

A photograph of the Florida State Capitol building in Tallahassee, Florida. The building is a grand, white, neoclassical structure with a prominent central dome and a portico supported by tall columns. The sky is a clear, bright blue. In the foreground, there are some green plants and a palm tree. The text "2015 Florida Legislative Session Wrap-Up" is overlaid on the right side of the image in a large, white, serif font. Below it, the date "May 2015" is written in a smaller, white, serif font. In the bottom right corner, there is a logo for "Florida TaxWatch" which includes a red outline of the state of Florida and the text "Florida TaxWatch" in white and black.

2015 Florida Legislative Session Wrap-Up

May 2015

Florida
TaxWatch



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Dear Fellow Taxpayer,

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

The 2015 Regular Session will be remembered as a unique one, with an unusual ending that has not been seen in Florida in decades. On top of the progress of many bills coming to an abrupt end, the Legislature failed to pass its only required piece of legislation: a budget.

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

This publication is a final look at the legislation followed by TaxWatch this Session, but does not address the budget, which is scheduled to be completed by the Legislature in June.

For more information on any research topic highlighted in this publication, please visit <http://www.floridatxwatch.org>.

Sincerely,

Dominic M. Calabro
President & CEO

Introduction

The 2015 Legislative Session was certainly not a normal one. The session effectively ended three days early when the House unexpectedly declared “sine die” and went home, leaving a lot of work undone and creating more acrimony among lawmakers. Senate Democrats even asked the Supreme Court to compel the House to return, claiming the House’s unilateral adjournment violated the Florida Constitution, with which the Court ultimately agreed on principle, but acknowledged that there was little that could be done about it, as Session was set to end on the day of its ruling regardless.

It was already apparent that the one job the Legislature is required to do, the budget, was not going to get done on time and a special session would be needed. The main reasons for the budget stalemate, Medicaid expansion and federal funding of the Low-Income Pool to reimburse hospitals for indigent care, seemed no closer to a compromise. It was expected lawmakers would finish most of the policy work, but most of the major issues remain unresolved, including many priorities of the two chambers’ leadership.

Prison reform, a statewide water policy, the implementation of Amendment 1, and more opportunities for persons with disabilities are just a few of the issues on which some kind of resolution was expected. Omnibus legislation (or “trains”) in areas such as education, health and human services and economic development also withered on the vine, killing many separate issues.

A final tax cut package was also not passed. While taxes will certainly be part of the budget negotiations in special session, tax cuts are no longer a sure thing this year.

The Legislature did manage to pass 231 bills (the fewest since at least 2000). A number of bills addressing Florida TaxWatch recommendations were considered and some were passed, including bills advancing justice reform, a first step in local pension reform and several measures relating to cost savings, and accountability recommendations. In addition, if there is ultimately an agreement on a tax cut package, a reduction in the communications services tax, a Florida TaxWatch priority, will likely be part of it. There were also some disappointments, as state pension reform and the collection of sales taxes on remote sales were again not addressed. Other Florida TaxWatch-supported measures, including bills relating to flexibility under the class size amendment, telehealth, medical tourism, justice reform, and enterprise zones advanced but ultimately did not pass.

The Legislature will return to Tallahassee on June 1 and leaders expect to finish their work by June 20, just 10 days before the start of the new fiscal year. The official proclamation, which will enumerate the issue that can be considered, has yet to be released. The special session will likely be mostly limited to the budget and the budget implementing and conforming bills, but more issues could be added. Other unresolved issues that have a bearing on the budget may find their way into conforming bills. Past legislatures have shown that the definition of “conforming” may be broadly construed.



Informal, behind-the-scenes negotiations will be taking place over the next couple of weeks, as at least a basic framework needs to be agreed upon prior to the start of the special session. Smooth sailing is not assured. The Senate wants to include a debate on health care expansion in the session, the House wants to exclude it, and neither side has shown any softening of its position.

The following is a summary of the final results for legislation of interest to Florida TaxWatch and its Centers for Educational Performance & Accountability, Health & Aging, Smart Justice, Competitive Florida and Government Efficiency.

Taxes

Very few tax bills passed this session. However, while now in doubt, tax cuts are still alive. While no tax package was approved by the Legislature, tax cuts will certainly be part of the special session budget negotiations.

Passed

Corporate Income Tax “Piggy-Back” - Florida uses federal taxable income as the starting point for determining corporate income tax liability. The Legislature passes an annual “piggyback” bill to conform to any changes in the federal tax code. The federal Tax Increase Prevention Act of 2014 extended two deductions: an increase in the first-year expensing deduction from \$25,000 to \$500,000 and a 50 percent bonus depreciation deduction. Adopting these changes would have cost Florida \$180 million in FY 2015-16, with revenue being recouped subsequent years. The

Legislature chose to “de-couple” Florida’s tax code from these federal changes. HB 7009 requires Florida taxpayers to add-back the federal deductions and then subtract from income one-seventh of these amounts in the next six years. The existing federal deductions are treated this way.

Value Adjustment Board (VAB) Petitions –

Making a minor but worthwhile change, HB 489 allows a taxpayer to include multiple items of substantially similar tangible personal property on a single VAB petition and to pay a single petition filing fee. Substantial VAB reform was a victim of the sudden House adjournment (see below).

Did Not Pass

Tax Cuts – The House passed a \$689.2 million tax cut package: **HB 7141**. The Senate did not produce a tax package, citing the budget stalemate; however, the Senate did advance several tax reduction bills. **The centerpiece of the House proposal is a \$470.5 million reduction in the communications services tax, a long-time Florida TaxWatch recommendation. Other provisions supported by Florida TaxWatch research include a reduction in the sales tax on commercial leases and an increase in the research and development tax credit.** The package also includes three different sales tax holidays. The rest is a patchwork of many different tax cuts, some of them very small and many that had not yet been part of any legislation. A final tax cut package will likely be part of the budget conference negotiations. **To review the provisions of the House tax package (and any Senate action on those provisions) see Appendix A.**



Sales Tax Exemption for Manufacturing Machinery and Equipment - The 2013

Legislature passed a three-year exemption, set to expire April 30, 2017. **SB 544 and HB 613** would have made the exemption permanent. **This is a long-standing recommendation of Florida TaxWatch.** Recurring tax savings were expected to be \$142.5 million annually. This exemption is not part of the House tax cut package. Both bills died in committee.

