



FINANCE AND TAXATION COMMITTEE

**Friday, November 8, 2024
10:00 a.m. – 2:00 p.m. ET**

**Meeting Room: Key West
Hilton Orlando**
6001 Destination Parkway
Orlando, FL 32819

FLC Staff Contact: Charles Chapman



Agenda



Finance and Taxation Legislative Policy Committee
Friday, November 8, 2024, from 10:00 a.m. to 2:00 p.m.
Hilton Orlando – Meeting Room: Key West
6001 Destination Parkway, Orlando, Florida

AGENDA

- I.** Introduction and Opening Remarks.....**Chair Robert Stuart**
Commissioner, City of Orlando

- II.** Potential 2025 Priority and Policy Issues **Charles Chapman, FLC Staff**
 - a. Ad Valorem (Property) Taxes
 - b. Tangible Personal Property
 - c. Tourism Development Taxes
 - d. Local Business Tax Reform

- III.** Ranking of Proposed Policies..... **Charles Chapman, FLC Staff**

- IV.** Other Business **Charles Chapman, FLC Staff**
 - a. 2024 Constitutional Amendment Discussion (Amendment 3 and Amendment 5)

- V.** Additional Information..... **Charles Chapman, FLC Staff**
 - a. [FLC Legislative Conference Registration](#)
 - b. [Key Legislative Dates](#)
 - c. Key Contacts – [Click HERE to sign-up](#)
 - d. [2024 Legislative Session Final Report](#)

- VI.** Closing Remarks.....**Chair Robert Stuart**
Commissioner, City of Orlando

- VII.** Adjournment

Breakfast and Lunch provided by the Florida League of Cities

WiFi is Available
Network: FLCPC1124
Access Code: FLCPC1124



Committee Roster



2024-2025 Legislative Policy Committee Finance and Taxation

Staffed by: Charles Chapman, Legislative Consultant

CHAIR:

The Honorable Robert Stuart
Commissioner, City of Orlando

VICE CHAIR:

The Honorable Molly Young
Mayor, Village of Tequesta

MEMBERS:

The Honorable Diana Adams
Deputy Mayor, City of West Melbourne

Molly Alleger
Assistant to the City Manager, City of Jacksonville Beach

The Honorable Erik Arroyo
Commissioner, City of Sarasota

The Honorable Joseph Barkley, III
Commissioner, City of Belleair Bluffs

The Honorable Thom Barnhorn
Councilor, City of Seminole

The Honorable Anthony Bonna
Councilman, City of Port St. Lucie

The Honorable Thomas Bronson
Council Member, City of Brooksville

Brian Bulthuis
City Manager, City of Clermont

The Honorable Dr. Michael Cadore
Councilman, City of Rockledge

The Honorable Tequilla Collins
Commissioner, City of Belle Glade

The Honorable Kevin Docherty
Council Member, Town of Ocean Breeze

The Honorable Brent Eden
Commissioner, City of Lake Alfred

The Honorable Ariel Fernandez
Commissioner, City of Coral Gables

The Honorable Judith Goldberg
Commissioner, Town of Highland Beach

The Honorable Michael Gonzalez
Council Member, City of Clermont

Lori Houghton
Finance Director, City of Tavares

Patricia Jackson
City Manager, City of Polk City

The Honorable Chris Johnson
Commissioner, City of Largo

The Honorable Anita Kane
Mayor, Town of Loxahatcheegroves.gov

David Keller
Special Projects Administrator, City of Hollywood

The Honorable Joe Kyles
Mayor, City of South Bay

The Honorable Joe LaCascia
Mayor, City of Polk City

The Honorable Barbara Langdon

Commissioner, City of North Port

Joseph F. Lo Bello

Town Manager, Town of Lake Clarke Shores

The Honorable Lisa Mallozzi

Commissioner, City of Cooper City

David Margolis

City Attorney, City of Clearwater

The Honorable Kevin McCann

Mayor, City of Winter Springs

The Honorable Tradrick McCoy

Council Member, City of Riviera Beach

The Honorable Fernando Meza

Council Member, City of Jacksonville Beach

The Honorable Roger Michaud

Mayor, Town of Lake Park

The Honorable Maria Mitchell

Mayor, City of Miami Springs

Stephen Okiye

Finance Director, City of Port St. Lucie

Leslie Porter

City Manager, City of Dade City

The Honorable Edward R. (Ed) Potts

Vice-Mayor, City of Alachua

The Honorable Orlando Puyol

Councilmember, Village of North Palm Beach

The Honorable Mike Radzik

Council Member, City of Groveland

The Honorable Gary Ready

Councilmember, Village of Palm Springs

Carmen Rosamonda

City Manager, City of DeBary

Suzanne Sherman

City Manager, City of Palm Bay

The Honorable Megan Sladek

Mayor, City of Oviedo

The Honorable Vernel Smith

Commissioner, City of Haines City

The Honorable Fortuna Smukler

Commissioner, City of North Miami Beach

Rebecca Spuhler

Finance Director, City of Largo

Kelly Strickland

Finance Director, City of Sarasota

Debra Sullivan

City Administrator, City of Belleair Bluffs

The Honorable Brynn Summerlin

Mayor, City of Davenport

Christine Tenney

Director of Financial Services, City of Fort Myers

Andrew Thompson

Chief Financial Officer, City of Oakland Park

Ann Toney-Deal

City Manager, City of Seminole

Nicholas Walsh

Comptroller, City of Satellite Beach

The Honorable Kathy Washington

Councilwoman, Town of Welaka

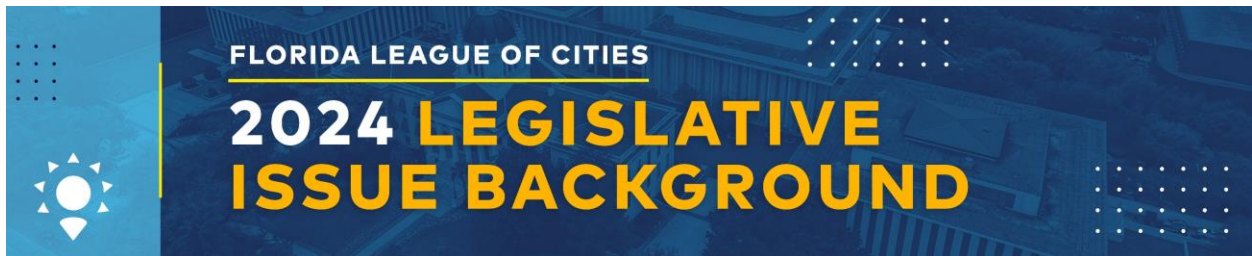
The Honorable Judy Wertz Strickland
Councilmember, City of Arcadia

The Honorable Robert Yaffe
Council Member, Town of Bay Harbor
Islands

The Honorable Brian Yates
Mayor Pro Tem, City of Winter Haven



Ad Valorem (Property) Taxes



Property Taxes

Draft Priority or Policy Statement:

The Florida League of Cities SUPPORTS legislation that maintains an equitable property tax system while preserving a municipality's ability to fund public infrastructure, police, fire, emergency services and other essential services. Any further erosions or exemptions on the current property tax structure will unfairly shift the tax burden to the business community, renters and others.

Background:

In Florida and nationwide, property owners and interested parties desiring to own a home face a variety of obstacles. Most notably is the cost of housing in Florida. Additional obstacles include the price of insurance, available inventory of properties for sale or rent, and high interest rates for loans. Often the rate and amount of property taxes is identified as an obstacle as well.

In recent legislative sessions, bills have been filed to either increase the dollar amount of homestead exemptions, add homestead exemptions, provide property tax exemptions for first responders, essential workers, veterans (spouses of deceased veterans), or to commission a study to eliminate property taxes altogether and replace them with consumption taxes. The League has consistently opposed these efforts.

On the 2024 ballot for consideration by the voters is Amendment 5 (HJR 7017). This amendment would place an adjustment to the homestead exemption to account for inflation. To pass, the amendment requires 60% approval by the voters. If approved, the referendum is self-executing with an implementation bill already approved by the Legislature and Governor (HB 7019).

It is reasonable to expect if Amendment 5 passes, homestead exempted property taxes may not be addressed legislatively in 2025. However, non-homestead properties may become the new target for property tax reform.

If Amendment 5 fails, it is reasonable to expect legislation to be filed which will continue the attempts to reform property taxes for both homestead and perhaps, non-homestead properties as well.

2023
**Local Government Financial
Information Handbook**

January 2024

**The Florida Legislature's
Office of Economic and Demographic Research**



Ad Valorem Tax

Article VII, Section 9, Florida Constitution
Chapters 192-197 and 200, Florida Statutes

Summary:

The ability of local governments to raise revenue for governmental operations is limited by the state constitution.

Counties, school districts, and municipalities shall, and special districts may, be authorized by law to levy ad valorem taxes and may be authorized by general law to levy other taxes, for their respective purposes, except ad valorem taxes on intangible personal property and taxes prohibited by this constitution.¹

Ad valorem taxes, exclusive of taxes levied for the payment of bonds and taxes levied for periods not longer than two years when authorized by vote of the electors who are the owners of freeholds therein not wholly exempt from taxation, shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by vote of the electors who are owners of freeholds therein not wholly exempt from taxation. A county furnishing municipal services may, to the extent authorized by law, levy additional taxes within the limits fixed for municipal purposes.²

With the exception of the ad valorem tax and constitutionally and statutorily authorized home-rule revenue sources (i.e., fees and assessments), local governments are dependent on the Legislature for the authority to levy other forms of taxation. Therefore, the relative importance of the ad valorem tax as a local government revenue source is increased.

To summarize, local governments may levy ad valorem taxes subject to the following limitations.

1. Ten mills for county purposes.
2. Ten mills for municipal purposes.
3. Ten mills for school purposes.
4. A millage fixed by law for a county furnishing municipal services.
5. A millage authorized by law and approved by voters for special districts.

As mentioned, the state constitution provides two exceptions to the ten-mill cap. The exceptions include a voted debt service millage and a voted millage not to exceed a period of two years. Additionally, no property may be subject to more than twenty mills of ad valorem tax for municipal and county purposes without elector approval, regardless of the property's location, under the state constitution. Duval County-City of Jacksonville is a consolidated government; therefore, it has a twenty-mill cap since it operates as both a county and municipal government.

1. Article VII, s. 9(a), Fla. Const.

2. Article VII, s. 9(b), Fla. Const.

County Millages:

County government millages are composed of four categories of millage rates.³

1. County general millage is the nonvoted millage rate set by the county's governing body.
2. County debt service millage is the rate necessary to raise taxes for debt service as authorized by a vote of the electors pursuant to Article VII, s. 12, Fla. Const.
3. County voted millage is the rate set by the county's governing body as authorized by a vote of the electors pursuant to Article VII, s. 9(b), Fla. Const.
4. County dependent special district millage is set by the county's governing body pursuant to s. 200.001(5), F.S., and added to the county's millage to which the district is dependent. A dependent special district is defined as a special district that meets at least one of four criteria specified in law.⁴

County Furnishing Municipal Services:

General law implements the constitutional provision authorizing a county furnishing municipal services to levy additional taxes within the limits fixed for municipal purposes via the establishment of municipal service taxing or benefit units.⁵ The distinction between a municipal service taxing unit (MSTU) and a municipal service benefit unit (MSBU) is that a MSTU is the correct terminology when the mechanism used to fund the county services is derived through taxes rather than service charges or special assessments (i.e., MSBU). The MSTU may encompass the entire unincorporated area, a portion of the unincorporated area, or all or part of the boundaries of a municipality. However, the inclusion of municipal boundaries within the MSTU is subject to the consent by ordinance of the governing body of the affected municipality given either annually or for a term of years.

The creation of a MSTU allows the county's governing body to place the burden of ad valorem taxes upon property in a geographic area that is less than countywide in order to fund municipal-type services. The MSTU is used in a county budget to separate those ad valorem taxes levied within the taxing unit itself to ensure that the funds derived from the tax levy are used within the boundaries of the taxing unit for the contemplated services. If ad valorem taxes are levied to provide these municipal services, counties may levy up to ten mills.⁶

Municipal Millages:

Municipal government millages are composed of four categories of millage rates.⁷

1. Municipal general millage is the nonvoted millage rate set by the municipality's governing body.
2. Municipal debt service millage is the rate necessary to raise taxes for debt service as authorized by a vote of the electors pursuant to Article VII, s. 12, Fla. Const.
3. Municipal voted millage is the rate set by the municipality's governing body as authorized by a vote of the electors pursuant to Article VII, s. 9(b), Fla. Const.
4. Municipal dependent special district millage is set by the municipality's governing body pursuant to s. 200.001(5), F.S., and added to the municipality's millage to which the district is dependent and included as municipal millage for the purpose of the ten-mill cap.

3. Section 200.001(1), F.S.

4. Section 189.012(2), F.S.

5. Section 125.01(1)(q), F.S.

6. Section 200.071(3), F.S.

7. Section 200.001(2), F.S.

School District Millages:

As previously stated, the state constitution restricts the levy of nonvoted ad valorem tax levies for school purposes to ten mills.⁸ The voted levies, which are constitutionally available to counties and municipalities as well as school districts, do not count toward the ten-mill cap. School district millage rates are composed of five categories.⁹

1. Nonvoted required school operating millage necessary to meet Required Local Effort (RLE) is determined by the Commissioner of Education and set by the school board. For operating purposes, it is imposed pursuant to s. 1011.60(6), F.S., and reflects the minimum financial effort required for support of the Florida Education Finance Program (FEFP) as prescribed in the current year's General Appropriations Act.
2. Nonvoted discretionary school operating millage is the rate set by the school board for operating purposes other than the required local effort millage rate imposed pursuant to s. 1011.60(6), F.S., and the nonvoted capital improvement millage rate imposed pursuant to s. 1011.71(2), F.S. The Legislature annually prescribes in the appropriations act the maximum amount of millage a district may levy.¹⁰
3. Nonvoted district school capital improvement millage is the rate set by the school board for capital improvements as authorized in s. 1011.71(2), F.S. General law limits the maximum rate at 1.5 mills.¹¹ However, a district school board is authorized to levy an additional millage of up to 0.25 mills for fixed capital outlay under certain circumstances.¹²
4. Voted district school operating millage is the rate set by the school board for current operating purposes as authorized by a vote of the electors pursuant to Section 9(b), Art. VII, State Constitution.
5. Voted district school debt service millage is the rate set by the school board as authorized by a vote of the electors pursuant to Section 12, Art. VII, State Constitution.

The Florida Department of Education's *2022-23 Funding for Florida School Districts*, provides an overview of school district funding and discussion of school district millages.¹³

Independent Special District Millages:

Independent special district millages are the rates set by the district's governing body, and the following issues must be addressed.¹⁴

1. Whether the millage authorized by a special act is approved by the electors pursuant to Article VII, s. 9(b), Fla. Const.; authorized pursuant to Article XII, s. 15, Fla. Const.; or otherwise authorized.
2. Whether the tax is to be levied countywide, less than countywide, or on a multicounty basis.

8. Counties, municipalities, and school districts may levy taxes in excess of the ten-mill limit to pay bonds or for periods no longer than two years when authorized by a vote of the electorate, pursuant to Article VII, s. 9(b), Fla. Const. In addition to the maximum millage levied pursuant to s. 1011.71, F.S., and the General Appropriations Act, a school district may levy, by local referendum or in a general election, additional millage for school operational purposes up to an amount that, when combined with nonvoted millage levied under this section, does not exceed the 10-mill limit established in Article VII, s. 9(b), Fla. Const. Any such levy shall be for a maximum of 4 years and shall be counted as part of the 10-mill limit.

9. Section 200.001(3), F.S.

10. Section 1011.71(1), F.S.

11. Section 1011.71(2), F.S.

12. Section 1011.71(3), F.S.

13. <https://www.fldoe.org/core/fileparse.php/7507/urlt/Fefpdist.pdf>

14. Section 200.001(4), F.S.

Adjustments to the Tax Base:

The ad valorem taxable base is the fair market value of locally assessed real estate, tangible personal property, and state assessed railroad property, less certain exclusions, differentials, exemptions, credits and deferrals.¹⁵ Intangible personal property is excluded because it is separately assessed and taxed by the state. Exclusions are specific types of property constitutionally or statutorily removed from ad valorem taxation. Differentials are reductions in assessments that result from a valuation standard other than fair market value. Exemptions are deductions from the assessed value that are typically specified as a dollar amount (e.g., homestead exemption of \$25,000). Credits are deductions from the tax liability of a particular taxpayer and may take the form of allowances, discounts, and rebates. Deferrals allow for changes in the timing of payments but do not reduce the taxpayer’s overall tax liability.

General Law Amendments:

The list below represents the legislation enacted during the 2023 Regular Legislative Session that amended provisions in one or more of the following chapters of the Florida Statutes, which address the ad valorem tax, its administration, and other relevant issues: Chapter 192, general provisions of taxation; Chapter 193, assessments; Chapter 194, administrative and judicial review of property taxes; Chapter 195, administration of property assessments; Chapter 196, exemptions; Chapter 197, tax collections, sales, and liens; and Chapter 200, determination of millage. These chapter laws are available via the Department of State’s Division of Elections website.¹⁶

<u>Chapter Law #</u>	<u>Subject</u>
2023-17	Housing
2023-157	Taxation
2023-173	Economic Programs
2023-349	Disaster Relief

Eligibility Requirements:

Florida’s constitution authorizes counties, municipalities, and school districts to levy ad valorem taxes. At its discretion, the Legislature may authorize special districts to levy ad valorem taxes. Millage rates are fixed only by ordinance or resolution of the taxing authority’s governing body in the manner specifically provided by general law or special law.¹⁷ Millage rates vary among local governments subject to constitutional, statutory, and political limitations.

Administrative Procedures:

The DOR and units of local government administer the ad valorem tax. Two county constitutional officers, the property appraiser and tax collector, have primary responsibility for the administration and collection of ad valorem taxes at the local level. The property appraiser is charged with determining the fair market value, the assessed value, and the values of applicable exemptions to arrive at the taxable value of all property within the county, pursuant to constitutional and statutory requirements. The property appraiser is also tasked with maintaining appropriate records related to the valuation of such property. The tax collector is charged with the collection of ad valorem taxes levied by the county, school district, all municipalities within the county, and any special taxing districts within the county.

15. See the Florida Revenue Estimating Conference’s *2023 Florida Tax Handbook Including Fiscal Impact of Potential Change*, pp.207-221 at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> for additional detail.

16. <http://laws.flrules.org/>

17. Section 200.001(7), F.S.

The DOR has general supervision of the assessment and valuation of property so that all property is placed on the tax rolls and valued according to its just valuation. Additionally, the DOR prescribes and furnishes all forms as well as prescribes rules and regulations to be used by property appraisers, tax collectors, clerks of circuit court, and value adjustment boards in administering and collecting ad valorem taxes.

Distribution of Proceeds:

The tax collector distributes taxes to each taxing authority.¹⁸

Authorized Uses:

Ad valorem taxes are considered general revenue for general-purpose local governments (i.e., county, municipality, or consolidated city-county government) as well as for school districts. An independent special district may be restricted in the expenditure of the revenue for the purpose associated with the district's creation. If ad valorem taxes are levied within a municipal service taxing unit (MSTU), the expenditure of those funds may be restricted to those services specified in s. 125.01(1)(q), F.S.

Attorney General Opinions:

Florida's Attorney General has issued hundreds of legal opinions relevant to this revenue source. The full texts of those opinions are available via the searchable on-line database of legal opinions.¹⁹ Interested persons may view the opinions by accessing the website and performing a search using the keyword phrase *ad valorem tax*. Local government officials seeking more clarification should review the opinions in their entirety. The reader should keep the date of the opinion in mind when reviewing its relevance to current law or any interpretations that have been articulated in Florida case law.

Prior Years' Revenues:

The DOR annually publishes online its *Florida Property Valuations & Tax Data*, which details property valuations and tax data by local jurisdiction.²⁰ Using data obtained from these annual reports, several summaries that profile historical millage rates and ad valorem taxes levied by counties, municipalities, and school districts have been compiled.²¹

18. Section 197.383, F.S.

19. <https://www.myfloridalegal.com/ag-opinions>

20. http://floridarevenue.com/property/Pages/DataPortal_DataBook.aspx

21. <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/index.cfm>

House Joint Resolution

A joint resolution proposing an amendment to Section 3 and Section 6 of Article VII and the creation of a new section in Article XII of the State Constitution to create two new property tax exemptions for all levies and to provide an effective date.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 3 and Section 6 of Article VII and the creation of a new section in Article XII of the State Constitution is agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 3. Taxes; exemptions.—

(a) All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes may be

26 | exempted by general law from taxation.

27 | (b) There shall be exempt from taxation, cumulatively, to
28 | every head of a family residing in this state, household goods
29 | and personal effects to the value fixed by general law, not less
30 | than one thousand dollars, and to every widow or widower or
31 | person who is blind or totally and permanently disabled,
32 | property to the value fixed by general law not less than five
33 | hundred dollars.

34 | (c) Any county or municipality may, for the purpose of its
35 | respective tax levy and subject to the provisions of this
36 | subsection and general law, grant community and economic
37 | development ad valorem tax exemptions to new businesses and
38 | expansions of existing businesses, as defined by general law.
39 | Such an exemption may be granted only by ordinance of the county
40 | or municipality, and only after the electors of the county or
41 | municipality voting on such question in a referendum authorize
42 | the county or municipality to adopt such ordinances. An
43 | exemption so granted shall apply to improvements to real
44 | property made by or for the use of a new business and
45 | improvements to real property related to the expansion of an
46 | existing business and shall also apply to tangible personal
47 | property of such new business and tangible personal property
48 | related to the expansion of an existing business. The amount or
49 | limits of the amount of such exemption shall be specified by
50 | general law. The period of time for which such exemption may be

51 | granted to a new business or expansion of an existing business
 52 | shall be determined by general law. The authority to grant such
 53 | exemption shall expire ten years from the date of approval by
 54 | the electors of the county or municipality, and may be renewable
 55 | by referendum as provided by general law.

56 | (d) Any county or municipality may, for the purpose of its
 57 | respective tax levy and subject to the provisions of this
 58 | subsection and general law, grant historic preservation ad
 59 | valorem tax exemptions to owners of historic properties. This
 60 | exemption may be granted only by ordinance of the county or
 61 | municipality. The amount or limits of the amount of this
 62 | exemption and the requirements for eligible properties must be
 63 | specified by general law. The period of time for which this
 64 | exemption may be granted to a property owner shall be determined
 65 | by general law.

66 | (e) By general law and subject to conditions specified
 67 | therein:

68 | (1) Twenty-five thousand dollars of the assessed value of
 69 | property subject to tangible personal property tax shall be
 70 | exempt from ad valorem taxation.

71 | (2) The assessed value of solar devices or renewable
 72 | energy source devices subject to tangible personal property tax
 73 | may be exempt from ad valorem taxation, subject to limitations
 74 | provided by general law.

75 | (f) There shall be granted an ad valorem tax exemption for

76 | real property dedicated in perpetuity for conservation purposes,
 77 | including real property encumbered by perpetual conservation
 78 | easements or by other perpetual conservation protections, as
 79 | defined by general law.

80 | (g) By general law and subject to the conditions specified
 81 | therein, each person who receives a homestead exemption as
 82 | provided in section 6 of this article; who was a member of the
 83 | United States military or military reserves, the United States
 84 | Coast Guard or its reserves, or the Florida National Guard; and
 85 | who was deployed during the preceding calendar year on active
 86 | duty outside the continental United States, Alaska, or Hawaii in
 87 | support of military operations designated by the legislature
 88 | shall receive an additional exemption equal to a percentage of
 89 | the taxable value of his or her homestead property. The
 90 | applicable percentage shall be calculated as the number of days
 91 | during the preceding calendar year the person was deployed on
 92 | active duty outside the continental United States, Alaska, or
 93 | Hawaii in support of military operations designated by the
 94 | legislature divided by the number of days in that year.

95 | (h) One hundred thousand dollars of the value of assessed
 96 | real property shall be exempt from all levies.

97 | SECTION 6. Homestead exemptions.—

98 | (a) Every person who has the legal or equitable title to
 99 | real estate and maintains thereon the permanent residence of the
 100 | owner, or another legally or naturally dependent upon the owner,

101 shall be exempt from taxation thereon, except assessments for
 102 special benefits, up to the assessed valuation of twenty-five
 103 thousand dollars and, for all levies other than school district
 104 levies, on the assessed valuation greater than fifty thousand
 105 dollars and up to seventy-five thousand dollars, upon
 106 establishment of right thereto in the manner prescribed by law.
 107 The real estate may be held by legal or equitable title, by the
 108 entireties, jointly, in common, as a condominium, or indirectly
 109 by stock ownership or membership representing the owner's or
 110 member's proprietary interest in a corporation owning a fee or a
 111 leasehold initially in excess of ninety-eight years. The
 112 exemption shall not apply with respect to any assessment roll
 113 until such roll is first determined to be in compliance with the
 114 provisions of section 4 by a state agency designated by general
 115 law. This exemption is repealed on the effective date of any
 116 amendment to this Article which provides for the assessment of
 117 homestead property at less than just value.

118 (b) Not more than one exemption shall be allowed any
 119 individual or family unit or with respect to any residential
 120 unit. No exemption shall exceed the value of the real estate
 121 assessable to the owner or, in case of ownership through stock
 122 or membership in a corporation, the value of the proportion
 123 which the interest in the corporation bears to the assessed
 124 value of the property.

125 (c) By general law and subject to conditions specified

126 | therein, the Legislature may provide to renters, who are
 127 | permanent residents, ad valorem tax relief on all ad valorem tax
 128 | levies. Such ad valorem tax relief shall be in the form and
 129 | amount established by general law.

130 | (d) The legislature may, by general law, allow counties or
 131 | municipalities, for the purpose of their respective tax levies
 132 | and subject to the provisions of general law, to grant either or
 133 | both of the following additional homestead tax exemptions:

134 | (1) An exemption not exceeding fifty thousand dollars to a
 135 | person who has the legal or equitable title to real estate and
 136 | maintains thereon the permanent residence of the owner, who has
 137 | attained age sixty-five, and whose household income, as defined
 138 | by general law, does not exceed twenty thousand dollars; or

139 | (2) An exemption equal to the assessed value of the
 140 | property to a person who has the legal or equitable title to
 141 | real estate with a just value less than two hundred and fifty
 142 | thousand dollars, as determined in the first tax year that the
 143 | owner applies and is eligible for the exemption, and who has
 144 | maintained thereon the permanent residence of the owner for not
 145 | less than twenty-five years, who has attained age sixty-five,
 146 | and whose household income does not exceed the income limitation
 147 | prescribed in paragraph (1).

148 |
 149 | The general law must allow counties and municipalities to grant
 150 | these additional exemptions, within the limits prescribed in

HJR 1369

2024

151 this subsection, by ordinance adopted in the manner prescribed
152 by general law, and must provide for the periodic adjustment of
153 the income limitation prescribed in this subsection for changes
154 in the cost of living.

155 (e)(1) Each veteran who is age 65 or older who is
156 partially or totally permanently disabled shall receive a
157 discount from the amount of the ad valorem tax otherwise owed on
158 homestead property the veteran owns and resides in if the
159 disability was combat related and the veteran was honorably
160 discharged upon separation from military service. The discount
161 shall be in a percentage equal to the percentage of the
162 veteran's permanent, service-connected disability as determined
163 by the United States Department of Veterans Affairs. To qualify
164 for the discount granted by this paragraph, an applicant must
165 submit to the county property appraiser, by March 1, an official
166 letter from the United States Department of Veterans Affairs
167 stating the percentage of the veteran's service-connected
168 disability and such evidence that reasonably identifies the
169 disability as combat related and a copy of the veteran's
170 honorable discharge. If the property appraiser denies the
171 request for a discount, the appraiser must notify the applicant
172 in writing of the reasons for the denial, and the veteran may
173 reapply. The Legislature may, by general law, waive the annual
174 application requirement in subsequent years.

175 (2) If a veteran who receives the discount described in

HJR 1369

2024

176 paragraph (1) predeceases his or her spouse, and if, upon the
177 death of the veteran, the surviving spouse holds the legal or
178 beneficial title to the homestead property and permanently
179 resides thereon, the discount carries over to the surviving
180 spouse until he or she remarries or sells or otherwise disposes
181 of the homestead property. If the surviving spouse sells or
182 otherwise disposes of the property, a discount not to exceed the
183 dollar amount granted from the most recent ad valorem tax roll
184 may be transferred to the surviving spouse's new homestead
185 property, if used as his or her permanent residence and he or
186 she has not remarried.

187 (3) This subsection is self-executing and does not require
188 implementing legislation.

189 (f) By general law and subject to conditions and
190 limitations specified therein, the Legislature may provide ad
191 valorem tax relief equal to the total amount or a portion of the
192 ad valorem tax otherwise owed on homestead property to:

193 (1) The surviving spouse of a veteran who died from
194 service-connected causes while on active duty as a member of the
195 United States Armed Forces.

196 (2) The surviving spouse of a first responder who died in
197 the line of duty.

198 (3) A first responder who is totally and permanently
199 disabled as a result of an injury or injuries sustained in the
200 line of duty. Causal connection between a disability and service

201 in the line of duty shall not be presumed but must be determined
 202 as provided by general law. For purposes of this paragraph, the
 203 term "disability" does not include a chronic condition or
 204 chronic disease, unless the injury sustained in the line of duty
 205 was the sole cause of the chronic condition or chronic disease.

206
 207 As used in this subsection and as further defined by general
 208 law, the term "first responder" means a law enforcement officer,
 209 a correctional officer, a firefighter, an emergency medical
 210 technician, or a paramedic, and the term "in the line of duty"
 211 means arising out of and in the actual performance of duty
 212 required by employment as a first responder.

213 (g) Two hundred and fifty thousand dollars of the value of
 214 homestead property shall be exempt from all levies if a person
 215 who has attained age sixty-five holds legal or equitable title
 216 to such property.

217 ARTICLE XII

218 SCHEDULE

219 Real property exemptions.—This section and the amendments
 220 to Section 3 and Section 6 of Article VII creating a \$100,000
 221 exemption from the assessed value of real property for all
 222 levies and a \$250,000 exemption from all levies for homestead
 223 property if the title holder has attained age 65 shall take
 224 effect January 1, 2025.

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2024

225 BE IT FURTHER RESOLVED that the following statement be
 226 placed on the ballot:

227 CONSTITUTIONAL AMENDMENT

228 ARTICLE VII, SECTION 3

229 ARTICLE VII, SECTION 6

230 ARTICLE XII

231 EXEMPTIONS FROM ASSESSMENT FOR TAXATION OF REAL PROPERTY.—

232 Proposing an amendment to the State Constitution to create a
 233 \$100,000 exemption from the assessed value of real property for
 234 all levies and a \$250,000 homestead exemption for residential
 235 property owned by a person who is age 65 or older. The amendment
 236 takes effect January 1, 2025.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1371 Property Tax Exemptions
SPONSOR(S): Ways & Means Committee, Chamberlin
TIED BILLS: HJR 1369 **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	15 Y, 6 N, As CS	Rexford	Aldridge

SUMMARY ANALYSIS

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property. The ad valorem tax is an annual tax levied by counties, municipalities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.

Florida levies a six percent sales and use tax on the sale or rental of most tangible personal property, admissions, transient rentals, and a limited number of services. Statute prescribes for the levy and collection of Florida’s sales and use tax and provides the exemptions and credits applicable to certain items or uses under specified circumstances. Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.

The Office of Policy Analysis and Government Accountability (OPPAGA) conducts research, evaluations, and policy reviews of government programs for the Florida Legislature. It also provides research and technical assistance to legislators and legislative committees.

The bill requires OPPAGA to study the potential impact of eliminating all property tax and replacing the lost revenue with a consumption tax. OPPAGA must submit a report on its findings to the President of the Senate and the Speaker of the House of Representatives by February 1, 2025.

The bill is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Property Taxes in Florida

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.¹ The ad valorem tax is an annual tax levied by counties, municipalities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.² The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,³ and it provides for specified assessment limitations, property classifications, and exemptions.⁴ After the property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁵

Florida Sales and Use Tax

Florida levies a six percent sales and use tax on the sale or rental of most tangible personal property,⁶ admissions,⁷ transient rentals,⁸ and a limited number of services. Chapter 212, F.S., authorizes the levy and collection of Florida's sales and use tax and provides the exemptions and credits applicable to certain items or uses under specified circumstances. Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.⁹

Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.¹⁰ A surtax applies to "all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions by [ch. 212, F.S.], and communications services as defined in ch. 202."¹¹ The discretionary sales surtax is based on the tax rate imposed by the county where the taxable goods or services are sold or delivered. Discretionary sales surtax rates currently being levied vary by county in a range of 0.5 to 2 percent.¹²

OPPAGA

The Office of Policy Analysis and Government Accountability (OPPAGA) conducts research, evaluations, and policy reviews of government programs for the Florida Legislature. It also provides research and technical assistance to legislators and legislative committees. OPPAGA was created by the Legislature in 1994 to help improve the performance and accountability of state government.¹³

¹ Art. VII, s. 1(a), Fla. Const.

² S. 192.001(12), F.S., defines "real property" as land, buildings, fixtures, and all other improvements to land. The terms "land," "real estate," "realty," and "real property" may be used interchangeably. S. 192.001(11)(d), F.S., defines "tangible personal property" as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in Art. VII, s. 1(b), Fla. Const., and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

³ Art. VII, s. 4, Fla. Const.

⁴ Art. VII, ss. 3, 4, and 6, Fla. Const.

⁵ S. 196.031, F.S.

⁶ S. 212.05(1)(a)1.a., F.S.

⁷ S. 212.04(1)(b), F.S.

⁸ S. 212.03(1)(a), F.S.

⁹ S. 212.07(2), F.S.

¹⁰ S. 212.055, F.S.

¹¹ Section 212.054(2)(a), F.S.

¹² Office of Economic and Demographic Research, The Florida Legislature, *Florida Tax Handbook*, 2023 Local Discretionary Sales Surtax Rates in Florida's Counties, 235-236, available at <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Jan. 24, 2024).

¹³ *About OPPAGA*, oppaga.fl.gov/About (last visited Jan. 24, 2024).

Effect of Proposed Changes

The bill requires OPPAGA to study the potential impact of eliminating all property tax and replacing the lost revenue with a consumption tax. OPPAGA must submit a report on its findings to the President of the Senate and the Speaker of the House of Representatives by February 1, 2025.

B. SECTION DIRECTORY:

Section 1: Requires the Office of Policy Analysis and Government Accountability (OPPAGA) to study the potential impact of eliminating all property tax and replacing the lost revenue with a consumption tax.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 31, 2024, the Ways & Means Committee considered a Proposed Committee Substitute (PCS) and an amendment and reported the bill favorably as a committee substitute. The PCS:

- Removed provisions related to exemptions for real property that would implement the constitutional amendment proposed by HJR 1369.
- Revised the date that a report is due, from July 1, 2025, to February 1, 2025.
- Revised the effective date of the bill to upon becoming law.

This analysis is drafted to the committee substitute as approved by the Ways & Means Committee.

House Joint Resolution

A joint resolution proposing an amendment to Section 6 of Article VII and the creation of a new section in Article XII of the State Constitution to increase the maximum amount of the exemption on homestead property from a maximum amount of \$25,000 to a maximum amount of \$50,000, for homestead property with an assessed value greater than \$50,000, and to provide an effective date.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 6 of Article VII and the creation of a new section in Article XII of the State Constitution are agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 6. Homestead exemptions.—

(a) Every person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, or another legally or naturally dependent upon the owner, shall be exempt from taxation thereon, except assessments for

26 | special benefits, up to the assessed valuation of twenty-five
27 | thousand dollars and, for all levies other than school district
28 | levies, on the assessed valuation greater than fifty thousand
29 | dollars and up to one hundred ~~seventy-five~~ thousand dollars,
30 | upon establishment of right thereto in the manner prescribed by
31 | law. The real estate may be held by legal or equitable title, by
32 | the entirety, jointly, in common, as a condominium, or
33 | indirectly by stock ownership or membership representing the
34 | owner's or member's proprietary interest in a corporation owning
35 | a fee or a leasehold initially in excess of ninety-eight years.
36 | The exemption shall not apply with respect to any assessment
37 | roll until such roll is first determined to be in compliance
38 | with the provisions of section 4 by a state agency designated by
39 | general law. This exemption is repealed on the effective date of
40 | any amendment to this Article which provides for the assessment
41 | of homestead property at less than just value.

42 | (b) Not more than one exemption shall be allowed any
43 | individual or family unit or with respect to any residential
44 | unit. No exemption shall exceed the value of the real estate
45 | assessable to the owner or, in case of ownership through stock
46 | or membership in a corporation, the value of the proportion
47 | which the interest in the corporation bears to the assessed
48 | value of the property.

49 | (c) By general law and subject to conditions specified
50 | therein, the Legislature may provide to renters, who are

51 permanent residents, ad valorem tax relief on all ad valorem tax
 52 levies. Such ad valorem tax relief shall be in the form and
 53 amount established by general law.

54 (d) The legislature may, by general law, allow counties or
 55 municipalities, for the purpose of their respective tax levies
 56 and subject to the provisions of general law, to grant either or
 57 both of the following additional homestead tax exemptions:

58 (1) An exemption not exceeding fifty thousand dollars to a
 59 person who has the legal or equitable title to real estate and
 60 maintains thereon the permanent residence of the owner, who has
 61 attained age sixty-five, and whose household income, as defined
 62 by general law, does not exceed twenty thousand dollars; or

63 (2) An exemption equal to the assessed value of the
 64 property to a person who has the legal or equitable title to
 65 real estate with a just value less than two hundred and fifty
 66 thousand dollars, as determined in the first tax year that the
 67 owner applies and is eligible for the exemption, and who has
 68 maintained thereon the permanent residence of the owner for not
 69 less than twenty-five years, who has attained age sixty-five,
 70 and whose household income does not exceed the income limitation
 71 prescribed in paragraph (1).

72
 73 The general law must allow counties and municipalities to grant
 74 these additional exemptions, within the limits prescribed in
 75 this subsection, by ordinance adopted in the manner prescribed

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2024

76 | by general law, and must provide for the periodic adjustment of
77 | the income limitation prescribed in this subsection for changes
78 | in the cost of living.

79 | (e)(1) Each veteran who is age 65 or older who is
80 | partially or totally permanently disabled shall receive a
81 | discount from the amount of the ad valorem tax otherwise owed on
82 | homestead property the veteran owns and resides in if the
83 | disability was combat related and the veteran was honorably
84 | discharged upon separation from military service. The discount
85 | shall be in a percentage equal to the percentage of the
86 | veteran's permanent, service-connected disability as determined
87 | by the United States Department of Veterans Affairs. To qualify
88 | for the discount granted by this paragraph, an applicant must
89 | submit to the county property appraiser, by March 1, an official
90 | letter from the United States Department of Veterans Affairs
91 | stating the percentage of the veteran's service-connected
92 | disability and such evidence that reasonably identifies the
93 | disability as combat related and a copy of the veteran's
94 | honorable discharge. If the property appraiser denies the
95 | request for a discount, the appraiser must notify the applicant
96 | in writing of the reasons for the denial, and the veteran may
97 | reapply. The Legislature may, by general law, waive the annual
98 | application requirement in subsequent years.

99 | (2) If a veteran who receives the discount described in
100 | paragraph (1) predeceases his or her spouse, and if, upon the

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101 death of the veteran, the surviving spouse holds the legal or
102 beneficial title to the homestead property and permanently
103 resides thereon, the discount carries over to the surviving
104 spouse until he or she remarries or sells or otherwise disposes
105 of the homestead property. If the surviving spouse sells or
106 otherwise disposes of the property, a discount not to exceed the
107 dollar amount granted from the most recent ad valorem tax roll
108 may be transferred to the surviving spouse's new homestead
109 property, if used as his or her permanent residence and he or
110 she has not remarried.

