

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 7071 PCB WMC 22-01 Taxation

SPONSOR(S): Appropriations Committee and Ways & Means Committee, Payne and others

TIED BILLS: IDEN./SIM. BILLS:

FINAL HOUSE FLOOR ACTION: 107 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/HB 7071 passed the House and Senate on March 14, 2022, as amended by the conference committee. The bill provides for a number of tax reductions and other tax-related modifications designed to directly impact both families and businesses.

For sales tax, the bill includes several temporary exemptions: 2-years for impact-resistant windows, doors, and garage doors; 1-year for baby and children's clothing, shoes, and diapers; 1-year for certain ENERGY STAR certified appliances; and 3-months for children's books. The bill also has permanent changes: a reduction in the sales tax for new mobile homes from 6% to 3%; an exemption on admissions to Formula One Grand Prix and Daytona 500 races, and World Cup matches, exemptions for farm trailers and fencing used in agricultural production, and machinery and equipment used in the production of green hydrogen. The bill also has the following tax holidays: 14-day "back-to-school" for certain clothing, school supplies, learning aids and puzzles, and personal computers; 14-day "disaster preparedness" for specified disaster preparedness supplies; 7-day "Freedom Week" for specified recreational items and activities; and 7-day "Tool Time" for tools and equipment commonly used in skilled trades.

For property taxes, the bill provides relief for homestead property rendered uninhabitable for 30 days or more due to a catastrophic event; temporarily provides relief from all taxes and assessments to owners affected by the sudden and unforeseen collapse of a residential building; clarifies the start date for calculating the 15-year waiting period for an affordable housing exemption; clarifies the application of the homestead property tax exemption on certain property; increases the value of the exemption for residents who are widows, widowers, blind, or totally and permanently disabled from \$500 to \$5,000; modifies the assessment methodology for land used in the production of aquaculture products; and updates the qualifying operations for the deployed servicemember tax exemption.

For other taxes, the bill adopts the Internal Revenue Code in effect on January 1, 2022; adds flexibility in the timing of the New Worlds Reading Initiative and Strong Families Tax Credit programs, increases the annual cap of the Strong Families Tax Credit to \$10 million beginning in Fiscal Year 2022-23, and the annual cap of the New Worlds Reading Initiative tax credit to \$60 million beginning in Fiscal Year 2023-24; provides an additional \$5 million annually for the Community Contribution Tax Credit program; creates a corporate income tax credit for certain investments in short line railroads; exempts certain loans related to emergencies from documentary stamp taxes; and creates a one-month gas tax holiday in October.

The bill also contains tax administration updates: allows school capital outlay local option sales tax to be used for the purchase, lease, and maintenance of school buses; increases the amount of per student spending from ad valorem district school taxes from \$150 to \$175; and clarifies how local documentary stamp tax in Miami-Dade County can be used for low and moderate income family housing.

The total state and local government impact of the bill in Fiscal Year 2022-23 is estimated to be -\$804.3 million (-\$40.5 million recurring). See Fiscal Comments section for details.

The bill was approved by the Governor on May 6, 2022, ch. 2022-97, L.O.F., and will become effective on July 1, 2022, except as otherwise provided.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Sales Tax

Florida's sales and use tax is a six percent levy on retail sales of a wide array of tangible personal property, admissions, transient lodgings, and commercial real estate rentals,¹ unless expressly exempted. In addition, Florida authorizes several local option sales taxes that are levied at the county level on transactions that are subject to the state sales tax. Generally, the sales tax is added to the price of a taxable good and collected from the purchaser at the time of sale. Sales tax represents the majority of Florida's General Revenue (79.0 percent for Fiscal Year 2019-20)² and is administered by the Department of Revenue (DOR) under ch. 212, F.S.

Authorized in 1982, the Local Government Half-cent Sales Tax Program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by the Legislature.³ It distributes a portion of state sales tax revenue via three separate distributions to eligible county or municipal governments. Additionally, the program distributes a portion of communications services tax revenue to eligible local governments. Allocation formulas serve as the basis for these separate distributions. The program's primary purpose is to provide relief from ad valorem and utility taxes in addition to providing counties and municipalities with revenues for local programs.⁴

Sales Tax Holidays

Current Situation

Since 1998, the Legislature has enacted more than two dozen short-term, temporary periods (commonly called "sales tax holidays") during which specified items were exempted from sales tax.

Back-to-School Sales Tax Holidays--Florida has enacted a "back-to-school" sales tax holiday twenty times since 1998. The length of the exemption periods has varied from three to ten days. The type and value of exempt items has also varied.

The following table describes the history of back-to-school sales tax holidays in Florida.

¹ Commercial real estate rentals are subject to a 5.5% sales tax pursuant to s. 212.031(1)(c), F.S.

² Office of Economic and Demographic Research, *Florida Tax Handbook 2020*, p. 16, available at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2020.pdf> (last visited March 23, 2022).

³ Office of Economic and Demographic Research, *Florida Local Government Financial Information Handbook 2021*, p. 55, available at <http://edr.state.fl.us/Content/local-government/reports/lghih21.pdf> (last visited March 23, 2022).

⁴ Id.

Dates	Length	TAX EXEMPTION THRESHOLDS				
		Clothing/ Footwear	Wallets/ Bags	Books	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	N/A	\$10 or less
July 23-31, 2005	9 days	\$50 or less	\$50 or less	\$50 or less	N/A	\$10 or less
July 22-30, 2006	9 days	\$50 or less	\$50 or less	\$50 or less	N/A	\$10 or less
August 4-13, 2007	10 days	\$50 or less	\$50 or less	\$50 or less	N/A	\$10 or less
August 13-15, 2010	3 days	\$50 or less	\$50 or less	\$50 or less	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

Hurricanes and Disasters in Florida--The Florida Office of Insurance Regulation estimated insured losses of over \$9.1 billion due to Hurricane Michael in 2018,⁵ \$20.7 billion due to Hurricane Irma in 2017,⁶ \$1 billion due to hurricanes Hermine and Matthew in 2016,⁷ \$25 billion due to four hurricanes in 2004, and \$10.8 billion due to four hurricanes in 2005.⁸ Tropical Storm Fay was estimated to have resulted in \$242 million of damage in 2008.⁹ The Florida Division of Emergency Management

⁵ Florida Office of Insurance Regulation, Catastrophe Report, available at: <https://floir.com/Office/HurricaneSeason/HurricaneMichaelClaimsData.aspx> (last visited March 23, 2022).

⁶ Florida Office of Insurance Regulation, Catastrophe Report, available at: <https://www.floir.com/Office/HurricaneSeason/HurricaneIrmaClaimsData.aspx> (last visited March 23, 2022).

⁷ Florida Office of Insurance Regulation, Catastrophe Report, available at: <https://floir.com/Office/HurricaneSeason/HurricaneMatthewClaimsData.aspx> (last visited March 23, 2022).

⁸ Florida Office of Insurance Regulation, *Florida Office of Insurance Regulation Hurricane Summary Data*, available at: <http://www.floir.com/siteDocuments/HurricaneSummary20042005.pdf> (last visited March 23, 2022).

⁹ Florida Office of Insurance Regulation, *Florida Office of Insurance Regulation Hurricane Summary Data*, available at: <http://www.floir.com/siteDocuments/HurricaneSummary2008.pdf> (last visited March 23, 2022).

recommends having a disaster supply kit with items such as a battery operated radio, flashlight, batteries, and first-aid kit.¹⁰

Recreation in Florida--According to the Florida Fish and Wildlife Conservation Commission, recreational fishing, hunting and wildlife-viewing in Florida generate an economic impact of \$14.8 billion annually.¹¹ Florida leads all states in economic impacts for its number of anglers and total expenditures.¹² In addition, more than 29 million visitors used Florida's state parks and trails for swimming, nature watching, kayaking, and other outdoor activities in 2019,¹³ and the Florida Fish and Wildlife Commission estimates that wildlife viewing alone contributes almost \$5 billion to the state's economy.¹⁴

In addition, admissions to live events is an important part of Florida's economy. For example, Florida's sports industry represents an estimated \$57.4 billion per year in economic impact to the state, representing ten major professional sports franchises in five major sports leagues, as well as significant additional amateur, semi-professional, and recreational sports programs.¹⁵ Live music is a significant part of Florida's economy as well – three of the top 100 arenas in the world are located in Florida, and their gross ticket sales alone for 2020 were estimated to be more than \$111 million, not including related economic impact from hotels, food and beverage, and merchandise sales.¹⁶ The pandemic hit live music and sporting events particularly hard – representative music companies saw earnings drop 95% in 2020,¹⁷ 90% of independent music venue owners believed they would go out of business by the end of 2020 without significant financial intervention by the government,¹⁸ and most sports – if played in 2020 or early 2021 at all – were played in front of limited or no audience.¹⁹

Skilled Trades--Under chapter 212, F.S., the retail sale of all tangible personal property is subject to tax unless an exemption applies. 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.

According to the Florida Department of Economic Opportunity, a number of skilled trade occupations are in high demand.²⁰ The cost of educational materials, tools, and other items can be a barrier to education, training, and employment for skilled trade workers.

Proposed Changes

¹⁰ Florida Division of Emergency Management, *Disaster Supply Kit Checklist*, <https://www.floridadisaster.org/planprepare/hurricane-supply-checklist/> (last visited March 23, 2022).

¹¹ Florida Fish and Wildlife Conservation Commission (FWC), *Economic Impact of Hunting, Freshwater Fishing, Saltwater Fishing, Wildlife Viewing, and Recreational Boating*, available at: <https://myfwc.com/about/overview/economics/> (last visited March 23, 2022).

¹² FWC, *Value of Freshwater Fishing*, available at: <https://myfwc.com/conservation/value/freshwater-fishing/> (last visited March 23, 2022).

¹³ Florida State Parks Foundation, *Why Florida State Parks and Trails are Important to Florida's Economic Health*, available at: <https://www.floridastateparksfoundation.org/Impact> (last visited March 23, 2022).

¹⁴ *Supra* note 11.

¹⁵ Florida Sports Foundation, *Florida Sports Fast Facts*, available at https://playinflorida.com/wp-content/uploads/2019/06/01_01_2020-FastFacts-Sports-in-progress-temp-1.pdf (last visited March 23, 2022).

¹⁶ *Worldwide Ticket Sales from Top One Hundred Arenas*, available at https://www.pollstar.com/Chart/2020/04/Q1Top100Arenas_822.pdf (last visited March 23, 2022).

¹⁷ "The Concert Business vs. COVID-19: The Road to a 2021 Recovery" (February 20, 2021) available at <https://edm.com/industry/concert-business-vs-covid-19> (last visited March 23, 2022).

¹⁸ "America's Independent Music Venues Could Close Soon Due To Coronavirus" (June 9, 2020) available at <https://www.npr.org/sections/coronavirus-live-updates/2020/06/09/873196748/americas-independent-music-venues-could-close-soon-due-to-coronavirus> (last visited March 23, 2022).

¹⁹ *The Future of Sports: How the Roles of Athletes, Fans and Industry Businesses will Change after COVID-19* (October 2, 2020) available at <https://www.uschamber.com/on-demand/coronavirus-pandemic/the-future-of-sports-how-the-roles-of-athletes-fans-and-industry-businesses-will-change-after-covid-19> (last visited March 23, 2022).

²⁰ *Regional Demand Occupations List*, available at: <http://www.floridajobs.org/workforce-statistics/publications-and-reports/labor-market-information-reports/regional-demand-occupations-list> (last visited March 23, 2022)

The bill establishes four temporary sales tax holidays in 2022: a back-to-school sales tax holiday in late July and early August, a disaster preparedness sales tax holiday in late May and early June, a Freedom Week holiday for recreation and admissions during the week surrounding the Fourth of July, and a Tool Time holiday for tools used in skilled trades for the week surrounding Labor Day.

Back-to-School Holiday—The bill provides for a 14-day sales tax holiday from July 25, 2022, through August 7, 2022. 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 during the holiday, 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.”

Additionally exempted are 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 tablets, laptops, monitors, input devices, and non-recreational software. Cell phones, furniture and devices or software intended primarily for recreational use are not exempted.

The “back-to-school” sales tax holiday applies at the option of the dealer 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 are exempt under the holiday. If a qualifying dealer chooses not to participate in the tax holiday, by July 18, 2022, the dealer must notify the DOR 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.

