

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 Committee on Appropriations

BILL: CS/SB 7074

INTRODUCER: Appropriations Committee and Finance and Tax Committee

SUBJECT: Taxation

DATE: February 29, 2024

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
<u>Gross</u>	<u>Khan</u>	<u>AP</u>	FT Submitted as Comm. Bill/Fav
1. <u>Gross</u>	<u>Sadberry</u>	<u>AP</u>	Fav/CS

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 7074:

- Temporarily exempts from the **sales and use tax**:
 - “Back-to-School” items including certain clothing, school supplies, learning aids and puzzles, and personal computers from July 29, 2024, through August 11, 2024.
 - “Disaster Preparedness” items and supplies necessary for disaster preparation and the evacuation of pets from June 1, 2024, through June 14, 2024, and from August 24, 2024, through September 6, 2024.
 - Specific admissions, boating and water activity supplies, camping supplies, fishing supplies, general outdoor supplies, and residential pool supplies from July 1, 2024, through July 31, 2024.
 - Certain tools and safety equipment from September 1, 2024, through September 7, 2024.
- The bill makes the following changes to the **ad valorem property tax**:
 - Extends the time in which a property owner may begin rebuilding homestead property and continue to maintain homestead property tax benefits from 3 years to 5 years.
 - Extends the date in which tangible personal property of an electric utility is deemed substantially completed.
 - Increases the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000.
 - Relieves homestead property tax taxpayers from owing back taxes under certain circumstances; requires the Department of Revenue to produce multi-language forms if requested by a property appraiser; and requires property appraisers to include specific additional information in a notice of tax lien served upon an owner.

- Expands the ad valorem tax benefits for renewable energy source devices to include facilities used to capture and convert biogas to Renewable Natural Gas.
- Includes changes to the administration of the property tax exemptions created in the Live Local Act; for Monroe County, it reduces the number of units that must be set aside as affordable; and clarifies what is considered a part of a unit's value.
- Allows taxing authorities to "opt-out" of providing a property tax exemption to affordable housing units where the income of the person renting is between 80 and 120 percent adjusted gross income
- The bill makes the following changes to the **corporate income tax**:
 - Adopts the internal revenue code as it existed on January 1, 2024.
 - Creates a tax credit for corporations who employ persons with unique abilities.
 - Provides tax credits to taxpayers who operate a child care facility or make contributions to child care facilities on behalf of employees.
 - Allows qualifying railroads to apply for corporate income tax credit after the end of the applicant's taxable year, expands who a credit may be transferred to, and makes other administrative changes.
- The bill makes the following changes to the **insurance premiums tax**:
 - Allows an insurer to take a credit against its insurance premium tax liability for all discounts extended to policy holders, including flood, residential property, state fire assessments, and the Florida Insurance Guaranty Association assessments.
- The bill makes the following changes to the **documentary stamp tax**:
 - Exempts the tax imposed on certain notes and obligations, valued no greater than \$3,500, when given to an alarm system contractor.
 - Reduces the maximum amount of documentary stamp tax imposed on Home Equity Conversion Mortgages.
- **Other changes** made by the bill include:
 - Increasing the cap for the Strong Families Tax Credit program from \$20 million to \$40 million beginning in Fiscal Year 2024-2025.
 - Establishing the date in which a taxpayer may submit an application to the Department of Revenue for an allocation for a Strong Families Tax Credit and provides that the increased allocation limit for Fiscal Year 2024-2025 may be applied for beginning July 1, 2024.
 - Amending the criteria the Department of Children and Families must follow when designating an eligible charitable organization.
 - Increasing the allowance provided to dealers for the collection and remittance of the sales tax from a maximum of \$30 to \$45.
 - Granting an automatic extension of the due date for a corporation or a retail dealer to file corporate income tax or sales and use tax returns and tax remittances during a federally declared disaster or a state of emergency.
 - Making permanent the distributions from the sales and use tax which must be used for certain thoroughbred breeding and racing purposes.
 - Changing the minimum vote threshold needed for the approval of a referendum to levy the Local Option Food and Beverage tax in certain cities or towns.
 - Allowing the Indigent Care and Trauma Center Surtax to be levied in a county that is consolidated with one or more of its municipalities.
 - Limiting to 25 percent the amount of tourist development tax revenues collected which may be used for a convention center.

- Reduces the tax rates that will be levied on natural gas fuel beginning on January 1, 2026, by 50 percent for one year.
- Providing for a \$15 million annual distribution from the Alcoholic Beverage Tax to the University of Miami Sylvester Comprehensive Cancer Center; the University of Florida Health Shands Cancer Center; and the Mayo Clinic Comprehensive Cancer Center in Jacksonville until 2054.
- It deletes the requirement that a nonresident purchaser of a boat or aircraft who will remove the vehicle from Florida read the entire statute.
- Provides that the sale of a boat and trailer when purchased together is a single item and clarifies which county's surtax must be collected.
- Allows DOR to reopen assessments if the taxpayer failed to respond to certain requests.
- Allows DOR to include in a garnishment notice and levy additional costs and fees, which are authorized today but may not be included in such notice or levy.
- Removes obsolete language regarding the registration fee for importers of pollutants.

The bill reduces revenues in total by \$1,072.6 million, which is the sum of \$210.2 million (recurring), and \$862.4 million (pure nonrecurring in Fiscal Year 2024-2025 and reductions resulting from nonrecurring impacts in future years). **See Section V. Fiscal Impact Statement for additional information.**

Except as otherwise provided, the bill takes effect July 1, 2024.

II. Present Situation:

Overview of Florida Sales and Use Tax

Florida levies a 6 percent tax on the sale or rental of most items of tangible personal property,¹ admissions,² transient rentals,³ and a limited number of services, as well as a 4.5 percent tax on commercial leases.⁴ Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.⁵

Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.⁶ A surtax applies to “all transactions ... subject to the state tax ... on sales, use, services, rentals, admissions, and other transactions ...”⁷ The discretionary sales surtax rates currently levied vary by county in a range of 0.5 to 1.5 percent.⁸

¹ Section 212.05(1)(a)1.a., F.S.

² Section 212.04(1)(b), F.S.

³ Section 212.03(1)(a), F.S.

⁴ Section 212.031, F.S. The 4.5 percent rate is required to be reduced to 2 percent beginning the second month after the Department of Revenue is notified by the Office of Economic and Demographic Research that the Unemployment Compensation Trust Fund balance exceeds \$4,071,519,600. Which is currently estimated to be met in March 2024. See The Office of Economic and Demographic Research, Florida Legislature, *Unemployment Compensation Trust Fund*, January 2024, available at <http://edr.state.fl.us/Content/conferences/unemployment-compensation-trust-fund/January2024ForecastSummary.pdf> (last visited Feb. 14, 2024).

⁵ Section 212.07(2), F.S.

⁶ Section 212.055, F.S.

⁷ Section 212.054(2)(a), F.S.

⁸ FLA. DEP'T OF REVENUE, *Discretionary Sales Surtax Information for Calendar Year 2024*, available at https://floridarevenue.com/Forms_library/current/dr15dss.pdf (last visited Feb. 14, 2024).

Overview of Florida Property Tax

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The tax is based on the taxable value of property as of January 1 of each year.⁹ The property appraiser annually determines the “just value”¹⁰ of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”¹¹ Property tax bills are mailed in November of each year based on the previous January 1 valuation. Taxes are due by March 31 of the following year, but taxpayers receive a discount if they pay early.¹²

The Florida Constitution prohibits the state from levying ad valorem taxes¹³ and limits the Legislature’s authority to provide for property valuations at less than just value, unless expressly authorized.¹⁴

Overview of Florida Corporate Income Tax

Florida levies a 5.5 percent tax on certain income of corporations and financial institutions doing business in Florida.¹⁵ Florida utilizes the taxable income determined for federal income tax purposes as a starting point to determine the total amount of Florida corporate income tax due.¹⁶ This means that a corporation paying taxes in Florida generally receives the same benefits from deductions allowed when determining taxable income for federal tax purposes as it does when determining taxable income for state taxation purposes.

Florida provides various tax benefits for certain corporate activities. These tax benefits take the form of subtractions, which reduce the amount of income that is subject to tax, exemptions, which prohibit taxation on certain levels of income, and tax credits, which are a dollar-for-dollar reduction of a corporation’s tax liability.

Overview of Florida Documentary Stamp Tax

Florida levies a documentary stamp tax on certain documents executed, delivered, or recorded in Florida. The most common examples are documents that transfer an interest in Florida real

⁹ Both real property and tangible personal property are subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

¹⁰ Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise. FLA. CONST. art VII, s. 4. Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. *See, e.g., Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *S. Bell Tel. & Tel. Co. v. Dade Cnty.*, 275 So. 2d 4 (Fla. 1973).

¹¹ *See* ss. 192.001(2) and (16), F.S.

¹² Section 197.162, F.S.; *see also* Fla. Dep’t of Revenue, *Tax Collector Calendar*, available at <https://floridarevenue.com/property/Documents/tccalendar.pdf> (last visited Feb. 14, 2024).

¹³ FLA. CONST. art. VII, s. 1(a).

¹⁴ *See* FLA. CONST. art. VII, s. 4.

¹⁵ Section 220.11(2), F.S.

¹⁶ Section 220.12, F.S.

property, such as deeds and mortgages, and written obligations to pay money, such as promissory notes.¹⁷

The tax on deeds and other documents related to real property is 70 cents per \$100,¹⁸ and the tax on written obligations to pay money is 35 cents per \$100.¹⁹ The tax levied on written obligations to pay money may not exceed \$2,450.²⁰

Overview of Insurance Premium Tax

Florida imposes a 1.75 percent tax on most Florida insurance premiums, a one percent tax on annuity premiums, and a 1.6 percent tax on self-insurers.²¹ In addition, some insurers pay a retaliatory tax to the extent the insurer's state of domicile would impose a greater tax burden than Florida imposes.

Specific current law discussion related to the provisions of the bill are provided in Section III. Effects of Proposed Changes.

III. Effect of Proposed Changes:

Section 1 – Tourist Development Tax Project Expenditure Limitation

Present Situation

Counties are authorized to levy five separate taxes on transient rental transactions (tourist development taxes or TDTs).²² Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies:

- The original TDT may be levied at the rate of 1 or 2 percent.²³
- An additional 1 percent tax may be levied by counties who have previously levied the original TDT at least three years.²⁴
- A high tourism impact tax may be levied at an additional 1 percent.²⁵
- A professional sports franchise facility tax may be levied up to an additional 1 percent.²⁶
- An additional professional sports franchise facility tax no greater than 1 percent may be imposed by a county that has already levied the professional sports franchise facility tax.²⁷

Each county that levies tourist development taxes is required to have a tourist development council consisting of county residents who are appointed by the county governing board. The

¹⁷ Fla. Dep't of Revenue, *Florida Documentary Stamp Tax*, available at https://floridarevenue.com/taxes/taxesfees/pages/doc_stamp.aspx (last visited Feb. 19, 2024).

¹⁸ Section 201.02(1)(a), F.S.

¹⁹ Sections 201.07 and 201.08(1)(b), F.S.

²⁰ Section 201.08(1)(a), F.S.

²¹ Sections 624.509, F.S. and s. 624.4621, F.S.

²² Section 125.0104, F.S. "Transient rental" is consider to be the rental or lease of any accommodation for a term of six months or less. *See* s. 125.0104(3)(a)1., F.S.

²³ Section 125.0104(3)(c), F.S. Sixty-two of the 67 counties levy this tax. Each levies the maximum rate of 2 percent.

²⁴ Section 125.0104(3)(d), F.S. Fifty-six of the eligible 59 counties levy this tax.

²⁵ Section 125.0104(3)(m), F.S. Ten of the 14 eligible counties levy this tax.

²⁶ Section 125.0104(3)(l), F.S. Forty-six of the 67 counties levy this tax.

²⁷ Section 125.0104(3)(n), F.S. Thirty-six of the eligible 65 counties levy this tax.

tourist development council makes recommendations to the county governing board for the effective operation of special projects or for uses of the TDT revenue.²⁸

Additionally, for the original 1 or 2 percent TDT, the tourist development council must submit a tourist development plan to the governing board of the county. The plan must be submitted before a referendum to enact or renew the ordinance levying the tax.²⁹ The plan must include:

- The anticipated net tax revenue to be derived by the county for the two years following the tax levy.
- The tax district in which the enactment or renewal of the ordinance levying and imposing the TDT is proposed.
- A list of the proposed uses of the tax by specific project or special use and the approximate cost or expense allocation for each specific project or special use.³⁰

After submission of the plan to the governing board of the county, the governing board must adopt the plan as part of the ordinance levying the tax.³¹ The ordinance must be approved by a countywide referendum held at a general election.³² The plan may not be substantially amended after the enactment or renewal of the ordinance levying the TDT, except by ordinance enacted by an affirmative vote of a majority plus one additional member of the governing board.³³

The revenues derived from TDTs may be used for:³⁴

- The acquisition, construction, extension, enlargement, remodeling, repair, improvement, maintenance, operation, or promotion of certain publicly owned convention centers, sports stadiums, sports arenas, coliseums, auditoriums, aquariums, or museums. Revenue may also be used to secure revenue bonds for these purposes.
- Promoting certain publicly owned zoos. Revenue may also be used to secure revenue bonds for this purpose.
- Promoting and advertising tourism.
- Funding convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies, or by contract with chambers of commerce or similar associations in the county.
- Financing beach park facilities or beach, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control.³⁵ Revenue may also be used to secure revenue bonds for these purposes.
- In counties with populations less than 950,000, the acquisition, construction, extension, enlargement, remodeling, repair, or improvement, maintenance, operation, or promotion of certain publicly owned zoos, fishing piers, or nature centers.

²⁸ Section 125.0104(4)(e), F.S.

²⁹ Section 125.0104(4)(c), F.S. The provisions found in s. 125.0104(4)(a)-(d), F.S., do not apply to the additional 1% tax, high tourism impact tax, the professional sports franchise facility tax, or the additional professional sports franchise facility tax.

³⁰ *Id.*

³¹ Section 125.0104(4)(d), F.S.

³² Sections 125.0104(4)(a) and (6), F.S.

³³ Section 125.0104(4)(d), F.S.

³⁴ Section 125.0104(5), F.S.

³⁵ In counties with populations less than 100,000, up to 10 percent of TDT revenues may be used for financing beach park facilities. *See* s. 125.0104(5)(a)5., F.S.

- If certain requirements are met, acquiring, constructing, extending, enlarging, remodeling, repairing, improving, maintaining, operating, or financing public facilities³⁶ if the public facilities are needed to increase tourist-related business activities and are recommended by the county tourist development council.
- If certain requirements are met, reimbursing public safety expenses, including emergency medical and law enforcement services, which are needed to address impacts related to increased tourism and visitors to an area.

Proposed Changes

Unless approved by a supermajority vote of the governing body of the county, the plan may not allocate more than 25 percent of the tax revenue received or anticipated to be received for a fiscal year to fund a specific project or a special use to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, or operate a publicly owned and operated convention center..

Sections 2 and 3 – Construction Work in Progress

Present Situation

Personal property, for property tax purposes, is divided into four categories: household goods, intangible personal property, inventory, and tangible personal property.³⁷

Tangible personal property is assessed at just value on January 1, except for “construction work in progress” if it is not substantially completed.³⁸ “Construction work in progress” is deemed substantially completed when it is connected with the preexisting, taxable, operational system or facility.³⁹

“Tangible personal property” means all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself. Excluded from the definition are motor vehicles, boats, airplanes, trailers, trailer coaches and mobile homes, which are subject to a license tax, and inventory and household goods.⁴⁰

“Construction work in progress” consists of those items of tangible personal property commonly known as fixtures, machinery, and equipment when in the process of being installed in new or expanded improvements to real property and whose value is materially enhanced upon connection or use with a preexisting, taxable, operational system or facility.⁴¹

Proposed Changes

The bill establishes the date in which tangible personal property constructed or installed by an electric utility is deemed substantially completed to be the earlier of:

³⁶ Public facilities include major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. *See s. 125.0104(5)(a)6.*, F.S.