111 (3) This subsection is self-executing and does not require
112 implementing legislation.

113 (f) By general law and subject to conditions and
114 limitations specified therein, the Legislature may provide ad
115 valorem tax relief equal to the total amount or a portion of the
116 ad valorem tax otherwise owed on homestead property to:

117 (1) The surviving spouse of a veteran who died from
118 service-connected causes while on active duty as a member of the
119 United States Armed Forces.

120 (2) The surviving spouse of a first responder who died in
121 the line of duty.

122 (3) A first responder who is totally and permanently
123 disabled as a result of an injury or injuries sustained in the
124 line of duty. Causal connection between a disability and service
125 in the line of duty shall not be presumed but must be determined

126 as provided by general law. For purposes of this paragraph, the
 127 term "disability" does not include a chronic condition or
 128 chronic disease, unless the injury sustained in the line of duty
 129 was the sole cause of the chronic condition or chronic disease.

130
 131 As used in this subsection and as further defined by general
 132 law, the term "first responder" means a law enforcement officer,
 133 a correctional officer, a firefighter, an emergency medical
 134 technician, or a paramedic, and the term "in the line of duty"
 135 means arising out of and in the actual performance of duty
 136 required by employment as a first responder.

137 ARTICLE XII

138 SCHEDULE

139 Increased homestead exemption.—This section and the
 140 amendment to Section 6 of Article VII increasing the maximum
 141 amount of the homestead exemption on homestead properties with
 142 an assessed value greater than \$50,000 shall take effect January
 143 1, 2025.

144 BE IT FURTHER RESOLVED that the following statement be
 145 placed on the ballot:

146 CONSTITUTIONAL AMENDMENT

147 ARTICLE VII, SECTION 6

148 ARTICLE XII

149 INCREASED MAXIMUM HOMESTEAD PROPERTY TAX EXEMPTION FOR
 150 PROPERTIES OVER FIFTY THOUSAND DOLLARS.—Proposing an amendment

HJR 7015

2024

151 | to the State Constitution to increase the maximum amount of the
152 | homestead exemption for all levies other than school district
153 | levies from a maximum amount of \$25,000 to a maximum amount of
154 | \$50,000 for homestead properties with an assessed value greater
155 | than \$50,000. If approved, the amendment shall take effect
156 | January 1, 2025.

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CS/HJR 7017

2024 Legislature

House Joint Resolution

A joint resolution proposing an amendment to Section 6 of Article VII of the State Constitution and the creation of a new section in Article XII of the State Constitution to require an annual adjustment to the value of certain homestead exemptions and provide an effective date.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 6 of Article VII and the creation of a new section in Article XII of the State Constitution are agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 6. Homestead exemptions.—

(a) (1) Every person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, or another legally or naturally dependent upon the owner, shall be exempt from taxation thereon, except assessments for special benefits, as follows:

a. Up to the assessed valuation of twenty-five thousand

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CS/HJR 7017

2024 Legislature

26 | dollars; and,

27 | b. For all levies other than school district levies, on

28 | the assessed valuation greater than fifty thousand dollars and

29 | up to seventy-five thousand dollars,

30 |

31 | upon establishment of right thereto in the manner prescribed by

32 | law. The real estate may be held by legal or equitable title, by

33 | the entireties, jointly, in common, as a condominium, or

34 | indirectly by stock ownership or membership representing the

35 | owner's or member's proprietary interest in a corporation owning

36 | a fee or a leasehold initially in excess of ninety-eight years.

37 | The exemption shall not apply with respect to any assessment

38 | roll until such roll is first determined to be in compliance

39 | with the provisions of section 4 by a state agency designated by

40 | general law. This exemption is repealed on the effective date of

41 | any amendment to this Article which provides for the assessment

42 | of homestead property at less than just value.

43 | (2) The twenty-five thousand dollar amount of assessed

44 | valuation exempt from taxation provided in subparagraph (a)(1)b.

45 | shall be adjusted annually on January 1 of each year for

46 | inflation using the percent change in the Consumer Price Index

47 | for All Urban Consumers, U.S. City Average, all items 1967=100,

48 | or successor reports for the preceding calendar year as

49 | initially reported by the United States Department of Labor,

50 | Bureau of Labor Statistics, if such percent change is positive.

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2024 Legislature

51 (3) The amount of assessed valuation exempt from taxation
52 for which every person who has the legal or equitable title to
53 real estate and maintains thereon the permanent residence of the
54 owner, or another person legally or naturally dependent upon the
55 owner, is eligible, and which applies solely to levies other
56 than school district levies, that is added to this constitution
57 after January 1, 2025, shall be adjusted annually on January 1
58 of each year for inflation using the percent change in the
59 Consumer Price Index for All Urban Consumers, U.S. City Average,
60 all items 1967=100, or successor reports for the preceding
61 calendar year as initially reported by the United States
62 Department of Labor, Bureau of Labor Statistics, if such percent
63 change is positive, beginning the year following the effective
64 date of such exemption.

65 (b) Not more than one exemption shall be allowed any
66 individual or family unit or with respect to any residential
67 unit. No exemption shall exceed the value of the real estate
68 assessable to the owner or, in case of ownership through stock
69 or membership in a corporation, the value of the proportion
70 which the interest in the corporation bears to the assessed
71 value of the property.

72 (c) By general law and subject to conditions specified
73 therein, the Legislature may provide to renters, who are
74 permanent residents, ad valorem tax relief on all ad valorem tax
75 levies. Such ad valorem tax relief shall be in the form and

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76 amount established by general law.

77 (d) The legislature may, by general law, allow counties or
 78 municipalities, for the purpose of their respective tax levies
 79 and subject to the provisions of general law, to grant either or
 80 both of the following additional homestead tax exemptions:

81 (1) An exemption not exceeding fifty thousand dollars to a
 82 person who has the legal or equitable title to real estate and
 83 maintains thereon the permanent residence of the owner, who has
 84 attained age sixty-five, and whose household income, as defined
 85 by general law, does not exceed twenty thousand dollars; or

86 (2) An exemption equal to the assessed value of the
 87 property to a person who has the legal or equitable title to
 88 real estate with a just value less than two hundred and fifty
 89 thousand dollars, as determined in the first tax year that the
 90 owner applies and is eligible for the exemption, and who has
 91 maintained thereon the permanent residence of the owner for not
 92 less than twenty-five years, who has attained age sixty-five,
 93 and whose household income does not exceed the income limitation
 94 prescribed in paragraph (1).

95
 96 The general law must allow counties and municipalities to grant
 97 these additional exemptions, within the limits prescribed in
 98 this subsection, by ordinance adopted in the manner prescribed
 99 by general law, and must provide for the periodic adjustment of
 100 the income limitation prescribed in this subsection for changes

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101 | in the cost of living.

102 | (e)(1) Each veteran who is age 65 or older who is
 103 | partially or totally permanently disabled shall receive a
 104 | discount from the amount of the ad valorem tax otherwise owed on
 105 | homestead property the veteran owns and resides in if the
 106 | disability was combat related and the veteran was honorably
 107 | discharged upon separation from military service. The discount
 108 | shall be in a percentage equal to the percentage of the
 109 | veteran's permanent, service-connected disability as determined
 110 | by the United States Department of Veterans Affairs. To qualify
 111 | for the discount granted by this paragraph, an applicant must
 112 | submit to the county property appraiser, by March 1, an official
 113 | letter from the United States Department of Veterans Affairs
 114 | stating the percentage of the veteran's service-connected
 115 | disability and such evidence that reasonably identifies the
 116 | disability as combat related and a copy of the veteran's
 117 | honorable discharge. If the property appraiser denies the
 118 | request for a discount, the appraiser must notify the applicant
 119 | in writing of the reasons for the denial, and the veteran may
 120 | reapply. The Legislature may, by general law, waive the annual
 121 | application requirement in subsequent years.

122 | (2) If a veteran who receives the discount described in
 123 | paragraph (1) predeceases his or her spouse, and if, upon the
 124 | death of the veteran, the surviving spouse holds the legal or
 125 | beneficial title to the homestead property and permanently

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126 resides thereon, the discount carries over to the surviving
127 spouse until he or she remarries or sells or otherwise disposes
128 of the homestead property. If the surviving spouse sells or
129 otherwise disposes of the property, a discount not to exceed the
130 dollar amount granted from the most recent ad valorem tax roll
131 may be transferred to the surviving spouse's new homestead
132 property, if used as his or her permanent residence and he or
133 she has not remarried.

134 (3) This subsection is self-executing and does not require
135 implementing legislation.

136 (f) By general law and subject to conditions and
137 limitations specified therein, the Legislature may provide ad
138 valorem tax relief equal to the total amount or a portion of the
139 ad valorem tax otherwise owed on homestead property to:

140 (1) The surviving spouse of a veteran who died from
141 service-connected causes while on active duty as a member of the
142 United States Armed Forces.

143 (2) The surviving spouse of a first responder who died in
144 the line of duty.

145 (3) A first responder who is totally and permanently
146 disabled as a result of an injury or injuries sustained in the
147 line of duty. Causal connection between a disability and service
148 in the line of duty shall not be presumed but must be determined
149 as provided by general law. For purposes of this paragraph, the
150 term "disability" does not include a chronic condition or

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151 chronic disease, unless the injury sustained in the line of duty
 152 was the sole cause of the chronic condition or chronic disease.

153
 154 As used in this subsection and as further defined by general
 155 law, the term "first responder" means a law enforcement officer,
 156 a correctional officer, a firefighter, an emergency medical
 157 technician, or a paramedic, and the term "in the line of duty"
 158 means arising out of and in the actual performance of duty
 159 required by employment as a first responder.

160 ARTICLE XII

161 SCHEDULE

162 Annual adjustment to homestead exemption value.—This
 163 section and the amendment to Section 6 of Article VII requiring
 164 an annual adjustment for inflation of specified homestead
 165 exemptions shall take effect January 1, 2025.

166
 167 BE IT FURTHER RESOLVED that the following statement be
 168 placed on the ballot:

169 CONSTITUTIONAL AMENDMENT

170 ARTICLE VII, SECTION 6

171 ARTICLE XII

172 ANNUAL ADJUSTMENTS TO THE VALUE OF CERTAIN HOMESTEAD
 173 EXEMPTIONS.—Proposing an amendment to the State Constitution to
 174 require an annual adjustment for inflation to the value of
 175 current or future homestead exemptions that apply solely to

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2024 Legislature

176 | levies other than school district levies and for which every
177 | person who has legal or equitable title to real estate and
178 | maintains thereon the permanent residence of the owner, or
179 | another person legally or naturally dependent upon the owner is
180 | eligible. This amendment takes effect January 1, 2025.

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CS/HB 7019

2024 Legislature

1
 2 An act relating to exemption of homesteads; amending
 3 s. 196.031, F.S.; requiring the value of a certain
 4 homestead exemption be adjusted annually; creating s.
 5 218.136, F.S.; requiring the Legislature to
 6 appropriate funds for a specified purpose; requiring
 7 such funds be distributed in a specified manner;
 8 requiring specified counties to apply for such
 9 distribution; providing requirements for application;
 10 providing a specified calculation to be used to
 11 determine funding; providing for a reversion of funds
 12 in specified circumstances; authorizing the Department
 13 of Revenue to adopt emergency rules; providing
 14 applicability; providing a contingent effective date.

15
 16 Be It Enacted by the Legislature of the State of Florida:

17
 18 Section 1. Paragraph (b) of subsection (1) of section
 19 196.031, Florida Statutes, is amended to read:

20 196.031 Exemption of homesteads.—

21 (1)

22 (b) Every person who qualifies to receive the exemption
 23 provided in paragraph (a) is entitled to an additional exemption
 24 of up to \$25,000 on the assessed valuation greater than \$50,000
 25 for all levies other than school district levies. The \$25,000

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26 | value of the additional exemption provided in this paragraph
 27 | shall be adjusted annually on January 1 of each year for
 28 | inflation using the percentage change in the Consumer Price
 29 | Index for All Urban Consumers, U.S. City Average, all items
 30 | 1967=100, or successor reports for the preceding calendar year
 31 | as initially reported by the United States Department of Labor,
 32 | Bureau of Labor Statistics, if such percent change is positive.

33 | Section 2. Section 218.136, Florida Statutes, is created
 34 | to read:

35 | 218.136 Offset for ad valorem revenue loss affecting
 36 | fiscally constrained counties.-

37 | (1) Beginning in fiscal year 2025-2026, the Legislature
 38 | shall appropriate moneys to offset the reductions in ad valorem
 39 | tax revenue experienced by fiscally constrained counties, as
 40 | defined in s. 218.67(1), which occur as a direct result of the
 41 | implementation of revisions of s. 6(a) of Art. VII of the State
 42 | Constitution approved in the November 2024 general election. The
 43 | moneys appropriated for this purpose shall be distributed in
 44 | January of each fiscal year among the fiscally constrained
 45 | counties based on each county's proportion of the total
 46 | reduction in ad valorem tax revenue resulting from the
 47 | implementation of the revision of s. 6(a) of Art. VII of the
 48 | State Constitution.

49 | (2) On or before November 15 of each year, each fiscally
 50 | constrained county shall apply to the Department of Revenue to

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CS/HB 7019

2024 Legislature

51 participate in the distribution of the appropriation and provide
52 documentation supporting the county's estimated reduction in ad
53 valorem tax revenue in the form and manner prescribed by the
54 Department of Revenue. The documentation must include an
55 estimate of the reduction in taxable value directly attributable
56 to revisions of s. 6(a) of Art. VII of the State Constitution
57 approved in the November 2024 general election for all county
58 taxing jurisdictions within the county and shall be prepared by
59 the property appraiser in each fiscally constrained county. The
60 documentation must also include the county millage rates
61 applicable in all such jurisdictions for the current year and
62 the prior year, rolled-back rates determined as provided in s.
63 200.065 for each county taxing jurisdiction, and maximum millage
64 rates that could have been levied by majority vote pursuant to
65 s. 200.065(5). For purposes of this section, each fiscally
66 constrained county's reduction in ad valorem tax revenue shall
67 be calculated as 95 percent of the estimated reduction in
68 taxable value multiplied by the lesser of the 2024 applicable
69 millage rate or the applicable millage rate for each county
70 taxing jurisdiction in the current year. If a fiscally
71 constrained county fails to apply for the distribution, its
72 share shall revert to the fund from which the appropriation was
73 made.

74 Section 3. (1) The Department of Revenue may, and all
75 conditions are deemed met, to adopt emergency rules pursuant to

ENROLLED

CS/HB 7019

2024 Legislature

76 | s. 120.54(4), Florida Statutes, to administer this act.

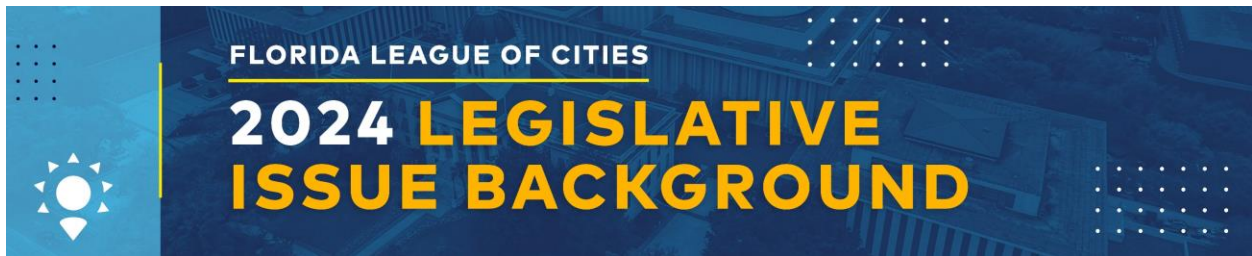
77 | (2) Notwithstanding any other provision of law, emergency
 78 | rules adopted pursuant to this section are effective for 6
 79 | months after adoption and may be renewed during the pendency of
 80 | procedures to adopt permanent rules.

81 | Section 4. The amendments made by this act to s. 196.031,
 82 | Florida Statutes, and the creation by this act of s. 218.136,
 83 | Florida Statutes, first apply to the 2025 tax roll.

84 | Section 5. This act shall take effect on the effective
 85 | date of the amendment to the State Constitution proposed by HJR
 86 | 7017 or a similar joint resolution having substantially the same
 87 | specific intent and purpose, if such amendment is approved at
 88 | the next general election or at an earlier special election
 89 | specifically authorized by law for that purpose.



Tangible Personal Property



Tangible Personal Property Taxes

Draft Priority or Policy Statement:

The Florida League of Cities SUPPORTS legislation that maintains an equitable property tax system while preserving a municipality's ability to fund public infrastructure, police, fire, emergency services and other essential services. Any further erosions or exemptions on the current property tax structure will unfairly shift the tax burden to the business community, renters and others.

*Same as Property Tax Protection

Background:

The consideration of exempting, reducing or eliminating Tangible Personal Property Taxes has been a subject of the State Legislature for many years. Most notably, the 2024 Legislative Session experienced the following bills: HB 7075 (double the exemption), HJR 1251 (eliminate TPP on agricultural lands and provide for additional exemption options).

Considering TPP is generally applicable to commercial, industrial, light industrial, and business use properties, it is reasonable to review and discuss whether the Finance and Tax Policy Committee:

- a) Feels there is enough coverage within the overall proposed Priority or Policy Statement for the Protection of the Property Tax system that Tangible Personal Property protection is sufficiently addressed as a part of the Property Tax system.
- b) Feels Tangible Personal Property is vulnerable and would require its own emphasis in a potential Priority or Policy Statement for consideration.

House Joint Resolution

A joint resolution proposing an amendment to Section 3 of Article VII and the creation of a new section in Article XII of the State Constitution to authorize the Legislature, by general law, to exempt tangible personal property located on land classified as agricultural from ad valorem taxation and to provide an effective date.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 3 of Article VII and the creation of a new section in Article XII of the State Constitution are agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 3. Taxes; exemptions.—

(a) All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such

26 portions of property as are used predominantly for educational,
 27 literary, scientific, religious or charitable purposes may be
 28 exempted by general law from taxation.

29 (b) There shall be exempt from taxation, cumulatively, to
 30 every head of a family residing in this state, household goods
 31 and personal effects to the value fixed by general law, not less
 32 than one thousand dollars, and to every widow or widower or
 33 person who is blind or totally and permanently disabled,
 34 property to the value fixed by general law not less than five
 35 hundred dollars.

36 (c) Any county or municipality may, for the purpose of its
 37 respective tax levy and subject to the provisions of this
 38 subsection and general law, grant community and economic
 39 development ad valorem tax exemptions to new businesses and
 40 expansions of existing businesses, as defined by general law.
 41 Such an exemption may be granted only by ordinance of the county
 42 or municipality, and only after the electors of the county or
 43 municipality voting on such question in a referendum authorize
 44 the county or municipality to adopt such ordinances. An
 45 exemption so granted shall apply to improvements to real
 46 property made by or for the use of a new business and
 47 improvements to real property related to the expansion of an
 48 existing business and shall also apply to tangible personal
 49 property of such new business and tangible personal property
 50 related to the expansion of an existing business. The amount or

51 limits of the amount of such exemption shall be specified by
52 general law. The period of time for which such exemption may be
53 granted to a new business or expansion of an existing business
54 shall be determined by general law. The authority to grant such
55 exemption shall expire ten years from the date of approval by
56 the electors of the county or municipality, and may be renewable
57 by referendum as provided by general law.

58 (d) Any county or municipality may, for the purpose of its
59 respective tax levy and subject to the provisions of this
60 subsection and general law, grant historic preservation ad
61 valorem tax exemptions to owners of historic properties. This
62 exemption may be granted only by ordinance of the county or
63 municipality. The amount or limits of the amount of this
64 exemption and the requirements for eligible properties must be
65 specified by general law. The period of time for which this
66 exemption may be granted to a property owner shall be determined
67 by general law.

68 (e) By general law and subject to conditions specified
69 therein:

70 (1) Twenty-five thousand dollars of the assessed value of
71 property subject to tangible personal property tax shall be
72 exempt from ad valorem taxation.

73 (2) The assessed value of solar devices or renewable
74 energy source devices subject to tangible personal property tax
75 may be exempt from ad valorem taxation, subject to limitations

76 provided by general law.

77 (3) Tangible personal property located on property
 78 classified as agricultural land, as specified by general law,
 79 shall be exempt from ad valorem taxation.

80 (f) There shall be granted an ad valorem tax exemption for
 81 real property dedicated in perpetuity for conservation purposes,
 82 including real property encumbered by perpetual conservation
 83 easements or by other perpetual conservation protections, as
 84 defined by general law.

85 (g) By general law and subject to the conditions specified
 86 therein, each person who receives a homestead exemption as
 87 provided in section 6 of this article; who was a member of the
 88 United States military or military reserves, the United States
 89 Coast Guard or its reserves, or the Florida National Guard; and
 90 who was deployed during the preceding calendar year on active
 91 duty outside the continental United States, Alaska, or Hawaii in
 92 support of military operations designated by the legislature
 93 shall receive an additional exemption equal to a percentage of
 94 the taxable value of his or her homestead property. The
 95 applicable percentage shall be calculated as the number of days
 96 during the preceding calendar year the person was deployed on
 97 active duty outside the continental United States, Alaska, or
 98 Hawaii in support of military operations designated by the
 99 legislature divided by the number of days in that year.

100 ARTICLE XII

SCHEDULE

Ad valorem exemption for tangible personal property on land classified as agricultural.—This section and the amendment to Section 3 of Article VII, authorizing the Legislature to provide for a tax exemption for tangible personal property located on agricultural land shall take effect January 1, 2025.

BE IT FURTHER RESOLVED that the following statement be placed on the ballot:

CONSTITUTIONAL AMENDMENT

ARTICLE VII, SECTION 3

ARTICLE XII

AUTHORIZING THE LEGISLATURE TO EXEMPT TANGIBLE PERSONAL PROPERTY ON AGRICULTURAL LAND FROM TAXATION.—Proposing an amendment to the State Constitution to authorize the Legislature to exempt tangible personal property located on land classified as agricultural from ad valorem taxation. This amendment shall take effect January 1, 2025.

House Joint Resolution

A joint resolution proposing an amendment to Section 3 of Article VII and the creation of a new section in Article XII of the State Constitution requiring an increase in the ad valorem tax exemption on the assessed value of tangible personal property from twenty-five thousand dollars to fifty thousand dollars and to provide an effective date.

Be It Resolved by the Legislature of the State of Florida:

That the following amendment to Section 3 of Article VII and the creation of a new section in Article XII of the State Constitution is agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 3. Taxes; exemptions.—

(a) All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such

26 portions of property as are used predominantly for educational,
27 literary, scientific, religious or charitable purposes may be
28 exempted by general law from taxation.

29 (b) There shall be exempt from taxation, cumulatively, to
30 every head of a family residing in this state, household goods
31 and personal effects to the value fixed by general law, not less
32 than one thousand dollars, and to every widow or widower or
33 person who is blind or totally and permanently disabled,
34 property to the value fixed by general law not less than five
35 hundred dollars.

36 (c) Any county or municipality may, for the purpose of its
37 respective tax levy and subject to the provisions of this
38 subsection and general law, grant community and economic
39 development ad valorem tax exemptions to new businesses and
40 expansions of existing businesses, as defined by general law.
41 Such an exemption may be granted only by ordinance of the county
42 or municipality, and only after the electors of the county or
43 municipality voting on such question in a referendum authorize
44 the county or municipality to adopt such ordinances. An
45 exemption so granted shall apply to improvements to real
46 property made by or for the use of a new business and
47 improvements to real property related to the expansion of an
48 existing business and shall also apply to tangible personal
49 property of such new business and tangible personal property
50 related to the expansion of an existing business. The amount or

51 limits of the amount of such exemption shall be specified by
52 general law. The period of time for which such exemption may be
53 granted to a new business or expansion of an existing business
54 shall be determined by general law. The authority to grant such
55 exemption shall expire ten years from the date of approval by
56 the electors of the county or municipality, and may be renewable
57 by referendum as provided by general law.

58 (d) Any county or municipality may, for the purpose of its
59 respective tax levy and subject to the provisions of this
60 subsection and general law, grant historic preservation ad
61 valorem tax exemptions to owners of historic properties. This
62 exemption may be granted only by ordinance of the county or
63 municipality. The amount or limits of the amount of this
64 exemption and the requirements for eligible properties must be
65 specified by general law. The period of time for which this
66 exemption may be granted to a property owner shall be determined
67 by general law.

68 (e) By general law and subject to conditions specified
69 therein:

70 (1) Fifty ~~Twenty-five~~ thousand dollars of the assessed
71 value of property subject to tangible personal property tax
72 shall be exempt from ad valorem taxation.

73 (2) The assessed value of solar devices or renewable
74 energy source devices subject to tangible personal property tax
75 may be exempt from ad valorem taxation, subject to limitations

76 | provided by general law.

77 | (f) There shall be granted an ad valorem tax exemption for
 78 | real property dedicated in perpetuity for conservation purposes,
 79 | including real property encumbered by perpetual conservation
 80 | easements or by other perpetual conservation protections, as
 81 | defined by general law.

82 | (g) By general law and subject to the conditions specified
 83 | therein, each person who receives a homestead exemption as
 84 | provided in section 6 of this article; who was a member of the
 85 | United States military or military reserves, the United States
 86 | Coast Guard or its reserves, or the Florida National Guard; and
 87 | who was deployed during the preceding calendar year on active
 88 | duty outside the continental United States, Alaska, or Hawaii in
 89 | support of military operations designated by the legislature
 90 | shall receive an additional exemption equal to a percentage of
 91 | the taxable value of his or her homestead property. The
 92 | applicable percentage shall be calculated as the number of days
 93 | during the preceding calendar year the person was deployed on
 94 | active duty outside the continental United States, Alaska, or
 95 | Hawaii in support of military operations designated by the
 96 | legislature divided by the number of days in that year.

97 | ARTICLE XII

98 | SCHEDULE

99 | Increase in the ad valorem tax exemption for tangible
 100 | personal property.—This section and the amendment to Section 3

HJR 7075

2024

101 of Article VII, requiring an increase in the ad valorem tax
 102 exemption on the assessed value of tangible personal property
 103 from twenty-five thousand dollars to fifty thousand dollars,
 104 shall take effect January 1, 2025.

105

106 BE IT FURTHER RESOLVED that the following statement be
 107 placed on the ballot:

108

CONSTITUTIONAL AMENDMENT

109

ARTICLE VII, SECTION 3

110

ARTICLE XII

111

INCREASING THE EXEMPTION ON TANGIBLE PERSONAL PROPERTY FROM
 112 TWENTY-FIVE THOUSAND DOLLARS TO FIFTY THOUSAND DOLLARS.—

113

Proposing an amendment to the State Constitution to increase the

114

ad valorem tax exemption on the assessed value of tangible

115

personal property from twenty-five thousand dollars to fifty

116

thousand dollars. This amendment shall take effect January 1,

117

2025.



States Should Continue to Reform Taxes on Tangible Personal Property

August 6, 2019 • 32 min read

By: [Garrett Watson](#)

Key Findings

- Many state and local governments impose *ad valorem* property taxes on tangible personal property (TPP) in addition to property taxes applied to land and structures. Tangible personal property taxes are levied on property that can be moved or touched, such as business equipment, machinery, inventory, and furniture.
- Forty-three states include TPP in their property tax base. Of states reporting personal property tax data, state reliance on personal property in 2017 ranged from 1.79 percent to about 29 percent of state property tax bases. For states reporting, personal property as a proportion of the average state tax base has declined from 11.27 percent to 9.98 percent from 2006 to 2017.
- Taxes on tangible personal property are a source of tax complexity and nonneutrality, incentivizing firms to change their investment decisions and relocate to avoid the tax. Different types of TPP often receive preferential treatment depending on how the property is used or where it is invested, further distorting economic decision-making.
- State and local governments have many options to alleviate the burden of TPP taxes. In addition to repealing them, options include enacting *de minimis* exemptions for firms with small amounts of property, expanding existing *de minimis* and universal exemptions already

existing in statute, permitting localities to lower TPP taxes through lower millage rates or assessment ratios, and streamlining rules related to depreciation of TPP and the declaration of taxable TPP to tax authorities.

- The experience of state and local governments expanding TPP tax exemptions and offering local-option tax reductions over the past decade can provide a road map for policymakers reforming TPP taxes in their jurisdictions. States should permit local-for-local tax swaps to reduce TPP tax burdens while transitioning localities from TPP taxes as a revenue source.

Introduction

Property taxes are one of the main sources of revenue for state and local governments, making up about 31.5 percent of total U.S. state and local tax collections as of fiscal year 2016.[1]

Most property tax revenue flows to local governments, and localities are reliant on property taxes to fund government services such as public education, making up about 72 percent of all local tax revenue in fiscal year 2016.[2]

The property tax base is an important element of state and local tax codes, as property taxes alter business investment decisions and where people decide to live. While most people are familiar with residential property taxes on land and structures, known as real property taxes, many states also tax tangible personal property (TPP) owned by individuals and businesses.

Tangible personal property (TPP) comprises property that can be moved or touched, and commonly includes items such as business equipment, furniture, and automobiles. This is contrasted with intangible personal property, which includes stocks, bonds, and intellectual property like copyrights and patents.

Taxes on TPP make up a small share of state and local tax collections, but create high compliance costs, distort investment decisions, and are an archaic mode of taxation. This paper reviews the history and administration of tangible personal property taxation, examining how states have reformed their tax levies on TPP over the last 10 years. It will provide recommendations on how policymakers can alleviate TPP tax burdens while being conscious

of how TPP taxes provide localities with needed revenue, using previous state experiences as a guide. This will give state and local governments a path forward to eliminate TPP taxes from their tax codes over the long run.

Overview of Taxes on Tangible Personal Property

In the United States, levies on personal property emerged in tandem with taxes on real property. Property taxes originally approximated a tax on wealth more than modern property taxes do, as taxes on personal property have waned.[3]

As the administrative burden of assessing personal property grew more complicated, policymakers in the 19th century sought to limit property taxes to real estate and certain types of personal property, such as inventory and machinery.[4] Individual property owned for personal use was gradually excluded from the tax base in the 20th century, with the focus shifting almost entirely to TPP owned by businesses.

Internationally, countries shifted from taxing tangible personal property: across the 36 Organisation for Economic Co-operation and Development (OECD) countries, only seven countries levy taxes on personal property: Austria, France, Germany, the Netherlands, Japan, the United Kingdom, and the United States.[5]

Over time, the American personal property tax base was eroded as states provided exemptions for different types of TPP. For example, agriculture, manufacturing, and renewable energy firms are often exempt from TPP levies. Many states offer exemptions for economic development if firms meet certain requirements, such as number of new jobs created or a set amount of investment in a locality.

For instance, Maryland permits local governments to provide a credit for expanding manufacturing facilities.[6] Similarly, Idaho allows counties to exempt TPP that is part of an investment of at least \$500,000 in a new manufacturing plant for up to five years.[7]

Seven states (Delaware, Hawaii, Illinois, Iowa, New York, Ohio, and Pennsylvania) exempt all TPP from taxation, while another five states (Minnesota, New Hampshire, New Jersey, North Dakota, and South Dakota) exempt most TPP from taxation except for select industries that are centrally assessed, such as public utilities or oil and natural gas refineries.

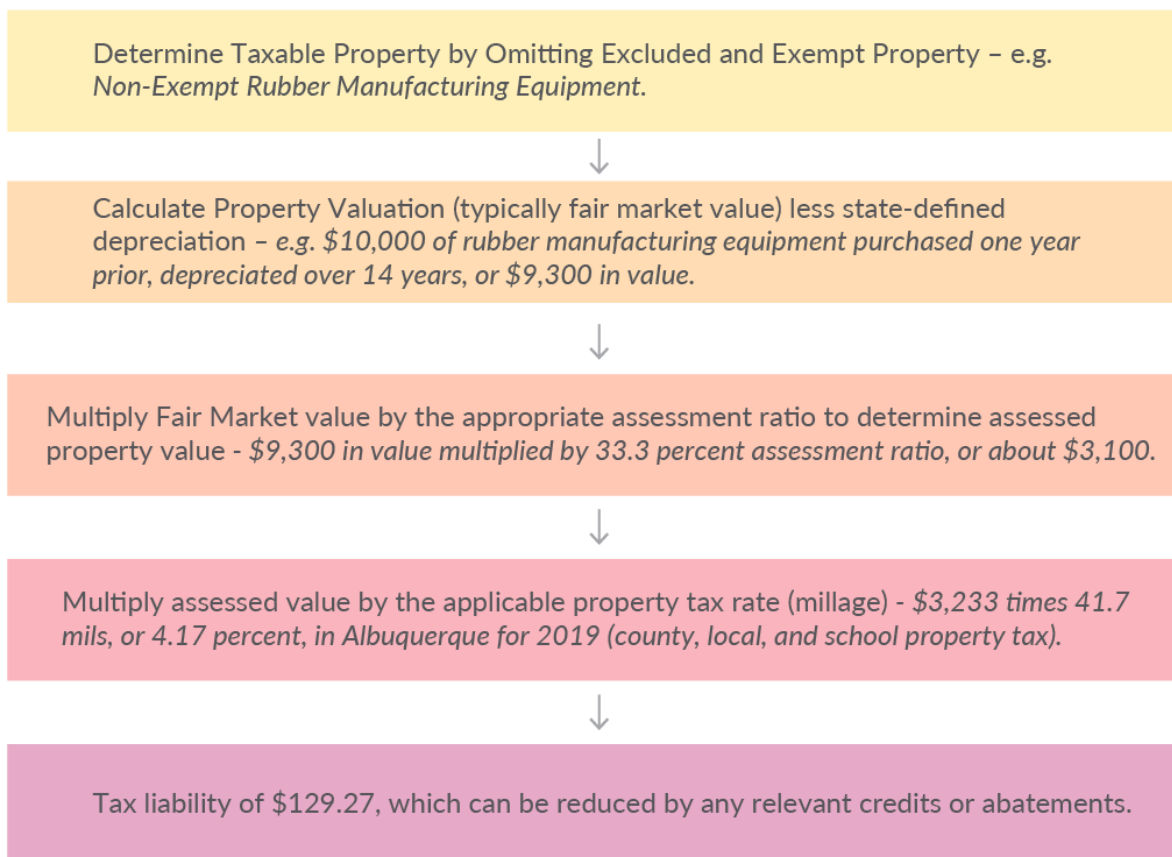
How Tangible Personal Property is Taxed

Taxes on TPP are levied mostly by local governments, but they are regulated at the state level. There is much variation in how TPP is taxed. Property classifications, assessment ratios, and exemptions are often established by the state, with localities opting to tax TPP within the boundaries set by the state government. Twenty-three states permit municipalities to reduce the tax owed on TPP, while 27 states do not provide this option (see Table 2 in the Appendix).

The process for calculating and remitting TPP tax is complicated and varies depending on the state. Firms must first determine which property is eligible for taxation, which varies across states, counties, and municipalities. States usually exclude personal use property from TPP tax, instead focusing on business property.

Some states tax durable assets like motor vehicles, watercraft, and aircraft owned for personal use, as these assets have liquid secondary markets and avoid many of the administrative challenges of assessing other personal use property. For property that is not excluded or exempt from the TPP tax base, TPP tax liability is calculated by first determining the assessed value of the property and multiplying it by the assessment ratio for that class of property. Assessment ratios typically reduce the value of the property subject to tax, lowering a taxpayer's tax liability.

Assessment ratios may also be higher for TPP than for real residential property. Fifteen states impose different assessment ratios for TPP than for real property. This means that TPP has a separate assessment ratio to determine the property value that will be subject to the property tax millage. States may also levy different assessment ratios for separate types of TPP. For example, South Carolina uses an assessment ratio of 5 percent for farm machinery and equipment, compared to 10.5 percent for most other TPP.

Figure 1.**Calculating Tangible Personal Property Tax Liability**

Source: New Mexico Department of Finance & Administration; New Mexico Department of Taxation & Revenue; Tax Foundation calculations.

TAX FOUNDATION

@TaxFoundation

Take, for example, a rubber factory in New Mexico. The business must first determine if it holds TPP subject to tax. New Mexico taxes TPP that is maintained by a business for which it took a federal tax depreciation in the previous tax year. The business' rubber manufacturing equipment may therefore be taxed, unless it is used for an exempt purpose. If the business is the lessee of a metropolitan redevelopment property project, for example, the TPP may still be exempt for up to seven years from acquisition.[9]

Once the business determines its taxable property, it must value the property. New Mexico appraises property by examining the cost of acquiring the property, the value of the property if sold, and the present value of the income generated by the property.[10] For machinery and

equipment, the cost approach is most often used.[11]

The property value is then depreciated with the straight-line method using state-defined depreciation schedules.[12] The straight-line method of depreciation is calculated by dividing the value of the asset by the number of years it is expected to be used and subtracting that amount from the value of the asset each year.[13] This value is multiplied by the state's uniform assessment ratio, which is set at 33.3 percent for all property, to arrive at the property's taxable value.[14]

The taxable value is multiplied by the millage, which is the applicable property tax rate. States may either apply the same tax rate across real and tangible personal property or may levy different tax rates for different types of property. Levying different tax rates on TPP is one way that local governments may raise additional revenue on nonresidential property and favor specific taxpayers.[15]

Once TPP tax is calculated, taxpayers may reduce their liability through tax credits and abatements. Credits for TPP tax are commonly used to incentivize economic development. In Maryland, for example, localities may grant a tax credit for new or expanding manufacturing facilities under certain conditions.[16] Abatements, which reduce tax liability after it has been assessed but before it has been paid, are another way states and municipalities may reduce TPP tax burdens. Nevada uses abatements for businesses operating in economic development zones, for instance.[17]

Tangible Personal Property Tax Limitations

Like the limitation regimes established for real property, state governments have instituted limits on the growth of personal property taxes. Property taxes may be limited through three methods: assessment limits, levy limits, and rate limits.[18]

Assessment limits cap increases in TPP tax produced through a rise in assessed value.[19] While real property often appreciates, personal property usually depreciates in value over time. [20] Assessment limits are therefore less applicable to personal property, as the property is

unlikely to require a limitation in the growth in assessed value.

Personal property tax regimes may be subject to rate limits, which constrains the ability of state and local governments from raising tax rates above an absolute threshold or above a fixed growth rate. This limits revenue growth from personal property taxes through deliberate increases in tax rates. Rate limits are more common for TPP and are often defined statutorily at the state level.

Levy limits impose restrictions on the total amount of revenue collected from property taxes. Levy limits may apply to real property and personal property. In Washington, the state constitution limits tax from real and personal property to 1 percent of total property value unless voters approve a higher percentage.^[21]

Economic Impact of Taxing Tangible Personal Property

Property taxes comport to the benefit principle and are economically efficient when levied on real property.^[22] Real property taxes fund state and local government services, and they are a comparatively transparent method of taxation. Included in the real property tax base is land, which generates economic rents and is an efficient source of tax revenue.

Landowners cannot move their land and avoid tax liability and will fully bear a tax imposed on land. Taxes on real property are also imposed on buildings and other improvements on land, which affects the marginal decision to improve and build on the property; evidence suggests that property taxes are a significant factor in business location decisions.^[23]

The relative efficiency and transparency of real property taxes can be contrasted with taxes on TPP.

Tangible Personal Property Taxes and Capital Taxation

Tangible personal property taxes are a type of stock tax on the value of a business' tangible assets. These assets are used to generate a return, which is reduced by the TPP tax. This influences investment decisions, dissuading firms from making the marginal investment in their

enterprises.

