

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB WMC 18-03 Taxation
SPONSOR(S): Ways & Means Committee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Ways & Means Committee		Aldridge	Langston

SUMMARY ANALYSIS

The bill provides for a wide range of tax reductions and modifications designed to directly impact both households and businesses.

The bill contains several provisions related to sales tax:

- Tax rate reduction for tax on commercial rentals (business rent tax).
- Includes new, extended, or expanded sales tax exemptions for:
 - Sales tax credits for contributions to the Gardiner Scholarship and Florida Tax Credit Scholarship programs;
 - Certain generators for nursing homes and assisted living facilities;
 - Certain purchases of agriculture related fencing materials and building materials for repair of storm damage from Hurricane Irma;
- Sales tax holidays:
 - A ten-day “back-to-school” holiday for clothing, footwear, school supplies, and computers;
 - Three seven-day “disaster preparedness” holiday for sales of specified items related to disaster preparedness.

For property tax purposes, the bill provides property tax relief for certain homestead property damaged by Hurricanes Hermine, Matthew or Irma; for certain citrus processing equipment idled as a result of citrus greening or Hurricane Irma; for certain unremarried surviving spouses of disabled ex-servicemembers and updates the list of named military operations for which deployed servicemembers may receive property tax relief for their homestead property.

For corporate income tax purposes, the bill provides an additional \$13 million for tax credits for fiscal year 2018-19 for voluntary brownfields clean-up and an additional \$6.5 million for community contribution tax credits in fiscal year 2019-20 (also may be taken against sales tax and insurance premiums tax).

Further changes include: an 18 percent reduction in certain traffic fines if the driver attends a driver improvement course; exemptions from documentary stamp taxes for certain transfers of property between spouses and for certain notes and mortgages given for loans made in connection with local housing finance authorities; exemption from certain fuel taxes for certain agricultural related uses; several changes adding flexibility to the use of tax credits under the Florida Scholarship Tax Credit Program; a requirement for reporting of certain financial information by certain recipients of sales tax and cigarette tax distributions; and a clarification to the uses for which the local infrastructure sales surtax may be used.

The total impact of the bill in fiscal year 2018-19 is -\$332.7 million (-\$262.2 million recurring). See FISCAL COMMENTS section for details.

This bill may be a county or municipality mandate requiring a two-thirds vote of the membership of the House. See Section III.A.1 of the analysis.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED 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 stream (78.5 percent for FY 2016-17)² and is administered by the Department of Revenue (DOR) under ch. 212, F.S.

Sales Tax on Rental of Commercial Real Estate (Business Rent Tax)

Current Situation

Since 1969, Florida has imposed a sales tax on the total rent charged under a commercial lease of real property.³ Sales tax is due at the rate of 5.8 percent on the total rent paid for the right to use or occupy commercial real property and county sales surtax can also be levied on total rent.⁴ If the tenant makes payments such as mortgage, ad valorem taxes, or insurance on behalf of the property owner, such payments are also classified as rent and are subject to the tax.

Commercial real property includes land, buildings, office or retail space, convention or meeting rooms, airport tie-downs, and parking and docking spaces. It may also involve the granting of a license to use real property for placement of vending, amusement, or newspaper machines. However, there are numerous commercial rentals that are not subject to sales tax, including:

- Rentals of real property assessed as agricultural;
- Rentals to nonprofit organizations that hold a current Florida consumer's certificate of exemption;
- Rentals to federal, state, county, or city government agencies;
- Properties used exclusively as dwelling units; and
- Public streets or roads used for transportation purposes.

Florida is the only state to charge sales tax on commercial rentals of real property. The Legislature's Office of Economic and Demographic Research reviewed and issued a report on the business rent tax in 2014.⁵

Proposed Changes

The bill reduces the state sales tax rate on rental of commercial real estate (business rent tax) from 5.8 percent to 5.5 percent, beginning January 1, 2019.

¹ The Legislature reduced the sales tax rate on commercial rentals to 5.8% effective January 1, 2018. See s. 21, ch. 2017-36, Laws of Fla.

² FLORIDA REVENUE ESTIMATING CONFERENCE (REC), 2017 FLORIDA TAX HANDBOOK (2017).

³ ch. 1969-222, Laws of Fla.

⁴ s. 212.031, F.S., and Rule 12A-1.070, F.A.C.

⁵ Office of Economic and Demographic Research (EDR), [Economic Impact: Sales Tax on the Rental of Real Property](#) (Nov. 15, 2014).

Generators for Nursing Homes and Assisted Living Facilities

Current Situation

In response to electrical outages caused by Hurricane Irma, the Agency for Health Care Administration (AHCA) and the Department of Elder Affairs (DOEA) published Emergency Rules in September 2017 to require nursing homes and assisted living facilities to comply with an emergency power plan.⁶ The emergency rules require nursing homes and assisted living facilities to:

- Provide a detailed plan which includes the acquisition of a sufficient generator or generators that ensure ambient temperatures at facilities will be maintained at 80 degrees or less for a minimum of 96 hours in the event of a loss of power.
- Acquire and maintain sufficient fuel to ensure that in an emergency the generators can function as required.
- Acquire services necessary to install, maintain, and test the equipment to ensure the safe and sufficient operation of the generator system.

Facilities must have implemented their plan within 60 days of September 16, 2017. Additional Emergency Rules were subsequently published to provide for exceptions for the implementation timeline.⁷ Under the Additional Emergency Rules, a nursing home or assisted living facility may qualify for an exception to the 60 day timeline if the facility requests a variance from AHCA, which demonstrates to AHCA that:

- the facility has made all feasible efforts to implement the detailed plan within the 60 day period,
- circumstances beyond the control of the facility have made full and timely implementation impossible, and
- that satisfactory arrangements have been made to ensure the residents and patients will not be exposed to ambient temperature above 80 degrees Fahrenheit in the event the facility is without electric power.

AHCA may grant the variance of the 60 day period under the 'principles of fairness' standard in s. 120.542, F.S., for a period no longer than 180 days, subject to such conditions AHCA determines are appropriate under the circumstances.

The emergency rules will remain in effect until the permanent rulemaking process is complete; AHCA and DOEA initiated rulemaking to create permanent rules on November 14, 2017.⁸ The proposed permanent rules are generally similar to the emergency rules, except the proposed permanent rules:

- Instead of requiring the acquisition of a generator, require facilities to have ready access to an alternative power source, such as a generator, in the event of a loss of power.
- Clarify that if there is a conflicting local ordinance restricting the maximum amount of fuel storage allowed, then the facility shall maintain the maximum amount allowable by the local ordinance or code.
- Clarify the area within the facility where the required temperatures are to be maintained.
- Clarifies that piped natural gas is an allowable fuel source under this rule.
- Requires that facilities notify families and legal representatives of patients once they submit their emergency plans to local emergency management agencies.⁹

⁶ Florida Emergency Rules 58AER17-1 and 59AER17-1.

⁷ Florida Emergency Rules 58AER17-2 and 59AER17-2.

⁸ See Florida Administrative Register, Volume 43, Number 220, November 14, 2017, pp. 5169-5174 at <https://www.flrules.org/Faw/FAWDocuments/FAWVOLUMEFOLDERS2017/43220/43220doc.pdf> See also AHCA, *AHCA and DOEA Announce New Permanent Generator Rules Have Been Filed*, November 13, 2017, available at: http://ahca.myflorida.com/Executive/Communications/Press_Releases/pdf/AHCAandDOEAAnnouncetheNewPermanentGeneratorRulesHaveBeenFiled.pdf

⁹ Proposed Rules Rule 59A-4.1265 and 58A-5.036, F.A.C.

According to AHCA, as of December 1, 2017:¹⁰

- 104 nursing homes have reported that they are now in compliance with the emergency generator rule;
- 2,365 nursing homes and assisted living facilities have submitted plans or reported being in compliance, and
- 563 assisted living facilities have still not responded to the requirements in the rule, and will continue to be subject to fines following the November 15 deadline, unless granted a variance.

If a facility has not responded to the Governor's Emergency Rule in any form, AHCA's next step is to issue a Notice of Apparent Violation, informing the facility of the fines and possible license revocation. The notice will demand a response in 10 days. During this time, each facility not in compliance will continue to be fined \$1,000 per day.¹¹

There is currently no sales tax exemption for the purchase of generators for nursing homes or assisted living facilities.¹²

Proposed Changes

The bill provides an exemption from the sales and use tax for the purchase of generators used to generate emergency electric energy at nursing homes or assisted living facilities. The exemption is available at the time of purchase or through a refund of previously paid taxes and applies to purchases made between July 1, 2017 and December 31, 2018. The exemption is limited to a maximum of \$15,000 in tax for the purchase of generators for any one facility.

A purchaser must provide an affidavit to a seller certifying that the equipment will only be used for the above purposes. A similar requirement is made when applying to DOR for a refund.

Fencing Materials used in Agriculture

Current Situation

Current law exempts from the sales and use tax certain items used for agricultural purposes and nets used by commercial fisheries.¹³ The exemption is not allowed unless the purchaser or lessee signs a certificate stating that the item to be exempted is for the exclusive use designated in s. 212.08(5)(a), F.S.

Hurricane Irma's path coincided with some of Florida's most productive agricultural landscapes, and consequently it caused major losses to all segments of agriculture production, including crop losses and damaged infrastructure (such as destroyed fences, shade structures, and ground cover for row crops). Preliminary estimates for total losses (crops and infrastructure) reported by the Department of Agriculture and Consumer Services (DACS) to Florida's agricultural sectors are over \$2 billion.¹⁴

¹⁰ AHCA, *104 Nursing Homes Have Reported Compliance with the Nursing Home Emergency Generator Rule*, December 1, 2017, available at: http://ahca.myflorida.com/Executive/Communications/Press_Releases/pdf/AHCA_NHandALFrelease12.1.2017.pdf

¹¹ AHCA, *104 Nursing Homes Have Reported Compliance with the Nursing Home Emergency Generator Rule*, December 1, 2017, available at: http://ahca.myflorida.com/Executive/Communications/Press_Releases/pdf/AHCA_NHandALFrelease12.1.2017.pdf

¹² However, generators used farms are exempt. See s. 212.08(5)(a), F.S. See also Rule 12A-1.087(6), F.A.C.

¹³ s. 212.08(5)(a), F.S.

¹⁴ Florida Department of Agriculture and Consumer Services (DACS), *Hurricane Irma's Damage to Florida Agriculture*, October 7, 2017, available at:

<https://www.freshfromflorida.com/content/download/77515/2223098/FDACS+Irma+Agriculture+Assessment.pdf>

Proposed Changes

The bill provides an exemption from the sales and use tax for the purchase of certain fencing materials used to repair agricultural fencing that was damaged as a direct result of Hurricane Irma. The exemption is available through a refund of previously paid taxes and applies to purchases made between September 10, 2017, and May 31, 2018. For purposes of this exemption, “fencing materials” means hog wire and nylon mesh netting used on a farm for protection from predatory or destructive animals; and barbed wire fencing, including gates and materials used to construct or repair such fencing, used on a beef or dairy cattle farm.