³⁷ Section 192.001(11), F.S.

³⁸ Section 192.042(2), F.S.

³⁹ Section 192.001(11)(d). F.S.

⁴⁰ *Id.*

⁴¹ *Id.*

- When all permits or approvals required for commercial operation have been received or approved; or
- One year after being connected to preexisting, taxable, operational system or facility.

These changes first apply to the 2024 tax roll.

Sections 5, 11, and 19 – Extend the Time to Commence Rebuild of Homestead Property Damaged or Destroyed

Present situation

Homestead Exemption for Damaged Property

When homestead property is damaged or destroyed by misfortune or calamity and the property is uninhabitable on January 1 after the damage or destruction occurs, a property may continue to receive a homestead exemption if:

- The property owner notifies the property appraiser that he or she intends to repair or rebuild the property and live in the property as his or her primary residence after the property is repaired or rebuilt.
- The property owner does not claim a homestead exemption on any other property or otherwise violate the requirements for homestead exemption.
- The property owner begins repairing or rebuilding the homestead property within 3 years after January 1 following the damage or destruction.⁴²

Assessment of Damaged Homestead Property

Under current law, changes, additions, or improvements to homestead property are assessed at just value on January 1 after the changes, additions, or improvements are substantially completed.

However, changes, additions, or improvements that replace all or a portion of homestead property damaged or destroyed by misfortune or calamity, including ancillary improvements, shall be assessed upon substantial completion using the homestead property's assessed value as of the January 1 immediately before the date on which the damage or destruction was sustained, which may be grown in intervening years. Homestead property is eligible for such assessment if:

- The square footage of the homestead property as changed or improved does not exceed 110 percent of the square footage of the homestead property before the damage or destruction; or
- The total square footage of the homestead property as changed or improved does not exceed 1,500 square feet.

Property changed or improved in excess of these thresholds must be assessed at just value.

The changes, additions, or improvements must be commenced within 3 years after the January 1 following the damage or destruction of the homestead.⁴³

⁴² Section 196.031(7), F.S.

⁴³ Section 193.155(4), F.S.

Proposed changes

The bill extends from 3 years to 5 years the time in which commencement to rebuild homestead property must begin to maintain a “pre-damage” assessment and exemption.

These changes first apply to the 2025 tax roll.

Sections 4, 5, 8, 9, 10, 12, 13, 14, 19, and 22 – Property Tax Payment Relief and Notification Requirements***Present Situation***Errors in Property Assessment

Errors made in the assessment of homestead property may be corrected in the following ways:

- Errors which are due to a material mistake of fact concerning an essential characteristic of the property require the recalculation of the just value and assessed value for every year in which the error existed, including the year in which the mistake occurred.⁴⁴
- Changes, additions, or improvements to the property that are not assessed at just value as of the first January 1 after they were substantially completed, requires the property appraiser to determine the just value for such changes, additions, or improvements for the year they were substantially completed. Assessments for subsequent years shall be corrected in a manner consistent with annual assessment limitations provided under the law.⁴⁵
- An assessment for property that was not taxed, in other words, property that “escaped taxation,” may be corrected by one of the methods described above.⁴⁶

Florida courts have upheld the authority of the Legislature, through appropriate legislation, to provide for the collection of back taxes on taxable property that has escaped taxation for previous years through an error of the property appraiser or the failure of the property owner to properly pay.⁴⁷ When a property has escaped taxation, assessments for back taxes may only be made for periods within the previous 3 years.⁴⁸ To settle the question of the meaning of “escaped taxation,” The Florida Supreme Court held, “[p]roperty has ‘escaped taxation,’ for purposes of statute permitting appraisers to assess back taxes, when it is not taxed, not when it is under-taxed because of a mistaken under-valuation.”⁴⁹

Improper Receipt of an Assessment Limitation

The homestead assessment limitation known as “Save Our Homes,” limits the amount by which the property’s assessed value may increase annually to the lesser of 3 percent or the change in

⁴⁴ Sections 193.155(9)(a), F.S.

⁴⁵ Sections 193.155(9)(b), F.S.

⁴⁶ Sections 193.155(9)(c), F.S.

⁴⁷ See, e.g., *Robbins v. Kornfield*, 834 So. 2d 955 (Fla. 3d DCA 2003); *State v. Beardsley*, 94 So. 660 (Fla. 1922); *Wade v. Murrhee*, 78 So. 536 (Fla. 1918); *Bloxham v. Florida Cent. & P.R. Co.*, 17 So. 902 (Fla. 1895).

⁴⁸ Section 193.092, F.S.

⁴⁹ *Furst v. DeFrances*, 332 So. 3d 951 (Fla. 2021).

the consumer price index during the previous calendar year.⁵⁰ The Save Our Homes limitation is applied to the assessment made for school districts and non-school districts.

Upon a determination by the property appraiser, a person improperly receiving an assessment limitation on homestead, non-homestead residential, and nonresidential property for any year within the prior 10 years will receive a notice of intent to record a tax lien against any property in the county owned by the person. The notice must identify the property. Such property that is situated in this state is subject to payment of the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per year. The property appraiser must give the property owner 30 days to pay taxes and applicable penalties and interest before the property appraiser may file a lien.⁵¹

When a person who is entitled to a homestead exemption, inadvertently receives homestead assessment limitations following a change of ownership, the assessment is corrected by way of recalculating the just value and assessed value for every year in which the error existed. In such case, the person is not required to pay the unpaid taxes, penalties, or interest.⁵²

Penalty and interest is not assessed when an assessment limitation is granted by the property appraiser as a result of a clerical mistake or an omission.⁵³

Section 193.703, F.S., authorizes a county to provide for a reduction in the assessed value of homestead property which results from the construction or reconstruction of the property for the purpose of providing living quarters to parents or grandparents of the owner. Upon a determination by the property appraiser, a person improperly receiving an assessment limitation on homestead for any year within the prior 10 years will receive a notice of intent to record a tax lien against any property in the county owned by the person. The notice must identify the property. Such property that is situated in this state is subject to payment of the unpaid taxes, plus a penalty of 50 percent of the unpaid taxes for each year and 15 percent interest per year. The property appraiser must give the property owner 30 days to pay taxes and applicable penalties and interest before the property appraiser may file a lien.⁵⁴

Homestead Exemptions Erroneously Granted

Section 196.161, F.S., provides a mechanism for the recovery of taxes from persons erroneously granted a homestead exemption. Subsection (1)(a) establishes the process in which a property appraiser must recoup taxes when, during probate in another state, it is found that the decedent was receiving a homestead exemption in this state but a resident of another state. It requires a property appraiser to file a tax lien to collect on the unpaid taxes and impose a penalty of 50 percent of the unpaid taxes for each year plus 15 percent interest per year. Such lien must be filed within 3 years of a person's death and may "look back" 10 years immediately preceding the person's death. Subsection (1)(b) provides that if the property appraiser determines that a person was not entitled to a homestead exemption for any time within the prior 10 years, then the property appraiser must record a tax lien against the property. In addition to the property being

⁵⁰ FLA. CONST. art. VII, s. 4(d)

⁵¹ Sections 193.155(10), F.S.

⁵² Section 193.155(10), F.S.

⁵³ Section 193.092, F.S.

⁵⁴ Section 193.703, F.S.

liable for all exempted taxes, there is a penalty of 50 percent of the unpaid taxes for each year, plus 15 percent interest per year. The property appraiser must give the property owner 30 days to pay taxes and applicable penalties and interest before the property appraiser may file a lien. However, penalties and interest are not due when the exemption was improperly granted as a result of a clerical error or omission by the property appraiser.

Section 196.075, F.S., authorizes the board of county commissioners or the governing authority of any municipality to grant an additional homestead exemption to persons 65 or older with limited incomes.⁵⁵ If the property appraiser determines that a person was not entitled to a homestead exemption for any time within the prior 10 years, then the property appraiser must record a tax lien against the property. In addition to the property being liable for all exempted taxes, there is a penalty of 50 percent of the unpaid taxes for each year, plus 15 percent interest per year. The property appraiser must give the property owner 30 days to pay taxes and applicable penalties and interest before the property appraiser may file a lien. However, penalties and interest are not due when the exemption was improperly granted as a result of a clerical error or omission by the property appraiser.

Application for Exemption

An annual application for exemption must be made by a person or organization who, on January 1, has the legal title to real or personal property that is entitled to exemption from taxation as a result of its ownership and use. Applications must be filed by March 1 with the county property appraiser, listing and describing the property for which exemption is claimed and certifying its ownership and use.⁵⁶

Annual application for exemption may be waived at the request of the property appraiser and by a majority vote of a county's governing body.⁵⁷ Refiling an application is required when any property granted an exemption:

- Is sold or disposed of;
- When the ownership changes in any manner;
- When the homestead exemption applicant ceases to use the property as a homestead; or
- When the status of the owner changes so as to change the exemption status of the property.⁵⁸

Governing bodies, in their deliberations on whether to waive the requirement of annual application, must consider the possibility of fraudulent exemption claims which may occur due to the waiver.⁵⁹

A property owner granted an exemption who is no longer required to file an annual application must notify the property appraiser promptly whenever the use of the property or the status or condition of the owner changes so as to change the exempt status of the property. If any property owner fails to notify the property appraiser of such changes and the property appraiser

⁵⁵ Section 196.075, F.S.

⁵⁶ Section 193.031(1)(a), F.S.

⁵⁷ Section 193.011(9)(a), F.S. A county may not waive the annual application or statement requirement for the Economic Development Ad Valorem Tax Exemption. *Id.* See also s. 196.1995, F.S.

⁵⁸ Section 193.031(9)(a), F.S.

⁵⁹ *Id.*

determines that for any year within the prior 10 years the owner was not entitled to receive such exemption, the owner of the property is subject to the taxes exempted plus 15 percent interest per year and a penalty of 50 percent of the taxes exempted.⁶⁰

Homestead Exemption Forms

The Department of Revenue (department) must provide forms which are to be filed by taxpayers claiming to be entitled to a homestead exemption.⁶¹

The forms must require the taxpayer to furnish certain information to the property appraiser for the purpose of determining that the taxpayer is a permanent resident.⁶²

The forms must also contain the following:

- Notice of the tax lien which can be imposed pursuant to s. 196.161.
- Notice that information contained in the application will be provided to the department and may also be provided to any state in which the applicant has previously resided.
- A requirement that the applicant read or have read to him or her the contents of the form.⁶³

Notice of Proposed Property Taxes and Non-Ad Valorem Assessments

Property appraisers must prepare and deliver to each taxpayer to be listed on the current year's assessment roll a notice of proposed property taxes. The notice shows the taxpayer's property taxes in the preceding year, his taxes for the current year if no budget changes are made, and his taxes for the current year under the proposed budgets and millage rates of the taxing authorities.⁶⁴

If requested by the local governing board levying non-ad valorem assessments and agreed to by the property appraiser, the notice may contain a notice of proposed or adopted non-ad valorem assessments.⁶⁵

Proposed changes

Errors in Property Assessments

The bill makes the following changes to the provisions on how a property appraiser must correct the assessment of homestead:

- When the error is due to a material mistake of fact concerning an essential characteristic of the property, the bill requires that the recalculated values shall be first applied to the tax roll in the year the mistake is discovered. No back taxes shall be due for any year as a result of recalculations under this paragraph.

⁶⁰ *Id.*

⁶¹ Section 196.121(1), F.S.

⁶² Section 196.121(2), F.S. Section 196.012(16), F.S., defines "permanent resident" as a person who has established a permanent residence. The term "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. A person may have only one permanent residence at a time; and, once a permanent residence is established in a foreign state or country, it is presumed to continue until the person shows that a change has occurred.

⁶³ Section 196.121(3), F.S.

⁶⁴ Section 200.069, F.S.

⁶⁵ Section 200.065(10)(a), F.S.

- When the error results from changes, additions, or improvements to property not being assessed at just value as of the first January 1 after it was substantially completed, the bill provides that if a building permit was required and had not been issued by the county, the assessment may be corrected from the later of the year following substantial completion or 10 years prior to the error being discovered. No back taxes shall be due for any year.
- When property has not been assessed, the bill repeals the authority to issue back assessments.

Improper Receipt of an Assessment Limitation

The bill includes additional information that must be provided to a taxpayer when the property appraiser serves upon him or her a notice of tax lien. The property appraiser must include with such notice information explaining why the owner is not entitled to the limitation, for which years unpaid taxes, penalties, and interest are due, and the manner in which unpaid taxes, penalties, and interest have been calculated.

For property receiving an assessment limitation based on its status as homestead, the bill states that a person need not pay the unpaid taxes, penalties, or interest if the property appraiser improperly granted the property assessment limitation as a result of a clerical mistake or an omission.

Homestead Exemptions Erroneously Granted

The bill amends ss. 196.011, 196.075, and 196.161, F.S., to not require a person to pay the unpaid taxes, penalties, or interest if the property appraiser improperly granted the property assessment limitation as a result of a clerical mistake or an omission.

The bill includes additional information that must be provided to a taxpayer when the property appraiser serves upon him or her a notice of tax lien. The information must explain why the owner is not entitled to the homestead exemption, for which years unpaid taxes, penalties, and interest are due, and the manner in which unpaid taxes, penalties, and interest have been calculated.

Homestead Exemption Forms

The bill adds an additional criterion that must be included on the form created by the department and submitted to the property appraiser by the taxpayer. The form must include examples of activities that may affect eligibility for homestead exemptions, including, but not limited to, rental of homestead property or establishment of permanent residency at another property.

Notice of Proposed Property Taxes and Non-Ad Valorem Assessments

Rather than the local governing board levying non-ad valorem assessments requesting that the property appraiser include such non-ad valorem assessments, the bill allows the property appraiser to make such request of the local governing board.

In addition, the bill creates s. 195.028, F.S., whereby, upon the request of a property appraiser, the department must develop multi-language versions of forms prescribed by the department, if translation resources are reasonably available. Such forms must contain English and may include one or more requested languages other than English. The department shall develop a flyer or

brochure that shall be posted to the department's and each property appraiser's website informing taxpayers of examples of activities that may affect eligibility for ad valorem property tax exemptions, including but not limited to, rental of homestead property or establishment of permanent residency at another property.

These changes first apply to the 2025 tax roll.

Sections 15, 16, 17, and 18 – Live Local Act

Present Situation

In 2023, the legislature provided for property tax exemptions for property used to house persons with limited incomes.⁶⁶ Section 196.1978(3), F.S., "Missing Middle," authorized an exemption from ad valorem property tax for units of a multifamily project that house persons whose household income is not more than 120 percent but greater than 80 percent of the median annual adjusted gross income for a specified area. Such property is eligible to receive an exemption equal to 75 percent of the assessed value.

In part, an eligible multifamily project must contain more than 70 units dedicated to housing natural persons or families meeting the income limitations specified by law.

In addition to the Missing Middle, the legislature provided authorization for a property tax exemption, granted at the option of the board of county commissioners of a county or the governing body of a municipality, for property used to house persons with limited incomes. These local governments may choose which income limited population to serve, which directly affects the amount of assessed value of a unit which may be exempted.

Proposed Changes

The bill amends Missing Middle and the local option authorization for exemption to make clarifying and administrative changes in the implementation and application of the laws, including providing what value should be considered a part of the unit's value for purposes of the exemption.

The bill amends the Missing Middle exemption to allow a newly constructed multifamily project in an area of critical state concern which contains more than 10 units dedicated to housing natural persons or families to qualify for the exemption.

The bill also amends the Missing Middle exemption to allow taxing authorities, beginning with the 2025 tax roll, to elect not to exempt property used to house persons or families whose annual household income is greater than 80 percent but not more than 120 percent of the median annual adjusted gross income. An election made pursuant to this law may apply only to the ad valorem property tax levied within a county by the taxing authority making the election.

A taxing authority must make a finding in the ordinance or resolution that the latest Shimberg Center for Housing Studies Annual Report, identifies, for a county that is part of the jurisdiction

⁶⁶ Chapter 2023-17, Laws of Fla.

of the taxing authority, that the number of affordable and available units in the county is greater than the number of renter households in the county for natural persons or families who meet such income limitations.