Collection of Sales Taxes on Remote Sales: Once again, the Legislature failed to address the non-collection of sales taxes on sales to Floridians by out-of-state sellers, a situation that hurts Florida retailers. **Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years.** Many bills have been filed to help address this over the years. This year, **SB 310** would have brought Florida fully into the Streamlined Sales and Use Tax Agreement, which provides an opportunity for Florida to begin collecting money from a compact of sellers that voluntarily collect the tax. **HB 101** would have expanded nexus over remote retailers, requiring more retailers to collect tax on sales to Floridians. **HB 1265** was a memorial urging Congress to support the Marketplace Fairness Act. None of these bills were heard this session.

Corporate Income Tax Reduction - HB 49 and SB 138 would have increased the standard corporate income tax exemption from \$50,000 to \$75,000, as was recommended by Governor Scott. The exemption was increased from \$5,000 to \$25,000 in 2011 and to \$50,000 in 2013. This higher exemption would eliminate

corporate income taxes for 2,189 out of 9,934 taxpayers (22.0 percent), and save \$18.7 million annually. This is not part of the House tax package. SB 138 passed two committees and died in Appropriations. HB 49 was not heard in committee.

Value Adjustment Boards (VAB) - HB 695 and SB 972 would have made several **Florida TaxWatch-supported** changes to the VAB process including: taxpayers must sign the petition, interest on assessment and refunds would change from 12 percent to the prime rate and all VAB petitions must be resolved by June 1 annually, unless the county's petitions increased by more than 10 percent. HB 695 also would have changed the composition of VABs from county commissioners, school board members, and citizen members to all citizen residents of the county appointed by their legislative delegation. This is an attempt to remove the conflict of interest created by the current composition which allows those who benefit from higher assessments to make the decisions. Both bills were passed by their respective chambers, but because of differences, both bills died.

Aviation Fuel – HB 595 and SB 722 would have reduced the tax on aviation fuel from 6.9 cents per gallon to 5.4 cents per gallon, beginning July 1, 2018. Also, the bills would eliminate a refund of all aviation fuel taxes paid by transcontinental airlines that created a certain number of jobs. The idea is that the two changes together would be revenue neutral and that all airlines would benefit from lower taxes. However, at its last committee stop, SB 722 was amended to expand the current refund to include at least one other airline, which would

reduce revenues until the refund expired in three years. HB 595 was approved by the full House. SB 722 died in the Appropriations Committee.

Law Enforcement Services Special Assessment - SB 780 and HB 919 would have allowed the governing body of a municipality to levy this assessment to fund all or a portion of its costs of providing law enforcement services if the property tax millage is reduced by a similar amount. SB 780 limited the assessment to \$200 per parcel. SB 780 died on second reading. HB 919 died in the Local and Federal Affairs Committee.

The following bills passed one committee, but went no further:

Save Our Homes (SOH) “Glitch” Bill - SJR1142 was a proposed constitutional amendment to repeal the recapture provision which allows the assessed value of homestead property to increase by the SOH cap, even if the market value falls, provided that the assessed value does not exceed the just value.

Direct Mail Advertising (DMA)- SB 858 would have created a sales tax exemption for DMA goods and services.

Renewable Energy Source Devices - SJR 400 and HJR 865 proposed an amendment to the state Constitution that would exempt the assessed value of these devices from the tangible personal property tax and allow the Legislature, by general law, to prohibit consideration of the installation of such device in determining the assessed value for real property taxes. It would expire December 31, 2036.

Property Tax Discount for Spouse of Disabled Veterans - SJR 910 proposed an amendment to the state Constitution to authorize the living spouse of a deceased veteran, who upon death was aged 65 or older, partially or permanently disabled as a result of combat, and honorably discharged, to keep the discount on ad valorem taxes currently afforded the veteran.

Low Income Elderly Homestead Exemption - SJR 652 proposed an amendment to the state Constitution that would revise the current homestead tax exemption for low-income, elderly people that have lived in their home for at least 25 years. The current exemption is 100 percent of the assessed value of a homestead with a just value less than \$250,000. The amendment would lock in the just value of the home to its value when the exemption is originally applied for, meaning the taxpayer would not lose the exemption due to rising value.

Food Desert Tax Credit - SB 610 provided an income tax credit for grocery businesses that sell nutrient-dense food items in areas designated as food deserts. The credit would be equal to 20 percent of its annual sales.

For a summary of tax bills that were filed but not heard this session see Appendix B.



Economic Development

Passed

Freight Mobility and Logistics - HB 257 defines a freight logistics zone and allows a county, or two or more contiguous counties, to designate one. Projects within freight logistics zones, which are consistent with the Department of Transportation's Freight Mobility and Trade Plan, may be eligible for priority in state funding and certain incentive programs. **Florida TaxWatch research has highlighted the importance of freight mobility to Florida's economy.**

Did Not Pass

Start-up and Second-stage Companies – HB 7067 would have created the “Startup Florida Initiative,” which would encourage start-up and second-stage company growth. **Prior to the session, Florida TaxWatch released a report that highlighted the benefits of second-stage companies**, including the creation of 394,000 net new jobs in Florida from 2009 to 2013. HB 7067 was approved by the full House but the Senate economic development package (SB 1214) did not include this provision.

Enterprise Zones Program - There was much discussion of the Enterprise Zone program this session, as the program is scheduled to sunset in December 2015. **Florida TaxWatch testified at several committee hearings, referencing our recent analysis of the program.** The report calls on the Legislature to revise and extend the

state's Enterprise Zone program, designed to revitalize and redevelop distressed, blighted areas in Florida. However, the state's enterprise zone program will not be renewed. Bills to extend and revise the program (**HB 903, SB 1556, and SB 392**) were not heard. **HB 7067** would have replaced the state program with a Local Enterprise Zone Program. Late in the session, language was added to **SB 1214** that would have permitted businesses located in enterprise zones that have active economic development contracts to continue to apply for enterprise zone state tax programs and the child care facility property tax exemption for three years.

Economic Development Programs – Both chambers had omnibus economic development bills that would have made numerous changes to several programs. **SB 1214 and HB 7067** became “trains,” with more provisions added as the session progressed. SB 1214 standardized the incentives application process, limited most incentive agreements to 10 years and required capital investment to remain in the state for the duration of the contract. It also set approval requirements for different thresholds such as allowing the Governor to approve projects requiring less than \$2 million without legislative notice or approval. The bill also makes additional changes to the Quick Action Closing (QAC) Fund and the Qualified Target Industry Business (QTI) Tax Refund. HB 7067 also makes numerous changes including creating a new approval process for performance-based cash incentive programs and capping economic development incentive programs at \$60 million annually. While the two

chambers could not agree on this legislation, it is likely some of these provisions will show up in a budget conforming bill during the Special Session.