To receive a refund, the owner of the fencing materials must apply to DOR by December 31, 2018 and include the following information:

- The name and address of the person claiming the refund.
- An address and assessment roll parcel number of the agricultural land where the fencing materials will be used.
- The sales invoice or other proof of purchase of the fencing materials, showing the amount of sales tax paid, the date of purchase, and the name and address of the sales tax dealer from whom the materials were purchased.
- An affidavit executed by the owner of the fencing materials including a statement that the fencing materials were or will be used to repair fencing damaged as a direct result of the impact of Hurricane Irma.

Building Materials for Nonresidential Farm Buildings

Current Situation

Current law defines a “nonresidential farm building” as any temporary or permanent building or support structure that is classified as a nonresidential farm building on a farm under s. 553.73(10)(c) or that is used primarily for agricultural purposes, is located on land that is an integral part of a farm operation or is classified as agricultural land under s. 193.461, F.S., and is not intended to be used as a residential dwelling.¹⁵ The term includes barns, greenhouses, shade houses, farm offices, storage buildings, and poultry houses.

Generally, sales and use tax are currently levied on the purchase of tangible personal property that is used in the construction or repair of buildings and other projects, unless specifically exempted under current law.¹⁶ There is currently no general sales tax exemption for the purchase of tangible personal property used in the construction or repair of nonresidential farm buildings.

Similar to the discussion above regarding fencing materials used in agriculture, Hurricane Irma caused major losses to Florida’s agricultural landscapes, and damage to nonresidential farm building is a part of the agricultural infrastructure losses.¹⁷

Proposed Changes

The bill provides an exemption from the sales and use tax for the purchase of certain building materials used to repair nonresidential farm buildings that were damaged as a direct result of Hurricane Irma. The exemption is available through a refund of previously paid taxes and applies to purchases made

¹⁵ s. 604.50, F.S.

¹⁶ For example, s. 212.08(7)(r), F.S., exempts the sale of building materials that are used in new construction located in a rural area of opportunity.

¹⁷ DACS, Hurricane Irma’s Damage to Florida Agriculture, October 7, 2017, available at:

<https://www.freshfromflorida.com/content/download/77515/2223098/FDACS+Irma+Agriculture+Assessment.pdf> (last visited February 1, 2018).

between September 10, 2017, and May 31, 2018. The exempt building materials are broadly defined as tangible personal property that becomes a component part of a nonresidential farm building.

To receive a refund, the owner of the building materials must apply to DOR by December 31, 2018 and include the following information:

- The name and address of the person claiming the refund.
- An address and assessment roll parcel number of the real property where the building materials will be used.
- The sales invoice or other proof of purchase of the building materials, showing the amount of sales tax paid, the date of purchase, and the name and address of the sales tax dealer from whom the materials were purchased.
- An affidavit executed by the owner of the building materials including a statement that the building materials were or will be used to repair the nonresidential farm building damaged as a direct result of the impact of Hurricane Irma.

Local Government Infrastructure Sales Surtax

Current Situation

Discretionary Sales Surtaxes

There are nine discretionary sales surtaxes that serve as potential revenue sources for county and municipal governments and school districts.¹⁸ They are:

- The charter county and regional transportation system surtax;¹⁹
- The local government infrastructure surtax;²⁰
- The small county surtax;²¹
- The indigent care and trauma center surtax;²²
- The county public hospital surtax;²³
- The school capital outlay surtax;²⁴
- The voter-approved indigent care surtax;²⁵
- The emergency fire rescue services and facilities surtax;²⁶ and
- The pension liability surtax.²⁷

The Local Government Infrastructure Surtax

A county may levy a discretionary sales surtax of 0.5 percent or one percent pursuant to ordinance enacted by a majority of the members of the county and approved by a majority of the electors of the county voting in a referendum on the surtax.²⁸ Surtax proceeds are distributed to the county and the municipalities within the county according to an interlocal agreement between the county governing authority and the governing bodies of the municipalities representing a majority of the county's

¹⁸ s. 212.055, F.S.

¹⁹ s. 212.055(1), F.S.

²⁰ s. 212.055(2), F.S.

²¹ s. 212.055(3), F.S.

²² s. 212.055(4), F.S.

²³ s. 212.055(5), F.S.

²⁴ s. 212.055(6), F.S.

²⁵ s. 212.055(7), F.S.

²⁶ s. 212.055(8), F.S.

²⁷ s. 212.055(9), F.S.

²⁸ s. 212.055(2)(a)1., F.S.

municipal population. If there is no interlocal agreement, the proceeds are distributed according to the formula in s. 218.62, F.S.²⁹

The proceeds of the surtax and any accrued interest must be expended only to:

- Finance, plan, and construct infrastructure;
- Acquire land for public recreation, conservation, or protection of natural resources;
- Provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing the use is approved by referendum; or
- Finance the closure of county-owned or municipally owned solid waste landfills that are closed or are required to be closed by order of the Department of Environmental Protection.³⁰

The term “infrastructure” includes any fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction, or improvement of public facilities that have a life expectancy of five or more years, any related land acquisition, land improvement, design, and engineering costs, and all other professional and related costs required to bring the public facilities into service³¹.

In 2016, the Legislature amended the local government infrastructure surtax by, among other things, establishing a definition of “public facilities,”³² which was previously undefined in that section of law. The 2016 law change defined the term “public facilities” to mean facilities as defined in three other sections of law (ss. 163.3164(38), 163.3221(13), and 189.012(5), F.S.), regardless of whether the facilities are owned by the local taxing authority or another governmental entity. Generally, the three incorporated sections define “public facilities” as major capital improvements, including transportation, sanitary sewer, solid waste, drainage, potable water, educational, parks and recreational facilities (two of the three sections also include health system facilities). However, under a narrow interpretation of the 2016 law change, the incorporation of the specific statutory definitions into the definition of “public facilities” may have the unintended consequence of limiting the authorized use of the surtax revenues to only the listed facilities.

Proposed Changes

The bill amends s. 212.055(2), F.S., regarding the local government infrastructure surtax to clarify that the definition of “public facilities” means facilities that are necessary to carry out governmental purposes, including but not limited to fire stations, general governmental office buildings, animal shelters, or facilities defined in ss. 163.3164(38), 163.3221(13), and 189.012(5), F.S.

Sales Tax Holidays

Current Situation

Since 1998, the Legislature has enacted 22 temporary periods (commonly called “sales tax holidays”) during which certain household items, household appliances, clothing, footwear, books, and/or school supply items were exempted from the state sales tax and county discretionary sales surtaxes.

Back-to-School Holidays--Florida has enacted a “back to school” sales tax holiday sixteen times since 1998. The length of the exemption periods has varied from three to 10 days. The type and value of exempt items has also varied. Clothing and footwear have always been exempted at various thresholds, most recently \$60. Books valued at \$50 or less were exempted in six periods. School

²⁹ s. 212.055(2)(c)1., F.S. The agreement may include a school district with the consent of the county governing authority and the governing bodies of the municipalities.

³⁰ s. 212.055(2)(d), F.S.

³¹ s. 212.055(2)(d)1.a., F.S.

³² ch. 2016-225, L.O.F. (CS/CS/HB 447 (2016))

supplies have been included starting in 2001, with the value threshold increasing from \$10 to \$15. In 2013 and 2017, personal computers and related accessories purchased for noncommercial home or personal use with a sales price of \$750 or less were exempted. In 2014 and 2015, the first \$750 of the sales price of personal computers and related accessories purchased for noncommercial home or personal use were exempted. The following table describes the history of back-to-school sales tax holidays in Florida.

Dates	Length	TAX EXEMPTION THRESHOLDS				
		Clothing/ Footwear	Wallets/ Bags	Books	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

For the 2017-18 school year, 41 (61 percent) of Florida school districts held their opening day for students during the first week of August (Aug. 7 – 11). Another 23 districts (34 percent) had opening days during the second week of August.

Hurricanes and Disasters in Florida--In 2017, the Florida Office of Insurance Regulation estimated a gross probable loss of over \$7 billion due to Hurricane Irma in 2017, \$1 billion due to hurricanes Hermine and Mathew in 2016,³³ \$25 billion due to four hurricanes in 2004, and \$10.8 billion due to four hurricanes in 2005.³⁴ Tropical Storm Fay was estimated to have resulted in \$242 million of damage in 2008.³⁵ The Florida Division of Emergency Management recommends having a disaster supply kit with items such as a battery operated radio, flashlight, batteries, and first-aid kit.³⁶

³³ Florida Office of Insurance Regulation, Catastrophe Report, <https://www.florir.com/Office/HurricaneSeason/HurricaneIrmaClaimsData.aspx> (last visited January 29, 2018).

³⁴ Florida Office of Insurance Regulation, *Florida Office of Insurance Regulation Hurricane Summary Data*, <http://www.florir.com/siteDocuments/HurricaneSummary20042005.pdf> (last visited February 1, 2018).

³⁵ Florida Office of Insurance Regulation, *Florida Office of Insurance Regulation Hurricane Summary Data*, <http://www.florir.com/siteDocuments/HurricaneSummary2008.pdf> (last visited February 1, 2018).

³⁶ Florida Division of Emergency Management, *Disaster Supply Kit*, <http://www.floridadisaster.org/supplykit.htm> (last visited February 1, 2018).

Proposed Changes

The bill establishes three temporary disaster preparedness sales tax holidays in 2018 and a temporary back-to-school sales tax holiday in fiscal year 2018-19.

Back-to-School Holiday--The bill provides for a 10-day sales tax holiday from August 3, 2018, through August 12, 2018. During the holiday, the following items that cost \$60 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 “school supplies” that cost \$15 or less per item during the holiday.

The bill also exempts the first \$1,000 of the sales price of personal computers and related accessories purchased for noncommercial home or personal use. This would include tablets, laptops, monitors, input devices, and non-recreational software. Cell phones, furniture and devices or software intended primarily for recreational use are not exempted.

Disaster Preparedness Sales Tax Holiday-- The bill provides for three seven-day sales tax holidays from May 4, 2018, through May 10, 2018; from June 1, 2018, through June 7, 2018; and from July 6, 2018 through July 12, 2018 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 \$20 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 \$50 or less;
- A ground anchor system or tie-down kit selling for \$50 or less;
- A gas or diesel fuel tank selling for \$25 or less;
- A package of AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, selling for \$30 or less;
- A nonelectric food storage cooler selling for \$30 or less;
- A portable generator that is used to provide light or communications or preserve food in the event of a power outage selling for \$750 or less; and
- Reusable ice selling for \$10 or less.

The sales tax holidays in the bill do not apply to the following sales:

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

The bill allows the “back to school” sales tax holiday to apply 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 would be exempt under the holiday. If a qualifying dealer chooses not to participate in the tax holiday, by August 1, 2018, the dealer must notify 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. The bill authorizes DOR to adopt emergency rules to implement the provisions of the holidays.

Sales Tax Distribution Reporting

Current Situation

Section 212.20, F.S., provides for the distribution of all tax or fee revenue collected or received by DOR under ch. 212, F.S., as well as certain communication service taxes and gross receipt taxes. Depending on the specific tax or fee source, distributions are made first to various state trust funds, then to the local government in which the tax or fee was collected, and then any remaining distributions are made to certain applicants that qualify under economic development programs created by the Legislature. For example, after the distributions under ss. 212.20(6)(a)-(d)6.a., F.S., are made, the remaining tax and fee revenues are distributed as follows:

- \$166,667 monthly to professional sports franchise facilities certified pursuant to s. 288.1162, F.S., and \$41,667 monthly to spring training franchise facilities certified pursuant to s. 288.11621, F.S.³⁷
- \$166,667 monthly to the professional golf hall of fame certified pursuant to s. 288.1168, F.S.³⁸
- \$83,333 monthly to certain spring training franchise facilities certified pursuant to s. 288.11631, F.S.³⁹
- Monthly distributions of an amount to be determined by DEO to each local government that is certified pursuant to s. 288.11625, F.S., for the public purpose of constructing, reconstructing, renovating, or improving a sports facility.⁴⁰

While DEO must certify the persons that receive a distribution described above prior to receiving the distributions, current law does not require annual reporting of the manner in which the distributions are spent or whether, and to what extent, the distributions are pledged for debt service.

