

Committee on Finance and Tax

CS/HB 7123 — Taxation

by Appropriations Committee; Ways and Means Committee; and Rep. Avila (CS/CS/SB 1412 by Appropriations Committee; Commerce and Tourism Committee; and Senators Gruters and Stargel)

CS/HB 7123 contains provisions for tax relief and changes to tax policy.

Sales Tax Holidays

- The bill grants a 5-day “back-to-school” sales tax holiday for clothing, school supplies, and computers with a sales price of \$1,000 or less. (August 2 – August 6, 2019).
- The bill grants a 7-day hurricane preparedness sales tax holiday for the purchase of items related to hurricane preparedness, including batteries, self-powered lights, self-powered radios, tarpaulins, ground anchoring systems, portable generators, fuel tanks, food storage coolers, and reusable ice. (May 31 – June 6, 2019).

Commercial Rent

- The bill reduces the sales tax rate on the rental of commercial property from 5.7 percent to 5.5 percent.

Hurricane Recovery

The bill grants refunds of sales tax paid on:

- Building materials used to repair or replace nonresidential farm buildings damaged as a result of Hurricane Michael, and fencing materials used to repair or replace farm fencing on lands classified as agricultural if the fencing was damaged as a result of Hurricane Michael.
- The bill grants refunds of motor fuel taxes used for agricultural shipments and debris removal after Hurricane Michael.
- The bill provides equipment used on a farm, farm operation, or agricultural processing facility that is unable to be used for 60 days due to Hurricane Michael will be assessed at salvage value on the 2019 property tax roll.
- The bill authorizes the Department of Revenue to use the best information available in conducting level of assessment analyses for counties that have limited property assessment information available due to recent disasters.
- The bill moves from January 2020 to June 2020 a reimbursement from the state to fiscally constrained counties and Monroe County for ad valorem tax abatements paid to homestead property owners for certain losses caused by Hurricanes Matthew, Hermine, and Irma. This change allows the state appropriation to be based on actual data instead of an estimate.

School Voted Taxes

The bill requires revenues from school district voted discretionary millages to be shared with charter schools based on each charter school's proportionate share of the district's total unweighted full-time equivalent student enrollment. The bill requires charter schools to use the funds in the same manner as required by non-charter schools. This change applies to referendums held on or after July 1, 2019.

Contributions to Scholarship Organizations

The bill allows an insurance company to contribute to a Scholarship Organization after the end of its taxable year and before its tax return is due.

Documentary Stamp Tax

Current law exempts transfers of homestead property between spouses from documentary stamp tax when the transfer occurs within 1 year of marriage. The bill removes the 1-year limitation.

Traffic Infraction Reduction

The bill increases from 9 percent to 18 percent the reduction to a traffic fine when the driver attends traffic school.

Donations to a Charitable Organization

The bill exempts from sales tax property purchased by a business for resale that is donated to a charitable organization.

Right-of-Way Fees

The bill excludes from the definition of a "pass-through provider," a person who does not remit communications services tax, but who sells communications services to another person who does collect the tax. The result is that these excluded entities are not subject to a county's or municipality's fees for the use of a right-of-way.

Appropriation

The bill appropriates the following amounts from the General Revenue Fund to the Department of Revenue:

- \$237,000 to implement the "back-to-school" sales tax holiday.
- \$91,319 to implement the commercial rent tax rate reduction.

If approved by the Governor, these provisions take effect upon becoming a law.

Vote: Senate 23-17; House 81-25

Committee on Finance and Tax

HB 7127 — Corporate Income Tax

by Ways and Means Committee and Rep. Avila (CS/CS/SB 576 by Appropriations Committee; Finance and Tax Committee; and Senators Perry, Flores, and Stargel)

The bill adopts provisions of the Internal Revenue Code in effect on January 1, 2019, for purposes of Florida's corporate income tax; however, the bill decouples from the Global Intangible Low-Taxed Income (GILTI) provisions of the Tax Cuts and Jobs Act of 2017. As a result, a taxpayer is allowed to subtract GILTI in determining the taxpayer's net income subject to tax in Florida.

The bill provides if Fiscal Year 2019-2020 corporate income tax net collections exceed the February 2018 corporate income tax estimate by more than seven percent, then the amount over seven percent must be refunded to taxpayers, and the corporate income tax rate is decreased for taxable years beginning on or after January 1, 2019, but before January 1, 2020. The bill provides additional refunds if Fiscal Year 2020-2021 corporate income tax net collections exceed the February 2018 corporate income tax estimate by more than seven percent. In such case, the corporate income tax rate is decreased for taxable years beginning on or after January 1, 2020, but before January 1, 2021.

The bill requires taxpayers to submit additional information to the Department of Revenue for taxable years that begin in calendar years 2018 and 2019. The required information includes specified items of income and deduction related to the Tax Cuts and Jobs Act of 2017.

If approved by the Governor, these provisions take effect upon becoming law and operate retroactively to January 1, 2019, except that provisions that allow the GILTI subtraction operate retroactively to January 1, 2018.

Vote: Senate 39-1; House 71-41