections 206.42 and 212.08(16), F.S.

INCENTIVE:

- Provides tax exemptions for:
 - Rocket fuel, defined as fuel being produced for and sold and exclusively used for space flight, from sales tax and the tax on aviation fuel;
 - Any orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind possessing space flight capacity, including the components thereof; and
 - Tangible personal property placed on or used aboard any orbital space facility, space propulsion system, or space vehicle, satellite, or station of any kind, irrespective of whether such tangible personal property is returned to this state for subsequent use, storage, or consumption in any manner.

PURPOSE:

- These exemptions were enacted as part of the Spaceport Florida Authority Act, and the purpose of that act was to:
 - (P)rovide a unified direction for space-related economic growth and educational development, to ensure a stable and dynamic economic climate, to attract and maintain space-related businesses suitable to the state, and to further the coordination and development of Florida's economy.⁵

QUALIFYING REQUIREMENTS:

- In order to qualify for any of these exemptions, a transaction must meet the statutory criteria, as cited above.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Revenue's normal oversight of tax exemption claims applies to these exemptions.

SIGNIFICANT HISTORY:

- Created in 1989.

⁵ Chapter 89-300, L.O.F., sec. 2.

FISCAL IMPACT:

- The Florida Tax Handbook reports that the exemption for satellites or other space vehicles reduces sales tax revenue by \$70.6 million annually,⁶ but this estimate has not been examined closely in recent years.

⁶2012 Florida Tax Handbook, p. 159.

SALES TAX EXEMPTION FOR SPACEFLIGHT COMMERCIAL LEASES

Section 212.031(1)(a)12., F.S.

INCENTIVE:

- Provides a sales tax exemption for renting or leasing property used or occupied predominantly for space flight business purposes.

PURPOSE:

- Is consistent with other tax preferences provided to the space industry to attract and maintain space-related businesses suitable to the state.

QUALIFYING REQUIREMENTS:

- To qualify for this exemption, property must be used or occupied predominantly for “space flight business” purposes, which means the manufacturing, processing, or assembly of a space facility, space propulsion system, space vehicle, satellite, or station of any kind possessing the capacity for space flight, or components thereof, and also means the following activities supporting spaceflight:
 - Vehicle launch activities,
 - Flight operations,
 - Ground control or ground support, and
 - All administrative activities related thereto.

APPROVAL / OVERSIGHT / LIMITATIONS:

- Possession by a landlord of a signed written statement from the tenant claiming the exemption relieves the landlord from the responsibility of collecting the tax.
- The Department of Revenue looks solely to the tenant for recovery of the tax if it determines that the exemption was not applicable.

SIGNIFICANT HISTORY:

- Created in 2000.

FISCAL IMPACT:

- This exemption is estimated to reduce state revenue by \$600,000 annually.

SPACEFLIGHT BUSINESS TAX CREDITS

Sections 220.194, F.S.

INCENTIVE:

- Provides nontransferable corporate income tax credits for up to 50 percent of the business's corporate income tax liability; and
- Provides transferable tax credits equal to the amount of a certified spaceflight business's Florida net operating loss, if the activity that gave rise to the net operating loss occurred after July 1, 2011.

PURPOSE:

- To create incentives to attract launch, payload, research and development, and other space business to this state.⁷

QUALIFYING REQUIREMENTS:

- The applicant must be a spaceflight business with a physical address in Florida.
- The applicant must have engaged in a qualifying spaceflight project before taking or transferring a credit.
- The applicant must have created 35 new fulltime jobs in this state directly associated with spaceflight projects during its immediately preceding 3 taxable years, and these jobs must pay at least 115 percent of the statewide or countywide average annual private sector wage for the preceding 3 taxable years.
- The applicant must have invested a total of at least \$15 million in this state on a spaceflight project during its immediately preceding 3 taxable years.

APPROVAL / OVERSIGHT / LIMITATIONS:

- The Department of Economic Opportunity must approve all applications for this credit, as well as the transfer of transferable credits.
- A certified spaceflight business may be approved for nontransferable credits only once and for transferable credits only once, and may not be approved for both types of credits in a single year.
- Credits must be based upon tax liabilities directly related to spaceflight projects as verified by an audit or examination by a certified public accountant and verified by DEO.

⁷ Section 220.194, F.S.