Proposed Changes

The bill creates reporting requirements for persons that receive a distribution pursuant to ss. 212.20(6)(d)6.b.-f., F.S. By March 15 of each year, such persons receiving distributions in the prior calendar year shall report to the Office of Economic and Demographic Research the following information:

- An itemized accounting of all expenditures of the funds distributed in the prior calendar, including amounts spent on debt service.
- A statement indicating what portion of the distributed funds have been pledged for debt service.
- The original principal amount, and current debt service schedule of any bonds or other borrowing for which the distributed funds have been pledged for debt service.

Corporate Income Tax

Florida levies corporate income tax on corporations of 5.5 percent for income earned in Florida.⁴¹ The calculation of Florida corporate income tax starts with a corporation's federal taxable income.⁴² After certain addbacks and subtractions to federal taxable income required by ch. 220, F.S., the amount of adjusted federal income attributable to Florida is determined by the application of an apportionment formula.⁴³ The Florida corporate income tax uses a three-factor apportionment formula consisting of property, payroll, and sales (which is double-weighted) to measure the portion of a multistate

³⁷ s. 212.20(6)(d)6.b., F.S.

³⁸ s. 212.20(6)(d)6.c., F.S.

³⁹ s. 212.20(6)(d)6.e., F.S.

⁴⁰ s. 212.20(6)(d)6.f., F.S.

⁴¹ s. 220.11, F.S.

⁴² s. 220.12, F.S.

⁴³ s. 220.15, F.S.

corporation's business activities attributable to Florida.⁴⁴ Income that is apportioned to Florida using this formula is then subject to the Florida income tax. The first \$50,000 of net income is exempt.⁴⁵

Sales/Corporate/Ins. Premiums Tax - Community Contribution Tax Credit Program

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.⁴⁶ Broadly, the CCTCP offers tax credits to businesses or persons ("taxpayers") anywhere in Florida that contribute⁴⁷ to certain projects undertaken by approved CCTCP sponsors.⁴⁸

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.⁴⁹ As of February 2018, the CCTCP had 124 approved sponsors.⁵⁰

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.⁵¹

In addition, eligible projects must be located in an area that was designated as an enterprise zone as of May 1, 2015⁵² 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).

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.⁵³ 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.⁵⁴ The taxpayer may use the credit against corporate income tax, insurance premiums tax, or as a refund against sales tax.⁵⁵ Unused credits

⁴⁴ s. 220.15, F.S.

⁴⁵ s. 220.14, F.S.

⁴⁶ Ch. 80-249, Laws of Fla. The CCTCP is one of the state incentives available under the Florida Enterprise Zone Act, which was partially repealed on December 31, 2015. Sections 290.007(3) and 290.016, F.S.

⁴⁷ ss. 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.

⁴⁸ See ss. 212.08(5)(p); 220.183; and 624.5105, F.S.

⁴⁹ See ss. 212.08(5)(p)2.c.; 220.183(2)(c); and 624.5105(2)(c), F.S.

⁵⁰ Email correspondence with DEO staff, February 8, 2018, on file with the House Ways & Means Committee.

⁵¹ ss. 212.08(5)(p)2.b.; 220.183(2)(d); 624.5105(2)(b); and 220.03(1)(t), F.S.

⁵² 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.

⁵³ ss. 212.08(5)(p)4.; 220.183(4); and 624.5105(4), F.S.

⁵⁴ ss. 212.08(5)(p)1.; 220.183 (1)(a) and (b); and 624.5105(1), F.S.

⁵⁵ See ss. 212.08(5)(p); 220.183; and 624.5105, F.S.

against corporate income taxes and insurance premium taxes may be carried forward for five years.⁵⁶ Unused credits against sales taxes may be carried forward for three years.⁵⁷

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.⁵⁸ During FY 2016-2017, DEO approved 444 tax credit applications submitted by 63 eligible sponsors for eligible projects located in 34 counties. For fiscal year 2017-18, as of February 8, 2018, DEO has approved 358 tax credit applications.⁵⁹

The Legislature extended the CCTCP in 1984, 1994, 2005, 2014, and 2015,⁶⁰ and made the program permanent in 2017.⁶¹ It has also amended the annual tax credit allocation of the CCTCP on numerous occasions.⁶² The CCTCP cap, which started at \$3 million annually, is currently set at \$21.4 million for fiscal year 2017-18; for fiscal years after 2017-18, the cap is set at \$14 million. The cap has been reached every year since fiscal year 2001-02, except for a few years when 95.9 percent (fiscal year 2014-15) and 99.9 percent of the cap was reached (fiscal years 2011-12, 2012-13, and 2016-17).⁶³

Proposed Changes

The bill provides a one-time additional tax credit authorization of \$6.5 million for FY 2019-20 for projects that provide homeownership opportunities for low-income and very-low-income households or housing opportunities for persons with special needs. The annual credit authorization for all other projects will remain at \$3.5 million. Thus, the tax credit authorization for all projects in FY 2019-20 is \$20.5 million.

Voluntary Cleanup Tax Credit Program - Brownfields Tax Credit

Current Situation

In 1998, the Legislature provided the Department of Environmental Protection (DEP) the direction and authority to issue tax credits as an additional incentive to encourage site rehabilitation in brownfield areas and to encourage voluntary cleanup of certain other types of contaminated sites. This corporate income tax credit may be taken in the amount of 50 percent of the costs of voluntary cleanup activity that is integral to site rehabilitation at the following sites:

- A site eligible for state-funded cleanup under the Drycleaning Solvent Cleanup Program,⁶⁴
- A drycleaning solvent contaminated site at which the real property owner undertakes voluntary cleanup, provided that the real property owner has never been the owner or operator of the drycleaning facility; or
- A brownfield site in a designated brownfield area.⁶⁵

Eligible tax credit applicants may receive up to \$500,000 per site per year in tax credits. Due to concern that some participants in a voluntary cleanup might only conduct enough work to eliminate or minimize their exposure to third party lawsuits, current law also provides a completion incentive in the form of an additional 25 percent supplemental tax credit for those applicants that completed site rehabilitation and

⁵⁶ ss. 220.183(1)(e) and (g); and 624.5105, F.S.

⁵⁷ ss. 212.08(5)(p)1.b. and f., F.S.

⁵⁸ s. 420.0004(13), F.S.

⁵⁹ Email correspondence with DEO staff, March 22, 2017, on file with House Ways & Means Committee.

⁶⁰ Chs. 84-356, 94-136, 2005-282, 2014-38, and 2015-221 Laws of Fla.

⁶¹ Ch. 2017-36, Laws of Fla.

⁶² See Chs. 94-136, 98-219, 99-265, 2005-282, 2006-78, 2008-153, 2015-221, and 2017-36 Laws of Fla.

⁶³ Email correspondence with DEO staff, February 8, 2018, on file with House Ways & Means Committee.

⁶⁴ s. 376.30781, F.S.

⁶⁵ s. 220.1845, F.S.

received a Site Rehabilitation Completion Order from the DEP. This additional supplemental credit has a \$500,000 cap. Businesses are also allowed a one-time application for an additional 25 percent of the total site rehabilitation costs, up to \$500,000, for brownfield sites at which the land use is restricted to affordable housing. They may also submit a one-time application claiming 50 percent of the costs, up to \$500,000, for removal, transportation and disposal of solid waste at a brownfield site.

Site rehabilitation tax credit applications must be complete and submitted by January 31 of each year. The total amount of tax credits for all sites that may be granted by DEP is \$10 million annually. In the event that approved tax credit applications exceed the \$10 million annual authorization, the statute provides for remaining applications to roll over into the next FY to receive tax credits in first come, first served order from the next year's authorization. These tax credits may be applied toward corporate income tax in Florida. The tax credits may be transferred one time, although they may succeed to a surviving or acquiring entity after merger or acquisition.

Since 1998, the VCTC Program has approved \$81.7 million in VCTCs⁶⁶. Total requests for tax credits have met or exceeded the annual authorization since 2007.⁶⁷ Since 2012, the approved tax credits have averaged more than \$8.3 million per year. In 2015, the Legislature approved a one-time tax credit authorization of \$21.6 million, which allowed the DEP to issue certificates for all tax credits that were approved but had not received funding. In 2016, DEP received 99 tax credit applications and approved \$10.8 million in VCTCs for site rehabilitation work completed in 2015. As of July 1, 2016, there were \$10.8 million in approved tax credits; after the authorization was used to issue certificates, \$5.8 million was carried over as the backlog. Effective July 1, 2017⁶⁸, the Legislature again increased the annual authorization to \$10 million. DEP received 136 VCTC applications for 2016 calendar year expenses, and the approved tax credits totaled \$14.4 million. Of this total, \$14 million—approximately 97 percent—was allocated for tax credits for 119 brownfield sites.⁶⁹ DEP received 139 VCTC applications for 2017 calendar year expenses totaling \$12.8 million.⁷⁰ As of February 1, 2018, DEP had a backlog of \$10.2 million in approved tax credits that have not been funded⁷¹. On July 1, 2018, the \$10 million annual authorization for FY 2018-19 becomes available which will reduce the current backlog to \$200,000. However, the \$12.8 million in tax credits applied for 2017 costs when added to the \$200,000 tax credits outstanding will create a backlog of approximately \$13 million⁷² that will be partially funded when the \$10 million annually authorized credit amount becomes available on July 1, 2019.

Proposed Changes

The bill provides a one-time additional tax credit authorization of \$13 million for FY 2018-19.

Property Taxation in Florida

Local governments, including counties, school districts, and municipalities have the constitutional authority to levy ad valorem taxes. Special districts may also be given this authority by law.⁷³ Ad valorem taxes are collected on the fair market value of the property, adjusting for any exclusions, differentials or exemptions.

⁶⁶ Florida Brownfields Redevelopment Program, 2016-17 – Annual Report, on file with House Ways & Means staff. Unavailable online as of February 1, 2018.

⁶⁷ DEP, Florida Brownfields Redevelopment Program, 2016 Annual Report, no longer available at: http://www.dep.state.fl.us/Waste/quick_topics/publications/wc/brownfields/AnnualReport/2016/2015-16_FDEP_Annual.pdf (last visited March 22, 2017).

⁶⁸ See ss. 32 and 41, ch. 2017-36, L.O.F. (HB 7109)

⁶⁹ Florida Brownfields Redevelopment Program, 2016-17 – Annual Report, on file with House Ways & Means staff. Unavailable online as of February 1, 2018.

⁷⁰ Email from DEP to House Ways and Means staff, February 1, 2018.

⁷¹ Email from DEP to House Ways and Means staff, February 1, 2018.

⁷² Note that, for various reasons, not all of the \$12.8 million in tax credits applied for will be approved.