The ordinance or resolution must take effect on the January 1 immediately succeeding adoption and shall expire on the second January 1 after the January 1 in which the ordinance or resolution takes effect. The ordinance or resolution may be renewed prior to its expiration pursuant to this paragraph.

The taxing authority proposing to make an election under this paragraph must advertise the ordinance or resolution or renewal thereof pursuant to the requirements of s. 50.011(1) prior to adoption. The taxing authority must provide to the property appraiser the adopted ordinance or resolution or renewal thereof by the effective date of the ordinance or resolution or renewal thereof. An ordinance or resolution or renewal thereof adopted pursuant to this paragraph may not impair an exemption provided to a property owner of a multifamily family project prior to the adoption of any ordinance or any resolution or renewal thereof under this paragraph.

Sections 6 and 7 – Renewable Energy Source Devices – Biogas

Present Situation

Limitations on Assessment of Real Property

Current law prohibits a property appraiser who is determining the assessed value of real property from considering any increase in the just value of residential property or 80 percent of the just value of non-residential property attributable to the installation of a renewable energy source device.⁶⁷ The law applies to a renewable energy source device installed on or after January 1, 2013, on new and existing residential real property, and to a renewable energy source device installed on or after January 1, 2018, to all other real property.⁶⁸

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:

- 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, such equipment does not include conventional backup systems of any type.
- Windmills and wind turbines.
- Wind-driven generators.

⁶⁷ Section 193.624(2), F.S.

⁶⁸ Section 193.624(3), F.S.

- Power conditioning and storage devices that use wind energy to generate electricity or mechanical forms of energy.
- Pipes and other equipment used to transmit hot geothermal water to a dwelling or structure from a geothermal deposit.⁶⁹

Partial Exemption of Tangible Personal Property

Tangible personal property (TPP) taxes apply to persons conducting business operations. Anyone who owns TPP and has a proprietorship, partnership, corporation, who leases, lends, or rents property, or who is a self-employed agent or contractor, must file a TPP return to the property appraiser by April 1 each year.⁷⁰ Each tangible personal property tax return is eligible for an exemption from ad valorem taxation of up to \$25,000 of assessed value.⁷¹ A single return must be filed for each site in the county where the owner of tangible personal property transacts business.⁷²

Biogas and Renewable Natural Gas

Renewable Natural Gas (RNG) is biogas⁷³ that has been upgraded or refined for use in place of fossil natural gas. Under Florida Law, RNG is defined in s. 366.91(f), F.S., as “anaerobically generated biogas, landfill gas, or wastewater treatment gas refined to a methane content of 90 percent or greater which may be used as a transportation fuel or for electric generation or is of a quality capable of being injected into a natural gas pipeline.”⁷⁴

Sources of biogas that are later refined to produce RNG include organic waste from food, agriculture, wastewater treatment and landfills.⁷⁵ In order to complete the process of converting biogas into RNG, facilities capture the biogas, “clean” it to pipeline standards, and then inject it into the pipeline for customer use.⁷⁶ At least three facilities in Florida are converting biogas into RNG,⁷⁷ with more in development.⁷⁸

⁶⁹ Section 193.624(1), F.S.

⁷⁰ Section 193.062, F.S.; *see also* Fla. Dep’t of Revenue, *Tangible Personal Property*, https://floridarevenue.com/property/Pages/Taxpayers_TangiblePersonalProperty.aspx (last visited Feb. 19, 2024).

⁷¹ Section 196.183(1), F.S.

⁷² Section 196.183(1), F.S.

⁷³ Section 366.91(2)(a), F.S., defines “biogas” as a mixture of gases produced by the biological decomposition of organic materials which is largely comprised of carbon dioxide, hydrocarbons, and methane gas.

⁷⁴ *See* s. 212.08(5)(v)1., F.S.

⁷⁵ U.S. Environmental Protection Agency, *An Overview of Renewable Natural Gas from Biogas*, available at https://www.epa.gov/sites/default/files/2020-07/documents/lmop_rng_document.pdf (last visited Feb. 19, 2024).

⁷⁶ Tampa Electric Company/TECO Peoples Gas, Presentation on Florida’s Energy Future (Liquefied Natural Gas, Renewable Natural Gas, and Small Modular Reactors), (Feb. 14, 2024), slide 5, *available at* <https://www.myfloridahouse.gov/Sections/Documents/loadaddoc.aspx?PublicationType=Committees&CommitteeId=3226&Session=2024&DocumentType=Meeting+Packets&FileName=ecc+12-6-23.pdf> (last visited Feb. 19, 2024).

⁷⁷ *Id.* at slide 10, 12-16.

⁷⁸ Nasdaq, *Chesapeake Utilities Corporation to Develop its First RNG Facility in Florida* (Feb.19, 2024), <https://www.nasdaq.com/press-release/chesapeake-utilities-corporation-to-develop-its-first-rng-facility-in-florida-2023-02> (last visited February 4, 2024) (Chesapeake Utilities Corporation is installing a dairy manure renewable natural gas facility in Madison County, Florida).

Proposed Changes

The bill expands the ad valorem tax benefits for renewable energy source devices to include facilities used to capture and convert biogas to RNG. Specifically, it expands the definition of “renewable energy source device” used under both ss. 193.624 and 196.182, F.S., to include equipment that collects, transmits, stores or uses energy derived from biogas, as defined in s. 366.91, F.S. Under the bill, such equipment includes pipes, equipment, structural facilities, structural support, and any other machinery integral to the interconnection, production, storage, compression, transportation, processing, collection, and conversion of biogas from landfill waste, livestock farm waste, including manure, food waste, or treated wastewater into renewable natural gas as defined in s. 366.91, F.S.

The bill incorporates natural gas pipelines or distribution systems to the current exclusion from such benefit for equipment on the distribution or transmission side of the point at which a renewable energy source device is interconnected.

These changes first apply to the 2025 tax roll.

Sections 20 and 21 – Increase in an Ad Valorem Tax Exemption for Disabled Ex-servicemembers

Present Situation

The Florida Constitution provides several property tax exemptions and discounts for disabled veterans and their surviving spouses. These include:

- A complete exemption for property owned and used as a homestead by a veteran with a total and permanent service-connected disability.⁷⁹
- A complete exemption for property owned and used as a homestead by a veteran with a total service-connected disability that confines him or her to a wheelchair.⁸⁰ Upon the veteran’s death, the exemption carries over to the veteran’s unremarried surviving spouse.⁸¹
- A complete exemption for property owned and used as a homestead by the unremarried surviving spouse of a veteran who died while on active duty if the veteran was a permanent resident of Florida on the day he or she died.⁸²
- A discount on homestead property taxes for certain combat-disabled veterans who are age 65 or older.⁸³ The discount is calculated as a percentage equal to the percentage of the veteran’s permanent, service-connected disability.⁸⁴ The discount is applied as a reduction to the taxable value of the homestead property.⁸⁵

Article VII, s. 3(b) of the State Constitution, requires that general law establish an exemption of property tax for widows and widowers, and persons who are blind or totally and permanently disabled. The value of these exemptions may be provided by general law, with a constitutional

⁷⁹ FLA. CONST. art. VII, s. 3(b); s. 196.081, F.S.

⁸⁰ FLA. CONST. art. VII, s. 3(b); s. 196.091(1), F.S.

⁸¹ Section 196.091(3), F.S.

⁸² FLA. CONST. art VII, s. 6(f); s. 196.081(4) F.S.

⁸³ FLA. CONST. art. VII, s. 6(e); s. 196.082, F.S.

⁸⁴ Section 196.082(2), F.S.

⁸⁵ Section 196.082(6), F.S.

minimum of \$500.⁸⁶ Subsections (1) and (2) of s. 196.101, F.S., exempt the total value of a homestead used and owned by a person who is totally and permanently disabled.

Section 196.24, F.S.,⁸⁷ provides a \$5,000 property tax exemption to any resident ex-servicemember⁸⁸ who was honorably discharged and has been disabled to a degree of 10 percent or more by misfortune or while serving during a period of wartime service.⁸⁹ This exemption is extended to an unremarried surviving spouse of a disabled ex-servicemember.⁹⁰

Proposed Changes

The bill provides for an increase in the value of the ad valorem tax exemption for disabled ex-servicemembers from \$5,000 to \$10,000.

This increase first applies to the 2025 tax roll.

Sections 23 and 24 – Home Equity Conversion Mortgages

Present Situation

A home equity conversion mortgage (HECM), also known as a reverse mortgage, allows borrowers to convert part of their home equity into payments from a lender while remaining in their homes.⁹¹

The Code of Federal Regulations (C.F.R.)⁹² defines a HECM as a “nonrecourse consumer credit obligation in which:

- A mortgage, deed of trust, or equivalent consensual security interest securing one or more advances is created in the consumer's principal dwelling.
- Any principal, interest, or shared appreciation or equity is due and payable (other than in the case of default) only after the consumer dies, the dwelling is transferred, or the consumer ceases to occupy the dwelling as a principal dwelling.”⁹³

⁸⁶ FLA. CONST. art. VII, s. 3(b).

⁸⁷ This statutory provision was created by ch. 69-55, Laws of Fla. However, it was preceded by s. 192.11, F.S., as authorized by Art. IX, s. 9 of the Florida Constitution (1885). That provision in the constitution provided that: “There shall be exempt from taxation property to the value of five hundred dollars to every widow and to every person who is a bona fide resident of the State and has lost a limb or been disabled in war or by misfortune.”

⁸⁸ Section 196.012(19), F.S., defines “ex-servicemember” as any person who has served as a member of the United States Armed Forces on active duty or state active duty, a member of the Florida National Guard, or a member of the United States Reserve Forces.

⁸⁹ The U.S. Department of Veterans Affairs determines the severity of a veteran’s disability based on evidence submitted by the veteran or present in the veteran’s military records. This results in a disability rating from 0% to 100% in 10% increments. U.S. DEP’T. OF VETERANS AFFAIRS, *Compensation*, <https://www.benefits.va.gov/compensation/rates-index.asp> (last visited Feb. 19, 2024).

⁹⁰ Section 196.24(1), F.S.

⁹¹ Government Accountability Office (GAO), *Reverse Mortgages, FHA Needs to Improve Monitoring and Oversight of Loan Outcomes and Servicing*, 2019, available at <https://www.gao.gov/assets/gao-19-702.pdf> (last visited Feb. 9, 2024).

⁹² See 12 C.F.R. s. 1026.33(a).

⁹³ 12 C.F.R. s. 1026.33(a).

Most HECMs are under the Federal Housing Administration’s Home Equity Conversion Mortgage program, which provides insurance for HECMs.⁹⁴ The program’s purpose is to meet the special needs of elderly homeowners and to increase the number of lenders making HECMs for elderly homeowners.⁹⁵ In order for a borrower to participate in this program, borrowers must meet eligibility requirements, such as being 62 years of age or older,⁹⁶ be on the title to property,⁹⁷ and occupy the property as their principal residence.⁹⁸

There are several terms used in the HECM program.

- **Maximum claim amount:** The lesser of the appraised value of the property,⁹⁹ the sales price of the property being purchased as the principal residence, or the national mortgage limit for a one-family residence, which is \$1.1 million in Calendar Year 2024.¹⁰⁰
- **Principal limit:** The amount of money a borrower can receive from a home equity conversion mortgage.¹⁰¹ It is calculated by taking into account the age of the youngest borrower or eligible non-borrowing spouse,¹⁰² the expected average mortgage interest rate, and the maximum claim amount.¹⁰³

In states that have a maximum mortgage amount on the mortgage document, HUD policy requires that the lender use 150% of the maximum claim amount.¹⁰⁴ In Florida, this results in the documentary stamp being applied to 150% of the maximum claim amount.¹⁰⁵

Proposed Changes

The bill requires the documentary stamp tax to be applied to the principal limit amount rather than the maximum claim amount or the stated mortgage amount. “Principal limit” is defined to mean the gross amount of loan proceeds available to the borrower without consideration of any use restrictions. The documentary stamp tax must be calculated based on the principal limit at the time of closing.

The bill clarifies that the changes to the act apply retroactively, but do not create a right to a refund or credit of any tax paid before the effective date of the act.

⁹⁴ *Supra* note 91.

⁹⁵ 24 C.F.R. s. 206.1 and 12 U.S.C.A. s. 1715z-20.

⁹⁶ 24 C.F.R. s. 206.33.

⁹⁷ 24 C.F.R. s. 206.35.

⁹⁸ 24 C.F.R. s. 206.39.

⁹⁹ The appraised value as determined by the appraisal used in underwriting the loan.

¹⁰⁰ 24 C.F.R. s. 206.3 and U.S. Department of Housing and Urban Development, *How the HECM Programs Works*, available at https://www.hud.gov/program_offices/housing/sfh/hecm/hecmabou (last visited Feb. 19, 2024).

¹⁰¹ *Supra* note 91.

¹⁰² An “eligible non-borrowing spouse” is a non-borrowing spouse who meets all qualifying attributes for a deferral period. A “deferral period” is the period of time following the death of the last surviving borrower during which the due and payable status of a HECM is deferred for an eligible non-borrowing spouse provided that the qualifying attributes and all other FHA requirements continue to be satisfied. *See* 24 C.F.R. s. 206.3.

¹⁰³ 24 C.F.R. s. 206.3.

¹⁰⁴ U.S. Department of Housing and Urban Development, *Home Equity Conversion Mortgages Handbook (4235.1)*, Chapter 6, available at https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4235.1 (last visited Feb. 19, 2024).

¹⁰⁵ Florida Office of Economic and Demographic Research, *Revenue Estimating Conference*, available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2024/_pdf/impact0209.pdf (last visited Feb. 19, 2024).

Section 25 – Documentary Stamp Tax on Alarm System Agreements

Present situation

Alarm system contractors execute promissory notes when installing a new alarm system into real property. Such promissory notes are subject to documentary stamp tax.

Proposed changes

The bill amends s. 201.08, F.S., to exempt from documentary stamp tax non-interest-bearing written obligations to pay money, or assignments of salaries, wages, or other compensation made, executed, delivered, sold, transferred, or assigned in the state, and for each renewal of the same, of \$3,500 or less, when given by a customer to an alarm system contractor, as defined in s. 489.505, in connection with the sale of an alarm system, as defined in s. 489.505.

Section 27, 28, and 29 – Natural Gas Fuel Tax 1-year Rate Reduction

Present Situation

In 2013, the Legislature established a fuel tax for natural gas when sold as a fuel for a motor vehicle and simultaneously repealed the fee imposed on “alternative fuel” vehicles.¹⁰⁶

At that time, the bill delayed the imposition of the tax until December 31, 2018, and exempted from the sales and use tax natural gas and natural gas fuel when placed into the fuel system of a motor vehicle.¹⁰⁷ Thereafter, a person operating as a natural gas fuel retailer was required to pay a tax on all natural gas fuel purchases and report monthly to the Department of Revenue beginning January 1, 2019.¹⁰⁸

Beginning January 1, 2019, the following taxes were to be imposed on natural gas fuel:

- An excise tax of 4 cents upon each motor fuel equivalent gallon of natural gas fuel.
- An additional tax of 1 cent upon each motor fuel equivalent gallon¹⁰⁹ of natural gas fuel, which is designated as the “ninth-cent fuel tax.”
- An additional tax of 1 cent on each motor fuel equivalent gallon of natural gas fuel by each county, which is designated as the “local option fuel tax.”
- An additional tax on each motor fuel equivalent gallon of natural gas fuel, which is designated as the “State Comprehensive Enhanced Transportation System (SCETS) Tax,” at a rate determined by statute.¹¹⁰

¹⁰⁶ Ch.2013-198, L.O.F. Codified in Part V of ch. 206, F.S.

¹⁰⁷ *Id.*

¹⁰⁸ Section 206.9952(8), F.S. (2013).

¹⁰⁹ “Motor fuel equivalent gallon” is defined in s. 206.9951(1), F.S., to mean the volume of natural gas fuel it takes to equal the energy content of one gallon of motor fuel. Section 206.9955, F.S., currently defines the motor fuel equivalent gallon for compressed natural gas, liquefied natural gas, and liquefied petroleum gas.

