Session Spotlight

What's In and What's Out of the Final 2020 Tax Package

March 15, 2020

The 2020 tax package (HB 7097) was amended many times as it moved through the process. At first, it grew topping $230 million in tax savings at one point. Then, citing a need to keep more money in reserves for COVID-19 response, it started getting smaller.

The total of the final tax package is $47.4 million, $10.8 million of which is local. All of the savings come from two sales tax holidays, so the tax cuts are one-time. This reduces the tax package's fiscal hit to the state to $36.6 million in the upcoming budget year, with no recurring impact.

The original tax package, developed in the House Ways and Means Committee, contained a mix of tax cuts and tax administration changes. Most of the cuts were small. The two largest tax cuts in the bill were both Florida TaxWatch priorities--a reduction in the communication services tax (CST) of 0.5 percent and a reduction in the business rent tax (BRT) from 5.5 percent to 5.4 percent. The original bill would have reduced state and local taxes by $162.7 million (the sum of the one-time cuts and the recurring cuts[1]).

More cuts were added in House the Appropriations Committee, pushing the total to $193.4 million. Two amendments on the House floor brought the total to $198.4 million. A delete-all amendment in Senate Appropriations kept most of the House provisions and added many more, raising the total to $233.7 million. However, Senate leaders hinted it would get smaller. And it did.

A delete-all amendment on 2nd reading on the Senate floor eliminated many items including the BRT reduction and many of the items the Senate had added just the day before. The total was now $107.1 Another amendment on 3rd reading removed the biggest cut--the CST rate reduction--leaving the 3-day Back to School Sales Tax Holiday and the 7-day Disaster Preparedness Sales Tax Holiday as the only tax cuts with a fiscal impact left. The Senate concurred with the new version.

THE EVER-EVOLVING TAX PACKAGE

Version	Savings
House Ways & Means	$167.2m
House Appropriations	$193.4m
Passed by the House	$198.4m
Senate Appropriations	$233.7m
Senate 2nd Reading	$107.1m
Final Bill	$47.4m

1 This is how tax cuts packages are being quantified by the Legislature. The true non-recurring (one-time) cuts with no recurring impact are added to the first-year recurring amount. This can be a bit misleading since, using the $162.7 million original bill as an example, the tax savings never reaches that much in any year. It has been common for the Legislature to delay the effective date of cuts, often until January 1. This minimizes the impact for the upcoming budget year. So, while the original tax package is portrayed as providing $162.7 million in savings, the actual savings would be $109.3 million in the first year and $103.3 million on a recurring basis.

The bill still has many tax administration provisions, at least most of them positive. The following is a description of all the provisions that were in the many versions of HB 7097. This report starts with what's in the final and follows with what dropped out along the way.

Provisions in the Final Tax Package

Back-to-School Sales Tax Holiday – In what has become a perennial tax relief measure, a three-day sales tax holiday would be held from August 7-9, 2020. During the holiday, clothing (including footwear, wallets and bags) that cost $60 or less would be exempt from the state and local sales taxes. Also exempt would be school supplies costing $15 or less and the first $1,000 of the sales price of personal computers and related accessories purchased for noncommercial home or personal use. This would include tablets, laptops, monitors, input devices, and non-recreational software. The Senate had recommended a 10-day holiday worth $65.1 million.

Tax Savings

One-time – State $32.3 million Local $9.5 million Total $41.8 million

Disaster Preparedness Sales Tax Holiday – The bill creates a seven-day sales tax holiday from May 29 - June 4, 2020 for specified items related to disaster preparedness. The exempt items (and price limits) would be: portable self-powered light sources ($20); portable self-powered, two-way, or weather band radios ($50); tarps or other flexible waterproof sheeting ($50); ground anchor or tie-down kits ($50); gas or diesel fuel tanks ($25); packages of batteries, excluding automobile and boat batteries ($30); nonelectric food storage coolers ($30); portable generators ($750); and reusable ice ($10). The Senate had recommended an 18-day holiday worth $26.8 million.