⁷³ FLA. CONST. art VII, s. 9.

All ad valorem taxation must be at a uniform rate within each taxing unit, subject to certain exceptions with respect to intangible personal property.⁷⁴ However, the Florida constitutional provision requiring that taxes be imposed at a uniform rate refers to the application of a common rate to all taxpayers within each taxing unit – not variations in rates between taxing units.⁷⁵

Federal, state, and county governments are immune from taxation but municipalities are not subdivisions of the state and may be subject to taxation absent an express exemption.⁷⁶ The Florida Constitution grants property tax relief in the form of certain valuation differentials,⁷⁷ assessment limitations,⁷⁸ and exemptions,⁷⁹ including the exemptions relating to municipalities and exemptions for educational, literary, scientific, religious or charitable purposes.

Assessment of Citrus Packing and Processing Equipment

Current Situation

Taxation of Tangible Personal Property

“Tangible personal property” means all goods, chattels, and other articles of value (not including vehicles) capable of manual possession and whose chief value is intrinsic to the article itself.⁸⁰ All tangible personal property is subject to ad valorem taxation unless expressly exempted.⁸¹ Household goods and personal effects,⁸² items of inventory,⁸³ and up to \$25,000 of assessed value for each tangible personal property tax return⁸⁴ are exempt from ad valorem taxation.

Anyone who owns tangible personal property on January 1 of each year and who has a proprietorship, partnership, or corporation, or is a self-employed agent or a contractor, must file a tangible personal property return to the property appraiser by April 1 each year.⁸⁵ Property owners who lease, lend, or rent property must also file a return. Each tangible personal property tax return is eligible for an exemption from ad valorem taxation of up to \$25,000 of assessed value.⁸⁶

⁷⁴ FLA. CONST. art VII, s. 2.

⁷⁵ See, for example, *Moore v. Palm Beach County*, 731 So. 2d 754 (Fla. 4th DCA 1999) citing *W. J. Howey Co. v. Williams*, 142 Fla. 415, 195 So. 181, 182 (1940).

⁷⁶ “Exemption” presupposes the existence of a power to tax, while “immunity” implies the absence of it. See *Turner v. Florida State Fair Authority*, 974 So. 2d 470 (Fla. 2d DCA 2008); *Dept. of Revenue v. Gainesville*, 918 So. 2d 250, 257-59 (Fla. 2005).

⁷⁷ FLA. CONST. art VII, s. 4, authorizes valuation differentials, which are based on character or use of property.

⁷⁸ FLA. CONST. art VII, s. 4(c), authorizes the “Save Our Homes” property assessment limitation, which limits the increase in assessment of homestead property to the lesser of 3 percent or the percentage change in the Consumer Price Index. S. 4(e) authorizes counties to provide for a reduction in the assessed value of homestead property to the extent of any increase in the assessed value of that property which results from the construction or reconstruction of the property for the purpose of providing living quarters for one or more natural or adoptive grandparents or parents of the owner of the property or of the owner's spouse if at least one of the grandparents or parents for whom the living quarters are provided is 62 years of age or older. This provision is known as the “Granny Flats” assessment limitation.

⁷⁹ FLA. CONST. art VII, s. 3, provides authority for the various property tax exemptions. The statutes also clarify or provide property tax exemptions for certain licensed child care facilities operating in an enterprise zone, properties used to provide affordable housing, educational facilities, charter schools, property owned and used by any labor organizations, community centers, space laboratories, and not-for-profit sewer and water companies.

⁸⁰ s. 192.001(11)(d), F.S.

⁸¹ s. 196.001(1), F.S.

⁸² s. 196.181, F.S.

⁸³ s. 196.185, F.S.

⁸⁴ s. 196.183, F.S.

⁸⁵ s. 193.062, F.S.; see also FLA. DEP'T OF REVENUE, Tangible Personal Property, <http://dor.myflorida.com/dor/property/tpp/> (last visited Jan. 31, 2018).

⁸⁶ Fla. Const. art. VII, s. 3.

Taxation of Agricultural Property

Section 193.461, F.S., allows properties classified as bona fide agricultural operations to be taxed according to the “use” value of the agricultural operation, rather than the development value. Generally, tax assessments for qualifying lands are lower than tax assessments for other uses. Lands classified as agricultural for assessment purposes retain their agricultural classification if the land is taken out of production by a state or federal eradication or quarantine program, including the Citrus Health Response Program, for a period of five years. If these agricultural lands are converted to fallow or are otherwise nonincome producing, property tax collectors may only assess a de minimis value up to \$50 per acre on a single-year assessment.⁸⁷

For purposes of ad valorem property taxation, agricultural equipment that is located on property classified as agricultural under s. 193.461, F.S., and is obsolete and no longer usable for its intended purpose is deemed to have a market value no greater than its value for salvage.⁸⁸

Citrus Greening

Citrus Huanglongbing, more commonly known as citrus greening disease, is an endemic citrus disease that impairs a tree’s ability to properly mature, resulting in the production of small, bitter, and economically useless fruit. The disease is incurable and causes trees to become more susceptible to other diseases. Citrus greening was discovered in Miami-Dade County in 2005 and has since spread to all citrus producing counties in Florida.

Over a five year period from 2006-2011, it is estimated that citrus greening disease has resulted in an economic loss of \$4.54 billion and the loss of 8,257 jobs. From 1999-2010, 56 packing houses and 33 processing plants were shut down, partially as a result of decreased production due to citrus greening.⁸⁹ The U.S. Department of Agriculture forecasted that Florida’s citrus production for the 2017-2018 season will be 33 percent less than last season and a decline of more than 80 percent since peak citrus production during the 1997-1998 season. The 2017-2018 forecasted citrus production is also expected to be the smallest production since the 1944-1945 season.⁹⁰

Proposed Changes

The bill creates s. 193.4516, F.S. to provide for purposes of ad valorem taxation, tangible personal property owned and operated by a citrus fruit packing or processing facility shall be deemed to have a market value no greater than its salvage value, provided the tangible personal property is no longer used in the operation of the facility due to the effects of Hurricane Irma or citrus greening. This valuation will be effective only for the 2018 tax year. The bill will apply retroactively to January 1, 2018.

The bill also creates s. 218.135, F.S., to direct the legislature to provide fiscally constrained counties⁹¹ an appropriation to offset the reduction in ad valorem tax revenue which occur as a direct result of the implementation of s. 193.4516, F.S. The affected counties must apply to DOR and provide supporting documentation to receive the appropriation. The appropriations will be distributed to the affected counties in January of each fiscal year in proportion of the total reduction in ad valorem tax revenue resulting from the implementation of s. 193.4516, F.S.

⁸⁷ s. 193.461(7)(a), F.S.

⁸⁸ s. 193.4615, F.S.

⁸⁹ Economic Impacts of Citrus Greening in Florida, 2006/07-2010/11, FE903. UF IFAS Extension. January 2012.

⁹⁰ USDA National Agriculture Statistics Service December Forecast, Citrus Maturity Test Results and Fruit Size, https://www.nass.usda.gov/Statistics_by_State/Florida/Publications/Citrus/Citrus_Forecast/2017-18/cit1217.pdf (last visited Jan. 31, 2018).

⁹¹ See s. 218.67(1), F.S. for a definition of “fiscally constrained counties.”

Homestead Property Damaged or Destroyed by Natural Disaster in 2017

Current Situation

Tax Relief for Natural Disasters

The Legislature has provided tax relief for the victims of natural disasters on at least four occasions.⁹² Chapter 88-101, L.O.F., created s. 196.295(3), F.S., which provided an abatement of taxes for properties damaged by windstorms or tornadoes.⁹³ 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.⁹⁴ 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 the 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.⁹⁵

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 DOR of the total reduction in taxes for all property in the county receiving the abatement.⁹⁶ The law was applied retroactively to January 1, 1988 and included a repeal effective of July 1, 1989.⁹⁷ The language was removed from statute in 1992.⁹⁸

Natural Disaster Provisions

Current law provides that the Governor shall issue an executive order declaring a state of emergency if he finds an emergency has occurred or a threat is imminent.⁹⁹ Depending on the severity of the emergency, the declaration may result in a military mobilization or allow out-of-state healthcare professionals to provide services in the disaster area.¹⁰⁰

Proposed Changes

The bill creates s. 197.318, F.S., providing a relief credit¹⁰¹ for homestead parcels on which the defined residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated.

The tax credit is in the form of a credit against property taxes levied in 2019. The amount of the credit reflects the value of the homestead structure for the portion of 2016 or 2017 that it was uninhabitable as a consequence of hurricane damage.

To receive the tax abatement, the property owner must submit an application to the property appraiser by March 1, 2019. A property owner who fails to submit the application by March 1, 2019, waives a claim for abatement of taxes from the natural disaster. The application must identify the residential parcel on which the residential improvement was damaged or destroyed, the hurricane that caused the

⁹² chs. 88-101, 98-185, 2004-474, and 2007-106, L.O.F.

⁹³ s. 196.295(3), F.S, repealed by ch. 92-173, s. 8, Laws of Fla.

⁹⁴ s. 196.295(3)(a), F.S, repealed by ch. 92-173, s. 8, Laws of Fla.

⁹⁵ s. 196.295(3)(d), F.S, repealed by ch. 92-173, s. 8, Laws of Fla.

⁹⁶ s. 196.295(3)(e)-(f), F.S, repealed by ch. 92-173, s. 8, Laws of Fla.

⁹⁷ s. 196.295(3)(h), F.S, repealed by ch. 92-173, s. 8, Laws of Fla.

⁹⁸ ch. 92-173, s. 8, L.O.F.

⁹⁹ s. 252.36, F.S.

¹⁰⁰ s. 252.36(3)(c)1. and 2., F.S.

¹⁰¹ The bill defines “disaster relief credit” as the product arrived at by multiplying the damage differential by the amount of timely paid taxes that were initially levied in the year the natural disaster occurred.

damage or destruction, the date the damage or destruction occurred, and the number of days the property was uninhabitable during either the 2016 or 2017 calendar year.

Upon receipt of the application, the property appraiser investigates the statements contained therein and determines if the property owner qualifies for the disaster relief credit. If the property appraiser determines that the property owner is not entitled to the tax abatement, the property owner may file a petition with the value adjustment board. If the property owner qualifies the property appraiser shall issue an official written statement to the tax collector by April 1, 2019 containing:

- The number of days during the calendar year in which the natural disaster occurred that the residential improvement was uninhabitable.¹⁰²
- The just value of the residential parcel on January 1, 2016 or 2017.
- The post-disaster just value of the residential parcel, as determined by the property appraiser.
- The percent change in value applicable to the residential parcel.¹⁰³

The tax collector uses the property appraiser's written statement to calculate the value of the damage differential and disaster relief credit and applies the credit to reduce the taxes initially levied on the residential parcel by the amount of the credit.¹⁰⁴ If the value of the credit exceeds the taxes levied in 2019, the remaining value of the credit shall be applied to taxes due in subsequent years until the value of the credit is exhausted.

The tax collector must notify DOR and the governing board of each affected local government of the total reduction in taxes of all property receiving a credit pursuant to this section. The bill applies retroactively to January 1, 2016, and expires January 1, 2021.

The bill also amends s. 194.032, F.S., to provide that value adjustment boards may hear appeals pertaining to tax abatements under the newly created s. 197.318, F.S.

