

BRIEFING

Session Spotlight



2018 HOUSE PROPOSED TAX PACKAGE

FEBRUARY 2018

On February 14, 2018, the House Ways & Means Committee unveiled and passed its proposed tax cut package. The bill contains numerous tax relief provisions, covering sales taxes, property taxes, corporate income taxes, documentary stamp taxes and traffic fines. Several temporary exemptions to provide tax relief for agriculture and homeowners impacted by hurricanes are included.

The package provides \$141.2 million in one-time cuts (\$47.5 million of which is local) and \$262.2 million in recurring cuts (\$10.7 million of which is local). The General Revenue impact to the 2018-19 budget is \$291.8 million.

The Senate does not normally compile a tax package, but instead moves separate bills through committee and then negotiates a final tax package with the House during the budget conference. Below are the tax relief measures in the House bill with the status of similar Senate legislation.

SALES TAX

Business Rent Tax (BRT)

– The sales tax on leases of commercial property would be reduced from 5.8 percent to

5.5 percent, beginning January 1, 2019. The 2017 Legislature reduced the tax from 6.0 percent to 5.8 percent. The reduction/elimination of the BRT is a top Florida TaxWatch priority. Florida is only state that levies this tax, creating a government-mandated increase in occupancy costs of up to 7.5 percent, which does not exist in other states. For more information see our [BRT report](#) and our [2017 follow up](#).

Tax Savings:

FY2018-19 - \$38.5 million

Recurring - \$92.4 million

Senate Legislation: SB 60 (reduces the rate to 5.0 percent) has not been heard

Back to Schools Sales Tax

Holiday - A 10-day period would be established (August 3-12, 2018) during which certain items would be exempt from state and local sales taxes. The exempt items are: clothing, footwear, wallets and bags, that cost \$60 or less per item; schools supplies costing \$15 or less per item; and the \$1,000 of the sales price of personal computers and related accessories purchased for noncommercial home use. This is a one-time event, but this the ninth year in a row (and the 17th of the last 21 years) that the Legislature passed

a “nonrecurring” Back to School Sales Tax Holiday. See why Florida TaxWatch [supports sales tax holidays](#).

Tax Savings:

FY2018-19 - \$62.3 million

Recurring - \$0

Senate Legislation: SB 686 has passed one committee and is now in Finance & Tax Differences: July 27-August 5, clothing \$100 limit, computers and accessories with a sales price of \$1000 or less.

Disaster Preparedness Sales Tax Holiday

– Three seven-day sales tax holidays (in May, June, and July) would be created. The following items (and price limits) would be exempt: portable self-powered light sources (\$20) and radios (\$50); tarps and waterproof sheeting (\$50); ground anchor systems (\$50); gas tanks (\$25); batteries (\$30), nonelectric coolers (\$30); portable generators (\$750); and reusable ice (\$10).

Tax Savings:

FY2018-19 - \$12.2 million

Recurring - \$0

Senate Legislation: SB 620 has passed two committees and is now in Appropriations Differences: two seven-day periods, more items (such as locator beacons and portable cell phone chargers), some higher price limits

Electric Generators – A temporary exemption for generators used by nursing homes or assisted living facilities would apply to purchases made between July 1, 2017 and December 31, 2018 and would be limited to a maximum of \$15,000 in tax for any one facility. Following the electrical outages after Hurricane Irma, the state required these facilities to purchase sufficient generators.

Tax Savings:

FY2018-19 - \$6.7 million

Recurring - \$0

Senate Legislation: SB 1592 has passed one committee and is now in Finance & Tax Differences: \$30,000/per facility limit

Agricultural Hurricane Recovery – To help agriculture with hurricane recovery expenses, a temporary sales tax exemption and refund system would be created for materials used to repair fencing damaged by Irma and building materials to repair nonresidential farm buildings. Both exemptions would apply from September 10, 2017 to May 31, 2018.

Tax Savings:

FY2018-19 - \$11.5 million

Recurring - \$0

Senate Legislation: SB 1608 has passed one committee and is on the Finance & Tax agenda

Gardiner Scholarship and Florida Tax Credit Scholarship programs

– Credits against sales tax liabilities would be created for contributions to the Florida Tax Credit Scholarship (FTCS) Program and The Gardiner Scholarship Program (GSP). The FTCS was established to encourage taxpayers to make private voluntary contributions to award scholarships to low-income students for private school tuition, fees or transportation expenses (for travel outside the district). There are already credits allowed for corporate income, insurance premium, severance and alcoholic beverage taxes. These credits are currently capped at \$698 million and the cap will rise to \$874 million next year. The GSP reimburses parents of children with disabilities for purchases of items or services related to the child’s education. The annual cap on the new sales tax credits would be \$154 million and unused credits may be carried-forward 10 years.

Tax Savings:

FY2018-19 - \$154.0 million

Recurring - \$154.0 million

Senate Legislation: No Senate bill

Sales Tax Collection Allowance for Direct Pay Permit Holders – Current law authorizes a collection allowance for sales tax dealers (including direct pay permit holders) as compensation for the expenses of timely

reporting and remitting of sales taxes. 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. 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,” may be zero. The taxpayer would now be able to keep the allowance.