Seaports – HB 7039 and SB 1554, in addition to several provisions related to the Florida Department of Transportation, increased the funding for the Florida Seaport and Economic Development (FSTED) Program from \$15 million to \$25 million per year. HB 7039 passed the full House. SB 1554 died in committee. This funding may be addressed in Special Session.

Entertainment Industry Financial Incentive Program – This program, which tries to bring film and television productions to the state by offering sales and corporate income tax credits, has received a lot of attention this session. A report by the Office of Economic and Demographic Research, which reviewed the return on investment for many of the state’s economic development programs, said the entertainment program is not recouping the state’s investment (in terms of produced state revenue). **SB 1214 and HB 451** would have made numerous changes to the program. **Florida TaxWatch was asked by the sponsor to review HB 451 and we found it makes significant improvements to the current program, including changing from a first-come first-served process to one that prioritizes based on expected economic return.** Both bills transferred and renamed the Office of Film and Entertainment under the Department of Economic Opportunity as the Division of Film and Entertainment under Enterprise Florida. The Senate bill reduced the size of the Florida Film and Entertainment Advisory Council and the House

bill eliminated the Council. SB 1214 also created the Entertainment Action Fund Program to respond to extraordinary opportunities. A similar fund was removed from the House bill. SB 1214 set a sunset date of July 1, 2021 and July 1, 2025 for the action fund. Under HB 451, the program would still expire July 1, 2016. Both bills died on second reading.

Qualified Television Revolving Loan Fund - HB 237 and SB 196 would have created a qualified television revolving loan fund - an “evergreen” fund privately managed under state oversight, which offers loans (term limited to 36 months) for qualified television content production throughout the state. The program would use state money and private funds raised by a third-party loan administrator. Neither the bill nor the current House budget contain an appropriation for the fund. HB 237 died on second reading. SB 196 was not heard in committee.

These bills, containing potentially valuable concepts, did not get a hearing:

Freight Mobility and Trade - HB 331 and SB 958 would have directed a portion of motor vehicle fees, such as title fees, to be set aside for specified freight mobility and trade projects.

Incentives for Small Technology Companies – **SB 1090** would have authorized the provision of loans to small technology companies through the Microfinance Guarantee Program. The bill appropriated \$50 million for these loans.

New Small Business Tax Credit – SB 128 and HB 517 would have created a corporate income tax credit for new small businesses. If qualified, the business would receive a \$1,500 credit for each employee, up to a maximum total credit of \$21,000.

Community Creative Grant Program - SB 1030 would have created this alternative to the expiring Enterprise Zone program. The program was a competitive process through which cities and counties could apply for grants to fund local economic development projects.

Education

Passed

Testing, Student Assessments & Teacher Evaluations – HB 7069 will reduce testing time in Florida schools, capping the time students spend on state and local tests at 5 percent of their school hours, or up to 45 hours. The legislation also reduces the reliance on test results in evaluating teacher performance from 50 percent to 33 percent of an evaluation. The bill eliminates the 11th-grade language arts test (ELA) and the Postsecondary Education Reading Test (PERT). It eliminates the requirement that a school district administer a local end-of-course assessment for each course that is not assessed by a statewide, standardized assessment. It codifies the rollout schedule for statewide, standardized computer-based testing and paper testing options through the 2017-2018 school year and requires independent verification of validity of statewide, standardized assessments

before the results can be used to determine third grade retention or high school graduation. The bill has been signed into law by the Governor.

Did Not Pass

Class Size Requirements - SB 818 and HB 665 would have revised the method for calculating the penalty for failure to comply with the class size requirements by performing the calculation at the school average instead of at the classroom level. **Florida TaxWatch released a report showing that adjusting the way class sizes are calculated will result in significant savings to Florida taxpayers, which can then be reinvested in measures that have been proven to improve student achievement.** Florida's class size limits have cost taxpayers more than \$30 billion since voters approved them in a 2002 constitutional amendment. The report encourages the Legislature to adjust Florida's class size calculation to a school wide average. Applying the school level average calculation across all of Florida's public schools would allow school districts to comply with the class size reduction mandate, while reinvesting the savings into measures to improve teacher quality and student achievement. HB 665 passed the full House and even though it was identical, SB 818 died on second reading.

Charter Schools/School Choice – HB 7037 aimed to increase charter school accountability and increase student access. It also changes some funding provisions. It required charter schools to begin submitting monthly financial statements upon approval of the charter contract, and clarifies that charter schools that earn two consecutive



grades of “F” are automatically terminated. It removed the limit on replication of high-performing charter schools if the school is created to serve high-need areas. The bill also created the Florida Institute for Charter School Innovation at Florida State University to provide technical assistance, conduct research on policy and practice and provide opportunities for aspiring teachers to experience teaching in charter schools. The bill earmarked \$1 million annually for the institute. **HB 357** established the Principal Autonomy Pilot Program Initiative (PAPPI) to provide the principals of schools in participating school districts with increased autonomy and authority regarding allocation of resources and staffing, similar to charter schools. **SB 1552 and HB 1145** expanded school choice by allowing a student to attend an out of district school, provided it has capacity and the parents provide transportation. The bills also included the PAPPI program and SB 1552 included the charter school institute provisions. All the House bills were approved by the House. SB 1552 died on the Special Order Calendar.

Digital Classrooms – **SB 1264** directed the Agency for State Technology (AST) to establish information technology architecture standards for purposes of implementing the state’s new digital classroom funding allocation. AST was required to collaborate with the Departments of Education and Management Services to identify state procurement options and shared services available through the State Data Center to facilitate implementation digital classrooms. AST must also do an annual assessment and provide planning

assistance to address issues identified by the assessment. The bill appropriated \$10 million to the Agency for State Technology. This language was also added to **SB 948**, the Senate education “train.” Both bills made it to the floor but did not get to a vote.

Reducing Educational Facility Costs - HB 181 and SB 1262 aimed to provide cost savings to school districts by allowing them to implement exceptions to the State Requirements for Educational Facilities (the public education building code). These exceptions relate to the use of wood studs in interior nonload-bearing walls, paved walkways, roadways, driveways, and parking areas, covered walkways for relocatable buildings, and site lighting. A school board must hold a workshop and then the resolution must pass by a supermajority vote at a public meeting. The school board must conduct a cost-benefit analysis prepared according to a professionally accepted methodology that describes how each exception achieves cost savings, improves the efficient use of school district resources, and impacts the life-cycle costs and life span for the facility. The cost-benefit analysis must also demonstrate that implementation of the exception will not compromise student safety or the quality of student instruction. This language was also added to **SB 948**, the Senate education “train.” All three bills made it to the floor but did get to a vote.