The bill also creates s. 218.135, F.S., requiring the legislature to appropriate funds to offset the reduction in ad valorem tax revenue in taxing jurisdictions in fiscally constrained counties which occur as a direct result of the implementation of s. 197.318, F.S. The affected taxing jurisdictions must apply to DOR and provide supporting documentation to receive the appropriation. The appropriations will be distributed to the affected taxing jurisdictions in January 2020 in proportion of the total reduction in ad valorem tax revenue resulting from the implementation of s. 197.318, F.S.

¹⁰² To qualify for the disaster relief credit, the residential improvement must be uninhabitable for at least 30 days.

¹⁰³ The bill defines the "percent change in value" as the difference between the residential parcels just value as of January 1, 2017, and its postdisaster just value expressed as a percentage of the parcel's just value as of January 1, 2017.

¹⁰⁴ The bill defines "damage differential" as the product arrived at by multiplying the percent change in value by a ratio, the numerator of which is the number of days the residential improvement was rendered uninhabitable, the denominator of which is 365.

Ad Valorem Exemption for Unmarried Surviving Spouse of a Disabled Ex-Servicemember

Current Situation

Current law provides a \$5,000 property tax exemption to any resident ex-servicemember who was honorably discharged and has been disabled to a degree of 10 percent or more by misfortune or while serving during a period of wartime service. This exemption is also extended to the surviving spouse of the disabled ex-servicemember if, at the time of the disabled ex-servicemember's death, the unremarried surviving spouse was married to the ex-servicemember for at least 5 years.¹⁰⁵

Proposed Change

The bill removes the requirement that the unremarried surviving spouse of a disabled ex-servicemember be married for at least 5 years on the date of the ex-servicemember's death in order to be entitled to the \$5,000 property tax exemption.

Ad Valorem Exemption for Deployed Servicemembers¹⁰⁶

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.¹⁰⁷ 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.¹⁰⁸

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;
- Operation Enduring Freedom, which began on October 7, 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 New Dawn, which began on September 1, 2010, and ended on December 15, 2011;
- Operation Odyssey Dawn, which began on March 19, 2011, and ended on October 31, 2011;
- 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.

¹⁰⁵ s. 196.24, F.S.

¹⁰⁶ 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.

¹⁰⁷ Fla. Const. art. VII, s. 3(g). See also s. 196.173, F.S.

¹⁰⁸ s. 196.173(4), F.S.

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.¹⁰⁹

To the extent possible, the report must include:

- The official and common names of the military operations;
- The general location and purpose of each military operation;
- The date each military operation commenced; and
- The date each military operation terminated, unless the operation is ongoing.¹¹⁰

DMA submitted the required report in January 2018, providing the names, dates, locations and general purposes of all known and unclassified military operations that occurred outside the continental United States, Alaska, and Hawaii in calendar year 2017.¹¹¹

Proposed Changes

The bill updates the statutory list of military operations eligible for the exemption by specifying that Operation Enduring Freedom ended on December 31, 2014 and by removing from the list Operations New Dawn and Odyssey Dawn that ended on December 15, 2011, and October 31, 2011, respectively, which are no longer relevant for purposes of the tax exemption.

Documentary Stamp Tax

General

Florida imposes a documentary stamp tax on tax deeds and other documents related to real property at the rate of 70 cents per \$100 of the consideration paid therefor.¹¹² Consideration is defined to include, but is not limited to, the money paid or agreed to be paid; the discharge of an obligation; and the amount of any mortgage, purchase money mortgage lien, or other encumbrance, whether or not the underlying indebtedness is assumed.¹¹³ Additionally, Florida imposes a documentary stamp tax on bonds, certificates of indebtedness, notes and other written obligations to pay money at the rate of 35 cents per \$100 of the amount of the indebtedness.¹¹⁴

Spousal Homestead Transfers

Current Situation

Current law exempts from documentary stamp taxes on documents related to real property for certain transfers or conveyances as specified in ch. 201, F.S.¹¹⁵ For example, a deed, transfer, or conveyance between spouses or former spouses pursuant to an action for dissolution of their marriage wherein the real property is or was their marital home or an interest therein is not subject to taxation under ch. 201,

¹⁰⁹ s. 196.173(3), F.S.

¹¹⁰ *Id.*

¹¹¹ State of Florida Department of Military Affairs Office of the Adjutant General, *Named Operations 2017Report*. On file with the House Ways & Means Committee.

¹¹² s. 201.02(1)(a), F.S.

¹¹³ s. 201.02(1)(a), F.S.

¹¹⁴ ss. 201.07 and 201.08, F.S.

¹¹⁵ See ss. 201.02(6)-(8), and 201.24, F.S.

F.S.¹¹⁶ This exemption also applies to conveyances that occurred within one year before the dissolution of marriage.

Except for a conveyance prior to the dissolution of a marriage discussed above, there is currently no documentary stamp tax exemption for transfers or conveyances between married spouses. For instance, if a spouse owned real property prior to his or her marriage and added the other spouse's name to the deed subsequent to their marriage, documentary stamp tax would be imposed on such transaction.

Proposed Changes

The bill provides an exemption from documentary stamp taxes for a deed or other instrument that transfers or conveys homestead property, or any interest therein, between spouses. The exemption applies if:

- The only consideration for the transfer or conveyance is the amount of a mortgage or other lien encumbering the homestead property at the time of the transfer or conveyance; and
- The deed or other instrument is recorded within one year after the date of the marriage.

This exemption applies to transfers or conveyances between spouses, regardless of whether the transfer or conveyance is from one spouse to another, from one spouse to both spouses, or from both spouses to one spouse.

Loans issued by Local Housing Finance Authorities

Current Situation

Current law authorizes each county to create by ordinance a Housing Finance Authority (HFA) to encourage investment in construction and rehabilitation of suitable affordable housing units.¹¹⁷ HFAs have the authority to issue bonds and use the bond proceeds to raise capital for financing of qualifying housing projects.¹¹⁸ Bonds issued by a HFA, and all notes, mortgages, or other instruments given to secure repayment of the bonds, are exempt from all taxes.¹¹⁹

HFAs also have the authority to make conventional loans with funds derived from sources other than bond proceeds,¹²⁰ for instance, loans made to persons who otherwise cannot borrow from conventional lending sources.¹²¹ However, even though bonds issued by a HFA and financial instruments given to secure repayment of the bonds are tax exempt, notes and mortgages pertaining to loans made by a HFA other than as part of a bond transaction remain subject to documentary stamp tax at a rate of 35 cents per \$100 of the consideration paid therefor.¹²²

Proposed Changes

The bill provides an exemption from documentary stamp taxes for any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority. In order to qualify for the exemption, the housing authority must, at the time the note or mortgage is recorded, record an affidavit signed by an agent of the housing authority affirming that the loan was made by or on behalf of the housing finance authority.

¹¹⁶ s. 201.02(7), F.S.

¹¹⁷ ch. 159, F.S.

¹¹⁸ s. 159.612(2), F.S.

¹¹⁹ Section 159.621, F.S.

¹²⁰ For example, funds from the State Housing Initiatives Partnership pursuant to ch. 420, F.S.

¹²¹ s. 159.608(8), F.S.

¹²² s. 201.08, F.S.

Article V Fees

Traffic Fine Reduction for Driver Improvement Course Attendance

Current Situation

In general, ch. 318, F.S., provides for the disposition of traffic infractions. Specifically, s. 318.14, F.S., provides the procedures for processing noncriminal traffic infractions. A person who commits a noncriminal traffic infraction and is issued a citation, must elect to appear before a designated official, pay the citation, or enter into a payment plan with the clerk of court within 30 days after the citation is issued to avoid having his or her driver license suspended.¹²³

Section 318.14(9), F.S., provides that a person who does not hold a commercial driver license or commercial learner's permit and who is cited while driving a noncommercial motor vehicle for a noncriminal traffic infraction may, in lieu of a court appearance, elect to attend a basic driver improvement course.¹²⁴ If a driver improvement course is completed, adjudication is withheld and points¹²⁵ are not assessed against the person's driver license. However, a person may not elect to attend a driver improvement course if he or she elected to attend a driver improvement course in the preceding 12 months.

Similarly, the option to elect to attend a driver improvement program is not available for citations related to:

- Violating the posted speed limit when the driver exceeds the posted speed limit by 30 miles per hour or more;
- Not carrying the vehicle's certificate of registration while the vehicle is in use;
- Operating a motor vehicle with an expired registration;
- Operating a motor vehicle with a driver license expired for six months or less; and
- Operating a motor vehicle without carrying a driver license.¹²⁶

A person may not make more than five elections for a driver improvement course within his or her lifetime.¹²⁷ If a person completes a basic driver improvement course, 18 percent of the civil penalty imposed¹²⁸ is deposited in the State Courts Revenue Trust Fund. However, the 18 percent is not revenue for purposes of s. 28.36, F.S.,¹²⁹ and may not be used in establishing the budget of the clerk of the court under s. 28.36, F.S., or s. 28.35, F.S.¹³⁰

Prior to 2009, s. 318.14(9), F.S., provided for an 18 percent reduction in the civil penalty for persons who completed driver improvement school. In 2009, the statute was changed to remove the 18 percent reduction in fines and to allocate those funds to the State Courts Revenue Trust Fund.¹³¹

¹²³ s. 318.14, F.S.

¹²⁴ Driver improvement courses must be approved by the Department of Highway Safety and Motor Vehicles.

¹²⁵ Points are provided for in s. 322.27, F.S.

¹²⁶ s. 318.14(9), F.S.

¹²⁷ s. 318.14(9), F.S.

¹²⁸ The civil penalty is imposed under s. 318.18(3), F.S. The civil penalty imposed varies by violation.

¹²⁹ s. 28.36, F.S., provides budget procedures for court-related functions of the clerk of the court.

¹³⁰ s. 28.35, F.S., creates the Florida Clerk of Court Operations Corporation.

¹³¹ ch. 2009-7, L.O.F. The bill had an effective date of February 1, 2009.

Section 318.15, F.S., relates to failure to comply with a civil penalty or failure to appear. Specifically s. 318.15(1)(b), F.S., provides that a person who elects to attend driver improvement school and has paid the civil penalty¹³² who subsequently fails to attend the driver improvement school within the time specified by the court is deemed to have admitted the infraction and is adjudicated guilty. In such a case, the clerk of the court notifies the Department of Highway Safety and Motor Vehicles (DHSMV) of the person's failure to attend driver improvement school and points are assessed on the person's driver license.

The cost of driver improvement courses range from \$15 to \$40, depending on the provider.¹³³ From 2008 to 2017, there has been a decrease in the number of individuals who have opted to attend a driver improvement course.¹³⁴

**Number of Individuals Electing to Attend
Driver Improvement Courses 2008-2017**

Calendar Year	Individuals Electing Driver Improvement Course	Elected But Did Not Attend
2008	479,116	-
2009	397,707	-
2010	347,458	42
2011	301,421	395
2012	271,256	404
2013	255,315	621
2014	260,131	839
2015	239,960	2,097
2016	221,884	8,386
2017	201,576	24,040
Total	2,975,824	36,824

Proposed Changes

The bill amends s. 318.14(9), F.S., providing a reduction of 18 percent on the civil penalty for a noncriminal traffic infraction if the person elects to attend driver improvement school. The bill also removes the provision that 18 percent of the civil penalty from those attending driver improvement schools is deposited into the State Courts Revenue Trust Fund. Therefore, the bill reduces the fine for those attending a driver improvement course and reduces the revenue provided to the State Courts Revenue Trust Fund.