¹¹⁰ Each calendar year, the department shall determine the tax rate applicable to the sale of natural gas fuel for the following 12-month period beginning January 1, rounded to the nearest tenth of a cent, by adjusting the initially established tax rate of 5.8 cents per gallon by the percentage change in the average of the Consumer Price Index issued by the United States Department of Labor for the most recent 12-month period ending September 30. Section 206.9955(2)(d), F.S. (2013).

- An additional tax on each motor fuel equivalent gallon of natural gas fuel “for the privilege of selling natural gas fuel” at a rate determined by statute.¹¹¹

In 2018, the Legislature delayed the imposition of the tax and its operative provisions until January 1, 2024.

In 2023, the legislature delayed the imposition of the tax and its operative provisions until January 1, 2026.¹¹²

Proposed Changes

The bill reduces the tax rates that will be levied on natural gas fuel beginning on January 1, 2026, by 50 percent for one year.

Section 32 – Local Option Food and Beverage Referendum Requirements

Present Situation

In 1967, Florida authorized the municipal resort tax.¹¹³ The law authorized cities and towns meeting certain population requirements located within counties also meeting certain population requirements to levy the tax.¹¹⁴ The tax could be levied on rentals of hotel rooms and similar accommodations, and it could also be levied on sales of food and certain beverages.¹¹⁵

The municipal resort tax continues to be levied today in the cities of Bal Harbour, Surfside, and Miami Beach, all of which are located within Miami-Dade County.

Florida has since authorized Miami Dade County to levy the local option food and beverage tax.¹¹⁶ The local option food and beverage tax consists of two taxes: a 2 percent tax on the sale of food, beverages, and alcoholic beverages sold in hotels and motels, and a 1 percent tax on the sale of food, beverages, and alcoholic beverages sold at an establishment licensed by the state to sell alcoholic beverages on site.¹¹⁷

The local option food and beverage tax may not be levied in a city or town that levies the municipal resort tax. However, a city or town levying the municipal resort tax may impose the 1-percent local option food and beverage tax if the levy is approved by a majority of the registered electors in such city or town at a referendum held at a general election.¹¹⁸

¹¹¹ Each calendar year, the department shall determine the tax rate applicable to the sale of natural gas fuel, rounded to the nearest tenth of a cent, for the following 12- month period beginning January 1. The tax rate is calculated by adjusting the initially established tax rate of 9.2 cents per gallon by the percentage change in the average of the Consumer Price Index issued by the United States Department of Labor for the most recent 12-month period ending September 30. Section 206.9955(2)(e)1., F.S. (2013).

¹¹² Chapter 2023-157, Laws of Fla.

¹¹³ Chapter 67-930, Laws of Fla.

¹¹⁴ Section 1, ch. 67-930, Laws of Fla.

¹¹⁵ Section 1, ch. 67-930, Laws of Fla.

¹¹⁶ Section 212.0306, F.S.

¹¹⁷ Section 212.0306(1), F.S.

¹¹⁸ Section 212.0306(2)(d), F.S.

Proposed Changes

The bill amends the voter approval requirement to be a majority of the electors in such city or town voting in a referendum rather than a majority of the registered electors in such city or town.

Section 35 – Indigent Care and Trauma Center Surtax***Present Situation***

Counties are authorized to levy discretionary sales surtaxes on transactions subject the state’s sales tax for specific purposes.¹¹⁹ The Indigent Care and Trauma Center Surtax¹²⁰ consists of two separate levies for different groups of eligible counties:

- Non-consolidated counties that have a total population of **800,000 or more** (excluding Miami-Dade County) may impose, subject to an extraordinary vote of the county’s governing body or voter approval in a countywide referendum, a surtax not to exceed 0.5 percent for the purpose of funding health care services for qualified residents.¹²¹
- Non-consolidated counties with a total population of **less than 800,000** may impose, subject to voter approval in a countywide referendum, a surtax not to exceed 0.25 percent for the sole purpose of funding trauma services provided by a trauma center licensed pursuant to ch. 395, F.S.

During the 2023-2024 local fiscal year, the single county levying this surtax, Hillsborough, is estimated to collect \$195 million in revenue.¹²²

Although Duval County has a total population greater than 800,000, it may not levy this surtax because it is a consolidated county government.¹²³

Proposed Changes

The bill amends the Indigent Care and Trauma Center Surtax to remove the restriction that a county must not be consolidated with that of one or more municipalities. This change will result in Duval County being authorized to levy a surtax not to exceed 0.5 percent for the purpose of funding health care services for qualified residents.

Sections 36 and 47 – Automatic Extension of the Filing Deadline for Corporate Income Tax and Sales and Use Tax Taxpayers***Present situation*****Corporate Income Tax**

Under Florida law, the due dates to file tax returns related to corporate income tax are tied to the due dates of the related federal return. Florida corporations must file income tax returns on or

¹¹⁹ Section 212.054, F.S. See s. 212.055, F.S., for the surtaxes specifically authorized in law.

¹²⁰ Section 212.055(4), F.S.

¹²¹ Section 212.055(4)(a), F.S.

¹²² The Office of Economic and Demographic Research, The Florida Legislature, *2023 Local Government Financial Information Handbook*, 181 (2024), available at <http://edr.state.fl.us/Content/local-government/reports/lgfih23.pdf> (last visited Feb. 13, 2024).

¹²³ *Id.*

before the first day of the 5th month following the close of the taxable year or the 15th day following the federal due date.¹²⁴

When a Florida corporation is granted an extension of time to file its federal return – usually six months – the taxpayer may file an extension of time to file its Florida return.¹²⁵ If granted, the extended Florida due date will be the 15th day after the expiration of the federal extension, or until the expiration of six months from the original due date, whichever occurs first.¹²⁶ If a taxpayer extends the time to file its Florida return, the taxpayer must file a tentative tax return and make a tentative tax payment.¹²⁷

Sales and Use Tax

Persons desiring to engage in or conduct business in this state as a dealer must first apply with Department of Revenue (department) as a dealer.¹²⁸ Each dealer must file a return and remit the tax due on or before the 20th day of the month.¹²⁹

Return filing and tax remittance deadlines for those revenue sources over which the department is granted administrative control¹³⁰ may be extended during a declared state of emergency.¹³¹ The Executive Director of the department has authority to extend due dates and waive interest that accrues during such time.¹³²

Recent Relief Granted

Currently, in response to Hurricane Idalia, the department is following the tax relief granted by the Internal Revenue Service, which has extended tax return due dates for eligible taxpayers with original or extended due dates falling on or after August 27, 2023, and before March 1, 2024. Such taxpayers have a due date of March 1, 2024.¹³³

Previously, in response to Hurricane Ian, taxpayers that file Florida corporate income tax returns, as well as Florida corporate income tax installment payments, with original due dates or extended due dates falling on or after September 23, 2022, and before March 2, 2023, were granted a due date of March 2, 2023. This tax relief was applicable to affected businesses anywhere in Florida.¹³⁴

¹²⁴ Section 220.222(1), F.S. Some partnerships are also required to file informational returns. These returns are due on or before the first day of the 4th month after the close of the taxable year.

¹²⁵ Section 220.32, F.S.

¹²⁶ Section 220.222(2), F.S.

¹²⁷ Section 220.32, F.S.

¹²⁸ Section 212.18(3)(a), F.S.

¹²⁹ Section 212.11(1)(b), F.S.

¹³⁰ Section 213.055, F.S.

¹³¹ See s. 252.36, F.S., Emergency management powers of the Governor.

¹³² Section 213.055(2), F.S.

¹³³ Florida Dep't of Revenue, *General Tax, Corporate Income Tax (CIT) Relief for Hurricane Idalia* <https://floridarevenue.com/taxes/Pages/default.aspx#accordion> (last visited Feb. 13, 2024).

¹³⁴ Florida Dep't of Revenue, *Updates and Information, Hurricane Ian, General Tax Administration*, <https://floridarevenue.com/pages/hurricaneian.aspx> (last visited Feb. 13, 2024)

Additionally, due dates for the September 2022 and October 2022 reporting periods for taxpayers¹³⁵ in six Florida counties were extended to November 23, 2022. Businesses located in Charlotte, Collier, DeSoto, Hardee, Lee, and Sarasota counties had until November 23, 2022, to file the September 2022 and October 2022 reporting periods.¹³⁶

Proposed changes

Corporate Income Tax

A taxpayer who has been granted an extension of time to file its federal income tax return due to a federally declared disaster will be granted an automatic extension of 15-days after the due date, including any extensions provided for such federally declared disaster for the filing of the related federal return for the taxable year.

The “disaster extension” is contingent upon the taxpayer having first paid its tentative tax, a requisite for any taxpayer desiring to extend the time for filing its corporate income tax return.

Sales and Use Tax

The bill grants an automatic 10-day extension from the date for filing a sales and use tax return and remitting the tax when a state of emergency is declared within five business days prior to the 20th day of the month.

Sections 37 – Sales Tax Dealer Collection Allowance Permanent Increase

Present situation

Businesses that sell tangible personal property and services that are subject to the Florida sales tax are required to collect the sales tax on the sale and to remit their collections.¹³⁷ These businesses are referred to as dealers and are required to file returns¹³⁸ and maintain books and records to evidence past sales,¹³⁹ which are subject to audit by the department.¹⁴⁰

For maintaining records and properly reporting and remitting sales tax, dealers are authorized to retain from collected sales tax an amount equal to 2.5 percent of collections on the first \$1,200 dollars of collected sales tax (the “percentage method”), which equates to a maximum of \$30 per return.

¹³⁵ Eligible taxes include sales and use tax (including discretionary sales surtax), reemployment tax, communications services tax, documentary stamp tax (unrecorded documents), governmental leasehold intangible personal property tax, gross receipts tax on utility services, insurance premium tax, lead-acid battery fees (solid waste and surtax), motor fuels taxes, motor vehicle warranty fee, new tire fees (solid waste and surcharge), prepaid wireless E911 fees, rental car surcharge (solid waste and surcharge), severance tax, and tourist development tax.

¹³⁶ Florida Dep’t of Revenue, *Updates and Information, Hurricane Ian, General Tax Administration*, <https://floridarevenue.com/pages/hurricaneian.aspx> (last visited Feb. 13, 2024).

¹³⁷ See generally s. 212.06, F.S.

¹³⁸ See s. 212.11, F.S.

¹³⁹ See s. 212.13, F.S.

¹⁴⁰ *Id.*

Proposed changes

The bill replaces the “percentage method” with a flat amount equal to \$45 per return. If the amount of tax due is less than \$45, the allowance is limited to the amount of tax due.

This section of the bill takes effect January 1, 2025.

Sections 38, 53, 54, and 55 –Thoroughbred Breeding and Racing at Florida Thoroughbred Tracks***Present situation***

Florida produces 7 percent of the annual thoroughbred foal crop in North America.¹⁴¹ At certain times of the year, Florida has in excess of 15,000 thoroughbreds-in-training located in training centers within Florida.¹⁴²

In 2023, the legislature authorized a distribution from Florida sales tax receipts to the Florida Agricultural Promotional Campaign Trust Fund for Fiscal Years 2023-2024 and 2024-2025 totaling \$55 million.

The annual distribution of \$27.5 million is to be used by the Department of Agriculture and Consumer Services (DACS) to encourage breeding thoroughbred racehorses and thoroughbred racing at thoroughbred tracks in Florida.¹⁴³

Funds are distributed as follows:

- \$5 million to the Florida Thoroughbred Breeders’ Association, Inc., to be used for:
 - Purses or purse supplements for Florida-bred or Florida-sired horses that participate in Florida thoroughbred races.
 - Awards to breeders of Florida-bred horses that win, place, or show in Florida thoroughbred races.
 - Awards to owners of stallions who sired Florida-bred horses that win Florida thoroughbred stakes races, if the stallions are registered with the association as Florida stallions.
 - Other racing incentives connected to Florida-bred or Florida-sired horses registered with the association that participate in thoroughbred races in Florida.
 - Awards administration.
 - Promotion of the Florida thoroughbred breeding industry.
- \$5 million to Tampa Bay Downs, Inc., to be used as purses in thoroughbred races conducted at its pari-mutuel facilities and for the maintenance and operation of that facility, pursuant to an agreement with its local majority horsemen’s group.
- \$15 million to Gulfstream Park Racing Association, Inc., to be used as purses in thoroughbred races conducted at its pari-mutuel facility and for the maintenance and operation of its facilities, pursuant to an agreement with the Florida Horsemen’s Benevolent and Protective Association, Inc.

¹⁴¹ FLA. THOROUGHBRED BREEDERS’ AND OWNERS’ ASS’N, *Florida-bred Incentives*, <https://www.ftboa.com/horse-capital-of-the-world/> (last visited Feb. 19, 2024).

¹⁴² *Id.*

¹⁴³ Section 571.265, F.S.

- \$2.5 million dollars to be distributed as follows:
 - \$2 million dollars to Gulfstream Park Racing Association, Inc., to be used as purses and purse supplements for Florida-bred or Florida-sired horses registered with the association that participate in thoroughbred races at the permitholder's pari-mutuel facility, pursuant to a written agreement filed with the DACS establishing the rates, procedures, and eligibility requirements entered into by the permitholder, the association, and the Florida Horsemen's Benevolent and Protective Association, Inc.
 - \$500,000 to Tampa Bay Downs, Inc., to be used as purses and purse supplements for Florida-bred or Florida-sired horses registered with the association that participate in thoroughbred races at the permitholder's pari-mutuel facility, pursuant to a written agreement filed with the DACS establishing the rates, procedures, and eligibility requirements entered into by the permitholder, the association, and the local majority horsemen's group at the permitholder's pari-mutuel facility.

On or before the first day of the August following each fiscal year in which a recipient under this section received or used funds pursuant to this section, each such recipient must submit a report to the DACS detailing how all funds were used in the prior fiscal year.

These provisions are repealed on July 1, 2025, unless reviewed and saved from repeal by the Legislature.

Proposed changes

The bill makes permanent the annual distribution of \$27.5 million from the sales and use tax. The bill also saves from repeal the specific uses of such distribution.

Sections 41 and 46 – Individuals with Unique Abilities Tax Credit Program

Present Situation

The Legislature adopted a number of provisions in 2016 aimed at improving the quality of life and integration of individuals with disabilities in the workforce.¹⁴⁴ These included modifying the state's equal employment opportunity policy to provide enhanced executive agency employment opportunities for those with a disability; creating the Employment First Act, which requires certain state agencies and organizations to develop an agreement to improve employment outcomes for those with a disability;¹⁴⁵ and creating the Florida Unique Abilities Partner Program to recognize businesses that demonstrate commitment to the independence of individuals who have a disability through employment or support.¹⁴⁶

Proposed Changes

The bill creates s. 220.1992, F.S., to provide for a corporate income tax credit for corporations that employ individuals with disabilities in this state. The credit is for \$1 per hour worked, up to \$1,000 per employee per year. The maximum amount of credit that can be earned by a

¹⁴⁴ Chapter 2016-3, Laws of Fla.

¹⁴⁵ The Employment First Florida website is available at <https://www.employmentfirstfl.org/> (last visited Feb. 19, 2024).

¹⁴⁶ The Unique Abilities Partner Program is housed within the Department of Commerce; additional information is available at <https://floridajobs.org/unique-abilities-partner-program> (last visited Feb. 19, 2024).

corporation in any year is \$10,000, and unused credits may be carried forward for up to five taxable years. The maximum credit amount that can be awarded statewide is \$5 million per state fiscal year. The credit is available for Fiscal Years 2024-2025, 2025-2026, and 2026-2027.

The bill amends s. 220.02(8), F.S., to include the new tax credit at the end of the Legislature's intended order of tax credit application.

Sections 30, 31, 44, 48, 52, 56, and 57 – Child Care Tax Credits

Present Situation

Early Learning Tax Incentive

Beginning in 1998, a corporate income taxpayer or insurance premium taxpayer was authorized to take a credit against their tax liability for costs associated with the establishment of a child care facility or for costs paid toward child care on behalf of their employees. The provision expired in 2008. Additionally, there is no tax credit program for any taxpayer of severance tax, sales and use tax, corporate income tax, insurance premium tax, or alcoholic beverage tax to receive credit for contributions made to a child care facility on behalf of employees.

