

## FLORIDA'S RETAIL SALES GROWTH OUTPACES NATION

November marks the beginning of the holiday season and the start of retailers' busiest days of the year. This year, Florida holiday sales are expected to be better than those in 2013, according to the Bureau of Economic and Business Research at the University of Florida.<sup>1</sup> This is good news for Florida, since retail trade is the third-largest employer by industry, and general sales taxes make up 74.2 percent of the state's General Revenue.<sup>2</sup>

### FLORIDA OUTPACES THE U.S. IN RETAIL GROWTH

Since 2011, taxable retail sales have been very positive for Florida. During this time, retail sales in Florida have been growing faster than in the nation as a whole, and last year alone, Florida added retail jobs at a faster rate than any other state.<sup>3</sup> One of the reasons for this boom is the third year in a row of record tourism in Florida. International tourists often spend substantial amounts during their visits, taking home the latest fashion items and other goods, contributing sales and use taxes on nearly \$76.1 billion in purchases in 2013.<sup>4</sup>

### SIX RETAIL CATEGORIES CONTRIBUTE THE MOST TO SALES AND USE TAX REVENUES

From September 2013 through August of this year, six retail categories contributed 55 percent of sales and use tax revenues. Of the total of \$21.3 billion, \$3 billion was collected on vehicles, followed closely by collections on miscellaneous merchandise, which is a catch-all category for retail purchases not included in other categories.

#### STATE SALES TAX COLLECTIONS

CATEGORY	12-MONTH TOTAL*
Automotive Dealers, Tags, & Tax Collectors	\$3.0 Billion
Miscellaneous Merchandise	\$2.9 Billion
Restaurants and Catering	\$2.1 Billion
Leases on Commercial Real Property	\$1.4 Billion
Accommodations and Lodging	\$1.2 Billion
Food & Beverage Stores	\$1.1 Billion
<b>Total - All Categories</b>	<b>\$21.3 Billion</b>

Source: Florida Department of Revenue Data.

\*September 2013 - August 2014. Most recent data available.

1 University of Florida BEBR. "Florida Consumer Sentiment Index." October 28, 2014. [http://www.bebr.ufl.edu/sites/default/files/csi\\_2014-10\\_october.pdf](http://www.bebr.ufl.edu/sites/default/files/csi_2014-10_october.pdf)

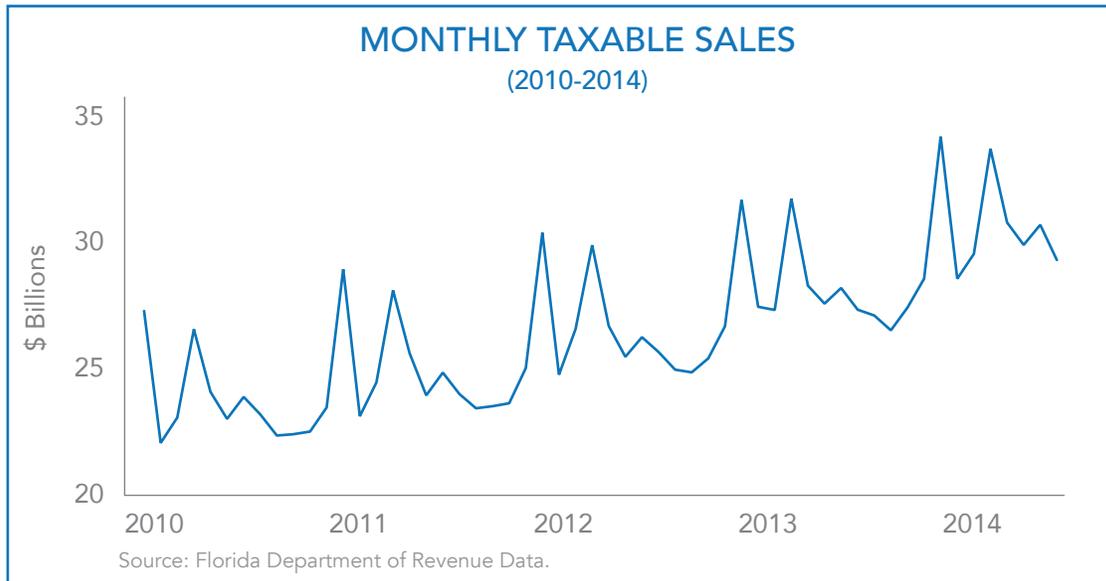
2 Florida Office of Economic and Demographic Research. Results of the August 7, 2014 General Revenue Estimating Conference. <http://edr.state.fl.us/Content/conferences/generalrevenue/grchng.pdf>

3 Forbes. "Naples, Austin Head List of Best Cities for Job Growth." <http://www.forbes.com/sites/kurtbadenhausen/2014/07/23/naples-austin-head-list-of-best-cities-for-job-growth/>

4 ICSC Retail Report. August 2014. [http://www.icsc.org/uploads/event\\_documents/2014FL\\_Retail\\_Report.pdf](http://www.icsc.org/uploads/event_documents/2014FL_Retail_Report.pdf)