The bill also amends s. 318.15(1)(b), F.S., making conforming changes regarding the reduction in fines for those who elect to attend a driver improvement course.

Cigarette Tax Distributions

Current Situation

Chapter 210, F.S., governs taxes on tobacco products. Cigarette tax collections received by the Division of Alcoholic Beverages and Tobacco (division) in the Department of Business and Professional

¹³² The civil penalty is provided for in s. 318.14(9), F.S.

¹³³ DHSMV, *2017 Agency Legislative Bill Analysis: HB 547* (on file with the House Transportation & Infrastructure Subcommittee).

¹³⁴ Email from Kevin Jacobs, Deputy Legislative Affairs Director, DHSMV, RE: HB 531 to House Transportation & Infrastructure Subcommittee staff (December 7, 2017).

Regulation are deposited into the Cigarette Tax Collection Trust Fund. Section 210.20, F.S., provides for the payment of monthly distributions as follows:

From the total amount of cigarette tax collections:¹³⁵

- 8.0 percent service charge to the General Revenue Fund;¹³⁶ and
- 0.9 percent to the Alcoholic Beverage and Tobacco Trust Fund.

From the remaining net collections:¹³⁷

- 2.9 percent to the Revenue Sharing Trust Fund for Counties;
- 29.3 percent to the Public Medical Assistance Trust Fund;
- 4.04 percent to the Moffitt Center;¹³⁸ and
- 1.0 percent to the Biomedical Research Trust Fund in the Department of Health (DOH).¹³⁹

After the above distributions are made, the remaining balance of net cigarette tax collections is deposited in the General Revenue Fund.¹⁴⁰

Proposed Changes

The bill creates reporting requirements for distributions from cigarette tax collections going to the Moffitt Center. By March 15 of each year, the Center shall report to the Office of Economic and Demographic Research the following information:

- An itemized accounting of all expenditures of the distributed funds, including amounts spent on debt service.
- A statement indicating what portion of the distributed funds have been pledged for debt service.
- The original principal amount, and current debt service schedule of any bonds or other borrowing for which the distributed funds have been pledged or debt service.

Florida Education Scholarship Programs

Background

The Florida Tax Credit Scholarship Program (FTCP)¹⁴¹ was established to encourage taxpayers to make private voluntary contributions to scholarship-funding organizations (SFO), expand educational opportunities for families with limited financial resources, and to enable children in Florida to achieve a greater level of excellence in their education.¹⁴² SFOs use contributions to award scholarships to

¹³⁵ See s. 210.20(2)(a), F.S.

¹³⁶ See s. 215.20(1), F.S. concerning the appropriation of the eight percent service charge to the General Revenue Fund.

¹³⁷ See s. 210.20(2)(a), F.S.

¹³⁸ See s. 210.20(2)(b), F.S. The distribution of cigarette tax funds to the Moffitt Center was initiated in 1998, using 2.59 percent for the calculation on net cigarette tax collections. See ch. 98-286, Laws of Fla. The last adjustment to the percentage for the calculation occurred in 2014, when the percentage was set at the current 4.04 percent from July 1, 2014 through June 30, 2017. See s. 8 of ch. 2014-38., Laws of Fla.

¹³⁹ Pursuant to s. 210.20(2)(c), F.S. these funds (constituting 1.0 percent of net collections) are appropriated in an amount up to \$3 million annually during the period of July 1, 2013 to June 30, 2033, to the DOH and the Sanford-Burnham Medical Research Institute for the purpose of those entities working to establish activities and grant opportunities relating to biomedical research.

¹⁴⁰ See s. 210.20(b), F.S.

¹⁴¹ s. 1002.395, F.S.

¹⁴² s. 1002.395 (1)(b), F.S.

eligible low-income students for private school tuition and fees or transportation expenses to a Florida public school located outside of the school district in which the student resides.¹⁴³

The Florida Tax Credit Scholarship Program is funded with contributions to private non-profit SFOs from taxpayers who receive a tax credit for use against their liability for corporate income tax; insurance premium tax, severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders; or alcoholic beverage taxes on beer, wine and spirits.¹⁴⁴ The credit is equal to 100 percent of the eligible contributions made.¹⁴⁵ To receive a credit the taxpayer must submit an application and specify each tax for which the taxpayer requests a credit and the applicable taxable or state fiscal year for the credit.¹⁴⁶ Taxpayers can rescind tax credits, which will become available to another eligible taxpayer in that fiscal year.¹⁴⁷

The maximum amount of tax credits that may be awarded in FY 2017-18 is \$698 million. The Revenue Estimating Conference estimates that contributions applicable against this limit will be \$639.2 million in FY 2017-18. In any state fiscal year when the annual tax credits granted for the prior state fiscal year are equal to or greater than 90 percent of the tax credit cap amount applicable to that state fiscal year, the tax credit cap amount is increased by 25 percent.¹⁴⁸ Consequently, the maximum amount of tax credits expected to be available for award in FY 2018-19 is \$873.6 million.

The Gardiner Scholarship Program (GSP) was established in 2014¹⁴⁹ to provide an educational option for a parent of an eligible child¹⁵⁰ to better meet the individual educational needs of his or her child who has a disability.¹⁵¹ Under the GSP, a parent of an eligible child may request a GSP scholarship by submitting an application to a SFO.¹⁵² The GSP is directly administered by SFOs, and GSP funds may be awarded to parents to reimburse purchases of the certain items or services related to the child's education.¹⁵³ A student is not eligible for the program if he or she is receiving a scholarship pursuant to the Florida Tax Credit Scholarship Program under s. 1002.395, F.S.¹⁵⁴

The bill contains several provisions related to Florida's education scholarship programs.

Sales Tax Dealer Scholarship Credits

Proposed Changes

The bill creates s. 212.099, F.S., establishing tax credits that may be taken against sales tax liabilities for business-funded scholarships for the Gardiner Scholarship Program or the Florida Tax Credit Scholarship Program. The credit is equal to the amount of each business-funded scholarship created by the eligible business. A business-funded scholarship is an annual amount of financial aid created by an eligible business when the business makes a contribution to an eligible nonprofit scholarship funding organization in an amount that, if awarded to a single student, would equal the maximum scholarship award authorized pursuant to s. 1002.395 (The Florida Tax Credit Scholarship Program). Similar to the FTCP a business may not designate a specific student as the beneficiary of the contribution.

¹⁴³ s. 1002.395(6)(d), F.S. An eligible contribution is a monetary contribution from a taxpayer to an eligible SFO. Section 1002.395(2)(e), F.S.

¹⁴⁴ ss. 1002.395(1) and (5), F.S.

¹⁴⁵ ss. 220.1875 and 1002.395(5), F.S.

¹⁴⁶ s. 1002.395(5)(b), F.S.

¹⁴⁷ s. 1002.395(5)(e), F.S.

¹⁴⁸ s. 1002.395(5)(a), F.S.

¹⁴⁹ Section 16, ch. 2014-184, L.O.F.

¹⁵⁰ Section 1002.385(1) and (3), F.S.

¹⁵¹ Section 1002.385(2)(d), F.S.

¹⁵² Section 1002.385(11), F.S.

¹⁵³ See s. 1002.385(5), F.S.

¹⁵⁴ s. 1002.385(4), F.S.

To receive a credit the dealer must submit an application and specify the applicable state fiscal year for the credit. DOR will approve tax credits on a first-come, first-served basis. Within 10 days after approving or denying an application, DOR will provide a copy of its approval or denial letter to the SFO specified by the dealer in the application.

Dealers may carryforward credits not fully used in the specified fiscal year for a period not to exceed 10 years. Dealers generally cannot transfer credits to another entity, unless the other entity has acquired all of the dealer's business assets or is a member of an affiliated group of corporations. Dealers can rescind its tax credits, which will become available to another eligible dealer in that fiscal year.

The sum of tax credits under this new statute that may be approved by DOR in any state fiscal year is \$154 million. This cap is unrelated to current statutory caps in s. 1002.395, F.S., for the Florida Tax Credit Scholarship Program.

The Department of Revenue is required to adopt rules to administer the new tax credits.

Information Sharing

Current Situation

Section 213.053, F.S., provides that all information contained in returns, reports, accounts, or declarations received by DOR is confidential, and exempt from public disclosure under s. 119.07(1), F.S. Section 213.053, F.S., also provides exceptions to this general rule allowing for disclosure of confidential taxpayer information under specified circumstances.

Proposed Changes

The bill amends s. 213.053, F.S., and creates a new subsection to require the DOR to disclose under certain circumstances the 200 taxpayers with the greatest corporate income tax liability reported during the previous calendar year. The list is to be provided to and at the request of eligible nonprofit SFOs that are eligible to use up to 3% of eligible contributions for administrative expenses. The list shall be in alphabetical order based on the taxpayer's name and include the taxpayer's address. The list shall not disclose the amount of tax owed by the taxpayer. An eligible nonprofit SFO may request the list once each calendar year and may use the list only to notify the taxpayer of the opportunity to make an eligible contribution to the Florida Tax Credit Scholarship Program. DOR shall provide such information within 45 days after receiving the request.

Credit Carry Forwards

Current Situation

If any tax credits under the program are not used within the state fiscal year originally specified by the taxpayer due to insufficient tax liability, the credit may be carried forward for a period of five years.¹⁵⁵ To carryforward an unused tax credit the taxpayer must submit an application for approval in the year that the taxpayer intends to use the carryforward credit.¹⁵⁶

Proposed Changes

The bill extends from five years to ten the period for which unused credits may be carried forward by a taxpayer. Additionally, the need to apply for carry forwards is eliminated.

Sales Tax Dealer Collection Allowance

Current Situation

¹⁵⁵ s. 1002.395(5)(c), F.S.

¹⁵⁶ Id.

In 2010, the revenue sources against which tax credits can be claimed through the Florida Tax Credit Scholarship Program were expanded to include self-accrued sales tax liabilities of direct pay permit holders pursuant to s. 212.1831.¹⁵⁷

Section 212.183, F.S., establishes a process for the self-accrual of sales taxes, in limited circumstances,¹⁵⁸ which involves DOR granting a direct pay permit to a taxpayer, who then pays the taxes directly to DOR instead of paying taxes to the seller of purchased items.¹⁵⁹

Current law authorizes a collection allowance for certain sales tax dealers (including direct pay permit holders) as compensation for the prescribed record keeping, accounting for, and for the timely reporting and remitting of sales and use tax and discretionary sales surtax by electronic means.¹⁶⁰ Such persons will be allowed 2.5 percent of "the amount of the tax due", accounted for, and remitted to DOR in the form of a deduction. The collection allowance is limited to 2.5 percent of the first \$1,200 of the tax due, not to exceed \$30 in any filing period.¹⁶¹

Direct pay permit holders using tax credits under the Florida Tax Credit Scholarship Program often are unable to take a dealer collection allowance because "the amount of tax due," upon which the allowance is based, may be zero.

Proposed Changes

For purposes of the dealer's collection allowance under s. 212.12, F.S., the bill requires that the amount of tax due shall include any eligible contribution made to an eligible nonprofit SFO from a direct pay permit holder, thereby allowing the taxpayer to retain their dealer collection allowance.