Corporate Income Tax

Florida imposes a 5.5 percent tax on the taxable income of certain corporations and financial institutions doing business in Florida. Corporate income tax is remitted to the Department of Revenue (DOR) and distributed to the General Revenue Fund. Net collections of corporate income tax in Fiscal Year 2022-2023 were \$5.2 billion.

Insurance Premium Tax

Florida imposes a 1.75 percent tax on most Florida insurance premiums. Insurance premium taxes are paid by insurance companies under ch. 624, F.S., and are remitted to the DOR. These revenues are distributed to the General Revenue Fund with additional distributions to the Insurance Regulatory Trust Fund, the Police & Firefighters Premium Tax Trust Fund, and the Emergency Management Preparedness & Assistance Trust Fund. Net collections of insurance premium taxes in Fiscal Year 2023-2023 were \$1.4 billion with distributions to the General Revenue Fund of \$1.05 billion.

Severance Taxes on Oil and Gas Production

Oil and gas production severance taxes are imposed on persons who sever oil or gas in Florida for sale, transport, storage, profit, or commercial use. These taxes are remitted to the DOR and distributed to the General Revenue Fund with additional distributions to the Minerals Trust Fund and to the counties where production occurred. Receipts from the severance taxes on oil and gas are estimated to be \$3.2 million in Fiscal Year 2022-2023 with distributions to the General Revenue Fund of \$2.0 million.

Sales Taxes Paid by Direct Pay Permit Holders

Florida law authorizes the DOR to establish a process for the self-accrual of sales taxes due. The process involves the DOR granting a direct pay permit to a taxpayer, who then pays the taxes directly to the DOR.

Alcoholic Beverage Taxes

Florida imposes excise taxes on malt beverages, wines, and other beverages. The taxes are due from manufacturers, distributors and vendors of malt beverages, and from manufacturers and distributors of wine, liquor, and other specified alcoholic beverages. Taxes are remitted to the Division of Alcoholic Beverages and Tobacco (Division) in the Department of Business and Professional Regulation (DBPR).

The Division is responsible for supervising the conduct, management, and operation of the manufacturing, packaging, distribution, and sale of all alcoholic beverages in Florida. Distributions of the excise taxes on alcoholic beverages are made to the General Revenue Fund, the Alcoholic Beverage and Tobacco Trust Fund, and Viticulture Trust Fund. Collections of alcoholic beverage taxes were \$317 million in Fiscal Year 2022-2023 with distributions to General Revenue of \$311 million.

Proposed Changes

The bill creates s. 211.0254, F.S., to allow a child care tax credit granted under s. 402.261, F.S., to be taken against any tax due for oil and gas production under ss. 211.02 and 211.025, F.S., Together with a credit to scholarship funding organizations, the New Worlds Reading Initiative, and other charitable organizations, the maximum credit which may be taken is limited to 50 percent of the tax due on the return for which the credits are taken. In addition, the provision establishes the priority in which this credit may be taken.

The bill creates s. 212.1835, F.S., to allow a child care tax credit granted under s. 402.261, F.S., to be taken against any tax due from a direct pay permit holder and provides certain requirements included filing and paying taxes electronically.

The bill modifies s. 220.19, F.S., to allow a child care tax credit granted under s. 402.261, F.S., to be taken against any tax due from a corporate income tax taxpayer for its taxable years beginning on or after January 1, 2025. Further provided are requirements and limitations regarding those tax credits. The bill removes provisions related to the carry forward of unused credits and repayment of child care facility start-up credits, which are provided in s. 402.261, F.S., created by the bill.

The bill creates s. 402.261, F.S., a child care tax credit for (1) 50 percent of the startup costs of an eligible child care facility (2) operating an eligible child care facility for the taxpayer's employees and (3) making payments to an eligible child care facility on behalf of an employee.

A credit may be taken against tax liability due under the following taxes:

- Corporate income tax;

- Insurance premium tax;
- Severance taxes on oil and gas production;
- Alcoholic beverage tax on beer, wine, and spirits; or
- Self-accrued sales tax liability of direct pay permit holders.

A taxpayer who operates an eligible child care facility may receive a credit of 50 percent of the startup costs of the facility for the taxable year in which the facility begins operating. The maximum amount of credit that may be granted is based on the number of employees as follows:

- One-19 employees, the maximum credit is \$1 million.
- Twenty-250 employees, the maximum credit is \$500,000.
- Two hundred fifty one or more employees, the maximum credit is \$250,000.

A taxpayer who operates an eligible child care facility for the taxpayer's employees may receive a credit of \$300 per month for each eligible child enrolled in the facility. The maximum amount of credit that may be granted is based on the number of employees as follows:

- One-19 employees, the maximum credit is \$50,000.
- Twenty-250 employees, the maximum credit is \$500,000.
- Two hundred fifty one or more employees, the maximum credit is \$1 million.

A taxpayer who makes payment to an eligible child care facility in the name and for the benefit of an employee of the taxpayer is allowed a credit of 100 percent of the payment up to \$3,600 per child. The maximum amount of credit that may be granted is based on the number of employees as follows:

- One-19 employees, maximum credit is \$50,000.
- Twenty-250 employees, maximum credit is \$500,000.
- Two hundred fifty one or more employees, maximum credit is \$1 million.

For Fiscal Year 2024-2025, the maximum annual tax credit amount is \$5 million.

The bill allows taxpayers to make application for the tax credits beginning October 1, 2024, and it outlines the requirements of the application process to be developed by the Department of Revenue (DOR), priority of applications, timelines for review of applications with notices of approval or denial, and it provides the DOR with rulemaking authority.

The bill creates s. 561.1214, F.S., to allow a child care tax credit granted under s. 402.261, F.S., to be taken against, any excise tax due, beginning January 1, 2025, for beer, wine, and liquor, except for excise taxes imposed on wine produced by manufactures in the state from products grown in the state. The credit allowed may not exceed 90 percent of the tax due on the return.

The bill modifies s. 624.5107, F.S., to allow a child care tax credit granted under s. 402.261, F.S., to be taken against any excise tax due, for its taxable years beginning on or after January 1, 2025, on insurance premiums under s. 624.509, F.S. and provides restrictions of the credit. The bill removes the provision allowing the carry forward of the credit for up to five years and the provision for repayment of a credit for child care facility startup cost if the facility does not operate for at least five years.

The bill modifies s. 624.509, F.S., to include the child care tax credit taken under s. 624.5107, F.S., in the list of order in which credits may be taken against the insurance premium tax.

Finally, the bill provides the DOR with authority to adopt emergency rules to implement the tax credit program.

Sections 42 and 43 – Adoption of the Internal Revenue Code

Present Situation

Florida maintains its relationship with the federal Internal Revenue Code by each year adopting the federal Internal Revenue Code in effect on January 1 of the year. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income.

Because Florida relies on federal taxable income to determine Florida taxable income, changes to the calculation of federal taxable income will affect the calculation of Florida taxable income and may increase or decrease Florida tax receipts if Florida adopts the most recent federal Internal Revenue Code. In some instances, Florida has adopted the new federal Internal Revenue Code, but excluded some changes.

Proposed Changes

The bill updates Florida's corporate income tax by adopting the federal Internal Revenue Code in effect on January 1, 2024. By adopting the updated code, Florida recognizes the changes made to the code.

These sections of the bill take effect upon the bill becoming a law.

Section 45 – Qualified Railroad Reconstruction or Replacement Expenditures

Present Situation

Freight rail is a primary component of Florida's transportation network, managing highway congestion and assisting with supply chain issues. There are a number of freight railroads operating in Florida, all of which fall into three main classifications, based on their annual operating revenue, as follows:

- Class I: \$943,898,958 or more
- Class II: less than \$943,898,958 but in excess of \$42,370,575
- Class III: \$42,370,575 or less.¹⁴⁷

Class I railroads in Florida are CSX Transportation and Norfolk Southern Railway. The Florida East Coast Railway is the only Class II railroad in Florida and covers 351 miles. As of November

¹⁴⁷ Florida Department of Transportation, *Florida Rail System Plan – Updated 2023*, available at <https://www.fdot.gov/rail/plans/railplan> (last visited Feb. 17, 2024).

2023, there are about a dozen Class III railroad companies in Florida covering approximately 1,405 miles.¹⁴⁸

Class II and Class III railroads that invest in maintaining or improving railroad track in Florida may apply for a credit against corporate income tax.¹⁴⁹ Qualified expenditures must be made on the track that is owned or leased by the railroad and include expenditures for the maintenance of railroad infrastructure or new construction. The credit is equal to 50 percent of the investment in Florida in the prior calendar year, and is limited to the total number of miles the railroad owns or leases in Florida multiplied by \$3,500.

A railroad must submit an application in order to receive a credit. The application must include any documentation or information required by the department to demonstrate eligibility for the credit, including an affidavit certifying that all information is true and correct. Supporting documentation must include a copy of a specified IRS form or its equivalent.

The railroad must submit the application with its tax return. If the qualifying railroad is not a corporate income taxpayer, the railroad must submit the application directly to the department no later than May 1 of the calendar year following the year in which the qualified expenditures were made.

If the credit is not fully used in any one taxable year because of insufficient tax liability on the part of the railroad, or because the railroad is not subject to tax under this chapter, the unused amount may be carried forward for a period not to exceed five taxable years or may be transferred under certain circumstances. The credit may be transferred at any time during the 5 taxable years following the taxable year in which the credit was originally earned by the qualifying railroad by written agreement to a taxpayer subject to corporate income tax that:

- Transports property using the rail facilities of the qualifying railroad;
- Furnishes railroad-related property or services to any railroad operating in this state; or
- Is a railroad.

The department must issue a letter to the qualifying railroad within 30 days after receipt of the completed application indicating the amount of the approved credit available for carryover or transfer. The carryover or transferred credit may be used in any of the five subsequent taxable years, providing that the corporate income tax liability for that taxable year exceeds the credit for which the qualifying railroad or transferee is eligible, after applying other available credits and unused carryovers.¹⁵⁰

Proposed Changes

The bill makes the following changes to the application for a credit:

¹⁴⁸ Florida Department of Transportation, *Florida Rail System Plan Chapter 2*, available at [https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/rail/plans/rail/rail-system-plan-2023/rsp-october-version/fdot_rsp_ch-2_ada-\(oct\).pdf?sfvrsn=d4351c09_2](https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/rail/plans/rail/rail-system-plan-2023/rsp-october-version/fdot_rsp_ch-2_ada-(oct).pdf?sfvrsn=d4351c09_2) (last visited Feb. 18, 2024).

¹⁴⁹ Section 220.1915, F.S.

¹⁵⁰ In the order provided by section 220.02(8), F.S.

- Removes the requirement that an application is submitted with a tax return. The bill allows an application to be submitted no later than 120 days following the conclusion of the taxable year in which qualified expenditures were incurred.
- Removes the requirement that a railroad provide a copy of a specified IRS form or its equivalent with the application. Instead, the bill specifies that the applicant must provide to the department supporting documentation that includes any relevant information determined by the department to verify eligibility of qualified expenditures made in this state for the credit. The supporting documentation must include, but is not limited to, the number of track miles owned or leased in this state by the qualifying railroad, description of qualified expenditures, and financial records which are necessary to verify the accuracy of the information.

The bill increases the time for the department to issue a letter from 30 days to 45 days after receipt of a completed application. The letter from the department must indicate the amount of the credit approved. Finally, the bill allows the credits to be transferred to any taxpayer subject to corporate income tax.

Sections 49 and 50 – Strong Families Tax Credit Program

Present situation

The Strong Families Tax Credit Program, established in s. 402.62, F.S., was created in 2021 to provide tax credits for businesses that make monetary donations to certain eligible charitable organizations that provide services focused on child welfare and well-being. The tax credits are a dollar-for-dollar credit against certain tax liabilities.

An eligible charitable organization is an organization designated by the Department of Children and Families (DCF) to be eligible to receive funding under this section.¹⁵¹

The Department of Children and Families shall designate as an eligible charitable organization an organization that meets all of the following requirements:

- Is exempt from federal income taxation under s. 501(c)(3) of the Internal Revenue Code.
- Is a Florida entity formed under chs.605, 607, or 617, F.S., and whose principal office is located in this state.
- Provides services to:
 - Prevent child abuse, neglect, abandonment, or exploitation;
 - Assist fathers in learning and improving parenting skills or to engage absent fathers in being more engaged in their children’s lives;
 - Provide books to the homes of children eligible for a federal free or reduced-price meals program or those testing below grade level in kindergarten through grade 5;
 - Assist families with children who have a chronic illness or a physical, intellectual, developmental, or emotional disability; or
 - Provide workforce development services to families of children eligible for a federal free or reduced-price meals program.

¹⁵¹ Section 402.62(1)(c), F.S.

- Provides to the Department of Children and Families accurate information, including, at a minimum, a description of the services provided by the organization which are eligible for funding under this section; the total number of individuals served through those services during the last calendar year and the number served during the last calendar year using funding under this section; basic financial information regarding the organization and services eligible for funding under this section; outcomes for such services; and contact information for the organization.
- Annually submits a statement, signed under penalty of perjury by a current officer of the organization, that the organization meets all criteria to qualify as an eligible charitable organization, has fulfilled responsibilities under this section for the previous fiscal year if the organization received any funding through this credit during the previous year, and intends to fulfill its responsibilities during the upcoming year.
- Provides any documentation requested by the Department of Children and Families to verify eligibility as an eligible charitable organization or compliance with this section.

The Department of Children and Families may not designate as an eligible charitable organization an organization that:

- Provides abortions or pays for or provides coverage for abortions; or
- Has received more than 50 percent of its total annual revenue from the DCF, either directly or via a contractor of the DCF, in the prior fiscal year.

The tax credit can be taken against the business's liability for several state taxes, including:

- Corporate income tax;
- Insurance premium tax;
- Severance taxes on oil and gas production;
- Alcoholic beverage tax on beer, wine, and spirits; or
- Self-accrued sales tax liability of direct pay permit holders.

The annual tax credit cap for all credits under the program is \$20 million per fiscal year. The Department of Revenue (department) is required to approve the tax credits on a first-come, first-served basis and must obtain the approval of the Department of Business and Professional Regulation prior to approving an alcoholic beverage tax credit under s. 561.1213, F.S.

Businesses that wish to participate in the program must apply to the department for an allocation of tax credit. Generally, applications for a Fiscal Year's allocation may be submitted beginning on the first business day in January immediately preceding the start of the state fiscal year.¹⁵² The taxpayer must specify in the application each tax for which the taxpayer requests a credit, the applicable taxable year for a credit under ss. 220.1877 or 624.51057, F.S., relating to the corporate income and insurance premium tax credits, and the applicable state fiscal year for a credit under ss. 211.0253, 212.1834, or 561.1213, F.S., relating to oil and gas production, direct pay permit sales, and alcoholic beverage tax credits, respectively.

¹⁵² See Fla. Dep't of Revenue, *Strong Families Tax Credit*, available at <https://floridarevenue.com/taxes/taxesfees/Pages/strongfamilies.aspx> (last visited Feb. 17, 2024).

In 2023, the Legislature increased the annual tax credit cap for all credits under this program from \$10 million to \$20 million per state fiscal year.¹⁵³ The Department approves tax credits on a first-come, first-served basis and must obtain the approval of the Department of Business and Professional Regulation prior to approving an alcoholic beverage tax credit under s. 561.1213, F.S.¹⁵⁴

Proposed changes

The bill amends s. 402.62, F.S., to increase the maximum credits allocated for the program from \$20 million per fiscal year to \$40 million per fiscal year, beginning in Fiscal Year 2024-2025.

