



# 2018 Florida Legislative Session Wrap-Up

March 2018

Florida  
**TaxWatch**





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**David Mann**  
Chairman of the Board of Trustees

**Dominic M. Calabro**  
President & Chief Executive Officer

Dear Fellow Taxpayer,

Each year, the elected members of the Florida Legislature return to Tallahassee to perform their roles as the representatives of the people of the Sunshine State. Surrounded by interest groups both large and small, regular citizens, and high-powered lobbyists, our senators and representatives propose and debate new laws and attempt to meet the needs of their constituents and the state.

The 2018 Session had to be extended for two days in order to finish the budget. Lawmakers passed only 200 bills, the lowest amount since at least the year 2000. But the Legislature did pass a \$88.7 billion budget, almost \$170 million in tax cuts and major legislation on education, school and public safety and the opioid crisis.

As the eyes and ears of Florida taxpayers, Florida TaxWatch followed the proceedings closely, attending meetings and presenting our research. We were present at every appropriations sub-committee and full committee meeting, including the budget conference.

During Session, Florida TaxWatch provides on our website the public a weekly recap of bills related to the issues that we are following, including taxation, economic development, health care, criminal and juvenile justice, and education policies and programs.

The session saw a number of bills that advanced Florida TaxWatch recommendations become law. This publication is a final look at the legislation followed by TaxWatch this Session, and provides some information and highlights on the new state budget. We will be releasing our annual Pocket Guide to the Florida Budget, which will analysis the spending bill in greater detail.

For more information on any research topic highlighted in this publication, please visit [floridatxwatch.org](http://floridatxwatch.org).

Sincerely,

Dominic M. Calabro  
*President & CEO*

# INTRODUCTION

The 2018 Legislative Session took two days longer than scheduled. Budget negotiations did not conclude in time to observe the constitutionally mandated 72-hour review period before the budget can be voted on. All other pending bills died at midnight on Friday, March 9 but both chambers adopted a resolution to extend the session through Sunday to vote on the budget, budget implementing and conforming bills, and the tax package.

The 2018 session passed only 200 bills—by far the fewest since at least 2001 and probably much further back. The Legislature passed an average of 400 bills per session between 2001 and 2007, and there had never been less than 231 passed in a session since then. The downward trend is probably a good thing, but may in part be due to the proliferation of multi-issue bills (not a good thing).

The 2018 Legislature did pass an \$88.7 billion budget, provided \$170 million in tax cuts and passed major legislation responding to the tragedy

at Marjory Stoneman Douglas High School, K-12 and higher education, a permanent expansion of the Bright Futures Scholarships, and combatting the opioid crisis.

Several Florida TaxWatch priorities also passed, including strengthening the Taxpayers' Rights Advocate, reducing the Business Rent Tax, creating Sales Tax Holidays, enacting several smart justice reforms, a proposed constitutional amendment to require a supermajority vote of the Legislature to raise taxes or fees and increasing opportunities for computer science instruction in schools.

The following Legislative Summary discusses all these bills and more. It shows what passed and what did not—both issues supported by Florida TaxWatch research and other important bills we monitored all session long to keep our members and the public informed on our Legislative Update webpage.



# BUDGET

The new budget for FY2018-19 totals \$88.7 billion, \$1.4 billion more than the Senate's proposed spending plan and \$1.5 billion more than the House budget. It is \$3.8 billion (4.4 percent) more than current spending. This does not include significant appropriations made in substantive bills that passed, including \$400 million for school safety (SB 7026), \$123.5 million to expand Bright Futures and other scholarships (SB 4), and \$53.7 million for opioid response (HB 121).

Only five days after it passed, the Governor signed the budget and vetoed \$64.1 million in line-items. The vetoes will reduce the budget total by \$59.5 million, as he vetoed three trust fund sweeps, some reappropriations, and two contingent appropriations that are not counted in the budget total. Over half of the vetoes were local transportation projects (see Transportation in Budget Highlights.)

For highlights of the new budget, see Appendix A.

# TAXES

**Tax Cuts** - In extended session, the Legislature passed a final package that will reduce taxes by \$168.6 million. The House had proposed a \$389 million tax cut package (HB 7087) and the Senate's plan included \$148 million in tax cuts (SB 620). The two packages had much in common, but the Senate's contained scaled back versions of several House proposals. The main difference was the House including \$149.2 million in sales tax credits for contributions to state scholarship programs, which the Senate did not include.

The final bill includes the Florida TaxWatch priorities of strengthening the Taxpayers' Rights Advocate, reducing the Business Rent Tax (a small reduction in the tax rate from 5.8 percent to 5.7 percent), and creating Back to School and Disaster Preparedness sales tax holidays. There are several provisions aimed at providing tax relief to those affected by the hurricanes. Most of the tax reductions are relatively small and narrow in application, a mix of one-time (\$97.4 million) and recurring cuts (\$71.2 million) that include sales, property, corporate income, documentary stamp, and fuel taxes. The effective date of many provisions is delayed until January 1, 2019 to reduce the impact on the upcoming fiscal year. The final bill does not include the House tax credit scholarship proposal but the education package (HB 7055) includes a more modest version (see Business Rent Tax below).

For details on the original House and Senate bills, see this [Florida TaxWatch Session Spotlight](#).

For all the provisions of the 2018 Tax Package, see Appendix B. For the fiscal impact of the provisions, see Appendix C.

## FLORIDA TAXWATCH PRIORITIES

### PASSED

**Business Rent Tax (BRT)** – The final tax package (HB 7087) includes a reduction in the sales tax on leases of commercial property from 5.8 percent to 5.7 percent, beginning January 1, 2019. This follows a reduction 6.0 percent to 5.8 percent that was passed last session. 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](#). The small cut provided this year will provide \$31.0 million in annual savings. The House had recommended a reduction in the rate to 5.5 percent. Florida TaxWatch recommended a larger reduction, but a provision was added to the education package (HB 7055) would allow up to \$57.5 million annually in tax credits against the Business Rent Tax for contributions to the Gardiner Scholarship and the Florida Tax Credit Scholarship Program.

**Taxpayers' Right Advocate** – This legislation, recommended by Florida TaxWatch, would increase the independence of the Advocate by having her or him appointed by state Chief Inspector General (CIG) instead of the Executive Director of the Department of Revenue (DOR). The Advocate could only be removed from

office by the CIG. In addition, the bill would improve the transparency, accountability and effectiveness of this important taxpayer safeguard. An annual report from the Taxpayers' Rights Advocate would contain information including the number and nature of taxpayer complaints, an examination of the most common problems, and recommendations to improve taxpayer services and DOR responsiveness. Originally in SB 826, which cleared all its committees unanimously, this provision was added to tax package and passed. For more information on this legislation see this [Florida TaxWatch report](#).

**Supermajority Vote for State Tax Increases or Fees** – The passage of HJR 7001 will bring a proposed constitutional amendment to the voters in November to require a two-thirds vote of both legislative chambers to increase a state tax or fee, a long-time Florida TaxWatch recommendation. The Senate proposed a three-fifths vote requirement, which is preferred by Florida TaxWatch; however, the Senate bill did not cover fees nor the repeal of exemptions or credits. We have recommended the three-fifths standard to ensure that a broad consensus is reached before Floridians are required to contribute more of their hard-earned money to state government. A thoughtful, non-draconian supermajority vote requirement not only protects taxpayers, it can also help avoid a more severe tax or revenue limit that could improperly and imprudently constrain state government. For more information on our supermajority recommendation, see our [report](#).

**Back to School Sales Tax Holiday** – The Legislature passed a three-day (August 3-5, 2018) back to school sales tax holiday. Exempt items will be clothing costing \$60 or less and school supplies costing \$15 or less. This holiday will save consumers \$31.0 million. The House had recommended a seven-day holiday that would have also included the first \$1,000 of the sale price of personal computers and accessories. Read [Florida TaxWatch's report on value of sales tax holidays](#).

**Disaster Preparedness Sales Tax Holiday** – The Legislature also created a seven-day sales tax holiday for disaster preparedness. Exempt items (and price limits) will be 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). The House had recommended three separate seven-day holidays in May, June and July with the same items and price limits.

### **DID NOT PASS**

**Manufacturing Equipment** – SB 136 proposed a constitutional amendment to authorize the Legislature to exempt manufacturing equipment from the tangible personal property tax or allow the equipment to be assessed at less than its just value. Florida TaxWatch has done extensive research on both the [benefits of promoting manufacturing](#) in Florida and [reducing/eliminating TPP taxes](#). SB 136 was approved by the Judiciary Committee early in the session but then stalled. This good idea will have to wait for another session.

## **OTHER TAX BILLS**

### **PASSED**

#### **Florida Sales Tax Credit Scholarship Program**

– HB 7055—the omnibus education package—contains a provision allowing businesses paying the Business Rent Tax (sales tax on commercial leases) to take a 100 percent credit against those taxes for contributions made to a non-profit scholarship funding organization. These credits are capped at \$57.5 million annually and are granted on a first come-first served basis. The contributions will fund the Gardiner Scholarship for children with special needs. Any contributions in excess of the amount appropriated for these scholarships will go to the Florida Tax Credit Scholarship Program for needs-based scholarships. The House had included a \$150 million Sales Tax Credit Scholarship Program for all sales taxes in its tax package. The Senate would not go along and this compromise showed up in HB 7055.

**Hope Scholarship Tax Credits.** HB 7055 also provides that, effective October 1, 2018, any purchaser of a motor vehicle may be granted a dollar for dollar credit of up to \$105 against the sales tax due for a contribution to the Hope Scholarship Program. The program allows the parent of a public school student who was subjected to bullying or harassment to transfer the student to another public school or to request a scholarship to an eligible private school.

**School Property Taxes** – In the General Appropriations Act (HB 5001), the Legislature adopted the House position of rolling-back the Required Local Effort (RLE) millage rate, so



the only additional revenue comes from new construction, not increasing property values. The Senate had proposed keeping the same millage rate as the current year. The lower adopted millage rate avoids a \$375 million tax increase on local property taxpayers.

**Local Business Taxes** – SB 100 creates an exemption from local business taxes for honorably discharged veterans and their spouses, unremarried surviving spouses of such veterans, spouses of certain active duty military servicemembers, and low-income persons. If an exempt individual owns a majority interest in a business with fewer than 100 employees, then the business is exempt. This was also passed in the tax package. It will save \$19.1 million in local taxes annually.

### **DID NOT PASS**

**These bills passed at least one committee, some passed one chamber, but ultimately did not pass.**

#### **Sales Taxes:**

- SB 1448 provided a **sales tax exemption to persons aged 60 or older** for the purchase of items that would assist the person to live independently in their home, such as handrails, hospital beds, and walkers. Florida TaxWatch supports ways to help the elderly age in place.
- SB 56 created a **sales tax exemption for diapers** and incontinence products.
- SB 76 created a one-day **Small Business Saturday Sales Tax Holiday**, exempting sales by small businesses of items with a sales price of \$1,000 or less.
- SB 766 proposed to **exempt all sales or leases of aircraft from the sales and use tax**. Currently, only certain aircraft are exempt, such as common carrier planes weighing more than 15,000 pounds.
- SB 236 would have provided a **sales tax credit for restaurants that install baby changing stations**.
- SB 1608 proposed several changes to help agriculture in Florida. These include **sales tax exemptions for fencing materials, building materials for nonresidential farm buildings, and some aquaculture equipment**. The bill also makes some changes to the assessment of some agricultural property. These changes would save agricultural taxpayers \$75.7 million the first year and \$36.6 million annually. While this bill did not pass, the final tax package contains temporary exemptions for fencing and building materials, as well as exemptions for aquaculture.
- HB 1231 and SB 1450 both provided a 10 percent **sales tax refund** (up to \$2 million total on a first-come, first served basis) to **non-profit job training organizations** that train persons with low-incomes or other barriers to employment. HB 1450 passed all its committees.
- HB 317 and SB 272 required **local option sales tax referenda** to be held during general elections only. HB 317 passed the full House.
- HB 243 and SB 688 would have required Miami-Dade County to use the proceeds of its 0.5 percent **Charter County and Regional Transportation System Surtax** only on a

fixed guideway rapid transit system or for bus systems. HB 243 would have further allowed for the tax to be used for the development of dedicated facilities for autonomous vehicles. HB 243 passed the House.

### Property Taxes

- SB 934 increased the existing **property tax exemption** for Florida residents who are **widows, widowers, blind, or totally and permanently disabled** from \$500 to \$5,000. This would result in annually tax savings of approximately \$40 million.
- SJR 452 proposed a constitutional amendment to extend from 2 to 3 years the “portability” period during which a Florida citizen may transfer up to \$500,000 of accumulated **Save our Homes** benefits to a new homestead property.

### Other Taxes and Fees

- HB 1245 would have **exempted Internet video services** (such as Netflix) from the state and local **communications services tax and the gross receipts tax**.
- SB 840, in addition to proposing other changes to gaming in Florida, reduced the **tax on slot machines** from 35 percent to 30 percent in 2019 and to 25 percent in 2020.
- HB 725 and SB 1144 required local governments to post **permit and inspection fee** schedules and building permit and inspection utilization reports on-line. Building permit and inspection utilization reports must be updated before making any adjustments to the fee schedule. HB 725 passed the House.

# EDUCATION

## FLORIDA TAXWATCH

### PRIORITY

#### PASSED

### Computer Coding Instruction – HB 495

requires that middle school and high school students must be provided opportunities to take computer science courses. Such courses must be integrated into each school district’s schools. Additionally, high school students must be able to take computer science courses to satisfy graduation requirements. It requires Florida Virtual School to offer computer science courses so students enrolled in a school without a computer science course can receive this instruction. The bill requires the Department of Education to identify computer science courses in the Course Code Directory and on its website by July 1, 2018. It also establishes a grant program to help teachers earn a computer science educator certificate and a bonus program to award teachers who teach computer science courses.

#### DID NOT PASS

**Financial Literacy** – The Senate passed SB 88, which would revise the required credits for a standard high school diploma to include one-half credit of instruction in personal financial literacy and money management. The House amended SB 88 to only require schools to provide an elective course in financial literacy, but not requiring it for graduation, and other issues were added to the bill. The Senate refused to concur.

## OTHER EDUCATION BILLS

### PASSED

**Omnibus Education Bill** – HB 7055, the controversial, major House education package contains a myriad of provisions including expanding school choice scholarship programs; streamlining accountability for participating private schools; providing flexibility to school districts; modifying charter school requirements; and setting assessment, instructional, and curriculum requirements.

Some of the other provisions in the 207-page, 51-section bill include:

- Creating the Hope Scholarship Program which would allow a public school student who was bullied or otherwise mistreated to transfer to another public school or to receive a scholarship to attend a private school and creates a tax credit for contributions to the program;
- Creating reading scholarships for struggling 3-5 graders;
- Creating the Florida Sales Tax Credit Scholarship Program to help fund the Gardiner Scholarship Program and the Florida Tax Credit Scholarship Program;
- Allowing schools boards to authorize highly effective principals to manage multiple schools;
- Expanding the Principal Autonomy Program Initiative statewide;
- Allowing school districts distributing Title I funds to schools above the 75 percent poverty threshold to include high schools above the 50 percent threshold;
- Increasing the cap on withholding Title I funds for administration from 8 percent to 10 percent;
- Requiring school districts that have any of the 300 lowest-performing elementary schools to provide an additional hour of intensive reading instruction per day;
- Requiring integration of grade-level core curricula content from social studies into reading passages and writing prompts for ELA assessments;
- Requiring industry certification examinations, national assessments, and statewide assessments offered by the school districts to be made available to all Florida Virtual School students;
- Requiring a teachers' union whose dues paying membership is less than 50 percent of the employees eligible for representation to petition for recertification;
- Requiring the discretionary millage school boards may levy to be included in charter school capital outlay if the amount of state funds appropriated for charter school capital outlay in any fiscal year is less than the average per-student charter school appropriation for 2018-2019, adjusted for inflation;
- Requiring all schools and each school board building to display the state motto, "In God We Trust," in a conspicuous place.



**Florida Excellence in Higher Education Act** – A major priority of the Senate President, SB 4 makes a number of changes to higher education and appropriates \$124 million to expand the Bright Futures, Benacquisto, and Farmworker Student scholarship programs. The bill:

- Reinstates full funding of the Bright Futures Florida Academic Scholar award at 100 percent of tuition and fees, plus \$300 in fall and spring semesters to cover instructional materials and other costs, and guarantees funding for 2018 summer term;
- Reinstates funding for the Medallion Scholar award at 75 percent of tuition and fees for fall and spring semesters and guarantees funding for 2019 summer term;
- Expands Benacquisto Scholarship awards (full cost of attendance) to recruit out-of-state National Merit Scholar award winners;
- Modifies university performance metrics to promote graduation in four years;
- Establishes the World Class Faculty and Scholar Program and the State University Professional and Graduate Degree Excellence Program; and
- Requires state universities to identify internship opportunities in high-demand fields.

### **DID NOT PASS**

**Community College Competitiveness Act of 2018** – SB 540 would have established a State Board of Colleges to oversee the college system and reinforced the primary mission of community colleges as awarding associate degrees and

workforce credentials. The bill placed a 20 percent cap on upper-level, undergraduate enrollment at each community college, and a 10 percent system-wide cap. It established the “2+2” targeted pathway program to provide students guaranteed access to baccalaureate degree programs at state universities. It also established the Supporting Students for Academic Success program to fund the efforts of community colleges in assisting students enrolled in an associate in arts (AA) degree program to complete college-credit courses, graduate with an AA degree and transfer to a baccalaureate degree program.

# SMART JUSTICE & PUBLIC SAFETY

The 2018 Session held a lot of promise for smart justice. Many good provisions were considered and got significant support. Ultimately, only a few bills passed. A missed opportunity.

## FLORIDA TAXWATCH PRIORITIES

### PASSED

**Prearrest Diversion** – Several counties have developed pilot civil citation or other prearrest diversion programs as an alternative to referring the case to the court for disposition. If the person successfully completes the requirements of the civil citation or prearrest diversion program, the offense is never referred to the court and does not appear on the individual's criminal record. [Florida TaxWatch has recommended](#) the establishment of adult civil citation programs because they can save taxpayers a significant amount of money, allow the offender to continue education, vocation, and life development opportunities, and help avoid the progression of an individual into a life of crime. SB 1392 encourages the adoption of a model adult pre-arrest diversion program by local governments and educational institutions. It would require each judicial circuit to establish a juvenile civil citation or other diversion program. It encourages, but does not mandate local governments and educational institutions to participate in those programs. The diversion programs would be required to submit data regarding participants and nonparticipants

to the Department of Juvenile Justice in order to evaluate the programs' effectiveness. The bill also makes participants in all types of juvenile diversion programs eligible for expunction of their record. See the [Florida TaxWatch report on juvenile civil citation](#). SB 1392 was the last bill passed by the 2018 Legislature.

**Criminal Justice Data** – SB 1392 was amended on the last day to also include a model uniform criminal justice data collection system. It centralizes the majority of criminal justice data in an effort to increase the collection and reporting of accurate and valid data and promote transparency. It requires the clerks of court, state attorneys, public defenders, county detention facility administrators, and the Department of Corrections to collect specified data on a biweekly basis and report it to the Florida Department of Law Enforcement (FDLE) on a monthly basis. Changes include: creating a unique identifier to allow each person to be tracked throughout the criminal justice system; expanding reporting requirements for pretrial release programs to better analyze risk assessment tools; requiring FDLE to publish more data; and appropriating \$1.1 million and nine FTEs to implement the data collection requirements and begin the transition to incident-based crime reporting. Florida TaxWatch supports this legislation because we conclude that an evidence-based decision process based on data collection can help assess effectiveness of the criminal justice system and programs that reduce recidivism and unnecessary incarceration.

**Prisoner Education/Job Training** – HB 201 allows state funding for postsecondary workforce programs to be used for the education of inmates with less than 24 months of time remaining on his or her sentence. It also authorizes a county or the Department of Corrections to contract with a district school board, the Florida Virtual School, or a charter school to provide educational services in the Correctional Educational Program to its inmates. The educational services may include any educational, career, or vocational training.

### **DID NOT PASS**

**Offender Reemployment** – HB 1041 and SB 1114 both dealt with numerous professional licensing issues. Among them were provisions relating to licensing of those with criminal convictions. These included: development of a list of offenses that do and do not impair the ability for licensure; limiting the time that must pass after conviction for that conviction to not be considered in licensure; and allowing a person to apply for a license while under criminal confinement, incarceration or supervision. HB 1041 was approved by the House.