Imagine, for example, a manufacturing firm considering a new investment in machinery that faces a 0.5 percent effective TPP tax rate annually. If the machinery can be fully expensed and depreciates at 5 percent per year, the effective tax rate on the marginal investment in machinery is 6.67 percent due to the TPP tax.^[24] This means that an investment that breaks even—earning a 0 percent net return and covering costs in present value—faces a 6.67 percent tax rate. In other words, 6.67 percent of the gross return from the marginal investment covers the TPP tax. A TPP tax dissuades firms from making new investments.^[25]

Like other wealth taxes, TPP taxes are a poorly targeted form of capital taxation.^[26] Ideally, the tax code exempts or lightly taxes a normal return—compensation for deferring consumption—and targets super-normal returns earned above that threshold. Super-normal returns generated by economic rents, innovative business models, and luck are less sensitive to taxation and are a more efficient source of tax revenue.^[27]

A tax on tangible personal property, by contrast, disproportionately targets normal and low rates of return. For example, machinery producing a 4 percent return and facing a 0.5 percent effective TPP tax rate yields a 12.5 percent effective tax rate, while machinery producing a 10 percent return only yields a 5 percent effective tax rate from the same TPP tax.

TPP taxes discourage investment at the margin while poorly targeting super-normal returns, slowing economic growth, and creating a poorly targeted tax on returns to capital.

Nonneutral Tax Treatment of Tangible Personal Property

In addition to being a poor form of capital taxation, taxes on TPP are nonneutral. TPP is often treated differently from real property, with separate assessment ratios and millage rates.

As states have narrowed the TPP tax base by exempting personal-use property, expanding *de minimis* exemptions, or providing credits for favored activity (such as economic development), this has increased the variability of how TPP is treated in state property tax codes. Certain

kinds of TPP, or TPP used in ways that make them ineligible for exemptions, credits, or abatements, are impacted more by property taxes.

Businesses attempt to avoid TPP tax by altering their investment and purchasing decisions. For example, a firm may avoid purchasing automated machinery in favor of using additional labor if the machinery is subject to a property tax. There is evidence that the elimination of TPP taxes increases investment in capital. In Ohio, policymakers exempted manufacturing equipment from the state's TPP tax, resulting in greater capital investment and a shift from labor.^[28] Increased capital investment improves labor productivity, raising wages higher than they would otherwise be for workers.

Alternatively, firms may shift their activity to take advantage of tax preferences for TPP, such as moving to municipalities where tax rates are lower for the TPP a firm owns. In some states, TPP is assessed on a specific "snapshot" date, while others may pro-rate TPP tax assessment for ownership of property owned for less than one year. For example, a piece of equipment owned for six months would have a 50 percent pro rata assessment. For states that use a "snapshot" date for assessment, firms may defer investments until after TPP tax has been levied for the tax year, with the goal of disposing of the property prior to the next time TPP taxes are levied.^[29]

Compliance Costs and Lack of Transparency

Tangible personal property taxes are a type of tax on business inputs, as property such as machinery, equipment, and inventory are part of a firm's production process. Firms may pass along the tax in the form of higher prices when goods or services are sold in the production process. This may conceal the impact of the tax on consumers, as consumers may pay higher prices as a result of a tax on TPP.

Taxes on TPP are "taxpayer active," meaning that taxpayers must determine the tax liability that they owe, accounting for the depreciable value of their taxable property, the relevant assessment ratios and millage, and applicable credits, abatements, and refunds for which they are eligible. This increases the cost of complying with TPP taxes.

Compliance costs are higher in states that have different assessment ratios and millage rates for different types of TPP. Fifteen states use separate assessment ratios for residential property and TPP (see Table 2 in the Appendix).

Firms with different types of TPP across multiple municipalities may have to sort through dozens of different exemption requirements, assessment ratios, millage rates, TPP declaration forms, and relevant tax credits, which amplifies the cost of compliance.

Some states have made efforts to reduce the compliance burden on firms. Nevada’s Tax Commission, for example, may exempt TPP if the annual tax is less than the cost of collecting it.[30] This also helps reduce administrative costs for the state.

Twenty-seven states and the District of Columbia simplify part of the administration of TPP taxes by offering a uniform tangible personal property declaration form that can be used across the state. In the other 16 states, firms must use locality-specific declaration forms and processes to calculate and remit their TPP tax liability. For firms with TPP in many jurisdictions, this is a source of tax complexity and a high cost of compliance.

Recent Trends in Tangible Personal Property Taxation

Of the states with data available for personal property, personal property made up 11.27 percent of the average state property tax base in 2006. This fell to 10.15 percent of the average state property tax base in 2012 and to 9.98 percent of the average state property tax base in 2017 (See Table 1).[31] States are relying slightly less on personal property as part of the property tax base.[32]

Table 1. Personal Property as a Percentage of State Property Tax Base, 2006, 2012, and 2017

State	2006 Personal Property	2012 Personal Property	2017 Personal Property
Source: Lincoln Institute for Land Policy, “Significant Features of the Property Tax.®”			

State	2006 Personal Property	2012 Personal Property	2017 Personal Property
Arkansas	24.98%	21.09%	22.54%
California	4.11%	5.66%	5.20%
Colorado	12.06%	14.61%	6.90%
Connecticut	6.09%	10.73%	13.28%
Florida	7.43%	7.63%	7.00%
Georgia	17.09%	14.83%	11.03%
Indiana	15.27%	14.03%	15.42%
Kentucky	8.52%	8.28%	16.74%
Louisiana	29.94%	29.94%	28.96%
Maine	7.75%	4.90%	3.78%
Maryland	2.32%	3.11%	3.26%
Massachusetts	2.28%	3.00%	3.00%
Michigan	8.93%	8.51%	8.24%
Mississippi	31.12%	28.47%	28.08%
Missouri	20.90%	19.45%	18.79%
Montana	7.57%	8.98%	7.51%
Nebraska	6.35%	6.52%	4.92%
Nevada	3.94%	6.01%	5.26%
New Mexico	N/A	1.86%	1.30%
North Carolina	17.06%	13.24%	7.61%
Oklahoma	17.91%	18.75%	22.74%

Source: Lincoln Institute for Land Policy, "Significant Features of the Property Tax.®"

State	2006 Personal Property	2012 Personal Property	2017 Personal Property
Oregon	3.38%	2.74%	2.71%
Rhode Island	4.30%	3.36%	4.04%
South Carolina	16.05%	12.27%	14.52%
Tennessee	7.80%	6.71%	6.85%
Texas	12.77%	12.19%	11.64%
Utah	14.16%	11.19%	10.76%
Virginia	9.20%	7.68%	8.37%
Washington	5.12%	5.33%	4.64%
Wisconsin	2.32%	2.33%	2.51%
Wyoming	N/A	1.12%	1.79%
Average	11.27%	10.15%	9.98%
Source: Lincoln Institute for Land Policy, "Significant Features of the Property Tax.®"			

Since 2006, states like Connecticut and Kentucky have markedly increased the relative share of personal property in their property tax bases, while Colorado, Georgia, Maine, North Carolina, and Utah have markedly reduced the relative share that personal property makes up in the property tax base.

While no state has eliminated TPP outright from its property tax base over the past decade, states have expanded their use of *de minimis* exemptions and raised exemption thresholds for TPP tax. This reduces the number of firms subject to TPP tax or lowers tax liability for firms which owe TPP tax and may explain some of the reduced reliance on TPP in state property tax bases.

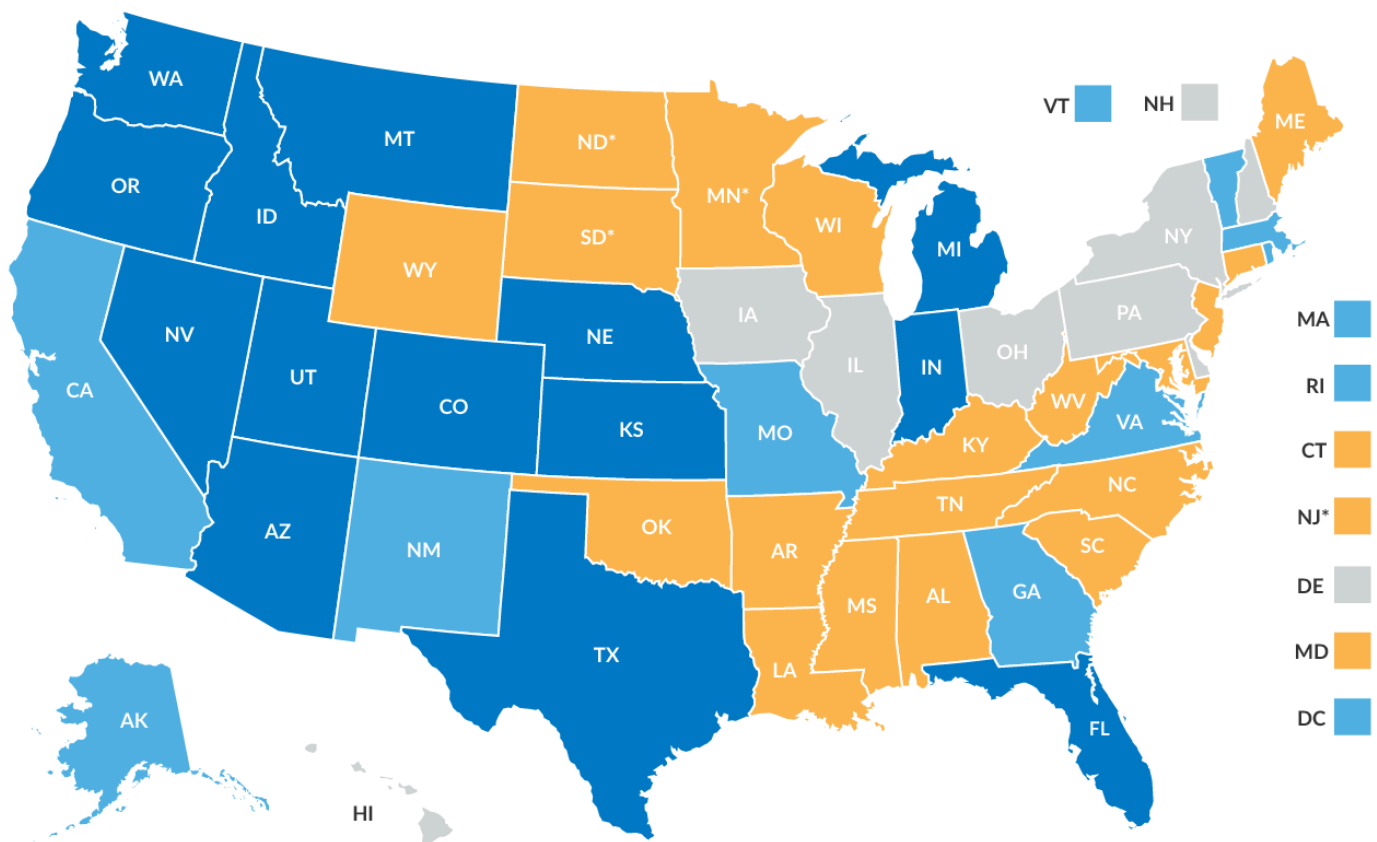
Expansion of *De Minimis* Exemptions

De minimis exemptions provide relief for small firms by eliminating their tax liability if they remain below a valuation threshold for their tangible personal property. These exemptions lower compliance costs for firms with a small amount of otherwise taxable TPP.

Figure 2.

States with Broad Exemptions for Tangible Personal Property Tax

De Minimis and Broad Exemptions of Tangible Personal Property



Note: *Minnesota, New Jersey, North Dakota, and South Dakota have a tangible personal property tax only on centrally assessed property. Map distinguishes between a statewide exemption and exemptions permitted by municipalities. Excludes exemptions for specific types of TPP or exemptions created for specific purposes, such as economic development.

Source: State statutes and Departments of Revenue. See the Tangible Personal Property Tax State Statutory References appendix for more details.

- Has a Statewide Exemption
- Has Municipal Exemptions
- Does Not Have an Exemption
- No Tax on Tangible Personal Property

Indiana, for example, recently raised its *de minimis* exemption from \$20,000 to \$40,000 in business personal property per county and prohibited counties from collecting TPP tax filing fees from businesses that file but do not have a tax liability.[33] Indiana originally implemented its \$20,000 *de minimis* exemption in 2015, and 89,749 taxpayers took advantage of the exemption.[34] An additional 28,300 exemptions were projected by the Indiana Legislative Services Agency as a result of the increase in the exemption threshold.[35]

Since 2012, Utah, Colorado, Idaho, and Indiana have enacted or expanded their *de minimis* exemptions. Utah exempts individual items of TPP with an acquisition cost of \$1,000 or less in addition to exempting TPP with a fair market value under \$10,800.[36] In Colorado, the legislature added a state income tax credit to reimburse taxpayers' TPP tax between \$7,001 and \$15,000, effectively raising the state's \$7,700 TPP exemption.[37]

As states consider *de minimis* exemptions for TPP, policymakers should consider making the exemption threshold also a filing threshold. This reduces compliance costs for firms, as firms under the threshold may have to file in many localities if filing requirements remain in place when firms are under the *de minimis* threshold. Indiana, for example, previously required taxpayers to file a TPP tax return and pay filing fees even if they qualified for exemption. In April 2019, the state prohibited counties from collecting TPP tax filing fees but kept the filing requirement for exempt taxpayers.[38]

Most state exemptions are indexed to inflation. Oregon's *de minimis* exemption was originally set at \$12,500 but has since risen to \$17,000.[39] Indexing exemption thresholds ensures that firms are not pushed above the threshold over time due to inflation. States that have not indexed their exemption thresholds should consider doing so, which will help maintain the value of the exemption for firms over time. Texas, for instance, should index its TPP *de minimis* exemption of \$500, after raising their *de minimis* exemption to cover more firms that own TPP. [40]

Broader Tangible Personal Property Tax Exemptions

In addition to *de minimis* exemptions, some states provide broader exemptions for a certain amount of TPP for all taxpayers. Florida, for example, provides a \$25,000 exemption for all property in the county where the property is used for business purposes.[41] Universal exemptions avoid the tax cliff that *de minimis* exemptions face and reduce the TPP tax burden for more firms.[42]

Idaho enacted a \$100,000 exemption on personal property taxes in each county per taxpayer. [43] All TPP worth less than \$3,000 is also exempt, which works like Utah's exemption for individual items of TPP costing less than \$1,000. Utah and Idaho's exemptions show that states may pair a broad *de minimis* or universal exemption with an exemption for individual pieces of TPP under a certain value.

For example, a firm in Idaho may have \$110,000 in TPP. The first \$100,000 is exempt from tax; individual items worth less than \$3,000 may also be exempt even above the \$100,000 threshold.[44] Washington takes a similar approach by exempting \$15,000 of TPP for heads of household, corporations, and limited liability corporations while exempting personal property worth \$500 or less from property tax.[45]

Nebraska also exempted the first \$10,000 in personal property from taxation in 2015, and included a provision reimbursing municipalities for lost tax revenue from the exemption.[46] Montana has a limited TPP tax exemption for commercial and industrial TPP, which is classified as a distinct type of property. The first \$100,000 of commercial and industrial TPP is exempt from TPP tax. Prior to enactment of the \$100,000 exemption, Montana had a \$20,000 *de minimis* threshold. By raising the limit and making the exemption available to all firms, Montana reduced the number of firms exposed to TPP tax liability.[47]

One approach Michigan has taken is to create two separate exemptions: one for eligible manufacturing TPP and a *de minimis* exemption on TPP worth less than \$80,000. To replace the revenue lost from these exemptions, Michigan established an Essential Services

Assessment (ESA). The ESA is a tax on the TPP using the exemption for eligible manufacturing personal property with a millage rate ranging from 0.9 mills to 2.4 mills, resulting in a lower tax burden for most taxpayers with TPP.[48]

Areas for Future Reform

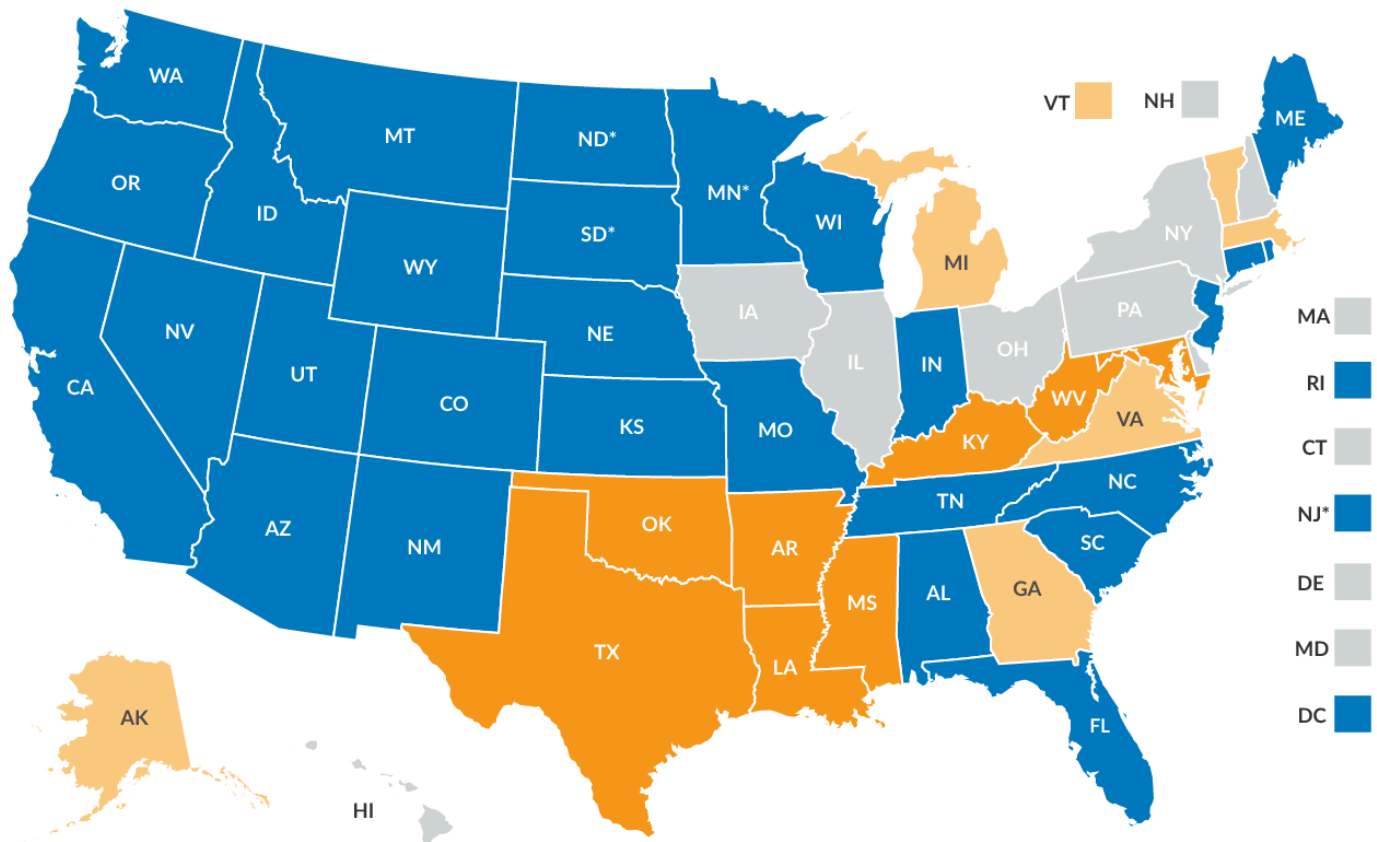
States have made progress in reducing TPP tax burdens over the past decade, but there remains room for reform. The most fruitful areas of reform include exempting major business inputs such as inventory, machinery, and equipment from TPP tax, which make up a large component of TPP tax bases. Additionally, states should permit localities to reduce TPP taxes in their jurisdictions and streamline TPP depreciation rules, simplifying one aspect of TPP tax administration.

Taxation of Inventory

Fourteen states levy TPP taxes on inventory in some form. Eight states fully tax inventory, while six states tax inventory partially but exempt certain types of inventory or exempt inventory from property tax at the state level. For example, in Georgia, inventory is exempt from state property taxes, but localities may tax inventory. Ninety-three percent of counties in Georgia partially exempt inventory using a freeport exemption ranging from 20 percent to 80 percent of the value of the inventory.[49] In Michigan, inventory is exempt from property tax, except for inventory under lease.[50]

Figure 3.

States with a Tangible Personal Property Tax on Inventory



Note: *Minnesota, New Jersey, North Dakota, and South Dakota have a tangible personal property tax only on centrally assessed property.
 Source: State statutes and Departments of Revenue. See the Tangible Personal Property Tax State Statutory References appendix for more details.

- Applies to Inventory
- Partially Applies to Inventory
- Does Not Apply to Inventory
- No Tax on Tangible Personal Property

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Taxes on inventory are nonneutral, as businesses with larger quantities of inventory, like manufacturers, are disproportionately burdened by the tax.^[51] Businesses with little to no inventory escape this form of property taxation, despite using local and state government services like firms with larger amounts of inventory.

Inventory taxes, like many other taxes on TPP, are often locally assessed and are a revenue source for localities, making it a challenge to replace the revenue when states exempt inventory from the property tax base.

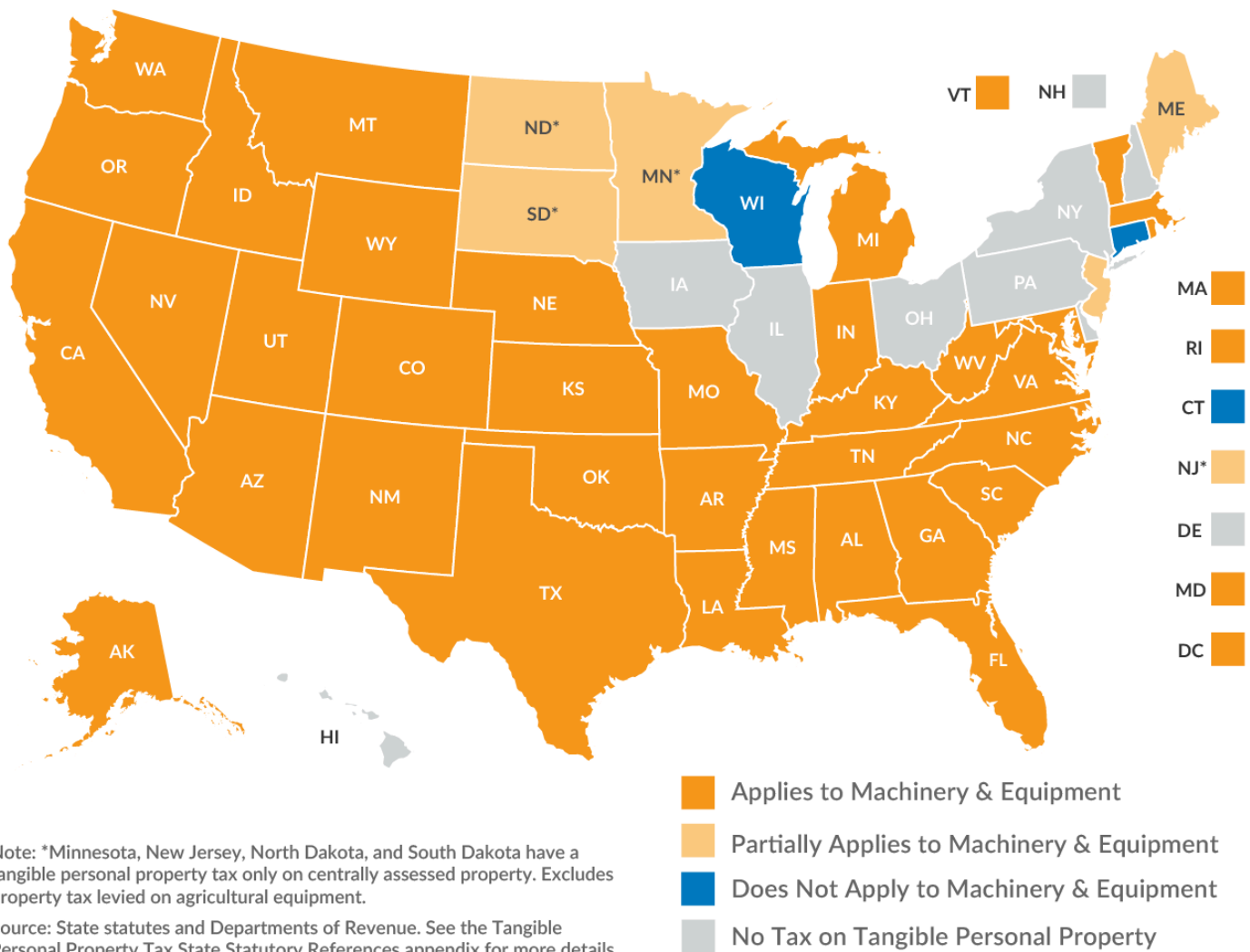
States with property taxes on inventory are considering ways to eliminate the burden on firms while not depriving municipalities of the tax revenue. Kentucky, for example, enacted a state income tax credit that offsets TPP tax paid on inventory. The credit is being phased in from 2018 to 2021, with the credit amount rising by 25 percent increments every tax year.^[52] Taxpayers will still need to calculate and remit their TPP tax liability but will find relief through a reduced state income tax liability. The tax credit is nonrefundable, meaning that taxpayers can only reduce state income tax liability to zero. Beyond that amount, taxpayers will not find additional relief from TPP tax on inventory.

Taxation of Machinery and Equipment

Machinery and equipment make up a large portion of state TPP tax bases and are key business inputs for firms.

Figure 4.

States with a Tangible Personal Property Tax on Machinery & Equipment



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Thirty-six states levy TPP taxes on machinery and equipment. Often, agricultural machinery and equipment will be granted lower assessment ratios or millage rates than other forms of TPP. For example, Missouri uses a 12 percent assessment ratio for farm machinery but a 33.3 percent ratio for most other TPP.[53] Similarly, South Carolina assesses farm machinery and equipment at 5 percent when most TPP is assessed at 10.5 percent of value.[54] Other states, like Utah, exempt farm machinery and equipment outright.[55]

Some states exempt all machinery and equipment from the property tax base. Like inventory, these forms of property are critical to many firms and are a large determinant of businesses' TPP tax liability in manufacturing and related industries. To smooth out the impact of

exempting machinery and equipment, some states only exempt property acquired after the exemption is enacted. Kansas, for example, did so when enacting an exemption of commercial and industrial machinery in 2006.[56]

As firms replace machinery that depreciates over time, more property becomes subject to the exemption. Tax revenue gradually declines, giving the state and localities an adjustment period to replace the lost revenue. This should be an approach that other states consider when balancing revenue stability for localities with the repeal of TPP taxes on machinery and equipment.

Local-Option Exemptions of Tangible Personal Property Tax

Another option to reduce TPP tax burdens is to authorize localities to reduce TPP tax rates or exempt types of TPP. Twenty-three states permit localities to partially or fully exempt firms from TPP taxation. This gives municipalities greater control over their property tax base while transitioning them from relying on TPP taxes for revenue.

State and local governments should carefully consider the trade-offs involved when exempting or eliminating TPP tax. While taxes on TPP violate the principles of sound tax policy and would not exist in an ideal tax system, local governments rely on the tax revenue generated by taxes on TPP. State governments have considered tax swaps to resolve this problem in other contexts, but these schemes are often difficult to implement.[57]

Both Kentucky and Louisiana have tried to resolve the problem of lost revenue by creating state income tax credits to eliminate a firm's inventory tax liability. Local governments still receive tax revenue, with the state government refunding the levy back to businesses.[58] In 2016, the tax rebate cost Louisiana about \$225 million.[59] Louisiana is exploring possible local-for-local tax swaps, given the complexity of the current rebate system.

Slow phaseouts over multiple years can help mitigate the problems associated with a loss of revenue. Vermont, for example, authorized cities and towns to exempt inventory and other TPP from local taxes, with the option of phasing in the exemption up to 10 years.[60] From 2013 to

2018, the number of municipalities taxing inventory has fallen from 34 to seven (about 3 percent of all municipalities). The same trend occurred with the taxation of machinery and equipment, with the number of municipalities levying those taxes dropping from 62 to 45 (about 18 percent of all municipalities).[61] This shows that localities can make headway eliminating taxes on inventory while finding alternative revenue sources over time.

When localities are permitted to reduce taxes on TPP, there is evidence that this increases revenue growth for other types of taxes. In Pennsylvania, counties that repealed their taxes on personal property between 1978 and 1990 experienced greater growth in revenue from their real estate taxes than counties that kept a tax on personal property.[62] Higher tax revenue from other sources may help localities as they transition from TPP taxes, but would not fully cover the decline in revenue in most cases. Instead, local governments should consider local-for-local tax swaps to maintain revenue stability.

Depreciation Rules

State and local governments provide depreciation schedules for the purposes of TPP that is usually different from the federal treatment of the property for income tax purposes. Many states use straight-line depreciation schedules when calculating TPP tax.

Navigating different depreciation schedules for income tax and property tax is a source of tax complexity for businesses, and policymakers should consider ways to simplify the process of depreciating TPP. This is especially true in states that do not conform to depreciation rules for income tax purposes with the federal income tax, as firms must calculate applicable depreciation more than once to determine income tax liability and TPP tax liability.[63]

One method some states have taken to improve the tax treatment of personal property is improving how taxable TPP is depreciated. In 2011, Arizona accelerated the depreciation provided for certain classes of taxable business property, and the legislature extended the accelerated depreciation in 2017.[64] This approach shortened the depreciation schedule, lowering tax liability on TPP.

Shortening depreciation schedules is another lever for states to lower TPP tax burdens on firms. The schedules could also be adjusted over time to give localities an opportunity to adapt to the lower revenue raised from the tax.

Conclusion

The taxation of tangible personal property by state and local governments is a blight on a relatively efficient and transparent type of tax. Property taxes, when properly structured, conform to the benefit principle by supporting government services used by property owners in a transparent manner.^[65]

Taxes on tangible personal property, on the other hand, increase the complexity of state and local tax codes, discriminate against taxpayers based on their capital structure, and change economic behavior by incentivizing taxpayers to modify their property ownership to avoid the tax. Efforts by some states to exempt major types of TPP, raise *de minimis* exemption thresholds, and provide a local option to reduce TPP taxes show that progress is possible, despite the challenge a reduction or elimination of TPP taxes poses to state and local budgets.

To establish buy-in among municipal stakeholders, states should consider options to consider the revenue lost from eliminating TPP taxes or expanding TPP tax exemptions. State-for-local tax swaps, such as providing state income tax credits to firms that pay TPP taxes, are challenging to effectively administer and may not unanchor localities from their reliance on TPP tax revenue. Instead, states should grant localities greater authority to reduce TPP tax burdens and replace the lost revenue elsewhere. Local option tax reductions are a more promising approach and have been shown to work in states like Vermont over several years.

With some courage, states have an opportunity to rid themselves of an antiquated tax, streamlining their property tax codes and making their tax systems more consistent with the principles of sound tax policy.

Appendix

Table 2. Tangible Personal Property Tax Base and Compliance Details

State	Different rate or assessment ratio for personal vs. real property?	TPP applies to inventory?	TP applies to non-ag equipment and machinery?	State Uniform Personal Property Declaration Form?	Local Option to reduce TPP tax?	Economic Development Exemption?
Alabama	No	No	Yes	Yes	Yes	Yes
Alaska	No	Partial	Yes	No	Yes	Yes
Arizona	Yes	No	Yes	No	No	No
Arkansas	No	Yes	Yes	Yes	No	No
California	No	No	Yes	No	Yes	Yes
Colorado	Yes	No	Yes	Yes	No	No
Connecticut	No	No	No	Yes	Yes	Yes
Delaware	–	–	–	–	–	–
Florida	No	No	Yes	Yes	Yes	Yes
Georgia	No	Partial	Yes	Yes	Yes	Yes
Hawaii	–	–	–	–	–	–

Source: State statutes and state departments of revenue.

State	Different rate or assessment ratio for personal vs. real property?	TPP applies to inventory?	TP applies to non-ag equipment and machinery?	State Uniform Personal Property Declaration Form?	Local Option to reduce TPP tax?	Economic Development Exemption?
Idaho	No	No	Yes	Yes	Yes	Yes
Illinois	–	–	–	–	–	–
Indiana	No	No	Yes	Yes	Yes	Yes
Iowa	–	–	–	–	–	–
Kansas	Yes	No	Yes	Yes	Yes	Yes
Kentucky	Yes	Yes	Yes	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes	Yes	Yes	Yes
Maine	No	No	Partial	No	No	Yes
Maryland	Yes	Yes	Yes	Yes	Yes	Yes
Massachusetts	No	Partial	Yes	Yes	Yes	Yes
Michigan	No	Partial	Yes	Yes	Yes	Yes
Minnesota	No	N/A	Partial	N/A	No	Yes
Mississippi	No	Yes	Yes	Yes	Yes	Yes
Missouri	Yes	No	Yes	No	Yes	No

Source: State statutes and state departments of revenue.

State	Different rate or assessment ratio for personal vs. real property?	TPP applies to inventory?	TP applies to non-ag equipment and machinery?	State Uniform Personal Property Declaration Form?	Local Option to reduce TPP tax?	Economic Development Exemption?
Montana	Yes	No	Yes	Yes	No	Yes
Nebraska	No	No	Yes	Yes	No	Yes
Nevada	No	No	Yes	No	Yes	Yes
New Hampshire	–	–	–	–	–	–
New Jersey	No	No	Partial	Yes	No	Yes
New Mexico	No	No	Yes	No	Yes	Yes
New York	–	–	–	–	–	–
North Carolina	No	No	Yes	Yes	No	No
North Dakota	No	No	Partial	Yes	No	Yes
Ohio	–	–	–	–	–	–
Oklahoma	Yes	Yes	Yes	Yes	No	Yes
Oregon	No	No	Yes	Yes	Yes	Yes

Source: State statutes and state departments of revenue.

State	Different rate or assessment ratio for personal vs. real property?	TPP applies to inventory?	TP applies to non-ag equipment and machinery?	State Uniform Personal Property Declaration Form?	Local Option to reduce TPP tax?	Economic Development Exemption?
Pennsylvania	–	–	–	–	–	–
Rhode Island	Yes	No	Yes	No	Yes	Yes
South Carolina	Yes	No	Yes	Yes	Yes	Yes
South Dakota	No	No	Partial	Yes	No	Yes
Tennessee	Yes	No	Yes	No	No	No
Texas	No	Yes	Yes	No	No	No
Utah	No	No	Yes	No	No	No
Vermont	No	Partial	Yes	No	Yes	Yes
Virginia	Yes	Partial	Yes	No	Yes	Yes
Washington	No	No	Yes	No	No	Yes
West Virginia	Yes	Yes	Yes	Yes	No	No
Wisconsin	No	No	No	Yes	No	Yes
Wyoming	No	No	Yes	Yes	No	Yes

Source: State statutes and state departments of revenue.

State	Different rate or assessment ratio for personal vs. real property?	TPP applies to inventory?	TP applies to non-ag equipment and machinery?	State Uniform Personal Property Declaration Form?	Local Option to reduce TPP tax?	Economic Development Exemption?
District of Columbia	Yes	No	Yes	Yes	N/A	Yes
Total "Yes"	15	7	36	28	23	34

Source: State statutes and state departments of revenue.

Notes

[1] Janelle Cammenga, "To What Extent Does Your State Rely on Property Taxes?" Tax Foundation, May 1, 2019, <https://taxfoundation.org/state-and-local-property-tax-reliance-2019/>.

[2] Sourced from Census Bureau data and Tax Foundation calculations. For an overview of state and local tax collections, see Jared Walczak, "Unpacking the State and Local Tax Toolkit: Sources of State and Local Tax Collections," Tax Foundation, June 20, 2017, 4-5, <https://taxfoundation.org/toolkit-sources-state-local-tax-collections/>.

[3] Joan Youngman, *A Good Tax: Legal and Policy Issues for the Property Tax in the United States* (Cambridge, MA: Lincoln Institute of Land Policy, 2016), 5.

[4] *Ibid*, 5.

[5] Andrey V. Korytin and Tatiana A. Malinina, "Международный опыт налогообложения движимого имущества организаций" ["International Experience in Taxation of Business Personal Property"], *inansovjy žhurnal — Financial Journal*, No. 2, 2019, 22-36,

https://econpapers.repec.org/article/frufinjrn/190202_3ap_3a22-36.htm.

[6] Md. Code, Tax -Prop. §§ 9-205, -230.

[7] Idaho Code Ann. § 63-602NN.

[8] New Mexico Taxation & Revenue Department, "2019 Business Personal Property Valuation Guidelines," 58,
<http://www.tax.newmexico.gov/uploads/files/2019%20Buisness%20Personal%20Property%20Manual.pdf>.

[9] N.M. Stat. § 7-36-3.1

[10] New Mexico Taxation & Revenue Department, "2019 Business Personal Property Valuation Guidelines," 23-25.

[11] Ibid, 25.

[12] Ibid, 3; For an overview of the differences among depreciation methods, see Stephen J. Entin, "The Tax Treatment of Capital Assets and Its Effect on Growth," Tax Foundation, Apr. 24, 2013, <https://taxfoundation.org/article-nstax-treatment-capital-assets-and-its-effect-growth-expensing-depreciation-and-concept-cost-recovery/>.

[13] States may use federally defined depreciation schedules under the Modified Accelerated Cost Recovery System (MACRS) or states may define their own depreciation schedules for tangible personal property.

[14] N.M. Stat. § 7-37-3.

[15] Joyce Errecart, Ed Gerrish, and Scott Drenkard, "States Moving Away From Taxes on Tangible Personal Property," Tax Foundation, Oct. 4, 2012, 4, <https://taxfoundation.org/states-moving-away-taxes-tangible-personal-property>.

[16] MD. Code Ann. Tax-Prop. §§ 9-205, -230.

[17] Nev. Rev. Stat. § 274.310.

[18] See generally, Jared Walczak, “Property Tax Limitation Regimes: A Primer,” Tax Foundation, Apr. 23, 2018, <https://taxfoundation.org/property-tax-limitation-regimes-primer/>.

[19] *Ibid*, 1.

[20] This excludes TPP that may appreciate like real property, such as collectables.

[21] Wash. Rev. Code § 84.52.050; see also Washington Department of Revenue Property Tax Division, “Property Tax Levies,” September 2018, 109, https://dor.wa.gov/sites/default/files/legacy/Docs/Pubs/Prop_Tax/LevyManual.pdf.

[22] For a review of the economic impact of property taxes, see Jared Walczak, Scott Drenkard, and Joseph Bishop-Henchman, *2019 State Business Tax Climate Index*, Tax Foundation, Sept. 26, 2018, 42-47, <https://taxfoundation.org/publications/state-business-tax-climate-index/>.

[23] *Ibid*, 42.

[24] Author calculations using a 7 percent rate of return. Under a full expensing regime, a firm’s marginal effective tax rate (METR) is unaffected by the income tax rate.

[25] See generally, Huaqun Li, “Measuring Marginal Tax Rate on Capital Assets,” Tax Foundation, Dec. 12, 2017, <https://taxfoundation.org/measuring-marginal-tax-rate-capital-assets/>.

[26] Nicole Kaeding and Kyle Pomerleau, “Sen. Warren’s Wealth Tax is Problematic,” Tax Foundation, Jan. 24, 2019, <https://taxfoundation.org/warren-wealth-tax/>.

[27] Garrett Watson and Nicole Kaeding, “Tax Policy and Entrepreneurship: A Framework for Analysis,” Tax Foundation, Apr. 3, 2019, 4-6, <https://taxfoundation.org/tax-policy-entrepreneurship/>.

[28] Sian Mughan and Geoffrey Propheter, "Estimating the Manufacturing Employment Impact of Eliminating the Tangible Personal Property Tax: Evidence from Ohio," *Economic Development Quarterly* 31(4), Sept. 26, 2017, <https://journals.sagepub.com/doi/abs/10.1177/0891242417732123>.

[29] Errecart, Gerrish, and Drenkard, "States Moving Away From Taxes on Tangible Personal Property," 8.

[30] Nev. Rev. Stat. § 361.068(2).

[31] Lincoln Institute of Land Policy, "Tax Base by Property Type," <https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax/topics/property-tax-base>.

[32] We cannot say that personal property tax collections or burdens are lower in 2017 than in 2012 or 2006, as the property tax base data omits the tax rate that was assessed on personal property. For example, a state may offset a narrower personal property tax base with a higher tax rate on the remaining personal property subject to tax to keep tax collections constant. This data also includes intangible personal property, which could also have changed among 2006, 2012, and 2017 as a proportion of the property tax base.

[33] Katherine Loughead, "Indiana Chips Away at Tangible Personal Property Taxes," Tax Foundation, Apr. 5, 2019, <https://taxfoundation.org/indiana-tangible-personal-property-tax/>.

[34] Ibid, and Indiana Legislative Services Agency, "SB 233 Fiscal Impact Statement," Apr. 2, 2019, <http://iga.in.gov/legislative/2019/bills/senate/233#document-0225b146>.

[35] Ibid.

[36] Utah Code Ann. § 59-2-1115; see also Utah Tax Commission, "Business Personal Property Taxes," January 2019, <https://tax.utah.gov/forms/pubs/pub-20.pdf>.

[37] Colo. Rev. Stat. § 39-22-537.

[38] Loughead, “Indiana Chips Away at Tangible Personal Property Taxes.”

[39] Oregon Department of Revenue, “Personal Property Assessment and Taxation,” <https://www.oregon.gov/DOR/programs/property/Pages/personal-property.aspx>.

[40] Texas Tax Code Ann. § 11.145.

[41] Fla. Stat. § 196.183.

[42] For *de minimis* exemptions, taxpayers lose the exemption once they exceed the exemption threshold, generating a higher implied marginal tax rate.

[43] Idaho State Tax Commission, “New Idaho law allows property tax exemption for \$100,000 in personal property value for business,” Apr. 17, 2013, <https://tax.idaho.gov/n-feed.cfm?idd=401>.

[44] Idaho exempts the first \$100,000 of a taxpayer’s TPP that is not otherwise exempt, so there is no ambiguity on whether to count a piece of property worth less than \$3,000 toward broader \$1000,000 exemption. See Idaho State Tax Commission, “Personal Property Valuation,” <https://tax.idaho.gov/i-2008.cfm>.

[45] Wash. Admin. Code. § 458-16-115(3); Wash. Rev. Code § 84.36.015.

[46] Sarah Curry and Luke Ashton, “This Time, It’s Personal: Nebraska’s Personal Property Tax,” Platte Institute, Sept. 26, 2017, <https://www.platteinstitute.org/research/detail/this-time-its-personal-nebraskas-personal-property-tax>.

[47] Montana Chamber of Commerce, “Lower the Business Equipment Tax,” <https://www.montanachamber.com/wp-content/uploads/2017/05/MCC-Issue-Brief-BET.pdf>.

[48] Michigan State Tax Commission, “Assessor Guide to Eligible Manufacturing Personal Property Tax Exemption and ESA,” February 2019, 19-21, https://www.michigan.gov/documents/treasury/Assessor_Guide_to_PPT_Exemptions_101016_538412_7.pdf.

[49] Ga. Code § 48-5-48.2. See also Georgia Department of Revenue, “Freeport Exemption,” <https://dor.georgia.gov/freeport-exemption>.

[50] Mich. Comp. Laws § 211.9c.

[51] Nicole Kaeding, “Does Your State Tax Business Inventory?” Tax Foundation, Sept. 7, 2016, <https://taxfoundation.org/does-your-state-tax-business-inventory/>.

[52] Commonwealth of Kentucky Department of Revenue, “Kentucky Technical Advice Memorandum 18-07,” Nov. 26, 2019, <https://revenue.ky.gov/TaxProfessionals/PublishingImages/Pages/Guidance/KY-TAM-18-07.pdf>.

[53] Mo. Rev. Stat. § 137.115(3).

[54] S.C. Code Ann. § 12-43-220.

[55] Utah Code Ann. § 59-2-1101.

[56] Kan. Stat. Ann. § 79-223.

[57] See generally, Jared Walczak, “Why State-for-Local Tax Swaps Are So Hard to Do,” Tax Foundation, Apr. 18, 2019, <https://taxfoundation.org/state-for-local-tax-swaps/>.

[58] La. Rev. Stat. Ann. § 47:6006.

[59] Tyler Bridges, “Much-maligned inventory tax faces possible phase-out, but powerful forces oppose proposed alternative,” *The (Baton Rouge, La.) Advocate*, May 7, 2017, https://www.theadvocate.com/baton_rouge/news/politics/legislature/article_a14e72f8-31cb-11e7-b7fa-dbe0225bed47.html.

[60] VT. Stat. Ann. tit. 32, § § 3848-3849.

[61] Vermont Department of Taxes, Division of Property Valuation and Review, "Annual Report: Based on 2018 Grand List Data," Jan. 14, 2019, <https://tax.vermont.gov/sites/tax/files/documents/PVR-Annual%20Report-2018%20Grand-List-Data.pdf>.

[62] William F. Stine, "The Effect of Personal Property Tax Repeal on Pennsylvania's Real Estate Tax Growth and Stability," *National Tax Journal*, 56(1), March 2003, 45-60, https://econpapers.repec.org/article/ntjournl/v_3a56_3ay_3a2003_3ai_3a1_3ap_3a45-60.htm.

[63] For information on state conformity on federal depreciation rules for income tax purposes, see Jared Walczak, "Toward a State of Conformity: State Tax Codes a Year After Federal Reform," Tax Foundation, Jan. 28, 2019, 28-29, <https://taxfoundation.org/state-conformity-one-year-after-tcja/>.

[64] Arizona Commerce Authority, "Additional Depreciation," <https://www.azcommerce.com/incentives/additional-depreciation/>.

[65] Walczak, Drenkard, and Bishop-Henchman, *2019 State Business Tax Climate Index*, 42.



Tangible Personal Property De Minimis Exemptions by State, 2024

March 5, 2024 • 3 min read

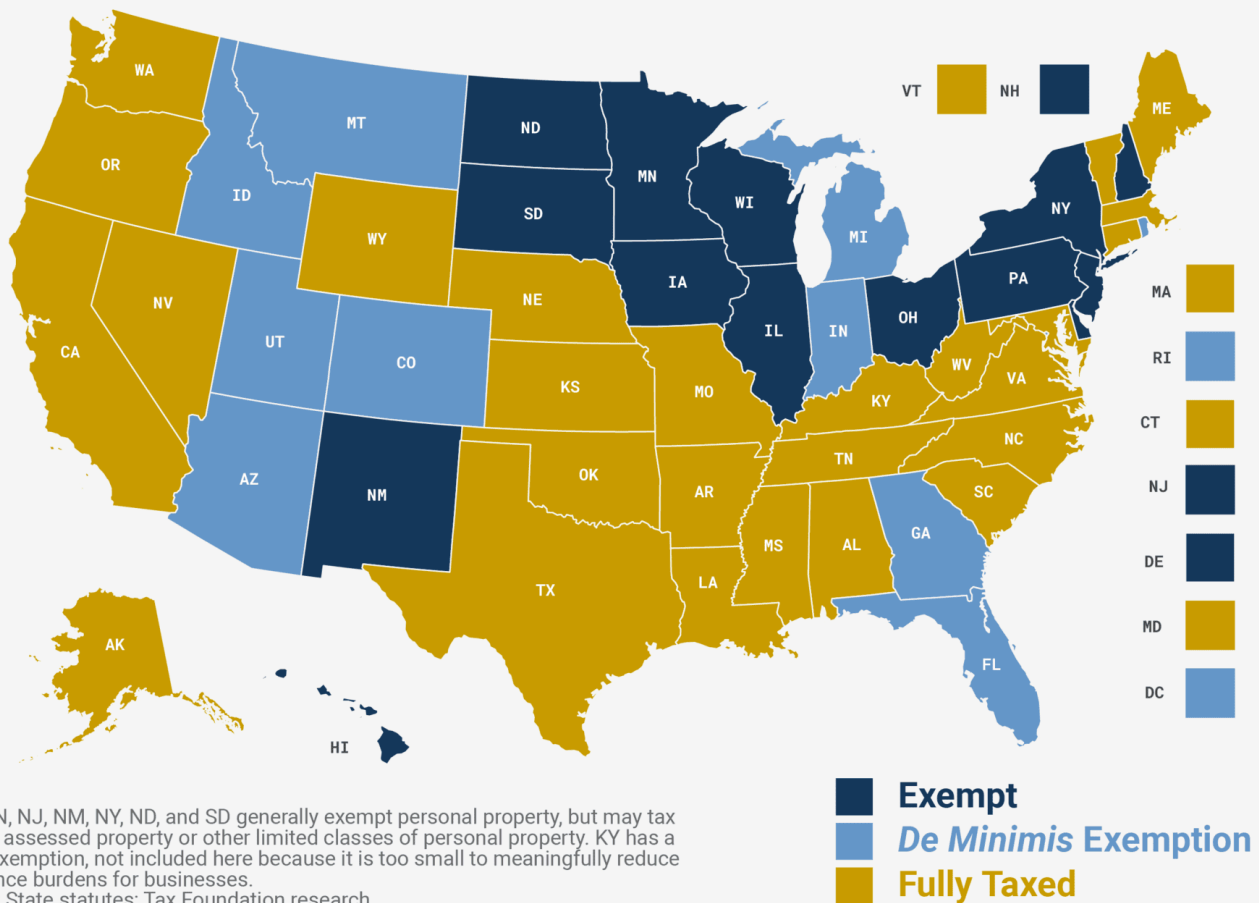
By: [Jared Walczak](#)

In most states, businesses not only pay taxes on their real property (land and structures), but also on their machinery, equipment, fixtures, and supplies, which are classified as tangible personal property (TPP). For many small businesses, the amount owed is negligible, but the compliance costs can be considerable. By allowing a *de minimis* exemption for businesses with only modest amounts of property, states can eliminate these compliance costs for a trivial loss of revenue. Fourteen states broadly exempt tangible personal property from taxation, while another 10 impose taxes on TPP but offer *de minimis* exemptions to avoid unduly burdening businesses with only a small amount of potentially taxable property.

Arizona, Colorado, Idaho, Indiana, Michigan, Montana, and Rhode Island have TPP tax *de minimis* exemptions of \$50,000 or more, while Florida, Georgia, Kentucky, and Utah have lower exemptions. (Kentucky, with an exemption of a mere \$1,000, is so low as to be excluded from the map below.)

Many States Reduce the Burden of Personal Property Taxes

State Tax Treatment of Business Personal Property (2024)



Note: MN, NJ, NM, NY, ND, and SD generally exempt personal property, but may tax centrally assessed property or other limited classes of personal property. KY has a \$1,000 exemption, not included here because it is too small to meaningfully reduce compliance burdens for businesses. Sources: State statutes; Tax Foundation research.

Exempt
De Minimis Exemption
Fully Taxed

Unlike real property taxes, TPP taxes are taxpayer active, meaning that the taxpayer bears the responsibility of determining (subject to audit) their tax liability, rather than receiving a tax bill from the government. Each business must itemize all personal property, with acquisition price and date, and depreciate it according to the appropriate schedule, to determine their taxable base.

We can see how this works by looking at the fairly typical case of the District of Columbia. In D.C., there are different schedules or sub-schedules for (1) reference materials; (2) furniture, fixtures, and machinery and equipment; (3) motor vehicles not registered in D.C.; (4) miscellaneous tangible personal property; and even (5) supplies. For tax purposes, businesses

must report office supplies like stationary and envelopes, or the office kitchen's cleaning supplies and cutlery. Outdoor holiday decorations are depreciated over five years, as are the business's carpets, while paper products are reported at full cost, and desks, chairs, and cabinets depreciate at 10 percent per year.

For small businesses, this can be a lot of work—often wildly disproportionate to the amount actually owed. Meanwhile, the vast majority of TPP tax collections come from a small number of businesses. In an ideal world, they would not pay TPP taxes either, but imposing significant compliance costs on businesses with negligible exposure to the tax is particularly hard to justify.

Consequently, exempting the personal property of small businesses is a highly economical way of reducing taxpayer compliance burdens. Idaho recently exempted 90 percent of all businesses at a cost of about 1.1 percent of property tax collections. Indiana exempted at least 70 percent of businesses for less than 0.5 percent of property tax collections. The District of Columbia exempted 97 percent of businesses from TPP taxes by forgoing less than 1 percent of its property tax revenue. And Colorado recently raised its threshold from \$7,900 to \$50,000—exempting the majority of businesses—at a cost of less than one-sixth of one percent (0.15 percent) of property tax revenue.

Crucially, businesses only get the true benefit of the exemption if they are not required to file. If they must still itemize and depreciate all property, the compliance cost benefits are eliminated.

The time and resources spent itemizing office chairs and adding up the cost of paper towels is a deadweight loss that hurts businesses without helping local governments, and the revenue generated from this exercise is too trivial to justify its imposition on businesses with minimal tax liability.

For an extended analysis of the case for *de minimis* exemptions, [click here](#).

Does Your State Have a Small Business

Exemption for Machinery and Equipment?

State	Exempt	<i>De Minimis</i> Exemption	Fully Taxed
Alabama			✓
Alaska			✓
Arizona		✓	
Arkansas			✓
California (a)			✓
Colorado		✓	
Connecticut			✓
Delaware	✓		
Florida		✓	
Georgia		✓	
Hawaii (b)	✓		
Idaho		✓	
Illinois	✓		
Indiana		✓	
Iowa	✓		
Kansas			✓
Kentucky			✓
Louisiana			✓
Maine			✓
Maryland			✓
Massachusetts			✓
Michigan		✓	

State	Exempt	<i>De Minimis</i> Exemption	Fully Taxed
Minnesota	✓		
Mississippi			✓
Missouri			✓
Montana (c)		✓	
Nebraska			✓
Nevada			✓
New Hampshire	✓		
New Jersey (d)	✓		
New Mexico (b)	✓		
New York	✓		
North Carolina			✓
North Dakota	✓		
Ohio	✓		
Oklahoma			✓
Oregon			✓
Pennsylvania	✓		
Rhode Island		✓	
South Carolina			✓
South Dakota (b)	✓		
Tennessee			✓
Texas			✓
Utah (a)		✓	
Vermont			✓

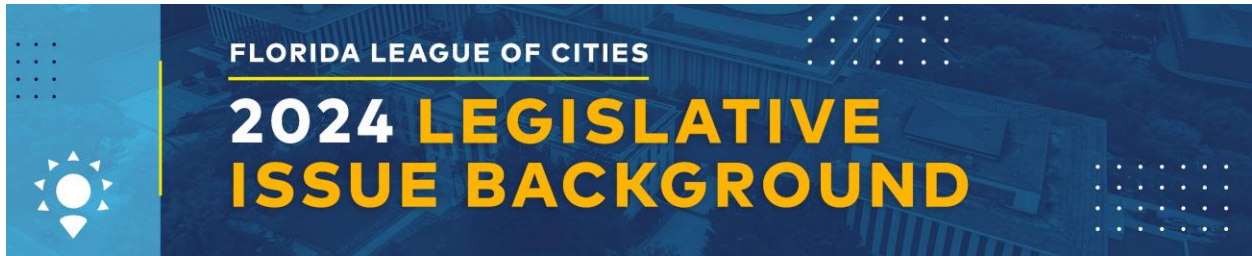
State	Exempt	<i>De Minimis</i> Exemption	Fully Taxed
Virginia (a)			✓
Washington			✓
West Virginia			✓
Wisconsin	✓		
Wyoming			✓
District of Columbia			✓

Note: MN, NJ, NM, NY, ND, and SD generally exempt personal property, but may tax centrally assessed property or other limited classes of personal property. KY has a \$1,000 exemption, not included here because it is too small to meaningfully reduce compliance burdens of businesses.

Sources: State statutes; Tax Foundation research.



Tourism Development Taxes



Tourism Development Taxes

Draft Priority or Policy Statement:

The Florida League of Cities Supports legislation that allows flexibility in how the Tourism Development Tax is used to support operational expenses of police and fire safety and housing affordability. (Submission by Mayor Sladek, City of Oviedo, Florida)

Background:

In previous years, the Finance and Taxation Policy Committee has considered the Tourism Development Tax (TDT) for its potential as a Priority or Policy Statement. TDT has not been adopted for either a Priority or Policy Statement.

During the 2024 Legislative Session, two actions are worthy of note by the State Legislature. The first is the filing of HB 1081 by Rep. Porras which laid out a framework for flexibility for the uses of TDT. The second action is a presentation to the House Ways and Means Committee on February 20, 2024. This background and information presentation was the first time the House Ways and Means Committee had considered this topic since 2017. Significant interest was garnered by Tourism professionals, the various Hospitality and Lodging Associations, the Florida Association of Counties, and the Florida League of Cities. Many members of the House Ways and Means Committee posed questions and concerns about how TDT is administered (Chapman).

2023
**Local Government Financial
Information Handbook**

January 2024

**The Florida Legislature's
Office of Economic and Demographic Research**



Tourist Development Taxes

Section 125.0104, Florida Statutes

Summary:

Section 125.0104, F.S., authorizes five separate tourist development taxes that county governments may levy. Depending on a county's eligibility to levy, the tax rate applied to transient rental transactions varies from a minimum of 3 percent to a maximum of 6 percent. The levies are by vote of the county's governing body or referendum approval. The tax proceeds are used generally for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance; however, the authorized uses vary according to the particular levy. During the 2023-24 state fiscal year, the 62 counties levying a tourist development tax will realize an estimated \$1.81 billion in revenue. The 33 counties not currently levying all possible tourist development taxes will allow an estimated \$112 million to go unrealized.

General Law Amendments:

Chapter 2023-157, L.O.F., (HB 7063) requires that any ordinance enacted to levy any of the tourist development taxes must be approved in a referendum held at a general election. Additionally, the legislation requires that the reenactment or increase of a currently levied tourist development tax must appear on the ballot in a general election within the 48 months preceding the effective date of the reenacted or increased tax, and the referendum may only appear on the ballot once during that 48-month period. Furthermore, the legislation amends s. 125.0104(5)(c), F.S., related to authorized uses of the revenue to increase the population threshold from 225,000 to 275,000 to allow the continued uses of funds for public safety purposes by select counties (i.e., Bay, Okaloosa, and Walton). Also, it allows this use of funds by fiscally constrained counties as described in s. 218.67(1), F.S., that border the Gulf of Mexico or Atlantic Ocean. These changes became effective on July 1, 2023.

On April 7, 2023, the Revenue Estimating Conference reviewed the proposed change to local referenda and adopted a zero cash/zero recurring fiscal impact.¹ The Conference concluded that this change does not increase or decrease local revenues; it only shifts the timing of revenues collected from local levies that may be approved by voters in the future.

Authorization to Levy:

Any county may levy and impose a tourist development tax within its boundaries, except there is no additional levy of a tourist development tax in those municipalities levying the Municipal Resort Tax as authorized in ch. 67-930, L.O.F. Additionally, no county authorized to levy any of the convention development taxes is authorized to levy more than 2 percent of tourist development tax;² however, this restriction does not apply to a county's levy of the Professional Sports Franchise Facility Tax³ and Duval County's levy of the Additional Professional Sports Franchise Facility Tax.⁴ A county may elect to levy a tourist development tax in a subcounty special district, and if it does, the district must embrace all or a significant contiguous portion of the county. The county must also assist the Department of Revenue (DOR) in identifying those rental units within the district that are subject to the tax.

1. http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/_pdf/page387-390.pdf

2. Section 125.0104(3)(b), F.S.

3. Section 125.0104(3)(l)4., F.S.

4. Section 125.0104(3)(n)2., F.S.

These levies require the adoption of an authorizing ordinance by vote of the county's governing body and referendum approval. Depending on the particular tax levy, the effective date of the levy and imposition of the tax is the first day on the second month following approval of the ordinance by referendum, as prescribed in s. 125.0104(6), F.S., or the first day of any subsequent month specified in the ordinance. At least 60 days before the enactment or renewal of the ordinance levying the tax, the county's governing body must adopt a resolution establishing and appointing the members of the county tourist development council and indicating the county's intention to consider the enactment or renewal of an ordinance levying and imposing the tax.

The tourist development council, prior the enactment of the ordinance, must prepare and submit to the county's governing body for its approval a plan for tourist development.⁵ These provisions regarding the establishment of a county tourist development council and the submission of a tourist development plan apply only to the 1 or 2 percent tax pursuant to s. 125.0104(3)(c), F.S., since the other levies are exempted from these requirements. The plan sets forth the anticipated net tax revenue to be derived by the county for two years following the tax levy as well as indicate the tax district in which the tourist development tax is proposed. In addition, the plan provides a list, in order of priority, of the proposed uses of the tax revenue by specific project or use as well as the approximate cost or expense allocation for each specific project or use. The governing body adopts the county plan for tourist development as part of the ordinance levying the tax.

An ordinance enacted or renewed by a county levying a tourist development tax may not take effect until the ordinance levying and imposing the tax has been approved in a referendum held at a general election, as defined in s. 97.021, F.S., by a majority of the electors voting in the election.⁶ Furthermore, a referendum to reenact an expiring tourist development tax must be held at a general election occurring within the 48-month period immediately preceding the reenacted tax's effective date, and the referendum may appear on the ballot only once with that 48-month period.

Administrative Procedures:

It is the Legislature's intent that every person who rents, leases, or lets for consideration any living quarters or accommodations in any hotel, apartment hotel, motel, resort motel, apartment, apartment motel, roominghouse, mobile home park, recreational vehicle park, condominium or timeshare resort for a term of six months or less is exercising a taxable privilege, unless such person rents, leases, or lets for consideration any living quarters or accommodations that are exempt according to the provisions of ch. 212, F.S. The tax is charged by the person receiving the consideration for rent or lease at the time of payment, and this person is responsible for receiving, accounting for, and remitting any applicable tax to the DOR. The DOR keeps records showing the amount of taxes collected, including records disclosing the amount of taxes collected from each county in which a tax is levied and promulgates rules and publishes forms as necessary to enforce these taxes.⁷

A county may exempt itself from the requirements that the tax be administered by the DOR, if the county adopts an ordinance providing for local collection and administration. A portion of the tax collections may be retained by the county for its administrative costs; however, that portion cannot exceed 3 percent of collections. A county electing to locally administer the tax adopts an ordinance electing either to assume all responsibility for auditing the records and accounts of dealers and assessing, collecting, and enforcing payments of delinquent taxes or delegating such authority to the DOR.⁸

5. Section 125.0104(4), F.S.

6. Section 125.0104(6), F.S.

7. Section 125.0104(3), F.S.

8. Section 125.0104(10), F.S.

Reporting Requirements:

For each levy, the county is responsible for furnishing the DOR with a certified copy of the ordinance within 10 days after its approval. If applicable, the county also notifies the DOR within 10 days after the ordinance’s approval by referendum of the time period during which the tax will be levied.⁹

Distribution of Proceeds:

Tax collections received by the DOR, less the costs of administration, are paid monthly to the county, which imposed the particular tax or taxes. The funds are placed in the county tourist development trust fund of the respective county, which is established by each county as a pre-condition to the receipt of such funds.¹⁰

Automatic Expiration on Retirement of Bonds:

If the plan for tourist development approved by the county’s governing body, as amended pursuant to s. 125.0104(4)(d), F.S., includes the acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, or auditorium, or museum or aquarium that is publicly owned or operated or owned and operated by a not-for-profit organization, the county ordinance levying and imposing the tax automatically expires upon the later of either of the following.

1. The retirement of all bonds issued by the county for financing the acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, or auditorium, or museum or aquarium that is publicly owned and operated or owned and operated by a not-for-profit organization.
2. The expiration of any agreement by the county for the operation and maintenance, or both, of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or museum. However, this does not preclude that county from amending the ordinance extending the tax to the extent that the county board determines it necessary to provide funds to operate, maintain, repair, or renew and replace a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or museum or from enacting an ordinance that takes effect without referendum approval, unless the original referendum required ordinance expiration, pursuant to the provisions re-imposing a tourist development tax, upon or following the expiration of the previous ordinance.¹¹

Attorney General Opinions:

Florida’s Attorney General has issued the following legal opinions relevant to this revenue source.

<u>Opinion #</u>	<u>Subject</u>
2021-02	Tourist development tax use for design, engineering
2020-02	Tourist development tax – tourist industry reps
2019-13	Tourist development tax – for-profit museum
2019-02	Tourist development tax – nature center – road shoulder
2017-06	Funding transit system with tourist development tax
2016-18	Tourist development tax expenditures
2015-14	Tourist development tax – nature centers

9. Section 125.0104(4)(a), F.S.

10. Section 125.0104(3)(i), F.S.

11. Section 125.0104(7), F.S.

2014-02	Counties – tourist development tax - taxation
2013-29	Tourist development tax, tourism
2012-38	Tourist development tax, uses
2010-26	Tourist development tax, subcounty special district
2010-09	Tourist development tax, used to stock lakes with fish
2008-26	Local option tourist development, convention centers
2002-34	Tourist development tax, taxability of boat slips
2001-42	Tourist development tax, purchase of beach property
2000-56	Use of tourist development tax to pay debt service
2000-50	Tourist development tax, welcome signs
2000-29	Tourist development tax, transfer of revenues
2000-25	Tourist development tax revenues
2000-15	Tourist development tax, use of tax for museum parking lot
98-74	Tourist development tax, construction of war memorial
97-64	Tourist development tax, convention development tax
97-48	Tourist development tax revenues for artificial reef
97-13	Tourist development tax, foreign national’s residence
96-54	Tourist development tax funds for raceway facility
96-26	Tourist development tax, creation of second district
95-71	Tourist development tax, infrastructure surtax
94-12	County use of tourist development tax revenues for rail trail
92-66	Tourist development tax revenues, purchase of all terrain vehicles
92-34	Use of tourist development tax revenue
92-16	Tourist development tax – Concert in the Park
92-03	Clerk of Court’s authority regarding tourist development tax
91-62	Tourist development tax revenues
90-83	Immunity from suit, county tourist development councils
90-59	Tourist development tax, hydrilla and weed control
90-55	Tourist development tax, beach facilities
90-14	Revenues derived from tourist development tax
89-50	Tourist tax revenues used for travel expenses
88-49	Use of tourist development tax
88-37	Local option tourist development tax
87-16	Use of tourist tax to improve shoreline
86-96	Authority to increase tourist development tax
86-87	Funds used for advertising
86-68	Use of tourist development tax to maintain beaches
83-18	Use of tourist tax for convention center
79-30	Tourist development tax, usage
77-81	Counties, tourist development tax

The full texts of these opinions are available via a searchable on-line database.¹² Local government officials seeking more clarification should review the opinions in their entirety. The reader should keep the date of the

12. <https://www.myfloridalegal.com/ag-opinions>

opinion in mind when reviewing its relevance to current law or any interpretations that have been articulated in Florida case law.

Tax Rates, Taxable Sales, and Estimates of Realized and Unrealized Revenues:

Optional tourist taxes can be a valuable revenue source for tourist facilities development and promotion, and the tables that follow are designed to aid counties in estimating how much revenue will be or could be generated from a tourist tax levy. Although these tables are useful in estimating revenues, the user should recognize their limitations. Besides seasonal factors and normal variations due to general economic conditions, county tourist tax revenues can be influenced by a variety of factors such as the value of the dollar, temporary surpluses or shortages in the stock of hotel and motel rooms, and the availability of convention facilities.

The first table to follow provides a historical summary of tourist and convention development tax impositions, expirations, rate changes, and repeals based on information obtained from the DOR.¹³ The second table contains estimates of taxable sales reported by transient rental facilities on a county-by-county basis for the state fiscal year ending 2024. In order to calculate a revenue estimate using this table, take the county's estimate of taxable sales reported by transient rental facilities and multiply it by the county's applicable or proposed tax rate (i.e., 0.01, 0.02, or 0.03, etc.). The third table summarizes the counties eligible to levy the various local option tourist taxes and shows the applicable 2024 tax rates. The fourth table provides countywide estimates of realized and unrealized revenues during the state fiscal year ending 2024.

Additional Detail:

Additional information regarding each of the five individual authorizations to levy can be found in the sections immediately following the three tables previously discussed. Additional tourist development tax data can be found on the EDR's website.¹⁴

13. Florida Department of Revenue, *History of Local Sales Tax and Current Rates* (Last Updated: August 1, 2023) found at <https://floridarevenue.com/taxes/Documents/flHistorySalesTaxRates.pdf>

14. <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/index.cfm>

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
1 or 2 Percent Tax - s. 125.0104(3)(c), F.S.				
<i>Alachua</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jun. 1, 1987</i>	-
<i>Baker</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>May 1, 2000</i>	-
<i>Bay (select zip codes)</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Mar. 1, 1986</i>	-
<i>Bradford</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1990</i>	-
<i>Brevard</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1986</i>	-
<i>Broward</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1980</i>	-
<i>Charlotte</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Apr. 1, 1984</i>	-
<i>Citrus</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1986</i>	-
<i>Clay</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1989</i>	-
Collier	Imposed Levy	2%	Nov. 1, 1990	Nov. 14, 1991
<i>Collier</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1993</i>	-
<i>Columbia</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1984</i>	-
<i>DeSoto</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2011</i>	-
<i>Dixie</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2011</i>	-
<i>Duval</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1979</i>	-
<i>Escambia</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1980</i>	-
<i>Flagler</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1986</i>	-
<i>Franklin</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2005</i>	-
<i>Gadsden</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2003</i>	-
<i>Gilchrist</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2007</i>	-
<i>Glades</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2009</i>	-
<i>Gulf</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1999</i>	-
<i>Hamilton</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1996</i>	-
<i>Hardee</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2017</i>	-
<i>Hendry</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Feb. 1, 2003</i>	-
<i>Hernando</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1993</i>	-
<i>Highlands</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2003</i>	-
<i>Hillsborough</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Oct. 1, 1978</i>	-
<i>Holmes</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2005</i>	-
<i>Indian River</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Apr. 1, 1987</i>	-
<i>Jackson</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1999</i>	-
<i>Jefferson</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Feb. 1, 2007</i>	-
Lafayette	Imposed Levy	1%	Sep. 1, 1991	Aug. 31, 2006
<i>Lake</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1984</i>	-
<i>Lee</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1982</i>	-
<i>Leon</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>May 1, 1988</i>	-
<i>Levy</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2003</i>	-
<i>Madison</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1999</i>	-
<i>Manatee</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1981</i>	-
<i>Marion</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 2005</i>	-
<i>Martin</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 2002</i>	-
<i>Miami-Dade (select cities exempt)</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1978</i>	-
Monroe (Key West)	Imposed Levy	2%	Dec. 1, 1981	Mar. 31, 1984
<i>Monroe (countywide)</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Apr. 1, 1984</i>	-
<i>Nassau (Amelia Island)</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1989</i>	-
<i>Okaloosa</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1989</i>	-
<i>Okeechobee</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1993</i>	-
<i>Orange</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>May 1, 1978</i>	-
<i>Osceola</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1977</i>	-
Palm Beach	Imposed Levy	1%	Oct. 1, 1982	Dec. 31, 1983
<i>Palm Beach</i>	<i>Increased Rate</i>	<i>2%</i>	<i>Jan. 1, 1984</i>	-
<i>Pasco</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1991</i>	-
<i>Pinellas</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1978</i>	-
<i>Polk</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1986</i>	-
<i>Putnam</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Jan. 1, 1993</i>	-
<i>St. Johns</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Dec. 1, 1986</i>	-
<i>St. Lucie</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1984</i>	-

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
Santa Rosa	Imposed Levy	2%	Jan. 1, 1992	-
Sarasota	Imposed Levy	2%	Nov. 1, 1988	-
Seminole	Imposed Levy	2%	Jan. 1, 1989	-
Sumter	Imposed Levy	2%	Jan. 1, 2005	Sep. 30, 2020
Suwannee	Imposed Levy	2%	Jan. 1, 1991	-
Taylor	Imposed Levy	2%	Dec. 1, 1998	-
Volusia	Imposed Levy	2%	May 1, 1978	-
Wakulla	Imposed Levy	2%	Apr. 1, 1995	-
Walton (select zip codes)	Imposed Levy	2%	Oct. 1, 1986	-
Walton (remainder of county)	Imposed Levy	2%	Mar. 1, 2021	-
Washington	Imposed Levy	2%	Jan. 1, 2001	-
Additional 1 Percent Tax - s. 125.0104(3)(d), F.S.				
Alachua	Imposed Levy	1%	Feb. 1, 1993	-
Baker	Imposed Levy	1%	Jan. 1, 2012	-
Bay (select zip codes)	Imposed Levy	1%	Feb. 1, 1997	-
Bradford	Imposed Levy	1%	Mar. 1, 2007	-
Brevard	Imposed Levy	1%	Dec. 1, 1989	-
Broward	Imposed Levy	1%	Aug. 1, 1987	-
Charlotte	Imposed Levy	1%	Jan. 1, 1993	-
Citrus	Imposed Levy	1%	Oct. 1, 2002	-
Clay	Imposed Levy	1%	Jun. 1, 1999	-
Collier	Imposed Levy	1%	Nov. 1, 1990	Nov. 14, 1991
Collier	Imposed Levy	1%	Jan. 1, 1996	-
Columbia	Imposed Levy	1%	May 1, 1991	Jul. 31, 1994
Columbia	Imposed Levy	1%	Apr. 1, 2010	-
DeSoto	Imposed Levy	1%	Jan. 1, 2015	-
Dixie	Imposed Levy	1%	Oct. 1, 2017	-
Escambia	Imposed Levy	1%	Mar. 1, 1988	-
Flagler	Imposed Levy	1%	Mar. 1, 2004	-
Franklin	Imposed Levy	1%	Jul. 1, 2021	-
Gilchrist	Imposed Levy	1%	Feb. 1, 2020	-
Gulf	Imposed Levy	1%	Feb. 1, 2002	-
Hamilton	Imposed Levy	1%	Jan. 1, 2002	-
Hendry	Imposed Levy	1%	May 1, 2007	-
Hernando	Imposed Levy	1%	Aug. 1, 1998	-
Highlands	Imposed Levy	1%	Aug. 1, 2018	-
Hillsborough	Imposed Levy	1%	Oct. 1, 1986	-
Holmes	Imposed Levy	1%	Jan. 1, 2018	-
Indian River	Imposed Levy	1%	Sep. 30, 1993	-
Jackson	Imposed Levy	1%	Aug. 1, 2004	-
Jefferson	Imposed Levy	1%	Nov. 1, 2017	-
Lake	Imposed Levy	1%	Apr. 1, 2003	-
Lee	Imposed Levy	1%	Mar. 1, 1988	-
Leon	Imposed Levy	1%	Jan. 1, 1994	-
Levy	Imposed Levy	1%	Jan. 1, 2020	-
Madison	Imposed Levy	1%	Dec. 1, 2002	-
Manatee	Imposed Levy	1%	Oct. 1, 1986	-
Marion	Imposed Levy	1%	Nov. 1, 2015	-
Martin	Imposed Levy	1%	May 1, 2008	-
Monroe (Key West)	Imposed Levy	1%	Nov. 1, 1986	Jun. 30, 1987
Monroe (countywide)	Imposed Levy	1%	Jul. 1, 1987	-
Nassau (Amelia Island)	Imposed Levy	1%	Dec. 1, 2008	-
Okaloosa	Imposed Levy	1%	Jul. 1, 1999	-
Okeechobee	Imposed Levy	1%	Dec. 1, 1996	-
Orange	Imposed Levy	1%	Jun. 1, 1986	-
Osceola	Imposed Levy	1%	Jul. 1, 1986	-
Palm Beach	Imposed Levy	1%	Feb. 1, 1989	-
Pasco	Imposed Levy	1%	Oct. 1, 2017	-
Pinellas	Imposed Levy	1%	Jul. 1, 1988	-
Polk	Imposed Levy	1%	Oct. 1, 1990	-
Putnam	Imposed Levy	1%	Feb. 1, 2008	-

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
<i>St. Johns</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 1992</i>	-
<i>St. Lucie</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 1988</i>	-
<i>Santa Rosa</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 1996</i>	-
<i>Sarasota</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 1997</i>	-
<i>Seminole</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 1993</i>	-
<i>Suwannee</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2011</i>	-
<i>Taylor</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2006</i>	-
<i>Wakulla</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Nov. 1, 2011</i>	-
<i>Walton (select zip codes)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 1999</i>	-
<i>Washington</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2006</i>	-
Professional Sports Franchise Facility Tax - s. 125.0104(3)(l), F.S.				
<i>Alachua</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2010</i>	-
<i>Bay (select zip codes)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2009</i>	-
<i>Bradford</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2007</i>	-
<i>Brevard</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 1994</i>	-
<i>Broward</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 1996</i>	-
<i>Charlotte</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2005</i>	-
<i>Citrus</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2017</i>	-
<i>Clay</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2017</i>	-
<i>Collier</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2005</i>	-
<i>Columbia</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2013</i>	-
<i>Duval</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 1994</i>	-
Escambia	Imposed Levy	1%	May 1, 1996	Apr. 30, 1999
<i>Escambia</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2000</i>	-
<i>Flagler</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2010</i>	-
<i>Gulf</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2007</i>	-
<i>Hernando</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2014</i>	-
<i>Highlands</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2018</i>	-
<i>Hillsborough</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 1990</i>	-
<i>Indian River</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2001</i>	-
<i>Jackson</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2004</i>	-
<i>Lake</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2003</i>	-
<i>Lee</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2006</i>	-
<i>Leon</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Nov. 1, 2004</i>	-
<i>Levy</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2020</i>	-
<i>Madison</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2022</i>	-
<i>Manatee</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2003</i>	-
<i>Marion</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Nov. 1, 2015</i>	-
<i>Martin</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2008</i>	-
<i>Miami-Dade (select cities exempt)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 1991</i>	-
<i>Nassau (Amelia Island)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2010</i>	-
<i>Okaloosa (TDT district)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 1999</i>	-
<i>Okaloosa (Expansion district)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2022</i>	-
<i>Orange</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 1995</i>	-
<i>Osceola</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Sep. 1, 1997</i>	-
<i>Palm Beach</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 1994</i>	-
<i>Pasco</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2017</i>	-
<i>Pinellas</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 1996</i>	-
<i>Polk</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 1994</i>	-
<i>Putnam</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2008</i>	-
<i>St. Johns</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2010</i>	-
St. Lucie	Imposed Levy	1%	Aug. 1, 1997	Dec. 31, 2002
<i>St. Lucie</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2003</i>	-
<i>Santa Rosa</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2006</i>	-
<i>Sarasota</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2007</i>	-
<i>Seminole</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2009</i>	-
<i>Taylor</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Sep. 1, 2016</i>	-
<i>Volusia</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2003</i>	-
<i>Wakulla</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2012</i>	-
<i>Walton (select zip codes)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2004</i>	-

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
High Tourism Impact Tax - s. 125.0104(3)(m), F.S.				
<i>Broward</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2018</i>	-
<i>Hillsborough</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2019</i>	-
<i>Monroe</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2009</i>	-
<i>Okaloosa (TDT district)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2023</i>	-
<i>Orange</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 1989</i>	-
<i>Osceola</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 1990</i>	-
<i>Palm Beach</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2015</i>	-
<i>Pinellas</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2016</i>	-
<i>Sarasota</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2022</i>	-
<i>Walton (select zip codes)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2020</i>	-
Additional Professional Sports Franchise Facility Tax - s. 125.0104(3)(n), F.S.				
<i>Alachua</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2010</i>	-
<i>Bay (select zip codes)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2009</i>	-
<i>Brevard</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2005</i>	-
<i>Broward</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 1996</i>	-
<i>Charlotte</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2007</i>	-
<i>Citrus</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2017</i>	-
<i>Clay</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2017</i>	-
<i>Collier</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Sep. 1, 2017</i>	-
<i>Columbia</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2015</i>	-
<i>Duval</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Nov. 1, 1994</i>	-
<i>Escambia</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Apr. 1, 2021</i>	-
<i>Flagler</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2017</i>	-
<i>Gulf</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2015</i>	-
<i>Hernando</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2014</i>	-
<i>Highlands</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2023</i>	-
<i>Hillsborough</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 1994</i>	-
<i>Jackson</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Aug. 1, 2023</i>	-
<i>Lee</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2006</i>	-
<i>Leon</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 2009</i>	-
<i>Madison</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2022</i>	-
<i>Manatee</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2009</i>	-
<i>Martin</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2015</i>	-
<i>Nassau (Amelia Island)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2018</i>	-
<i>Okaloosa (TDT district)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2008</i>	-
<i>Okaloosa (Expansion district)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jan. 1, 2023</i>	-
<i>Orange</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Sep. 1, 2006</i>	-
<i>Osceola</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jul. 1, 2004</i>	-
<i>Palm Beach</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2006</i>	-
<i>Pasco</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2022</i>	-
<i>Pinellas</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Dec. 1, 2005</i>	-
<i>Polk</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2004</i>	-
<i>St. Johns</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 2021</i>	-
<i>St. Lucie</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Mar. 1, 2003</i>	-
<i>Santa Rosa</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Jun. 1, 2014</i>	-
<i>Sarasota</i>	<i>Imposed Levy</i>	<i>0.5%</i>	<i>May 1, 2010</i>	<i>Apr. 30, 2011</i>
<i>Sarasota</i>	<i>Increased Rate</i>	<i>1%</i>	<i>May 1, 2011</i>	-
<i>Seminole</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Feb. 1, 2009</i>	-
<i>Taylor</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Nov. 1, 2016</i>	-
<i>Walton (select zip codes)</i>	<i>Imposed Levy</i>	<i>0.5%</i>	<i>Oct. 1, 2009</i>	<i>Sep. 30, 2014</i>
Tourist Impact Tax - s. 125.0108, F.S.				
<i>Monroe</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>May 1, 1988</i>	-
Consolidated County Convention Development Tax - s. 212.0305(4)(a), F.S.				
<i>Duval</i>	<i>Imposed Levy</i>	<i>2%</i>	<i>Nov. 1, 1984</i>	-
Charter County Convention Development Tax - s. 212.0305(4)(b), F.S.				
<i>Miami-Dade (select cities exempt)</i>	<i>Imposed Levy</i>	<i>3%</i>	<i>May 1, 1984</i>	-
Special District Convention Development Tax - s. 212.0305(4)(c), F.S.				
<i>Volusia (portion)</i>	<i>Imposed Levy</i>	<i>1%</i>	<i>Oct. 1, 1984</i>	<i>Aug. 31, 1991</i>
<i>Volusia (portion)</i>	<i>Increased Rate</i>	<i>2%</i>	<i>Sep. 1, 1991</i>	<i>Sep. 30, 1995</i>

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
Volusia (portion)	Increased Rate	3%	Oct. 1, 1995	-
Note: This levy is imposed within the jurisdiction of the Halifax Area Advertising Authority.				
Special Convention Development Tax - s. 212.0305(4)(d), F.S.				
Volusia (portion)	Imposed Levy	1%	Oct. 1, 1987	Mar. 31, 1992
Volusia (portion)	Increased Rate	2%	Apr. 1, 1992	Sep. 30, 2000
Volusia (portion)	Increased Rate	3%	Oct. 1, 2000	-
Note: This levy is imposed within the jurisdiction of the Southeast Volusia Advertising Authority.				
Subcounty Convention Development Tax - s. 212.0305(4)(e), F.S.				
Volusia (portion)	Imposed Levy	1%	Oct. 1, 1984	Aug. 31, 1991
Volusia (portion)	Increased Rate	2%	Sep. 1, 1991	Sep. 30, 1995
Volusia (portion)	Increased Rate	3%	Oct. 1, 1995	-
Note: This levy is imposed within the jurisdiction of the West Volusia Advertising Authority.				
Local Administration of Tourist Taxes				
County	Effective Date	Termination Date		
Alachua	Jul. 1, 2001			
Baker	May 1, 2000			
Bay	Jan. 1, 1994			
Brevard	Oct. 1, 1992			
Broward	Mar. 1, 1994			
Charlotte	Sep. 1, 1990			
Citrus	Sep. 1, 1991	Dec. 31, 2005		
Clay	Jan. 1, 1989			
Collier	Jan. 1, 1993			
Duval	Dec. 1, 1990			
Escambia	Jun. 1, 1989			
Flagler	Jul. 1, 2018			
Gulf	Jun. 1, 2001			
Hernando	Jan. 1, 1993			
Highlands	Jan. 1, 2014	Mar. 31, 2018		
Hillsborough	Jan. 1, 1992			
Indian River	Oct. 1, 2000			
Lake	Nov. 1, 1998			
Lee	May 1, 1988			
Leon	Oct. 1, 1994			
Manatee	Oct. 1, 1989			
Marion	Apr. 1, 2008			
Martin	Nov. 1, 2002			
Miami-Dade	Apr. 1, 1988			
Monroe (Tourist Development Taxes)	Jan. 1, 1991			
Monroe (Tourist Impact Tax)	Jan. 1, 1996			
Nassau	May 1, 1989			
Okaloosa	Jul. 1, 1992	Feb. 28, 2017		
Okaloosa (TDT district)	Jan. 1, 2022			
Okaloosa (Expansion district)	Mar. 1, 2022			
Orange	Jan. 1, 1992			
Osceola	May 1, 1992			
Palm Beach	Jan. 1, 1993			
Pasco	Oct. 1, 2019			
Pinellas	Oct. 1, 1990			
Polk	Jan. 1, 1994			
Putnam	Apr. 1, 1999			
St. Johns	Aug. 1, 1988			
St. Lucie	May 1, 1991			
Santa Rosa	May 1, 1994			
Sarasota	Jun. 1, 1992			
Seminole	Sep. 1, 1993			
Suwannee	Nov. 1, 2001			
Taylor	Jul. 1, 2006			
Volusia (Tourist Development Taxes)	Apr. 1, 1990			
Volusia (Convention Development Tax)	Apr. 1, 1990			
Wakulla	Dec. 1, 1996	Sep. 30, 2009		

History of Local Option Tourist Tax Levies

Summary of Impositions, Expirations, and Rate Changes

Active Levies, as of August 1, 2023, Are Noted in Bold Italics.

County	Action	Rate	Effective Date	Expiration Date
<i>Walton (select zip codes)</i>	<i>Oct. 1, 1991</i>			

Note: The Miami-Dade municipalities of Bal Harbour and Surfside impose a 4% Municipal Resort Tax and are exempt from the county's levies of the Tourist Development Tax and Convention Development Tax. The municipality of Miami Beach imposes a 4% Municipal Resort Tax and is exempt from the county's Tourist Development Tax levy, but is not exempt from the county's Convention Development Tax levy.

Data Source: Based on the current rates reported in Florida Department of Revenue's "History of Local Sales Tax and Current Rates" (Last Updated: August 1, 2023) available at <https://floridarevenue.com/taxes/Documents/flHistorySalesTaxRates.pdf>.

Estimates of Taxable Sales Reported by Transient Rental Facilities State Fiscal Year Ending June 30, 2024	
County	Estimate
Alachua	\$ 176,684,785
Baker	\$ 8,420,276
Bay	\$ 1,018,963,601
Bradford	\$ 5,129,070
Brevard	\$ 503,404,829
Broward	\$ 2,360,051,223
Calhoun	\$ 249,717
Charlotte	\$ 176,347,926
Citrus	\$ 68,100,451
Clay	\$ 34,719,574
Collier	\$ 1,105,219,565
Columbia	\$ 42,632,881
DeSoto	\$ 4,406,481
Dixie	\$ 4,994,657
Duval	\$ 595,776,312
Escambia	\$ 508,163,649
Flagler	\$ 107,580,048
Franklin	\$ 125,734,227
Gadsden	\$ 9,960,674
Gilchrist	\$ 5,673,813
Glades	\$ 1,462,466
Gulf	\$ 115,864,093
Hamilton	\$ 2,086,710
Hardee	\$ 4,027,143
Hendry	\$ 17,356,161
Hernando	\$ 52,841,961
Highlands	\$ 42,054,520
Hillsborough	\$ 1,105,881,397
Holmes	\$ 5,301,505
Indian River	\$ 126,968,860
Jackson	\$ 15,988,925
Jefferson	\$ 3,382,985
Lafayette	\$ 2,727,364
Lake	\$ 124,369,861
Lee	\$ 1,353,192,075
Leon	\$ 173,753,628
Levy	\$ 21,289,688
Liberty	\$ 262,010
Madison	\$ 5,836,902
Manatee	\$ 701,002,102
Marion	\$ 147,101,234
Martin	\$ 125,085,163
Miami-Dade	\$ 5,136,544,853
Monroe	\$ 2,208,877,873
Nassau	\$ 206,548,643
Okaloosa	\$ 967,103,024
Okeechobee	\$ 17,613,662
Orange	\$ 6,231,489,630
Osceola	\$ 1,584,424,615
Palm Beach	\$ 1,495,092,459
Pasco	\$ 137,599,574
Pinellas	\$ 1,770,613,788
Polk	\$ 496,915,104
Putnam	\$ 23,515,731
St. Johns	\$ 581,554,209
St. Lucie	\$ 171,475,655
Santa Rosa	\$ 168,986,339
Sarasota	\$ 878,723,415
Seminole	\$ 140,001,748
Sumter	\$ 73,622,851
Suwannee	\$ 14,504,895
Taylor	\$ 15,119,625
Union	\$ 225,681
Volusia	\$ 622,006,781
Wakulla	\$ 8,843,526
Walton	\$ 1,545,191,700
Washington	\$ 4,857,332
Statewide Total	\$ 35,511,503,225

2024 Local Option Tourist / Food and Beverage / Tax Rates in Florida's Counties

Local Option Taxes on Transient Rental Transactions

County	Tourist Development Taxes s. 125.0104(3), F.S.				Tourist Impact Tax s. 125.0108, F.S. (1%)	Convention Development Taxes s. 212.0305(4), F.S.			Food and Beverage Taxes s. 212.0306, F.S.		Unutilized Tax Rate	Current Tax Rate	Maximum Potential Tax Rate
	Original Tax (1 or 2%)	Additional Tax (1%)	Professional Sports Franchise Tax (up to 1%)	High Tourism Impact Tax (1%)		Additional Professional Sports Franchise Tax (up to 1%)	Consolidated County Convention Tax (2%)	Charter County Convention Tax (3%)	Special District, Subcounty Convention Tax (up to 3%)	Food and Beverages in Hotels and Motels (2%)			
Alachua *	2	1	1		1						0	5	5
Baker *	2	1	1		1						2	3	2
Bay *	2	1	1		1						1	5	1
Bradford	2	1	1		1						1	5	1
Brevard *	2	1	1		1						0	5	0
Broward *	2	1	1		1						0	5	0
Calhoun	2	1	1		1						4	0	4
Charlotte *	2	1	1		1						0	5	0
Citrus	2	1	1		1						0	5	0
Clay *	2	1	1		1						0	5	0
Collier *	2	1	1		1						1	5	1
Columbia	2	1	1		1						0	5	0
DeSoto	2	1	1		1						2	5	2
Dixie	2	1	1		1						2	5	2
Duval *	2	1	1		1						0	6	0
Escambia *	2	1	1		1						0	5	0
Flagler *	2	1	1		1						0	5	0
Franklin	2	1	1		1						2	5	2
Gadsden	2	1	1		1						2	5	2
Gilchrist	2	1	1		1						2	5	2
Glades	2	1	1		1						3	5	3
Gulf *	2	1	1		1						2	5	2
Hamilton	2	1	1		1						2	5	2
Hardee	2	1	1		1						2	5	2
Henry	2	1	1		1						2	5	2
Hernando *	2	1	1		1						0	5	0
Highlands	2	1	1		1						0	5	0
Hillsborough *	2	1	1		1						0	6	0
Holmes	2	1	1		1						2	5	2
Indian River *	2	1	1		1						1	5	1
Jackson	2	1	1		1						0	5	0
Jefferson	2	1	1		1						2	5	2
Lafayette	2	1	1		1						4	0	4
Lake *	2	1	1		1						1	5	1
Lee *	2	1	1		1						1	5	1
Leon *	2	1	1		1						0	5	0
Levy	2	1	1		1						1	5	1
Liberty	2	1	1		1						4	0	4
Madison	2	1	1		1						0	5	0
Manatee *	2	1	1		1						0	5	0
Marion *	2	1	1		1						1	5	1
Marlin *	2	1	1		1						0	5	0
Miami-Dade *	2	1	1		1						0	6	0
Montroe	2	1	1		1						2	7	2
Nassau *	2	1	1		1						0	5	0
Okaloosa *	2	1	1		1						0	6	0
Okeechobee	2	1	1		1						2	5	2
Orange *	2	1	1		1						0	6	0
Osceola *	2	1	1		1						0	6	0
Palm Beach *	2	1	1		1						0	6	0
Pasco *	2	1	1		1						0	5	0

2024 Local Option Tourist / Food and Beverage / Tax Rates in Florida's Counties

Local Option Taxes on Transient Rental Transactions

County	Tourist Development Taxes s. 125.0104(3), F.S.				Tourist Impact Tax s. 125.0108, F.S. (1%)	Convention Development Taxes s. 212.0305(4), F.S.			Local Option Food and Beverage Taxes s. 212.0306, F.S.				
	Original Tax (1 or 2%)	Additional Tax (1%)	Professional Sports Franchise Facility Tax (up to 1%)	High Tourism Impact Tax (1%)		Additional Professional Sports Franchise Facility Tax (up to 1%)	Consolidated County Convention Tax (2%)	Charter County Convention Tax (3%)	Special District, Subcounty Convention Tax (up to 3%)	Maximum Potential Tax Rate	Current Tax Rate	Unutilized Tax Rate	Food and Beverages in Hotels and Motels (2%)
Pinellas*	2	1	1	1	1				6	6	0		
Polk*	2	1	1	1	1				4	4	1		
Putnam*	2	1	1	1	1				5	5	0		
St. Johns*	2	1	1	1	1				5	5	0		
St. Lucie*	2	1	1	1	1				5	5	0		
Santa Rosa*	2	1	1	1	1				5	5	0		
Sarasota*	2	1	1	1	1				5	5	0		
Seminole*	2	1	1	1	1				4	0	4		
Sumter	2	1	1	1	1				5	5	0		
Suwannee*	2	1	1	1	1				4	0	4		
Taylor*	2	1	1	1	1				5	3	2		
Union	2	1	1	1	1				5	5	0		
Volusia*	2	1	1	1	1			3	4	0	4		
Wakulla	2	1	1	1	1				6	6	0		
Walton*	2	1	1	1	1			3	5	4	1		
Washington	2	1	1	1	1				6	5	1		
# Eligible to Levy:	67	59	67	14	1	1	1	1	1	1	1	1	1
# Levying:	62	56	46	10	1	1	1	1	1	62	1	1	1

Notes:

- 1) County names followed by an asterisk indicate those counties that self-administer these taxes, and boxed areas indicate those counties eligible to impose a particular tax.
- 2) Pursuant to s. 125.0104(3)(d), F.S., no county can levy the Additional Tax unless the county has imposed the Original Tax [i.e., s. 125.0104(3)(c), F.S.] for a minimum of three years prior to the effective date of the levy and imposition of the Additional Tax.
- 3) Pursuant to s. 125.0104(3)(b), F.S., no county authorized to levy a convention development tax pursuant to s. 212.0305, F.S., (i.e., Duval, Miami-Dade, and Volusia) is allowed to levy more than 2% of tourist development taxes. However, pursuant to s. 125.0104(3)(f), F.S., this prohibition does not apply to the levy of the Professional Sports Franchise Facility Tax. In addition, this prohibition does not apply in a county authorized to levy the Consolidated County Convention Development Tax if such county also levies the Additional Professional Sports Franchise Facility Tax, pursuant to s. 125.0104(3)(n), F.S. This exemption is applicable only to Duval County.
- 4) Pursuant to s. 125.0104(3)(n), F.S., only a county that has levied the Professional Sports Franchise Facility Tax [i.e., s. 125.0104(3)(l), F.S.] is eligible to levy the Additional Professional Sports Franchise Facility Tax. Consequently, the levy of the Professional Sports Franchise Facility Tax must occur prior to the levy of the Additional Professional Sports Franchise Facility Tax.
- 5) The county-wide tourist development tax rate for Miami-Dade County is 3% except within the municipal jurisdictions of Bal Harbour, Miami Beach, and Surfside, which are eligible to impose the Municipal Resort Tax.
- 6) The tourist development tax levies in Bay, Nassau, and Walton counties are less than countywide. In Okaloosa County, the rate is 6% within the Tourist Development Tax district, but 5% within the Expansion district.
- 7) In Santa Rosa County, the countywide tourist development tax rate is 2%. The rate in the special taxing district of Navarre Beach is 3%; however, the funds generated from this levy go to Escambia County pursuant to an agreement adopted when this area was transferred to Santa Rosa County by Escambia County.
- 8) Pursuant to s. 125.0104(3)(m), F.S., a county is considered to be a high tourism impact county after the Department of Revenue has certified to such county that the sales subject to the tax levied pursuant to this section exceeded \$600 million during the previous calendar year or were at least 18% of the county's total taxable sales under Ch. 212, F.S., where the sales subject to the tax levied pursuant to this section were a minimum of \$200 million. No county authorized to levy a Convention Development Tax shall be considered a high tourism impact county. Once a county qualifies as a high tourism impact county, it shall retain this designation for the period of the tax levy.

Data Source: Based on the current rates reported in Florida Department of Revenue's "History of Local Sales Tax and Current Rates" (Last Updated: August 1, 2023) available at <https://floridarevenue.com/taxes/Documents/HistorySalesTaxRates.pdf>.

Local Option Tourist Tax Levies in Florida's Counties

Estimation of Realized and Unrealized Tax Revenues

State Fiscal Year Ending June 30, 2024

County	Estimated Tax Revenues @ 1% Tax Rate	Tourist Development and Tourist Impact Tax Levies				Convention Development Tax Levies				
		Maximum Potential Tax Rate	Current Tax Rate	Countywide Realized Tax Revenues	Unutilized Tax Rate	Countywide Unrealized Tax Revenues	Maximum Potential Tax Rate	Current Tax Rate	Countywide Realized Tax Revenues	Unutilized Tax Rate
Alachua	\$ 1,766,848	5	5	\$ 8,834,239	0	\$ -	-	\$ -	-	\$ -
Baker	\$ 84,203	5	3	\$ 252,608	2	\$ 168,406	-	\$ -	-	\$ -
Bay	\$ 10,189,636	6	5	\$ 50,948,180	1	\$ 10,189,636	-	\$ -	-	\$ -
Bradford	\$ 51,291	5	4	\$ 205,163	1	\$ 51,291	-	\$ -	-	\$ -
Brevard	\$ 5,034,048	5	5	\$ 25,170,241	0	\$ -	-	\$ -	-	\$ -
Broward	\$ 23,600,512	6	6	\$ 141,603,073	0	\$ -	-	\$ -	-	\$ -
Calhoun	\$ 2,497	4	0	\$ -	4	\$ 9,989	-	\$ -	-	\$ -
Charlotte	\$ 1,763,479	5	5	\$ 8,817,396	0	\$ -	-	\$ -	-	\$ -
Citrus	\$ 681,005	5	5	\$ 3,405,023	0	\$ -	-	\$ -	-	\$ -
Clay	\$ 347,196	5	5	\$ 1,735,979	0	\$ -	-	\$ -	-	\$ -
Collier	\$ 11,052,196	6	5	\$ 55,260,978	1	\$ 11,052,196	-	\$ -	-	\$ -
Columbia	\$ 426,329	5	5	\$ 2,131,644	0	\$ -	-	\$ -	-	\$ -
DeSoto	\$ 44,065	5	3	\$ 132,194	2	\$ 88,130	-	\$ -	-	\$ -
Dixie	\$ 49,947	5	3	\$ 149,840	2	\$ 99,893	-	\$ -	-	\$ -
Duval	\$ 5,957,763	4	4	\$ 23,831,052	0	\$ -	-	\$ 11,915,526	0	\$ -
Escambia	\$ 5,081,636	5	5	\$ 25,408,182	0	\$ -	-	\$ -	-	\$ -
Flagler	\$ 1,075,800	5	5	\$ 5,379,002	0	\$ -	-	\$ -	-	\$ -
Franklin	\$ 1,257,342	5	3	\$ 3,772,027	2	\$ 2,514,685	-	\$ -	-	\$ -
Gadsden	\$ 99,607	5	2	\$ 199,213	3	\$ 298,820	-	\$ -	-	\$ -
Glachrist	\$ 56,738	5	3	\$ 170,214	2	\$ 113,476	-	\$ -	-	\$ -
Glades	\$ 14,625	5	2	\$ 29,249	3	\$ 43,874	-	\$ -	-	\$ -
Gulf	\$ 1,158,641	5	5	\$ 5,793,205	0	\$ -	-	\$ -	-	\$ -
Hamilton	\$ 20,867	5	3	\$ 62,601	2	\$ 41,734	-	\$ -	-	\$ -
Hardee	\$ 40,271	5	2	\$ 80,543	3	\$ 120,814	-	\$ -	-	\$ -
Hendry	\$ 173,562	5	3	\$ 520,685	2	\$ 347,123	-	\$ -	-	\$ -
Hernando	\$ 528,420	5	5	\$ 2,642,098	0	\$ -	-	\$ -	-	\$ -
Highlands	\$ 420,545	5	5	\$ 2,102,726	0	\$ -	-	\$ -	-	\$ -
Hillsborough	\$ 11,058,814	6	6	\$ 66,352,884	0	\$ -	-	\$ -	-	\$ -
Holmes	\$ 53,015	5	3	\$ 159,045	2	\$ 106,030	-	\$ -	-	\$ -
Indian River	\$ 1,269,689	5	4	\$ 5,078,754	1	\$ 1,269,689	-	\$ -	-	\$ -
Jackson	\$ 159,889	5	5	\$ 799,446	0	\$ -	-	\$ -	-	\$ -
Jefferson	\$ 33,830	5	3	\$ 101,490	2	\$ 67,660	-	\$ -	-	\$ -
Lafayette	\$ 27,274	4	0	\$ -	4	\$ 109,095	-	\$ -	-	\$ -
Lake	\$ 1,243,699	5	4	\$ 4,974,794	1	\$ 1,243,699	-	\$ -	-	\$ -
Lee	\$ 13,531,921	6	5	\$ 67,659,604	1	\$ 13,531,921	-	\$ -	-	\$ -
Leon	\$ 1,737,536	5	5	\$ 8,687,681	0	\$ -	-	\$ -	-	\$ -
Levy	\$ 212,897	5	4	\$ 851,588	1	\$ 212,897	-	\$ -	-	\$ -
Liberty	\$ 2,620	4	0	\$ -	4	\$ 10,480	-	\$ -	-	\$ -
Madison	\$ 58,369	5	5	\$ 291,845	0	\$ -	-	\$ -	-	\$ -
Manatee	\$ 7,010,021	5	5	\$ 35,050,105	0	\$ -	-	\$ -	-	\$ -
Manion	\$ 1,471,012	5	4	\$ 5,884,049	1	\$ 1,471,012	-	\$ -	-	\$ -
Martin	\$ 1,250,852	5	5	\$ 6,254,258	0	\$ -	-	\$ -	-	\$ -
Miami-Dade	\$ 51,365,449	3	3	\$ 154,096,346	0	\$ -	-	\$ 154,096,346	0	\$ -

Local Option Tourist Tax Levies in Florida's Counties

Estimation of Realized and Unrealized Tax Revenues

State Fiscal Year Ending June 30, 2024

County	Tourist Development and Tourist Impact Tax Levies				Convention Development Tax Levies						
	Estimated Tax Revenues @ 1% Tax Rate	Maximum Potential Tax Rate	Current Tax Rate	Countywide Realized Tax Revenues	Unutilized Tax Rate	Countywide Unrealized Tax Revenues	Maximum Potential Tax Rate	Current Tax Rate	Countywide Realized Tax Revenues	Unutilized Tax Rate	Countywide Unrealized Tax Revenues
Monroe	\$ 22,088,779	7	5	\$ 110,443,894	2	\$ 44,177,557			\$ -		\$ -
Nassau	\$ 2,065,486	5	5	\$ 10,327,432	0	\$ -			\$ -		\$ -
Okaloosa	\$ 9,671,030	6	6	\$ 58,026,181	0	\$ -			\$ -		\$ -
Okeechobee	\$ 176,137	5	3	\$ 528,410	2	\$ 352,273			\$ -		\$ -
Orange	\$ 62,314,896	6	6	\$ 373,889,378	0	\$ -			\$ -		\$ -
Osceola	\$ 15,844,246	6	6	\$ 95,065,477	0	\$ -			\$ -		\$ -
Palm Beach	\$ 14,950,925	6	6	\$ 89,705,548	0	\$ -			\$ -		\$ -
Pasco	\$ 1,375,996	5	5	\$ 6,879,979	0	\$ -			\$ -		\$ -
Pinellas	\$ 17,706,138	6	6	\$ 106,236,827	0	\$ -			\$ -		\$ -
Polk	\$ 4,969,151	6	5	\$ 24,845,755	1	\$ 4,969,151			\$ -		\$ -
Putnam	\$ 235,157	5	4	\$ 940,629	1	\$ 235,157			\$ -		\$ -
St. Johns	\$ 5,815,542	5	5	\$ 29,077,710	0	\$ -			\$ -		\$ -
St. Lucie	\$ 1,714,757	5	5	\$ 8,573,783	0	\$ -			\$ -		\$ -
Santa Rosa	\$ 1,689,863	5	5	\$ 8,449,317	0	\$ -			\$ -		\$ -
Sarasota	\$ 8,787,234	6	6	\$ 52,723,405	0	\$ -			\$ -		\$ -
Seminole	\$ 1,400,017	5	5	\$ 7,000,087	0	\$ -			\$ -		\$ -
Sumter	\$ 736,229	4	0	\$ -	4	\$ 2,944,914			\$ -		\$ -
Suwannee	\$ 145,049	5	3	\$ 435,147	2	\$ 290,098			\$ -		\$ -
Taylor	\$ 151,196	5	5	\$ 755,981	0	\$ -			\$ -		\$ -
Union	\$ 2,257	4	0	\$ -	4	\$ 9,027			\$ -		\$ -
Volusia	\$ 6,220,068	3	3	\$ 18,660,203	0	\$ -	3	3	\$ 18,660,203	0	\$ -
Wakulla	\$ 88,435	5	4	\$ 353,741	1	\$ 88,435			\$ -		\$ -
Walton	\$ 15,451,917	6	5	\$ 77,259,585	1	\$ 15,451,917			\$ -		\$ -
Washington	\$ 48,573	5	3	\$ 145,720	2	\$ 97,147			\$ -		\$ -
Statewide	\$ 355,115,032			\$ 1,805,203,437		\$ 111,778,225			\$ 184,672,075		\$ -

Notes:

- 1) The shaded cells indicate those counties that are not eligible to levy convention development taxes.
- 2) A county's unrealized tax rate is determined by subtracting its tax rate, as of August 1, 2023, from its maximum potential tax rate.
- 3) The countywide realized and unrealized tax revenues reflect estimates for the entire state fiscal year (i.e., July 1, 2023 through June 30, 2024).

Data Sources:

- 1) Office of Economic and Demographic Research, Table: 2024 Local Option Tourist / Food and Beverage / Tax Rates in Florida's Counties.
- 2) Office of Economic and Demographic Research, Table: Estimates of Taxable Sales Reported by Transient Rental Facilities: SFY 2023-24.

1 or 2 Percent Tax

Section 125.0104(3)(c), Florida Statutes

Summary:

This tourist development tax may be levied by the county's governing body at a rate of 1 or 2 percent on the total consideration charged for transient rental transactions. The tax is levied pursuant to an ordinance containing the enacted county tourist development plan. The ordinance must be approved in a countywide referendum election or by a majority of voters in the subcounty special tax district affected by the tax.¹ Generally, the tax proceeds are used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance. During the 2023-24 state fiscal year, 62 of the eligible 67 counties currently levying this tax will realize an estimated \$709 million in revenue. The five counties not currently levying this tax at the maximum rate will allow an estimated \$1.5 million to go unrealized.

Counties Eligible to Levy:

All counties are eligible to levy the tax.

Authorized Uses of Proceeds:

The county must use the tax proceeds for the following purposes, and any use of the tax proceeds not expressly authorized is prohibited.²

1. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more:
 - a. publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, or auditoriums within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - b. auditoriums that are publicly owned and open to the public but operated by organizations that is exempt from federal taxation under 26 U.S.C. s. 501(c)(3) and within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - c. aquariums or museums that are publicly owned and operated or owned and operated by non-for-profit organizations and open to the public, within the boundaries of the county or subcounty special taxing district in which the tax is levied.
2. To promote zoological parks that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public.
3. To promote and advertise tourism in Florida, nationally, and internationally. However, if the tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.
4. To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county. This may include any indirect administrative costs for services performed by the county on behalf of the promotion agency.
5. To finance beach park facilities or beach, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control, including construction of beach groins and shoreline

1. Section 125.0104(6), F.S.

2. Section 125.0104(5), F.S.

protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, channel, estuary, lagoon, or inland lake or river. However, any funds identified by a county as the local matching source for beach renourishment, restoration, or erosion control projects included in the long-range budget plan of the state's Beach Management Plan, pursuant to s. 161.091, F.S., or funds contractually obligated by a county in the financial plan for a federally authorized shore protection project may not be used or loaned for any other purpose. In counties of fewer than 100,000 population, up to 10 percent of tourist development tax revenues may be used for beach park facilities.

6. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities within the boundaries of the county or subcounty special taxing district in which the tax is levied, if the public facilities are needed to increase tourist-related business activities in the county or subcounty special district and are recommended by the county tourist development council created pursuant to s. 125.0104(4)(e), F.S. Tax revenues may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. As used in this subparagraph, the term "public facilities" means major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. Tax revenues may be used for these purposes only if all of the following conditions are satisfied.
 - a. In the county fiscal year immediately preceding the fiscal year in which the tax revenues were initially used for such purposes, at least \$10 million in tourist development tax revenue was received.
 - b. The county governing board approves the use for the proposed public facilities by a vote of at least two-thirds of its membership.
 - c. No more than 70 percent of the cost of the proposed public facilities will be paid for with tourist development tax revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board.
 - d. At least 40 percent of all tourist development tax revenues collected in the county are spent to promote and advertise tourism.
 - e. An independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county.

Authorized purposes 1-2 may be implemented through service contracts and leases with lessees that have sufficient expertise or financial capability to operate such facilities.

A county having a total population less than 950,000 may also use the proceeds to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more zoological parks, fishing piers, or nature centers that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public. All population figures relating to this authority are based on the most recent official population estimates, pursuant to s. 186.901, F.S., and these population estimates are those in effect on July 1st of each year.

A county located adjacent to the Gulf of Mexico or the Atlantic Ocean, except a county that receives revenue from taxes levied pursuant to s. 125.0108, F.S., which meets the following criteria may use up to 10 percent of the tax revenue received pursuant to this section to reimburse expenses incurred in providing public safety services, including emergency medical services as defined in s. 401.107(3), F.S., and law enforcement services,

which are needed to address impacts related to increased tourism and visitors to an area. However, if taxes collected pursuant to this section are used to reimburse emergency medical services or public safety services for tourism or special events, the governing board of a county or municipality may not use such taxes to supplant the normal operating expenses of an emergency medical services department, a fire department, a sheriff's office, or a police department. To receive reimbursement, the county must:

1. a) Generate a minimum of \$10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section; b) have at least three municipalities; and c) have an estimated population of less than 275,000, according to the most recent population estimate prepared pursuant to s. 186.901, F.S., excluding the inmate population.
2. Be a fiscally constrained county as described in s. 218.67(1), F.S.

Finally, the proceeds may be pledged to secure and liquidate revenue bonds issued by the county for the purposes set forth in s. 125.0104(5)(a)1., 2., and 5., F.S., or to refund bonds previously issued for such purposes or both. However, no more than 50 percent of the proceeds may be pledged to secure and liquidate revenue bonds or revenue refunding bonds previously issued for the purposes set forth in s. 125.0104(5)(a)5., F.S. Such revenue bonds and revenue refunding bonds may be authorized and issued in such principal amounts, with such interest rates and maturity dates, and subject to such other terms, conditions, and covenants as the county's governing board provides.

Additional 1 Percent Tax

Section 125.0104(3)(d), Florida Statutes

Summary:

In addition to the 1 or 2 percent tax authorized in s. 125.0104(3)(c), F.S., the county's governing body may levy an additional 1 percent tax on the total consideration charged for transient rental transactions. The tax is levied pursuant to an ordinance adopted by an extraordinary vote of the governing body for the purposes set forth in s. 125.0104(5), F.S., or referendum approval by the registered voters within the county or subcounty special district.

The provisions in s. 125.0104(4)(a)-(d), F.S., regarding the preparation of the county tourist development plan are not applicable to this tax. No county can levy this additional tax unless the county has imposed the 1 or 2 percent tax for a minimum of three years prior to the effective date of the levy and imposition of this additional tax. If the 1 or 2 percent tax is levied within a subcounty special district, then this additional tax can only be levied within the district. Generally, the tax proceeds are used for capital construction of tourist-related facilities, tourist promotion, and beach and shoreline maintenance. During the 2023-24 state fiscal year, 56 of the eligible 59 counties currently levying this tax will realize an estimated \$291 million in revenue. The three counties not currently levying this tax will allow \$154,503 to go unrealized.

Counties Eligible to Levy:

To be eligible to levy, a county must have levied the 1 or 2 percent tax pursuant to s. 125.0104(3)(c), F.S., for a minimum of three years prior to the effective date of the levy and imposition of this additional 1 percent tax.

Authorized Uses of Proceeds:

The county must use the tax proceeds for the following purposes, and any use of the tax proceeds not expressly authorized is prohibited.¹

1. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more:
 - a. publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, or auditoriums within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - b. auditoriums that are publicly owned and open to the public but operated by organizations that is exempt from federal taxation under 26 U.S.C. s. 501(c)(3) and within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - c. aquariums or museums that are publicly owned and operated or owned and operated by non-for-profit organizations and open to the public, within the boundaries of the county or subcounty special taxing district in which the tax is levied.
2. To promote zoological parks that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public.
3. To promote and advertise tourism in Florida, nationally, and internationally. However, if the tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.

1. Section 125.0104(5), F.S.

4. To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county. This may include any indirect administrative costs for services performed by the county on behalf of the promotion agency.
5. To finance beach park facilities or beach, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control, including construction of beach groins and shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, channel, estuary, lagoon, or inland lake or river. However, any funds identified by a county as the local matching source for beach renourishment, restoration, or erosion control projects included in the long-range budget plan of the state's Beach Management Plan, pursuant to s. 161.091, F.S., or funds contractually obligated by a county in the financial plan for a federally authorized shore protection project may not be used or loaned for any other purpose. In counties of fewer than 100,000 population, up to 10 percent of tourist development tax revenues may be used for beach park facilities.
6. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities within the boundaries of the county or subcounty special taxing district in which the tax is levied, if the public facilities are needed to increase tourist-related business activities in the county or subcounty special district and are recommended by the county tourist development council created pursuant to s. 125.0104(4)(e), F.S. Tax revenues may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. As used in this subparagraph, the term "public facilities" means major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. Tax revenues may be used for these purposes only if all of the following conditions are satisfied.
 - a. In the county fiscal year immediately preceding the fiscal year in which the tax revenues were initially used for such purposes, at least \$10 million in tourist development tax revenue was received.
 - b. The county governing board approves the use for the proposed public facilities by a vote of at least two-thirds of its membership.
 - c. No more than 70 percent of the cost of the proposed public facilities will be paid for with tourist development tax revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board.
 - d. At least 40 percent of all tourist development tax revenues collected in the county are spent to promote and advertise tourism.
 - e. An independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county.

Authorized purposes #1-2 may be implemented through service contracts and leases with lessees that have sufficient expertise or financial capability to operate such facilities. Revenues raised from this tax cannot be used for debt service on or refinancing of existing facilities as specified in authorized purpose #1 above unless approved by a resolution adopted by an extraordinary majority of the total membership of the county's governing board.²

2. Section 125.0104(3)(d), F.S.

A county having a total population less than 950,000 may also use the proceeds to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more zoological parks, fishing piers, or nature centers that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public. All population figures relating to this authority are based on the most recent official population estimates, pursuant to s. 186.901, F.S., and these population estimates are those in effect on July 1st of each year.

A county located adjacent to the Gulf of Mexico or the Atlantic Ocean, except a county that receives revenue from taxes levied pursuant to s. 125.0108, F.S., which meets the following criteria may use up to 10 percent of the tax revenue received pursuant to this section to reimburse expenses incurred in providing public safety services, including emergency medical services as defined in s. 401.107(3), F.S., and law enforcement services, which are needed to address impacts related to increased tourism and visitors to an area. However, if taxes collected pursuant to this section are used to reimburse emergency medical services or public safety services for tourism or special events, the governing board of a county or municipality may not use such taxes to supplant the normal operating expenses of an emergency medical services department, a fire department, a sheriff's office, or a police department. To receive reimbursement, the county must:

1. a) Generate a minimum of \$10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section; b) have at least three municipalities; and c) have an estimated population of less than 275,000, according to the most recent population estimate prepared pursuant to s. 186.901, F.S., excluding the inmate population.
2. Be a fiscally constrained county as described in s. 218.67(1), F.S.

Finally, the proceeds may be pledged to secure and liquidate revenue bonds issued by the county for the purposes set forth in s. 125.0104(5)(a)1., 2., and 5., F.S., or to refund bonds previously issued for such purposes or both. However, no more than 50 percent of the proceeds may be pledged to secure and liquidate revenue bonds or revenue refunding bonds previously issued for the purposes set forth in s. 125.0104(5)(a)5., F.S. Such revenue bonds and revenue refunding bonds may be authorized and issued in such principal amounts, with such interest rates and maturity dates, and subject to such other terms, conditions, and covenants as the county's governing board provides.

Professional Sports Franchise Facility Tax

Section 125.0104(3)(l), Florida Statutes

Summary:

In addition to any other tourist development tax imposed, a county may levy up to an additional 1 percent tax on the total consideration charged for transient rental transactions. The tax is levied pursuant to an ordinance adopted by a majority vote of the county's governing body. The tax proceeds are used to pay the debt service on bonds issued to finance professional sports franchise facilities, retained spring training franchise facilities, and convention centers. In addition, these proceeds can be used to promote tourism in the State of Florida, nationally and internationally.

The provisions in s. 125.0104(4)(a)-(d), F.S., regarding the preparation of the county tourist development plan, are not applicable to this tax. In addition, the provision in s. 125.0104(3)(b), F.S., that prohibits any county authorized to levy a convention development tax from levying more than the 2 percent tourist development tax is not applicable to this tax. During the 2023-24 state fiscal year, 46 of the eligible 67 counties currently levying this tax will realize an estimated \$330 million in revenue. The 22 counties not currently levying this tax at the maximum rate will allow an estimated \$25 million to go unrealized.

Counties Eligible to Levy:

All counties are eligible to levy this tax.

Authorized Uses of Proceeds:

The county must use the tax proceeds for the following purposes, and any use of the tax proceeds not expressly authorized in s. 125.0104(3)(l), F.S., is prohibited.¹

1. To pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a professional sports franchise facility, or the acquisition, construction, reconstruction, or renovation of a retained spring training franchise facility, either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility. The proceeds may be used to pay the planning and design costs incurred prior to the issuance of such bonds.
2. To pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a convention center. The proceeds may be used to pay the planning and design costs incurred prior to the issuance of such bonds.
3. To pay the operation and maintenance costs of a convention center for a period of up to 10 years. Only counties that have elected to levy the tax for the purposes authorized in #2 above, may use the tax proceeds for the purposes described here. Any county that elects to levy the tax for the purposes authorized in #2 above after July 1, 2000, may use the tax proceeds to pay the operation and maintenance costs of a convention center for the life of the bonds.
4. To promote and advertise tourism in Florida, nationally and internationally. However, if the tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.