Disaster Preparedness Sales Tax Holiday--The bill provides for a 14-day sales tax holiday from May 28, 2022, through June 10, 2022, for specified items related to disaster preparedness. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- A portable self-powered light source selling for \$40 or less.
- A portable self-powered radio, two-way radio, or weather-band radio selling for \$50 or less.
- A tarpaulin or other flexible waterproof sheeting selling for \$100 or less.
- An item normally sold as, or generally advertised as, a ground anchor system or tie-down kit selling for \$100 or less.
- A gas or diesel fuel tank selling for \$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, selling for \$50 or less.
- A nonelectric food storage cooler selling for \$60 or less.
- A portable generator used to provide light or communications or preserve food in the event of a power outage selling for \$1,000 or less.
- Reusable ice selling for \$20 or less.
- A portable power bank selling for \$60 or less.
- A smoke detector or smoke alarm selling for \$70 or less.
- A fire extinguisher selling for \$70 or less.
- A carbon monoxide detector selling for \$70 or less.

- Supplies necessary for the evacuation of household pets.²¹ For purposes of this exemption, necessary supplies are the noncommercial purchase of:
 - Portable kennels or pet carriers selling for \$100 or less;
 - Bags of dry pet food weighing 15 or fewer pounds and selling for \$30 or less;
 - Cans or pouches of wet pet food selling for \$2 or less per container, or the equivalent if sold in a box or case;
 - Manual can openers selling for \$15 or less;
 - Leashes, collars, and muzzles selling for \$20 or less;
 - Collapsible or travel-size food or water bowls selling for \$15 or less;
 - Cat litter weighing 25 or fewer pounds and selling for \$25 or less;
 - Cat litter pans selling for \$15 or less;
 - Pet waste disposal bags selling for \$15 or less per package;
 - Pet pads selling for \$20 or less per box;
 - Hamster or rabbit substrate selling for \$15 or less; and
 - Pet beds selling for \$40 or less.

Freedom Week Sales Tax Holiday--The bill provides for a seven-day sales tax holiday from July 1, 2022, through July 7, 2022, for specified admissions and items related to recreational activities. During the holiday, the following admissions, if purchased during this week, are exempt from the state sales tax and county discretionary sales surtaxes:²²

- A live music event scheduled to be held between July 1, 2022, and December 31, 2022;
- A live sporting event scheduled to be held between July 1, 2022, and December 31, 2022;
- A movie shown in a movie theater between July 1, 2022, and December 31, 2022;
- Entry to a museum, including annual passes;
- Use of or access to state parks, including annual passes;
- Entry to a ballet, play, or musical theatre performance scheduled to be held between July 1, 2022, and December 31, 2022;
- Season tickets to ballet, play, or musical theatre performances;
- Entry to a fair, festival, or cultural event scheduled to be held between July 1, 2022, and December 31, 2022; and
- Use of or access to gyms and physical fitness facilities between July 1, 2022, and December 31, 2022.

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

- Boating and Water Activity Supplies
 - The first \$75 of the sales price of life jackets, coolers, paddles, and oars
 - The first \$35 of recreational pool tubes, pool floats, inflatable chairs, and pool toys
 - The first \$50 of the sales price of safety flares
 - The first \$150 of the sales price of water skis, wakeboards, kneeboards, and recreational inflatable tubes or floats capable of being towed
 - The first \$300 of the sales price of paddleboards and surfboards
 - The first \$500 of the sales price of canoes and kayaks
 - The first \$25 of the sales price of snorkels, goggles, and swimming masks

²¹ The list of supplies necessary for the evacuation of household pets were identified by Girl Scout Troop 60601 as part of their Pet Preparedness Project they did for the Girl Scout Silver Award, the second highest honor a Girl Scout can earn. They noted in their request that “Per Pawlicy.com, 56% of Florida households own a pet. According to the website Statista.com, the annual expenses for dog owners is about \$1200 and cats about \$700...We know you care about the health and safety of Floridians’ pets because they are truly part of our family.” Additional information about storm preparation for pets is available on their Facebook page at <https://www.facebook.com/PetPreparednessProject> (last visited March 23, 2022), and more information on their initiative is available at their change.org petition at <https://www.change.org/p/governor-ron-desantis-please-make-pet-supplies-a-part-of-the-florida-disaster-preparedness-tax-holiday-2022> (last accessed March 23, 2022).

²² If an admission is purchased exempt under this section and is subsequently resold outside of the holiday period, tax will be collected on the resale price.

- Camping Supplies
 - The first \$200 of the sales price of tents
 - The first \$50 of the sales price of sleeping bags, portable hammocks, camping stoves, and collapsible camping chairs
 - The first \$30 of the sales price of camping lanterns or flashlights
- Fishing Supplies²³
 - The first \$75 of the sales price of rods and reels, if sold individually, or the first \$150, if sold as a set
 - The first \$30 of the sales price of tackle boxes or bags
 - The first \$5 of the sales price of bait or fishing tackle, if sold per item, or the first \$10, if multiple items are sold together
- General Outdoor Supplies
 - The first \$15 of the sales price of sunscreen or insect repellent
 - The first \$100 of the sales price of sunglasses
 - The first \$200 of the sales price of binoculars
 - The first \$30 of the sales price of water bottles
 - The first \$50 of the sales price of hydration packs
 - The first \$250 of the sales price of outdoor gas or charcoal grills
 - The first \$50 of the sales price of bicycle helmets
 - The first \$250 of the sales price of bicycles
- Residential Pool Supplies
 - The first \$100 of the sales price of individual residential pool and spa replacement parts, nets, filters, lights, and covers
 - The first \$150 of the combined sales price of all residential pool and spa chemicals purchased by an individual
- Sports Equipment
 - Any item used in individual or team sports, not including clothing or footwear, selling for \$40 or less

Tool Time Sales Tax Holiday--The bill provides a seven-day sales tax holiday from September 3, 2022, through September 9, 2022 for specified tools commonly used by skilled trade workers. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- Hand tools selling for \$50 or less
- Power tools selling for \$300 or less
- Power tool batteries selling for \$150 or less
- Work gloves selling for \$25 or less
- Safety glasses selling for \$50 or less
- Protective coveralls selling for \$50 or less
- Work boots selling for \$175 or less
- Tool belts selling for \$100 or less
- Duffle/tote bags selling for \$50 or less
- Tool boxes selling for \$75 or less
- Tool boxes for vehicles selling for \$300 or less
- Industry text books and code books selling for \$125 or less
- Electrical voltage and testing equipment selling for \$100 or less
- LED flashlights selling for \$50 or less
- Shop lights selling for \$100 or less
- Handheld pipe cutters, drain opening tools, and plumbing inspection equipment selling for \$150 or less

The above sales tax holidays do not apply to the following sales:

²³ The exemption for fishing supplies does not apply to supplies used for commercial fishing purposes.

- 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.

Permanent Sales Tax Exemptions or Modifications

Current Situation

Florida Taxation of Mobile Homes

Mobile homes, aircrafts, boats, and certain motor vehicles are classified as tangible personal property²⁴ and are subject to a 6 percent sales tax at each sale, including an occasional or isolated sale.²⁵ In addition, a Florida mobile home is taxed annually in one of the following three ways:²⁶

- Assessed and taxed as real property by the county property appraiser;
- Subjected to an annual license tax by the county tax collector's office; or
- Assessed and taxed as tangible personal property by the county property appraiser.

If the mobile home's owner permanently affixes the mobile home to land that he or she owns, then the mobile home may be considered real property.²⁷ The local property appraiser assesses and then lists the mobile home as real property based on his or her findings. If the mobile home is real property, the owner must make a one-time purchase of a \$3 RP decal from his or her local county tax collector's office.²⁸ The RP decal subjects the mobile home to annual assessment and taxation by the county property appraiser. If the mobile home continues to be affixed to the land, it is considered real property, and therefore taxed as such (exempt from subsequent sales and use tax) at subsequent sales.²⁹

A mobile home that is affixed to land that is owned by someone other than the mobile home's owner is subject to an annual license tax, which is levied by the Department of Highway Safety and Motor Vehicles, and can be purchased at the local county tax collector's office.³⁰ This license tax varies from \$20 to \$80, based on the mobile home's length.³¹

Any mobile home that qualifies for, but fails to pay, the license tax, is assessed and taxed as tangible personal property by the county property appraiser.³² The mobile home is then placed on the tangible personal property assessment roll and is taxed as such for the year. If the owner purchases an annual license tax for the mobile home before January 1 of the next year, then the mobile home will be removed from the tangible personal property assessment roll, and would not be subject to further tangible personal property taxation.³³

Green Hydrogen

²⁴ Section 212.02(19), F.S.

²⁵ Section 212.05(1)(a)1.b., F.S.

²⁶ See generally, Florida Department of Revenue, Form 800047, *Taxation of Mobile Homes in Florida* (rev. 01/22), available at https://floridarevenue.com/Forms_library/current/gt800047.pdf (last visited March 23, 2022).

²⁷ Section 320.015, F.S.

²⁸ While the RP decal is issued by local county property appraisers, it is provided by the Department of Highway Safety and Motor Vehicles to the county tax collectors. The \$3 fee is distributed as follows: \$2.50 to the tax collector, 25 cents to the property appraiser, and 25 cents to the DHSMV. Section 320.0815(2), F.S. See, e.g., Florida Department of Revenue, *Declaration of Mobile Home as Real Property: Form DR-402* (Aug. 1995), <https://floridarevenue.com/property/Documents/dr402.pdf> (last visited March 23, 2022).

²⁹ Florida Department of Revenue, *HB 509 Agency Analysis* (November 24, 2021).

³⁰ Florida Department of Revenue, Form 800047, *Taxation of Mobile Homes in Florida* (rev. 01/22), available at https://floridarevenue.com/Forms_library/current/gt800047.pdf (last visited March 23, 2022).

³¹ Section 320.08(11), F.S.

³² Florida Department of Revenue, Form 800047, *Taxation of Mobile Homes in Florida* (rev 01/22), available at https://floridarevenue.com/Forms_library/current/gt800047.pdf (last visited March 23, 2022).

³³ *Id.*

Hydrogen is the simplest and smallest element in the periodic table, and no matter how hydrogen is produced, it ends up with the same carbon-free molecule. The pathways to produce hydrogen are diverse, and so are the emissions of greenhouse gases like carbon dioxide (CO₂) and methane (CH₄) that result from the production of many types of hydrogen.³⁴

Hydrogen can be produced using a process called electrolysis, which splits water into hydrogen and oxygen.³⁵ When renewable energy is used as the source of electricity to power an electrolyzer,³⁶ the resulting hydrogen can result in zero greenhouse gas emissions³⁷ and is referred to as green hydrogen. Electrolyzers range in size, varying from small appliance-sized units to larger-scale central production facilities that can be tied directly to renewable forms of electricity production to power the unit.³⁸

While utilizing green hydrogen could help reduce emissions, the production of green hydrogen is capital intensive.³⁹ The production cost of green hydrogen must significantly decrease for it to be competitive with more mature carbon-based pathways of energy production.⁴⁰

Green hydrogen can be used for a variety of purposes, including:

- Replacing existing hydrogen feedstock in areas like oil refining, ammonia production, and steelmaking;
- Replacing natural gas in some residential and commercial heating systems;
- Energy storage;
- As an alternative fuel source; and
- Powering fuel-cell vehicles.⁴¹

³⁴ World Economic Forum, *What is Green Hydrogen and Why Do We Need It? An Expert Explains* (Dec. 21, 2021) <https://www.weforum.org/agenda/2021/12/what-is-green-hydrogen-expert-explains-benefits/> (last visited March 23, 2022).

³⁵ *Id.*

³⁶ The process of electrolysis uses an electrolyzer, which is a system that uses electricity to break water into hydrogen and oxygen. Cummins, Inc., *Electrolyzers 101: What They Are, How They Work, and Where They fit in a Green Economy*, <https://www.cummins.com/news/2020/11/16/electrolyzers-101-what-they-are-how-they-work-and-where-they-fit-green-economy> (last visited March 23, 2022).

³⁷ Office of Energy Efficiency & Renewable Energy, *Hydrogen Production: Electrolysis*, U.S. Department of Energy, <https://www.energy.gov/eere/fuelcells/hydrogen-production-electrolysis> (last visited March 23, 2022).

³⁸ *Id.*

³⁹ World Economic Forum, *supra* note 34.

⁴⁰ Office of Energy Efficiency & Renewable Energy, *supra* note 37.

⁴¹ Jason Deign, *5 Early Applications for Green Hydrogen* (Jan. 2, 2020), <https://www.greentechmedia.com/articles/read/5-early-applications-for-green-hydrogen> (last visited March 23, 2022).