Use of Credits Against Estimated Payments

Current Situation

Corporate income tax payers must make four payments of a portion of their estimated tax liability during their taxable year, following certain requirements as to timing and amounts.¹⁶²

Currently, corporate income tax payers making contributions under the Florida Tax Credit Scholarship Program must use the amount of the credit earned to reduce the next estimated payment that is due immediately following a contribution in that taxable year.¹⁶³

Proposed Changes

The bill allows corporate income tax payers to use credits earned against any of their estimated payments due instead of against the estimated payment due immediately following the contribution date.

Timing of Scholarship Contributions

Current Situation

¹⁵⁷ s. 212.1831, F.S.

¹⁵⁸ See s. 212.183, F.S., and Rule 12A-1.0911, F.A.C.

¹⁵⁹ Direct pay was originally designed to overcome the tax complexities in situations where the taxability of a transaction could not be easily determined at the time of purchase. For example, a number of states exempt transactions if the item purchased is used in a particular manner, e.g., for manufacturers, if the item is used in the manufacturing process or as an "ingredient and component part" of their sale products. In such instances, direct pay authority would allow an entity to purchase certain products for all types of uses and to report the appropriate tax after the actual use had been determined. *See Model Direct Payment Permit Regulation: A Report of the Steering Committee*, Task Force on EDI Audit and Legal Issues for Tax Administration, June 2000, available at <http://www.taxadmin.org/FTA/pub/DPay.pdf>

¹⁶⁰ s. 212.12, F.S., and Rule 12A-1.056(2)(a), F.A.C.

¹⁶¹ Rule 12A-1.056(2)(b), F.A.C.

¹⁶² s. 220.33, F.S.

¹⁶³ s. 1002.395(5)(g)1., F.S.

When corporate income tax payers wishing to make contributions to the program and use the allowable tax credits apply to the Department of Revenue (DOR) for a tax credit allocation, they must indicate which of the taxpayer's taxable years the credits will apply to. To use the credits allocated to them by the DOR, the taxpayer must make the actual contribution to the program during the taxable year indicated in the application.¹⁶⁴

Corporate income tax payers often do not have a precise knowledge of their tax liability until their taxable year is completed.

Provisions generally applicable to corporate income tax payers require annual tax returns to be filed on or before the first day of the fifth month following the close of the taxpayer's taxable year. Further, current law allows the final due date of tax returns to be extended by another six months, but only after tentative payments of final taxes owed.¹⁶⁵

Proposed Changes

The bill amends s. 220.1875(1), F.S., to provide that an eligible contribution must be made to an eligible nonprofit SFO on or before the date that the taxpayer is required to file a return pursuant to s. 220.222, F.S. This would allow a contribution to be made after a taxpayer's taxable year is complete but would allow the credit to be taken against that taxable year.

The bill also adds subsection (4) to provide if a taxpayer applies and is approved for a credit under s. 1002.395, F.S., after timely requesting an extension to file a return, credits granted under such circumstances shall not reduce the amount of tax due for purposes of the determination of whether the taxpayer was in compliance with the requirements under ss. 220.222 and 220.32, F.S. These provisions are designed to prevent a taxpayer from making a contribution (and using credits) to avoid penalties and interest associated with under payment of tentative final tax payments. The taxpayer's noncompliance with the requirement to pay tentative taxes (s. 220.32, F.S.) shall result in the revocation and rescindment of any credits and the taxpayer shall be assessed for any taxes, penalties, or interest due to noncompliance with the requirement to pay tentative taxes.

The bill adds s. 220.13(1)(b), F.S., to provide that if the amount taken as credit under s. 220.1875, F.S., is added to taxable income in the previous taxable year and is subsequently allowed as a deduction from taxable income for federal tax purposes in the current taxable year, the amount of the deduction shall not be added back to the current year. This provision is intended to ensure that the credit under s. 220.1875, F.S., is added in the applicable tax year and does not result in a duplicate addition in a subsequent year.

Fuel Used for Agricultural Shipment after Hurricane Irma

Current Situation

Motor fuel and diesel fuel are subject to state taxation pursuant to ch. 206, F.S. The tax rate is a combination of several state and local rates, and the revenue collected is distributed to various state trust funds and to local governments for revenue sharing purposes.¹⁶⁶ For 2017, the combined state tax rate is 24.8 cents per gallon.¹⁶⁷ In addition, the retail sale of motor and diesel fuel is subject to sales tax under ch. 212, F.S., under certain circumstances if fuel taxes have not been paid.¹⁶⁸

Current law exempts the sale or use of motor and diesel fuel for agricultural or farm purposes;¹⁶⁹ however, agricultural or farm purposes are generally defined to mean "used exclusively on a farm or for

¹⁶⁴ s. 1002.395(5)(b)1., F.S.

¹⁶⁵ ss. 220.222 and 220.32, F.S.

¹⁶⁶ s. 206.41, F.S.

¹⁶⁷ REC, 2017 FLORIDA TAX HANDBOOK (2017), pages 126-127, available at: <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2017.pdf> (last visited February 5, 2018).

¹⁶⁸ ss. 212.18(3) and 212.0501, F.S.; r. 12B-5.120, F.A.C.

¹⁶⁹ ss. 206.41(4)(c), 206.64, 206.874(2) and (3), and 212.0501, F.S.

processing farm products on the farm, and does not include fuel used in any vehicle or equipment operated upon public highways of the state.”¹⁷⁰

Proposed Changes

The bill creates an exemption from state and local taxes imposed on motor fuel and diesel under parts I and II, ch. 206, F.S.,¹⁷¹ for fuel that is used for the transportation of agricultural products from the farm or agricultural land to a facility used to process, package, or store the product. The exemption is available through a refund of previously paid taxes and applies to purchases made between September 10, 2017, and June 30, 2018. Excluded from this exemption are the “constitutional fuel tax” levied under s. 9(c), Art. XII of the 1968 State Constitution, and the 0.125 cents per gallon levied to defray expenses for motor fuel inspection, testing and analysis by the Department of Agriculture and Consumer Services.¹⁷²

To receive a refund, the fuel purchaser must apply to DOR by December 31, 2018, and include the following information:

- The name and address of the person claiming the refund.
- The name and address of up to three owners of a farm or agricultural land whose agricultural product was shipped by the fuel purchaser.
- The sales invoice or other proof of purchase of the fuel, showing the number of gallons of fuel purchased, the type of fuel purchased, the date of purchase, and the name and place of business of the dealer from whom the fuel was purchased.
- The license number, or other identification number, of the motor vehicle that used the exempt fuel.
- An affidavit executed by the fuel purchaser including a statement that he or she purchased and used the fuel in a manner that qualifies for this exemption.

Administrative Provisions

Current Situation

Under s. 28.241(1)(a)2., F.S., a party instituting a civil action in circuit court relating to real property or mortgage foreclosure must pay a graduated filing fee based on the value of the claim. For cases where the value of the claim is more than \$50,000, but less than \$250,000, the filing fee is \$900, of which \$700 must be remitted by the clerk of court to DOR for deposit in the General Revenue Fund.¹⁷³

Under s. 28.241(6), F.S., attorneys wishing to appear pro hac vice¹⁷⁴ in trial and appellate proceedings must pay a \$100 filing fee. The fee is deposited into the General Revenue Fund.

Section 741.01(3), F.S., requires payment of a \$25 filing fee for issuance of a marriage license. The fee is deposited into the General Revenue Fund.

Proposed Changes

The bill would redirect the deposit of the fees imposed under ss. 28.241(6) and 741.01(3), F.S., from the General Revenue Fund to the State Courts Revenue Trust Fund. The bill would also redirect the

¹⁷⁰ The restriction does not apply to fuel used on highways to move equipment from one farm to another.

¹⁷¹ The exemption does not include the 2 cent per gallon “second gas tax” imposed pursuant to art. XII, sec. 9(c), Florida Constitution under s. 206.41(1)(a), F.S., or the 0.125 cents per gallon inspection fee imposed under s. 206.41(1)(h), F.S.

¹⁷² ss. 206.41(1)(a) and (h), F.S.

¹⁷³ ss. 28.241(1)(a)2.d.(II), F.S.

¹⁷⁴ An attorney licensed in another state, but not a member of the Florida Bar, may appear in trial and appellate proceedings under certain circumstances. This is referred to as appearing Pro Hac Vice. See: <https://www.floridabar.org/rules/upl/upl002/#E-FilingProHacVice> (last visited February 1, 2018)

first \$1.5 million in foreclosure filing fees remitted to DOR for claims of more than \$50,000, but less than \$250,000, from the General Revenue Fund to the Miami-Dade Clerk of Court.

B. SECTION DIRECTORY:

- Section 1. Amends ss. 28.241(1) and (6), F.S., to redirect the deposit of certain court fees from the General Revenue Fund to the Miami-Dade Clerk of Court and the State Courts Revenue Fund.
- Section 2. Amends s. 159.621, F.S., to exempt from the excise tax on documents certain notes and mortgages.
- Section 3. Creates s. 193.4516, F.S., to provide a sales and use tax exemption for certain tangible personal property owned and operated by a citrus fruit packing or processing facility.
- Section 4. Provides that the creation of s. 193.4516, F.S., by the bill first applies to 2018 property tax roll.
- Section 5. Amends s. 194.032(1)(b), F.S., to expand value adjustment board jurisdiction to include appeals pertaining to tax abatements under s. 197.318.
- Section 6. Amends s. 196.173(2), F.S., to update the statutory list of military operations that qualify a servicemember for the additional ad valorem exemption.
- Section 7. Amends s. 196.24(1), F.S., to remove the requirement that a surviving spouse be married to a disabled ex-servicemember for at least 5 years prior to his or her death in order to qualify for the ad valorem exemption.
- Section 8. Creates s. 197.318, F.S., to provide an ad valorem tax abatement for certain residential improvements damaged by a natural disaster.
- Section 9. Amends s. 201.02(7), F.S., to provide a documentary stamp tax exemption for certain instruments that transfer homestead property between spouses.
- Section 10. Creates s. 210.205, F.S., to require reporting by certain entities that receive cigarette tax distributions.
- Section 11. Amends s. 212.031(1), F.S., to reduce the business rent tax from 5.8% to 5.5% beginning in calendar year 2019.
- Section 12. Amends s. 212.055(2)(d), F.S., to clarify the definition of “public facilities” means facilities enumerated in ss. 163.3164(38), s. 163.3221(13), or s. 189.012(5) and also includes facilities that are necessary to carry out governmental purposes, including but not limited to fire stations, general governmental office buildings, animal shelters.
- Section 13. Amends s. 212.08(5)(p), F.S., to set the cap for the Community Contribution Tax Credit Program at \$10.5 million for fiscal year 2018-2019, \$17 million for fiscal year 2019-2020, and \$10.5 million in each fiscal year thereafter.
- Section 14. Creates s. 212.099, F.S.; to establish the Florida Sales Tax Credit Scholarship Program, which provides tax credits to certain dealers who make contributions to eligible nonprofit scholarship-funding organizations under ss. 1002.385 and 1002.395.