1. Section 125.0104(5)(d), F.S.

High Tourism Impact Tax

Section 125.0104(3)(m), Florida Statutes

Summary:

In addition to any other tourist development tax imposed, a *high tourism impact* county may levy an additional 1 percent tax on the total consideration charged for transient rental transactions. The tax is levied pursuant to an ordinance adopted by an extraordinary vote of the county's governing body. The tax proceeds are used for one or more of the authorized uses pursuant to s. 125.0104(5), F.S. The provisions in s. 125.0104(4)(a)-(d), F.S., regarding the preparation of the county tourist development plan are not applicable to this tax.

A county is considered to be a high tourism impact county after the Department of Revenue has certified to the county that its sales subject to the tax exceeded \$600 million during the previous calendar year or were at least 18 percent of the county's total taxable sales under ch. 212, F.S., where the sales subject to the tax were a minimum of \$200 million. No county authorized to levy a convention development tax (i.e., Duval, Miami-Dade, and Volusia) is considered a high tourism impact county. Once a county receives this high tourism impact designation, it retains it for the period of the tax levy.

Ten counties currently levy this tax, and these counties will realize an estimated \$201 million in revenue during the 2023-24 state fiscal year. There are four counties potentially eligible to levy the tax, which currently do not, allowing an estimated \$40 million to go unrealized.

Counties Eligible to Levy:

Broward, Hillsborough, Monroe, Okaloosa, Orange, Osceola, Palm Beach, Pinellas, Sarasota and Walton counties levy this tax, and each county retains this designation until its tax levy ends. According to the Department, Bay, Collier, Lee, and Polk are potentially eligible to levy the tax.

Authorized Uses of Proceeds:

The county must use the tax proceeds for the following purposes, and any use of the tax proceeds not expressly authorized is prohibited.¹

1. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more:
 - a. publicly owned and operated convention centers, sports stadiums, sports arenas, coliseums, or auditoriums within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - b. auditoriums that are publicly owned and open to the public but operated by organizations that is exempt from federal taxation under 26 U.S.C. s. 501(c)(3) and within the boundaries of the county or subcounty special taxing district in which the tax is levied.
 - c. aquariums or museums that are publicly owned and operated or owned and operated by non-for-profit organizations and open to the public, within the boundaries of the county or subcounty special taxing district in which the tax is levied.
2. To promote zoological parks that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public.

1. Section 125.0104(5), F.S.

3. To promote and advertise tourism in Florida, nationally, and internationally. However, if the tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.
4. To fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies or by contract with the chambers of commerce or similar associations in the county. This may include any indirect administrative costs for services performed by the county on behalf of the promotion agency.
5. To finance beach park facilities or beach, channel, estuary, or lagoon improvement, maintenance, renourishment, restoration, and erosion control, including construction of beach groins and shoreline protection, enhancement, cleanup, or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, channel, estuary, lagoon, or inland lake or river. However, any funds identified by a county as the local matching source for beach renourishment, restoration, or erosion control projects included in the long-range budget plan of the state's Beach Management Plan, pursuant to s. 161.091, F.S., or funds contractually obligated by a county in the financial plan for a federally authorized shore protection project may not be used or loaned for any other purpose. In counties of fewer than 100,000 population, up to 10 percent of tourist development tax revenues may be used for beach park facilities.
6. To acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities within the boundaries of the county or subcounty special taxing district in which the tax is levied, if the public facilities are needed to increase tourist-related business activities in the county or subcounty special district and are recommended by the county tourist development council created pursuant to s. 125.0104(4)(e), F.S. Tax revenues may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. As used in this subparagraph, the term "public facilities" means major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. Tax revenues may be used for these purposes only if all of the following conditions are satisfied.
 - a. In the county fiscal year immediately preceding the fiscal year in which the tax revenues were initially used for such purposes, at least \$10 million in tourist development tax revenue was received.
 - b. The county governing board approves the use for the proposed public facilities by a vote of at least two-thirds of its membership.
 - c. No more than 70 percent of the cost of the proposed public facilities will be paid for with tourist development tax revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board.
 - d. At least 40 percent of all tourist development tax revenues collected in the county are spent to promote and advertise tourism.
 - e. An independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county.

Authorized purposes 1-2 may be implemented through service contracts and leases with lessees that have sufficient expertise or financial capability to operate such facilities.

A county having a total population less than 950,000 may also use the proceeds to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote one or more zoological parks, fishing piers, or nature centers that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public. All population figures relating to this authority are based on the most recent official population estimates, pursuant to s. 186.901, F.S., and these population estimates are those in effect on July 1st of each year.

A county located adjacent to the Gulf of Mexico or the Atlantic Ocean, except a county that receives revenue from taxes levied pursuant to s. 125.0108, F.S., which meets the following criteria may use up to 10 percent of the tax revenue received pursuant to this section to reimburse expenses incurred in providing public safety services, including emergency medical services as defined in s. 401.107(3), F.S., and law enforcement services, which are needed to address impacts related to increased tourism and visitors to an area. However, if taxes collected pursuant to this section are used to reimburse emergency medical services or public safety services for tourism or special events, the governing board of a county or municipality may not use such taxes to supplant the normal operating expenses of an emergency medical services department, a fire department, a sheriff's office, or a police department. To receive reimbursement, the county must:

1. a) Generate a minimum of \$10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section; b) have at least three municipalities; and c) have an estimated population of less than 275,000, according to the most recent population estimate prepared pursuant to s. 186.901, F.S., excluding the inmate population.
2. Be a fiscally constrained county as described in s. 218.67(1), F.S.

Finally, the proceeds may be pledged to secure and liquidate revenue bonds issued by the county for the purposes set forth in s. 125.0104(5)(a)1., 2., and 5., F.S., or to refund bonds previously issued for such purposes or both. However, no more than 50 percent of the proceeds may be pledged to secure and liquidate revenue bonds or revenue refunding bonds previously issued for the purposes set forth in s. 125.0104(5)(a)5., F.S. Such revenue bonds and revenue refunding bonds may be authorized and issued in such principal amounts, with such interest rates and maturity dates, and subject to such other terms, conditions, and covenants as the county's governing board provides.

Additional Professional Sports Franchise Facility Tax

Section 125.0104(3)(n), Florida Statutes

Summary:

In addition to any other tourist development tax imposed, a county that has levied the Professional Sports Franchise Facility Tax pursuant to s. 125.0104(3)(l), F.S., may levy an additional tax that is no greater than 1 percent on the total consideration charged for transient rental transactions. The tax is levied pursuant to an ordinance adopted by a majority plus one vote of the county's governing body. The tax proceeds are used to pay the debt service on bonds issued to finance professional sports franchise facilities or retained spring training franchise facilities and promote tourism.

The provisions in s. 125.0104(4), F.S., regarding the preparation of the county tourist development plan are not applicable to this tax. In addition, the provision in s. 125.0104(3)(b), F.S., that prohibits any county authorized to levy a convention development tax from levying this tax applies only to Miami-Dade and Volusia counties. Any county authorized to levy the Consolidated County Convention Development Tax (i.e., Duval County) pursuant to s. 212.0305(4)(a), F.S., may levy this tax. During the 2023-24 state fiscal year, 36 of the eligible 65 counties currently levying this tax will realize an estimated \$252 million in revenue. The 31 counties not currently levying this tax at the maximum rate will allow an estimated \$45 million to go unrealized.

Counties Eligible to Levy:

With the exception of Miami-Dade and Volusia counties, any county that has levied the Professional Sports Franchise Facility Tax pursuant to s. 125.0104(3)(l), F.S., is eligible to levy this tax.

Authorized Uses of Proceeds:

The county must use the tax proceeds for the following purposes, and any use of the tax proceeds not expressly authorized in s. 125.0104(3)(n), F.S., is prohibited.¹

1. To pay the debt service on bonds issued to finance the construction, reconstruction, or renovation of a facility either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility. In addition, the proceeds are used to pay the planning and design costs incurred prior to the issuance of such bonds for a new professional sports franchise as defined in s. 288.1162, F.S.
2. To pay the debt service on bonds issued to finance the acquisition, construction, reconstruction, or renovation of a facility either publicly owned and operated, or publicly owned and operated by the owner of a professional sports franchise or other lessee with sufficient expertise or financial capability to operate such facility. In addition, the proceeds are used to pay the planning and design costs incurred prior to the issuance of such bonds for a retained spring training franchise.
3. To promote and advertise tourism in Florida, nationally and internationally. However, if the tax revenues are expended for an activity, service, venue, or event, the activity, service, venue, or event must have as one of its main purposes the attraction of tourists as evidenced by the promotion of the activity, service, venue, or event to tourists.

1. Section 125.0104(5)(d), F.S.

Tourist Impact Tax

Section 125.0108, Florida Statutes

Summary:

Any county creating a land authority pursuant to s. 380.0663(1), F.S., may levy a 1 percent tax subject to referendum approval on transient rental facilities within the county area designated as an area of critical state concern pursuant to ch. 380, F.S. If the area(s) of critical state concern are greater than 50 percent of the county's total land area, the tax may be levied countywide. The tax proceeds are used to purchase property in the area of critical state concern and offset the loss of ad valorem taxes due to those land purchases. During the 2023-24 state fiscal year, Monroe County will realize an estimated \$22 million in revenue.

General Law Amendments:

Chapter 2023-157, L.O.F., (HB 7063) requires that a referendum to reenact an expiring tourist impact tax must be held at a general election occurring within the 48 months preceding the effective date of the reenacted tax, and the referendum may only appear on the ballot once during that 48-month period. These changes became effective on July 1, 2023.

On April 7, 2023, the Revenue Estimating Conference reviewed the proposed change and adopted a zero cash/zero recurring fiscal impact.¹ The Conference concluded that this change does not increase or decrease local revenues; it only shifts the timing of revenues collected from local levies that may be approved by voters in the future.

Authorization to Levy:

Any county creating a land authority pursuant to s. 380.0663(1), F.S., is authorized to levy by ordinance the tax in the area or areas within the county designated as an area of critical state concern pursuant to ch. 380, F.S. If the area or areas of critical state concern are greater than 50 percent of the county's total land area, the tax may be levied countywide. The tax is not effective until land development regulations and a local comprehensive plan that meets the requirements of ch. 380, F.S., have become effective.² The tax is effective only upon approval by a majority vote of qualified voters in the area or areas of critical state concern in the county seeking the levy. If the area or areas of critical state concern are greater than 50 percent of the county's land area and the tax is to be imposed countywide, then the tax must be approved in a countywide referendum.³

The effective date of the levy and the imposition of this tax are to be the first day of the second month following approval of the ordinance by referendum or the first day of any subsequent month as may be specified in the ordinance.⁴ The tax may be repealed by passage of a resolution by four-fifths vote of the county's governing body.⁵ The tax is repealed 10 years after the date the area of critical state concern designation is removed, unless it is repealed before the end of the 10 year period by the county's governing body.⁶ A county that has levied the tax in an area or areas designated as an area of critical state concern for at least 20 consecutive years prior to removal of the designation may continue to levy the tax for 20 years following the designation's removal. After expiration of the 20-year period, a county may continue to levy the tax if the county adopts an

1. <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/pdf/page387-390.pdf>

2. Section 125.0108(1)(a), F.S.

3. Section 125.0108(5), F.S.

4. Section 125.0108(6), F.S.

5. Section 125.0108(1)(c), F.S.

6. Section 125.0108(6), F.S.

ordinance reauthorizing the tax levy and the continued tax levy is approved by referendum as provided for in s. 125.0108(5), F.S.⁷

Areas Eligible to Levy:

Areas that have been statutorily designated as areas of critical state concern include the Big Cypress Area, primarily in Collier County; the Green Swamp Area, in central Florida; the Florida Keys Area, in south Florida; the Brevard Barrier Island Area, in south Brevard County; and the Apalachicola Bay Area, in Franklin County.⁸ Only Monroe County has created the land authority pursuant to s. 380.0663(1), F.S., and levied the tax in the area or areas within the county designated as an area of critical state concern.

Administrative Procedures:

The person receiving consideration for the taxable privilege and doing business within the area of critical state concern (or within the entire county, as applicable) receives, accounts for, and remits the tourist impact tax to the Department of Revenue (DOR). The DOR keeps records showing the taxes collected for and from each county in which the tax is applicable. The DOR promulgates such rules as necessary to enforce the tax and is authorized to establish audit procedures and assess for delinquent taxes.⁹ A county may exempt itself from the requirements that the tax be administered by the DOR, if the county adopts an ordinance providing for local collection and administration. A county electing to locally administer the tax adopts an ordinance electing either to assume all responsibility for auditing the records and accounts of dealers and assessing, collecting, and enforcing payments of delinquent taxes or delegating such authority to the DOR.¹⁰

Reporting Requirements:

A certified copy of the ordinance, including the levy's time period and effective date, must be furnished by the county to the DOR within 10 days after passage of the ordinance levying the tax and again within 10 days after approval by referendum. If applicable, the county levying the tax provides the DOR with a list of the businesses within the area of critical state concern where the tax is levied. The list should identify businesses by zip code or other means of identification, and the DOR assists the county in compiling such a list.¹¹

Distribution of Proceeds:

Tax collections received by the DOR, less its administrative costs, are paid and returned monthly to the county and the land authority imposing the tax.¹²

Authorized Uses of Proceeds:

The proceeds are distributed for the following uses.¹³

1. Fifty percent is transferred to the land authority to be used in accordance with s. 380.0666, F.S., in the area of critical state concern for which the revenue is generated. No more than 5 percent may be used for administration and other costs related to the exercise of such powers.

7. Section 125.0108(1)(g), F.S.

8. Sections 380.055, .0551, .0552, .0553, .0555, F.S.

9. Section 125.0108(2), F.S.

10. Section 125.0104(10), F.S.

11. Section 125.0108(6), F.S.

12. Section 125.0108(2)(c), F.S.

13. Section 125.0108(3), F.S.

2. Fifty percent is distributed to the county's governing body where the revenue was generated. Such proceeds are used to offset the loss of ad valorem taxes due to property acquisitions.

Attorney General Opinions:

No opinions specifically relevant to this tax have been issued.

1 A bill to be entitled
2 An act relating to tourist development; amending s.
3 125.0104, F.S.; providing an exception to the
4 authorized uses of revenues received by counties
5 imposing the tourist development tax; specifying uses
6 of tax revenues received by certain counties imposing
7 the tourist development tax; defining the term "public
8 facilities"; amending s. 212.0305, F.S.; requiring
9 that charter county convention development moneys be
10 distributed to the governing boards of municipalities
11 for specified purposes; revising the purposes for
12 which a county may use charter county convention
13 development moneys; deleting the requirement that the
14 county notify the governing board of each municipality
15 under certain circumstances; providing a directive to
16 the Division of Law Revision; providing an effective
17 date.

18
19 Be It Enacted by the Legislature of the State of Florida:

20
21 Section 1. Paragraphs (a) and (e) of subsection (5) of
22 section 125.0104, Florida Statutes, are amended, and paragraph
23 (f) is added to that subsection, to read:

24 125.0104 Tourist development tax; procedure for levying;
25 authorized uses; referendum; enforcement.—

26 (5) AUTHORIZED USES OF REVENUE.—
 27 (a) Except for counties identified in paragraph (f), all
 28 tax revenues received pursuant to this section by a county
 29 imposing the tourist development tax shall be used by that
 30 county for the following purposes only:
 31 1. To acquire, construct, extend, enlarge, remodel,
 32 repair, improve, maintain, operate, or promote one or more:
 33 a. Publicly owned and operated convention centers, sports
 34 stadiums, sports arenas, coliseums, or auditoriums within the
 35 boundaries of the county or subcounty special taxing district in
 36 which the tax is levied;
 37 b. Auditoriums that are publicly owned but are operated by
 38 organizations that are exempt from federal taxation pursuant to
 39 26 U.S.C. s. 501(c)(3) and open to the public, within the
 40 boundaries of the county or subcounty special taxing district in
 41 which the tax is levied; or
 42 c. Aquariums or museums that are publicly owned and
 43 operated or owned and operated by not-for-profit organizations
 44 and open to the public, within the boundaries of the county or
 45 subcounty special taxing district in which the tax is levied;
 46 2. To promote zoological parks that are publicly owned and
 47 operated or owned and operated by not-for-profit organizations
 48 and open to the public;
 49 3. To promote and advertise tourism in this state and
 50 nationally and internationally; however, if tax revenues are

51 expended for an activity, service, venue, or event, the
52 activity, service, venue, or event must have as one of its main
53 purposes the attraction of tourists as evidenced by the
54 promotion of the activity, service, venue, or event to tourists;

55 4. To fund convention bureaus, tourist bureaus, tourist
56 information centers, and news bureaus as county agencies or by
57 contract with the chambers of commerce or similar associations
58 in the county, which may include any indirect administrative
59 costs for services performed by the county on behalf of the
60 promotion agency;

61 5. To finance beach park facilities, or beach, channel,
62 estuary, or lagoon improvement, maintenance, renourishment,
63 restoration, and erosion control, including construction of
64 beach groins and shoreline protection, enhancement, cleanup, or
65 restoration of inland lakes and rivers to which there is public
66 access as those uses relate to the physical preservation of the
67 beach, shoreline, channel, estuary, lagoon, or inland lake or
68 river. However, any funds identified by a county as the local
69 matching source for beach renourishment, restoration, or erosion
70 control projects included in the long-range budget plan of the
71 state's Beach Management Plan, pursuant to s. 161.091, or funds
72 contractually obligated by a county in the financial plan for a
73 federally authorized shore protection project may not be used or
74 loaned for any other purpose. In counties of fewer than 100,000
75 population, up to 10 percent of the revenues from the tourist

76 development tax may be used for beach park facilities; or
77 6. To acquire, construct, extend, enlarge, remodel,
78 repair, improve, maintain, operate, or finance public facilities
79 within the boundaries of the county or subcounty special taxing
80 district in which the tax is levied, if the public facilities
81 are needed to increase tourist-related business activities in
82 the county or subcounty special district and are recommended by
83 the county tourist development council created pursuant to
84 paragraph (4)(e). Tax revenues may be used for any related land
85 acquisition, land improvement, design and engineering costs, and
86 all other professional and related costs required to bring the
87 public facilities into service. As used in this subparagraph,
88 the term "public facilities" means major capital improvements
89 that have a life expectancy of 5 or more years, including, but
90 not limited to, transportation, sanitary sewer, solid waste,
91 drainage, potable water, and pedestrian facilities. Tax revenues
92 may be used for these purposes only if the following conditions
93 are satisfied:

94 a. In the county fiscal year immediately preceding the
95 fiscal year in which the tax revenues were initially used for
96 such purposes, at least \$10 million in tourist development tax
97 revenue was received;

98 b. The county governing board approves the use for the
99 proposed public facilities by a vote of at least two-thirds of
100 its membership;

101 c. No more than 70 percent of the cost of the proposed
 102 public facilities will be paid for with tourist development tax
 103 revenues, and sources of funding for the remaining cost are
 104 identified and confirmed by the county governing board;

105 d. At least 40 percent of all tourist development tax
 106 revenues collected in the county are spent to promote and
 107 advertise tourism as provided by this subsection; and

108 e. An independent professional analysis, performed at the
 109 expense of the county tourist development council, demonstrates
 110 the positive impact of the infrastructure project on tourist-
 111 related businesses in the county.

112
 113 Subparagraphs 1. and 2. may be implemented through service
 114 contracts and leases with lessees that have sufficient expertise
 115 or financial capability to operate such facilities.

116 (e) Any use of the local option tourist development tax
 117 revenues collected pursuant to this section for a purpose not
 118 expressly authorized by paragraph (3)(1) or paragraph (3)(n) or
 119 paragraphs (a)-(d) and (f) of this subsection is expressly
 120 prohibited.

121 (f) All tax revenues received pursuant to this section by
 122 a county, as defined in s. 125.011(1), imposing the tourist
 123 development tax may only be used by the county as specified in
 124 this paragraph.

125 1. Revenues may be used to complete any project underway

126 as of the effective date of this act or to perform any contract
127 in existence on the effective date of this act, pursuant to this
128 section as this section existed before the effective date of
129 this act. Revenues may not be used to renew or extend such
130 contracts or projects. Bonds or other debt outstanding as of the
131 effective date of this act may be refinanced, but the duration
132 of such debt pledging the tourist development tax may not be
133 extended and the outstanding principal may not be increased,
134 except to account for the costs of issuance.

135 2. Revenues not needed for projects, contracts, or debt
136 obligations pursuant to subparagraph 1. must be distributed and
137 used as follows:

138 a. Fifty percent must be distributed monthly by the county
139 to the governing authorities of the municipalities within the
140 county. Distributions to each municipality must be in proportion
141 to the amount collected in the prior month within the
142 municipality as a share of the total amount collected from all
143 municipalities in the county. These distributions may be used by
144 the receiving municipality to:

145 (I) Promote and advertise tourism.

146 (II) Fund convention bureaus, tourist bureaus, tourist
147 information centers, and news bureaus. Municipalities may enter
148 into interlocal agreements for the purpose of using the revenue
149 received for the purpose stated in this sub-sub-subparagraph in
150 combination with moneys used by the county for a countywide

151 convention and visitors bureau under s. 212.0305(4)(b)2.b.(II).

152 (III) Acquire, construct, extend, enlarge, remodel,
 153 repair, improve, maintain, operate, or finance public facilities
 154 within the boundaries of the municipality, if the public
 155 facilities are needed to increase tourist-related business
 156 activities in the municipality.

157 (A) As used in this sub-sub-subparagraph, the term "public
 158 facilities" means major capital improvements that have a life
 159 expectancy of 5 or more years, including, but not limited to,
 160 transportation; sanitary sewer, including solid waste, drainage,
 161 and potable water; and pedestrian facilities.

162 (B) Tax distributions may be used for any related land
 163 acquisition, land improvement, design and engineering costs, and
 164 all other professional and related costs required to bring the
 165 public facilities into service.

166 (C) Tax distributions may be used for the purposes stated
 167 in sub-sub-sub-subparagraph (B) only if the following conditions
 168 are satisfied:

169 i. The governing authority of the municipality approves
 170 the use for each proposed public facility by a vote of at least
 171 two-thirds of its membership.

172 ii. No more than 70 percent of the cost of a proposed
 173 public facility will be paid for using tourist development tax
 174 revenues, and sources of funding for the remaining costs are
 175 identified and confirmed by the governing authority of the

176 municipality.

177 iii. No more than 40 percent of all tourist development

178 tax revenues distributed to the municipality are spent to

179 promote and advertise tourism as provided in this paragraph.

180 (IV) Acquire, construct, extend, enlarge, remodel, repair,

181 improve, maintain, operate, or promote parks or trails that are

182 publicly owned and operated or owned and operated by not-for-

183 profit organizations and open to the public, within the

184 boundaries of the municipality.

185 (V) Reimburse expenses incurred in providing public safety

186 services, including, but not limited to, emergency medical

187 services as defined in s. 401.107(3), and law enforcement

188 services, needed to address impacts related to increased tourism

189 and visitors to a municipality.

190 (VI) Finance water quality improvement projects,

191 including, but not limited to, all of the following:

192 (A) Flood mitigation.

193 (B) Algae control, cleanup, or prevention measures.

194 (C) Biscayne Bay and waterway network restoration

195 initiatives.

196 (VII) Provide for septic-to-sewer conversion projects

197 important to the local tourism industry which are primarily

198 undertaken to reduce or prevent the discharge of untreated or

199 partially treated wastewater into surface waters.

200 b. A county shall use the remaining tax revenues received

201 pursuant to this section as provided in this sub-subparagraph.
 202 Twenty percent must be distributed monthly to the governing
 203 board of the county to fund the primary bureau, department, or
 204 association responsible for organizing, funding, and promoting
 205 opportunities for artists and cultural organizations within the
 206 county. Thirty percent must be distributed monthly to the
 207 governing board of the county and used for one or more of the
 208 purposes set forth in s. 212.0306(3). Fifty percent must be
 209 distributed monthly to the governing board of the county and
 210 used for the purposes set forth in paragraph (5) (a) or sub-sub-
 211 paragraphs 2.a. (IV) - (VII) .

212 Section 2. Paragraph (b) of subsection (4) of section
 213 212.0305, Florida Statutes, is amended to read:

214 212.0305 Convention development taxes; intent;
 215 administration; authorization; use of proceeds.—

216 (4) AUTHORIZATION TO LEVY; USE OF PROCEEDS; OTHER
 217 REQUIREMENTS.—

218 (b) *Charter county levy for convention development.*—

219 1. Each county, as defined in s. 125.011(1), may impose,
 220 under an ordinance enacted by the governing body of the county,
 221 a levy on the exercise within its boundaries of the taxable
 222 privilege of leasing or letting transient rental accommodations
 223 described in subsection (3) at the rate of 3 percent of the
 224 total consideration charged therefor. The proceeds of this levy
 225 shall be known as the charter county convention development tax.

226 2.a. Fifty percent of all charter county convention
227 development moneys, including any interest accrued thereon,
228 received by a county imposing the levy shall be distributed
229 monthly to the governing boards of the municipalities within the
230 county in proportion to the amount collected in the prior month
231 within each municipality compared with the total collected from
232 all municipalities in the county. Moneys collected within the
233 unincorporated area of the county are not included in the
234 distribution under this subparagraph. The distributions as
235 described in this sub-subparagraph may be used by the receiving
236 municipality only for the following purposes used as follows:
237 (I) To acquire, construct, extend, enlarge, remodel,
238 repair, improve, operate, or maintain one or more of the
239 following:
240 (A) A convention center.
241 (B) An exhibition hall.
242 (C) A coliseum.
243 (D) An auditorium.
244 (E) A performing arts center.
245 (F) A related building or parking facility to such
246 buildings described in sub-sub-sub-subparagraphs (A)-(E).
247 (II) To promote and advertise tourism and to fund
248 convention bureaus, tourist bureaus, tourist information
249 centers, and news bureaus. Municipalities may enter into
250 interlocal agreements for the purpose of using the revenue

251 received for the purpose stated in this sub-sub-subparagraph in
 252 combination with moneys used by the county for a countywide
 253 convention and visitor's bureau under sub-sub-subparagraph b.

254 (II).

255 b. The governing body of the county shall use the
 256 remaining charter county convention development moneys only for
 257 the following purposes:

258 (I) To acquire, construct, extend, enlarge, remodel,
 259 repair, improve, operate, or maintain one or more of the
 260 following:

261 (A) A convention center.

262 (B) An exhibition hall.

263 (C) A coliseum.

264 (D) An auditorium.

265 (E) A performing arts center.

266 (F) A related building or parking facility to such
 267 buildings described in sub-sub-sub-subparagraphs (A)-(E).

268 (II) To acquire, construct, extend, enlarge, remodel,
 269 repair, improve, operate, or maintain a countywide convention
 270 and visitors bureau which, by interlocal agreement and contract
 271 with the municipalities within the county, has the primary
 272 responsibility for promoting the county and its municipalities
 273 as a destination site for conventions, trade shows, and pleasure
 274 travel, or to be used for purposes provided in s.

275 125.0104(5)(a)2.b. or c. If the county is not or is no longer a

276 party to such an interlocal agreement, the county must allocate
 277 the proceeds of such tax for the purposes described in s.
 278 125.0104(5)(a)2.b. or c.

279 ~~a. Two-thirds of the proceeds shall be used to extend,~~
 280 ~~enlarge, and improve the largest existing publicly owned~~
 281 ~~convention center in the county.~~

282 ~~b. One-third of the proceeds shall be used to construct a~~
 283 ~~new multipurpose convention/coliseum/exhibition center/stadium~~
 284 ~~or the maximum components thereof as funds permit in the most~~
 285 ~~populous municipality in the county.~~

286 ~~e. After the completion of any project under sub-~~
 287 ~~subparagraph a., the tax revenues and interest accrued under~~
 288 ~~sub-subparagraph a. may be used to acquire, construct, extend,~~
 289 ~~enlarge, remodel, repair, improve, plan for, operate, manage, or~~
 290 ~~maintain one or more convention centers, stadiums, exhibition~~
 291 ~~halls, arenas, coliseums, auditoriums, or golf courses, and may~~
 292 ~~be used to acquire and construct an intercity light rail~~
 293 ~~transportation system as described in the Light Rail Transit~~
 294 ~~System Status Report to the Legislature dated April 1988, which~~
 295 ~~shall provide a means to transport persons to and from the~~
 296 ~~largest existing publicly owned convention center in the county~~
 297 ~~and the hotels north of the convention center and to and from~~
 298 ~~the downtown area of the most populous municipality in the~~
 299 ~~county as determined by the county.~~

300 ~~d. After completion of any project under sub-subparagraph~~

301 ~~b., the tax revenues and interest accrued under sub-subparagraph~~
 302 ~~b. may be used, as determined by the county, to operate an~~
 303 ~~authority created pursuant to subparagraph 4. or to acquire,~~
 304 ~~construct, extend, enlarge, remodel, repair, improve, operate,~~
 305 ~~or maintain one or more convention centers, stadiums, exhibition~~
 306 ~~halls, arenas, coliseums, auditoriums, golf courses, or related~~
 307 ~~buildings and parking facilities in the most populous~~
 308 ~~municipality in the county.~~

309 ~~e. For the purposes of completion of any project pursuant~~
 310 ~~to this paragraph, tax revenues and interest accrued may be~~
 311 ~~used:~~

312 ~~(I) As collateral, pledged, or hypothecated for projects~~
 313 ~~authorized by this paragraph, including bonds issued in~~
 314 ~~connection therewith; or~~

315 ~~(II) As a pledge or capital contribution in conjunction~~
 316 ~~with a partnership, joint venture, or other business arrangement~~
 317 ~~between a municipality and one or more business entities for~~
 318 ~~projects authorized by this paragraph.~~

319 3. The governing body of each municipality in which a
 320 municipal tourist tax is levied may adopt a resolution
 321 prohibiting imposition of the charter county convention
 322 development levy within such municipality. If the governing body
 323 adopts such a resolution, the convention development levy must
 324 ~~shall~~ be imposed by the county in all other areas of the county
 325 except such municipality. No funds collected pursuant to this

326 paragraph may be expended in a municipality which has adopted
327 such a resolution.

328 ~~4.a. Before the county enacts an ordinance imposing the~~
329 ~~levy, the county shall notify the governing body of each~~
330 ~~municipality in which projects are to be developed pursuant to~~
331 ~~sub-subparagraph 2.a., sub-subparagraph 2.b., sub-subparagraph~~
332 ~~2.c., or sub-subparagraph 2.d. As a condition precedent to~~
333 ~~receiving funding, the governing bodies of such municipalities~~
334 ~~shall designate or appoint an authority that shall have the sole~~
335 ~~power to:~~

336 ~~(I) Approve the concept, location, program, and design of~~
337 ~~the facilities or improvements to be built in accordance with~~
338 ~~this paragraph and to administer and disburse such proceeds and~~
339 ~~any other related source of revenue.~~

340 ~~(II) Appoint and dismiss the authority's executive~~
341 ~~director, general counsel, and any other consultants retained by~~
342 ~~the authority. The governing body shall have the right to~~
343 ~~approve or disapprove the initial appointment of the authority's~~
344 ~~executive director and general counsel.~~

345 ~~b. The members of each such authority shall serve for a~~
346 ~~term of not less than 1 year and shall be appointed by the~~
347 ~~governing body of such municipality. The annual budget of such~~
348 ~~authority shall be subject to approval of the governing body of~~
349 ~~the municipality. If the governing body does not approve the~~
350 ~~budget, the authority shall use as the authority's budget the~~

351 ~~previous fiscal year budget.~~

352 ~~e. The authority, by resolution to be adopted from time to~~
353 ~~time, may invest and reinvest the proceeds from the convention~~
354 ~~development tax and any other revenues generated by the~~
355 ~~authority in the same manner that the municipality in which the~~
356 ~~authority is located may invest surplus funds.~~

357 ~~5.~~ The charter county convention development levy shall be
358 in addition to any other levy imposed pursuant to this section.

359 ~~5.6.~~ A certified copy of the ordinance imposing the levy
360 shall be furnished by the county to the department within 10
361 days after approval of such ordinance. The effective date of
362 imposition of the levy shall be the first day of any month at
363 least 60 days after enactment of the ordinance.

364 ~~6.7.~~ Revenues collected pursuant to this paragraph shall
365 be deposited in a convention development trust fund, which shall
366 be established by the county as a condition precedent to receipt
367 of such funds.

368 Section 3. The Division of Law Revision is directed to
369 replace the phrase "the effective date of this act" wherever it
370 occurs in this act with the date this act becomes a law.

371 Section 4. This act shall take effect July 1, 2024.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1081 Tourist Development
SPONSOR(S): Porras
TIED BILLS: **IDEN./SIM. BILLS:** SB 1072

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Regulatory Reform & Economic Development Subcommittee	12 Y, 0 N	Bauldree	Anstead
2) Ways & Means Committee			
3) Commerce Committee			

SUMMARY ANALYSIS

Counties are authorized to levy five separate taxes on transient rental transactions (tourist development taxes or TDTs). These apply to hotels, motels, and holiday inns. Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies. A county, as defined by s. 125.011(1), F.S., (i.e., Miami-Dade County) is also authorized to impose a 3 percent convention development tax on the total consideration charged for transient rental transactions. Current law limits the uses of revenues received by counties from TDTs.

The bill provides an exception to the authorized uses of revenues received by counties imposing certain TDTs. Under the bill, a county as defined in s. 125.011(1), F.S. (i.e. Miami-Dade County) may use the revenues to complete existing projects, debt obligations, or contracts in existence as of July 1, 2024. Revenues may not be used to renew or to extend such projects.

For remaining revenues not needed for existing projects, contracts, or debt obligations, 50 percent of TDT revenues must be distributed proportionally to municipalities in the county for specified uses.

The county must distribute the remaining tax revenues monthly as follows:

- 20 percent for the primary bureau, department, or association responsible for organizing, funding, and promoting artist and cultural organizations;
- 30 percent for visitors bureaus and homeless shelters; and
- 50 percent for regular TDT uses.

The bill revises the purposes for which Miami-Dade County may use charter county convention development revenue, by providing that 50 percent of the revenues must be distributed proportionally to the governing boards of the municipalities within the county. Distributions may be used to:

- Acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.
- Promote and advertise tourism and to fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus.

The county must use the remaining charter county convention development revenue to acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a countywide convention and visitors bureau, a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.

The bill takes effect July 1, 2024.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Tourist Development Taxes

Pursuant to the Local Option Tourist Development Act,¹ counties are authorized to levy five separate taxes on transient rental² transactions (tourist development taxes or TDTs). Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies:

- The original TDT may be levied at the rate of 1 or 2 percent.³
- An additional 1 percent tax may be levied by counties who have previously levied the original TDT at the 1 or 2 percent rate for at least three years.⁴
- A high tourism impact tax may be levied at an additional 1 percent.⁵
- A professional sports franchise facility tax may be levied up to an additional 1 percent.⁶
- An additional professional sports franchise facility tax no greater than 1 percent may be imposed by a county that has already levied the professional sports franchise facility tax.⁷

TDT Process

Each county that levies the original 1 or 2 percent TDT is required to have a tourist development council consisting of county residents who are appointed by the county governing board.⁸ The tourist development council makes recommendations to the county governing board for the effective operation of special projects or for uses of the TDT revenue.⁹

Prior to the authorization of the original 1 or 2 percent TDT, the levy must be approved by a countywide referendum held at a general election,¹⁰ and additional TDT levies must be authorized by a vote of the county's governing board or by voter approval in a countywide referendum.¹¹ Each county proposing to levy the original 1 or 2 percent tax must then adopt an ordinance for the levy and imposition of the tax,¹² which must include a plan for tourist development prepared by the tourist development council.¹³ The plan for tourist development must include the anticipated net tax revenue to be derived by the county for the two years following the tax levy, as well as a list of the proposed uses of the tax and the

¹ S. 125.0104, F.S.

² S. 125.0104(3)(a)1., F.S., considers "transient rental" to be the rental or lease of any accommodation for a term of six months or less.

³ S. 125.0104(3)(c), F.S. All 67 of Florida's counties are eligible to levy this tax, but only 62 counties have done so, all at a rate of 2 percent. Office of Economic and Demographic Research (EDR), *2024 Local Option Tourist Tax Rates*, <http://edr.state.fl.us/Content/local-government/data/county-municipal/2024LOTTrates.pdf> (last visited Feb. 2, 2024). These counties are estimated to realize \$583 million in revenue from these taxes in the 2023-2024 fiscal year. EDR *2023 Florida Tax Handbook*, p. 289, <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Feb. 2, 2024).

⁴ S. 125.0104(3)(d), F.S. Fifty-six of the eligible 59 counties levy this tax, with an estimated 2023-2024 state fiscal year collection of \$254 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 293.

⁵ S. 125.0104(3)(m), F.S. Ten of the 14 eligible counties levy this tax with an estimated 2023-2024 state fiscal collection of \$161 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 300.

⁶ S. 125.0104(3)(l), F.S. Revenue can be used to pay debt service on bonds for the construction or renovation of professional sports franchise facilities, spring training facilities or professional sports franchises, and convention centers and to promote and advertise tourism. Forty-six of the 67 counties levy this additional tax, with an estimated 2023-2024 state fiscal year collection of \$259 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 297.

⁷ S. 125.0104(3)(n), F.S. Thirty-six of the eligible 65 counties levy the additional professional sports franchise facility tax, with an estimated 2023-2024 state fiscal year collection of \$226 million in revenue. EDR *2023 Florida Tax Handbook*, *supra* note 3 at 303.

⁸ S. 125.0104(4)(e), F.S.

⁹ *Id.*

¹⁰ S. 125.0104(6), F.S.

¹¹ S. 125.0104(3)(d), F.S.

¹² S. 125.0104(4)(a), F.S.

¹³ S. 125.0104(4), F.S.

approximate cost for each project or use.¹⁴ The plan for tourist development may not be substantially amended except by ordinance enacted by an affirmative vote of a majority plus one additional member of the governing board.¹⁵

TDT Uses

The revenues derived from TDTs may be used for:¹⁶

- The acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or a museum that is publicly owned and operated or owned and operated by a not-for-profit organization, or promotion of a zoo.
- Promoting and advertising tourism in the state.
- Funding of convention bureaus, tourist bureaus, tourist information centers, and news bureaus as county agencies, or by contract with chambers of commerce or similar associations in the county.
- Financing beach park facilities or beach improvement, maintenance, renourishment, restoration, and erosion control, including shoreline protection, enhancement, cleanup or restoration of inland lakes and rivers to which there is public access as those uses relate to the physical preservation of the beach, shoreline, or inland lake or river.¹⁷
- In counties with populations less than 950,000, the acquisition, construction, extension, enlargement, remodeling, repair, or improvement, maintenance, operation, or promotion of zoos, fishing piers, or nature centers which are publicly owned and operated or owned and operated by a not-for-private organization and open to the public.¹⁸
- Securing revenue bonds issued by the county for the acquisition, construction, extension, enlargement, remodeling, repair, or improvement of a publicly owned and operated convention center, sports stadium, sports arena, coliseum, auditorium, aquarium, or a museum, or financing beach park facilities or beach improvement, maintenance, renourishment, restoration, and erosion control.

In addition, up to 10 percent of the tax revenue received by a county located adjacent to the Gulf of Mexico or the Atlantic Ocean may be used to reimburse for expenses incurred in providing public safety services¹⁹ that are needed to address impacts related to increased tourism and visitors to an area. However, a county or municipality that does so may not use these funds to supplant the normal operating expenses of an emergency medical services department, a fire department, a sheriff's office, or a police department.²⁰ To receive reimbursement the county must:

- Generate a minimum of \$10 million in annual proceeds from any tax, or any combination of taxes, authorized to be levied pursuant to this section;
- Have at least three municipalities; and
- Have an estimated population of less than 225,000.²¹

Convention Development Taxes

Each county, as defined by s. 125.011(1), F.S., (i.e., Miami-Dade County) is authorized to impose a 3 percent convention development tax on the total consideration charged for transient rental transactions. The tax must be levied pursuant to an ordinance enacted by the county's governing body.²² During

¹⁴ *Id.*

¹⁵ *Id.* The provisions found in s. 125.0104(4)(a)-(d), F.S., do not apply to the high tourism impact tax, the professional sports franchise facility tax, or the additional professional sports franchise facility tax.

¹⁶ S. 125.0104(5), F.S.

¹⁷ In counties with populations less than 100,000, up to 10 percent of TDT revenues may be used for financing beach park facilities. See s. 125.0104(5)(a), F.S.

¹⁸ S. 125.0104(5)(b), F.S.

¹⁹ Public safety services include emergency medical services as defined in s. 401.107(3), F.S., and law enforcement services. S. 125.0104(5)(c), F.S.

²⁰ *Id.*

²¹ S. 125.0104(5)(c), F.S.

²² S. 212.0305(4)(b)1., F.S.

fiscal year 2022-2023, Miami-Dade generated approximately \$130 million in revenue.²³ Tax proceeds must be used in the following manner:²⁴

- Two-thirds of the proceeds must be used to extend, enlarge, and improve the largest existing publicly owned convention center in the county.
- After completion of any project above, proceeds may be used to acquire, construct, extend, enlarge, remodel, repair, improve, plan for, operate, manage, or maintain one or more convention centers, stadiums, exhibition halls, arenas, coliseums, auditoriums, or golf courses, and may be used to acquire and construct an intercity light rail transportation system.
- One-third of the proceeds must be used to construct a new multipurpose convention/coliseum/exhibition center/stadium or the maximum components thereof as funds permit in the most populous municipality in the county.
- After completion of the above projects, tax revenues and interest accrued pursuant to that authorized use may be used, as determined by the county to operate an authority created pursuant to s. 212.0305(4)(b)4., F.S., or to acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain one or more convention centers, stadiums, exhibition halls, arenas, coliseums, auditoriums, golf courses, or related buildings and parking facilities in the most populous municipality in the county.

Prior to the county enacting an ordinance imposing the levy, the county must notify the governing body of each municipality in which projects are to be developed. As a precondition to the receipt of funding, the governing bodies must designate or appoint an authority that has the power to approve the concept, location, program, and design of the facilities or improvements to be developed. The authority administers and disburses the tax proceeds and any other related source of revenue. However, the authority's annual budget is subject to approval of the municipality's governing body.²⁵

The governing body of each municipality levying the tax may adopt a resolution prohibiting the imposition of the convention development tax within the municipality's jurisdiction. If a municipality adopts such a resolution, the tax is imposed by the county in all other areas of the county except such municipality. No funds collected from the convention development tax may be expended in a municipality that has adopted such a resolution.²⁶

Effect of the Bill

The bill provides an exception to the authorized uses of revenues received by counties imposing a TDT for a county defined in s. 125.011(1), F.S. (i.e. Miami-Dade County). The bill specifies that revenues may be used to complete any project underway or to perform any contract in existence as of July 1, 2024, and that revenues may not be used to renew or extend the contracts or projects. Bonds or other outstanding debt as of July 1, 2024, may be refinanced; however, the duration of the debt pledging the TDT may not be extended and the outstanding principal may not be increased, except to account for the costs of issuance.

Revenues not needed for projects, debt obligations, or contracts must be distributed as follows:

- 50 percent must be distributed proportionally to the governing authorities of the municipalities within the county on a monthly basis. The receiving municipality may use the distributions to:
 - Promote and advertise tourism.
 - Fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus. Municipalities may enter into interlocal agreements for the purpose of using the revenue for these stated purposes in combination with moneys used by the county for a countywide convention and visitor bureau pursuant to current law.

²³ Florida Office of Economic and Demographic Research, *2023 Florida Tax Handbook*, p. 312, <http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2023.pdf> (last visited Feb. 2, 2024).

²⁴ S. 212.0305(4)(b)2., F.S.

²⁵ S. 212.0305(4)(b)4., F.S.

²⁶ *Id.*

- Acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or finance public facilities²⁷ within the boundaries of the municipality, if the public facilities are needed to increase tourist-related business activities in the municipality. Tax distributions may be used for any related land acquisition, land improvement, design and engineering costs, and all other professional and related costs required to bring the public facilities into service. Tax distributions may only be used if:
 - At least 2/3 of the governing authority of the municipality approves the use;
 - No more than 70 percent of the cost will be paid for using TDT revenues;
 - No more than 40 percent of all TDT revenues distributed to the municipality are spent to promote and advertise tourism.
- Acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote parks or trails that are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public.
- Reimburse expenses incurred in providing public safety services including emergency medical services and law enforcement needed to address impacts related to increased tourism and visitors to a municipality.
- Finance water quality improvement projects including, but not limited to, flood mitigation; algae control, cleanup, or prevention measures; and Biscayne Bay and waterway network restoration activities.
- Provide for septic-to-sewer conversion projects.

The county must distribute the remaining tax revenues monthly as follows:

- 20 percent for the primary bureau, department, or association responsible for organizing, funding, and promoting artist and cultural organizations;
- 30 percent for visitors bureaus and homeless shelters; and
- 50 percent for regular TDT uses.

The bill revises the purposes for which a county may use charter county convention development moneys. The bill provides that 50 percent of charter county convention development money must be distributed proportionally to the governing boards of the municipalities within the county on a monthly basis. Moneys collected in unincorporated areas of the county are not included in the distribution. The distributions may be used for the following purposes:

- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility to such buildings.
- To promote and advertise tourism and to fund convention bureaus, tourist bureaus, tourist information centers, and news bureaus. Municipalities may enter into interlocal agreements to use the revenue in combination with moneys used by the county for a countywide convention and visitor's bureau.

The county must use the remaining charter county convention development money only for the following purposes:

- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a convention center, an exhibition hall, a coliseum, an auditorium, a performing arts center, or a related building or parking facility for such buildings.
- To acquire, construct, extend, enlarge, remodel, repair, improve, operate, or maintain a countywide convention and visitors bureau which, by interlocal agreement and contract with the municipalities within the county, has the primary responsibility for promoting the county and its municipalities as a destination site for conventions, trade shows, and pleasure travel, or to be used for regular TDT uses. If the county is not or is no longer a party to an interlocal agreement, the county must distribute the revenue for regular TDT uses.

²⁷ The bill defines the term "public facilities" as major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation; sanitary sewer, including solid waste, drainage, and potable water; and pedestrian facilities.

The bill removes the requirement that the county notify the governing board of each municipality before enacting an ordinance imposing the levy, as well as the designation or appointment of an authority and the powers granted to the authority.

Lastly, the bill directs the Division of Law Revision to replace the phrase “the effective date of this act” wherever it occurs in this act with the date the act becomes law.

The bill takes effect July 1, 2024.

B. SECTION DIRECTORY:

Section 1: Amends s. 125.0104, F.S., relating to tourist development tax; procedure for levying; authorized uses; referendum; enforcement.

Section 2: Amends s. 212.0305, F.S., relating to convention development taxes; intent; administration; authorization; use of proceeds.

Section 3: Directs the Division of Law Revision to make conforming changes.

Section 4: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

By reallocating TDT funds, the bill may have an indeterminate impact on county and municipal government revenues.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not require or authorize rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

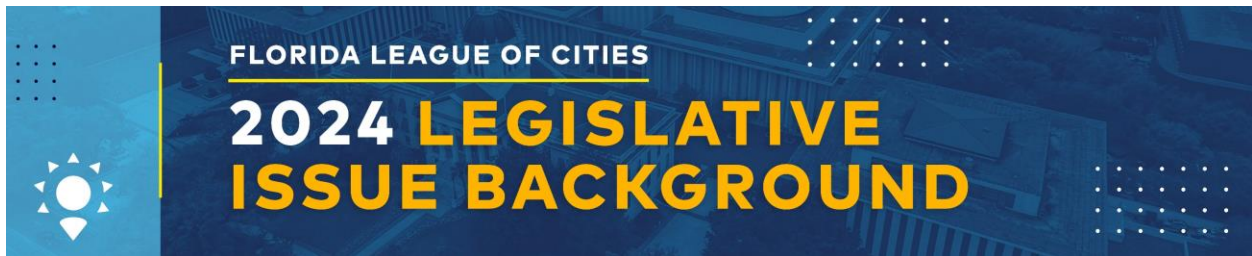
None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

Not applicable.



Local Business Tax Reform



Local Business Taxes

Draft Priority or Policy Statement:

The Florida League of Cities SUPPORTS legislation that maintains the Local Business Tax system. Any capping of revenues or additional limitation on fees within the current Local Business Tax structure will unfairly shift the tax burden for various regulatory programs which benefit the State of Florida and municipalities away from the business community to be subsidized by homeowners and renters.

Background:

The Florida League of Cities faced HB 609 by Representative Botana (Bonita Springs) during the 2024 Legislative Session. As originally proposed, HB 609 would have eliminated the Local Business Tax levy from the Florida Statutes. Through advocacy efforts, HB 609 was amended to only cap revenues and fees, not eliminate the levy altogether. The major areas of concern by the bill sponsor were the uses for the revenues generated by the Local Business Tax and its benefits to the business community, and the outdated language of Florida Statue Chapter 205 pertaining to the “privilege” to do business within the boundaries of a municipality or county.

It is expected legislation will be filed in 2025 to address Local Business Taxes. Of note, is LBT is one of the four Constitutionally authorized levies for municipalities along with Property Taxes (Ad Valorem), Communications Services Tax, and Municipal Utilities Services Tax.

2023
**Local Government Financial
Information Handbook**

January 2024

**The Florida Legislature's
Office of Economic and Demographic Research**



Local Business Tax
(Including Panama City and Panama City Beach's Local Business Taxes on the Gross Sales of
Retail and Wholesale Merchants)
Chapter 205, Florida Statutes

Summary:

The local business tax represents the taxes charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. Counties and municipalities may levy a business tax, and the tax proceeds are considered general revenue for the local government. This tax does not refer to any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

General Law Amendments:

There were no general law amendments resulting from the 2023 Regular Legislative Session.

Eligibility Requirements:

County and municipal governments are eligible to levy, by appropriate resolution or ordinance, a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction.¹ If adopted by ordinance prior to January 1, 1995, a county, as defined in s. 125.011(1), F.S., (i.e., Miami-Dade County) or any adjacent county (i.e., Broward, Collier, and Monroe counties) is authorized to levy and collect an additional business tax up to 50 percent of the appropriate business tax imposed under s. 205.033(1), F.S.²

Administrative Procedures:

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction. The public notice must contain the proposed classifications and rates applicable to the business tax.³ A number of other conditions for levy are imposed on counties and municipalities.⁴

The governing body of a municipality that levies the tax may request that the county in which the municipality is located issue the municipal receipt and collect the tax. The governing body of a county that levies the tax may request that municipalities within the county issue the county receipt and collect the tax. However, before any local government issues any business receipts on behalf of another local government, appropriate agreements must be entered into by the affected local governments.⁵ All business tax receipts are sold by the appropriate tax collector beginning July 1st of each year. The taxes are due and payable on or before September 30th of each year, and the receipts expire on September 30th of the succeeding year. In several situations, administrative penalties are also imposed.⁶

A county or municipality that has not adopted a business tax ordinance or resolution may adopt a business tax ordinance. The tax rate structure and classifications in the adopted ordinance must be reasonable and based upon the rate structure and classifications prescribed in ordinances adopted by adjacent local governments that

1. Sections 205.032, .042, F.S.
2. Section 205.033(6), F.S.
3. Sections 205.032, .042, F.S.
4. Sections 205.033, .043, F.S.
5. Section 205.045, F.S.
6. Section 205.053, F.S.

have implemented s. 205.0535, F.S. If no adjacent local government has implemented s. 205.0535, F.S., or if the governing body of the county or municipality finds that the rate structures or classifications of adjacent local governments are unreasonable, then an alternative method is authorized. In such a case, the rate structure or classifications prescribed in the ordinance of the local government seeking to impose the tax may be based upon those prescribed in ordinances adopted by local governments that have implemented s. 205.0535, F.S., in counties or municipalities that have a comparable population.⁷

Once a local government has a local business tax in place, changes to the tax must satisfy certain statutory requirements.⁸ A county or municipality may pass an ordinance repealing or decreasing a local business tax by majority vote of the governing body, as long as the ordinance does not result in an increase of local business taxes for any taxpayer.⁹ However, before passing an ordinance that reclassifies businesses, professions, and occupations, or establishes new rate structures, a county or municipality must establish an equity study commission to recommend appropriate classifications and rate structures.¹⁰ After the study is complete, a county or municipality may pass a reclassification and revision ordinance by majority vote; however, there are statutory limits on any tax increases.¹¹ After a reclassification ordinance is passed, a county or municipality may increase or decrease its tax rates by up to five percent, every other year; however, an ordinance that increases the tax must be passed by a majority vote plus one of the governing body.¹² State law exempts, or allows local governments to exempt, certain individuals from all or some portion of local business taxes. State law also regulates the issuance of local business tax receipts to certain individuals or businesses.¹³

Distribution of Proceeds:

The revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and credit given for municipal business taxes, are apportioned between the county's unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing their respective populations by the county's total population.¹⁴ Within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority; however, this provision does not apply to counties that established a new rate structure pursuant to s. 205.0535, F.S.¹⁵

Authorized Uses:

The tax proceeds are considered general revenue for the county or municipality. Additionally, the county business tax proceeds may be used for overseeing and implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.¹⁶ The proceeds of the additional county business tax imposed pursuant to s. 205.033(6), F.S., are distributed by the county's governing body to a designated organization or agency for the purpose of implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.¹⁷

7. Section 205.0315, F.S.

8. Section 205.0535, F.S.

9. Section 205.0535(5), F.S.

10. Section 205.0535(2), F.S.

11. Section 205.0535(3), F.S.

12. Section 205.0535(4), F.S.

13. See Sections 205.054 – 205.192, F.S.

14. Section 205.033(4), F.S.

15. Section 205.033(5), F.S.

16. Section 205.033(7), F.S.

17. Section 205.033(6)(b), F.S.

Attorney General Opinions:

Florida’s Attorney General has issued the following legal opinions relevant to this revenue source.

<u>Opinion #</u>	<u>Subject</u>
2019-04	Local business tax – E-Verify
2014-11	Taxation, business tax, occupational license tax
2011-20	Business license tax, firearms, municipalities
2010-41	Local business tax, reclassify/exempt businesses
2010-23	Local business taxes, amendment of ordinance

Interested persons can also access numerous opinions issued under the revenue source’s prior name *occupational license tax*. The full texts of these opinions are available via a searchable on-line database.¹⁸ Local government officials seeking more clarification should review the opinions in their entirety. The reader should keep the date of the opinion in mind when reviewing its relevance to current law or any interpretations that have been articulated in Florida case law.

Prior Years’ Revenues:

A summary of prior years’ revenues reported by local governments is available.¹⁹

18. <https://www.myfloridalegal.com/ag-opinions>

19. <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/index.cfm>

Panama City and Panama City Beach's Local Business Taxes on the Gross Sales of Retail and Wholesale Merchants

Section 205.044, Florida Statutes,

as implemented by Part II, Chapter 7, Article II, Section 7-53, of the Panama City Municipal Code;²⁰ and Chapter 14, Section 14-29 (136), of the Code of Ordinances, City of Panama City Beach, Florida.²¹

Summary – Panama City Tax:

The City of Panama City levies separate license taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 (i.e., 1 percent) of gross sales with a minimum tax of \$1.50 per month. For wholesale merchants, the tax is \$0.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.05 percent) with a minimum tax of \$1.50 per month. Additionally, the tax applies only to the first \$5,000 collected by a merchant for any single item of merchandise. The merchant pays the license tax by the 30th day of each month based on the merchant's gross sales of the preceding month. If payment is made on or before the 20th day of the month such tax is payable, a 3 percent discount is allowed.

Summary – Panama City Beach Tax:

The City of Panama City Beach levies separate business taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 of gross sales, or major portion thereof, (i.e., 1 percent) with a minimum tax of \$50 per year. For wholesale merchants, the tax is \$1.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.15 percent) with a minimum tax of \$50 per year. On the first day of each month, the merchant submits a statement of gross sales for the preceding month at which time the tax is paid. The statement and payment are delinquent on the 10th day of each month following application for receipt. Upon becoming delinquent, the receipt is subject to revocation by the city council, and the city clerk reports at each regular city council meeting any delinquent merchant's business tax receipts. Once revoked, a merchant's receipts may be reinstated if all accrued taxes plus a 10 percent penalty of the gross amount are paid. No merchant can transact business while his or her business tax receipt stands revoked. If payment is made on or before the 10th day of the month such tax is payable, a 3 percent discount is allowed.

The cities of Panama City and Panama City Beach are the only known local governments in Florida that levy a license/business tax on the gross receipts of retail and wholesale merchants.

General Law Amendments:

There were no general law amendments resulting from the 2023 Regular Legislative Session.

Prior Years' Revenues:

The annual amounts of general fund revenue generated from merchant licenses are reported separately from other local business tax revenues in the City of Panama City's annual budgets.²² However, such amounts are not separately reported in the City of Panama City Beach's annual budgets or financial statements.²³

20. https://www.municode.com/library/fl/panama_city/codes/code_of_ordinances (see Subpart A-General Ordinances, Chapter 7-Business Licenses and Business Regulations, Section 7-53-Amounts of License Taxes-MERCHANTS).

21. https://www.municode.com/library/fl/panama_city_beach/codes/code_of_ordinances (see Chapter 14-Licenses and License Taxes, Section 14-29 Business Tax Schedule-MERCHANTS).

22. <http://www.pcgov.org/archive.aspx>

23. <https://www.pcbfl.gov/departments/finance/budgets-financial-statements>

1 A bill to be entitled
2 An act relating to local business taxes; amending s.
3 11.40, F.S.; conforming provisions to changes made by
4 the act; amending s. 11.45, F.S.; requiring the
5 Auditor General to contact certain local governments;
6 requiring such local government provide specified
7 evidence within a certain time period; requiring
8 notification to the Legislative Auditing Committee in
9 specified circumstances; amending s. 205.0315, F.S.;
10 authorizing specified entities to continue to levy a
11 certain tax; prohibiting the repeal or modification of
12 certain ordinances beginning a date certain; providing
13 an exception; amending ss. 205.033 and 205.043, F.S.;
14 revising the conditions imposed on taxing authorities
15 governing the levy of a specified tax; amending s.
16 205.0535, F.S.; providing definitions; prohibiting
17 reclassification of businesses subject to a specified
18 tax rate; prohibiting the revenue generated from a
19 certain tax from exceeding a specified value;
20 requiring specified actions be taken in event of a
21 violation of such prohibition; providing
22 applicability; amending s. 205.0536, F.S.; conforming
23 provisions to changes made by the act; amending s.
24 205.046, F.S.; requiring a specified document be filed
25 with a certain audit; providing requirements for such

26 document; amending ss. 215.97, 218.32, and 489.537,
 27 F.S.; conforming a cross-reference; providing an
 28 effective date.

30 Be It Enacted by the Legislature of the State of Florida:

31
 32 Section 1. Subsection (2) of section 11.40, Florida
 33 Statutes, is amended to read:

34 11.40 Legislative Auditing Committee.—

35 (2) Following notification by the Auditor General, the
 36 Department of Financial Services, the Division of Bond Finance
 37 of the State Board of Administration, the Governor or his or her
 38 designee, or the Commissioner of Education or his or her
 39 designee of the failure of a local governmental entity, district
 40 school board, charter school, or charter technical career center
 41 to comply with the applicable provisions within s. 11.45(5)-(7),
 42 s. 205.0535, s. 218.32(1), s. 218.38, or s. 218.503(3), the
 43 Legislative Auditing Committee may schedule a hearing to
 44 determine if the entity should be subject to further state
 45 action. If the committee determines that the entity should be
 46 subject to further state action, the committee shall:

47 (a) In the case of a local governmental entity or district
 48 school board, direct the Department of Revenue and the
 49 Department of Financial Services to withhold any funds not
 50 pledged for bond debt service satisfaction which are payable to

51 such entity until the entity complies with the law. The
52 committee shall specify the date that such action must begin,
53 and the directive must be received by the Department of Revenue
54 and the Department of Financial Services 30 days before the date
55 of the distribution mandated by law. The Department of Revenue
56 and the Department of Financial Services may implement this
57 paragraph.

58 (b) In the case of a special district created by:

59 1. A special act, notify the President of the Senate, the
60 Speaker of the House of Representatives, the standing committees
61 of the Senate and the House of Representatives charged with
62 special district oversight as determined by the presiding
63 officers of each respective chamber, the legislators who
64 represent a portion of the geographical jurisdiction of the
65 special district, and the Department of Economic Opportunity
66 that the special district has failed to comply with the law.
67 Upon receipt of notification, the Department of Economic
68 Opportunity shall proceed pursuant to s. 189.062 or s. 189.067.
69 If the special district remains in noncompliance after the
70 process set forth in s. 189.0651, or if a public hearing is not
71 held, the Legislative Auditing Committee may request the
72 department to proceed pursuant to s. 189.067(3).

73 2. A local ordinance, notify the chair or equivalent of
74 the local general-purpose government pursuant to s. 189.0652 and
75 the Department of Economic Opportunity that the special district

76 | has failed to comply with the law. Upon receipt of notification,
 77 | the department shall proceed pursuant to s. 189.062 or s.
 78 | 189.067. If the special district remains in noncompliance after
 79 | the process set forth in s. 189.0652, or if a public hearing is
 80 | not held, the Legislative Auditing Committee may request the
 81 | department to proceed pursuant to s. 189.067(3).

82 | 3. Any manner other than a special act or local ordinance,
 83 | notify the Department of Economic Opportunity that the special
 84 | district has failed to comply with the law. Upon receipt of
 85 | notification, the department shall proceed pursuant to s.
 86 | 189.062 or s. 189.067(3).

87 | (c) In the case of a charter school or charter technical
 88 | career center, notify the appropriate sponsoring entity, which
 89 | may terminate the charter pursuant to ss. 1002.33 and 1002.34.

90 | Section 2. Paragraphs (d) through (j) of subsection (7) of
 91 | section 11.45, Florida Statutes, are redesignated as paragraphs
 92 | (e) through (k), respectively, and a new paragraph (d) is added
 93 | to that subsection, to read:

94 | 11.45 Definitions; duties; authorities; reports; rules.—

95 | (7) AUDITOR GENERAL REPORTING REQUIREMENTS.—

96 | (d) During the Auditor General's review of audit reports,
 97 | he or she shall contact each local government which is not in
 98 | compliance with s. 205.0535, and request evidence of corrective
 99 | action. The local government shall provide the Auditor General
 100 | with evidence of the initiation of corrective action within 45

101 days after the date the corrective action is requested by the
 102 Auditor General and evidence of completion of corrective action
 103 within 180 days after the date the corrective action is
 104 requested by the Auditor General. If the local government fails
 105 to comply with the Auditor General's request or is unable to
 106 take corrective action within the required timeframe, the
 107 Auditor General shall notify the Legislative Auditing Committee.

108 Section 3. Section 205.0315, Florida Statutes, is amended
 109 to read:

110 205.0315 Ordinance adopted before ~~adoption after~~ October
 111 1, 2024 ~~1995~~.—Beginning October 1, 2024 ~~1995~~, a county or
 112 municipality that has ~~not~~ adopted a business tax ordinance or
 113 resolution under this chapter before July 1, 2024, may not
 114 increase or otherwise modify the tax rate structure or
 115 classification in such ~~adopt a~~ business tax ordinance, except as
 116 provided in s. 205.0535. However, ~~the~~ business tax rate
 117 structure and classifications in the adopted ordinance may be
 118 repealed ~~must be reasonable and based upon the rate structure~~
 119 ~~and classifications prescribed in ordinances adopted by adjacent~~
 120 ~~local governments that have implemented s. 205.0535. If no~~
 121 ~~adjacent local government has implemented s. 205.0535, or if the~~
 122 ~~governing body of the county or municipality finds that the rate~~
 123 ~~structures or classifications of adjacent local governments are~~
 124 ~~unreasonable, the rate structure or classifications prescribed~~
 125 ~~in its ordinance may be based upon those prescribed in~~

126 ~~ordinances adopted by local governments that have implemented s.~~
 127 ~~205.0535 in counties or municipalities that have a comparable~~
 128 ~~population.~~

129 Section 4. Paragraph (b) of subsection (1), subsections
 130 (4) and (5), and paragraph (a) of subsection (6) of section
 131 205.033, Florida Statutes, are amended to read:

132 205.033 Conditions for levy; counties.—

133 (1) The following conditions are imposed on the authority
 134 of a county governing body to levy a business tax:

135 (b) ~~Unless the county implements s. 205.0535 or adopts a~~
 136 ~~new business tax ordinance under s. 205.0315,~~ A business tax
 137 levied under this subsection may not exceed the rate ~~provided by~~
 138 ~~this chapter~~ in effect for the year beginning October 1, 2023
 139 ~~1971~~; however, beginning October 1, 2024 ~~1980~~, the county
 140 governing body must decrease ~~may increase~~ business taxes
 141 authorized by this chapter as provided in s. 205.0535. ~~The~~
 142 ~~amount of the increase above the tax rate levied on October 1,~~
 143 ~~1971, for taxes levied at a flat rate may be up to 100 percent~~
 144 ~~for business taxes that are \$100 or less; 50 percent for~~
 145 ~~business taxes that are between \$101 and \$300; and 25 percent~~
 146 ~~for business taxes that are more than \$300. Beginning October 1,~~
 147 ~~1982, the increase may not exceed 25 percent for taxes levied at~~
 148 ~~graduated or per unit rates. Authority to increase business~~
 149 ~~taxes does not apply to licenses or receipts granted to any~~
 150 ~~utility franchised by the county for which a franchise fee is~~

151 ~~paid.~~

152 (4) The revenues derived from the business tax, exclusive
 153 of the costs of collection and any credit given for municipal
 154 business taxes, shall be apportioned between the unincorporated
 155 area of the county and the incorporated municipalities located
 156 therein by a ratio derived by dividing their respective
 157 populations by the population of the county. This subsection
 158 does not apply to counties that ~~have~~ established a new rate
 159 structure under s. 205.0535 before October 1, 2024.

160 (5) The revenues so apportioned shall be sent to the
 161 governing authority of each municipality, according to its
 162 ratio, and to the governing authority of the county, according
 163 to the ratio of the unincorporated area, within 15 days
 164 following the month of receipt. This subsection does not apply
 165 to counties that ~~have~~ established a new rate structure under s.
 166 205.0535 before October 1, 2024.

167 (6)(a) Each county, as defined in s. 125.011(1), or any
 168 county adjacent thereto may levy and collect, by an ordinance
 169 enacted by the governing body of the county, an additional
 170 business tax up to 50 percent of the appropriate business tax
 171 imposed under subsection (1); however, beginning October 1,
 172 2024, such business tax must be decreased as provided in s.
 173 205.0535.

174 Section 5. Paragraph (b) of subsection (1) of section
 175 205.043, Florida Statutes, is amended to read:

176 205.043 Conditions for levy; municipalities.-

177 (1) The following conditions are imposed on the authority
178 of a municipal governing body to levy a business tax:

179 (b) ~~Unless the municipality implements s. 205.0535 or~~
180 ~~adopts a new business tax ordinance under s. 205.0315, A~~
181 business tax levied under this subsection may not exceed the
182 rate in effect in the municipality for the year beginning
183 October 1, 2023. ~~1971; however,~~ Beginning October 1, 2024 ~~1980,~~
184 the municipal governing body must decrease ~~may increase~~ business
185 taxes authorized by this chapter as provided in s. 205.0535. ~~The~~
186 ~~amount of the increase above the tax rate levied on October 1,~~
187 ~~1971, for taxes levied at a flat rate may be up to 100 percent~~
188 ~~for business taxes that are \$100 or less; 50 percent for~~
189 ~~business taxes that are between \$101 and \$300; and 25 percent~~
190 ~~for business taxes that are more than \$300. Beginning October 1,~~
191 ~~1982, an increase may not exceed 25 percent for taxes levied at~~
192 ~~graduated or per unit rates. Authority to increase business~~
193 ~~taxes does not apply to receipts or licenses granted to any~~
194 ~~utility franchised by the municipality for which a franchise fee~~
195 ~~is paid.~~

196 Section 6. Section 205.0535, Florida Statutes, is amended
197 to read:

198 205.0535 Reclassification and rate structure revisions.-

199 (1) As used in this section, the term:

200 (a) "Recalculated tax rate" means the tax rate that, if it

201 had been applied in the immediate prior fiscal year, would
 202 result in the maximum total revenue that does not exceed the
 203 revenue base.

204 (b) "Revenue base" means the total revenue for the fiscal
 205 year ending September 30, 2023, or for the fiscal year ending
 206 September 30, 2024, whichever is greater

207 (c) "Total revenue" means:

208 1. For a county, the total annual revenue generated by
 209 receipts issued in the fiscal year, less any revenue distributed
 210 to municipalities under s. 205.033(4) in such year, and less any
 211 revenue refunded to businesses pursuant to sub-
 212 subparagraph(4) (a)3.b. in such year.

213 2. For a municipality, the total annual revenue generated
 214 by receipts issued in the fiscal year plus any revenue received
 215 from the county under s. 205.033(4) in such fiscal year, and
 216 less any revenue refunded to businesses pursuant to sub-
 217 subparagraph(4) (a)3.b. in such year.

218 (2)-(1) Beginning by October 1, 2024 2008, any municipality
 219 that has adopted by ordinance a local business tax ~~after October~~
 220 ~~1, 1995,~~ may not ~~by ordinance~~ reclassify businesses,
 221 professions, and occupations or ~~and may~~ establish new rate
 222 structures, ~~if the conditions specified in subsections (2) and~~
 223 ~~(3) are met.~~ A person who is engaged in the business of
 224 providing local exchange telephone service or a pay telephone
 225 service in a municipality or in the unincorporated area of a

226 county and who pays the business tax under the category
 227 designated for telephone companies or a pay telephone service
 228 provider certified pursuant to s. 364.3375 is deemed to have but
 229 one place of business or business location in each municipality
 230 or unincorporated area of a county. Pay telephone service
 231 providers may not be assessed a business tax on a per-instrument
 232 basis.

233 (3) Beginning October 1, 2024, the total revenue generated
 234 by the business tax each fiscal year may not exceed the revenue
 235 base.

236 (4) (a) Beginning October 1, 2025, if the total revenue
 237 received by a local government from the local business tax in
 238 the immediate prior fiscal year exceeds the revenue base:

239 1. The governing authority must adopt an ordinance to
 240 proportionally adjust the rates of the local business taxes
 241 levied under this chapter for the current fiscal year to the
 242 recalculated tax rate.

243 2. The rate adjustment ordinance must be adopted as soon
 244 as practicable, but no later than January 1 of the current
 245 fiscal year.

246 3. By February 1, the county or municipality must issue a
 247 refund to each business that paid the local business tax:

248 a. In the prior fiscal year. Such refund shall be the
 249 difference between the amount paid and the amount that would
 250 have been paid if the recalculated tax rate had been used.

251 b. At the unreduced rate in the current fiscal year. Such
 252 refund shall be the difference in the amount paid and the amount
 253 due if the recalculated tax rate had been used.

254 (b) A refund issued under subparagraph (a)3. may be
 255 granted as a credit against tax due in the next fiscal year.

256 (c) If the county or municipality is unable to grant a
 257 refund pursuant to subparagraph (a)3. because a business no
 258 longer exists, or the county or municipality is unable to locate
 259 the business or deliver such refund after making reasonable
 260 efforts to do so, then such refund shall be treated by the
 261 county or municipality as unclaimed property under chapter 717.

262 ~~(2) Before adopting a reclassification and revision~~
 263 ~~ordinance, the municipality or county must establish an equity~~
 264 ~~study commission and appoint its members. Each member of the~~
 265 ~~study commission must be a representative of the business~~
 266 ~~community within the local government's jurisdiction. Each~~
 267 ~~equity study commission shall recommend to the appropriate local~~
 268 ~~government a classification system and rate structure for~~
 269 ~~business taxes.~~

270 ~~(3)(a) After the reclassification and rate structure~~
 271 ~~revisions have been transmitted to and considered by the~~
 272 ~~appropriate local governing body, it may adopt by majority vote~~
 273 ~~a new business tax ordinance. Except that a minimum tax of up to~~
 274 ~~\$25 is permitted, the reclassification may not increase the tax~~
 275 ~~by more than the following: for receipts costing \$150 or less,~~

276 ~~200 percent; for receipts costing more than \$150 but not more~~
277 ~~than \$500, 100 percent; for receipts costing more than \$500 but~~
278 ~~not more than \$2,500, 75 percent; for receipts costing more than~~
279 ~~\$2,500 but not more than \$10,000, 50 percent; and for receipts~~
280 ~~costing more than \$10,000, 10 percent; however, in no case may~~
281 ~~the tax on any receipt be increased more than \$5,000.~~

282 ~~(b) The total annual revenue generated by the new rate~~
283 ~~structure for the fiscal year following the fiscal year during~~
284 ~~which the rate structure is adopted may not exceed:~~

285 ~~1. For municipalities, the sum of the revenue base and 10~~
286 ~~percent of that revenue base. The revenue base is the sum of the~~
287 ~~business tax revenue generated by receipts issued for the most~~
288 ~~recently completed local fiscal year or the amount of revenue~~
289 ~~that would have been generated from the authorized increases~~
290 ~~under s. 205.043(1)(b), whichever is greater, plus any revenue~~
291 ~~received from the county under s. 205.033(4).~~

292 ~~2. For counties, the sum of the revenue base, 10 percent~~
293 ~~of that revenue base, and the amount of revenue distributed by~~
294 ~~the county to the municipalities under s. 205.033(4) during the~~
295 ~~most recently completed local fiscal year. The revenue base is~~
296 ~~the business tax revenue generated by receipts issued for the~~
297 ~~most recently completed local fiscal year or the amount of~~
298 ~~revenue that would have been generated from the authorized~~
299 ~~increases under s. 205.033(1)(b), whichever is greater, but may~~
300 ~~not include any revenues distributed to municipalities under s.~~

301 ~~205.033(4).~~

302 ~~(c) In addition to the revenue increases authorized by~~
 303 ~~paragraph (b), revenue increases attributed to the increases in~~
 304 ~~the number of receipts issued are authorized.~~

305 ~~(4) After the conditions specified in subsections (2) and~~
 306 ~~(3) are met, municipalities and counties may, every other year~~
 307 ~~thereafter, increase or decrease by ordinance the rates of~~
 308 ~~business taxes by up to 5 percent. However, an increase must be~~
 309 ~~enacted by at least a majority plus one vote of the governing~~
 310 ~~body.~~

311 (5) This chapter does not prohibit a municipality or
 312 county from decreasing or repealing any business tax authorized
 313 under this chapter. By majority vote, the governing body of a
 314 county or municipality may adopt an ordinance repealing a local
 315 business tax or establishing new rates that decrease local
 316 business taxes, provided that the new rates do not produce
 317 revenues in excess of the revenue base ~~and do not result in an~~
 318 ~~increase in local business taxes for a taxpayer. Such ordinances~~
 319 ~~are not subject to subsections (2) and (3).~~

320 (6) A receipt may not be issued unless the federal
 321 employer identification number or social security number is
 322 obtained from the person to be taxed.

323 (7) This section does not apply to:

324 (a) A municipality that imposes a business tax on
 325 merchants which is measured by gross receipts from the sale of

326 merchandise or services, or both, as described in s. 205.044.

327 (b) A fiscally constrained county as defined in s.
 328 218.67(1).

329 (c) A municipality located in a fiscally constrained
 330 county as defined in s. 218.67(1).

331 Section 7. Section 205.0536, Florida Statutes, is amended
 332 to read:

333 205.0536 Distribution of county revenues.—A county that
 334 established ~~establishes~~ a new rate structure under s. 205.0535,
 335 before October 1, 2024, shall retain all business tax revenues
 336 collected from businesses, professions, or occupations whose
 337 places of business are located within the unincorporated
 338 portions of the county. Any business tax revenues collected by a
 339 county that established ~~establishes~~ a new rate structure under
 340 s. 205.0535, before October 1, 2024, from businesses,
 341 professions, or occupations whose places of business are located
 342 within a municipality, exclusive of the costs of collection,
 343 must be apportioned between the unincorporated area of the
 344 county and the incorporated municipalities located therein by a
 345 ratio derived by dividing their respective populations by the
 346 population of the county. As used in this section, the term
 347 "population" means the latest official state estimate of
 348 population certified under s. 186.901. The revenues so
 349 apportioned shall be sent to the governing authority of each
 350 municipality, according to its ratio, and to the governing

351 authority of the county, according to the ratio of the
 352 unincorporated area, within 15 days after the month of receipt.

353 Section 8. Section 205.046, Florida Statutes, is created
 354 to read:

355 205.046 Audits.—An audit of financial statements of a
 356 local government which is performed by a certified public
 357 accountant pursuant to s. 218.39 and submitted to the Auditor
 358 General must be accompanied by an affidavit executed by the
 359 chair of the governing board of the local government, as a
 360 separate document, stating that the local government has
 361 complied with the provisions of s. 205.0535 and must be filed
 362 with the Auditor General or, in the event the local government
 363 has not complied with s. 205.0535, the affidavit shall instead
 364 include a description of the noncompliance and corrective action
 365 taken by the local government to correct the noncompliance and
 366 to prevent such noncompliance in the future.

367 Section 9. Paragraph (a) of subsection (2) of section
 368 215.97, Florida Statutes, is amended to read:

369 215.97 Florida Single Audit Act.—

370 (2) As used in this section, the term:

371 (a) "Audit threshold" means the threshold amount used to
 372 determine when a state single audit or project-specific audit of
 373 a nonstate entity shall be conducted in accordance with this
 374 section. Each nonstate entity that expends a total amount of
 375 state financial assistance equal to or in excess of \$750,000 in

376 any fiscal year of such nonstate entity shall be required to
 377 have a state single audit or a project-specific audit for such
 378 fiscal year in accordance with the requirements of this section.
 379 After consulting with the Executive Office of the Governor, the
 380 Department of Financial Services, and all state awarding
 381 agencies, the Auditor General shall periodically review the
 382 threshold amount for requiring audits under this section and may
 383 recommend any appropriate statutory change to revise the
 384 threshold amount in the annual report submitted to the
 385 Legislature pursuant to s. 11.45(7)(i) ~~s. 11.45(7)(h)~~.

386 Section 10. Paragraph (e) of subsection (1) of section
 387 218.32, Florida Statutes, is amended to read:

388 218.32 Annual financial reports; local governmental
 389 entities.—

390 (1)

391 (e)1. Each local governmental entity that is not required
 392 to provide for an audit under s. 218.39 must submit the annual
 393 financial report to the department no later than 9 months after
 394 the end of the fiscal year. The department shall consult with
 395 the Auditor General in the development of the format of annual
 396 financial reports submitted pursuant to this paragraph. The
 397 format must include balance sheet information used by the
 398 Auditor General pursuant to s. 11.45(7)(g) ~~s. 11.45(7)(f)~~. The
 399 department must forward the financial information contained
 400 within the annual financial reports to the Auditor General in

401 | electronic form. This paragraph does not apply to housing
402 | authorities created under chapter 421.

403 | 2. The annual financial report filed by a dependent
404 | special district or an independent special district shall
405 | specify separately:

406 | a. The total number of district employees compensated in
407 | the last pay period of the district's fiscal year being
408 | reported.

409 | b. The total number of independent contractors to whom
410 | nonemployee compensation was paid in the last month of the
411 | district's fiscal year being reported.