One company, NextEra Energy,⁴² plans to propose a 20-megawatt electrolyzer in Florida that will produce 100 percent green hydrogen from solar power.⁴³ The green hydrogen produced by the electrolyzer would replace a portion of the natural gas consumed by the utility's existing Okeechobee plant. The electricity to power the electrolyzer would come from solar power.⁴⁴

Florida law provides numerous exemptions from sales and use tax which are related to energy.⁴⁵ One sales tax exemption is for the purchase of machinery and equipment used at a fixed location in which the machinery and equipment is necessary to produce electrical or steam energy resulting from burning boiler fuels other than residual oil. This electrical or steam energy must be primarily used in the manufacturing, processing, compounding, or producing for sale items of tangible personal property in Florida.⁴⁶

Another sales tax exemption is for natural gas, residual oil, recycled oil, waste oil, solid waste material, coal, sulfur, wood, wood residue, and wood bark when purchased for use as a combustible fuel in industrial manufacturing, processing, compounding, or production at a fixed location. This exemption may not be used unless the purchaser signs a certificate stating that the fuel is being purchased exclusively for a designated purpose. This exemption does not apply to the use of boiler fuels that are not used in manufacturing, processing, compounding, or producing items of tangible personal property for sale.⁴⁷

Florida's sales tax law, does not currently define or reference the term "green hydrogen."⁴⁸

Farm Trailers and Fencing

Florida exempts from sales tax that portion of the sales price below \$20,000 for a trailer weighing 12,000 pounds or less that is purchased by a farmer for exclusive use in agricultural production.⁴⁹ Florida also exempts many items used for agricultural purposes, including fertilizers, animal health products, portable containers, certain generators, bailing wire and twine, etc.⁵⁰

Admissions

Florida levies a six percent tax on the sale of admissions.⁵¹ A number of events are exempt from the tax. These include admissions to the National Football League championship game or Pro Bowl, any semifinal game or championship game of a national collegiate tournament, a Major League Baseball, Major League Soccer, National Basketball Association, or National Hockey League all-star game, the Major League Baseball Home Run Derby held before the Major League Baseball All-Star Game, or to

⁴² Florida Power & Light Company, a subsidiary of NextEra Energy, operates as one of Florida's four investor-owned electric utilities.

⁴³ Stromska, Karl-Erik, *NextEra Energy to Build Its First Green Hydrogen Plant in Florida* (July 24, 2020), <https://www.greentechmedia.com/articles/read/nextera-energy-to-build-its-first-green-hydrogen-plant-in-florida> (last visited March 23, 2022).

⁴⁴ *Id.*

⁴⁵ Section 212.08, F.S.

⁴⁶ Section 212.08(5)(c), F.S.

⁴⁷ Section 212.08(7)(b), F.S.

⁴⁸ Florida Department of Revenue *HB 1163 Agency Analysis* (January 12, 2022).

⁴⁹ Section 212.08(3)(b), F.S.

⁵⁰ Section 212.08(5)(a), F.S.

⁵¹ Section 212.04, F.S.

National Basketball Association all-star events produced by the National Basketball Association and held at a facility such as an arena, convention center, or municipal facility.

Formula One racing is an open-wheel single-seater style of automobile racing, sanctioned by the Fédération Internationale de l'Automobile (FIA) sports association.⁵² FIA sponsors a series of races each year around the world, known as "Grand Prix" races.⁵³

The NASCAR Cup Series is the premier race series for the National Association for Stock Car Auto Racing (NASCAR).⁵⁴ The Daytona 500 is a 500 mile NASCAR Cup season-opener held annually at Daytona International Speedway in Daytona Beach, Florida.⁵⁵

The Fédération Internationale de Football Association (FIFA) is the governing body for the World Cup, a worldwide soccer competition held every four years.⁵⁶ The location of the World Cup varies, and a number of cities within host countries are used for both qualifying and tournament matches.⁵⁷ The 2026 World Cup is currently scheduled to be played in North America. The United States last hosted the World Cup in 1994. FIFA also oversees the Women's World Cup, also held every four years, but taking place one year after the men's tournament.⁵⁸ The United States last hosted the Women's World Cup in 2003.

School Capital Outlay Surtax Proceeds

School districts may levy discretionary sales surtaxes for school capital outlay.⁵⁹ Each county school board may levy a discretionary sales surtax at a rate not to exceed 0.5 percent, pursuant to a resolution conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum.⁶⁰ The resolution must include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax.⁶¹ The resolution must include a plan for the use of the surtax proceeds for fixed capital expenditures or fixed capital costs associated with the construction, reconstruction, or improvement of school facilities and campuses that have a useful life expectancy of five or more years, and any land acquisition, land improvement, design, and related engineering costs. The plan must also include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district. Surtax revenues may be used for the purpose of servicing bond indebtedness to finance authorized projects, and any interest accrued may be held in trust to finance the projects.⁶²

⁵² More information about the sport is available at the FIA website, available at <https://www.fia.com/events/fia-formula-one-world-championship/season-2022/2022-fia-formula-one-world-championship> (last visited March 23, 2022).

⁵³ *Id.*

⁵⁴ NASCAR, available at: <https://nascar101.nascar.com/2021/07/05/what-is-nascar-how-it-started-grew-to-today/> (last visited March 23, 2022).

⁵⁵ NASCAR, available at: <https://www.nascar.com/2022/daytona-500/> (last visited March 23, 2022).

⁵⁶ FIFA World Cup, available at <https://www.fifa.com/tournaments/mens/worldcup> (last visited March 23, 2022).

⁵⁷ FIFA World Cup 2026, available at <https://www.fifa.com/tournaments/mens/worldcup/canadamexicousa2026> (last visited March 23, 2022).

⁵⁸ FIFA Women's World Cup, available at <https://www.fifa.com/tournaments/womens/womensworldcup> (last visited March 23, 2022).

⁵⁹ Section 212.055(6), F.S.

⁶⁰ Section 212.055, F.S.

⁶¹ Section 212.055(6)(b), F.S.

⁶² Section 212.055(6)(c), F.S.

Proposed Changes

Florida Taxation of Mobile Homes

The bill reduces state sales tax from six percent to three percent on the sale of a new mobile home. The bill relies on the definition of "new mobile home" provided in s. 319.001(8), F.S., which defines it as a mobile home for which equitable or legal title has not yet been transferred by a manufacturer, distributor, importer, or dealer to an ultimate purchaser.

Green Hydrogen

The bill provides that machinery and equipment necessary to produce electrical or steam energy that results from burning hydrogen is exempt from sales and use tax.

The bill also provides that hydrogen is exempt from sales and use tax when purchased for use as a combustible fuel in an industrial manufacturing, processing, compounding, or production process at a fixed location.

The bill creates a sales and use tax exemption for green hydrogen. The bill defines the term "green hydrogen" to mean hydrogen created using biomass or an electrolytic process powered from renewable energy sources, including solar energy, wind energy, biomass, and geothermal energy. The term also includes hydrogen created using the pyrolytic decomposition of methane gas.

Under the bill, the following are exempt from sales and use tax:

- The purchase of machinery and equipment primarily used⁶³ in the production, storage, transportation, compression, or blending of green hydrogen. The machinery and equipment must be used at a fixed location.
- The purchase of machinery and equipment primarily used in the production, storage, transportation, compression, or blending of ammonia derived from green hydrogen, if the ammonia will be converted back to green hydrogen before its use or sale. The machinery and equipment must be used at a fixed location.
- The purchase of machinery and equipment that are necessary to produce electrical energy resulting from the electrochemical reaction of green hydrogen and oxygen in a fuel cell. The electrical energy must be primarily used in manufacturing, processing, compounding, or producing for sale items of tangible personal property in this state. The machinery and equipment must be used at a fixed location.

The bill provides that purchasers of machinery and equipment qualifying for this exemption must furnish the vendor with an affidavit stating that the item or items to be exempted are for the use designated herein. Purchasers with self-accrual authority⁶⁴ are not required to provide this affidavit but must maintain all documentation necessary to prove the exempt status of purchases.

The bill provides that a person furnishing a false affidavit to the vendor for the purpose of evading payment of any tax imposed by ch. 212, F.S., is subject to the penalty set forth in s. 212.085, F.S., providing penalties for the fraudulent claim of a tax exemption and as otherwise provided by law.

Farm Trailers and Fencing

The bill amends s. 212.08(3)(b), F.S., to exempt from sales tax all trailers purchased by a farmer for exclusive use in agricultural production or to transport farm products from his or her farm to the place where the farmer transfers ownership of the farm products.

⁶³ The bill defines the term "primarily used" to mean a use of at least 50 percent.

⁶⁴ Pursuant to s. 212.183, F.S.,

The bill amends s. 212.08(5)(a), F.S., to exempt from sales tax: hog wire and barbed wire fencing, including gates and materials used to construct or repair such fencing, used in agricultural production on lands classified as agricultural under s. 193.461, F.S.

Admissions

The bill amends s. 212.04(2)(a), F.S., to provide a tax exemption on the sale of admissions to any Formula One Grand Prix race and any qualifying or support races held at the circuit up to 72 hours before the Grand Prix race, admissions to the Daytona 500 sanctioned by the National Association for Stock Car Auto Racing and any qualifying or support races held at the same track up to 72 hours before the Daytona 500, as well as any World Cup match, including any qualifying match held up to 12 months before the World Cup.

School Capital Outlay Surtax Proceeds

The bill amends s. 212.055(6)(c), F.S., to allow school districts to include in the plan for the use of the surtax proceeds any purchase, lease-purchase, lease, or maintenance of school buses that have a life expectancy of 5 years or more, which in effect allows school districts to use such proceeds for those purposes. The use of the school capital outlay surtax proceeds for such purposes must be approved by referendum.

Temporary Sales Tax Exemptions

Current Situation

Impact-Resistant Windows, Doors, and Garage Doors

The annual probability that Florida will experience at least one hurricane is 46%.⁶⁵ In addition, the annual probability that Florida will experience at least \$1.4 billion in hurricane related losses is 20 percent.⁶⁶ Put another way, Florida can plan on at least \$1.4 billion in losses once every five years.⁶⁷ Florida is distinguishable from other regions in the United States in terms of hurricane seasonality because it is affected by storms throughout the entire Atlantic hurricane season, and it experiences storms later into the year than any other area of the U.S. coastline.⁶⁸ The damage caused by a hurricane can be anticipated based on its category. A category 1 storm may be anticipated to cause from \$360 million to \$718 million in damage, while a category 5 storm may be anticipated to cause \$72 billion or more in damage.⁶⁹ The amount of damage from one hurricane to the next may vary significantly, based on where the storm actually makes landfall in terms of development and population, normalized losses are increasing over time, consistent with the increases in hurricane size and intensity.⁷⁰

Retrofitting buildings with impact-resistant doors can help reduce the damage caused by hurricanes. During a hurricane, strong winds can pick up objects such as tree limbs, building debris, trash cans, and patio furniture, and this windborne debris can easily break standard doors with unprotected glass.⁷¹ This allows wind and water into the building, damaging its contents. In addition, the wind can break the

⁶⁵ Jill Malmstadt, Kelsey Scheitlin, and James Elsner, Florida Hurricanes and Damage Costs, 49 *Southeastern Geographer*. 108 (2009). https://orange.wateratlas.usf.edu/upload/documents/563_MalmstadtScheitlinElsner2009.pdf (last visited March 23, 2022).

⁶⁶ *Id.* (dollar values adjusted to 2022 dollars).

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.* (dollar values adjusted to 2022 dollars).

⁷⁰ *Id.*

⁷¹ Retrofit Improvements – Impact Resistant Doors, National Association of Home Builders, <https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/codes/retrofit-improvements/retrofit-improvements-impact-resistant-doors-2020.pdf> (last visited March 23, 2022).

building apart from the inside by blowing off the roof and water damage can lead to significant deterioration of the structural elements of the building.⁷² Installing impact-resistant doors can help protect against windborne debris as they minimize the risk of breaking doors and door glass.⁷³ Impact-resistant doors must be third-party tested/rated and commonly include reinforced frames, tighter weather stripping, and energy efficient glass.⁷⁴

Impact-resistant windows, doors, and garage doors are subject to Florida sales tax.

Children's Clothing and Shoes

Florida is home to more than one million children under age five, and welcomes nearly 600 newborns each day.⁷⁵ All of those babies and toddlers require clothing and shoes. There are approximately nine million households in Florida that are consumers of children's clothing and footwear.⁷⁶

Clothing and shoes are generally subject to sales tax in Florida. The Legislature has not previously enacted a sales tax exemption exclusively for children's clothing and shoes.