Smart Justice

Passed

Civil Citations - Civil citation programs give law enforcement officers an alternative to arresting youth who have committed non-serious delinquent acts. **Florida TaxWatch research has shown the benefits of expanding civil citations.** **SB 378** will expand civil citations by allowing law enforcement to issue a civil citation to a youth who has committed a second or subsequent misdemeanor. (Civil citation is presently only available to youths who admit to committing a first-time misdemeanor.) It also authorizes a law enforcement officer to issue a warning to a juvenile who admits having committed a misdemeanor or to inform the child's parents. If the officer does not use one of these options, the officer may issue a civil citation or require participation in a similar diversion program. The bill does provide that, in exceptional situations, an officer may arrest a first-time misdemeanor offender in the interest of protecting public safety.

Problem Solving Courts – **HB 1069** provides that a person eligible to participate in any type of problem solving court, not just a preadjudicatory drug court, may have their case transferred to another county if certain requirements are met. This could help expand the use of these courts. The bill defines “problem-solving court” to include preadjudicatory and postadjudicatory drug courts, preadjudicatory and postadjudicatory veterans’ courts, and mental health courts. **Florida TaxWatch research has shown the benefits of these courts as cost-effective diversion programs.**

Did Not Pass

Prison Reform – This was one of the biggest issues of the session and both chambers passed reform bills. **SB 7020** would have made a number of changes including requiring periodic safety inspections and audits, specialized training for dealing with mentally ill inmates and allowing staff to make confidential reports of inmate abuse or neglect. The bill also created an independent commission to provide oversight of the state's prison system. **The bill addressed a Florida TaxWatch recommendation** (see Elderly Release below) with several provisions: requiring the Criminal Justice Estimating Conference to project prison admissions for elderly felony offenders; requiring standards of care criteria for the needs of inmates over age 50; allowing an inmate's family or lawyer to hire and pay for an independent medical evaluation; and expanding the existing conditional medical release program to allow the Commission on Offender Review to consider the release of elderly and infirm inmates.

The House prison reform bill (**HB 7131**) was more limited than the Senate bill and did not contain the independent oversight commission. Both bills passed their respective chambers, but the differences in the bills could not be reconciled. In the end, the Senate decided the House bill did not constitute real reform and with the House already gone, this important issue died this session.

Mental Health Services – SB 1452 and HB 7113 attempted to expand Florida’s mental health courts, veterans’ courts, drug courts, and juvenile delinquency pretrial intervention programs. These programs provide pretrial or postadjudicatory alternatives for some offenders, allowing them to access programs and treatment options. Some of the provisions included expanding participation in veterans’ court, allowing counties to create and fund treatment-based mental health court programs creating a Forensic Hospital Diversion Pilot Program, allowing judges to require qualifying veterans to participate in treatment programs as part of their probation or community control, and allowing a juvenile offender with a mental illness to be admitted to a delinquency pretrial treatment program. These bills also enable judges to dismiss the charges against a juvenile upon successful completion of the program.

Florida TaxWatch has recommend the expansion of these programs to help reduce recidivism.

HB 7113 passed the full House. SB 1452 died in committee.

These bills had the potential to advance Smart Justice concepts, but they never got a hearing:

Elderly Release – HB 785 would have created the Supervised Conditional Elderly Release Program for inmates 65 years of age or older who pose low risk to society. The bill allowed specific elderly inmates to reduce their sentence by up to 50 percent if they meet certain criteria and receive a favorable determination from the Florida Commission on Offender Review. It also expanded eligibility for Conditional Medical Release to include severely ill or disabled inmates that do

not meet the current 180 day life expectancy requirement. **A recent Florida TaxWatch report warned that as the average age of the prison population rises and the number of elderly prisoners increases, the cost of lengthy sentences and prisoner healthcare needs threaten a substantial rise in Florida’s Corrections budget. The report offered options for reform.**

Job Tax Credit - HB 121 and SB 356 would have created a \$1,000 corporate income tax credit for hiring a person who has been convicted of a felony and who remains continuously employed by the corporation for at least 1 year. The credit may be taken only once per new employee and is not available for violent offenders or sexual offenders or predators.

Education Gain-Time – HB 591 would have increased the amount of incentive gain-time awarded to an inmate for completing a high school equivalency diploma or vocational certificate from 60 to 120 days.

Inmate Reentry – SB 1384 would have required the Department of Corrections to develop and administer a reentry program for nonviolent offenders, which is intended to divert nonviolent offenders from long periods of incarceration. It also requires that assessments of vocational skills and future career education be provided to offenders.

Mandatory Minimum Sentencing – HB 881 and SB 1092 would have allowed a judge to impose a sentence less than the mandatory minimum sentence if the unique circumstances of the case

indicate that the offender does not pose a threat to the public and the mandatory minimum sentence does not fulfill the goal of punishment and other sentencing criteria.

Health & Aging

Passed

Behavioral Health - HB 79 creates the Crisis Stabilization Services Utilization Database.

The bills require the Department of Children & Families (DCF) to develop, implement, and maintain standards under which a behavioral health managing entity will be required to collect utilization data from public receiving facilities. It provides \$175,000 to DCF for implementation.

A recent Florida TaxWatch report emphasized the use of such data to inform behavioral health funding decisions.

ARNP/PA Scope of Practice - HB 335 would expand Baker Act powers to nurse practitioners with certain mental health certifications. The measure allows a psychiatric nurse to discharge or order emergency treatment for a patient held under the Baker Act. **Expanding scope of practice has been a priority of the Florida TaxWatch Center for Health and Aging.**

Did Not Pass

Healthcare Expansion – The most contentious debate of the 2015 session resulted in an abrupt end to the session without a budget. The Senate passed **SB 2512**, which would have helped approximately 800,000 low-income Floridians

acquire access to affordable healthcare. The proposal was an alternative to the Medicaid expansion under the federal Affordable Care Act but, pending federal approval, would still allow Florida to draw down billions in federal funding. The bill created a health-insurance “marketplace,” where low-income people would shop for plans. People with incomes up to 138 percent of the federal poverty level that do not qualify for Medicaid would be eligible. These income limits are currently \$16,000 a year for individuals and \$33,000 for families of four. Participants would pay monthly premiums ranging from \$3 to \$25, and there is a requirement to be working or looking for work. The Senate passed the bill fairly early in the session but the House refused to consider it. Some form of an agreement must be reached before a state budget can be finalized.

ARNP/PA Scope of Practice – The Florida TaxWatch Center for Health and Aging has released reports detailing the benefits of expanding nurse and physician assistant scope of practice. SB 532 and HB 281 would have provided authority for an advanced registered nurse practitioner to order any medication for administration to a patient in a hospital, ambulatory surgical center, or mobile surgical facility. **HB 547** was a more comprehensive scope of practice bill. **SB 614** would have allowed ARNPs and PAs to prescribe brand drugs under their current supervisory standards and limits the prescribing of controlled substances in a pain-management clinic to physicians. All of these bills passed all of their committees but did not get a floor vote.