The bill also makes the following amendments to the program:

- Establishes that the application window for the Strong Families tax credit begins at 9 a.m. on the first day of the calendar year preceding the fiscal year that is not a Saturday, Sunday, or legal holiday.
- For Fiscal Year 2024-2025, taxpayers may apply for the additional \$20 million credit amount beginning at 9:00 a.m. on July 1, 2024.
- Adds to the designation criterion a requirement that the eligible charitable organization receive referrals from the DCF child protective investigators to provide direct services and support to at-risk children and families.
- Removes from the list of what services may be provided “books to the homes of children eligible for a federal free or reduced-price meals program or those testing below grade level in kindergarten through grade 5.”
- Instructs the DCF to not designate an eligible charitable organization if the organization has received for than 50 percent of its total annual revenue from a federal, state, or local governmental agency.

Section 54 – Alcoholic Beverage Tax Distribution to Cancer Centers

Present Situation

The National Cancer Institute (NCI) Cancer Centers Program supports cancer research by recognizing centers that meet certain standards for finding new ways to prevent, diagnose, and treat cancer. There are 72 NCI-designated cancer centers across 36 states and the District of Columbia. Florida has four NCI-designated cancer centers.¹⁵⁵

The Sylvester Comprehensive Cancer Center and the University of Florida Shands Cancer Center are NCI-designated Cancer Centers. This means that they have scientific leadership, resources, and the depth and breadth of research in basic, clinical, or prevention, cancer control, and population science. The Mayo Clinic Cancer Center and Moffitt Cancer Center are NCI-designated Comprehensive Cancer Centers. In addition to leadership and resources, they have an

¹⁵³ Chapter 2023-157, s. 38, Laws of Fla.

¹⁵⁴ Section 402.62(5)(b)1., F.S.

¹⁵⁵ National Cancer Institute, *Find a Cancer Center*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers/find> (last visited Feb. 18, 2024).

added depth and breadth of research and substantial transdisciplinary research that bridges scientific areas.¹⁵⁶

The Sylvester Comprehensive Cancer Center in Miami is part of the University of Miami Health System and the University of Miami Miller School of Medicine. It received NCI designation in 2019. Sylvester has a team of over 2,500 physicians, researchers and staff and is currently conducting more than 430 cancer-focused clinical trials.¹⁵⁷ The center has collaborative, multidisciplinary research programs such as cancer epigenetics, cancer control, and tumor biology.¹⁵⁸

The University of Florida Shands Cancer Center in Gainesville is Florida's newest NCI-designated cancer center and received the designation in June 2023.¹⁵⁹ The center provides care to north central Florida, which covers a geographically large region that has the highest rates of cancer mortality in the state. Research strengths include cancer communication and prevention, tumor virology and the microbiome, and cancer immunotherapy.¹⁶⁰

The Mayo Clinic Cancer Center is the only NCI-designated cancer center that has three geographic sites. It was one of the first centers to receive NCI designation in 1973. Florida's Mayo Clinic Cancer Center is in Jacksonville and the other two locations are in Arizona and Minnesota. Research covers many topics such as cancer immunology and immunotherapy, experimental therapeutics, gastrointestinal cancer, and women's cancer.¹⁶¹

The Moffitt Cancer Center in Tampa first received the cancer center designation in 1998 and received the comprehensive cancer designation in 2001. Research focuses include topics such as evolutionary biology and mathematical oncology, cancer epidemiology, and health outcomes and behaviors.¹⁶² Unlike the other NCI-designated centers, Moffitt will receive \$38.4 million in Fiscal Year 2024-2025 from the cigarette tax and distributions will continue annually through June 30, 2054.¹⁶³

Florida imposes excise taxes on malt beverages, wines, and other beverages.¹⁶⁴ The taxes are due from manufacturers, distributors and vendors of malt beverages, and from manufacturers and

¹⁵⁶ National Cancer Institute, *NCI-Designated Cancer Centers*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers> (last visited Feb. 18, 2024).

¹⁵⁷ Sylvester Comprehensive Cancer Center, *About Sylvester*, available at <https://umiamihealth.org/en/sylvester-comprehensive-cancer-center/about-sylvester> (last visited Feb. 18, 2024).

¹⁵⁸ National Cancer Institute, *Sylvester Comprehensive Cancer Center*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers/find/sylvester-miami> (last visited Feb. 18, 2024).

¹⁵⁹ University of Florida Health, *UF Health Cancer Center*, available at https://ufhealth.org/uf-health-cancer-center?utm_source=google&utm_medium=tj%20ppc&utm_campaign=cancer%20center%20broad&gad_source=1&gclid=EAIaIQobChMIkLbVhbu3hAMVZIVaBR3kkgCCEAAAYASAAEgLMR_D_BwE (last visited Feb. 19, 2024).

¹⁶⁰ National Cancer Institute, *University of Florida Health Cancer Center*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers/find/ufhealth> (last visited Feb. 18, 2024).

¹⁶¹ National Cancer Institute, *Mayo Clinic Cancer Center*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers/find/mayoclinic> (last visited Feb. 18, 2024).

¹⁶² National Cancer Institute, *Moffitt Cancer Center*, available at <https://www.cancer.gov/research/infrastructure/cancer-centers/find/moffitt> (last visited Feb. 18, 2024).

¹⁶³ Florida Revenue Estimating Conference, *2023 Florida Tax Handbook*, 48, available at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Feb. 19, 2024).

¹⁶⁴ Sections 563.05, 564.06, and 565.12, F.S.

distributors of wine, liquor, and other specified alcoholic beverages. Taxes are remitted to the Division of Alcoholic Beverages and Tobacco (Division) in the Department of Business and Professional Regulation (DBPR).

The Division is responsible for supervising the conduct, management, and operation of the manufacturing, packaging, distribution, and sale of all alcoholic beverages in Florida.¹⁶⁵ Distributions of the excise taxes on alcoholic beverages are made to the General Revenue Fund, the Alcoholic Beverage and Tobacco Trust Fund, and Viticulture Trust Fund. Collections of alcoholic beverage taxes were \$317 million in Fiscal Year 2022-2023 with distributions to General Revenue of \$311 million.¹⁶⁶

Proposed Changes

The bill provides a monthly distribution in the amount of \$416,667 from the Alcoholic Beverage and Tobacco Trust Fund to each of the following: the University of Miami Sylvester Comprehensive Cancer Center; the University of Florida Health Shands Cancer Center; and the Mayo Clinic Comprehensive Cancer Center in Jacksonville. This results in an annual distribution of \$5 million to each cancer center, which is a total annual distribution of \$15 million.

The funds may be used for constructing, furnishing, equipping, financing, operating, and maintaining cancer research and clinical and related facilities; furnishing, equipping, operating, and maintaining other properties owned or leased by the Cancer Centers.

This distribution is repealed June 30, 2054.

Section 58 – Property Insurance Discounts

Present situation

Florida imposes a 1.75 percent tax on most Florida insurance premiums, a one percent tax on annuity premiums, and a 1.6 percent tax on self-insurers.¹⁶⁷ In addition, some insurers pay a retaliatory tax to the extent the insurer's state of domicile would impose a greater tax burden than Florida imposes.

Insurance Premium Tax

Insurance policies providing residential coverage are subject to the insurance premium tax. Residential coverage includes personal lines residential coverage, such as for homeowner and condominium unit owner policies and also includes commercial lines residential coverage, such as for condominium association or apartment building policies.¹⁶⁸

Also subject to the insurance premium tax are insurance policies, contracts, or endorsements providing personal or commercial lines coverage for the peril of flood or excess coverage for the peril of flood. Current law defines a flood as “a general and temporary condition of partial or

¹⁶⁵ Section 561.02, F.S.

¹⁶⁶ Florida Revenue Estimating Conference, *2023 Florida Tax Handbook* (Oct. 2023), 117, available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Feb. 18, 2024).

¹⁶⁷ Sections 624.509, F.S. and s. 624.4621, F.S.

¹⁶⁸ Section 627.4025, F.S.

complete inundation of two or more acres of normally dry land area or of two or more properties, at least one of which is the policyholder's property, from:

- overflow of inland or tidal waters;
- unusual and rapid accumulation or runoff of surface waters from any source;
- mudflow; or
- collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood.”¹⁶⁹

State Fire Marshal Assessment

In addition to the insurance premium tax, certain premiums are subject to the state fire marshal assessment. The assessment is an annual 1% rate on premiums collected by each insurer for policies of fire insurance. Current law defines fire insurance as “the insurance of structures or other property at fixed locations against loss or damage to such structures or other described properties from the risks of fire and lightning.”¹⁷⁰ The revenue from the state fire marshal assessment is for use by the State Fire Marshal to defray the expenses of the duties required by law. These include maintaining of offices and necessary supplies, essential equipment and other materials, salaries and expenses of required personnel, and all other legitimate expenses relating to the discharge of the administrative and regulatory powers and duties.¹⁷¹

Florida Insurance Guaranty Association Assessment

Also in addition to the insurance premium tax, certain premiums are subject to the Florida Insurance Guaranty Association (FIGA) assessment.¹⁷² Property and casualty insurers are automatically members of FIGA and are subject to assessments on premiums written by member companies. The assessments levied against a FIGA insurer may not exceed more than 2 percent of that insurer's premiums in a calendar year. However, if additional funds are needed to cover insolvencies due to a hurricane, the FIGA board of directors may levy emergency assessments. Emergency assessments levied against any insurer may not exceed more than 4 percent of that insurer's premiums in a calendar year.

Credits

Current law allows insurers to take credit against its insurance premium tax liability. Credit may be taken for payments of several taxes and other expenditures, including payments of workers'

¹⁶⁹ Section 627.715(1)(b), F.S.

¹⁷⁰ Section 624.515, F.S.

¹⁷¹ Section 624.516, F.S.

¹⁷² The FIGA is a nonprofit corporation that handles the claims of certain insolvent insurance companies. FIGA provides a “mechanism for the payment of covered claims under certain insurance policies to avoid” delay and financial loss due to the financial insolvency of an insurer. It issues guaranty fund payments and provides related services for all lines of property and casualty insurance, with certain exceptions. When a Florida property and casualty insurer becomes insolvent, the FIGA takes over the claims of that insurer and pays the claims of its policyholders, ensuring that policyholders are not left with unpaid claims.

compensation administrative assessments,¹⁷³ corporate income taxes,¹⁷⁴ employee salaries,¹⁷⁵ and adjustments for payments of the firefighter¹⁷⁶ and municipal police¹⁷⁷ trust funds excise taxes.

Credits may be taken for certain community contributions, such as the Live Local housing credit¹⁷⁸ and the Strong Families credit.¹⁷⁹ Credits must be taken in the order specified under s. 624.509(7), F.S.

Current law also provides a credit limitation.¹⁸⁰ The total of the credit granted for the corporate income taxes paid by the insurer and the credit granted to insurers for employee salaries¹⁸¹ may not exceed 65 percent of the insurance premium tax¹⁸² after deducting firefighter and municipal police trust funds excise tax payments and any assessments related to administration of workers' compensation.¹⁸³

Proposed Changes

The bill provides deductions to certain insurance premiums for policyholders and requires that the deductions be separately stated on the policy declarations page. For policies that provide coverage for a 12-month period with an effective date between October 1, 2024, and September 30, 2025, an insurer must deduct from the premium:

- An amount equal to 1.75 percent of the premium, the amount of the State Fire Marshal regulatory assessment, and the amount of the FIGA assessment. This applies to policies providing residential coverage of \$750,000 or less on a dwelling and excludes policies providing tenant coverage.
- An amount equal to 1.75 percent of the premium for policies, contracts, or endorsements providing personal or commercial lines coverage for the peril of flood or excess coverage for the peril of flood on any structure or the contents of personal property contained therein.

The bill allows an insurer to take a credit against its insurance premium tax liability in Calendar Years 2024 and 2025. The credit must be equal to the amount provided to the policyholder in deductions. The insurer may only use the credit after taking all other credits and deductions in the order provided in s. 624.509(7), F.S. The bill also allows insurers to carryforward the credit if it is not fully used in any one taxable year because of insufficient tax liability. A credit may be carried forward for a period not to exceed 10 years.

¹⁷³ Section 440.51(5), F.S.

¹⁷⁴ Chapter 220, F. S.

¹⁷⁵ Section 624.509(5), F.S.

¹⁷⁶ Section 175.141, F.S. Additionally, s. 175.101, F.S., allows for a 1.85% excise tax on property insurance premiums if levied by a municipality or special fire control district for pension benefits to firefighters.

¹⁷⁷ Section 185.12, F.S. Additionally, s. 185.08, F.S., allows for a 0.85% excise tax on casualty insurance premiums if levied by a municipality for pension benefits to police officers.

¹⁷⁸ Sections 624.51058 and 420.50872, F.S.

¹⁷⁹ Sections 624.51057 and 402.62, F.S.

¹⁸⁰ Section 624.509(6), F.S.

¹⁸¹ Section 624.509(5), F.S.

¹⁸² Due under s. 624.509(1), F.S.

¹⁸³ Section 440.51, F.S.

Additionally, the bill provides reporting requirements. Every insurer required to provide a premium deduction must include all of the following information with its quarterly and annual statements.¹⁸⁴ The Office of Insurance Regulation must also include the same information in its reports required by section 624.315, F.S.

- The number of policies that received a deduction during the period covered by the statement.
- The total amount of deductions provided by the insurer during the period covered by the statement.
- The total premium related to insurance policies providing residential coverage of \$750,000 or less on a dwelling.
- The total premium related to policies, contracts, or endorsements providing personal or commercial lines coverage for the peril of flood or excess coverage for the peril of flood on any structure or the contents of personal property contained therein.

The Office of Insurance Regulation must examine the information required to be reported and take corrective measures as provided under law for any insurer not in compliance with the provisions under the bill.

The bill allows the department to perform additional financial and technical audits and investigations that are necessary to verify the information included in an insurers tax return and to ensure compliance. The Office of Insurance Regulation must provide technical assistance when requested by the department on the technical audits or examinations.

Lastly, the bill provides additional provisions related to the insurer. When reporting policy premiums for purposes of computing the insurance premium tax, an insurer must report the full policy premium value before applying the deductions. The deductions provided to policyholders do not reduce the direct written premium of the insurer for any purposes. The bill also specifies that an insurer claiming a credit against premium tax liability is not required to pay any additional retaliatory tax levied under s. 624.5091, F.S., as a result of claiming such credit. Section 624.5091, F.S., does not limit the credit available to insurers in any manner.

This section is repealed December 31, 2036.

Section 59 – Disaster Preparedness Sales Tax Holiday – 28 days – June 1, 2024, through June 14, 2024, and from August 24, 2024, through September 6, 2024

Present situation

Florida has enacted a disaster preparedness sales tax holiday 10 times since 2006. Generally during these holidays, the following items were exempt:

¹⁸⁴ See s. 624.424, F.S.

Dates	Length	TAX EXEMPTION THRESHOLDS							
		Reusable Ice	Light Source	Fuel Containers	Batteries	Coolers and Ice Chests	Radios	Tie down tools and sheeting	Generators
May 21-June 1, 2006*	12 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$1000 or less
June 1-June 12, 2007*	12 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$75 or less	\$50 or less	\$1000 or less
May 31-June 8, 2014**	9 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$750 or less
June 2 –June 4, 2017	3 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$750 or less
June 1-7, 2018	7 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$750 or less
May 31-June 6, 2019	7 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$750 or less
May 29-June 4, 2020	7 days	\$10 or less	\$20 or less	\$25 or less	\$30 or less	\$30 or less	\$50 or less	\$50 or less	\$750 or less
May 28 – June 6, 2021***	10 days	\$20 or less	\$40 or less	\$50 or less	\$50 or less	\$60 or less	\$50 or less	\$100 or less	\$1,000 or less
May 28 – June 10, 2022****	14 days	\$20 or less	\$40 or less	\$50 or less	\$50 or less	\$60 or less	\$50 or less	\$100 or less	\$1,000 or less
May 27 - June 9, & August 26 - Sept. 8, 2023	28 days	\$20 or less	\$40 or less	\$50 or less	\$50 or less	\$60 or less	\$60 or less	\$100 or less	\$3,000 or less

A few of the holidays have included items that were not repeated every year. For instance, the 2006 and 2007 holidays included cell phone batteries (\$60 or less), cell phone chargers (\$40 or less), storm shutters (\$200 or less), carbon monoxide detectors (\$75 or less), and any combination of items exempt under the holiday or existing law which were folded together for \$75 or less. The 2021 holiday included portable power banks selling for \$60 or less. The 2022 and 2023 holiday included portable power banks selling for \$60 or less, smoke detectors, smoke alarms, fire extinguishers, or carbon monoxide detectors selling for \$70 or less; and specified items necessary for the evacuation of household pets, with item thresholds ranging from \$10 (wet pet food) to \$100 (portable kennels or carriers). In 2023, the maximum purchase price of a generator was increased from \$1,000 to \$3,000.