Tax Savings

One-time - State $4.3 million Local $1.3 million Total $5.6 million

Insurance Premium Tax – This could either be a tax cut or a tax increase. Surplus lines insurance is insurance for risks for which the Florida licensed market is unable or unwilling to provide coverage. The tax rate on surplus lines is 5 percent but for a multistate policy, the tax rate is limited to the tax rate where the insured risk is located. The bill reduces the rate to 4.94 percent but eliminates the provision in statute that limits the tax on risk outside of Florida to the tax rate where the insured risk is located. The combination of the two provisions could result in a net revenue loss or gain.

Tax Savings

Indeterminate (may be positive or negative)

Include Tax Credit Scholarship Contributions in CIT Refund Calculations – This spring, the state will be refunding $543 million in excess corporate income tax revenues that a result of Florida adopting provisions of the federal Tax Cuts and Jobs Act that expanded Florida's tax base. Current law would distribute those refunds by giving each corporation a refund equal to total refunds multiplied by that taxpayer's final tax liability as a percentage of the total liabilities of all eligible taxpayers. This proposal would add a company's contributions to the Florida Tax Credit Scholarship Program to its final tax liability. Individual companies that contributed to the scholarship program would receive larger refunds, but the other companies would receive smaller refunds. Net state revenue would not be impacted.

Tax Savings

Net state revenue would not be impacted.

Property Tax Exemption for Non-Profit Hospitals – In what could also be considered a tax increase (although the provision carries an “indeterminate” positive fiscal estimate), a hospital’s exemption would be limited to the value of the charity care it provides (as reported to the IRS). The hospitals currently are 100 percent exempt. The bill was amended to allow the statewide benefit provided by the hospital to be counted, not just the county benefits. Right before the final passage, the Senate amended the bill to provide that the net benefit must be less than the exemption for two consecutive years before the exemption is reduced and delayed the effective date from July 1, 2020 to January 1, 2022.

Tax Savings

Indeterminate positive local revenue impact

Affordable Housing Property Tax Exemption – Currently, property used to provide housing to low-income persons is exempt from property tax if the property is owned by a not-for-profit corporation and the resident’s income is below the thresholds for extremely-low-, very-low-, low-, or moderate-income. Units that are vacant or are rented to persons whose income grew beyond the qualifying income thresholds do not qualify for the exemption. The amendment exempts vacant units that are designated for affordable housing and provides that units do not lose their exemption if the occupant’s income grows beyond the qualifying income thresholds. These units are exempted if the entire property is dedicated to providing affordable housing and is being offered for rent. Lastly, it exempts an affordable housing project owned by a limited liability company, which is also owned by an LLC, as long as the owner of the second LLC is a qualifying non-profit entity. The LLC language was intended for one parcel in Highlands County that would otherwise be eligible, but the lender-required ownership structure made it ineligible. Language that provided a full exemption, instead of the current 50 percent discount, to certain portions of property in a multifamily project and carried a $26.8 million fiscal impact was removed from the bill.

Tax Savings

Insignificant local impact

Property Tax Exemption for Deployed Servicemembers - The Florida Constitution grants an exemption for military service members that have Florida homesteads and are deployed on active duty outside the United States. The military operations that qualify must be designated by the Legislature in statute. The proposal would add three operations to the list—Operation Juniper Shield, Operation Pacific Eagle, and Operation Martillo. Operation Enduring Freedom, which ended in 2014, is removed from the list.

Tax Savings

Insignificant negative local impact (less than $50,000)

Tourist Development Taxes – The bill changes the population requirement from less than 750,000 to less than 950,000 for a county to qualify to use TDT revenue to acquire, construct, extend, enlarge, remodel, repair, improve, maintain, operate, or promote zoological parks, fishing piers or nature centers which are publicly owned and operated or owned and operated by not-for-profit organizations and open to the public. This language was removed along with the other expanded uses of TDTs, but this one provision added back. It appears that in the short-term, this will only impact Lee County, which is set to grow above the 750,000 mark.

School Capital Outlay Surtax – Future resolutions to levy the surtax must include a statement that the revenues collected shall be shared with charter schools based on their proportionate share of the total school district enrollment. The Senate added language that only charters that are currently eligible for capital outlay funding may receive the surtax proceeds and if a charter school is dissolved, any unencumbered funds shall revert to the school board.