412 | c. All compensation earned by or awarded to employees,
413 | whether paid or accrued, regardless of contingency.

414 | d. All compensation earned by or awarded to nonemployee
415 | independent contractors, whether paid or accrued, regardless of
416 | contingency.

417 | e. Each construction project with a total cost of at least
418 | \$65,000 approved by the district that is scheduled to begin on
419 | or after October 1 of the fiscal year being reported, together
420 | with the total expenditures for such project.

421 | 3. The annual financial report of a dependent special
422 | district or an independent special district amending a final
423 | adopted budget under s. 189.016(6) must include a budget
424 | variance report based on the budget adopted under s. 189.016(4)
425 | before the beginning of the fiscal year being reported.

426 4. The annual financial report of an independent special
 427 district that imposes ad valorem taxes shall include the millage
 428 rate or rates imposed by the district, the total amount of ad
 429 valorem taxes collected by or on behalf of the district, and the
 430 total amount of outstanding bonds issued by the district and the
 431 terms of such bonds.

432 5. The annual financial report of an independent special
 433 district that imposes non-ad valorem special assessments shall
 434 include the rate or rates of such assessments imposed by the
 435 district, the total amount of special assessments collected by
 436 or on behalf of the district, and the total amount of
 437 outstanding bonds issued by the district and the terms of such
 438 bonds.

439 Section 11. Subsection (8) of section 489.537, Florida
 440 Statutes, is amended to read:

441 489.537 Application of this part.—

442 (8) Persons licensed under this part are subject to ss.
 443 205.0535(2) ~~205.0535(1)~~ and 205.065, as applicable.

444 Section 12. This act shall take effect July 1, 2024.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 609 Local Business Taxes
SPONSOR(S): State Affairs Committee, Ways & Means Committee, Botana and others
TIED BILLS: IDEN./SIM. BILLS: SB 1144

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Ways & Means Committee	16 Y, 7 N, As CS	Berg	Aldridge
2) State Affairs Committee	12 Y, 7 N, As CS	Burgess	Williamson

SUMMARY ANALYSIS

The local business tax authorized under Chapter 205, F.S., represents the taxes charged and the method by which a local government authority grants the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. Counties and municipalities may levy a business tax, and the tax proceeds are considered general revenue for the local government. This tax does not refer to any regulatory fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

The bill provides a limitation on the amount of revenue a local government may receive from local business taxes based on the revenue the local government received in local Fiscal Year (FY) ending September 30, 2023, or September 30, 2024, whichever is greater. If a local government receives more local business tax revenue than it did in the base year, the local government must proportionally reduce its tax rates and must issue refunds or credits to taxpayers. The bill provides guidance on how those refunds and credits must be calculated and when they must occur.

The bill requires local governments to include an affidavit in their annual financial audit report to the Auditor General attesting to compliance with the requirement to reduce rates and issue refunds, if needed. The Auditor General must follow up with any local governments not in compliance and report those local governments to the Legislative Auditing Committee if the noncompliance continues.

The bill also makes conforming changes.

The bill has an effective date of July 1, 2024.

The Revenue Estimating Conference has not estimated the impact of the committee substitute.

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

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Local Business Taxes

Background

The local business tax, authorized in Chapter 205, F.S., represents the fees charged and the method by which a local government authority grants the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. Counties and municipalities may levy a business tax, and the tax proceeds are considered general revenue for the local government.¹ This tax does not refer to any regulatory fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.²

Prior to 1972, the state imposed an occupational license tax and shared the revenues with the counties. Municipalities levied their own occupational license taxes pursuant to local ordinances or resolutions. Counties had no authority to levy an occupational license tax until October 1, 1972, when Chapter 72-306, Laws of Florida, repealed the state tax and authorized both counties and cities to impose an occupational tax at the state or city rate then in effect. In 1980, the legislature authorized counties and municipalities to increase rates by a specified percentage based on the rates then in effect.³ In 1986, the legislature authorized Miami-Dade, Broward, Monroe, and Collier counties to increase their rates by an additional 50 percent, with the proceeds being dedicated to specified economic development activities.⁴

Effective January 1, 2007, the legislature changed the name of the Local Occupational License Tax to the Local Business Tax.⁵ This was done in response to some individuals representing that the fact they had obtained an “occupational license” under Chapter 205, F.S., conferred upon them some type of official proof of their competency to perform various repairs and services. The name change was intended to clarify that the payments made under Chapter 205, F.S., were taxes and not some type of regulatory fee.

Administrative Procedures

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction as defined by law.⁶ The public notice must contain the proposed classifications and rates applicable to the business tax.⁷ A number of other conditions for levy are imposed on counties and municipalities.⁸

For purposes of Chapter 205, F.S., the terms “business,” “profession,” and “occupation” do not include the customary religious, charitable, or educational activities of non-profit religious, charitable, and educational institutions in the state.⁹ These institutions are more particularly defined and limited in statute.¹⁰ The term “receipt” means the document issued by the local governing authority, which bears

¹ Sections 205.033 and 205.042, F.S.

² Section 205.022(5), F.S.

³ Chapter 80-274, L.O.F.

⁴ Chapter 86-298, L.O.F.

⁵ Chapter 2006-152, L.O.F.

⁶ Sections 205.033 and 205.042, F.S.

⁷ *Id.*

⁸ Sections 205.033 and 205.043, F.S.

⁹ Section 205.022(1), F.S.

¹⁰ *Id.*

the words “Local Business Tax Receipt” and evidences that the person in whose name the document is issued has complied with the provisions of Chapter 205, F.S., relating to the business tax.¹¹

The governing body of a municipality that levies the tax may request that the county in which the municipality is located issue the municipal receipt and collect the tax.¹² The governing body of a county that levies the tax may make the same request of a municipality.¹³ However, before any local government issues any business receipts on behalf of another local government, those governments must adopt an interlocal agreement.¹⁴ All business tax receipts are sold by the appropriate tax collector beginning July 1 of each year.¹⁵ The taxes are due and payable on or before September 30 of each year, and the receipts expire on September 30 of the succeeding year.¹⁶ In several situations, administrative penalties are also imposed.¹⁷

New Tax Levies

A county or municipality that has not yet adopted a business tax ordinance or resolution may adopt a business tax ordinance pursuant to s. 205.0315, F.S. The tax rate structure and classifications in the adopted ordinance must be reasonable and based upon the rate structure and classifications prescribed in ordinances adopted by adjacent local governments that have implemented a local business tax.¹⁸ If no adjacent local government has implemented a local business tax, or if the governing body of the county or municipality finds that the rate structures or classifications of adjacent local governments are unreasonable, then an alternative method is authorized. In such a case, the rate structure or classifications prescribed in the ordinance of the local government seeking to impose the tax may be based upon those prescribed in ordinances adopted by local governments that have implemented a local business tax in counties or municipalities that have a comparable population.¹⁹

Tax Base/Rate Restructuring

Currently, counties and municipalities with an existing local business tax may not reclassify businesses, professions, and occupations.²⁰ However, those counties and municipalities that underwent a reclassification and rate structure revision pursuant to s. 205.0535, F.S., prior to October 1, 1995, or during a window of time available from July 1, 2007, through October 1, 2008, for certain municipalities, may, every other year, increase or decrease by ordinance the rates of business taxes by up to 5 percent.²¹ However, an increase may not be enacted by less than a majority plus one vote of the governing body.²² A county or municipality is not prohibited from decreasing or repealing any authorized local business tax.²³

Exemptions

Chapter 205, F.S., provides several exemptions and exclusions from local business taxes. Customary religious, charitable, or educational activities of non-profit religious, charitable, and educational institutions are excluded from the definition of “business,” “profession,” and “occupation” and are thereby excluded from paying local business taxes.²⁴ There is an optional partial exemption for businesses located in enterprise zones.²⁵ The delivery and transportation of tangible personal property by a business that is otherwise required to pay a local business tax may not be charged a separate

¹¹ Section 205.022(2), F.S.

¹² Section 205.045, F.S.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Section 205.053, F.S.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Section 205.0315, F.S.

¹⁹ *Id.*

²⁰ Section 205.0535, F.S.

²¹ Section 205.0535(4), F.S.

²² *Id.*

²³ *Id.*

²⁴ Section 205.022(1), F.S.

²⁵ Section 205.054, F.S.

local business tax for such delivery or transportation service.²⁶ There are also exemptions for persons engaged in specified farming activities,²⁷ certain nonresident persons regulated by the Department of Business and Professional Regulation (DBPR),²⁸ certain employees of businesses that are required to pay a local business tax,²⁹ certain disabled persons, the aged, and widows with minor dependents,³⁰ disabled veterans of any war or their unremarried spouses,³¹ and certain mobile home setup operations.³² Charitable, religious, fraternal, youth, civic, service, or other similar organization that makes occasional sales or engage in fundraising projects that are performed exclusively by its members and where the proceeds derived from the activities are used exclusively in the charitable, religious, fraternal, youth, civic, and service activities of the organization are also exempt.³³

Regulatory Provisions

Section 205.194, F.S., provides that any person applying for or renewing a local business tax receipt to practice any profession or engage in or manage any business or occupation regulated by DBPR, the Florida Supreme Court, or any other state regulatory agency, including any board or commission thereof, must exhibit an active state certificate, registration, or license, or proof of copy of the same, before such local receipt may be issued. Sections 205.196, 205.1965, 205.1967, 205.1969, 205.1971, 205.1973, and 205.1975, F.S., provide similar requirements for the production of evidence of appropriate licensure prior to the issuance of a business tax receipt for pharmacies and pharmacists, assisted living facilities, pest control, health studios, and sellers of travel and telemarketing businesses, respectively.

Distribution of Revenues

The revenues derived from the business tax imposed by county governments, exclusive of the costs of collection and any credit given for municipal business taxes, are apportioned between the county's unincorporated area and the incorporated municipalities located within the county by a ratio derived by dividing their respective populations by the county's total population.³⁴ Within 15 days following the month of receipt, the apportioned revenues are sent to each governing authority; however, this provision does not apply to counties that have established a new rate structure pursuant to s. 205.0535, F.S.³⁵

Authorized Uses of Revenues

The tax proceeds are considered general revenue for the county or municipality. Additionally, county business tax proceeds may be used to oversee and implement a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.³⁶ The proceeds of the additional county business tax imposed pursuant to s. 205.033(6), F.S., must be distributed by the county's governing body to a designated organization or agency for the purpose of implementing a comprehensive economic development strategy through advertising, promotional activities, and other sales and marketing techniques.³⁷

²⁶ Section 205.063, F.S.

²⁷ Section 205.064, F.S.

²⁸ Section 205.065, F.S.

²⁹ Section 205.066, F.S.

³⁰ Section 205.162, F.S.

³¹ Section 205.171, F.S.

³² Section 205.193, F.S.

³³ Section 205.192, F.S.

³⁴ Section 205.033(4), F.S.

³⁵ Section 205.033(5), F.S.

³⁶ Section 205.033(7), F.S.

³⁷ Section 205.033(6)(b), F.S.

Total Revenues Collected

In Fiscal Year (FY) 2019-20, the last year for which complete and final data is available, counties collected a total of \$28.5 million of local business tax revenue.³⁸ In that same FY, municipalities collected a total of \$168.4 million of local business tax revenue.³⁹

Local Government Financial Reports and Audits

Annual Financial Reports

Florida law requires all units of local government to complete annual financial reports and annual financial audit reports. Each unit of local government must submit its annual financial report to the Department of Financial Services (DFS) within nine months of the completion of its FY.⁴⁰ A unit of local government required to have a financial audit conducted must also file a copy of the audit report along with its annual financial report within the same time period.⁴¹ If a local government fails to file a completed annual financial report within the required period, DFS must notify the Legislative Auditing Committee.⁴²

Annual Financial Audits

Each county and each municipality with revenues or total expenditures and expenses exceeding \$250,000 must have an annual financial audit prepared by an independent certified public accountant, unless the local government has been notified before the start of the FY that the Auditor General will conduct a financial audit for that year.⁴³ Municipalities with revenues (or a total of expenditures and expenses) between \$100,000 and \$250,000 are required to conduct a financial audit every three years.⁴⁴ The financial audit must be performed according to specific statutory criteria and the rules of the Auditor General.⁴⁵

At the conclusion of the audit, the auditor must discuss with the statutorily designated person for each entity all of the auditor's comments that will be included in the audit report.⁴⁶ If the designated person is not available to discuss the auditor's comments, their discussion is presumed when the comments are delivered in writing to his or her office. The auditor is required to prepare an audit report in accordance with the rules of the Auditor General.⁴⁷ The audit report must be filed with the Auditor General within 45 days after delivery of the audit report to the governing body of the audited entity, but no later than nine months after the end of the audited entity's FY.⁴⁸ The audit report must include a written statement describing corrective actions to be taken in response to each of the auditor's recommendations included in the audit report.

The Auditor General must notify the Legislative Auditing Committee of any audit report prepared pursuant to s. 218.39, F.S., which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.⁴⁹

³⁸ Revenue Estimating Conference Workpapers for HB 609, Impact Conference dated December 8, 2023, available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2024/_pdf/page36-39.pdf (last visited January 27, 2024).

³⁹ *Id.*

⁴⁰ Section 218.32(1)(d), F.S.

⁴¹ Section 218.32(1)(f), F.S.

⁴² Section 218.32(1)(d) F.S.

⁴³ Section 218.39(1)(a) and (b), F.S.

⁴⁴ Section 218.39(1)(g), F.S.

⁴⁵ Section 218.39(2)-(7), F.S. See Report No. 2024-087, Review of Local Governmental Entity 2021-22 Fiscal Year Audit Reports (December 2023), at https://flauditor.gov/pages/pdf_files/2024-087.pdf (last visited January 30, 2024), for information regarding audits of local governments.

⁴⁶ Section 218.39(5), F.S.

⁴⁷ Section 218.39(7), F.S.

⁴⁸ Section 218.39(7), F.S.

⁴⁹ Section 218.39(8), F.S.

Legislative Auditing Committee

The Legislative Auditing Committee is a joint committee of the Florida Legislature, established by the Joint Rules of the Florida Legislature and s. 11.40, F.S., that is tasked with continuous oversight of government operations through the auditing and review activities of the Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA).⁵⁰ After receiving a notification from the Auditor General, the Legislative Auditing Committee may direct the governing body of the audited entity to provide a written statement to the committee explaining why full corrective action has not been taken or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.⁵¹ If the Legislative Auditing Committee determines that the written statement is not sufficient, it may require the chair of an audited entity or the chair's designee to appear before the committee.⁵² If the Legislative Auditing Committee determines that an audited entity has failed to take full corrective action for which there is no justifiable reason for not taking such action or has failed to comply with committee requests made pursuant to this section, the committee may proceed in accordance with s. 11.40(2), F.S.⁵³

Section 11.40, F.S., governs the Legislative Auditing Committee, including the scope of its authority and actions it may take in specified circumstances. In the case of a local governmental entity or district school board, these actions include, but are not limited to, directing the Department of Revenue (DOR) and DFS to withhold any funds not pledged for bond debt service satisfaction that are payable to such entity until the entity complies with the law.⁵⁴

Effect of Proposed Changes

Local Business Taxes

The bill revises s. 205.0535, F.S., to create a new limitation on the revenue a local government may receive from local business taxes under Chapter 205, F.S. The bill provides that the local FY ending September 30, 2023, or September 30, 2024, whichever is greater, is the base year that future years are measured against. If revenues in a future year exceed the base year, the local government must proportionately reduce the local business tax rates so that the revenue raised from the local business tax will not exceed the base year. The local government must also provide refunds for the year that exceeded the base year back to the businesses that paid the tax, so that the total revenue for that year aligns with the base year. The local government must also provide refunds for amounts received in the current year before the rates are reduced for the difference between the rate collected and the adjusted rate.

These changes do not apply to a local government that levies a local business tax on the basis of gross receipts,⁵⁵ to a fiscally constrained county,⁵⁶ or to a municipality located in a fiscally constrained county.

The bill also makes conforming changes to several other sections of Chapter 205, F.S.

Local Government Financial Reports and Audits

The bill creates a new s. 205.046, F.S., which requires the annual audit reports described above to include an affidavit signed by the chair of the governing board of the local government stating the local government has complied with the requirements of s. 205.0535, F.S., as revised by the bill. This

⁵⁰ Section 11.40, F.S., See *also*, Joint Legislative Auditing Committee, http://www.leg.state.fl.us/cgi-bin/View_Page.pl?File=about.cfm&Directory=committees/joint/Jcla/&Tab=committees (last visited January 30, 2024).

⁵¹ Section 218.39(8)(a), F.S.

⁵² Section 218.39(8)(b), F.S.

⁵³ Section 218.39(8)(c), F.S.

⁵⁴ Section 11.40(2)(a), F.S.

⁵⁵ The local business tax levied on the basis of gross receipts is found in s. 205.044, F.S., and is currently levied only by Panama City and Panama City Beach.

⁵⁶ A "fiscally constrained county" is any county that is entirely within a rural area of opportunity as designated by the Govern or pursuant to s. 288.0656, F.S., or where the value of a mill will raise no more than \$5 million in revenue, based on the taxable value certified pursuant to s. 1011.62(4)(a)1.a., F.S., on July 1 of the previous year. Section 218.67(1), F.S.

affidavit must be contained in a separate document. If the local government has not complied, the affidavit must include a description of the noncompliance and the corrective action taken by the local government to correct the noncompliance and prevent such noncompliance in the future. The bill requires the Auditor General to request evidence of corrective action from each local government not in compliance with s. 205.0535, F.S., and requires such local government to provide evidence of the initiation of corrective action within 45 days and evidence of completion of corrective action within 180 days after the date it is requested by the Auditor General. The Auditor General must notify the Legislative Auditing Committee if the local government does not take corrective action within the specified timeframe or fails to comply with the Auditor General's request.

Failure to comply with s. 205.0535, F.S., could therefore ultimately result in the Legislative Auditing Committee directing DOR and DFS to withhold any funds not pledged for bond debt service satisfaction that are payable to such local government entity until the entity complies with the law.⁵⁷ This would include revenue sharing monies that the state distributes to local governments.

B. SECTION DIRECTORY:

Section 1: Amends s. 11.40, F.S., related to the types of hearings the Legislative Auditing Committee can schedule.

Section 2: Amends s. 11.45, F.S., to add a reporting requirement for the Auditor General.

Section 3: Amends s. 205.0315, F.S., to reflect new restrictions on the levy of local business taxes.

Section 4: Amends s. 205.033, F.S., to reflect new restrictions on the levy of local business taxes.

Section 5: Amends s. 205.043, F.S., to reflect new restrictions on the levy of local business taxes.

Section 6: Amends s. 205.0535, F.S., to restrict the levy of local business taxes to no more than the taxes levied in FY 2023-24, and to require refunds and rate reductions if that limitation is exceeded.

Section 7: Amends s. 205.0536, F.S., conforming provisions to changes made by the bill.

Section 8: Creates s. 205.046, F.S., to require a new affidavit as part of the audit of financial statements pursuant to s. 218.39, F.S.

Section 9: Amends s. 215.97, F.S., conforming provisions to changes made by the bill.

Section 10: Amends s. 218.32, F.S., conforming provisions to changes made by the bill.

Section 11: Amends s. 489.537, F.S., conforming provisions to changes made by the bill.

Section 12. Provides an effective date of July 1, 2024

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has not estimated the impact of the committee substitute on local government revenues.

2. Expenditures:

Amounts collected in excess of the new limitation will be required to be refunded or credited to businesses, which may have an administrative cost.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons and businesses currently paying a local business tax would not pay more than they did in FY 2022-23 or 2023-24 when paying the tax in future years.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Art. VII, s. 18 of the Florida Constitution may apply if the bill requires the expenditure of funds to administer the refund and credit provisions of the bill. An exemption may apply if this results in an insignificant fiscal impact.

The county/municipality mandates provision of Art. VII, s. 18 of the Florida Constitution may also apply because this bill eliminates the ability for counties and municipalities to collect more in local businesses taxes than they did in local FY 2022-23 or 2023-24, which may have the effect of reducing their authority to raise revenue. This aspect of the bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On January 31, 2024, the Ways & Means Committee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Removed provisions that would have repealed Chapter 205, F.S., related to local business taxes.
- Replaced those provisions with provisions that will cap the revenue local governments may receive from local business taxes to no more than the revenue received in local fiscal year 2023-24, other than local governments that impose a local business tax levied upon gross receipts.
- Required the local government to calculate and adopt rate reductions and provide refunds if the revenue in any given year exceeds the revenue in 2023-24.
- Required an annual affidavit of compliance with any necessary reductions or refunds to be submitted to the Auditor General with existing annual financial reports.

- Required the Auditor General to identify any local governments not in compliance with these new requirements, and to notify the local government of the need to comply.
- Required the Auditor General to notify the Legislative Audit Committee of any local governments with persistent noncompliance.
- Made implementing and conforming changes.

On February 14, 2024, the State Affairs Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment:

- Defined “revenue base” as the total revenue for the FY ending September 30, 2023, or September 30, 2024, whichever is greater.
- Provided the limitations on local business taxes created by the bill do not apply to a fiscally constrained county or a municipality located in a fiscally constrained county.
- Corrected a drafting error.

This analysis is drafted to the committee substitute as approved by the State Affairs Committee.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Repeal of the Local Business Tax

Bill Number(s): HB 609 (no Senate companion bill at this time)

Entire Bill

Partial Bill:

Sponsor(s): Representative Botana

Month/Year Impact Begins: July 1, 2024

Date of Analysis: December 8, 2023

Section 1: Narrative

a. Current Law:

Local Business Tax

Chapter 205, F.S., authorizes the Local Business Tax, which represents the taxes charged and the method by which a local government grants the privilege of engaging in or managing any business, profession, and occupation within its jurisdiction. Counties and municipalities may levy a business tax, and the tax proceeds are considered general revenue for the local government. This tax does not refer to any fees or licenses paid to any board, commission, or officer for permits, registration, examination, or inspection.

In order to levy a business tax, the governing body must first give at least 14 days of public notice between the first and last reading of the resolution or ordinance by publishing a notice in a newspaper of general circulation within its jurisdiction. The public notice must contain the proposed classifications and rates applicable to the business tax. A number of other conditions for levy are imposed on counties and municipalities.

Panama City and Panama City Beach's Local Business Taxes on Gross Sales of Retail and Wholesale Merchants

Section 205.044, F.S., authorizes a municipality that imposes a business tax on merchants which is measured by gross receipts from the sale of merchandise or services, or both, may continue to impose such tax and may, by ordinance, revise the definition of the term *merchant*. The cities of Panama City and Panama City Beach are the only known local governments in Florida that levy such a tax on the gross receipts of retail and wholesale merchants.

Panama City Tax

As implemented by Part II, Chapter 7, Article II, Section 7-53, of the Panama City Municipal Code, the City levies separate license taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 (i.e., 1 percent) of gross sales with a minimum tax of \$1.50 per month. For wholesale merchants, the tax is \$0.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.05 percent) with a minimum tax of \$1.50 per month. Additionally, the tax applies only to the first \$5,000 collected by a merchant for any single item of merchandise. The merchant pays the license tax by the 30th day of each month based on the merchant's gross sales of the preceding month. If payment is made on or before the 20th day of the month such tax is payable, a 3 percent discount is allowed.

Panama City Beach Tax

As implemented by Chapter 14, Section 14-29 (136) of the 7-53, of the Code of Ordinances, City of Panama City Beach, the City levies separate business taxes on the gross sales of all retail and wholesale merchants within the municipal jurisdiction. For retail merchants, the tax is \$10 for each \$1,000 of gross sales, or major portion thereof, (i.e., 1 percent) with a minimum tax of \$50 per year. For wholesale merchants, the tax is \$1.50 for each \$1,000 of gross sales, or major fraction thereof, (i.e., 0.15 percent) with a minimum tax of \$50 per year. On the first day of each month, the merchant submits a statement of gross sales for the preceding month at which time the tax is paid. The statement and payment are delinquent on the 10th day of each month following application for receipt. Upon becoming delinquent, the receipt is subject to revocation by the city council, and the city clerk reports at each regular city council meeting any delinquent merchant's business tax receipts. Once revoked, a merchant's receipts may be reinstated if all accrued taxes plus a 10 percent penalty of the gross amount are paid. No merchant can transact business while his or her business tax receipt stands revoked. If payment is made on or before the 10th day of the month such tax is payable, a 3 percent discount is allowed.

b. Proposed Change:

Section 1 of the bill repeals Chapter 205, F.S., in its entirety.

Sections 2-33 conforms statutory provisions and cross-references to changes made by the bill.

Section 34 provides the bill's July 1, 2024 effective date.

REVENUE ESTIMATING CONFERENCE

Tax: Local Taxes and Fees

Issue: Repeal of the Local Business Tax

Bill Number(s): HB 609 (no Senate companion bill at this time)

Section 2: Description of Data and Sources

Local Business Tax (LBT) revenues reported by county and municipal governments, via their Annual Financial Reports (AFR) submitted to the Department of Financial Services pursuant to s. 218.32, F.S. These revenues are reported in Revenue Account #316.000. The attached analysis includes the reported county and municipal LBT revenues for the period of 1992-93 through 2020-21. In their FY 2020-21 AFRs, the cities of Panama City and Panama City Beach reported LBT revenues of \$11,259,682 and \$18,867,428, respectively.

Section 3: Methodology (Include Assumptions and Attach Details)

See attached analysis.

Section 4: Proposed Fiscal Impact (in Millions)

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(221.5)	(221.5)	(220.4)	(220.4)	(211.8)	(221.8)
2025-26	(227.3)	(227.3)	(225.7)	(225.7)	(216.0)	(216.0)
2026-27	(233.3)	(233.3)	(231.2)	(231.2)	(220.4)	(220.4)
2027-28	(239.5)	(239.5)	(236.8)	(236.8)	(224.9)	(224.9)
2028-29	(245.9)	(245.9)	(242.5)	(242.5)	(229.4)	(229.4)

List of Affected Trust Funds: Local funds

Section 5: Consensus Estimate (Adopted: 12/08/2023): The Conference adopted the middle estimate.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	(220.4)	(220.4)	(220.4)	(220.4)
2025-26	0.0	0.0	0.0	0.0	(225.7)	(225.7)	(225.7)	(225.7)
2026-27	0.0	0.0	0.0	0.0	(231.2)	(231.2)	(231.2)	(231.2)
2027-28	0.0	0.0	0.0	0.0	(236.8)	(236.8)	(236.8)	(236.8)
2028-29	0.0	0.0	0.0	0.0	(242.5)	(242.5)	(242.5)	(242.5)

	A	B	C	D	E	F	G	H	I	J
1	Fiscal Impact Analysis of HB 609 - Repeal of the Local Business Tax									
2										
3										
4	I. Local Business Tax (LBT) Revenue Collections Reported in Annual Financial Reports (AFRs)									
5	County Governments			Municipal Governments			Combined Total			
6	Local FY	# Reporting	Revenue	% Chg.	# Reporting	Revenue	% Chg.		Revenue	% Chg.
7	1992-93	55	\$ 26,163,869	-	339	\$ 75,015,739	-		\$ 101,179,608	-
8	1993-94	56	\$ 25,868,020	-1.1%	348	\$ 79,263,843	5.7%		\$ 105,131,863	3.9%
9	1994-95	56	\$ 31,882,531	23.3%	351	\$ 83,089,405	4.8%		\$ 114,971,936	9.4%
10	1995-96	53	\$ 33,611,239	5.4%	349	\$ 88,439,882	6.4%		\$ 122,051,121	6.2%
11	1996-97	52	\$ 37,389,633	11.2%	332	\$ 86,365,240	-2.3%		\$ 123,754,873	1.4%
12	1997-98	54	\$ 38,157,611	2.1%	355	\$ 96,076,648	11.2%		\$ 134,234,259	8.5%
13	1998-99	52	\$ 41,070,208	7.6%	355	\$ 104,065,179	8.3%		\$ 145,135,387	8.1%
14	1999-00	54	\$ 49,372,600	20.2%	368	\$ 102,354,866	-1.6%		\$ 151,727,466	4.5%
15	2000-01	53	\$ 49,791,778	0.8%	361	\$ 106,664,098	4.2%		\$ 156,455,876	3.1%
16	2001-02	53	\$ 47,638,155	-4.3%	359	\$ 106,808,528	0.1%		\$ 154,446,683	-1.3%
17	2002-03	52	\$ 37,278,372	-21.7%	372	\$ 114,472,063	7.2%		\$ 151,750,435	-1.7%
18	2003-04	52	\$ 38,064,867	2.1%	361	\$ 116,609,723	1.9%		\$ 154,674,590	1.9%
19	2004-05	52	\$ 39,004,250	2.5%	362	\$ 125,376,485	7.5%		\$ 164,380,735	6.3%
20	2005-06	52	\$ 38,692,435	-0.8%	365	\$ 131,043,232	4.5%		\$ 169,735,667	3.3%
21	2006-07	45	\$ 36,907,051	-4.6%	335	\$ 120,566,643	-8.0%		\$ 157,473,694	-7.2%
22	2007-08	33	\$ 32,336,389	-12.4%	270	\$ 118,363,518	-1.8%		\$ 150,699,907	-4.3%
23	2008-09	35	\$ 31,819,544	-1.6%	280	\$ 120,745,390	2.0%		\$ 152,564,934	1.2%
24	2009-10	36	\$ 28,357,167	-10.9%	291	\$ 128,326,520	6.3%		\$ 156,683,687	2.7%
25	2010-11	39	\$ 28,916,033	2.0%	294	\$ 137,201,808	6.9%		\$ 166,117,841	6.0%
26	2011-12	37	\$ 26,858,285	-7.1%	296	\$ 134,729,181	-1.8%		\$ 161,587,466	-2.7%
27	2012-13	33	\$ 26,697,476	-0.6%	288	\$ 130,357,349	-3.2%		\$ 157,054,825	-2.8%
28	2013-14	33	\$ 27,377,982	2.5%	295	\$ 143,367,256	10.0%		\$ 170,745,238	8.7%
29	2014-15	36	\$ 36,271,982	32.5%	296	\$ 146,916,843	2.5%		\$ 183,188,825	7.3%
30	2015-16	35	\$ 27,428,288	-24.4%	299	\$ 158,831,390	8.1%		\$ 186,259,678	1.7%
31	2016-17	35	\$ 27,270,805	-0.6%	302	\$ 146,618,517	-7.7%		\$ 173,889,322	-6.6%
32	2017-18	34	\$ 29,378,183	7.7%	304	\$ 151,290,242	3.2%		\$ 180,668,425	3.9%
33	2018-19	34	\$ 29,735,398	1.2%	303	\$ 163,880,655	8.3%		\$ 193,616,053	7.2%
34	2019-20	35	\$ 28,456,844	-4.3%	298	\$ 168,404,498	2.8%		\$ 196,861,342	1.7%
35	2020-21 unadj.	33	\$ 54,557,046	91.7%	294	\$ 162,389,328	-3.6%		\$ 216,946,374	10.2%
36	2020-21 adj.	33	\$ 32,607,787	14.6%	294	\$ 162,389,328	-3.6%		\$ 194,997,115	-0.9%
37	2021-22	33	\$ 47,995,237		259	\$ 150,082,458			\$ 198,077,695	
38										
39	Notes:									
40	1. In preparation for the implementation of GASB Statement No. 87, the Department of Financial Services (DFS) added the Custodial Fund column to the FY 2020-21 AFR. According to DFS, the Custodial Fund accounts for assets held by a government in a purely custodial capacity. Since prior fiscal years do not include Custodial Fund reporting, the account totals may not be directly comparable.									
41	2. Row 35 (i.e., 2020-21 unadj.) reflects all Local Business Tax (LBT) revenues as reported in the AFRs, including any LBT revenues reported in the Custodial Fund. No adjustments were made. Because revenues reported in the Custodial Fund may reflect assets belonging to another entity, EDR staff did not use the unadjusted figures for any calculations of proposed fiscal impacts.									
42	3. Row 36 (i.e., 2020-21 adj.) excludes any LBT revenues reported in the Custodial Fund. Only Broward and Miami-Dade counties had 2020-21 LBT revenues reported in the Custodial Fund (i.e., Broward, \$3,582,200 and Miami-Dade, \$18,367,059). In 2020-21, no municipal LBT revenues were reported in the Custodial Fund.									
43	4. FY 2021-22 data are not reflected in this analysis. As of November 27, 2023 (i.e., the date of the last AFR dataset download by EDR staff), AFR data for 9 counties and 72 municipalities have not yet been reported by the Department. The reporting of LBT revenues in the Custodial Fund would be an issue in this fiscal year as well.									
44										
45	Data Source: Compiled from Annual Financial Reports (AFR) submitted by county and municipal governments to the Department of Financial Services (i.e., Revenue Account #316.000 Local Business Tax).									
46										
47										

	A	B	C	D	E	F	G	H	I	J
1	Fiscal Impact Analysis of HB 609 - Repeal of the Local Business Tax									
2										
3										
48	II. LBT Collections Projected into the Forecast Period Using Several Compound Annual Growth Rates									
49										
50										
51	High - Projected Growth Rate Based on 2008-09 to 2018-19 Time Period									
52		County Governments			Municipal Governments			Combined Total		
53	State FY	Revenue	% Chg.		Revenue	% Chg.		Revenue	% Chg.	
54	2018-19 (converted to SFY)	\$ 29,646,094			\$ 160,733,052					
55	CAGR: 2008-09 to 2018-19	-0.68%			3.10%					
56	2019-20	\$ 29,445,943	-0.68%		\$ 165,718,466	3.10%		\$ 195,164,409	-	
57	2020-21	\$ 29,247,143	-0.68%		\$ 170,858,511	3.10%		\$ 200,105,654	2.53%	
58	2021-22	\$ 29,049,685	-0.68%		\$ 176,157,984	3.10%		\$ 205,207,668	2.55%	
59	2022-23	\$ 28,853,560	-0.68%		\$ 181,621,828	3.10%		\$ 210,475,389	2.57%	
60	2023-24	\$ 28,658,759	-0.68%		\$ 187,255,144	3.10%		\$ 215,913,903	2.58%	
61	2024-25	\$ 28,465,274	-0.68%		\$ 193,063,187	3.10%		\$ 221,528,460	2.60%	
62	2025-26	\$ 28,273,095	-0.68%		\$ 199,051,376	3.10%		\$ 227,324,470	2.62%	
63	2026-27	\$ 28,082,213	-0.68%		\$ 205,225,299	3.10%		\$ 233,307,512	2.63%	
64	2027-28	\$ 27,892,620	-0.68%		\$ 211,590,717	3.10%		\$ 239,483,337	2.65%	
65	2028-29	\$ 27,704,307	-0.68%		\$ 218,153,569	3.10%		\$ 245,857,876	2.66%	
66										
67										
68	Middle - Projected Growth Rate Based on 2009-10 to 2019-20 Time Period									
69		County Governments			Municipal Governments			Combined Total		
70	State FY	Revenue	% Chg.		Revenue	% Chg.		Revenue	% Chg.	
71	2019-20 (converted to SFY)	\$ 28,776,483			\$ 167,273,537					
72	CAGR: 2009-10 to 2019-20	0.04%			2.76%					
73	2020-21	\$ 28,786,582	0.04%		\$ 171,882,225	2.76%		\$ 200,668,807	-	
74	2021-22	\$ 28,796,684	0.04%		\$ 176,617,891	2.76%		\$ 205,414,575	2.36%	
75	2022-23	\$ 28,806,791	0.04%		\$ 181,484,033	2.76%		\$ 210,290,824	2.37%	
76	2023-24	\$ 28,816,900	0.04%		\$ 186,484,246	2.76%		\$ 215,301,146	2.38%	
77	2024-25	\$ 28,827,014	0.04%		\$ 191,622,224	2.76%		\$ 220,449,237	2.39%	
78	2025-26	\$ 28,837,130	0.04%		\$ 196,901,762	2.76%		\$ 225,738,893	2.40%	
79	2026-27	\$ 28,847,251	0.04%		\$ 202,326,761	2.76%		\$ 231,174,012	2.41%	
80	2027-28	\$ 28,857,375	0.04%		\$ 207,901,229	2.76%		\$ 236,758,604	2.42%	
81	2028-29	\$ 28,867,502	0.04%		\$ 213,629,283	2.76%		\$ 242,496,786	2.42%	
82										
83										
84	Low - Projected Growth Rate Based on 2009-10 to 2020-21 (Adjusted) Time Period									
85		County Governments			Municipal Governments			Combined Total		
86	State FY	Revenue	% Chg.		Revenue	% Chg.		Revenue	% Chg.	
87	2020-21 adj. (converted to SFY)	\$ 31,570,051			\$ 163,893,120					
88	CAGR: 2009-10 to 2020-21	1.28%			2.16%					
89	2021-22	\$ 31,973,464	1.28%		\$ 167,438,516	2.16%		\$ 199,411,980	-	
90	2022-23	\$ 32,382,032	1.28%		\$ 171,060,607	2.16%		\$ 203,442,639	2.02%	
91	2023-24	\$ 32,795,821	1.28%		\$ 174,761,052	2.16%		\$ 207,556,874	2.02%	
92	2024-25	\$ 33,214,898	1.28%		\$ 178,541,547	2.16%		\$ 211,756,445	2.02%	
93	2025-26	\$ 33,639,329	1.28%		\$ 182,403,823	2.16%		\$ 216,043,152	2.02%	
94	2026-27	\$ 34,069,184	1.28%		\$ 186,349,649	2.16%		\$ 220,418,833	2.03%	
95	2027-28	\$ 34,504,532	1.28%		\$ 190,380,832	2.16%		\$ 224,885,364	2.03%	
96	2028-29	\$ 34,945,443	1.28%		\$ 194,499,220	2.16%		\$ 229,444,663	2.03%	
97										
98										
99	III. Proposed Fiscal Impact in Millions \$									
100		High		Middle		Low				
101	State FY	Cash	Recurring	Cash	Recurring	Cash	Recurring			
102	2024-25	(221.5)	(221.5)	(220.4)	(220.4)	(211.8)	(211.8)			
103	2025-26	(227.3)	(227.3)	(225.7)	(225.7)	(216.0)	(216.0)			
104	2026-27	(233.3)	(233.3)	(231.2)	(231.2)	(220.4)	(220.4)			
105	2027-28	(239.5)	(239.5)	(236.8)	(236.8)	(224.9)	(224.9)			
106	2028-29	(245.9)	(245.9)	(242.5)	(242.5)	(229.4)	(229.4)			
107										



Key Dates



2024 - 2025 Key Legislative Dates

October 2024

4 FLC Policy Committee Meetings (Round 1) – Hilton Orlando, 6001 Destination Parkway, Orlando, FL 32819

November 2024

5 General Election

8 FLC Policy Committee Meetings (Round 2) Hilton Orlando, 6001 Destination Parkway, Orlando, FL 32819

13-16 National League of Cities City Summit – Tampa, FL

December 2024

2-6 Legislative Interim Committee Meetings (House of Representatives only)

4-6 FLC Legislative Conference – Hilton Orlando, 6001 Destination Parkway, Orlando, FL 32819; FLC Policy Committee Meetings on Dec. 5 (Round 3)

9-13 Legislative Interim Committee Meetings (Senate only)

January 2025

13-17 Legislative Interim Committee Meetings

21-24 Legislative Interim Committee Meetings

February 2025

3-7 Legislative Interim Committee Meetings

10-14 Legislative Interim Committee

17-21 Legislative Interim Committee

20 FLC Legislative Session Preview Webinar at 2:00 p.m. ET



March 2025

- 4 Regular Legislative Session Convenes
- 10-12 NLC Congressional City Conference – Washington, DC
- 24-26 FLC Legislative Action Days – Tallahassee, FL

May 2025

- 2 Last Day of Regular Legislative Session
- 15 FLC Post Legislative Session Review Webinar at 2:00 p.m. ET

For further details about the mentioned events or legislative information, contact medenfield@flcities.com.



Notes