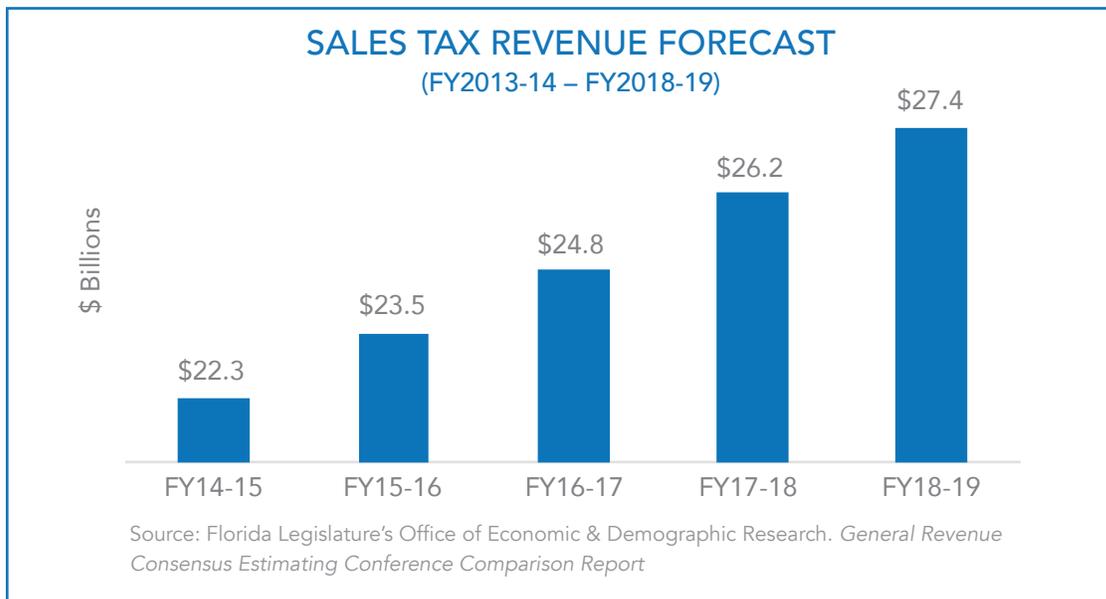
## RETAIL TRADE IS SEASONAL

Historically, Florida retail sales peak in March and December. These same movements are observed in the U.S. retail trade data. This seasonality in tax receipts is a pattern that re-occurs, with holiday sales a big part of the December taxable sales spike. The March spike is made up of substantial spending increases in the apparel, lodging, and amusement spending categories.



## SALES TAX REVENUES ARE EXPECTED TO INCREASE OVER THE NEXT 5 YEARS

Florida retail sales have momentum, and sales are expected to increase further. Florida's Revenue Estimating Conference is projecting an annual increase of more than 5 percent in sales tax receipts over the next several years, from \$22.295 billion this fiscal year to \$27.405 billion in FY2018-19.



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## UNTAXED REMOTE SALES PUT FLORIDA RETAILERS, SCHOOL CHILDREN, AND THE ELDERLY AT A DISADVANTAGE

Currently, the Florida Department of Revenue cannot collect sales taxes on online sales from vendors without a physical presence in the state of Florida, and only collect the taxes due if Florida residents voluntarily remit the sales taxes to the state. This results in a price advantage for remote retailers of 6-7.5 percent, putting thousands of Florida retailers at a significant competitive disadvantage.

This, in effect, penalizes the companies who have made investments in physical stores, in inventory, and in Florida employees. These Florida retailers also pay property taxes and support local economies in other ways, such as through charitable giving to local community agencies. In addition, the state foregoes millions of dollars in uncollected tax revenues that could otherwise be used to fund education or to reduce other taxes,<sup>5</sup> as Florida TaxWatch has recommended for more than a decade.<sup>6</sup>

Fortunately, some progress was achieved this year as Amazon, the world's largest online retailer, began operating two distribution facilities in Florida, and since May 1, 2014, Amazon has been collecting sales taxes for its sales to Florida residents. The Florida Retail Federation has estimated that Amazon will collect approximately \$80 million in annual levies.<sup>7</sup>

## CONCLUSION

After decreasing for the first time in history during three years of the Great Recession, Florida sales began increasing again in FY2010-11. Growth is steadily improving and the increases are now outpacing U.S. retail sales. Florida is also expected to continue to increase its retail trade over the next few years, as more Floridians are finding jobs, more tourism records are being set, and more people move to the Sunshine State. This will increase Florida's General Revenue collections, making more money available for needed state programs and possibly enough to fund future tax cuts.

Florida depends on sales and use taxes for funding programs that benefit our citizens. As we approach our holiday season, Floridians should make efforts to shop with Florida companies that collect and remit sales taxes that benefit all of us in the Sunshine State.

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5 Due to a lack of state-specific e-commerce data, estimates of the sales tax revenue on remote sales that are not collected vary, ranging from \$454 million to \$803.8 million annually, according to several academic studies, as cited in Florida TaxWatch's "Modern Management and Sensible Savings: Efficiency and Cost-Saving Recommendations for Florida in FY2014-15." p.23

6 Florida TaxWatch. "Modern Management and Sensible Savings: Efficiency and Cost-Saving Recommendations for Florida in FY2014-15". <http://floridatxwatch.org/resources/pdf/2013CGEReportFINAL.pdf>

7 Bloomberg. "Amazon Begins Collecting Florida Taxes for Internet Sales." <http://www.bloomberg.com/news/2014-05-01/amazon-begins-collecting-florida-taxes-for-internet-sales.html>

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