- Section 15. Amends s. 212.1831, F.S., to modify the calculation of the dealer's collection allowance under s. 212.12 to include certain contributions to eligible nonprofit scholarship-funding organization.
- Section 16. Creates s. 212.205, F.S., to require reporting from certain entities that receive sales tax distributions.
- Section 17. Adds new section (21) to s. 213.053, F.S., to authorize the Department of Revenue to disclose certain information to certain nonprofit scholarship-funding organizations relative to the top 200 corporate income or franchise taxpayers.
- Section 18. Creates s. 218.131, F.S., to provide an appropriation to offset the reductions in ad valorem tax revenue experienced by fiscally constrained counties, and all taxing jurisdictions within such counties, as a direct result of the implementation of s. 197.318, F.S., by the bill.
- Section 19. Creates s. 218.135, F.S., to provide an appropriation to offset the reductions in ad valorem tax revenue experienced by fiscally constrained counties as a direct result of the implementation of s. 193.4516, F.S., by the bill.
- Section 20. Provides an appropriation to the Department of Revenue to implement the provisions of s. 218.135, F.S., created by the bill.
- Section 21. Amends s. 220.13(1)(a), F.S., to provide an exception to the additions to the calculation of adjusted taxable income for corporate income tax credits taken under s. 220.1875.
- Section 22. Amends s. 220.183(5), F.S., to set the cap for the Community Contribution Tax Credit Program at \$10.5 million for fiscal year 2018-2019, \$17 million for fiscal year 2019-2020, and \$10.5 million in each fiscal year thereafter.
- Section 23. Amends s. 220.1845(2)(f), F.S., to set the cap for the Brownfields Redevelopment Program Tax Credit at \$23 million for fiscal year 2018-2019.
- Section 24. Amends 220.1875, F.S., to provide a deadline for an eligible contribution to be made to an eligible nonprofit scholarship-funding organization; and provide compliance requirements to pay tentative taxes under ss. 220.222 and 220.32 for tax credits under s. 1002.395.
- Section 25. Amends s. 318.14(9), F.S., to require an 18 percent reduction of a civil penalty under certain circumstances; and to delete the requirement that a specified percentage of the civil penalty be deposited in the State Courts Revenue Trust Fund.
- Section 26. Amends s. 318.15, F.S., to make conforming changes to the amendments made to s. 318.14(9) by the bill.
- Section 27. Amends s. 376.30781(4), F.S., to increase the total amount of tax credits for the rehabilitation of drycleaning-solvent-contaminated sites and brownfield sites in designated brownfield areas to \$23 million for fiscal year 2018-19.
- Section 28. Amends s. 624.5105(6), F.S., to set the cap for the Community Contribution Tax Credit Program at \$10.5 million for fiscal year 2018-2019, \$17 million in fiscal year 2019-2020, and \$10.5 million thereafter.
- Section 29. Amends s. 741.01(3), F.S., to redirect the deposit of certain court fees from the General Revenue Fund to the State Courts Revenue Fund.

- Section 30. Amends s. 1002.395, F.S., to provide an application deadline for certain tax credits under s. 220.1875; to extend the carry forward period for unused tax credits from 5 years to 10 years; and to provide applicability of the carried forward tax credit for purposes of s. 220.02(8).
- Section 31. Provides an exemption from the sales and use tax for the retail sale of certain clothes, school supplies, and personal computers and personal computer-related accessories during a specified period; provides emergency rulemaking authority; provides an appropriation.
- Section 32. Provides an exemption from the sales and use tax for the retail sale of certain supplies related to disaster preparedness during a specified period; provides emergency rulemaking authority; provides an appropriation.
- Section 33. Provides an exemption from the sales and use tax for the purchase of generators used at nursing homes and assisted living facilities during a specified period; provides procedures and requirements for filing applications; provides penalties; provides emergency rulemaking authority; provides retroactive applicability; provides an appropriation.
- Section 34. Provides an exemption from the sales and use tax for the purchase of certain fencing materials during a specified period; provides definitions; provides procedures and requirements for filing applications; provides penalties; provides emergency rulemaking authority; provides retroactive applicability.
- Section 35. Provides an exemption from the sales and use tax for the purchase of certain building materials used to repair nonresidential farm buildings during a specified period; provides definitions; provides procedures and requirements for filing applications; provides penalties; provides emergency rulemaking authority; provides retroactive applicability.
- Section 36. Provides an exemption from certain taxes for the purchase of motor or diesel fuel used to transport agricultural products during a specified period; provides definitions; provides procedures and requirements for filing applications; provides penalties; provides emergency rulemaking authority; provides retroactive applicability.
- Section 37. Provides that sections 32 through 35 of the act shall be considered revenue laws for purposes of s. 213.05, F.S., and that the provisions of s. 72.011, F.S., apply to those sections.
- Section 38. Provides an appropriation of nonrecurring funds in fiscal year 2018-19 to DOR to implement the provisions of the act.
- Section 39. Provides effective dates.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill will reduce the sales tax on the rental of commercial real estate. The bill provides for a 10-day back-to-school sales tax holiday and three seven-day disaster preparedness sales tax holidays.

The bill also contains several provisions designed to provide tax relief to citizens adversely affected by Hurricane Irma.

The bill provides a discount for certain noncriminal traffic infractions when the driver attends a driver improvement course.

The bill is expected to reduce the corporate income tax liability for certain taxpayers that utilize the tax credit programs affected by the bill.

D. FISCAL COMMENTS:

The total impact of the bill in FY 2018-19 is -\$332.7 million (-\$262.2 million recurring) of which -\$291.8 million (-\$250.7 million recurring) is on General Revenue, -\$3.3 million is on state trust funds, and -\$35.9 million (-\$10.7 million recurring) is on local government (see table below). Non-recurring state and local government impacts in years beyond FY 2018-19, total -\$6.5 million and -\$13.8 million, respectively. Total tax reductions proposed by the bill 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 -\$405.0 million in tax reductions proposed by the bill is the sum of -\$262.2 million (recurring, excluding appropriations), -\$122.5 million (pure nonrecurring in FY 2018-19), and -\$20.3 million (pure nonrecurring after FY 2018-19).

Appropriations Detail—The \$985,133 appropriated in the bill consists of \$243,814 to implement the “back-to-school” sales tax holiday, \$91,319 for programming changes and certain taxpayer notifications, and \$650,000 to compensate fiscally constrained counties for ad valorem revenue losses. Most of the above appropriations are needed to pay the cost of notifying several hundred thousand sales tax dealers of either the temporary or permanent law changes.

Fiscal Year 2018-19 Estimated Fiscal Impacts (millions of \$)

	General Revenue		State Trust Funds		Local		Total	
	1st Yr	Recur.	1st Yr	Recur.	1st Yr	Recur.	1st Yr	Recur.
<u>Sales Tax</u> : Gardiner & Fla Tax Credit Scholarships	(154.0)	(154.0)	-	-	-	-	(154.0)	(154.0)
<u>Sales Tax</u> : Business Rent Tax/0.3% Rate Cut	(34.1)	(81.8)	(*)	(*)	(4.4)	(10.6)	(38.5)	(92.4)
<u>Sales Tax</u> : Tax Holiday/"Back-to-School" (10 days; computers @ \$1000)	(49.6)	-	(*)	-	(12.7)	-	(62.3)	-
<u>Sales Tax</u> : Tax Holidays/Disaster Preparedness	(9.8)	-	(*)	-	(2.4)	-	(12.2)	-
<u>Sales Tax</u> : Agriculture Building Materials	(7.0)	-	(*)	-	(1.8)	-	(8.8)	-
<u>Sales Tax</u> : Agriculture Fencing	(2.1)	-	(*)	-	(0.6)	-	(2.7)	-
<u>Sales Tax</u> : Generators for Nursing Homes/ALFs	(5.3)	-	(*)	-	(1.4)	-	(6.7)	-
<u>Sales Tax</u> : Scholarships/Direct Pay Coll. Allowance	(0.1)	(0.1)	(*)	(*)	(*)	(*)	(0.1)	(0.1)
<u>Corp Income Tax</u> : Scholarships/Contribution Timing (2)	(10.0)	(10.0)	-	-	-	-	(10.0)	(10.0)
<u>Corp Income Tax</u> : Scholarships/Credit Carryforward	(**)	(**)	-	-	-	-	(**)	(**)
<u>Corp Income Tax</u> : Scholarships/Est. Payment Timing	(**)	+/-	-	-	-	-	(**)	+/-
<u>Corp Income Tax</u> : Scholarships/Top 200 List	(**)	(**)	-	-	-	-	(**)	(**)
<u>Corp Income Tax</u> : Brownfields Credit Increase	(13.0)	-	-	-	-	-	(13.0)	-
<u>Ad Valorem</u> : Citrus Processing/Packing Hurr Relief (1)	-	-	-	-	(13.1)	-	(13.1)	-
<u>Ad Valorem</u> : Dis.Vet/Surviving Spouse (1)	-	-	-	-	(*)	(0.1)	(*)	(0.1)
<u>Clerks of Court</u> : Distribution	(1.5)	-	-	-	-	-	(1.5)	-
<u>Doc Stamp Tax</u> : Housing Authority Obligations	(0.2)	(0.2)	(0.3)	(0.3)	-	-	(0.5)	(0.5)
<u>Doc Stamp Tax</u> : Spousal Transfers	(0.6)	(0.6)	(0.9)	(0.9)	-	-	(1.5)	(1.5)
<u>Fuel Tax</u> : Refunds for Agricultural Transportation	-	-	(2.5)	-	(1.2)	-	(3.7)	-
<u>Traffic Fines</u> : 18% Discount	(3.5)	(4.0)	0.4	0.4	-	-	(3.1)	(3.6)
<u>Appropriations</u> : Administration & Fiscally Constrained	(0.99)	-	-	-	-	-	(0.99)	-
2018-19 Total	(291.8)	(250.7)	(3.3)	(0.8)	(37.6)	(10.7)	(332.7)	(262.2)
<u>Non-recurring Impacts After FY 2018-19</u>	Cash		Cash		Cash		Cash	
<u>Ad Valorem</u> : Hurricane Homestead Tax Relief (1)	-	-	-	-	(13.8)	-	(13.8)	-
<u>Sales Tax/Corp Inc Tax</u> : Comm Cont Tax Credits	(6.0)	-	(*)	-	(0.5)	-	(6.5)	-
Bill Total	(297.8)	(250.7)	(3.3)	(0.8)	(51.9)	(10.7)	(353.0)	(262.2)
							Pure Nonrecurring =	(142.8)
							Recurring + Pure Nonrecurring (3) =	(405.0)

(*) Impact less than \$50,000; (**) Impact is indeterminate.
 (1) Ad valorem tax impacts assume current tax rates.
 (2) Revenue Estimating Conference determined these are minimum impacts.
 (3) Recurring tax cut total (excl. appropriations) = -\$262.2 million
 Pure nonrecurring tax cuts in FY 2017-18= -\$122.5 million
Pure nonrecurring tax cuts after FY 2017-18 = -\$ 20.3 million
 -\$ 405.0 million

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, section 18(b), of the Florida Constitution may apply because the provisions in the bill providing property tax abatements for homestead properties damaged or destroyed by hurricanes or reductions in valuation of certain tangible personal property used in citrus processing may reduce county and municipal government authority to raise revenue. The bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

2. Other:

B. RULE-MAKING AUTHORITY:

The DOR has general rulemaking authority to create rules governing the taxes it administers. The bill authorizes DOR to adopt emergency rules to implement numerous changes in the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES