

# What is in the Final Tax Package?



This session's major piece of tax legislation (and one of the most significant in the state's history) is SB 50, which has already been signed into law by the Governor. That bill requires remote sellers to collect and remit sales taxes on Florida sales. The more than \$1 billion in annual state revenue will be used to replenish the Unemployment Compensation Trust Fund, avoiding a major tax increase on employers. After the fund is returned to pre-pandemic levels, the sales tax on commercial leases (Business Rent Tax) will be reduced from 5.5 percent to 2.0 percent, producing over \$1 billion in annual tax savings. For more on this bill, which includes four Florida TaxWatch recommendations, see our [Legislative Update](#) webpage.

In addition to SB 50, the 2021 Legislature passed a tax relief package (HB 7061). The original House and Senate bills shared many provisions, but there were differences. These were worked out and most of the provisions in both bills were included in the final product, with a few additions. The tax package provides \$196 million in tax savings. The vast majority of the cuts are one-time (such as sales tax holidays) and property tax relief (local), so the recurring reduction in state taxes is very small—only \$9.0 million.

The following is an explanation of all the provisions in HB 7061, as well as what changed from the original House and Senate bills.

## Sales Tax Relief

**Back to School Sales Tax Holiday** - The House proposes a 10-day “back-to-school” tax holiday from July 31 to August 9, 2021 for certain clothing (up to \$60 per item), school supplies (up to \$15 per item), and the first \$1000 of the sales price of personal computers and accessories for noncommercial use. *(Originally proposed by both the House and Senate).*

**Tax Savings (one-time):** State - \$53.4 million    Local - \$16.0 million    Total - \$69.4 million

**Disaster Preparedness Sales Tax Holiday** - A 10-day “disaster preparedness” tax holiday would be held from May 28 to June 6, 2021 for specified disaster preparedness items. These items (and their maximum sales price) are: flashlights and portable light sources (\$40); portable radios, including two-way and weather radios (\$50), tarps (\$100), ground anchors or tie-down kits (\$100), fuel tanks (\$50), packages of batteries (\$50), nonelectric coolers (\$60), portable generators (\$1,050) and reusable ice (\$10). For the first time, portable power banks (\$60) will be exempt. *(Originally proposed by both the House and Senate).*

**Tax Savings (one-time):** State - \$7.7 million    Local - \$2.4 million    Total - \$10.1 million

**Freedom Week Sales Tax Holiday** - A new addition to the Florida's tax holiday catalogue-the tax package creates a seven-day “recreation” tax holiday from July 1-7, 2021 for “specified admissions and supplies used to enjoy the entertainment options and natural beauty Florida has to offer.” Exemptions will

apply to admissions to live concerts and sporting events, movies in theaters, museums, performing arts, state parks, fairs, festivals, cultural events, and gyms and physical fitness facilities. The admissions would have to be purchased during the holiday week but could be used through December 31, 2021. Also exempt would be purchases of sports equipment and camping, fishing, boating, water activity, and general outdoor supplies. **For details on what is exempt, see last page of this report.** *(Originally proposed by the House).*

**Tax Savings (one-time): State - \$42.1 million    Local - \$12.6 million    Total - \$54.7 million**

**Extend Data Center Sales Tax Exemption** – The 2017 Legislature enacted a sales tax exemption for property purchased, rented, or leased by a data center’s owners and tenants when used to construct, maintain, and operate computer server equipment at a data center. The data center must make a cumulative capital investment of \$150 million by June 30, 2022. No data center has applied for the exemption. This provision would provide a 5-year extension of the deadline. *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring): State - \$1.1 million    Local - \$0.3 million    Total - \$1.4 million**

**Sales Tax Exemption for Independent Living** – The exemption would apply to items used by the elderly or disabled that help them live independently. The exempt items (and sales price limits) would be bed transfer handles (\$60), bed rails (\$110), grab bars (\$100), and shower seats (\$100). *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring): State - \$2.9 million    Local - \$0.9 million    Total - \$3.8 million**

## **Tax Credits**

**Strong Families Tax Credit Program** - This would provide dollar-for-dollar tax credits for businesses that make monetary donations to eligible charitable organizations that provide services focused on child welfare and well-being. The tax credit could be taken against the corporate income tax, insurance premium tax; alcoholic beverage tax, severance taxes on oil and gas production; self-accrued sales tax liability of direct pay permit holders. Organizations must be Florida 501(c)(3) nonprofits and must apply to the Department of Children and Families for designation. Organizations must spend 100% of the funds on the direct provision of the specified children’s services and cannot receive more than 50% of their annual revenue from the DCF. The credits are capped at \$5 million annually. *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring): State - \$5.0 million**

**Contaminated Site Rehabilitation Tax Credit** - A one-time increase (FY 2021-22) in the annual cap on the corporate income tax credit for voluntary cleanup of contaminated sites from \$10.0 million to \$27.5 million. The credit is equal to 50 percent of the costs of cleanup of brownfield and dry-cleaning contaminated sites. *(new provision)*

**Tax Savings (one-time): State - \$17.5 million**

**Florida Internship Tax Credit Program**- This creates a corporate income tax credit of \$2,000 for each student intern employed by a qualified business, up to a maximum of \$10,000 in any taxable year, beginning in tax years beginning on or after January 1, 2022. Any unused portion of the credit may be carried forward for up to two years. A qualifying intern is a student who has completed at least 60 credit hours at a state university or college; is enrolled in a school district career center or charter technical career center; or any graduate student enrolled at a state university. The intern must have a 2.0 GPA and work at least 30 hours per week. To qualify, a business must have been continuously operating for at least three years and at least 20 percent of its full-time employees were previously employed by that business as an intern. As an alternative, the business must employ ten or fewer employees, have previously hired at least one student intern, and employ at least one employee who previously employed by that business as an intern. The total credits available are capped at \$2.5 million and will be available in FY 2021-22 and 2022-23. *(Originally proposed by the Senate).*

**Tax Savings (non-recurring, two years): State - \$2.5 million**

## **Documentary Stamp Tax**

**Documentary Stamp Tax** - The bill provides that a modification of an original document which changes only the interest rate and is made as the result of the discontinuation of an index to which the original interest rate is referenced is not a renewal and is not subject to the documentary stamp tax. The Board of Governors of the Federal Reserve, the Comptroller of the Currency, and FDIC issued a statement encouraging banks to cease entering into new contracts that use the London Interbank Offered Rate (LIBOR) as a reference rate by December 31, 2021. Several trillion dollars of loans and mortgages in the U.S. reference LIBOR. This would assure that if a loan document is modified to change its referenced interest rate, the new document would not be taxable. *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring): State – indeterminate**

## **Property Taxes**

**Affordable Housing Property Tax Exemption** – A 50 percent property tax discount currently exists for multifamily projects (at least 70 units) that provide housing to extremely-low-income, very-low-income, or low-income families. The discount begins on January 1 of the year following the 15th year of such an

agreement. Both tax packages would provide a full exemption for these properties. The exemption would begin the first day of the 16<sup>th</sup> year of the agreement. Florida TaxWatch supports incentivizing affordable housing. This could help to provide a small offset to the poor session affordable housing funding had this year. *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring): Local - \$22.8 million**

**Property Tax Exemption for Flood Resistance** – The tax package contains implementing language for the proposed constitutional amendment (HJR 1377) that will, if approved by the voters in November 2022, exempt improvements made to residential property to increase resistance to flood damage. The joint resolution has already passed both chambers, sending it to the November 2022 ballot. *(New provision in tax package, but both the House and Senate proposed the constitutional amendment.)*

**Tax Savings (recurring): This provision carries an official “indeterminate” estimate because it is not known if the constitutional amendment will pass. It is estimated the impact would be \$25.1 million.**

**Property Destroyed by Calamity-** The bill clarifies that ancillary improvements that are destroyed by storms or other calamities may be replaced and retain the taxable value assigned to those improvements prior to being destroyed. This change treats ancillary improvements the same as other property is treated under current law. These changes, while remedial and clarifying in nature, may not affect any assessment for tax rolls before 2021 unless the assessment is under review by a value adjustment board or a Florida court as of July 1, 2021. *(Originally proposed by the Senate).*

**Tax Savings (recurring): Local – indeterminate**

**Non-Profit Property Tax Exemption Clarification** – This provision clarifies that the portions of property that are not predominantly used for charitable, religious, scientific, or literary purposes are not exempt from ad valorem taxation and that an ad valorem exemption is not affected so long as the predominant use of such property is for charitable, religious, scientific, or literary purposes. This amendment first applies to the 2022 tax roll and does not provide a basis for an assessment of any tax not paid or create a right to a refund or credit of any tax paid before July 1, 2021. *(Originally proposed by both the House and Senate).*

**Tax Savings (recurring) – Local +/- insignificant**

**Non-Profit Hospitals** – The 2020 Legislature passed a law to limit a hospital’s property tax exemption to the value of the charity care it provides (as reported to the IRS). This year, the tax package repeals that requirement. *(Originally proposed by the Senate, which approved a separate bill (SB 58) repealing the provision early in session.*

**Tax Savings (recurring): Local – indeterminate**

**Homestead Property Change of Title** - This provision adds two instances when title to homestead property may change without the property being reassessed at just value: when the title change is only to remove an owner or owners who held title as joint tenants with rights of survivorship with the owner who remains on the title; and when the title change is only to remove a deceased person. *(Originally proposed by the Senate).*

**Tax Savings (recurring): Local - insignificant**

**Educational Education Property Tax Exemption** - Leased real property used exclusively for educational purposes is deemed owned by an educational institution if, under a lease, the educational institution is responsible for any taxes owed and for ongoing maintenance and operational expenses. For such leasehold properties, the educational institution shall receive the full benefit of the exemption. The owner of the property shall disclose to the educational institution the full amount of the benefit derived from the exemption and the method for ensuring that the educational institution receives the benefit. The bill also provides that property owned by a house of public worship and used by an educational institution for educational purposes limited to students in preschool through grade 8 shall be exempt from ad valorem taxes. This provision has a significant first-year impact, due to pending cases. *(Originally proposed by the Senate).*

**Leased Educational Property - Tax Savings (recurring): Local - \$0.6 million**

**House of Worship Clarification Tax Savings: Local - \$7.4 million 1st year, \$0.5 recurring**

## **Tax Administration**

**Moffitt Cancer Center Funding** – The state currently distributes \$15.5 million in cigarette tax revenues annually to the H. Lee Moffitt Cancer Center and Research Institute. For the next three years, Moffitt's share will increase to \$26.9 million. After that, and until 2054, the share will increase to \$38.4 million annually. *(new provision).*

**Tax Savings – no tax savings, but will decrease General Revenue by \$11.4 - \$22.9 million annually**

**Sales Tax Absorption** – Currently, Florida prohibits dealers from advertising that they will absorb, pay, or refund the purchaser all or any part of the sales tax due on their purchases. This provision would allow dealers to pay or refund the sales tax if they provide the amount of the tax and a statement that they will pay the tax on the charge ticket, sales slip, invoice or other tangible evidence of the sale. *(Originally proposed by the House).*

**Tax Savings – NA**

## Department of Revenue Tax Administration Recommendations –

- **Late Installment Payment of Property Taxes** – Taxpayers can choose to pay property taxes in quarterly installments in order to receive a discount. Tax collectors may accept late payments of the first installment (due June 30) through July 31. Some do, some don't. The six percent discount is lost, and a five percent penalty is applied. In order to create equal treatment across the state, the provision requires all tax collectors to accept late payments through July 31 without penalty. The six percent discount would still be lost.
- **The severance tax rate for titanium dioxide** is based on the annual produce price index for the mineral, which has been discontinued by the U.S. Bureau of Labor Statistics. This provision provides that the rate will be the same as the previous year when the statutory rate cannot be calculated.
- Creates a process to allow **freight forwarding** agents to receive a Certificate of Freight Forwarding Agent Address which can be used to avoid payment of sales tax on tangible personal property to be exported (which is currently exempt).
- Requires sales tax dealers to provide **records in an electronic format** when the dealer currently maintains those records in an electronic format.
- Allows the aggregation of collection reporting periods to determine the degree of criminal offense for the prosecution of **failure to remit taxes**.  
*(All provisions originally proposed by both the House and Senate).*

**Tax Impact (recurring) - insignificant**

**Sports Development Program Repeal** – This provision will eliminate this program, which allows professional sports franchises to apply for a sales tax distribution to fund sports facilities. Distributions of up to \$3 million annually are available but to date, no applicants have been certified and no funds have been distributed. The Professional Sports Franchise Program, through which eight franchises receive \$2 million per year for 30 years, will remain. *(Originally proposed by the House).*

**Tax Impact – No impact**

## Provisions Removed from the Final Tax Package

### House Provisions

**Tourist Development Taxes** – Florida TaxWatch opposes the further expansion of the authorized uses of TDTs and convention development taxes (CDT), which divert funds from their original purpose—tourism marketing. This provision would have authorized TDT and CDT revenue to be used for flood mitigation projects. It would also have required new or increased TDTs and CDTs to be approved by referendum.

**Tax Impact – No impact**

**Aquaculture Property Tax Exemption** – Currently, in using the income methodology to value agricultural property for ad valorem tax purposes, some structures that are attached to the land are considered a

part of the average yields per acre and have no separately assessable taxable value. This new provision would have provided that structures and equipment used in aquaculture are treated the same way.

**Tax Savings (recurring): Local - \$9.9 million**

### **Senate Provisions**

**Qualified Target Industry (QTI) Tax Refund Program** – The QTI Program was created to encourage the creation and retention of high-quality, high-wage jobs through state refunds of certain state and local taxes to businesses creating jobs in highly sought-after industries. It sunset on June 30, 2020 after legislation to make it permanent failed to pass during the 2020 session. Florida TaxWatch's COVID-19 Taxpayer Task Force recommended that QTI be reestablished. The state's last three reviews have shown QTI has a positive ROI between 4.3:1 and 6.4:1. This Senate provision would have reauthorized QTI.

**Tax Savings – No impact. QTI is a grant program, subject to annual appropriation.**

**Government Property Exemption** – The would have provided that municipally-owned property used for a motorsports entertainment complex is exempt from ad valorem taxation, if the municipality is liable for payment of such ad valorem taxation pursuant to a lease agreement entered into before January 1, 2020. This exemption would not apply to property for which the motorsports entertainment complex or other tenant is liable for payment of such ad valorem taxation. This provision would expire January 1, 2033. The Revenue Impact Conference states that this would only impact the Homestead-Miami Speedway. (*Read the Florida TaxWatch [recent report](#) on the complex, confusing taxation of government property leased by private entities.*)

**Tax Savings (recurring): Local - \$.6 million**

### **Changes Made in the Sales Tax Holidays:**

**Back to School** – The holiday will last 10 days (July 31 to August 9). The House proposed seven days and the original Senate proposal was eight days.

**Disaster Preparedness** – The holiday will last ten days (May 28 to June 6). The House proposed seven days. The final bill also increased the price limits for most of the exempt items and added one item. The exempt items and their old/new price limits: flashlights and portable light sources (\$20/\$40); portable radios, including two-way and weather radios (\$50/\$50), ground anchors or tie-down kits (\$50/\$100), fuel tanks (\$25/\$50), packages of batteries (\$30/\$50), nonelectric coolers (\$30/\$60), portable generators (\$75/\$1,000) and reusable ice (\$10/\$20). For the first time, portable power banks (\$60) will be exempt.

**Freedom Sales Tax Holiday** – see next page

## Freedom Week Sales Tax Holiday – July 1 to 7, 2021

items/prices in blue were increased or added by Senate Amendment (final bill)

Original House Bill		Senate Amendment	
<b>Admissions</b>		<b>Admissions</b>	
live music event		Same as the House plus:	
live sporting event		<b>museums, including annual passes</b>	
movie in a theater		<b>ballets, plays, musical theater, inc. season tickets)</b>	
entry to state park, including annual passes		<b>fairs, festivals, and cultural events</b>	
use or access to physical fitness facilities			
<b>Boating and Water Supplies</b>		<b>Boating and Water Supplies</b>	
	<b>Price Limit</b>		<b>Price Limit</b>
life jackets	75	life jackets	75
coolers	75	coolers	75
safety flares	50	safety flares	50
tubes or floats	150	tubes or floats	150
snorkels goggles masks	25	snorkels goggles masks	25
		<b>skis, wakeboards, kneeboards</b>	<b>150</b>
		<b>canoes, kayaks</b>	<b>500</b>
		<b>paddles and oars</b>	<b>75</b>
<b>Camping Activities</b>		<b>Camping Activities</b>	
tents	100	tents	<b>200</b>
sleeping bags, hammocks	50	sleeping bags, hammocks	50
camping stoves	50	camping stoves	50
camping chairs	40	camping chairs	<b>50</b>
lanterns and flashlights	30	lanterns and flashlights	30
<b>Fishing Supplies</b>		<b>Fishing Supplies</b>	
rods and reels, sold seperately	75	rods and reels, sold seperately	75
rods and reels, sold together	150	rods and reels, sold together	150
bait and tackle, single item	5	bait and tackle, single item	5
bait and tackle, multi-pack	10	bait and tackle, multi-pack	10
		<b>tackle boxes or bags</b>	<b>30</b>
<b>General Outdoor Supplies</b>		<b>General Outdoor Supplies</b>	
sunscreen, insect repellant	15	sunscreen, insect repellant	15
sunglasses	75	sunglasses	<b>100</b>
binoculars	75	binoculars	<b>200</b>
water bottles	30	water bottles	30
hydration packs	50	hydration packs	50
		<b>outdoor grills</b>	<b>250</b>
		<b>bikes</b>	<b>250</b>
		<b>bike helmets</b>	<b>50</b>
<b>Sports Equipment (excluding clothing and footwear)</b>			
not included		<b>any item</b>	<b>40</b>

Notes: The admissions must be purchased during the holiday week, but the event can take place anytime before December 31, 2021.

The price limit in the House bill is for any item having a sales price equal to the limit or less. The limit in the final bill the first amount equal to the limit, even if the sales price exceeds the limit.