**Judicial Safety Valve** – SB 694 would have authorized courts to depart from mandatory minimum sentences in certain controlled substance trafficking convictions. The departure would be authorized if the court finds that the person did not engage in a continuing criminal enterprise; use or threaten violence or use a weapon; and cause a death or serious bodily injury. [Florida TaxWatch research](#) has found that mandatory minimums have led Florida prisons to incarcerate low-level offenders for unnecessarily

lengthy sentences when many could be better served through alternative treatments and sanctions. This approach to sentencing results in the waste of valuable resources, at great expense to Florida taxpayers. SB 694 passed all its committees but died on the calendar. This issue was also added to an omnibus criminal justice bill. (see SB 1218 below).

**Electronic Monitoring** – SB 484 authorized counties to establish a supervised bond release program that would allow eligible defendants to be released on active electronic monitoring, continuous alcohol monitoring or both. A risk assessment instrument would be used to determine an appropriate level of supervision. It also allowed an inmate to participate in a supervised community release program that includes electronic monitoring and community control for up to 90 days before the inmate's release. The bill also authorized a court to sentence some offenders to a county jail for up to 24 months and allows the state to transfer an inmate to a county jail if the inmate has less than 24 months or is terminally ill with less than 12 months to live. SB 484 passed all its committees but died on the calendar. The bond release program was also added to SB 1218.

**Omnibus Criminal Justice Bill** – SB 1218 morphed into a bill with many good provisions relating to criminal justice, mostly from other bills. Several of these have been recommended by Florida TaxWatch. These include: creating a judicial safety valve (see SB 694 above); establishing the Florida Correctional Operations Oversight Council (see SB 1208 and HB 1169

below); improving criminal justice data collection and transparency (passed in SB 1392); increasing the use of electronic monitoring, improving reentry and reemployment provisions, and conditional medical release. SB 1218 passed all its committees but died on the calendar

### **Florida Correctional Operations Oversight**

**Council** – SB 1208 and HB 1169 would have created the council with the purpose of overseeing matters relating to corrections and juvenile justice with an emphasis on the safe and effective operations of major institutions and facilities under the purview of the DOC and the DJJ. The council would have made recommendations on correctional policies. The council would have been made up of nine members, three appointed by the Governor, the House Speaker and the Senate President.

**Re-Entry Services** – SB 226 specified that the prison release orientation program begins at least 360 days prior to the inmate's release, rather than the current 240 days. The bill also added instruction topics to the orientation and increases the comprehensive transition course from 100 hours to at least 200 hours. The Department of Corrections (DOC) would be required to assist inmates in securing the identified basic support services and notify every inmate of opportunities for industry certifications and job placement in the community in which the inmate will be released.

### **Substance Abuse and Mental Health Offenders**

– SB 1222 created a probationary split sentence for nonviolent offenders that need substance use or mental health treatment and do not pose a danger

to the community. The sentence would include term of imprisonment, which must include an in-prison treatment program, and a 24-month term of probation that consists of either drug offender or mental health probation, any special conditions of probation ordered by the sentencing court, and any recommendations made by DOC in the post-release treatment plan.

## **OTHER LEGISLATION**

### **PASSED**

**School and Public Safety** – SB 7026 is the Legislature's response to the tragedy at Marjory Stoneman Douglas High School. The bill rightfully took up much of the Legislature's attention in the last two weeks and after passing the Senate on Monday with a close 20-18 vote, the House approved it 67-50. The bill includes changes to background checks, prohibiting people under 21 from buying a firearm, outlawing bump-fire stocks, attempting to keep firearms from those with mental illness, and numerous school safety provisions. The most controversial measure is the creation of a voluntary program that would allow some school personnel to carry firearms. Numerous attempts to ban assault weapons failed. The bill appropriates \$400 million for school hardening, safety, and mental health, the guardian program, and replacing the building at Douglas High. This bill was signed by the Governor during the last day of the regular session. To see all of the provisions of SB 7026, visit the Florida TaxWatch Legislative Update webpage.



# ECONOMIC DEVELOPMENT

## FLORIDA TAXWATCH PRIORITIES

### PASSED

**Florida Capital Formation Act** – HB 1285 creates the Institute for Commercialization of Florida Technology to increase the availability of seed and early stage investment capital in Florida without requiring an ongoing state expenditure for such support. It will be operated by a private fund manager who will be paid from fees based on the institute's investment activities. The institute will replace the Institute for Commercialization of Public Research and will partner with innovation and target industry businesses to foster investment funding, advise companies about successful management, operations, and development processes, and provide opportunities to attract further investment. The Institute will not be supported by or function under the Department of Economic Opportunity. Read Florida TaxWatch's report on [second-stage business development](#) in Florida.

## OTHER ECONOMIC DEVELOPMENT BILLS

### PASSED

**Tourist Development Taxes (TDTs)** – HB 7087, contains a provision (originally in HB 585 and SB 658) to expand the permissible uses of local TDTs to include transportation, sewer, solid waste, drainage and other public service facilities, estuary and lagoon improvements and construction

of beach groins. This controversial bill moved through committee, despite the testimony of many opponents who were concerned that local governing boards will use the funds more like general revenue at the expenses of tourism promotion. Florida TaxWatch has done [much research](#) on the value of tourism marketing to the state, and shares the concern that this increases the likelihood that these tourism-dedicated dollars will be spent on projects with less effective impacts on tourism, leaving less money available for marketing. Enough safeguards were added to the final bill to significantly reduce our concerns. To be able to use TDT revenue for these new uses: the TDT must have brought in at least \$10 million in the preceding year; the county governing board must approve the use by a vote of at least two-thirds or its membership; no more than 70 percent of the cost will be paid with TDTs; at least 40 percent of all TDTs must be spent on tourism promotion; and an independent professional analysis demonstrates the positive impact of the infrastructure project on tourist-related businesses.

### Developments of Regional Impact (DRIs) –

HB 1151 eliminates state and regional review of DRIs, eliminates the Florida Quality Development (FQD) program and transfers the responsibility for DRI and FQD development orders to the local governments in which the developments are located.

### DID NOT PASS

**Gaming** – Faced with the possibility of the voters approving a constitutional amendment in November giving them exclusive right to approve casino gambling, the Legislature again considered

gambling legislation. HB 7067 and SB 840 both would have ratified a new deal for the Seminole Tribe of Florida, giving it exclusive rights to offer blackjack statewide and to have slot machines outside of Miami-Dade and Broward Counties. The state would have received \$3 billion over the first seven years in return. But there were major differences such as authorizing slot machines at pari-mutuels in counties where voters have approved them. Florida TaxWatch recommended that the Legislature ratify the new Seminole Compact, regardless of what else it did on gaming. Conference negotiations broke down and no gaming bill passed this session.

**High-Speed Passenger Rail** – SB 572 shifted the responsibility for costs associated with railroad-highway grade crossing construction, maintenance and repairs from local governments to the railroad companies. This is ostensibly part of Martin, St. Lucie, and Indian River County’s ongoing efforts to derail All Aboard Florida’s proposed “Brightline” service, which would provide high-speed passenger rail service between Miami and Orlando with no planned stops in any of the three counties. For more on Brightline, please read Florida TaxWatch’s recent [report](#). Having passed one committee, the bill was workshopped in the Commerce Committee but stalled.

**Local Economic and Tourism Development Agencies** – After imposing additional transparency and accountability requirements on Enterprise Florida and Visit Florida last year, the House turned its attention to local agencies. HB 3 contained many of the same requirements, including the requirement for the approval of

county boards for contracts of more than \$250,000 and to post online any contract of more than \$5,000. The state Auditor General would also have been required to audit at least two tourism development organizations and two economic development agencies annually. HB 3 was approved by the full House.

**Workers’ Compensation** – HB 7009 addressed court rulings that parts of Florida’s workers’ compensation law are unconstitutional. Injured workers would be allowed to pay for their own attorney under the bill. The temporary wage replacement benefit would have been increased from 104 to 260 weeks. Attorney fees would have remained as a percentage of what they obtained for a client, but the bill allowed a judge to award hourly fees as an alternative. The bill also allowed insurers to decrease premiums uniformly up to five percent. The bill did little to control attorney fees and a business coalition that supports reform says the changes would be “premature and ultimately, inadequate.” In November, the Office of Insurance Regulation announced a 9.5 percent rate decrease for 2018. HB 7009, passed the House, but there was no Senate companion.

**Professional Sports Stadiums** – HB 13 prohibited a sports franchise from constructing or improving a facility on public land leased from the state or a local government. It also required leases of a facility and sale of public land between government and a sports franchise to be at fair market value. Contracts between governments and a sports franchise to fund the construction of a facility must include a provision requiring the sports franchise to pay any outstanding debt if the

sports franchise permanently discontinues use of the facility. HB 13 passed the House.

**Impact Fees** – SB 324 and HB 697 would have prohibited local governments from collecting impact fees before the building permit is issued and required funds to be specifically earmarked for use in acquiring capital facilities to benefit the new residents. The bills codified the requirement for impact fees to bear a rational nexus both to the need for additional capital facilities and to the expenditure of funds collected and the benefits accruing to the new construction. Local governments would have been required to designate the funds collected by the impact fees for acquiring, constructing, or improving the capital facilities to benefit the new residents. Impact fees collected by a local government could not be used to pay existing debt or pay for prior approved projects unless such expenditure has a rational nexus to the impact generated by the new construction. HB 697, amended to exempt water and sewer connection fees from these changes, was approved by the full House. SB 324 died on the calendar.

**Regulatory Reform** – HB 791 would have created a Red Tape Reduction Advisory Council within the Executive Office of the Governor. The Council would be required to annually review the Florida Administrative Code (FAC) to determine whether any rules are duplicative, obsolete, especially burdensome to business, or disproportionately affect businesses with fewer than 100 employees or revenue below \$5 million. A regulatory baseline in the FAC would be established. After January 1, 2019, a proposed rule may not cause the total

number of rules to exceed the regulatory baseline. Each agency's annual regulatory plan would have to identify existing rules that may be appropriate for future repeal to maintain the regulatory baseline.

### **Small Business Roadway Construction**

**Mitigation Grant Program** – SB 182 and HB 567 proposed this program to provide grants to businesses negatively impacted by state road construction projects to help maintain the business during construction. It was limited to businesses that employ up to 40 full-time or part-time employees.

## HEALTH & AGING FLORIDA TAXWATCH PRIORITIES DID NOT PASS

**Telehealth** – SB 280 promoted the use of telehealth in Florida, [as recommended by Florida TaxWatch](#). Telehealth allows health providers to work with patients remotely. Telehealth can be used to increase access to quality care and can be used as an innovative tool to reduce costly medical interventions such as emergency room utilization and length of hospital stay. If telehealth could reduce these interventions by even 1%, the state would realize a cost-savings of more than \$1 billion. The bill authorized Florida health care professionals to use telehealth, articulated a standard of care and reduced some of the ambiguity in regulation. It allowed health

care professionals who prescribe controlled substances to use telehealth to do so, under limited circumstances. The bill was unanimously approved by the full Senate, but was not taken up by the House.

**Scope of Practice for ARNP and PAs – [Florida TaxWatch research](#)** has long supported increasing the scope of practice for Advanced Registered Nurse Practitioners (ARNPs) and Physicians Assistants (PA). Recent sessions have seen improvement in this area and legislation advanced this year as well. HB 973 and SB 708 authorized ARNPs and PAs, within the framework of established protocol and supervision, to sign or otherwise endorse a document that currently requires a doctor’s endorsement. HB 573 and SB 112 authorized ARNPs and PAs to execute a certificate under certain conditions stating that they have examined a person and find the person appears to meet the criteria for involuntary examination under the Baker Act. Both HB 973 and HB 573 passed the House but were not taken up by the Senate.

**Pharmacist Scope of Practice: Test and Treat the Flu and Strep** – HB 431 and SB 524 authorized pharmacists to test for and treat the influenza virus (flu) and streptococcal bacteria (strep) within the framework of an established written protocol with a physician licensed in this state. Requirements to be eligible to provide such services included: completing an approved certification program; maintaining at least \$200,000 of professional liability insurance; maintaining patient records for at least five years after the provision of services;

using a test that integrates with electronic health record technology; and reporting the diagnosis or suspected existence of a disease as required by the Department of Health. These illnesses are infectious, and if not diagnosed and treated timely, could lead to serious and even fatal health conditions. Rapid diagnostic tests are available for both the flu and strep, providing results within minutes. Florida TaxWatch supports increasing the access to these valuable tests and treatments than can help slow the spread of an epidemic.

**Aging in Place** – SB 1448 provided a sales tax exemption to persons age 60 or older for the purchase of items that would assist the person to live independently in their home, such as handrails, hospital beds, and walkers. Florida TaxWatch supports ways to help the elderly age in place. The bill was approved by the Children, Family and Elder Affairs Committee early in the session, but then stalled.

## OTHER LEGISLATION PASSED

**Opioids** – Legislation to combat the opioid crisis in Florida was a focus the entire session. After some disagreements between the two chambers were resolved, HB 121 was one of the last bills passed. The bill increases the regulation, training, and reporting required when controlled substances are prescribed and dispensed. The bill’s provisions include: requiring prescribing practitioners to complete a two-hour training course on the safe and effective prescribing of controlled substances; limiting opioid prescriptions to three days to treat acute pain and seven days if determined

to be medically necessary (exceptions include cancer, terminal conditions and palliative care); requiring a prescriber to co-prescribe an opioid antagonist (such as naloxone) when prescribing controlled substances for serious traumatic injury; increasing the penalty to a 2nd degree felony for a patient or health care practitioner who knowingly obtains or provides a controlled substance that is not medically necessary; and creating a new 3rd degree felony for unlawfully possessing and using tableting or encapsulation machines. The bill also appropriates \$53.7 million for expenditures related to the State Targeted Response to the Opioid Crisis grant; community-based services; making emergency opioid antagonists available to first responders; medication-assisted treatment of substance abuse disorders in individuals involved in the criminal justice; and for improvements to the Prescription Drug Monitoring Program.