Charter County and Regional Transportation System Surtax – Four counties levy this tax, primarily used for transit (up to 25 percent may be used for non-transit). The bill provides that any new levy of the surtax by any county may not be authorized for more than 30 years. The House package limited new levies to 20 years and would have repealed the current tax in Miami-Dade in 2049. The repeal language was removed by the Senate.

Department of Revenue Tax Administration Recommendations – The tax package also includes tax administration "legislative concepts" from DOR to improve tax administration and property tax oversight. Five of these were supported by the Taxpayers' Rights Advocate to increase fairness, reduce the burden on taxpayers, and/or provide clarity. These recommendations were included in his annual report, which was required by the TaxWatch-recommended 2018 law that increased the independence and effectiveness of the Advocate.

- The time limit for the DOR to make a tax assessment is tolled (frozen) during the audit and refund denial protest process, but the time for a taxpayer to file a refund claim is not. This can result in a valid refund claim being discovered after the time for the taxpayer to file the claim has already expired. The bill provides for the time period for refund claims to be tolled during the protest process. Florida TaxWatch has long been a proponent of equity in the statute of limitations for refunds and assessments. (Supported by the Taxpayers' Rights Advocate)
- Extending from 3 to 5 years the time for commencement of repairs to property damaged by
- Hurricane Michael without the property owner losing the prior assessment limitation. Updating real property classification language to classify apartments with more than nine units
- as commercial property.
- Updating DOR's tax roll review requirements to delete the requirement that the department does in-depth reviews of tangible personal property and to delete the requirement that the department calculates a confidence interval for an entire property roll.
- Increasing the timeframes during which non-residents and dealers must provide documentation demonstrating that boats and aircraft purchased in Florida were removed from the State in order to receive the current sales and use tax exemption. (Supported by the Taxpayers' Rights Advocate)
- Changing the penalty for not properly labeling dyed diesel fuel (which is tax-exempt) from $10 per gallon to $2,500 for every month that dyed diesel fuel is improperly labeled. The $10/gallon penalty has resulted in multi-million-dollar assessments, even when all tax has been paid. (Supported by the Taxpayers' Rights Advocate)
- Increasing the bond that fuel tax dealers are required to file with DOR to allow for recovery of unpaid tax from $100,000 to $300,000.
- Requiring payment settlement entities (banks, credit card companies and payment platforms) that file IRS form 1099-K (providing information about payments by credit cards or third-party merchants) to also electronically file the form with DOR. A penalty for not filing of $1,000 a month, up to $10,000 per year, is created.
- Allowing DOR to send taxpayers official notice of actions by electronic means if they receive the affirmative consent of the taxpayer. (Supported by the Taxpayers' Rights Advocate)
- Providing alternative deadlines, scheduling requirements, revised notice delivery methods and other procedures that may be used by property appraisers and local taxing authorities as a result of a declared state of emergency.
- Revising Reemployment Tax E-File Provisions, including reducing penalties, eliminating written waiver requests and reducing unnecessary billing of agents. (Supported by the Taxpayers' Rights Advocate)

It is estimated the credit card returns will produce an indeterminate positive amount of revenue will the tolling of statute of limitation for refunds will reduce revenue by an indeterminate amount.

Extraneous Information in TRIM Notice Mailings – The bill provides that property appraisers may not include additional information or items in the mailing of the notice of ad valorem taxes and non-ad valorem assessments unless the information explains a component of the notice or provides information directly related to the assessment and taxation of the property.

Cost Per Student Station Limits – Currently, a district school may not use funds from any source for construction of a new educational facility with a total cost per student station exceeding the statutory limits. The bill creates an exemption from the cost per student station limits for educational facilities that are funded entirely by impact fees.

Federal Energy Efficiency Tax Deduction - Section 179D of the Internal Revenue Code provides a federal income tax deduction for the cost of energy efficient commercial building property. When installed on government property, the designer gets the tax deduction. This is typically accomplished by the designer securing an allocation letter from the government entity involved. The bill prohibits an owner of a public building or the owner's employee from seeking, accepting, or soliciting any payment or other form of consideration for providing the written allocation letter.