Children's Diapers

In the first year of a child's life, parents can expect to use approximately 3,000 diapers, or an average of eight diapers per day.⁷⁷ The average cost for a diaper is around \$0.30, but some brands are closer to \$0.75 per diaper.⁷⁸ The average state sales tax paid for disposable diapers for a single child over one year, based on those numbers, is anywhere from \$54 to \$135.

Certain medical products and supplies are exempt from sales and use tax, including supplies or medicine dispensed according to a prescription and other non-prescription common household remedies used in the cure, mitigation, treatment, or prevention of illness or disease.⁷⁹ Alcohol wipes, bandages, and gauze are examples of common household remedies. Cosmetics⁸⁰ and toilet articles⁸¹ are specifically excluded from the common household remedy exemption, notwithstanding the presence of medicinal ingredients therein.

The Department of Business and Professional Regulation (DBPR) is responsible for prescribing and approving a list of common household remedies that qualify for the exemption, which is certified by the DOR from time to time and included in the rules promulgated by the DOR.⁸²

⁷² *Id.*

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ Florida Department of Education, Division of Early Learning; <http://www.floridaearlylearning.com/> (last visited March 23, 2022).

⁷⁶ Bureau of Labor Statistics, Consumer Expenditure Survey, Table 1800. Region of residence: Annual means, standard errors, coefficients of variation, and quarterly percents reporting, Consumer Expenditure Interview Survey, 2019; Florida: Quintiles of income before taxes, 2018-2019.

⁷⁷ Buying Diapers, American Academy of Pediatrics [healthychildren.org](https://www.healthychildren.org/English/ages-stages/baby/diapers-clothing/Pages/Buying-Diapers.aspx) website, available at <https://www.healthychildren.org/English/ages-stages/baby/diapers-clothing/Pages/Buying-Diapers.aspx> (last visited March 23, 2022)

⁷⁸ *Id.* In addition, a search of major retailers showed a significant variety in prices for name brand diapers.

⁷⁹ Section 212.08(2)(a), F.S.

⁸⁰ Section 212.08(2)(b)2., F.S., defines "cosmetics" as articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance and also means articles intended for use as a compound of any such articles, including, but not limited to, cold creams, suntan lotions, makeup, and body lotions.

⁸¹ Section 212.08(2)(b)3., F.S., defines "toilet articles" as any article advertised or held out for sale for grooming purposes and those articles that are customarily used for grooming purposes, regardless of the name by which they may be known, including, but not limited to, soap, toothpaste, hair spray, shaving products, colognes, perfumes, shampoo, deodorant, and mouthwash.

⁸² Form DR-46NT, Nontaxable Medical Items and General Grocery List (R. 01/22), available at https://floridarevenue.com/Forms_library/current/dr46nt.pdf (last visited March 23, 2022).

Certain products relating to infants are also exempt, including baby food, formulas, and teething lotion.⁸³ However, diapers are not currently exempt from sales and use tax in Florida.⁸⁴

Energy Efficient Appliances

The federal government, through the Environmental Protection Agency, certifies a number of products for their efficiency under the ENERGY STAR program.⁸⁵ Products in the ENERGY STAR program are normally affixed with a label noting their certification under the applicable program.⁸⁶

From October 5 through October 11, 2006, Florida exempted from sales and use tax specified energy efficient products priced under \$1,500 and that met or exceeded the requirements of the federal ENERGY STAR program and were sold for noncommercial home or personal use:⁸⁷

From September 19, 2014, through September 21, 2014, Florida provided a sales tax exemption on the first \$1,500 of the sales price of specified new ENERGY STAR products or WaterSense⁸⁸ products.⁸⁹ A person was limited to a single purchase for each specific type of item listed above with a sales price over \$500 during the holiday. A second purchase of the same type of product was subject to tax on the entire price. There was no requirement that the purchase be for personal use, or any specific prohibition against purchases for commercial use beyond the limit on the number of items that could be purchased without paying tax.

⁸³ Form DR-46NT, Nontaxable Medical Items and General Grocery List (R. 01/22), available at https://floridarevenue.com/Forms_library/current/dr46nt.pdf (last visited March 23, 2022).

⁸⁴ However, diapers for children and adults, diaper bags, and diaper inserts have been temporarily exempt from sales tax during sales tax holidays. *See e.g.* Rule 12AER21-2, F.A.C.

⁸⁵ Information about this program is available at <https://www.energystar.gov/about> (last accessed March 23, 2022).

⁸⁶ See <https://www.energystar.gov/products> for more information about labeling and qualifying products (last accessed March 23, 2022).

⁸⁷ Section 6, Ch. 2006-230, L.O.F. The items exempted were refrigerators, dishwashers, clothes washers, air conditioners, ceiling fans, light bulbs, dehumidifiers, and thermostats.

⁸⁸ The federal WaterSense program certifies items that are water-efficient. Information about this program is available at <https://www.epa.gov/watersense> (last visited March 23, 2022).

⁸⁹ Section 21, Ch. 2014-38, L.O.F. The ENERGY STAR items exempted were room air conditioners, air purifiers, ceiling fans, clothes washers, clothes dryers, dehumidifiers, dishwashers, freezers, refrigerators, water heaters, swimming pool pumps, and light bulbs. The WaterSense items exempted were bathroom sink faucets, faucet accessories, high-efficiency toilets and urinals, showerheads, and weather or sensor-based irrigation controllers.

Children's Books

Under ch. 212, F.S., the retail sale of all tangible personal property is subject to tax unless an exemption applies. There is no exemption for general reading materials, for a specific age group or otherwise.⁹⁰

Results from the 2020-21 Florida statewide, standardized English Language Arts (ELA) assessments showed that 46 percent of 3rd grade students are reading below grade level.⁹¹ The statewide, standardized grade 3 ELA assessment is a key indicator of academic performance, as 88 percent of children who did not graduate from high school struggled with reading in 3rd grade.⁹²

Moreover, results from the Fall 2021 Florida Kindergarten Readiness Screener indicate that half of Florida's kindergarten-age students are not "ready" for kindergarten based in part on their literacy skills.⁹³

A literacy-rich home environment is an important component in improving a child's literacy skills.⁹⁴ A two-decade long study⁹⁵ found that simply having a home library increases children's academic success, vocabulary development, attention and job attainment.⁹⁶

There is no specific, commonly agreed-to definition for what is considered a children's book, however, juvenile works, both fiction and non-fiction, which are primarily intended for children (through elementary school) are widely considered "children's books." Children's books generally fall into a number of categories that loosely relate to the age or reading stage of the reader. Some of the categories of children's books include:

- **Board Books (ages 0-2):** Generally aimed at babies and toddlers, "board books" tend to be short books with heavy laminated paper or cardboard pages.
- **Picture Books (ages 2-7):** Generally aimed at babies, toddlers, and young children, picture books are books frequently read aloud, where the primary focus is the illustrations and the words tie in to those pictures.
- **Beginning Reader Books (4-8):** Short, illustrated books that have graduated levels of stories: as the levels get higher, the books have longer and harder words, begin to have chapters, and have increasingly detailed stories. These can be marketed as, for example, "I Can Read" or "Step Into Reading" books, with indications on the cover for the level of reading required.
- **Chapter Books (ages 5-10):** Books for independent readers, with short chapters and simple storylines. May or may not have illustrations on each page. Commonly these are series of books, like the Magic Treehouse, Diary of a Wimpy Kid, or the Junie B. Jones series.

⁹⁰ There is an exemption for religious publications, bibles, hymn books, and prayer books in s. 212.06(9), F.S.

⁹¹ Florida Department of Education, Spring 2021 Compared to Spring 2015 ELA Assessment Results, available at <https://www.fldoe.org/accountability/assessments/k-12-student-assessment/results/2021.stml> (last visited March 23, 2022).

⁹² Donald J. Hernandez, *Double Jeopardy: How Third-Grade Reading Skills and Poverty Influence High School Graduation* (2012), The Annie E. Casey Foundation, <https://www.aecf.org/m/resourcedoc/AECF-DoubleJeopardy-2012-Full.pdf> (last visited March 23, 2022).

⁹³ Florida Department of Education, Fall 2019 and 2020 Compared to Fall 2021 Florida Kindergarten Readiness Screener (FLKRS) District Results, FLKRS Statewide Results, <http://www.fldoe.org/accountability/assessments/k-12-student-assessment/flkrs/flkrs-sw-results.stml> (last visited March 23, 2022).

⁹⁴ Eileen T. Rodriguez & Catherine S. Tamis-LeMonda, *Trajectories of the Home Learning Environment Across the First 5 Years: Associations with Children's Vocabulary and Literacy Prekindergarten*, 82 CHILD DEVELOPMENT 1058, 1059 (2011).

⁹⁵ Scholarly Culture: How books in adolescence enhance adult literacy, numeracy and technology skills in 31 societies, available at <https://www.sciencedirect.com/science/article/abs/pii/S0049089X18300607> (last visited March 23, 2022).

⁹⁶ JCFS Chicago, *The Importance of Having Books in Your Home*, available at <https://www.jcfs.org/blog/importance-having-books-your-home> (last visited March 23, 2022).

- Middle Grade Books (ages 8-12): These are for older elementary school children. Middle grade books typically have more involved storylines and more challenging vocabulary. Newberry Award winning books typically fall into this category.

Proposed Changes

Impact-Resistant Windows, Doors, and Garage Doors

The bill creates a two-year sales tax exemption from July 1, 2022, to June 30, 2024, on the retail sales of impact-resistant windows, doors, and garage doors.

Children's Clothing and Shoes

The bill creates a one-year sales tax exemption from July 1, 2022, to June 30, 2023 on the retail sale of baby and toddler clothing and shoes, primarily intended for children age 5 or younger. The exemption does not include watches, watchbands, jewelry, umbrellas, or handkerchiefs.

Children's Diapers

The bill creates a one-year sales tax exemption from July 1, 2022, through June 30, 2023, on the retail sale of children's diapers, including single-use diapers, reusable diapers, and reusable diaper inserts.

Energy Efficient Appliances

The bill creates a one-year sales tax exemption from July 1, 2022, through June 30, 2023, on the retail sale of these ENERGY STAR appliances:

- Refrigerators or combined refrigerator/freezers selling for \$3,000 or less; and
- Water heaters and clothes washers or dryers selling for \$1,500 or less.

Children's Books

The bill creates a three-month sales tax exemption from May 14, 2022, through August 14, 2022, on the retail sale of children's books.

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.⁹⁷

The property appraiser annually determines the "just value"⁹⁸ of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property's "taxable value."⁹⁹ Tax bills are mailed in November of each year based on the previous January 1 valuation, and payment is due by March 31.¹⁰⁰

⁹⁷ 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

⁹⁸ Property must be valued at "just value" for purposes of property taxation, unless the Florida Constitution provides otherwise. (Article VII, s. 4, Fla. Const.). 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 *Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So. 2d 4 (Fla. 1973).

⁹⁹ Section. 192.001(2) and (16), F.S.

¹⁰⁰ Sections 197.322 and 197.333, F.S.

The Florida Constitution prohibits the state from levying ad valorem taxes on real property¹⁰¹ and limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.¹⁰²

Sudden and Unforeseen Collapse of a Residential Building

Current Situation

The Legislature has provided tax relief for property damaged by natural disasters after the January 1 assessment date on at least five occasions.¹⁰³ In 1988, the Legislature provided an abatement of taxes for properties damaged by windstorms or tornadoes.¹⁰⁴ To receive the abatement, the property owner was required to file an application with the property appraiser by March 1 of the year following the year in which the windstorm or tornado occurred.¹⁰⁵ After making a determination on the validity of the application, the property appraiser was directed to issue an official statement to the tax collector containing the number of months the property was uninhabitable due to the damage or destruction, the value of the property prior to the damage or destruction, the total taxes due on the property as reduced by the number of months the property was uninhabitable, and the amount of the reduction in taxes.¹⁰⁶

Upon receipt of the official statement, the tax collector reduced the amount of taxes due on the property on the tax collection roll and informed the board of county commissioners and the DOR of the total reduction in taxes for all property in the county receiving the abatement.¹⁰⁷ The law was applied retroactively to January 1, 1988, and included a repeal effective July 1, 1989.¹⁰⁸ The language was removed from statute in 1992.¹⁰⁹

Most recently, the Legislature applied a similar process to abate taxes for homestead parcels damaged or destroyed by Hurricanes Hermine and Matthew in 2016 or Hurricane Irma in 2017. If the residential improvement was rendered uninhabitable for at least 30 days due to such a hurricane, taxes initially levied in 2019 could be abated.¹¹⁰ The Legislature created a provision to offset the reduction in ad valorem tax revenue resulting from the abatement for fiscally constrained counties.¹¹¹

On the morning of June 24, 2021, a 12-story condominium in Surfside, Florida unexpectedly experienced structural failure and partially collapsed, resulting in the death of 98 people. The standing portion of the building, rendered uninhabitable, was demolished ten days later. Alongside an extensive emergency management effort, the Governor issued Executive Order 21-160 to suspend deadlines related to property tax administration for taxpayers whose property was destroyed or rendered uninhabitable by the collapse.¹¹² The suspensions include deadlines regarding the notification and collection of ad valorem taxes. The executive order also requested "the Florida Legislature to explore additional legislative acts as may be necessary to alleviate the taxpayers' property tax obligations."¹¹³

Proposed Changes

¹⁰¹ Article VII, s. 1(a), Fla. Const.