Telehealth - Telehealth involves providers using the Internet and other technology to care for patients remotely, and has the potential to increase access to health care in rural and other underserved communities. Some healthcare providers are beginning to use telehealth and the bills (**HB 545 and SB 478**) would have authorized Florida licensed health care professionals to use telehealth to deliver services within their respective scopes of practice. The bills set practice standards and allowed prescriptions through telehealth, although they prohibited the prescription of chronic pain medications. The Senate bill further prohibited the prescription of eyeglasses and contact lenses through a solely telehealth diagnosis. **Telehealth is a TaxWatch Top Issue, and a separate telehealth wrap-up is available on the TaxWatch website.** Both bills died in committee.

Medical Tourism - SB 86 and HB 945 aimed to establish Florida as a worldwide destination for medical tourism. The bills directed Enterprise Florida, in collaboration with the Department of Economic Opportunity, to market Florida as a health care destination. The Division of Tourism Marketing would have been required to include the promotion of medical tourism in a four-year marketing plan, which would specifically promote national and international awareness of healthcare specialties and expertise, and showcase key healthcare providers. An annual minimum of \$3.5 million would be appropriated from state general revenue to Florida Tourism Industry Marketing for developing and implementing medical tourism marketing. The bill also created a \$1.5 million matching grant program to encourage medical

tourism through local and regional economic development organizations. While similar legislation failed last session, the budget provided \$5 million to Visit Florida to develop a medical tourism marketing plan and to provide medical tourism matching grants. **Florida TaxWatch supports the promotion of Florida as a medical tourism destination.** While these bills were not heard, a new bill (**SB 7084**) surfaced late in the session which required Enterprise Florida to include specific initiatives to establish Florida as a destination for quality, medical services. The plan must promote the state nationally and internationally. Also, **HB 7047** was amended in the House Health and Human Services Committee to include the Senate medical tourism language. These two multi-issue health care bills appeared to be headed for passage, but they were casualties of the early end of session.

Behavioral Health – Earlier in the session, Florida TaxWatch released an analysis of Florida's Behavioral Health Managing Entity (BHME) system, through which the state delivers mental health and substance abuse services to uninsured Floridians. The report shows that the BHME model is working well, despite limited funding. It also offers recommendations to improve the system. In addition to HB 79, which passed (see above), a number of behavioral health bills were filed and many would have advanced these concepts.

HB 7119 would have revised Florida's behavioral health safety-net system. The bill would have allowed for-profit entities to bid to becoming managing entities when fewer than two responsive

bids from non-profits are received. It also extends the age to qualify for the state's child and adolescent mental health system of care from 18 to 21. It required care coordination and prioritization of the populations served, as well as performance standards that measure improvement in a community's behavioral health and in specified individuals' functioning or progress toward recovery. The bill also required DCF to create the Crisis Stabilization Services Utilization database. Further, the bill required DCF to contract for a study of the safety-net system, to include an examination of options for increasing the availability of federal Medicaid services.

SB 7068 made changes to the state's delivery of behavioral health services. The bill would have required the Agency for Health Care Administration (AHCA) and DCF to develop a plan to obtain federal approval to increase Medicaid funding for behavioral health care. The bill also reorganized behavioral health managing entities, requiring them to create a coordinated care organization in each region of the state. This would have created a network of behavioral health care providers offering a comprehensive range of services and capable of integrating behavioral health care and primary care. SB 7068 passed the full Senate. The House took it up and replaced the language with the language from HB 7119, sending it back to the Senate. The Senate refused to concur.

SB 7070 attempted to better integrate state substance abuse services (the Marchman Act) with mental health services (the Baker Act). The bill provided that an individual may be held for an additional 48 hours if a physician determines

the individual would benefit from detoxification services. The bill directed the DCF to include substance abuse in a complete and comprehensive statewide program of mental health and to establish a continuity of care management system for the provision of mental health and substance abuse care. The bill also required providers to distribute information concerning mental health or substance abuse treatment advance directives and created the Forensic Hospital Diversion Pilot Program to provide competency-restoration and community-reintegration services in locked residential treatment facilities, based on consideration of public safety, the needs of the individual, and available resources. This legislation would have resulted in more persons having access to substance abuse treatment during emergency behavioral health care that must be delivered under the Baker Act. The state could also have saved money when patients are diverted from inpatient settings to outpatient settings under the bill. SB 7070 died on second reading.

Other behavioral health bills that died in committee:

SB 1462 – In addition to creating the Crisis Stabilization Services Utilization Database (see HB 79 above), the bill authorized counties to fund treatment based mental health courts and directs AHCA to submit a federal waiver or a Medicaid state plan amendment for the provision of health homes for individuals with chronic conditions, including severe mental illnesses or substance use disorders. The agency was also directed to apply for a federal grant that can be used to create improved access to community mental health services.

SB 1340 and HB 1017 created the Substance Abuse Assistance Pilot Program to develop safe and cost efficient treatment alternatives. DCF could contract with BHMEs or Medicaid managed care organizations to manage the program. The bills also created a process for an adult to execute a mental health or substance abuse treatment advance directive to guide their treatment should they become incapacitated.

These bills never got a committee hearing:

HB 1277 would have established the Priority Care Pilot Project to provide access to care for priority target adults with serious mental illness and a history that indicates they could pose a threat to public safety. It also established service requirements for Assisted Outpatient Treatment (AOT), requiring DCF to fund BHMEs “at sufficient levels” for their management of AOT.

SB 1476 would have created a mental health treatment bed registry website that collects and publishes utilization data regarding available treatment beds in real-time. The data would be accessible by facility administrators, service providers, health care providers, and county law enforcement.

HB 1005 would have created the Behavioral Health Task Force to, among other duties, evaluate whether current funding for BHMEs is adequate. It also required that DCF create a new Substance Abuse & Mental Health data collection system with the goal of reducing system fragmentation and improving coordination of care. It also creates a \$450,000 student loan forgiveness program for personnel who work at community behavioral health centers.

SB 1338 was the “Excellence in Behavioral Health Act,” creating the Behavioral Health Task Force within DCF. It authorized counties to fund treatment-based mental health court programs and requires the Agency for Health Care Administration to implement a prospective payment methodology for reimbursement rates at community behavioral health centers. The bill appropriated \$110 million to increase Medicaid reimbursement rates for behavioral health services providers to the actual cost of providing such services.