- Previously claimed tax credits may be forfeited if DOR determines that the taxpayer was not entitled to the credits.
- DEO may revoke or modify a certificate granting eligibility for tax credits if it finds that the certified spaceflight business made a false statement or representation on its application or other document filed in an attempt to receive these tax credits.
- This program is limited to returns filed for any tax period beginning October 1, 2015, and no credit may be approved after October 1, 2017.
- The maximum nontransferable credit amount available to any one business in a single year is \$1 million, and the total amount of nontransferable credits that may be approved during the life of the program is \$3 million.
- The maximum transferable credit amount available to any one business in a single year is \$2.5 million, and the total amount of transferable credits that may be approved during the life of the program is \$7 million.

SIGNIFICANT HISTORY:

- Created in 2011.⁸

FISCAL IMPACT:

- \$10 million in FY 2015-16 through 2017-18.

⁸ Chapter 2011-76, L.O.F.



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Transportation, *Chair*
Agriculture
Appropriations Subcommittee on Finance and Tax
Appropriations Subcommittee on Transportation,
Tourism, and Economic Development
Education
Health Policy

SELECT COMMITTEE:
Select Committee on Patient Protection
and Affordable Care Act

SENATOR JEFF BRANDES
22nd District

April 17, 2013

The Honorable Senator Dorothy Hukill, Chair
Appropriations Subcommittee on Finance and Tax
210 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

Chair Hukill,

I will be absent from the Appropriations Subcommittee on Finance and Tax, today, April 17, 2013. Please accept this letter on my behalf; I apologize for any inconvenience.

Sincerely,

Senator Jeff Brandes
Florida Senate, District 22

CC: Jose Diez-Arguelles

SENATE APPROPRIATIONS
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- 318 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5022

Senate's Website: www.flsenate.gov

DON GAETZ
President of the Senate

GARRETT RICHTER
President Pro Tempore

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date _____

Topic Public Retirement

Bill Number 1246
(if applicable)

Name Paige Carter - Smith

Amendment Barcode _____
(if applicable)

Job Title Governmental Consultant

Address 502 North Adams

Phone 222-6050

Street

Tall

Fl

32301

E-mail Paige@gvunc.net

City

State

Zip

Speaking: For Against Information

Representing Jacksonville Police Fire Pension

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4/17/13
Meeting Date

Topic Assn Assessment of Residential Real Property Bill Number 1004
Name Julie Fess Amendment Barcode _____
Job Title _____

Address 106 Pine Circle Drive Phone 407-402-3776
Street Lake Mary, FL 32744 E-mail julie@fessconsulting.com
City State Zip

Speaking: For Against Information

Representing Florida Solar Energy Industries Association

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting. S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4/17/13
Meeting Date

Topic BACK TO SCHOOL SALOS TAX HOLIDAY

Bill Number SB 916
(if applicable)

Name RANDY MILLER

Amendment Barcode _____
(if applicable)

Job Title EXECUTIVE VICE PRESIDENT

Address 227 S ADAMS ST
Street

Phone 850-222-4082

TALLAHASSEE FL 32301
City State Zip

E-mail _____

Speaking: For Against Information

Representing FLORIDA RETAIL FEDERATION

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4/17/13

Meeting Date

Topic _____

Bill Number 914
(if applicable)

Name Frank Meiners

Amendment Barcode _____
(if applicable)

Job Title _____

Address PO 1633

Phone 591-0177

Street

Tall FL 32302

City

State

Zip

E-mail frank@chgmail.com

Speaking: For Against Information

Representing Assoc. Ind. of FL

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

CourtSmart Tag Report

Room: LL 37

Case:

Type:

Caption: Senate Appropriations Subcommittee on Finance and Tax

Judge:

Started: 4/17/2013 11:02:35 AM

Ends: 4/17/2013 11:19:07 AM Length: 00:16:33

11:02:35 AM Sen. Ring calls the meeting to order
11:02:44 AM Roll call
11:03:12 AM Sen. Ring
11:03:39 AM Sen. Thrasher - presents SB 1026, Tax Collectors
11:04:07 AM Sen. Gardiner
11:04:11 AM Sen. Thrasher
11:04:19 AM Sen. Gardiner
11:04:21 AM Sen. Thrasher
11:04:41 AM Sen. Ring Amendment 752026 by Sen. Gardiner as a courtesy
11:04:45 AM Sen. Thrasher - presents Amendment 752026 by Sen. Gardiner
11:05:07 AM Sen. Ring Amendment 752026 adopted
11:05:21 AM Sen. Thrasher waives close
11:05:30 AM Sen. Ring - motion for a Committee Substitute
11:05:35 AM Roll Call on SB 1026 as a Committee Substitute
11:05:54 AM Sen. Ring SB 1026 is recommended favorably as a Committee Substitute
11:06:01 AM Sen. Ring
11:06:08 AM Sen. Thrasher
11:06:09 AM Sen. Ring
11:06:18 AM Sen. Flores - presents SB 916, Tax on Sales, Use and Other Transactions
11:06:50 AM Sen. Ring Amendment 793966 by Sen. Simmons as a courtesy
11:06:54 AM Sen. Flores - presents Amendment 793966 by Sen. Simmons
11:07:12 AM Sen. Ring Amendment 793966 is adopted
11:07:18 AM Sen. Ring Amendment 224228 by Sen. Simmons as a courtesy
11:07:21 AM Sen. Flores - presents Amendment 224228 by Sen. Simmons
11:07:29 AM Sen. Ring
11:07:34 AM Sen. Sachs
11:08:03 AM Sen. Ring Amendment 224228 is adopted
11:08:15 AM Frank Meiners, Associated Industries of Florida, waives in support
11:08:18 AM Sen. Ring
11:08:20 AM Randy Miller, Executive Vice President, Florida Retail Federation, waives in support
11:08:25 AM Sen. Ring - Sen. Sachs moves to recommend SB 916 favorably as a Committee Substitute, motion adopted
11:08:45 AM Roll call on SB 916 as Committee Substitute
11:09:02 AM Sen. Ring SB 916 is recommended favorably as a Committee Substitute
11:09:10 AM Sen. Ring
11:09:20 AM Tracy Caddell, Legislative Assistant for Sen. Latvala, presents SB 1064, Assessment of Residential and Nonhomestead Real Property
11:09:24 AM Sen. Ring Amendment 337862 by Sen. Evers as a courtesy
11:09:29 AM Tracy Caddell presents Amendment 337862 by Sen. Evers as a courtesy
11:10:52 AM Sen. Ring Amendment 337862 is adopted
11:11:09 AM Julie Fess, Florida Solar Energy Industries Association, waives in support
11:11:11 AM Sen. Ring
11:11:14 AM Sen. Latvala
11:11:16 AM Sen. Ring
11:11:19 AM Sen. Gardiner
11:11:30 AM Sen. Latvala
11:11:32 AM Sen. Gardiner
11:11:37 AM Sen. Ring
11:11:45 AM Sen. Latvala waives close
11:11:49 AM Sen. Ring - Sen. Sachs moves to recommend SB 1064 favorably as a Committee Substitute, motion adopted
11:12:00 AM Roll call on SB 1064 as Committee Substitute

11:12:19 AM Sen. Ring SB 1064 recommended favorably as a Committee Substitute
11:12:23 AM Sen. Latvala
11:12:24 AM Sen. Ring
11:12:34 AM Dee Alexander, Legislative Assistant for Sen. Bean, presents SB 1246, Public Retirement Plans
11:13:38 AM Sen. Ring Amendment 702116 by Sen. Simmons as a courtesy
11:13:43 AM Dee Alexander presents Amendment 702116
11:13:47 AM Sen. Ring Amendment 702116 is adopted
11:14:08 AM Paige Carter-Smith, Governmental Consultant, Jacksonville Police Fire Pension, waives in support
11:14:09 AM Sen. Ring - Sen. Sachs moves to recommend SB 1246 favorably as a Committee Substitute, motion adopted
11:14:23 AM Roll call on SB 1246 as a Committee Substitute
11:14:39 AM Sen. Ring SB 1246 is recommended favorably as a Committee Substitute
11:14:52 AM Sen. Altman - presents SB 1838, Homestead Property Tax Exemptions
11:16:05 AM Sen. Ring
11:16:13 AM Sen. Ring - Sen. Sachs moves to recommend SB 1838 favorably
11:16:19 AM Roll call on SB 1838
11:16:35 AM Sen. Ring SB 1838 is recommended favorably
11:16:46 AM Sen. Hukill
11:18:17 AM Sen. Simmons
11:18:25 AM Sen. Hukill
11:18:33 AM Sen. Gardiner
11:18:54 AM Sen. Hukill
11:19:03 AM Meeting adjourned