# APPENDIX A

## THE FY2018-19 BUDGET

The budget for FY2018-19 totals \$88.7 billion, \$1.4 billion more than the Senate's proposed spending plan and \$1.5 billion more than the House. It is \$3.8 billion (4.4 percent) more than current spending. This does not include appropriations made in substantive bills that passed, including \$400 million for school safety (SB 7026), \$123.5 million to expand Bright Futures and other scholarships (SB 4), and \$53.7 million for opioid response (HB 121).

### Highlights

**State Employee Positions** – The budget funds 112,857 FTEs, an increase of 30 positions.

**Trust Fund Sweeps** – \$404.3 million is transferred to General Revenue (GR), including \$182 million from affordable housing trust funds. This is more than was swept in either the House or Senate budgets.

**Reserves** – \$3.3 billion (including \$1.0 billion in GR cash reserves, \$1.5 billion in the Budget Stabilization Fund, and \$770 million in the Lawton Chiles Endowment). This is \$200 million less than was proposed by the House.

### Education

**Public School Funding** – \$21.097 billion is provided for the Florida Education Finance Program (FEFP), \$484.8 million (2.35 percent) more than current sending. This includes \$9.170 billion from local school property taxes, which is not included in the \$88.7 billion budget total.

**Per Student Funding** – The FEFP provides \$7,408 per student, \$101.50 (1.39 percent) more than this year.

**School Property Taxes** – The Legislature adopted the House position of rolling-back the Required Local Effort (RLE) millage rate, so the only additional revenue comes from new construction, not increasing property values. The Senate had proposed keeping the same millage rate as the current year. The lower adopted millage rate avoids a \$375 million tax increase on local property taxpayers.

**University Funding** – \$5.065 billion, more than the House and less than the Senate and a 2.5 percent increase over this year. \$265 million in state performance funding and \$295 million reprioritized from each university's base budgets. No tuition increase.

**College Funding** – \$1.228 billion, more than the Senate and less than the House and a 1.4 percent increase over this year. \$30 million in state performance funding and \$30 million reprioritized from each college's base budgets. No tuition increase.



## Public Education Capital Outlay -

	Conference	House	Senate
Repair and Maintenance			
Public Schools	\$50.0 million	\$50.0 million	\$75.0 million
Charter Schools	\$145.3 million	\$120.0 million	\$25.0 million
Colleges	\$35.4 million	\$35.1 million	\$36.2 million
Universities	\$47.2 million	\$47.2 million	\$48.6 million
Construction			
Public Schools	\$31.4 million	\$31.4 million	\$36.9 million
Colleges	\$30.9 million	\$25.0 million	\$56.4 million
Universities	\$101.4 million	\$25.0 million	\$145.5 million

In addition, there is \$5.0 million for charter schools, \$16.2 million for colleges, \$9.3 million for universities and \$2.0 million for public schools in General Revenue funding contingent on FEMA reimbursements. The budget also authorizes \$40 million university Capital Improvement Student Fee Projects.

### Health & Human Services

**Medicaid** – \$898.9 million for workload and price increases.

**Hospital Funding** – One of the last issues to be settled, the House position of keeping the current formula prevailed. The Senate wanted to eliminate automatic increases for hospitals that have high Medicaid utilization and redistribute \$318 million into the base allocations. The Low Income Pool is authorized at \$1.5 billion, but that total would require \$586.8 million in contributions from local governments.

**Nursing Homes** – In return for the hospital deal, the Senate secured an additional \$50 million in state money, which will draw down an additional \$78.5 million in federal funds for nursing homes.

**Personal Needs Allowances** – \$17 million to increase the allowance from \$105 to \$130 per month for residents in nursing homes and institutions under the Agency for Persons with Disabilities and the Department of Children and Families.

**Elder Affairs** – \$16.4 million to increase slots for Alzheimer’s Respite Care (66 slots), Community Care for the Elderly (61 slots), Home Care for the Elderly (215 slots), and PACE expansion in multiple locations (475 slots).

### Public Safety

**Corrections** – \$52.7 million and 289 positions for mental health treatment and \$48.7 million to fund the health services deficit.

**Juvenile Justice** – \$7.9 million to continue and expand prevention and early intervention programs and the Prodigy Program.

**State Court System** – \$2.5 million to enhance funding for problem-solving courts (such as Veterans’ Courts, Drug Courts, Early Childhood Courts).

### **Economic Development**

**Affordable Housing** – The budget provides \$123.6 million, which is what the House proposed. The Senate proposed \$322.1 million. Once again, more money was swept from housing trust funds than was appropriated from them.

**Transportation** – The DOT Work Program is funded at \$9.9 billion. However, the budget contains a startling number of local transportation member projects—nearly 60 worth \$120 million. These local projects, for which there is no formal evaluation and selection process, are funded from the State Transportation Trust Fund, taking funds from projects that are in the DOT work program.

**Tourism Marketing** – The budget provides \$76 million for VISIT FLORIDA, more than the Senate proposed but less than the \$100 million recommended by the Governor.

**Governor’s Priorities** – The budget funds two other priorities of the Governor, the Florida Job Growth Fund (\$85 million) and repairs to the Herbert Hoover Dike (\$50.0 million).

### **Environment & Natural Resources**

**Everglades Restoration** – The budget provides \$207.1 million for the Comprehensive Everglades Restoration Plan, the regional water quality plan, and the EAA Reservoir and an additional \$31.0 million for Northern Everglades and Estuaries Protection.

**Land Acquisition** – Florida Forever is provided \$100.8 million.

**Water Projects** – 52 member requested projects worth \$30.9 million. This is less than recent years. In the previous five budgets, the Legislature’s spending on water projects (pre-veto) has ranged from \$55.6 million to \$88.5 million.

**State Parks** – \$35.1 million for maintenance and repair.

**Citrus Health Response** – \$7.1 million plus \$8.0 million for citrus greening research.

**Citrus Canker Eradication Claims** – \$52.1 million to settle homeowners’ claims for lost trees.

### **General Government**

**Department of State** – \$35.3 million for state aid to libraries, cultural and museum programs and historic preservation.

**Emergency Management** – \$1.8 billion for Federally Declared Disasters.

**FEMA Reimbursements** – Not included in the budget total is \$50 million in appropriations contingent on the state receiving federal reimbursement for money spent by the state for

declared state of emergencies. The money would be used almost exclusively to fund local member projects and education capital outlay.