The Florida Division of Emergency Management recommends having a disaster supply kit with items such as a battery operated radio, flashlight, batteries, and first-aid kit.¹⁸⁵

Proposed changes

During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- A portable self-powered light source with a sales price of \$40 or less.
- A portable self-powered radio, two-way radio, or weather-band radio with a sales price of \$50 or less.
- A tarpaulin or other flexible waterproof sheeting with a sales price of \$100 or less.

¹⁸⁵ FLA. DIV. OF EMERGENCY MGMT., *Disaster Supply Kit Checklist*, available at <https://www.floridadisaster.org/planprepare/hurricane-supply-checklist/> (last visited Feb. 19, 2024).

- An item normally sold as, or generally advertised as, a ground anchor system or tie-down kit with a sales price of \$100 or less.
- A gas or diesel fuel tank with a sales price of \$50 or less.
- A package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, with a sales price of \$50 or less.
- A nonelectric food storage cooler with a sales price of \$60 or less.
- A portable generator used to provide light or communications or preserve food in the event of a power outage with a sales price of \$3,000 or less.
- Reusable ice with a sales price of \$20 or less.
- A portable power bank with a sales price of \$60 or less.
- A smoke detector or smoke alarm with a sales price of \$70 or less.
- A fire extinguisher with a sales price of \$70 or less.
- A carbon monoxide detector with a sales price of \$70 or less.

The following supplies necessary for the evacuation of household pets purchased for noncommercial use:

- Bags of dry dog food or cat food weighing 50 or fewer pounds with a sales price of \$100 or less per bag.
- Cans or pouches of wet dog food or cat food with a sales price of \$10 or less per can or pouch or the equivalent if sold in a box or case.
- Over-the-counter pet medications with a sales price of \$100 or less per item.
- Portable kennels or pet carriers with a sales price of \$100 or less per item.
- Manual can openers with a sales price of \$15 or less per item.
- Leashes, collars, and muzzles with a sales price of \$20 or less per item.
- Collapsible or travel-sized food bowls or water bowls with a sales price of \$15 or less per item.
- Cat litter weighing 25 or fewer pounds with a sales price of \$25 or less per item.
- Cat litter pans with a sales price of \$15 or less per item.
- Pet waste disposal bags with a sales price of \$15 or less per package.
- Pet pads with a sales price of \$20 or less per box or package.
- Hamster or rabbit substrate with a sales price of \$15 or less per package.
- Pet beds with a sales price of \$40 or less per item.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

Section 60 – Recreational Sales Tax Holiday (“Freedom Month”) – 1 Month – July 1, 2024, through July 31, 2024***Present situation***

Florida enacted a recreational sales tax holiday in 2021, 2022, and 2023. The sales tax holidays in 2021 and 2022 were one week, held at the beginning of July. In 2023, the legislature extended the holiday to 3 months, beginning at the end of May. The holidays exempted recreational equipment and certain admissions to events.

Proposed changes

The bill provides for a sales tax holiday from July 1, 2024, through July 31, 2024, for specified admissions and items related to recreational activities. During the sales tax holiday, the following admissions, if purchased during this period, are exempt from the state sales tax and county discretionary sales surtaxes:

- A live music event scheduled to be held on any date or dates from July 1, 2024, through December 31, 2024.
- A live sporting event scheduled to be held on any date or dates from July 1, 2024, through December 31, 2024.
- A movie to be shown in a movie theater on any date or dates from July 1, 2024, through December 31, 2024.
- Entry to a museum, including any annual passes.
- Entry to a state park, including any annual passes.
- Entry to a ballet, play, or musical theatre performance scheduled to be held on any date or dates from July 1, 2024, through December 31, 2024.
- Season tickets for ballets, plays, music events, or musical theatre performances.
- Entry to a fair, festival, or cultural event scheduled to be held on any date or dates from July 1, 2024, through December 31, 2024.
- Use of or access to private and membership clubs providing physical fitness facilities from July 1, 2024, through December 31, 2024.

If a purchaser of an admission purchases the admission exempt from tax pursuant to this section and subsequently resells the admission, the purchaser shall collect tax on the full sales price of the resold admission.

During the sales tax holiday, the following items are exempt from the state sales tax and discretionary sales surtax:

- Boating and water activity supplies
 - Life jackets and coolers with a sales price of \$75 or less.
 - Recreational pool tubes, pool floats, inflatable chairs, and pool toys with a sales price of \$35 or less
 - Safety flares with a sales price of \$50 or less
 - Water skis, wakeboards, kneeboards, and recreational inflatable water tubes or floats capable of being towed with a sales price of \$150 or less
 - Paddleboards and surfboards with a sales price of \$300 or less
 - Canoes and kayaks with a sales price of \$500 or less

- Paddles and oars with a sales price of \$75 or less
- Snorkels, goggles, and swimming masks with a sales price of \$25 or less.
- Camping supplies
 - Tents with a sales price of \$200 or less
 - Sleeping bags, portable hammocks, camping stoves, and collapsible camping chairs with a sales price of \$50 or less
 - Camping lanterns and flashlights with a sales price of \$30 or less.
- Fishing supplies
 - Rods and reels with a sales price of \$75 or less if sold individually, or \$150 or less if sold as a set
 - Tackle boxes or bags with a sales price of \$30 or less
 - Bait or fishing tackle with a sales price of \$5 or less if sold individually, or \$10 or less if multiple items are sold together. The term does not include supplies used for commercial fishing purposes.
- General outdoor supplies
 - Sunscreen, sunblock, or insect repellent with a sales price of \$15 or less
 - Sunglasses with a sales price of \$100 or less
 - Binoculars with a sales price of \$200 or less
 - Water bottles with a sales price of \$30 or less
 - Hydration packs with a sales price of \$50 or less
 - Outdoor gas or charcoal grills with a sales price of \$250 or less
 - Bicycle helmets with a sales price of \$50 or less
 - Bicycles with a sales price of \$500 or less.
- Residential pool supplies
 - Individual residential pool and spa replacement parts, nets, filters, lights, and covers with a sales price of \$100 or less
 - Residential pool and spa chemicals purchased by an individual with a sales price of \$150 or less.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

Section 61 – Back-to-School Sales Tax Holiday – 14 days – July 29, 2024, through August 11, 2024

Present situation

Florida has enacted a “back-to-school” sales tax holiday twenty-two times since 1998. The following table describes the history of back-to-school sales tax holidays in Florida.

Dates	Length	TAX EXEMPTION THRESHOLDS				
		Clothing/ Footwear	Wallets/ Bags	Books/ Learning Aids/ Puzzles	Computers	School Supplies
August 15-21, 1998	7 days	\$50 or less	N/A	N/A	N/A	N/A
July 31-August 8, 1999	9 days	\$100 or less	\$100 or less	N/A	N/A	N/A
July 29-August 6, 2000	9 days	\$100 or less	\$100 or less	N/A	N/A	N/A
July 28-August 5, 2001	9 days	\$50 or less	\$50 or less	N/A	N/A	\$10 or less
July 24-August 1, 2004	9 days	\$50 or less	\$50 or less	\$50 or less (Books)	N/A	\$10 or less
July 23-31, 2005	9 days	\$50 or less	\$50 or less	\$50 or less (Books)	N/A	\$10 or less
July 22-30, 2006	9 days	\$50 or less	\$50 or less	\$50 or less (Books)	N/A	\$10 or less
August 4-13, 2007	10 days	\$50 or less	\$50 or less	\$50 or less (Books)	N/A	\$10 or less
August 13-15, 2010	3 days	\$50 or less	\$50 or less	\$50 or less (Books)	N/A	\$10 or less
August 12-14, 2011	3 days	\$75 or less	\$75 or less	N/A	N/A	\$15 or less
August 3-5, 2012	3 days	\$75 or less	\$75 or less	N/A	N/A	\$15 or less
August 2-4, 2013	3 days	\$75 or less	\$75 or less	N/A	\$750 or less	\$15 or less
August 1-3, 2014	3 days	\$100 or less	\$100 or less	N/A	First \$750 of the sales price	\$15 or less
August 7-16, 2015	10 days	\$100 or less	\$100 or less	N/A	First \$750 of the sales price	\$15 or less
August 5-7, 2016	3 days	\$60 or less	\$60 or less	N/A	N/A	\$15 or less
August 4-6, 2017	3 days	\$60 or less	\$60 or less	N/A	\$750 or less	\$15 or less
August 3-5, 2018	3 days	\$60 or less	\$60 or less	N/A	N/A	\$15 or less
August 2-6, 2019	5 days	\$60 or less	\$60 or less	N/A	\$1,000 or less	\$15 or less
August 7-9, 2020	3 days	\$60 or less	\$60 or less	N/A	First \$1,000 of the sales price	\$15 or less
July 31-August 9, 2021	10 days	\$60 or less	\$60 or less	N/A	First \$1,000 of the sales price	\$15 or less
July 25-August 7, 2022	14 days	\$100 or less	\$100 or less	\$30 (Learning Aids/Puzzles)	\$1,500 or less	\$50 or less
July 24-August 6, 2023, & January 1-14, 2024	28 days	\$100 or less	\$100 or less	\$30 (Learning Aids/Puzzles)	\$1,500 or less	\$50 or less

Proposed changes

The bill provides for a sales tax holiday from July 29, 2024, through August 11, 2024. During the holiday, the following items that cost \$100 or less are exempt from the state sales tax and county discretionary sales surtaxes:

- Clothing (defined as an “article of wearing apparel intended to be worn on or about the human body,” but excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs);
- Footwear (excluding skis, swim fins, roller blades, and skates);
- Wallets; and

- Bags (including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags).

The bill also exempts various “school supplies” that cost \$50 or less per item and learning aids and jigsaw puzzles that cost \$30 or less per item. “Learning aids” are defined as flashcards or other learning cards, matching or other memory games, puzzle books and search-and-find books, interactive or electronic books and toys intended to teach reading or math skills, and stacking or nesting blocks or sets.

The bill exempts personal computers and related accessories with a sales price of \$1,500 or less which are purchased for noncommercial home or personal use. This includes electronic book readers, calculators, laptops, desktops, handhelds, tablets, or tower computers. Not included are cellular telephones, video game consoles, digital media receivers, or devices that are primarily designed to process data. Included related accessories are items such as keyboards, mice, personal digital assistants, monitors, other peripheral devices, modems, routers, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit. Not included is furniture or systems, devices, software, monitors with a television tuner, or peripherals designed or intended primarily for recreational use.

Dealers are authorized to opt out of the “back-to-school” sales tax holiday if less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt under the holiday. If a qualifying dealer chooses not to participate in the tax holiday, by July 15, 2024, the dealer must notify the Department of Revenue (department) in writing of its election to collect sales tax during the holiday and must post a copy of that notice in a conspicuous location at its place of business.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

Section 62 - Skilled Worker Tools Sales Tax Holiday – 7 days – September 1, 2024, through September 7, 2024

Present situation

In 2022 and 2023, the Legislature enacted a seven-day sales tax holiday, during the week surrounding Labor Day, on tools used in skilled trades. Currently, there is no exemption for tools used by skilled trade workers, such as carpenters, electricians, plumbers, welders, pipefitters, masons, painters, heating and air conditioning technicians, and other service technicians.

Proposed changes

The bill provides a seven-day sales tax holiday from September 1, 2024, through September 7, 2024, for specified tools commonly used by skilled trade workers. During the sales tax holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- Hand tools with a sales price of \$50 or less per item.
- Power tools with a sales price of \$300 or less per item.
- Power tool batteries with a sales price of \$150 or less per item.
- Work gloves with a sales price of \$25 or less per pair.
- Safety glasses with a sales price of \$50 or less per pair, or the equivalent if sold in sets of more than one pair.
- Protective coveralls with a sales price of \$50 or less per item.
- Work boots with a sales price of \$175 or less per pair.
- Tool belts with a sales price of \$100 or less per item.
- Duffle bags or tote bags with a sales price of \$50 or less per item.
- Tool boxes with a sales price of \$75 or less per item.
- Tool boxes for vehicles with a sales price of \$300 or less per item.
- Industry textbooks and code books with a sales price of \$125 or less per item.
- Electrical voltage and testing equipment with a sales price of \$100 or less per item.
- LED flashlights with a sales price of \$50 or less per item.
- Shop lights with a sales price of \$100 or less per item.
- Handheld pipe cutters, drain opening tools, and plumbing inspection equipment with a sales price of \$150 or less per item.
- Shovels with a sales price of \$50 or less.
- Rakes with a sales price of \$50 or less.
- Hard hats and other head protection with a sales price of \$100 or less.
- Hearing protection items with a sales price of \$75 or less.
- Ladders with a sales price of \$250 or less.
- Fuel cans with a sales price of \$50 or less.
- High visibility safety vests with a sales price of \$30 or less.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

Sections 26, 33, 34, 39, and 40 – Tax Administration

Pollutants Tax Registration Fees

Present Situation: Any entity intending to produce or import pollutants, which include liquid commodities made from petroleum products, pesticides, ammonia, chlorine, perchloroethylene, or solvents,¹⁸⁶ must register and become licensed to do so.¹⁸⁷ Florida law states that an entity

¹⁸⁶ Florida Dept. of Revenue, Pollutants Tax, available at <https://floridarevenue.com/taxes/taxesfees/Pages/pollutants.aspx> (last visited Feb. 26, 2024).

¹⁸⁷ Section 206.9931, F.S.

must pay a \$30 registration fee when requesting a pollutants tax license.¹⁸⁸ However, these registration fees were repealed beginning January 1, 2018.¹⁸⁹

Proposed Changes: the bill removes obsolete language related to pollutants tax registration fees.

Affidavit for Non-Resident Purchasers of Boats and Aircrafts

Present Situation: Nonresident purchasers of boats and aircraft are exempt from paying the sales tax. Among other requirements relating to the purchase and subsequent removal from the state of the boat or aircraft, such purchasers must sign an affidavit attesting that they have read the provisions of s. 212.05, F.S., in its entirety, in order to claim the exemption. Section 212.05, F.S., is lengthy and includes many provisions that are not applicable to the purchaser of a boat or aircraft.

Proposed Changes: the bill removes the requirement that a purchaser attests to having read statutory provisions and instead requires that a nonresident purchaser complete an affidavit that affirms that the nonresident purchaser qualifies for exemption from the sales tax pursuant to law and attests that the nonresident purchaser will provide the documentation required to substantiate the exemption.

Administration of Surtax on the Purchase of Boats and Trailers

Present Situation: Local discretionary sales surtaxes are only charged on the first \$5,000 of the sales amount of any item of tangible personal property.¹⁹⁰ If two or more taxable items are sold to the same purchaser at the same time and would generally be sold in bulk or comprise pieces of a unit, such items must be considered a single item.¹⁹¹

Additionally, which county's surtax applies may be different a boat and trailer when purchased at the same time. For the sale of a boat, the surtax is based on the county where the boat is delivered to the purchaser.¹⁹² For the sale of a trailer, the surtax is based on the residence address of the purchaser as identified on the registration or title document of the trailer.¹⁹³

Proposed Changes: The bill requires that the sale of a boat and corresponding boat trailer must be taxed as a single item when sold to the same purchaser, at the same time, and in the same invoice. Additionally, the bill requires the surtax to be imposed based on the county where the purchaser resides.

Event Impacting Timely Challenges

Present Situation: Current law provides guidelines for the department to establish informal conference procedures for the resolution of disputes relating to assessment of taxes, interest, and penalties, and the denial of refunds.¹⁹⁴ However, the department does not have the authority to

¹⁸⁸ *Id.*

¹⁸⁹ Chapter 2017-36 s.17, Laws of Fla.