¹⁰² Article VII, s. 4, Fla. Const.

¹⁰³ Chapters 88-101, 98-185, 2004-474, 2007-106, and 2018-118, L.O.F.

¹⁰⁴ Section 196.295(3), F.S., repealed by ch. 92-173, s. 8, L.O.F.

¹⁰⁵ Section 196.295(3)(a), F.S., repealed by ch. 92-173, s. 8, L.O.F.

¹⁰⁶ Section 196.295(3)(d), F.S., repealed by ch. 92-173, s. 8, L.O.F.

¹⁰⁷ Section 196.295(3)(e)-(f), F.S., repealed by ch. 92-173, s. 8, L.O.F.

¹⁰⁸ Section 196.295(3)(h), F.S., repealed by ch. 92-173, s. 8, L.O.F.

¹⁰⁹ Chapter 92-173, s. 8, L.O.F.

¹¹⁰ Chapter 2018-118, s. 17, L.O.F. enacting s. 197.318, F.S.

¹¹¹ Section 218.131, F.S., (2018) (Repealed 2019).

¹¹² Executive Order 21-160, Office of the Governor, July 9, 2021, available at: https://www.flgov.com/wp-content/uploads/orders/2021/EO_21-160.pdf (last visited March 23, 2022).

¹¹³ *Id.*, s.2.

The bill creates s. 197.3195, F.S., to provide tax relief to parcel owners affected by a sudden and unforeseen collapse of a residential building. The bill requires the tax collector to abate all taxes and non-ad valorem assessments for destroyed parcels, and the property appraiser must notify the owners of the abatement.

The bill defines “residential improvement” to mean a multistory residential building comprised of at least 50 dwelling units. The condition of the residential improvement on January 1 of the year the property was destroyed must have been in such a state that the residential improvement had no value due to a latent defect of the property not readily discernable by inspection.

Parcel owners whose property tax is abated are not required to make a payment and property appraisers and tax collectors are prohibited from issuing tax notices. The bill requires tax collectors to refund tax payments made for taxes levied in the year of collapse.

The bill requires value adjustment boards to dismiss petitions from parcel owners challenging the value of the parcel for the year of the collapse.

For purposes of determining the “Save Our Homes” assessment limitation for property newly homesteaded by an affected parcel owner, the property appraiser shall look to the just value and assessed value of the destroyed parcel on January 1 of the year preceding the year of the destruction.

The bill provides that property owners that are provided relief from property taxes and non-ad valorem assessments under this section are not eligible to receive relief under s. 197.319, F.S., also created by this bill (see discussion below).

Section 197.3195, F.S., as created by the bill, is repealed December 31, 2023, unless reenacted by the Legislature.

Residential Property Rendered Uninhabitable as a Result of a Catastrophic Event

Current Situation

The Florida Constitution requires all property to be assessed at just value as of January 1 of each year for purposes of ad valorem taxation. The just value of the property is then used to calculate the property taxes owed on the property for that year. Property taxes are not prorated; if an improvement on a property is damaged or destroyed after January 1, the full amount of property tax owed remains due for that year based on the assessed value of the property as of January 1 of that year.

Proposed Changes

The bill creates s. 197.319 F.S., to provide for the prorated refund of property taxes on residential properties rendered uninhabitable by a catastrophic event. The bill defines “catastrophic event” as a calamity or misfortune not caused, either directly or indirectly, by the property owner with the intent to destroy the property. If a residential property is rendered uninhabitable for 30 days or more by a catastrophic event, the property owner may be refunded a portion of their property taxes for the time the property was uninhabitable. To do so, the property owner must file an application for refund with the property appraiser. If the property is restored to an inhabitable condition prior to December 1 of the year in which the catastrophic event occurs, the property owner must file their application for refund no sooner than 30 days after the property is restored. Otherwise, the property owner must file the application no later than March 1 of the year immediately following the catastrophic event. If the property owner fails to file the application by the March 1 deadline due to particular extenuating circumstances, they may file an application for refund and may file a petition to the value adjustment board requesting that the refund be granted.

Along with the application, the property appraiser may request supporting documentation to be submitted, including, but not limited to, utility bills, insurance information, contractors' statements, building permit applications, or building inspection certificates of occupancy for purposes of determining conditions of uninhabitability and subsequent habitability following any repairs. After receiving the application, the property appraiser must then investigate the statements contained in the application to determine if the property owner is entitled to a refund of taxes. The applicant may file a petition to the value adjustment board if the property appraiser determines that they are not entitled to a refund. If the property appraiser finds that the applicant is entitled to a refund, they must then provide an official written statement to the tax collector within 30 days of making such determination, but no later than April 1 of the year following the date of the catastrophic event providing the following:

- The just value of the property on January 1 of the year in which the catastrophic event occurred
- The number of days the property was uninhabitable
- The postcatastrophic event just value, as determined by the property appraiser
- The percent change in value applicable to the parcel.

Upon receipt of this information, the tax collector will then calculate the damage differential pursuant to this section and process a refund equal to the applicable catastrophic event refund. By September 1 of each year, the tax collector is required to notify DOR of the total reduction in taxes for all properties that qualified for a refund, and the governing board of each affected local government of the reduction in their taxes as a result of refunds. For loss of habitability that occurred due to a catastrophic event in 2021, the deadline to file a claim is June 1, 2022.

The bill does not change current law requirements for the payment of property taxes. The relief created by the bill is available to property owners solely as a refund of taxes paid.

This section is effective January 1, 2023, and will first apply to the 2023 tax rolls.

Property of Widows, Widowers, Blind, and Totally and Permanently Disabled Person

Current Situation

Since 1885, the Florida Constitution has provided a specific exemption for the property of widows and those who are totally and permanently disabled.¹¹⁴ The current constitutional provision provides an exemption for widows, widowers, blind persons, and totally and permanently disabled persons of at least \$500, but authorizing a greater amount to be set by general law.¹¹⁵ This exemption is effectuated by s. 196.202, F.S., which provides a \$500 exception for all bone fide residents of the state in the aforementioned categories.¹¹⁶ A person may be classified as totally and permanently disabled based on a certification from a licensed physician, the Department of Veterans Affairs (or its predecessor), or the Social Security Administration. An applicant for this exemption may apply for the exemption before receiving the necessary documentation from the Department of Veterans Affairs or the Social Security Administration.¹¹⁷ Upon receipt of the documentation, the exemption is granted retroactively to the date of the original application and any excess taxes paid are refunded.

Proposed Changes

¹¹⁴ Article IX, s. 9, Fla. Const. (1885) (providing a \$200 exemption from property taxation for each “widow that has a family dependent on her for support, and to every person that has lost a limb or been disabled in war or by misfortune.”)

¹¹⁵ Article VII, s. 3(b), Fla Const.

¹¹⁶ Section 196.202(1), F.S.

¹¹⁷ Section 196.202(2), F.S.

The bill increases from \$500 to \$5,000 the value of property exempt from ad valorem taxation for residents who are widows, widowers, blind, or totally and permanently disabled. The bill specifies that the increase applies to tax years beginning on or after January 1, 2023.

Homestead Exemption on Classified Use Property

Current Situation

Every person who maintains property as his or her permanent residence or the permanent residence of a dependent (homestead property) is eligible for a homestead tax exemption of up to \$25,000.¹¹⁸ An additional homestead exemption of up to \$25,000 applies to the property's value between \$50,000 and \$75,000.¹¹⁹ In addition, homestead property is subject to an annual assessment limitation of 3 percent, commonly referred to as "Save Our Homes."¹²⁰

The Florida Constitution authorizes certain "classified use property," such as agricultural land, to be assessed based on its current use, rather than the "highest and best use" of the property.¹²¹ Classified use property may have situated on it homestead property. For assessment purposes, property appraisers must separate the residence and curtilage receiving the Save Our Homes benefit from the portion of classified use property.¹²² However, some property appraisers limit the homestead exemption based on this same demarcation.

Proposed Changes

The bill clarifies that the homestead exemption applies to those portions of property contiguous to the homestead, regardless of a "classified use" assessment.

¹¹⁸ Article VII, s. 6(a), Fla. Const.; and s. 196.031, F.S. The exemption applies to all ad valorem taxes levied, including levies by school districts.

¹¹⁹ Section 196.031(1)(b), F.S. Unlike the first \$25,000, the additional \$25,000 exemption does not apply to ad valorem taxes levied by school districts.

¹²⁰ Section 193.155, F.S.

¹²¹ Article VII, s. 4, Fla. Const.; and s. 193.461, F.S.

¹²² Sections 193.155(6) and 193.461(3)(d), F.S.

Affordable Housing

Current Situation

The Florida Constitution provides that portions of property used predominately for educational, literary, scientific, religious, or charitable purposes may be exempted by general law from taxation.¹²³

Section 196.1978, F.S., authorizes a property tax exemption for property owned by certain exempt entities which provide affordable housing under the charitable purposes exemption. The property must be owned entirely by a not-for-profit corporation used to provide affordable housing through any state housing program under ch. 420, F.S., and serving low-income and very-low-income persons.¹²⁴ In order to qualify for the exemption, the property must comply with s. 196.195, F.S., for determining non-profit status of the property owner and s. 196.196, F.S., for determining exempt status of the use of the property.

In 2017,¹²⁵ the Legislature provided that property used as affordable housing will be considered a charitable purpose and qualify for a 50 percent property tax discount if the property:

- Provides affordable housing to natural persons or families meeting the extremely-low, very-low, or low-income limits specified in s. 420.0004, F.S.;
- Contains more than 70 units used to provide affordable housing to the above group; and
- Is subject to an agreement with the Florida Housing Finance Corporation to provide affordable housing to the above group, recorded in the official records of the county in which the property is located.

In 2021,¹²⁶ the Legislature amended s. 196.1978(2), F.S., to increase the 50 percent property tax discount to a full exemption from ad valorem tax.

The property tax exemption begins on January 1 of the year following the 15th year of the term of the agreement on those portions of the affordable housing property that provide the housing as described above. The exemption terminates when the property is no longer serving extremely-low, very-low, or low-income persons pursuant to the recorded agreement.

Proposed Changes

The bill amends s. 196.1978(2), F.S., to clarify how the start date is calculated related to the 15 years of use as an affordable housing property. The 15 years would be calculated based on the earliest of three dates:

- The effective date of the recorded agreement with the Florida Housing Finance Corporation,
- The first day of the first taxable year in which the property was placed in service as an affordable housing property, or
- The date such property received a certificate of occupancy, or certificate of substantial completion, as applicable, and could be used to provide affordable housing.

¹²³ Article VII, s. 3, Fla. Const.

¹²⁴ The not for profit corporation must qualify as charitable under s. 501(c)(3) of the Internal Revenue Code and other federal regulations. See 26 U.S.C. § 501(c)(3) (“charitable purposes” include relief of the poor, the distressed or the underprivileged, the advancement of religion, and lessening the burdens of government).

¹²⁵ Chapter 2017-36, s. 6, L.O.F.

¹²⁶ Chapter 2021-31, s. 10, L.O.F.

Aquaculture

Current Situation

Section 193.461, F.S., allows properties used for bona fide agricultural purposes to be taxed according to the use value of the agricultural operation, rather than the development value.¹²⁷ “Agricultural purposes” includes horticulture, floriculture, viticulture, forestry, dairy, livestock, poultry, bee, pisciculture, aquaculture,¹²⁸ algaculture, sod farming, and all forms of farm products as defined in s. 823.14(3), F.S., and farm production.¹²⁹ Generally, tax assessments for qualifying lands are lower than tax assessments for other uses.