Tax Savings:

FY2018-19 - \$0.1 million

Recurring - \$0.1 million

Senate Legislation: No Senate bill

CORPORATE INCOME TAXES

Community Contribution Tax Credit

Program (CCTCP) – A one-time additional tax credit totaling \$6.5 million is created for projects that provide homeownership opportunities for low-income households or persons with special needs. This is on top of the annual cap of \$14.0 million for the CCTCP.

Tax Savings:

FY2018-19 - \$0.0 million

FY2018-19 - \$6.5 million (one-time)

Senate Legislation: No Senate bill

Brownfields Tax Credit - A one-time additional tax credit authorization of \$13 million would be created for FY 2018-19 to fund the backlog of tax credit applications. These credits encourage site rehabilitation in brownfield areas and voluntary cleanup of certain other types of contaminated sites.

Tax Savings:

FY2018-19 - \$13.0 million

Recurring - \$0

Senate Legislation: No Senate bill

Florida Tax Credit Scholarship - An eligible contribution must be made on or before the date that the taxpayer is required to file a corporate income tax. This would allow a contribution to be made after a taxable year is complete but would allow the credit to be taken against that taxable year. Provisions are included to prevent a taxpayer from using credits to avoid penalties and interest associated with under payment of tentative final taxes and to ensure that the credit is added in the applicable tax year and does not result in a duplicate addition in a subsequent year. In addition, the period for which unused credits may be carried forward would be extended from five to ten years and the need to apply for carry forwards is eliminated. Corporate income tax payers would also be allowed to use credits earned against any estimated payments due instead of only against the next estimated payment due following the contribution.

Tax Savings:

FY2018-19 - \$10.0 million

Recurring - \$10.0 million

Senate Legislation: No Senate bill

PROPERTY TAXES

Homestead Property Damaged by Hurricanes

Hermine, Matthew or Irma - If a residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, a tax credit against property taxes levied in 2019 would be granted. The amount of the credit reflects the value of the homestead structure for the time that it was uninhabitable.

Tax Savings:

FY2018-19 - \$0.0 million

FY2018-19 - \$13.8 million (one-time)

Senate Legislation: SB 1600 has not been heard

Citrus Processing Equipment – Equipment that is idle as a result of citrus greening or Hurricane Irma would be assessed at no more than salvage value for the 2018 tax year only. The state will reimburse fiscally constrained counties for lost property tax revenue from this and the above homestead relief.

Tax Savings:

FY2018-19 - \$13.0 million

Recurring: - \$0

Senate Legislation: no Senate bill

Surviving Spouses of Disabled Ex-Military Servicemembers - The requirement that the unmarried surviving spouse of a disabled exservicemember be married for at least 5 years on the date of the ex-servicemember's death in order to be entitled to the current \$5,000 property tax exemption would be eliminated.

Tax Savings:

FY2018-19 - <\$50,000

Recurring: - \$0.1 million

Senate Legislation: No Senate bill

DOCUMENTARY STAMP TAXES

Spousal Homestead Transfers – An exemption from documentary stamp taxes would be created for the transfer or conveyance of homestead property, or any interest therein, between spouses. The exemption applies if the only consideration for the transfer is the amount of the lien on the property and the document is recorded within one year after marriage. There is currently only an exemption for a conveyance prior to the dissolution of a marriage.

Tax Savings:

FY2018-19 - \$1.5 million

Recurring: - \$1.5 million

Senate Legislation: SB 312 has not been heard

Loans issued by Local Housing Finance

Authorities - An exemption from documentary stamp taxes would be created for any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority.

Tax Savings:

FY2018-19 - \$0.5 million

Recurring: - \$0.5 million

Senate Legislation: SB 730 has passed one committee and is on the Finance & Tax agenda

OTHER TAXES/FINES

Aviation Fuel Tax – Beginning July 1, 2019, the aviation fuel tax paid by commercial carriers would be reduced from 4.27 cents to 2.85 cents per gallon. The tax was reduced from 6.9 cents per gallon last year, effective July 1, 2019, in a revenue neutral change, coupled with the repeal of an exemption for certain carriers than met employment criteria.

Tax Savings:

FY2018-19 - \$0

Recurring: - \$9.0 million

Senate Legislation: No Senate bill

Fuel Used for Agricultural Shipment after Hurricane Irma

– A refund of state and local taxes imposed on motor and diesel fuel would be provided for fuel that is used for the transportation of agricultural products from the farm to a facility used to process, package, or store the product. This refund of previously paid taxes applies to purchases made between September 10, 2017, and June 30, 2018.

Tax Savings:

FY2018-19 - \$3.7 million

Recurring: - \$3.7 million

Senate Legislation: No Senate bill

Traffic Fines - A reduction of 18 percent on the civil penalty for a noncriminal traffic infraction would be provided if the person elects to attend driver improvement school. This reduction was recommended by Governor Scott.

Tax Savings:

FY2018-19 - \$3.1 million

Recurring: - \$3.6 million

Senate Legislation: SB 666 has passed two committees and is now in Appropriations

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