¹⁹⁰ Section 212.054(2)(b)1., F.S.

¹⁹¹ *Id.*

¹⁹² Section 212.054(3)(d)1., F.S.

¹⁹³ Section 212.054(3)(a)2., F.S.

¹⁹⁴ Section 213.21, F.S.

reopen a final assessment for purposes of adjusting or compromising the liability, other than to resolve the outstanding liability for collectability.¹⁹⁵

Current law also specifies a process and timeframe for a taxpayer to challenge a final assessment. A taxpayer may contest the legality of any assessment or denial of refund of taxes and fees.¹⁹⁶ Such contest may be filed by circuit court action or by petition under administrative law.¹⁹⁷ No action may be brought more than 60 days after the date the assessment becomes final.¹⁹⁸

Proposed Changes: The bill provides that, following the expiration of time for a taxpayer to challenge an assessment or a denial of a refund issued by the department, the department may consider a request to settle or compromise any tax, interest, penalty, or other liability under s. 213.21, F.S., if the taxpayer demonstrates that the failure to initiate a timely challenge was due to:

- The death or life-threatening injury or illness of the taxpayer or an immediate family member of the taxpayer;
- The death or life-threatening injury or illness of an individual with substantial responsibility for the management or control of the taxpayer;
- Acts of war or terrorism; or
- Natural disasters, fire, or other catastrophic loss.

The department may not consider a request received more than 180 days after the expiration of time allowed under s. 72.011, F.S. Any decision by the department regarding a taxpayer's request to compromise or settle a liability under this subsection is not a final order subject to review under ch. 120, F.S.

Garnishment

Present Situation: The department has the authority to issue a levy upon credits, other personal property, or debts belonging to a delinquent taxpayer. The department is not authorized to include as a part of such levy costs, surcharges, and fees (i.e., administrative collection processing fee, warrant filing fees, or any other fee or cost that might be enacted into the Florida Statutes) or additional daily accrued interest.¹⁹⁹ As a result, the department typically continues with collection efforts for costs, surcharges, fees, and interest after the initial levy is complete.²⁰⁰

Additionally, there are notice requirements for a levy.

- Notice of the amount of delinquency: This notice may be given to a person who is in possession or control of any credits or personal property, excluding wages, belonging to the delinquent taxpayer. Notice may be made by registered mail, by personal service, or by electronic means, such as facsimile or the use of the internet.²⁰¹

¹⁹⁵ Florida Dept. of Revenue, *2024 Agency Legislative Bill Analysis for SB 1030* (on file with the Senate Committee on Finance and Tax).

¹⁹⁶ Section 72.011, F.S.

¹⁹⁷ *Id.*

¹⁹⁸ Section 72.011(2)(a), F.S.

¹⁹⁹ Section 213.67, F.S.

²⁰⁰ Florida Dept. of Revenue, *2024 Agency Legislative Bill Analysis for SB 1030* (on file with the Senate Committee on Finance and Tax).

²⁰¹ Section 213.67(1), F.S.

- Notice of levy: When the department levies such property, the department must notify the person in possession of such property. Notice may be made only by registered mail.²⁰²

Proposed Changes: The bill authorizes the department to include all taxes, penalties, interest, costs, surcharges, and fees authorized by law to be included in a garnishment or levy, which has the effect of avoiding multiple collection efforts for additional amounts. The bill also allows the department to deliver its notices of levy by personal service or electronic means.

Section 47 provides an effective date of July 1, 2024, except as otherwise provided in the bill.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18(b) of the Florida Constitution provides that, except upon the approval of each house of the Legislature by a 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. However, the mandates requirements do not apply to laws having an insignificant impact,²⁰³ which is \$2.3 million or less for Fiscal Year 2024-2025.²⁰⁴

The bill is estimated to reduce the authority local governments have to raise revenue from local option sales taxes and property taxes by \$34.4 million in Fiscal Year 2024-2025; therefore, this bill may be a mandate subject to the requirements of Art. VII, s. 18(b) of the Florida Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

This bill does not create or raise a state tax or fee. Therefore, the requirements of Art. VII, s. 19 of the Florida Constitution do not apply.

²⁰² Section 213.67(3), F.S.

²⁰³ FLA. CONST. art. VII, s. 18(d). An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. See FLA. SENATE COMM. ON CMY. AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (September 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Feb. 19, 2024).

²⁰⁴ Based on the Demographic Estimating Conference's estimated population adopted on July 18, 2022. The conference packet is available at <http://www.edr.state.fl.us/Content/conferences/population/archives/220718demographic.pdf> (last visited Feb. 19, 2024).

E. Other Constitutional Issues:

None identified.

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

The bill reduces revenues in total by \$1,072.6 million, which is the sum of \$210.2 million (recurring) and \$862.4 million (pure nonrecurring in Fiscal Year 2024-2025 and reductions resulting from nonrecurring impacts in future years). Total tax reductions are represented by the sum of the recurring impacts, which reflect the annual value of permanent tax cuts when fully implemented, and the pure nonrecurring impacts, which reflect temporary tax reductions.

The bill reduces revenues in Fiscal Year 2024-2025 by \$494.7 million (\$210.2 million recurring); General Revenue Fund receipts are reduced by \$444.0 million (\$183.8 million recurring), state trust fund receipts are reduced by \$2.2 million (increased by \$0.5 million recurring); and local government revenue is reduced by \$48.5 million (\$26.9 million recurring), as displayed in the table at the end of this analysis.

B. Private Sector Impact:

Taxpayers, both businesses and individuals, will experience significant tax savings.

C. Government Sector Impact:

The Department of Revenue will need to engage in rulemaking and will incur implementation costs.

The nonrecurring cost to implement various provisions of the bill equal \$13,000 in Fiscal Year 2023-2024 and \$119,623 in Fiscal Year 2024-2025. The recurring cost beginning in Fiscal Year 2024-2025 is equal to \$78,224, which results from providing multi-language forms to property appraisers. The department will require 1 additional FTE and non-recurring contractual services funding to administer the multi-language form translation process. The Property Tax Oversight program has approximately 150 prescribed forms in total; however, the program estimates that only 40 of these forms would reasonably be requested by a property appraiser to translate based on need from a taxpayer.²⁰⁵

The cost to implement the child care tax credit for Fiscal Year 2024-2025 is \$288,044 to make modifications to the department's System for Unified Tax (SUNTAX) and to update e-services applications and imaging management system.²⁰⁶ This cost is estimated

²⁰⁵ Florida Dep't of Revenue, *2024 Agency Legislative Bill Analysis, SB 7074*, Feb. 23, 2024 (on file with the Committee on Appropriations)

²⁰⁶ Florida Dep't of Revenue, *2024 Department of Revenue Fiscal (Operational) Impact Analysis*, Feb. 28, 2024 (on file with the Committee on Appropriations).

based on corporate income and insurance premium tax taxpayer's accessing credit. See section VII. Related Issues.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The credit offered to a taxpayer who operates a child care facility or make payments to a child care facility on behalf of its employees may not be accessible by corporate income tax or insurance premium tax taxpayers due to the allocation for Fiscal Year 2024-2025 being misaligned to these taxpayer's taxable year beginning January 1, 2025, which is the starting point to measure such activity.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 125.0104, 192.001, 192.0105, 193.155, 193.624, 193.703, 196.011, 196.031, 196.075, 196.121, 196.161, 196.1978, 196.1979, 196.1978, 196.24, 200.069, 201.08, 201.21, 206.9931, 206.9955, 212.0306, 212.05, 212.054, 212.055, 212.11, 212.12, 212.20, 213.21 213.67, 220.02, 220.03, 220.19, 220.1915, 220.222, 402.62, 561.121, 571.265, and 624.509.

This bill creates the following sections of the Florida Statutes: 195.028, 211.0254, 212.1835, 220.1992, 402.261, 561.1214, and 624.5108.

This bill reenacts the following section of the Florida Statutes: 206.996, 206.997, and 571.26.

This bill repeals section 41 of chapter 2023-157, Laws of Florida.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

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

CS by Appropriations on February 27, 2024:

The committee substitute:

- Limits the expenditure of tourist development tax revenue for convention centers to 25 percent of revenue received.
- Makes a technical change to the provision that allows cities in Miami-Dade County to vote on whether to levy the Local Option Food and Beverage tax.
- Includes collection equipment in the list of the biogas equipment that is eligible for an assessment limitation.
- Limits to homesteads the relief from back taxes imposed when a clerical mistake or omission resulted in an error in the assessment of the property.

- Expands the situations that require property appraisers to include additional information on a notice of tax lien sent to a delinquent taxpayer.
- Expands the type of properties that will not be assessed back taxes when a clerical mistake or omission resulted in an error.
- Clarifies the names of the Cancer Centers which will receive a distribution from the beverage tax.
- Makes changes to the administration of the insurance tax provisions:
 - Instead of an insurer taking multiple credits from each tax or assessment reduction extended to policy holders, the amendment allows an insurer to take a credit against its insurance premium tax liability for all benefits extended, including flood, residential property, state fire assessments, and the Florida Insurance Guaranty Association assessments.
- Includes changes to the administration of the property tax exemptions created in the Live Local Act; for Monroe County, it reduces the number of units that must be set aside as affordable; and clarifies what is considered a part of a unit's value.
- Allows taxing authorities to "opt-out" of providing a property tax exemption to affordable housing units where the income of the person renting is between 80 and 120 percent adjusted gross income.
- Removes obsolete language regarding the registration fee for importers of pollutants.
- It deletes the requirement that a nonresident purchaser of a boat or aircraft who will remove the vehicle from Florida read the entire statute.
- Provides that the sale of a boat and trailer when purchased together is a single item and clarifies which county's surtax must be collected.
- Allows DOR to reopen assessments if the taxpayer failed to respond to certain requests.
- Allows DOR to include in a garnishment notice and levy additional costs and fees, which are authorized today but may not be included in such notice or levy.
- Reduces the tax rates that will be levied on natural gas fuel beginning on January 1, 2026, by 50 percent for one year.
- Provides tax credits to taxpayers who operate a child care facility or make contributions to child care facilities on behalf of employees.

B. Amendments:

None.

FY 2024-2025 TAX CUT ALLOCATION

CS/SB 7074

	General Revenue		State Trust Funds		Local/Other		Total	
	1st Yr.	Recur.	1st Yr.	Recur.	1st Yr.	Recur.	1st Yr.	Recur.
1 Sales Tax								
2 Sales Tax: Freedom Sales Tax Holiday	(71.4)	-	(*)	-	(19.1)	-	(90.5)	-
3 Sales Tax: Back-to-School Sales Tax Holiday	(76.7)	-	(*)	-	(20.5)	-	(97.2)	-
4 Sales Tax: Disaster Preparedness Sales Tax Holidays	(63.3)	-	(*)	-	(16.9)	-	(80.2)	-
5 Sales Tax: Tool Time Sales Tax Holiday	(15.7)	-	(*)	-	(4.1)	-	(19.8)	-
6 Sales Tax: Distribution for Horse Breeding and Racing Promotion	-	(27.5)	-	-	-	-	-	(27.5)
7 Sales Tax: Collection Allowance Increase: 30 to 45	(49.2)	(118.2)	1.9	4.7	-	-	(47.3)	(113.5)
8 Ad Valorem Tax								
9 Ad Valorem: Renewable Energy Source Device Assessment Limitation	-	-	-	-	-	(1.3)	-	(1.3)
10 Ad Valorem: Construction Work in Progress	-	-	-	-	(2.9)	(2.9)	(2.9)	(2.9)
11 Ad Valorem: Extend Homestead rebuild time	-	-	-	-	-	(0.9)	-	(0.9)
12 Ad Valorem: Consumer friendly property tax administration changes	-	-	-	-	-	(23.9)	-	(23.9)
13 Ad Valorem: Taxing authority "opt out"	-	-	0/**	0/**	0/**	0/**	0/**	0/**
14 Ad Valorem: Monroe County "Missing Middle" Flexibility	-	-	-	-	(**)	(**)	(**)	(**)
15 Ad Valorem: Increase Tax Exemptions for Disabled Ex servicemembers from \$5,000 to \$10,000 (SB 1004)	-	-	-	-	-	(12.9)	-	(12.9)
16 Corporate Income Tax								
17 Corp. Inc. Tax: Adoption of the Internal Revenue Code	-	-	-	-	-	-	-	-
18 Corp. Inc. Tax: Persons with Unique Abilities Tax Credit - Three Years	(5.0)	-	-	-	-	-	(5.0)	-
19 Corp. Inc. Tax: Short line RR Tax Credit Timing	(**)	-	-	-	-	-	(**)	-
20 Corp. Inc. Tax: Childcare Tax Credits	(5.0)	-	-	-	-	-	(5.0)	-
21 Insurance Premium Tax								
22 Insurance Tax: Policy Premium Deductions and Credit	(119.7)	-	-	-	-	-	(119.7)	-
23 Documentary Stamp Tax								
24 Doc. Stamp Tax: Reverse Mortgages	(2.3)	(2.3)	(3.1)	(3.2)	-	-	(5.4)	(5.5)
25 Doc Stamp Tax: Alarm System Documentary Stamp Tax	(0.7)	(0.8)	(1.0)	(1.0)	-	-	(1.7)	(1.8)
26 Local Taxes								
27 Local Sales Taxes: TDT 25% of funds on single project (SB 1748)	-	-	-	-	-	-	-	-
28 Local Sales Taxes: Allow Duval to Levy Indigent Care Sales Surtax	-	-	-	-	-	0/**	-	0/**
29 Local Option Tax: Local Food & Beverage Tax - Voter Clarification	-	-	-	-	-	-	-	-
30 Multiple Taxes / Misc.								
31 Fuel Tax: Natural Gas Fuel Tax 1-year Rate Reduction	-	-	-	-	-	-	-	-
32 Beverage Tax: Distribution for Cancer Centers	(15.0)	(15.0)	-	-	15.0	15.0	-	-
33 Multiple Taxes: Strong Families - Increase Cap	(20.0)	(20.0)	-	-	-	-	(20.0)	(20.0)
34 Multiple Taxes: Strong Families - Application Date	-	-	-	-	-	-	-	-
35 Multiple Taxes: Strong Families - Designation Criterion/Services	-	-	-	-	-	-	-	-
36 Multiple Taxes: Automatic Extension of Time for Returns	-	-	-	-	-	-	-	-
37 Misc.: Tax Administration								
38 Taxation - Event Impacting Timely Challenge	(**)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
39 Taxation - Garnishment/Levy Bundling	0/**	0/**	0/**	0/**	0/**	0/**	0/**	0/**
40 Taxation - Surtax on boats and trailers	-	-	-	-	(**)	(**)	(**)	(**)
41 Taxation - Boats and airplanes removed from the state	-	-	-	-	-	-	-	-
42 Taxation - Obsolete pollutants tax registration language	-	-	-	-	-	-	-	-
2024-25	(444.0)	(183.8)	(2.2)	0.5	(48.5)	(26.9)	(494.7)	(210.2)

	General Revenue		State Trust Funds		Local/Other		Total	
	Cash	Recur.	Cash	Recur.	Cash	Recur.	Cash	Recur.
Nonrecurring Out-year Impacts								
43 Insurance Tax: Policy Premium Deductions and Credit	(435.0)	-	-	-	-	-	(435.0)	-
44 Corp. Inc. Tax: Persons with Unique Abilities Tax Credit - Three Years	(10.0)	-	-	-	-	-	(10.0)	-
Out Years	(445.0)	-	-	-	-	-	(445.0)	-
Tax Package Total	(889.0)	(183.8)	(2.2)	0.5	(48.5)	(26.9)	(939.7)	(210.2)

(*) Impact less than \$100,000; (**) Impact is indeterminate; 0/** If an impact exists, it will be greater than \$100,000.
 (1) Ad valorem tax impacts assume current rates.
 (2) Recurring tax cut total = -\$210.2
 Pure nonrecurring tax cuts = -\$872.4
 -\$1,082.6

Pure Nonrecurring **(862.4)**
 Recurring + Pure Nonrecurring **(1,072.6)**