When assessing land that has been granted the agricultural classification, the property appraiser shall consider only the following use factors:

- The quantity and size of the property;
- The condition of the property;
- The present market value of the property as agricultural land;
- The income produced by the property;
- The productivity of land in its present use;
- The economic merchantability of the agricultural product; and
- Such other agricultural factors as may from time to time become applicable which are reflective of the standard present practices of agricultural use and production.¹³⁰

For purposes of the income methodology approach to assessment of property used for agricultural purposes, certain structures that are physically attached to the land are considered a part of the average yields per acre and have no separately assessable contributory (taxable) value. These structures include the following:

- Irrigation systems, including pumps and motors;
- Litter containment structures located on producing poultry farms and animal waste nutrient containment structures located on producing dairy farms;
- Structures or improvements used in horticultural production for frost or freeze protection, which are consistent with the interim measures or best management practices adopted by the Department of Agriculture and Consumer Services; and
- Screened enclosed structures used in horticultural production for protection from pests and diseases or to comply with state or federal eradication or compliance agreements.¹³¹

Proposed Changes

This bill creates s. 193.4613, F.S., to provide that land used in the production of aquaculture products shall be assessed based solely on its agricultural use, consistent with s. 193.461(6)(a), F.S., and that for purposes of the income methodology approach to assessment, structures and equipment on the property and used for producing aquaculture products be considered a part of the average yield per acre and carry no separately contributory (taxable) value. The bill also provides that when utilizing the income methodology approach, the property appraiser shall rely on five-year moving average data, notwithstanding any provision relating to annual assessment found in s. 192.042, F.S.

¹²⁷ Section 193.461, F.S.

¹²⁸ As defined in s. 597.0015, F.S., “aquaculture” means the cultivation of aquatic organisms.

¹²⁹ Section 193.461(5), F.S.

¹³⁰ Section 193.461(6)(a), F.S.

¹³¹ Section 193.461(6)(c), F.S.

This bill further provides that once a request for assessment under s. 193.4613, F.S. is approved, the property must be assessed as provided in s. 193.4613, F.S., for ten years unless the ownership or use of the property changes. The property appraiser may require the property owner to submit audited financial statements, but may not require an annual application. The property shall be assessed pursuant to s. 193.011, F.S., if a proper application for agricultural assessment is not made.

Exemption for Deployed Servicemembers¹³²

Current Situation

The Florida Constitution grants an exemption for military servicemembers that have Florida homesteads and are deployed on active duty outside the continental United States, Alaska or Hawaii in support of military operations designated by the Legislature.¹³³ The exemption is equal to the taxable value of the qualifying servicemember's homestead on January 1 of the year in which the exemption is sought, multiplied by the number of days that the servicemember was on a qualifying deployment in the preceding calendar year, and divided by the number of days in that year.¹³⁴

Eligible Military Operations

The Legislature has designated the following military operations as eligible for the exemption:

- Operation Joint Task Force Bravo, which began in 1995;
- Operation Joint Guardian, which began on June 12, 1999;
- Operation Noble Eagle, which began on September 15, 2001;
- Operations in the Balkans, which began in 2004;
- Operation Nomad Shadow, which began in 2007;
- Operation U.S. Airstrikes Al Qaeda in Somalia, which began in January 2007;
- Operation Copper Dune, which began in 2009;
- Operation Georgia Deployment Program, which began in August 2009;
- Operation Spartan Shield, which began in June 2011;
- Operation Observant Compass, which began in October 2011;
- Operation Inherent Resolve, which began on August 8, 2014;
- Operation Atlantic Resolve, which began in April 2014;
- Operation Freedom's Sentinel, which began on January 1, 2015;
- Operation Resolute Support, which began in January 2015.
- Operation Juniper Shield, which began in February 2007.
- Operation Pacific Eagle, which began in September 2017.
- Operation Martillo, which began in January 2012.

Annual Report of All Known and Unclassified Military Operations

By January 15 of each year, the Department of Military Affairs (DMA) must submit to the President of the Senate, the Speaker of the House of Representatives, and the tax committees of each house of the Legislature a report of all known and unclassified military operations outside the continental United States, Alaska, or Hawaii for which servicemembers based in the continental United States have been deployed during the previous calendar year.¹³⁵

Proposed Changes

¹³² Section 196.173(7), F.S., defines the term "servicemember" for purposes of this exemption to mean a member or former member of any branch of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard.

¹³³ Article VII, s. 3(g), Fla. Const. See also s. 196.173, F.S.

¹³⁴ Section 196.173(4), F.S.

¹³⁵ Section 196.173(3), F.S.

Consistent with the submission of the required report by the DMA,¹³⁶ the bill updates the statutory list of military operations eligible for the exemption by adding Operation Enduring Freedom – Horn of Africa, which began January 2015, and European Reassurance Initiative (ERI)/European Deterrence Initiative (EDI) which began in 2014. The bill also removes Operation Observant Compass, which ended in 2017.

Increased Cap for Certain Expenditures by School Boards

Current Situation

To receive an allocation of state funds for current operations of a school district, the district school board must levy a millage necessary to provide the school district's "required local effort" or RLE.¹³⁷ In addition to the RLE levy, school boards may levy a non-voted current operating discretionary millage and a millage not to exceed 1.5 mills to fund specific capital outlays and certain operational costs.¹³⁸ Such expenditures include costs for new construction, maintenance, payment of approved loans, and costs of leasing certain education facilities.¹³⁹ The school district is further authorized to use up to \$150 per student from the 1.5 mill levy to fund the purchase or lease of driver's education vehicles and other defined vehicles as well as the payment of insurance premiums for property and casualty insurance.¹⁴⁰

Proposed Changes

The bill increases the expenditure limit from \$150 to \$175 per student to fund the costs of certain vehicles and insurance premiums.

Documentary Stamp Taxes

Documentary Stamp Taxes on Documents Related to a State of Emergency

Current Situation

Florida levies a documentary stamp tax on certain documents, which is comprised of two taxes imposed on different bases at varying rates. The tax on deeds and other documents related to real property is 70 cents per \$100, and the tax on bonds, debentures, certificates of indebtedness, promissory notes, nonnegotiable notes, and other written obligations to pay money is 35 cents per \$100. Documentary stamp taxes levied on promissory notes, nonnegotiable notes, and written obligations may not exceed \$2,450.

Chapter 201, F.S., provides that certain transactions are exempt from the documentary stamp tax; notably, s. 201.25, F.S., which exempts loans made by the Small Business Emergency Bridge Loan Program in response to a disaster for which the Governor declares a state of emergency and any loan made by the Agricultural Economic Development Program pursuant to s. 570.82, F.S.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020, in response to the COVID-19 pandemic. The CARES Act established, among other programs, the Paycheck Protection Program (PPP), which expanded the scope of both the businesses eligible for – and allowable uses of – loans made under section 7(a) of the Small Business Act.¹⁴¹ In addition to businesses which had already been eligible for Small Business Administration (SBA) loans,

¹³⁶ The DMA provided a letter dated January 7, 2022, to the Speaker of the House of Representatives providing the statutorily required report of ongoing military operations. A copy is on file with the staff of the Ways & Means Committee.

¹³⁷ Sections 1011.60(6), F.S., and 1011.71(1), F.S.

¹³⁸ Section 1011.71(1) and (2), F.S.

¹³⁹ Section 1011.71(2)(a)-(j), F.S.

¹⁴⁰ Section 1011.71(5), F.S.

¹⁴¹ Coronavirus Aid, Relief, and Economic Security Act, s. 1102, Pub. L. 116-136 (2020).

eligibility was expanded to businesses, nonprofits, veterans' organizations, and tribal businesses with fewer than 500 employees or that meet the size standards based on the business's NAICS code.¹⁴²

On March 9, 2020, Governor DeSantis issued Executive Order 20-52, which declared that a state of emergency existed in Florida due to the COVID-19 pandemic.¹⁴³ On April 6, 2020, Governor DeSantis issued Executive Order 20-95, suspending the collection of Documentary Stamp Taxes levied on notes and other written obligations made under Title I of the federal CARES Act.¹⁴⁴ The suspension remained in effect until the expiration of Executive Order 20-52 on May 3, 2021, when the Governor issued Executive Orders 20-101 and 102 ending the state of emergency related to COVID-19.^{145,146}

Proposed Changes

The bill amends s. 201.25, F.S., to exempt from documentary stamp tax any loans relating to a state of emergency declared through either an executive order or a proclamation from the Governor pursuant to s. 252.36, F.S., from all taxes imposed under ch. 201, F.S.

Local Discretionary Surtax on Documents

Current Situation

The governing body of certain counties¹⁴⁷ may levy a discretionary surtax on documents for the purpose of establishing and financing a Housing Assistance Loan Trust Fund.¹⁴⁸ Revenues in the fund must be used to assist low- and moderate-income families in the financing of construction, rehabilitation, or purchase of housing. No less than 50 percent of the funds must be used to assist low-income families.¹⁴⁹ The remaining funds may be used to assist families whose income was in excess of 80 percent, but not more than 140 percent, of the median income for the area. The surtax may not exceed the rate of \$0.45 per \$100 or fractional part thereof, and could apply only to documents taxable under s. 201.01, F.S., except that no surtax could be imposed on a deed conveying a single-family residence, identified as a detached dwelling, a condominium unit, or a unit held through stock ownership or membership representing a proprietary interest in a corporation owning a fee or a leasehold initially in excess of 98 years.

In order to levy the discretionary surtax and create a trust fund, a governing body must adopt an ordinance.¹⁵⁰ The ordinance must establish the policies and procedures of the assistance program. The county must deposit revenues from the surtax into the trust fund to be used only to help finance the construction, rehabilitation, or purchase of housing for low-income families and moderate-income families, to pay necessary costs of collection and enforcement of the surtax, and to fund any local

¹⁴² *Id.*

¹⁴³ Governor Ron DeSantis, Fla. Exec. Order No. 20-52 (March 9, 2020), available at https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-52.pdf (last visited March 23, 2022).

¹⁴⁴ Governor Ron DeSantis, Fla. Exec. Order No. 20-95 (April 6, 2020), available at https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-95.pdf (last visited March 23, 2022).

¹⁴⁵ Section 252.36(2), F.S., provides that states of emergency may not continue for more than 60 days unless renewed by the Governor.

¹⁴⁶ Governor Ron DeSantis, Fla. Exec. Orders No. 21-101 and 102 (May 3, 2021), available at <https://www.flgov.com/2021-executive-orders/> (last visited March 23, 2022).

¹⁴⁷ Counties that meet the definition of "county" in s. 125.011(1), F.S., which defines "county" as "any county operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the Constitution of 1968, which county, by resolution of its board of county commissioners, elects to exercise the powers herein conferred. Use of the "county" within the above provisions shall include "board of county commissioners" of such county." Only Miami-Dade County meets this definition.

¹⁴⁸ Sections 201.031 and 125.0167, F.S.

¹⁴⁹ "Low-income family" means a family whose income does not exceed 80 percent of the median income for the area. See section 125.0167(1), F.S.

¹⁵⁰ Section 125.0167(2), F.S.

matching contributions required pursuant to federal law.¹⁵¹ Other authorized uses of the revenues include providing funds for first and second mortgages and acquiring property for the purpose of forming housing cooperatives. The surtax may not be used for rent subsidies or grants.

No more than 10 percent of surtax revenues collected by the DOR and remitted to the county in any fiscal year may be used for administrative costs. No less than 35 percent is to be used for homeownership assistance for low-income and moderate-income families.¹⁵² No less than 35 percent is to be used for the construction, rehabilitation, and purchase of rental housing units. Uncommitted funds that were allocated for homeownership assistance or rental housing units at the end of a fiscal year must be reallocated in subsequent years. The remaining amount may be allocated to provide for homeownership assistance or rental housing units, at the discretion of the county.

The discretionary surtax imposed by Miami-Dade County is contained in Section 29-7 of the Code of Miami-Dade County, and is known as the “Miami-Dade County Documentary Surtax Ordinance.”¹⁵³ The ordinance provides that the surtax be assessed at the full rate of \$.045 per \$100 of value on deeds and instruments transferring real property with the exception of documents transferring title to a single-family residence. The ordinance also contains the Miami-Dade County Housing Assistance Loan Trust Fund and establishes the purposes for which surtax revenues may be used.

Proposed Changes

The bill amends s. 125.0167(5), F.S., to prohibit counties from imposing requirements on borrowers who benefit from homeownership assistance other than requiring proof that the borrower’s income does not exceed 140 percent of the area median income and to prohibit counties from creating requirements that restrict participation by eligible borrowers. The bill provides that borrowers are only subject to loan qualifications of lenders licensed to provide mortgage financing.