(also, see the Smart Justice of this wrap-up for information on bills related to behavioral health services in the criminal justice system)

Government Efficiency and Accountability

A number of bills were filed this session that were related to **current and past recommendations of the Florida TaxWatch Center for Government Efficiency (CGE)**.

Passed

Civil Citations - Civil citation programs give law enforcement officers an alternative to arresting youth who have committed non-serious delinquent acts. **SB 378** will expand civil citations by allowing law enforcement to issue a civil citation to youth who have committed a second or subsequent misdemeanor. (Civil citation is presently only available to youth who admit to committing a first-time misdemeanor.) It also authorizes a law

enforcement officer to issue a warning to a juvenile who admits having committed a misdemeanor or to inform the child's parents. If the officer does not use one of these options, the officer may issue a civil citation or require participation in a similar diversion program. The bill does provide that, in exceptional situations, an officer may arrest a first-time misdemeanor offender in the interest of protecting public safety.

Problem Solving Courts – HB 1069 provides that a person eligible to participate in any type of problem solving court, not just a preadjudicatory drug court, may have their case transferred to another county if certain requirements are met. This could help expand the use of these courts. The bill defines “problem-solving court” to include preadjudicatory and postadjudicatory drug courts, preadjudicatory and postadjudicatory veterans’ courts, and mental health courts.

ARNP/PA Scope of Practice - HB 335 will expand Baker Act powers to nurse practitioners with certain mental health certifications. The measure allows a psychiatric nurse to discharge or order emergency treatment for a patient held under the Baker Act.

Procurement - SB 778 should reduce costs through increased competition by prohibiting local ordinances and regulations from restricting a certified contractor’s competition for award of a contract for construction services based upon certain conditions when the state is paying 50 percent or more.

Agency Inspectors General - HB 371 will provide additional employment qualifications for inspectors

general & staff. The bill expands the records and personnel accessible to inspectors general during audit or investigation, authorizes inspectors general to administer oaths, and authorizes Chief Inspectors General to issue and enforce subpoenas. It also requires personnel to comply with requests of inspectors general under penalty of loss of employment.

Pension Reform - While a bill closing the defined benefit plan to new employees was not filed, there were bills proposing smaller changes to the FRS. **HB 565** will create a 6-month period to allow local governments participating in FRS to reassess Senior Management and to request removal from the class of any such positions that it deems appropriate. The bill allows for possible subsequent reviews and reclassifications every five years. The bill should save FRS local government money by using the additional flexibility to reduce the number of positions classified as Senior Management.

Did Not Pass

Early Release – SB 7020 would have expanded the existing conditional medical release program to include elderly and infirm inmates which would allow the Commission on Offender Review to consider the release of elderly and infirm inmates. SB 7020 passed the full Senate. Because the House went home early and its bill was so different, prison reform, and these measures, died this session.

Class Size Requirements - SB 818 and HB 665 would have revised the method for calculating the penalty for failure to comply with the class size requirements by performing the calculation at the

school average instead of at the classroom level. Florida TaxWatch released a report showing that adjusting the way class sizes are calculated will result in significant savings to Florida taxpayers, which can then be reinvested in measures that have been proven to improve student achievement. HB 665 passed the full House. SB 818 died on the Special Order Calendar.

ARNP/PA Scope of Practice – SB 532 and HB 281 would have provided authority for an advanced registered nurse practitioner to order any medication for administration to a patient in a hospital, ambulatory surgical center, or mobile surgical facility. **HB 547** was a more comprehensive scope of practice bill. **SB 614** would have allowed ARNPs and PAs to prescribe brand drugs under their current supervisory standards and limits the prescribing of controlled substances in a pain-management clinic to physicians. All these bills passed all their committee but did not get a floor vote.

Procurement - SB 574 and HB 615 would have allowed school districts to use on-line procurement and electronic auctions. The Department of Education would have been allowed to use electronic auctions to help districts procure buses. SB 574 passed the Senate but died in House messages.

Mental Health Services – SB 1452 and HB 7113 attempted to expand Florida's mental health courts, veterans' courts, drug courts, and juvenile delinquency pretrial intervention programs. These programs provide pretrial or postadjudicatory alternatives for some offenders, allowing them to

access programs and treatment options. Some of the provisions included expanding participation in veterans' court, allowing counties to create and fund treatment-based mental health court programs creating a Forensic Hospital Diversion Pilot Program, allowing judges to require qualifying veterans to participate in treatment programs as part of their probation or community control and allowing a juvenile offender with a mental illness to be admitted to a delinquency pretrial treatment program and allows a judge to dismiss charges against the juvenile upon the successful completion of the program. HB 7113 passed the full House. SB 1452 died in committee.

Telehealth - CGE has recommended that the Legislature remove disincentives and barriers to use of telehealth services and provide a foundation for statewide expansion of telehealth. Telehealth involves providers using the Internet and other technology to care for patients remotely. It can increase access to health care in areas such as rural communities. Some healthcare providers are beginning to use telehealth and legislation (**HB 545 and SB 478**) would have authorized Florida licensed health care professionals to use telehealth to deliver services within their respective scopes of practice. The bills set practice standards and allowed some prescriptions through telehealth. Telehealth is also a priority of the Florida TaxWatch Center for Health and Aging. Both bills died in committee.

Collection of Sales Taxes on Remote Sales: Once again, the Legislature failed to address the non-collection of sales taxes on sales to Floridians by out-of-state sellers, a situation that hurts Florida

retailers. **Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years.** Many bills have been filed to help address this over the years. This year **SB 310** would have brought Florida fully into the Streamlined Sales and Use Tax Agreement, which provides an opportunity for Florida to begin collecting money from a compact of sellers that voluntarily collect the tax. **HB 101** would have expanded nexus over remote retailers, requiring more retailers to collect tax on sales to Floridians. **HB 1265** was a memorial urging Congress to support the Marketplace Fairness Act. None of these bills were heard this session.

These bills did not receive a committee hearing:

Elderly Release – HB 785 would have created the Supervised Conditional Elderly Release Program for inmates 65 years of age or older who pose a low risk to society. The bill allowed specific elderly inmates to reduce their sentence by up to 50 percent if they meet certain criteria and receive a favorable determination from the Florida Commission on Offender Review. It also expanded eligibility for Conditional Medical Release to include severely ill or disabled inmates that do not meet the current 180 day life expectancy requirement.

Job Tax Credit - HB 121 and SB 356 would have created a \$1,000 corporate income tax credit for hiring a person who has been convicted of a felony and who remains continuously employed by the corporation for at least 1 year. The credit may be taken only once per new employee and is not available for violent offenders or sexual offenders or predators.