VAB Special Magistrates – Many VAB special magistrates are employed in the appraisal business. To reduce conflicts of interest, the proposal provides that an appraisal performed by a special magistrate may not be submitted as evidence to the value adjustment board in any year during which he or she has served on that board as a special magistrate.

Tax Address/Jurisdiction Database – The database is used to determine the local sales tax rate that the business is required to collect and also for DOR to correctly distribute revenue to the correct local government. The bill requires DOR to update the database every six months based on information received from counties. Counties are responsible for providing the DOR with any updates necessary to identify subcounty special districts that may be subject to special tourist development taxes. These provisions align with existing requirements. The bill also provides statutory guidance on correcting misallocations due to incorrect local jurisdiction assignments.

Provisions Removed from HB 7097

Communications Sales Tax – A cut in the CST was the centerpiece of the package and is the largest reduction. The CST is levied on wireless, landline (partial exemption), cable, satellite television and streaming services. Effective January 1, 2021, the state CST rate would have been reduced from 4.92 percent to 4.42 percent (a 2.52 gross receipts tax and local CST taxes also apply to communications services.) The state CST rate on direct-to-home satellite services would have been reduced from 9.07 percent to 8.57 percent (gross receipts tax, but not local taxes, also apply.) Florida TaxWatch supports reducing the CST.

Tax Savings

First Year – State $20.9 million Local $4.0 million Total $24.9 million
Recurring – State $50.1 million Local $9.6 million Total $59.7 million

Business Rent Tax – Effective January 1, 2021, the state sales tax rate on commercial leases would have been cut from 5.5 percent to 5.4 percent (local taxes also apply). The reduction/elimination of this tax-which is unique to Florida—is a long-time recommendation of Florida TaxWatch. This would have been the fourth straight year a small reduction in the tax was enacted.

Tax Savings

First Year – State $14.0 million Local $1.8 million Total $15.8 million

Recurring – State $29.3 million Local $3.8 million Total $33.1 million

Affordable Housing Property Tax Exemption – This provision would have provided a full exemption, instead of the current 50 percent discount, to portions of property in a multifamily project with more than 70 units and is under agreement with the Florida Housing Finance Corporation to provide low-income housing. Other changes to the affordable housing exemption—with insignificant fiscal impacts—remained in the final tax package.

Tax Savings

$26.8 million recurring local impact

Expanding Property Tax Exemption for Inventory - Inventory is exempt from tangible personal property taxes. This proposal expanded the definition of "inventory" to include construction equipment owned by a heavy equipment rental dealer for sale or short-term rental in the normal course of business. The exemption would not have applied to school property taxes.

Tax Savings

Local $20.5 million recurring

Brownfields Tax Credit – There is currently a credit against corporate income taxes for voluntary brownfield cleanup of up to $500,000 per site. The credits are limited to $10 million per year. The proposal would have provided a one-time additional tax credit authorization of $8.2 million for FY 2020-21 to address the backlog of approved credits.

Tax Savings

One-time - State $8.2 million

Like-Kind Property Exchange Tax Credit - The bill would have provided a one-time $2 million credit against 2018 corporate income tax liability for car rental, leasing and sales financing companies that experienced huge state tax increases due to the loss of the tax treatment of like-kind (IRS Section 1031) exchanges. To qualify for the credit, a company must have had a final tax liability of more than $15 million and this liability must also be at least 700 percent greater (or $15 million greater for car financing companies) than the prior tax year. This would have been relatively minor relief since it would take a tax increase of at least $13.125 million to qualify for the $2 million credit.

Tax Savings

One-time - State $6.0 million

Aviation Fuel Tax – The tax rate paid by commercial carriers or all-cargo operations would have been effectively reduced from 2.85 to 1.89 cents per gallon. In 2018, the Legislature reduced the rate from 4.27 to 2.85 cents per gallon. Both reductions have to be claimed by paying the full 4.27 rate and then requesting refunds. This is the only proposed tax cut that had a more than insignificant impact on state trust fund (TF) revenue. The State Transportation Trust Fund would lose $4.8 million annually, dollars that go to airport improvements. Florida TaxWatch opposes reducing STTF revenue.