Corporate Income Tax

Florida levies a 5.5 percent tax on the taxable income of corporations and financial institutions doing business in Florida.¹⁵⁴ 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.¹⁵⁵ 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, unless the state chooses not to adopt specific federal provisions.

Adoption of the Internal Revenue Code

Current Situation

Florida maintains its relationship with the federal Internal Revenue Code (IRC) by annually adopting the IRC as it exists on January 1.¹⁵⁶ By doing this, Florida adopts any changes related to determining federal taxable income that were made during the previous year.

¹⁵¹ Section 125.0167(3), F.S.

¹⁵² The term “homeownership assistance” means assisting low-income and moderate-income families in purchasing a home as their primary residence, including, but not limited to, reducing the cost of the home with below-market construction financing, the amount of down payment and closing costs paid by the borrower, or the mortgage payment to an affordable amount for the purchaser or using any other financial assistance measure set forth in the Florida Homeownership Assistance Program. See s. 125.0167(5)(b), F.S.

¹⁵³ Section 29-7, *Documentary Stamps*, Code of Miami-Dade County, available at https://library.municode.com/fl/miami-dade-county/codes/code_of_ordinances?nodeId=PTIICOOR_CH29TA_ARTIINGE_S29-7DOST (last visited March 23, 2022).

¹⁵⁴ Section 220.11(2), F.S.

¹⁵⁵ Section 220.12, F.S.

¹⁵⁶ Sections 220.03(1)(n) and (2)(c), F.S.

On December 27, 2017, the federal government passed the Tax Cuts and Jobs Act,¹⁵⁷ which made significant changes to the federal corporate income tax structure. Most of the provisions of that law went into effect either retroactively or within the first few months of the bill's passage. One provision, however, had a delayed effective date. The existing deduction for Research and Experimental Expenditures found in section 174 of the IRC generally allowed companies to immediately deduct 100% of their non-depreciable expenses for research related to science or technology. Beginning January 1, 2022, those expenses instead are required to be deducted over five years (for domestic research expenses) or fifteen years (for foreign research expenses).

Proposed Changes

The bill updates the Florida corporate income tax code by adopting the IRC as in effect on January 1, 2022, including the federal change to the deduction for research and experimental expenditures.

This section of the bill is effective upon becoming law and applies retroactively to January 1, 2022.

Credit for Investment in Short-Line Rail

Current Situation

Freight rail is a primary component of Florida's transportation network, managing highway congestion and assisting with supply chain issues.¹⁵⁸ 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 follows¹⁵⁹:

- Class I - \$900,000,000 or more
- Class II - Less than \$900,000,000 but in excess of \$40,400,000
- Class III - \$40,400,000 or less

Class I railroads in Florida are CSX Transportation and Norfolk Sothern Railway, which together own or operate more than half of the rail miles in Florida.¹⁶⁰

The Florida East Coast Railway, one of only two Class II railroads in Florida, operates 351 miles in the state.¹⁶¹ The other Class II railroad is the Alabama Gulf Coast Railway, operating only a short rail piece from Pensacola to the state line.¹⁶² The Florida Department of Transportation has identified approximately \$142 million of necessary short-range investments and another \$50 million in long-term investments needed for the continuing operation of the Florida East Coast Railroad.¹⁶³

Fewer than a dozen short line Class III railroads operate a cumulative 819 miles of rail in the state. Five of those railroads alone reported long-term improvement needs of \$77 million in 2018.¹⁶⁴

The federal government supports necessary investment in the refurbishment and extension of the railways through a federal credit found in section 45G of the IRC. That credit is calculated as 50% of

¹⁵⁷ Pub. L. 115-97.

¹⁵⁸ Florida Department of Transportation, Florida State Rail System Plan (2018 update), available at https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/rail/publications/plans/rail/2018/rail-plan_dec-2018.pdf?sfvrsn=40a652e2_2 (last visited March 23, 2022).

¹⁵⁹ The revenue thresholds are updated by the United States Surface Transportation Board periodically. The most recent revision was in 2021, and the notice of that update is available at <https://www.stb.gov/news-communications/latest-news/pr-21-16/> (last accessed March 23, 2022).

¹⁶⁰ Florida Department of Transportation, Florida State Rail System Plan, *supra* note 158, at page 1-7.

¹⁶¹ *Id* at page 2-4.

¹⁶² Alabama & Gulf Coast Railway service map available at https://www.gwr.com/agr/wp-content/uploads/sites/4/2021/02/agr_railroad_detail_map.pdf (last accessed March 23, 2022).

¹⁶³ Florida Department of Transportation, Florida State Rail System Plan, *supra* note 158, at pages 4-2 and 4-8.

¹⁶⁴ *Id* at pages 4-8 to 4-9.

qualified expenditures (40% on or after January 1, 2023), limited by the number of miles owned or leased by the railway, multiplied by \$3,500.

Proposed Changes

The bill creates a credit against corporate income tax for Class II and Class III railroads that invest in maintaining or improving railroad track in Florida. 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. The credit is transferable and can be carried forward five years if not fully used in the first year. The bill provides guidelines to the DOR to administer the new credit and procedures for transferring the credit.

Motor Fuel Taxes

Current Situation

Section 206.41, F.S., imposes state taxes on motor fuel, including, but not limited to:

- The County Fuel Tax of 1 cent per net gallon;¹⁶⁵
- The Municipal Fuel Tax of 1 cent per net gallon;¹⁶⁶
- The State Comprehensive Enhanced Transportation System Tax of 8.3 cents per net gallon;¹⁶⁷ and
- The Fuel Sales Tax of 15 cents per net gallon.¹⁶⁸

Fuel taxes are imposed on:

- The removal of motor fuel from a terminal if the motor fuel is removed at the rack;
- The removal of motor fuel in this state from any refinery if the removal is by bulk transfer and the owner of the motor fuel immediately before the removal is not a licensed terminal supplier or the removal is at the refinery rack;
- The entry of motor fuel into this state for sale, consumption, use, or warehousing if the entry is by bulk transfer and the enterer is not licensed as a terminal supplier or importer or the entry is not by bulk transfer;
- The removal of motor fuel in this state to an unregistered person, unless there was a prior taxable removal, entry, or sale of the motor fuel; and
- The removal or sale of blended motor fuel in this state by the blender.

Fuel taxes are collected by the terminal supplier, importer, or wholesaler, and become state funds at the time of the collection. Florida enacted the Florida Motor Fuel Tax Relief Act of 2004 to reduce the Fuel Sales Tax of 8 cents per gallon during the period of August 1, 2004, through August 31, 2004.¹⁶⁹

Proposed Changes

The bill creates the Florida Motor Fuel Tax Relief Act of 2022 to provide tax relief to consumers of motor fuel. During the holiday, the County Fuel Tax shall be reduced by 1 cent per gallon, the Municipal Fuel Tax shall be reduced by 1 cent per gallon, the State Comprehensive Enhanced Transportation

¹⁶⁵ Section 206.41(1)(b), F.S.

¹⁶⁶ Section 206.41(1)(c), F.S.

¹⁶⁷ Section 206.41(1)(f), F.S. See also *2022 Florida Fuel Tax, Collection Allowance, Refund, and Pollutants Tax Rates*, Florida Department of Revenue, p. 2 available at https://floridarevenue.com/taxes/Documents/fuel_charts/21B05-02_chart.pdf (last visited March 23, 2022).

¹⁶⁸ Section 206.41(1)(g), F.S. See also *2022 Florida Fuel Tax, Collection Allowance, Refund, and Pollutants Tax Rates*, Florida Department of Revenue, p. 2 available at https://floridarevenue.com/taxes/Documents/fuel_charts/21B05-02_chart.pdf (last visited March 23, 2022).

¹⁶⁹ Chapter 2004-73, L.O.F.

System Tax shall be reduced by 8.3 cents per gallon, and the Fuel Sales Tax shall be reduced by 15 cents per gallon. Licensed terminal suppliers, wholesalers, and importers of motor fuel must charge and collect the reduced rate of tax on sales of motor fuel to retail dealers located in Florida.

The bill allows retail dealers of motor fuel to manage its motor fuel inventory to benefit the residents of Florida and to maximize the tax reduction during the month and provides that the Attorney General may investigate violations of the relief act. The bill authorizes the DOR to adopt emergency rules and provides that it is unlawful for a terminal supplier, wholesaler, importer, reseller, or retail dealer of motor fuel to retain any part of the tax reduction or interfere with providing the full benefit of the tax reduction.

Contingent upon the receipt of certain funds from the federal government, the bill further allows for specified non-operating transfers from the General Revenue Fund to specified trust funds in the 2022-2023 fiscal year.

The section of the bill expires July 1, 2023.

Credits Available Against Multiple Taxes

Community Contribution Tax Credit

Current Situation

In 1980, the Legislature established the Community Contribution Tax Credit Program (“CCTCP”) to encourage private sector participation in community revitalization and housing projects.¹⁷⁰ Broadly, the CCTCP offers tax credits to businesses or persons (“taxpayers”) anywhere in Florida that contribute¹⁷¹ to certain projects undertaken by approved CCTCP sponsors.¹⁷²

Eligible sponsors under the CCTCP include a wide variety of community organizations, housing organizations, historic preservation organizations, units of state and local government, and regional workforce boards.¹⁷³

Eligible projects include activities undertaken by an eligible sponsor that are designed to accomplish one of the following purposes:

- To construct, improve, or substantially rehabilitate housing that is affordable to low-income households or very-low-income households as those terms are defined in s. 420.9071;
- To provide commercial, industrial, or public resources and facilities; or
- To improve entrepreneurial and job-development opportunities for low-income persons.¹⁷⁴

In addition, eligible projects must be located in an area that was designated as an enterprise zone as of May 1, 2015,¹⁷⁵ or a Front Porch Florida Community, with two exceptions. First, any project designed to construct or rehabilitate housing for low-income households or very-low-income households as those terms are defined in s. 420.9071, F.S., is exempt from the area requirement. Second, any project designed to provide increased access to high-speed broadband capabilities that includes coverage in a rural community that had an enterprise zone designation as of May 1, 2015, may locate the project’s infrastructure in any area of a rural county (inside or outside of the zone).

¹⁷⁰ Chapter 80-249, L.O.F. The CCTCP is one of the state incentives available under the Florida Enterprise Zone Act, which was partially repealed on December 31, 2015.

¹⁷¹ Sections 212.08(5)(p)2.a., 220.183(2)(a), and 624.5105(5)(a), F.S., require community contributions to be in the form of cash or other liquid assets, real property, goods or inventory, or other physical resources.

¹⁷² Sections 212.08(5)(p); 220.183; and 624.5105, F.S.

¹⁷³ Sections 212.08(5)(p)2.c.; 220.183(2)(c); and 624.5105(2)(c), F.S.

¹⁷⁴ Sections 212.08(5)(p)2.b.; 220.183(2)(d); 624.5105(2)(b); and 220.03(1)(t), F.S.

¹⁷⁵ The Florida Enterprise Zone Act was partially repealed as of December 31, 2015- see ch. 2015-221, L.O.F.; s. 290.016, F.S.

The Department of Economic Opportunity (DEO) administers the CCTCP, and its responsibilities include reviewing sponsor project proposals and tax credit applications, periodically monitoring projects, and marketing the CCTCP in consultation with the Florida Housing Finance Corporation and other statewide and regional housing and financial intermediaries.¹⁷⁶ Once approved by the DEO, the taxpayer must claim the community contribution tax credit from the DOR.

The credit is calculated as 50 percent of the taxpayer's annual contribution, but a taxpayer may not receive more than \$200,000 in credits in any one year.¹⁷⁷ The taxpayer may use the credit against corporate income tax, insurance premiums tax, or as a refund against sales tax.¹⁷⁸ Unused credits against corporate income taxes and insurance premium taxes may be carried forward for five years.¹⁷⁹ Unused credits against sales taxes may be carried forward for three years.¹⁸⁰

DOR may approve \$10.5 million in annual funding for projects that provide homeownership opportunities for low-income and very-low-income households or housing opportunities for persons with special needs and \$3.5 million for all other projects. "Persons with special needs" is defined in current statute to include adults requiring independent living services, young adults formerly in foster care, survivors of domestic violence, and people receiving Social Security Disability Insurance, Supplemental Security Income, or veterans' disability benefits.¹⁸¹

The Legislature extended the CCTCP in 1984, 1994, 2005, 2014, and 2015,¹⁸² and made the program permanent in 2017.¹⁸³ It has also amended the annual tax credit allocation of the CCTCP on numerous occasions.¹⁸⁴ Each time the allocation has been increased, the number of projects has increased to match the larger allocation. The CCTCP cap, which started at \$3 million annually, is currently set at \$10.5 million.