Education Gain-Time – HB 591 would have increased the amount of incentive gain-time awarded to an inmate for completing a high school equivalency diploma or vocational certificate from 60 to 120 days.

Inmate Reentry – SB 1384 would have required the Department of Corrections to develop and administer a reentry program for nonviolent offenders, which is intended to divert nonviolent offenders from long periods of incarceration. It also requires that assessments of vocational skills and future career education be provided to offenders.

Pension Reform

Once again, major reform of the Florida Retirement System (FRS) did not happen. While it was a House priority going into session, House Speaker Steve Crisafulli later announced the House would not pursue FRS reform. His announcement was in response to an actuarial study that looked at closing the defined benefit pension plan to new employees and placing them in the investment plan, as recommended by the Florida TaxWatch Center for Government Efficiency. The Speaker said “The results from the most recent study of the very same bill changed from several billions of dollars in savings to millions of dollars in costs. Given the unexpected and puzzling report, we believe it is important to pause and understand what factors caused such a dramatic shift.” While a bill closing the defined benefit plan to new employees was not filed, there were some bills proposing smaller changes to the FRS and some bills dealing with local pension reform.



Passed

Local Pension Reform - SB 172 could result in a change to the distribution of insurance premium tax revenues that provides some funding for Florida's municipal police and fire pension plans. The current system, which mandates that revenue over a certain threshold be used for additional benefits, is becoming unsustainable. The bill authorizes deviation from the specified uses of premium tax revenues, by mutual consent of collective bargaining representatives or majority consent of plan members. The bill permits a reduction in plan benefits that are provided over the minimum benefit levels if the plan provides a 2.75 percent accrual rate, and directs how the freed up money must be used. Florida TaxWatch concludes that this is only a first step to true pension reform. **The bill does contain some provisions to increase accountability and oversight, but it fails to ensure Florida's local government pension system is stable and secure for pensioners and taxpayers.**

HB 1309 will require local government pension plans to use mortality table methodologies consistent with the methodologies by the Florida Retirement System (FRS). In most instances, the mortality tables used will recognize longer lifetimes for annuitants and result in higher annual contributions being required to be paid into the pension funds in the near term.

Florida Retirement System - HB 565 will create a 6-month period to allow local governments participating in FRS to reassess Senior Management and to request removal from the class

of any such positions that it deems appropriate. The bill allows for possible subsequent reviews and reclassifications every five years. The bill should save FRS local government money by using the additional flexibility to reduce the number of positions classified as Senior Management.

Did Not Pass

Local Pension Reform - HB 1279 also addressed police and firefighter pension plans. **The original bill was strongly supported by Florida TaxWatch research, but it was substantially watered down.** For local plans that provide benefits for both firefighters and police officers in municipalities with a population of 800,000 or more, the bill would have expanded the board membership to nine members. It provided that four of the members must be appointed by the governing body of the municipality, two must be firefighters, and two must be police officers.

It also required that plans funded under 50 percent must, every 3 years, conduct an internal audit of the plan's management and accounting practices and investments. HB 1279 died on second reading.

Florida Retirement System - SB 7042 and HB 1249 would have allowed FRS retirees to come back to work for the state and participate only in the investment plan. The bill was filed in response to a 2010 law designed to end double-dipping, which provided that when an employee returned, they could not renew their membership in FRS. While critics say the bill would have led to double-dipping again, proponents say the current law is a

disincentive to workers from coming back to work for the state. More than 11,000 employees have returned to state work since June 30, 2010. They cannot join the FRS again. SB 7042 passed one committee. HB 1249 was not heard in committee.

Appendix A

The House Tax Cut Package

(and Senate action on the provisions)

The following are the provisions of the \$689 billion House Tax Cut Package (HB 7141) which was approved by the full House. Any Senate action on individual provisions is included.

Tax Rate Reductions

- **Communications Services Tax (CST)** – The tax on wireless phone, cable and satellite television and non-residential landline phone services rate would be reduced by 3.6 percentage points. Local CST rates are not affected and revenue sharing distributions are revised to ensure that local governments do not see a revenue reduction. **Florida TaxWatch research has shown that reducing the CST is the best way to give broad based tax relief, since it affects almost all Florida families and the high tax rate is discriminatory and distortional.**

Tax Savings - \$431.3 million (\$470.5 million recurring).

Senate Action – SB 110 passed two committees, died in Appropriations

- **Sales Tax on Commercial Leases** – There would be a small (0.2 percent) reduction in the rate from 6 percent to 5.8 percent. **Florida TaxWatch supports the reduction because this affects the competitiveness of Florida businesses. Florida is the only state to impose this tax.**

Tax Savings - \$22.3 million (\$53.1 million recurring). Effective January 1, 2016.

Senate Action – SB 140 (provides a larger cut of 1 percent), passed two committees, died in Appropriations

Sales Tax Exemptions

- **Agricultural Exemptions** - Exempts irrigation equipment, maintenance and repair of irrigation and power farm equipment, stakes used in planting, the sale price below \$20,000 of a trailer weighing 12,000 pounds or less, and aquaculture feed.

Tax Savings - \$12.4 million (\$13.4 million recurring).

Senate Action – SB 398 passed two committees, died in Appropriations

- **Book Fairs at K-12 Schools** - If the sales are made by a third-party vendor, the vendor must commit all or some of the profits for the benefit of the school.

Tax Savings - \$2.8 million annually

Senate Action – no Senate bill

- **Food and Beverage Concessions** – Exempts concessions in support of extra-curricular activities at public, parochial, or nonprofit K-12 schools.

Tax Savings - \$1.7 million annually

Senate Action – SB 572 died on the calendar

- **College Textbooks** - Exempts printed or digital instructional materials required or recommended for public or private colleges and universities.

Tax Savings - \$43.7 million annually

Senate Action – SB 938 passed the Education Committee, died in Appropriations Subcommittee

- **Metal Recycling Machinery and Equipment** – Adds this to the current exemption for manufacturing machinery and equipment which expires on April 30, 2017.

Tax Savings - \$0.9 million annually

Senate Action – No Senate bill

- **Gun Clubs** – Exempts admissions and membership fees.

Tax Savings - \$1.2 million annually

Senate Action – No Senate bill

- **Motor Vehicles Purchased by Military Service Members** - Provides a sales tax exemption for any motor vehicle purchased and used for six months or longer in a foreign country by an active member of the United States Armed Forces or that member's spouse. Currently, no credit for Florida tax is given for use in or taxes paid in another country.