**State Employee Pay Issues** – Total \$45.2 million

- State Law Enforcement Officers – pay increase of 7% or 10% (if 10 years of service);
- State Firefighters – \$2,500 pay increase;
- Department of Juvenile Justice Probation and Detention Officers – 10% pay increase;
- Asst. State Attorneys and Asst. Public Defenders – increase of \$2,000 or \$4,000 (if 3 years of service within the same office). Pay increase is for attorneys with salary of \$75,000 or less; and
- Judicial – Supreme Court Justices increase to \$220,600.

**State Employee Benefits** – \$68.5 million to fund a 6 percent increase in health insurance premiums and \$33.3 million to fully fund normal costs and the unfunded actuarial liability of the Florida Retirement System.

# APPENDIX B

## FINAL 2018 TAX PACKAGE

*All the provisions of HB 7087, which provides \$170 million in tax cuts (a mix of one-time and recurring). It also includes many other tax law changes.*

### SALES TAX

**Business Rent Tax** – The sales tax on the rent, lease or license fee charged for commercial real property will be reduced from 5.8 percent to 5.7 percent, effective January 1, 2019. The tax rate was reduced from 6.0 percent to 5.8 percent last year

**Back to School Sales Tax Holiday** – Establishes a 3-day period (August 3-5, 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, and schools supplies costing \$15 or less per item. Computers and accessories were not included in this year's holiday.

**Disaster Preparedness Sales Tax Holiday** – Creates a 7-day sales tax holiday (June 1-7, 2018). 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).

**Agricultural Hurricane Recovery** – To help agriculture with hurricane recovery expenses, a temporary sales tax exemption and refund system is 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.

**Electric Generators** – A temporary exemption for generators used by nursing homes or assisted living facilities will 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.

**Wholesalers of Recyclable Materials** – “Recyclable Material Merchant Wholesalers” (NAICS code 423930) will be added to the industries exempted from the tax on electricity or steam used to operate machinery. Roll-off containers purchased by these businesses will also be exempt from sales taxes. These businesses engage in the merchant wholesale distribution of automotive scrap, industrial scrap, and other recyclable materials.

**Aquaculture** – Creates sales tax exemptions for liquefied petroleum gas used in aquacultural equipment, electricity used in raising aquaculture products and in fish packinghouses, and machinery and equipment used in aquaculture, fish farming, and fish hatcheries.

### PROPERTY TAX

**Hurricane Relief – Homestead Property** – Provides for a property tax refund for homes rendered uninhabitable for at least 30 days by Hurricanes Hermine, Matthew or Irma. The

refund is equal to the “damage differential” (percent difference in value multiplied by the percentage of the year the home was uninhabitable) multiplied by the amount of taxes levied in the year the hurricane occurred. This provision applies retroactively to January 1, 2016 and expires January 1, 2021. The state will reimburse fiscally constrained counties and Monroe County for lost revenue from this refund.

### **Hurricane Relief – Save Our Homes (SOH)**

**Portability** – The owner of the homestead property that was significantly damaged by a tropical storm or hurricane will be allowed to keep their SOH benefit if they move to a new homestead by the end of the year following the storm. This applies to homestead property damaged or destroyed after January 1, 2017.

### **Hurricane Relief – Citrus Processing**

**Equipment** – Equipment that is idle as a result of citrus greening or Hurricane Irma will 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.

### **Hurricane Relief – Agricultural Land –**

Allows agricultural lands that is not being used for agricultural purposes due to a hurricane to continue to be classified as such for 5 years after being damaged by a natural disaster, unless the land is converted to non-agricultural use.

**Multi-parcel Buildings** – For property tax and non-ad valorem assessments, the just value of the land must be allocated among the parcels in the same proportion as the value of each

parcel’s improvements. The value may not be separately assessed. The applies to non-homestead assessments that are based on the size or area of the land. For other assessments, each parcel will be assessed separately.

### **Surviving Spouses of Disabled Ex-Military**

**Servicemembers** – The requirement that spouses be married for at least 5 years on the ex-servicemember’s death in order to be entitled to the current \$5,000 property tax exemption is eliminated.

## **CORPORATE INCOME TAX/SALES TAX**

### **Community Contribution Tax Credit –**

Provides \$2 million in additional corporate income tax credits in 2018-19 and \$3 million in 2019-20 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.

**Brownfields Tax Credit** – Provides a one-time, \$8.5 million additional sales and corporate income tax credit authorization in FY2018-19 to fund the backlog of tax credit applications. The cap on these credits is currently \$10 million annually. These credits encourage site rehabilitation in brownfield areas and voluntary cleanup of certain other types of contaminated sites.

## **DOCUMENTARY STAMP TAX**

**Spousal Homestead Transfers** – Creates an exemption for the transfer or conveyance of homestead property, between spouses if the document is recorded within one year after marriage and the only consideration is the amount

of a mortgage or other lien.

### **Loans issued by Local Housing Finance**

**Authorities** – Creates an exemption for any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority. The exemption will not apply to a deed financed by a housing finance authority.

**Disaster Loans** – Loans made by Florida Small Business Emergency Loan Program or the Agricultural Economic Development Program will be exempt.

### **FUEL TAX**

**Aviation Fuel Tax** – Commercial carriers and all-cargo air carriers will get a 1.42 percent credit on their aviation fuel taxes, effective July 1, 2019. This would effectively reduce the rate from 4.27 cents per gallon to 2.85 cents per gallon. The tax rate is already scheduled to be reduced from 6.9 cents to 4.27 cents on July 1, 2019.

**Natural Gas Fuel** – Provides for a 5-year delay of the imposition of fuel taxes on natural gas used in motor vehicles that would otherwise go into effect January 1, 2019. The rate will be 21 cents per motor fuel equivalent gallon, 15 cents of which will be adjusted annually for inflation. This fuel is currently exempt from taxation.

**Fuel Used for Agricultural Shipment after Hurricane Irma** – A refund of state and local taxes imposed on motor and diesel fuel will 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.

**Exported Motor Fuels** – Creates an exemption from motor fuel taxes for certain terminal suppliers who resell motor fuel for immediate export from the state.

### **OTHER TAXES/FINES**

**Truck License Taxes** – The restriction that a truck only be operated within 150 miles of its home address to qualify for a lower-cost agricultural restricted license plate will be removed.

**Local Business Taxes and Fees** – Creates an exemption for honorably discharged veterans and their spouses, unremarried surviving spouses of such veterans, spouses of active duty military servicemembers who have been relocated to the county or municipality due to a permanent change of station order, persons receiving public assistance and persons with a household income below 130 percent of the federal poverty level.

**Traffic Fines** – Provides for a reduction of 9 percent on fines for noncriminal traffic infractions if the person elects to attend driver improvement school, effective January 1, 2019. An 18 percent reduction was recommended by the Governor. It was 18 percent in both the original House and Senate package.

**Communications Services Dealers** – Adds “security fund” to the list of taxes, fees and charges for which the local imposition on dealers of communications services for occupying roads

and rights-of-way is preempted by the state. These charges were replaced by the communications services tax.