Proposed Change

The bill provides an additional \$5 million in community contribution tax credits. For projects that provide homeownership opportunities for low-income and very-low-income households or housing opportunities for persons with special needs, the bill increases the cap for tax credits by \$4 million, from \$10.5 million to \$14.5 million. For all other projects, the bill increases the cap for tax credits by \$1 million, from \$3.5 million to \$4.5 million.

Strong Families Tax Credit

Current Situation

The Strong Families Tax Credit Program, established in s. 402.60, 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.

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;

¹⁷⁶ Sections 212.08(5)(p)4.; 220.183(4); and 624.5105(4), F.S.

¹⁷⁷ Sections 212.08(5)(p)1.; 220.183 (1)(a) and (b); and 624.5105(1), F.S.

¹⁷⁸ Sections 212.08(5)(p); 220.183; and 624.5105, F.S.

¹⁷⁹ Sections 220.183(1)(e) and (g); and 624.5105, F.S.

¹⁸⁰ Sections 212.08(5)(p)1.b. and f., F.S.

¹⁸¹ Section 420.0004(13), F.S.

¹⁸² Chapters 84-356, 94-136, 2005-282, 2014-38, and 2015-221, L.O.F.

¹⁸³ Chapter 2017-36, L.O.F.

¹⁸⁴ Chapters 94-136, 98-219, 99-265, 2005-282, 2006-78, 2008-153, 2015-221, and 2017-36, L.O.F.

- Alcoholic beverage tax on beer, wine, and spirits; or
- Self-accrued sales tax liability of direct pay permit holders.

Businesses that wish to participate in the program by making a donation to an eligible charitable organization could apply to the DOR beginning October 1, 2021, for an allocation of tax credit. 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. The annual tax credit cap for all credits under this program is \$5 million per state fiscal year. The DOR is required to approve the tax credits on a first-come, first-served basis and must obtain the approval of the Division prior to approving an alcoholic beverage tax credit under s. 561.1213, F.S.

Proposed Changes

The bill adds flexibility to corporate income taxpayers and insurance premium taxpayers to allow them to make contributions and take credits for the 2021-22 state fiscal year, and also provides a refund option for insurance premium taxpayer who may have already submitted their tax payments for the 2021 tax year. The bill also increases the annual cap for the program from \$5 million per state fiscal year to \$10 million per state fiscal year, beginning in 2022-23.

New Worlds Reading Initiative Tax Credit

Current Situation

The New Worlds Reading Initiative, established in s. 1003.485, F.S., was created in 2021 to provide tax credits for businesses that make monetary donations to the administrator of the New Worlds Reading Initiative, a literacy program that provides books to elementary school students in Florida who read below grade level. The tax credits are a dollar-for-dollar credit against certain tax liabilities.

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.

Businesses that wish to participate in the program by making a donation to the program could apply to the DOR beginning October 1, 2021, for an allocation of tax credit. 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. 220.1876 or 624.51056, F.S., relating to the corporate income and insurance premium tax credits, and the applicable state fiscal year for a credit under ss. 211.0252, 212.1833, or 561.1212, F.S., relating to oil and gas production, direct pay permit sales, and alcoholic beverage tax credits, respectively. The annual tax credit cap for all credits under this program is \$10 million for state fiscal year 2021-22, \$30 million for 2022-23, and \$50 million for all years thereafter. The DOR is required to approve the tax credits on a first-come, first-served basis and must obtain the approval of the Division prior to approving an alcoholic beverage tax credit under s. 561.1212, F.S.

Proposed Changes

The bill adds flexibility to corporate income taxpayers and insurance premium taxpayers to allow them to make contributions and take credits for the 2021-22 state fiscal year, and also provides a refund option for insurance premium taxpayer who may have already submitted their tax payments for the 2021 tax year. The bill increases the annual cap for the program from \$50 million per state fiscal year to \$60 million per state fiscal year, beginning in FY 2023-24. The bill also provides flexibility to the administrator of the New Worlds Reading Initiative, so that contributions made after January 1 of the state fiscal year can be carried forward to the next state fiscal year to be used to purchase books under the program.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS section.

2. Expenditures:

See FISCAL COMMENTS section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See FISCAL COMMENTS section.

2. Expenditures:

See FISCAL COMMENTS section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill provides for a number of temporary sales tax benefits: two 14-day holidays, for back-to-school and disaster preparation supplies; two seven-day holidays, for recreation and tools; and several temporary exemptions, including a two-year exemption for residential impact-resistant doors, windows, and garage doors; a one-year exemption for children and toddler clothes, shoes, and diapers; a one-year exemption for certain energy-efficient appliances; and a three-month exemption for children's books. The bill also provides a one-month gas tax holiday.

The bill also provides a number of property tax benefits, including: agricultural properties used for the production of aquaculture products will realize a lower value assessment, and therefore ad valorem taxes, than would otherwise occur. Florida residents who are widows, widowers, blind, or totally and permanently disabled will pay less property tax. Property owners who apply for and receive the tax abatement for the sudden and unforeseen collapse of a residential building, or who apply for and receive a prorated refund of taxes for homestead property rendered uninhabitable by a catastrophic event, would benefit by a reduced tax burden.

D. FISCAL COMMENTS:

The total state and local impact of the bill in FY 2022-23 is -\$804.3 million (-\$40.5 million recurring), of which -\$459.3 million (\$31.1 million recurring) is on General Revenue, -\$184.2 million (\$0 recurring) is on state trust funds, and -\$160.8 million (-\$71.6 million) is on local government (see table below). Nonrecurring state and local government impacts in years beyond FY 2022-23 total -\$211.6 million and -\$62.5 million, respectively. Total tax reductions embodied in the language are represented by the sum of the recurring impacts, reflecting the annual value of permanent tax cuts when fully implemented, and the pure nonrecurring impacts, reflecting temporary tax reductions. The total of -\$1,114.8 million in tax reductions in the bill is the sum of -\$40.5 million (recurring), -\$800.2 million (pure nonrecurring in FY 2022-23), and -\$274.1 million (pure nonrecurring after FY 2022-23).

Fiscal Year 2022-23 Estimated Fiscal Impacts (Millions of \$)

Tax Package	2022-23							
	General Revenue		Trust Fund		Local		Total	
	1st Year	Recur	1st Year	Recur	1st Year	Recur	1st Year	Recur
<u>Sales Tax</u> : BTS Holiday - 14 Days	(77.3)	-	(*)	-	(22.8)	-	(100.1)	-
<u>Sales Tax</u> : Tax Holiday/Disaster Preparedness - 14 days	(19.8)	-	(*)	-	(5.8)	-	(25.6)	-
<u>Sales Tax</u> : Freedom Week Holiday - 7 Days	(54.5)	-	(*)	-	(16.1)	-	(70.6)	-
<u>Sales Tax</u> : Skilled Worker Tool Holiday - 7 Days	(9.6)	-	(*)	-	(2.8)	-	(12.4)	-
<u>Sales Tax</u> : 2-yr exemption for impact-resistant doors and windows	(158.3)	-	(*)	-	(46.7)	-	(205.0)	-
<u>Sales Tax</u> : 1-yr exemption for babies and toddler clothes and shoes	(57.7)	-	(*)	-	(17.0)	-	(74.7)	-
<u>Sales Tax</u> : 1-yr exemption for baby diapers	(27.6)	-	(*)	-	(8.1)	-	(35.7)	-
<u>Sales Tax</u> : 1-yr exemption for ENERGY STAR appliances	(55.6)	-	(*)	-	(16.4)	-	(72.0)	-
<u>Sales Tax</u> : 3 mo exemption for children's books	(2.5)	-	(*)	-	(0.8)	-	(3.3)	-
<u>Sales Tax</u> : Reduction in mobile home tax rate	(14.0)	(15.2)	(*)	(*)	(1.8)	(2.0)	(15.8)	(17.2)
<u>Sales Tax</u> : Exemption for green hydrogen machinery and equipment	(0.2)	(0.2)	(*)	(*)	(0.1)	(0.1)	(0.3)	(0.3)
<u>Sales Tax</u> : Exemption for sale of certain fencing	(10.5)	(11.5)	(*)	(*)	(3.1)	(3.4)	(13.6)	(14.9)
<u>Sales Tax</u> : Exemption for sale of farm trailers	(1.0)	(1.1)	(*)	(*)	(0.3)	(0.3)	(1.3)	(1.4)
<u>Sales Tax</u> : Exemption for Formula One Grand Prix races	(4.5)	(4.5)	(*)	(*)	(1.3)	(1.3)	(5.8)	(5.8)
<u>Sales Tax</u> : Exemption for World Cup	-	0/(**)	-	0/(**)	-	0/(**)	-	0/(**)
<u>Sales Tax</u> : Exemption for Daytona 500	(4.6)	(4.6)	(*)	(*)	(1.4)	(1.4)	(6.0)	(6.0)
<u>Local Discretionary Sales Tax</u> : Allow School Capital Outlay surtax for school buses	-	-	-	-	-	-	-	-
<u>District School Tax</u> : Increases the amount of per student spending from the district school tax from \$150 FTE to \$175 FTE	-	-	-	-	-	-	-	-
<u>Motor Fuel Taxes</u> : 1 mo holiday	(1.3)	-	(184.2)	-	(14.5)	-	(200.0)	-
<u>Ad Valorem</u> : Abatements for residential properties	-	-	-	-	(0.8)	(*)	(0.8)	(*)
<u>Ad Valorem</u> : Refunds for catastrophic damage	-	-	-	-	-	(4.9)	-	(4.9)
<u>Ad Valorem</u> : Affordable Housing (15-Year)	-	-	-	-	-	(2.8)	-	(2.8)
<u>Ad Valorem</u> : Deployed Servicemember	-	-	-	-	(*)	(*)	(*)	(*)
<u>Ad Valorem</u> : Increase widow, widower, blind, and disabled exemption	-	-	-	-	-	(46.7)	-	(46.7)
<u>Ad Valorem</u> : Homestead exemption on classified use	-	-	-	-	-	(0.2)	-	(0.2)
<u>Ad Valorem</u> : Aquaculture	-	-	-	-	-	(7.5)	-	(7.5)
<u>Corporate Income Tax</u> : Adoption of Internal Revenue Code	43.7	94.1	-	-	-	-	43.7	94.1
<u>Corporate Income Tax</u> : Credit for short line rail investment	-	(6.9)	-	-	-	-	-	(6.9)
<u>Documentary Stamp Tax</u> : Loans related to emergencies	0/(**)	(**)	0/(**)	(**)	-	-	0/(**)	(**)
<u>Multiple taxes</u> : Increase cap for New Worlds Reading Initiative Tax Credit	-	(10.0)	-	-	-	-	-	(10.0)
<u>Multiple taxes</u> : Increase cap for Community Contribution Tax Credit	(4.0)	(4.0)	(*)	(*)	(1.0)	(1.0)	(5.0)	(5.0)
<u>Multiple taxes</u> : Increase cap for Strong Families Tax Credit	(**)	(5.0)	-	-	-	-	(**)	(5.0)
FY 2022-23 Total	(459.3)	31.1	(184.2)	0.0	(160.8)	(71.6)	(804.3)	(40.5)
Non-recurring Impacts After FY 2022-23	Cash		Cash		Cash		Cash	
<u>Sales Tax</u> : 1-yr exemption for babies and toddler clothes and shoes	(5.2)	-	-	-	(1.6)	-	(6.8)	-
<u>Sales Tax</u> : 1-yr exemption for baby diapers	(2.5)	-	-	-	(0.7)	-	(3.2)	-
<u>Sales Tax</u> : 1-yr exemption for ENERGY STAR appliances	(5.0)	-	-	-	(1.5)	-	(6.5)	-
<u>Sales Tax</u> : 2-yr exemption for impact-resistant doors and windows	(198.9)	-	-	-	(58.7)	-	(257.6)	-
Subtotal for Out Years	(211.6)	-	-	-	(62.5)	-	(274.1)	-
7071 Bill Total	(670.9)	31.1	(184.2)	0.0	(223.3)	(71.6)	(1078.4)	(40.5)
(*) Impact less than \$50,000; (**) Impact is indeterminate; (+/-) impact could be positive or negative.						Pure Nonrecurring=	(1,074.3)	
(1) Recurring tax cut total (excl. appropriations) = -\$40.5 million Pure nonrecurring tax cuts in FY 2022-23= -\$800.2 million Pure nonrecurring tax cuts after FY 2022-23= -\$274.1 million -\$1,114.8 million						Recurring + Nonrecurring=	(1,114.8)	