Tax Savings

First Year – State GR $0.3 million State TF - $3.2 million Total $3.5 million

Recurring – State GR $0.4 million State TF - $4.8 million Total $5.2 million

Children's Promise Tax Credit Program – This would have allowed taxpayers to take a dollar for dollar tax credit for monetary donations to qualifying non-profit, Florida-based entities that provide services focused on child welfare and well-being. Credits can be taken against the corporate income tax, insurance premium tax, severance taxes on oil and gas production, alcoholic beverage tax, or self-accrued sales tax liability of direct pay permit holders. Total credits are capped at $5 million annually. Credits are generally non-transferable and unused credits may be carried forward 10 years. This credit was also contained in a big child welfare bill (HB 7063) that died on the House floor.

Tax Savings

State $5.0 million recurring

Educational Property Tax Exemption – Leased Property - Property used for educational purposes is generally exempt from property tax in Florida if the property is owned by an educational institution. This proposal would have also allowed the exemption if, under a lease, the educational institution is responsible for any taxes owed and for ongoing maintenance and operational expenses, and if the property has been used for educational purposes and has received the exemption for that property for any 10 prior years. Two schools have been identified as being impacted by this legislation.

Tax Savings

Local $4.2 million recurring

Educational Property Tax Exemption – Houses of Worship - The Senate proposed to extend the educational property tax exemption to property owned by a house of public worship and used by an educational institution for educational purposes limited to students from preschool to grade 8.

Tax Savings

No estimate

Educational Property Tax Exemption – Schools Teaching Motion Picture Production - The Senate also proposed exempting land, buildings, and improvements leased by an educational institution that teaches students to perform motion picture production services (s. 212.0602, F.S.), if the institution is responsible for any taxes owed, as well as ongoing maintenance and operational expenses for the property.

Tax Savings

No estimate

Electric Utility Tangible Personal Property (TPP) – TPP is taxable when it is part of construction work in progress when "substantially complete" or connected to the existing property. The bill clarified that for TPP constructed or installed by an electric utility, construction work in progress is not deemed substantially complete unless all permits or approvals required for commercial operation have been received and approved.

Tax Savings

Local - First Year $2.6 million Recurring $2.6 million

Mobile Homes Sales Tax Discount - The amendment reduces the sale tax rate on sales of new mobile homes from 6 percent to 5.5 percent.

Tax Savings

First Year – State $1.9 million Local $0.3 million Total $2.2million

Recurring – State $2.1 million Local $0.3 million Total $2.4 million

Aircraft Used in Defense Contracts – An exemption from the use tax was proposed for an aircraft owned by a nonresident if the aircraft enters or remains in this state exclusively to be used in service of a contract with the United States Department of Defense or with a military branch of a recognized foreign government. Aircraft owned by a nonresident that enters this state exclusively for purposes of flight training, repairs, alterations, refitting, or modification, is already exempt.

Tax Savings

First Year – State GR $1.6 million Local - $0.5 million Total $2.1 million

Recurring – Indeterminate negative recurring impact

Aircraft Equipment Used in Defense Contracts – A sales tax exemption was proposed for equipment, including electric and hydraulic ground power units, jet starter units, oxygen servicing and test equipment, engine trim boxes, and communications and avionics test sets, which is used to service, test, operate, upgrade, or configure aircraft for advanced training purposes as part of any contract with the U.S. Department of Defense or with a military branch of a recognized foreign government.

Tax Savings

Indeterminate negative recurring state impact

The World Golf Hall of Fame - The Hall, in St. Augustine, receives a monthly distribution of state sales tax revenue of $166,666. The funds are for construction, reconstruction, renovation, promotion, or operation of the facility. The last monthly distribution is scheduled for June 2023, when the Hall would have received $50 million over 25 years. The amendment extends the distribution for another ten years ($20 million).

Tax Savings

$2.0 million recurring state impact

Florida Tax Credit Scholarship Program Carry-Forward Period – The program allows credits for tax years on or after January 1, 2018 to be carried forward for ten years. Credits in prior tax years can only be carried forward for five years. The amendment extends the 10-year carry forward period to any credits that were available to be carried forward on or after July 1, 2018.