**Marketplace Contractors** – Provides that an on-line marketplace contractor that provides temporary household services is considered an independent contractor, not an employee, for purposes of state and local laws. This clarifies that they are exempt from workers’ and unemployment compensation taxes and local business taxes and fees. It covers services such as local moving, furniture assembly, interior painting and home cleaning.

#### **NON-TAX-REDUCTION PROVISIONS**

- As recommended by Florida TaxWatch, the independence of the **Taxpayers’ Rights Advocate** will be increased by having her or him appointed by the state Chief Inspector General (CIG) instead of the Executive Director of the Department of Revenue (DOR). The Advocate could only be removed from office by the CIG. In addition, the bill will improve the transparency, accountability and effectiveness of this important taxpayer safeguard. An annual report from the Taxpayers’ Rights Advocate would contain information including the number and nature of taxpayer complaints, an examination of the most common problems, and recommendations to improve taxpayer services and DOR responsiveness.

- Distributes \$1.5 million in **filing fees in certain foreclosure actions** from General Revenue to the Miami-Dade Clerk of the Court in FY2018-19.
- Transfers \$50 of a \$100 **circuit court fee** for attorneys appearing “pro hac vice” (in a jurisdiction in which he or she is not licensed) from General Revenue to the State Courts Revenue Trust Fund. It is a permanent change, effective January 1, 2019.
- Transfers \$12.50 from **each marriage license** from General Revenue to the State Courts Revenue Trust Fund.
- Expands the authorized uses of **Tourist Development Taxes (TDT)** to major capital improvements to public facilities, channel, estuary, or lagoon improvements, and the construction of beach groins. To be able to use TDT revenue for these new uses: the TDT must have brought in at least \$10 million in the preceding year; the county governing board must approve the use by a vote of at least two-thirds or its membership; no more than 70 percent of the cost will be paid with TDTs; at least 40 percent of all TDTs must be spent on tourism promotion; and an independent professional analysis demonstrates the positive impact of the infrastructure project on tourist-related businesses.
- Clarifies the exemption for property owned by the **Florida Governmental Utility Authority** exists even if the he property is outside the jurisdiction of members of the entity. The exemption applies regardless of whether the

separate legal entity enters into agreements with private firms to manage, operate, or improve the utilities.

- Expands the authorized uses of the **Local Government Infrastructure Surtaxes** to include facilities that are necessary to carry out governmental purposes, including, but not limited to: fire stations, general governmental office buildings, and animal shelters, as well as instructional technology used in school classrooms.
- In order for a county or school district to hold a referendum to adopt a discretionary sales surtax, a **performance audit by an independent CPA** of the program to be funded would be required to be completed at least 60 days before the referendum.
- Increases the amount of **the discretionary school property tax** that can be spent to purchase vehicles or pay property and casualty insurance premiums from \$100 to \$150 per student.
- Provides that **easements** “that support improvements that may be constructed above the lands” survive tax sales and deeds of such lands.
- Requires the **Moffitt Center** to annually report to the Office of Economic and Demographic Research an itemized accounting of all expenditures of the cigarette tax distributions (currently \$15.6 million annually), including debt service.
- Requires **all who receive a sales tax distribution pursuant to 212.20(6)** to annually report to the Office of Economic and Demographic Research an itemized accounting of all expenditures of the sales taxes, including debt service. The recipients (and amount of monthly distributions) are: professional sports franchise facilities (\$166,667); spring training franchise facilities (\$41,667); the profession golf hall of fame (\$166,667); certain other spring training facilities (\$83,333); and local governments certified for constructing or improving a sports facility (varies).

# APPENDIX C

## VALUE OF TAX CUTS IN HB7083

\$ MILLIONS

	State		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
<b>SALES TAX</b>						
Business Rent Tax Rate Cut	\$11.4	\$27.4	\$1.5	\$3.5	\$12.9	\$31.0
Tax Holiday/"Back-to-School"	\$26.0		\$6.7		\$32.7	0.0
Tax Holidays/Disaster Preparedness	\$4.6		\$1.2		\$5.8	0.0
Hurricane Relief - Agriculture Building Materials	\$7.0		\$1.8		\$8.8	0.0
Hurricane Relief - Agriculture Fencing	\$2.2		\$0.6		\$2.8	0.0
Generators for Nursing Homes/ALFs	\$5.3		\$1.4		\$6.7	0.0
Recyclers—exempt roll-off containers and electricity	\$1.0	\$1.0	\$0.2	\$0.2	\$1.2	\$1.2
Aquaculture Exemptions	\$0.2	\$0.1			\$0.2	\$0.1
<b>COPRPRATE INCOME TAX</b>						
Brownfields Tax Credit Increase	\$8.5				\$8.5	0.0
<b>COPRPRATE INCOME/SALES TAX</b>						
Community Contribution Tax Credit <sup>1</sup>	\$1.9		\$0.1		\$2.0	0.0
<b>PROPERTY TAX</b>						
Hurricane Relief - Homestead Property			\$12.9		\$12.9	0.0
Hurricane Relief - Citrus Processing Equipment			\$10.5		\$10.5	0.0
Hurricane Relief - Save Our Homes Portability				\$1.2	\$0.0	\$1.2
Hurricane Relief - Agriculture Classification			**	**	**	**
Disabled Vet/Surviving Spouse				\$0.1	\$0.0	\$0.1
FGUA Clarification			*	*	*	*
Multiparcel Buildings					\$0.0	0.0
* insignificant (less than \$50,000)						
** indeterminate						
(1) - no impact in FY 18-19, \$2 million in FY 19-20, \$3 million in FY20-21, \$0 after that						

Chart continued on the next page

# VALUE OF TAX CUTS IN HB7083

\$ MILLIONS

	State		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
<b>DOCUMENTARY STAMP TAX</b>						
Housing Authority Obligations	\$0.5	\$0.5			\$0.5	\$0.5
Spousal Transfers	\$1.5	\$1.5			\$1.5	\$1.5
Disaster Loans	**	**			**	**
<b>FUEL TAXES</b>						
Aviation Tax Rate Reduction		\$14.1			0.0	\$14.1
Refunds for Agricultural Transportation	\$2.5		\$1.2		\$3.7	0.0
Supplier Export Exemption	*	*	*	*	*	*
Natural Gas Fuels Extension	\$0.1	\$0.5	\$0.1	\$0.2	\$0.2	\$0.7
<b>OTHER TAXES</b>						
Agricultural Truck License Taxes	*	*	*	*	*	*
Local Business Taxes (exempt vets, spouses, low-income)			\$19.1	\$19.1	\$19.1	\$19.1
Traffic Fines - 9% Discount	\$0.7	\$1.8			\$0.7	\$1.8
Communications Services Dealers			**	**	**	**
Reemployment Tax - Marketplace Contractors	\$2.6	\$2.6	.		\$2.6	\$2.6
* insignificant (less than \$50,000) ** indeterminate	<b>Total - \$168.3 million</b> <b>Nonrecurring - \$94 million Recurring - \$73.9 million</b>					

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## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

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