Tax Savings

Indeterminate negative recurring state impact

Formula 1 Grand Prix Admissions – Generally, Florida's sales tax is levied on the sales of admissions. The admissions to many sporting events are exempt, including the Super Bowl, the Pro Bowl, and a number of championship and all-star games. The amendment exempts admissions to a Formula 1 Grand Prix and any support races held at the circuit 72 hours before the Grand Prix.

Tax Savings

Indeterminate

Parts and Accessories for Industrial Machinery – Currently, parts and accessories for industrial machinery and equipment are exempt from the sales tax only if purchased before the machinery and equipment are placed in service. The proposal expanded the exemption to all parts and accessories if they are necessary for the continued operation of the industrial machinery or equipment.

Tax Savings

Has not been estimated but could be significant.

Qualified Target Industry (QTI) Tax Refund Program - QTI was created in 1994 to encourage the creation and retention of high-quality, high-wage jobs by providing a state grant equal to the amount paid for certain state and local taxes to eligible businesses creating jobs in target industries. The proposal would have allowed the state to waive wage and local financial support requirements, between July 1, 2020, and June 30, 2023, for businesses that locate or expand in a county affected by Hurricane Michael. These counties are Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Okaloosa, Wakulla, Walton, and Washington. Further, a business that relocates from another state to, or starts or expands its business in, these counties would have been eligible for a payment of up to $10,000 per job created. Lastly, the proposal repealed the provision that prohibits the certification of applicants after June 30, 2020, permanently authorizing the program. Without this, the QTI program will be effectively repealed, except for contracts already in place.

Tax Savings

No Estimate

Condo Appeal Representation – This proposal clarified that when a condominium or cooperative association has filed a single joint petition to challenge a tax assessment, the association may continue to represent, prosecute, and defend the unit owners through any related subsequent proceeding in any tribunal and any appeals. This provision would have applied to cases pending on July 1, 2020. The bill also required that if the association chooses to continue in the appeal process, it must notify all unit owners of their options to participate or not participate.

Tax Savings

Local – First Year $5.5 million Recurring $1.7 million

Tourist Development Taxes – The proposal expanded the list of acceptable uses of TDT revenues to include parks and trails and water quality improvement projects such as flood mitigation; seagrass or seaweed removal; algae control, cleanup, or prevention measures; and septic to sewer conversion projects. Read why Florida TaxWatch opposed this. The bill also restructured the authorized uses of tourist development, convention development, and local option food and beverage taxes levied in Miami-Dade County. This includes renaming Miami-Dade's 2 percent food and beverage tax as the "Local Option Coastal Recovery and Resiliency Tax" and changing its use from currently funding the Greater Miami Convention and Visitors Bureau (after current contracts expire) to funding water quality improvements, beach nourishment, purchase of conservation lands, erosion control, mangrove protection' and removal of invasive species. All these House provisions were amended out in Senate Appropriations, but a minor provision was added back to the final bill (See "Tourist Development Taxes" in the section detailing what is in the final bill.

Charter County and Regional Transportation System Surtax – Four counties levy this tax, primarily used for transit (up to 25 percent may be used for non-transit). The House wanted to repeal Miami-Dade's tax on December 31, 2049.

Sales Tax Absorption – This would have allowed businesses to advertise that they will pay some or all of the sales tax due on behalf of their customers. A business that pays its customers' tax must provide an invoice or similar document that states that the business will pay the tax and separately states the amount of tax due on the sale. Florida businesses are currently prohibited from "absorbing" their customers' tax.

Sports Development Program – The program, which distributes state sales and use tax revenue to fund professional sports franchise facilities, would have been eliminated. The distribution is based on 75 percent of the sales tax generated at the facilities. To date, no funds have been distributed under the program. The House also had two other bills (HB 6057 and HB 1369) to eliminate the program that died awaiting floor votes.

Tax Collection Enforcement Diversion Program – This program, operated by DOR in cooperation with the Centers for Independent Living and state attorneys, collects sales tax from taxpayers with habitual misdemeanor delinquencies. Half of the money goes to the state and half goes to a program that provides personal care attendants and other support services to persons with significant and chronic disabilities to enable them to obtain or maintain employment. This bill would increase the amount going to this program from 50 percent to 75 percent. This would have increased funding of the program by $1 million.

Tax Collector/License Plate Agent Service Charges - County tax collector offices process registration and titling of motor vehicles and may collect and retain a service charge to perform these duties. Some tax collectors use third party agents to conduct transactions and these agents are authorized to collect an additional fee, which can range from $2 to $25. The proposal would authorize a tax collector to determine the additional services charges a privately license plate agents could collect and require these service charges to be disclosed to the person paying them.

OTHER TAX BILLS THAT PASSED

The 2020 Legislature passed a few other tax bills passed outside of the tax package, including two that will bring proposed constitutional amendments to the ballot in November.

Property Tax Discount for Disabled Vets' Surviving Spouse - HJR 877 will bring a proposed constitutional amendment to the voters in November to allow the current discount for combat-disabled veterans age 65 or older to carry over to the surviving spouse. HJR 877 has passed both chambers unanimously.

Save Our Homes Portability - HJR 369 will bring a proposed constitutional amendment to the voters that would increase the Save Our Homes portability period from two to three years. Homeowners would have three years to transfer up to $500,000 of accumulated benefit from a prior homestead to a new homestead.

Disabled Veterans' Property Tax Exemption - The homestead property of a veteran who was honorably discharged with a total and permanent disability is exempt from taxation but may not receive the exemption in the year a new homestead property is purchased. HB 1249 allows such a veteran to receive a property tax refund for the newly acquired property, prorated as of the date of the transfer, if the veteran receives the homestead exemption on the previous property, acquires title to a new property between January 1 and November 1 of the same year; and receives an exemption for the newly acquired property in the next tax year. This will save disabled vets approximately $3 million annually. HB 1249 passed both chambers unanimously.

Corporate Income Tax Piggy-Back Bill – HB 7095 is the annual bill to adopt the latest federal corporate income tax code, which is needed since federal taxable income is the starting point for calculating Florida tax liability. In recent years, this has become a complex issue, as Florida has "de-coupled" from certain federal provisions that would have a large fiscal impact on the state. This year's piggy-back bill was straightforward, only updating the year of the federal tax code, signaling that the Legislature had little appetite to address further decoupling from provisions in the federal Tax Cuts and Jobs Act of 2018 or the inequities created by the refund and rate reduction system this session. These issues will arise next session.

Closing Thoughts

Being conservative with the tax cut package in these uncertain times is the right approach, with COVID-19 likely putting downward pressure on revenues and upward pressure on spending. A package with limited one-time savings and some positive tax administration provisions sound about right. The tolling of the time to request a refund during a protest brings more equity to Florida tax systems.

However, collecting $600 million to $700 million in currently owed taxes could have helped help, both with shoring up reserves for potential virus response and reducing other taxes that are not good for Florida. The biggest tax disappointment this session for Florida TaxWatch, and many others, is the continued failure of the Legislature to address E-Fairness and the collection of sales taxes on remote sales. Florida and Missouri remain the only states that have yet to a take step to address this problem in the wake of the *Wayfair* Supreme Court decision.

We urge the Legislature to not forget about reducing/elimination the Business Rent Tax and reducing the Communications Services Tax. Before the final tax package was passed, we urged the Legislature to look first at local member projects before cutting the tax package and the amount provided for teacher pay increases. It went in the other direction. The new budget contains a record number of these projects—more than 800 worth nearly one-half billion dollars. Some member projects are very worthwhile, some aren't, but most are further down the list of state priorities than health and education. There was also $267 million added to the budget through the House and Senate "sprinkle" lists, accomplished by simply exchanging lists with no discussion as the very last act of the budget conference. By comparison, removing the BRT and CST tax cuts from the final tax package saved the state $34.9 million for the upcoming budget.

The Florida TaxWatch *Session Spotlight* is done under the direction of Dominic M. Calabro, President, CEO & Publisher; and Robert Weissert, Executive Vice President & General Counsel.

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