Tax Savings - \$0.9 million annually

Senate Action – No Senate bill

Sales Tax Holidays

- **Back to School** - From July 31 to August 2, 2015, clothing, footwear, wallets and bags that cost \$100 or less would be exempt from the state and local sales taxes. Also exempt would be school supplies costing \$15 or less per item and the first \$750 of the sales price for personal computers and related accessories purchased for noncommercial home or personal use.

Tax Savings - \$44.0 million (one-time)

Senate Action – No Senate bill

- **Small Business** - On November 28, 2015, items priced \$1,000 or less that are sold by small businesses would be exempt from sales taxes. The bill defines “small business” as one that owed and remitted less than \$200,000 in sales tax during the one-year period ending September 30, 2015.

Tax Savings - \$40.3 million (one-time)

Senate Action – SB 384 passed two committees, died in Appropriations

- **Outdoor Sportsmen** - On July 4, 2015, rifles, shotguns, spearguns, crossbows, bows and ammunition for those items will be exempt. Also exempt will be camping tents and fishing supplies. This will provide consumers with a one-time savings of \$3.2 million.

Tax Savings - \$3.2 million (one-time)

Senate Action – No Senate bill

Property Taxes

- **Exemption for Widows, Blind, or Totally and Permanently Disabled Persons** – Increases the current exemption from \$500 to \$5,000.

Tax Savings - \$41.3 million annually

Senate Action – No Senate bill

- **Exemption for Military Servicemembers** – The current partial homestead exemption available to servicemembers deployed overseas would be expanded to add 11 new military operations that qualify.

Tax Savings - \$0.2 million annually

Senate Action – SB 7052 passed the full Senate

Corporate Income Taxes

- **Research and Development Tax Credits** - The bill increases the annual amount available for these credits from \$9 million to \$23 million in calendar years 2016, 2017, and 2018. **Florida TaxWatch research has supported research and development tax credits and exemptions.**

Tax Savings - \$14.0 million annually for three years

Senate Action – SB 886 (increases cap to \$20 million) was not heard in committee

- **Defense Works in Florida Incentive** – This new incentive would encourage defense contractors receiving federal contracts to select Florida-based subcontractors by providing tax credits. Up to \$250 million in total qualified subcontract awards for a single Florida prime contractor are allowed per tax year, total qualified subcontract awards for all applicants are capped at \$2.5 billion.

Tax Savings - \$5.5 million annually for three years

Senate Action – SB 980 (provides half of the total amount of credits as the House) passed two committees and died in Appropriations.

- **Brownfields** - The state provides currently tax credits of up to \$500,000 per business to incentivize **rehabilitation of brownfields and voluntary cleanup of other contaminated sites.** There is a current annual cap of \$5 million for these credits. The bill provides a one-year increase of the annual cap to \$17 million to clear up the backlog.

Tax Savings - \$12.0 million one-time

Senate Action – SB 980 (provides half of the total amount of credits as the House) passed two committees and died in Appropriations.

- **Community Contribution Tax Credit Program** - The program, scheduled to sunset June 30, 2106, would be extended for one year. The program encourages private sector participation in community revitalization and housing projects.

Tax Savings - \$13.3 million one-time

Senate Action – SB 302 (provides a nine-year extension) passed two committees and died in Appropriations.

Other Taxes

- **Pear Cider** - The bill equalizes the alcoholic beverage tax rate applied to apple and pear cider by amending the definition of cider to include pear cider. Pear cider would be taxed at a rate of \$0.89 per gallon as opposed to the current rate of \$2.25 per gallon. This will save pear cider producers and drinkers \$0.5 million annually.

Tax Savings - \$0.5 million annually

Senate Action – No Senate bill

- **Title Insurance Premiums** - The bill provides a one-year extension of the insurance premium tax exemption for the portion of title insurance premiums that is retained by agents. The current exemption is scheduled to sunset December 31, 2017.

Tax Savings - \$4.5 million (one year extension)

Senate Action – No Senate bill

- **Aviation Fuel** - An exemption from the 6.9 cents per gallon aviation fuel tax would be created for fuel used by Florida higher educational institutions for flight training. There are four schools that qualify.

Tax Savings - \$0.2 million annually

Senate Action – No Senate bill

- **Alcoholic Beverage Transport Permit** - A \$5 fee for a permit for a vehicle used by a vendor to transport alcoholic beverages would be eliminated. The fiscal impact of this provision is “insignificant” (less than \$50,000).

Tax Savings - Insignificant (less than \$50,000)

Senate Action – No Senate bill

The bill also removes the **estate tax** from Florida law. The Florida Constitution prohibits any estate tax upon Florida residents in excess of the amount that may be credited upon or deducted from the federal estate tax. Since the federal government phased-out the credit for state estate taxes beginning in 2002, Florida has effectively not had an estate tax since 2005.

Appendix B

Other Filed Tax Bills That Were Not Heard This Session

Sales Tax Bills

HB 693 and SB 712 would exempt the sale or lease of all **aircraft** from the sales tax. Currently the exemption is provided only for aircraft over 15,000 pounds that is used by a common carrier.

HB 355 and SB 506 would change the method for **calculating the amount of sales tax due** on all purchases. Instead of using the current bracket system, the sales price would be multiplied by the tax rate and rounded down to the nearest cent. These bills have not been heard and their significant price tag - \$101 million - will make it difficult to advance.

HB 303 and SB 624 would impose a **25 cent surcharge on tickets to professional sporting events** to fund high school sports programs.

SB 198 would allow the governing authority in each county to levy a **discretionary sales surtax** of 0.5 percent or 1 percent for the purpose of funding capital restoration of natural water bodies, including tributaries, canals, stormwater systems, and channels. Funds may be used for dredging operations if related to ecologically beneficial muck removal.

HB 89 and SB 188 would exempt the sale of an **original work of art** that is signed and sold by the artist if the work is not numbered and the sales price equals or exceeds \$1,000.

SB 864 and HB 905 would exempt the sale of electric and hydrogen motor vehicles.

HB 101, HB 739 and SB 900 would create the **Restaurant and Hotel Renovation Tax Refund Program** allowing hotels and restaurants that undertake renovations could apply for sales tax refunds. To qualify the hotel renovation must be at least \$2 million and the restaurant renovation must be at least \$100,000. The refund would be based on the additional sales tax the business collects after renovation and cannot exceed 50 percent of those taxes.

Sales Tax Exemption Review – HB 1221 would also create a Joint Legislative Sales & Use Tax Review Committee to examine exemptions and exclusions for possible repeal or modification. It also would create a water's edge unitary corporate income tax scheme for Florida.

Property Tax Bills

Property Tax Exemptions - HB 847 and SB 1086 would create a new property tax exemption for businesses located at the same location for at least 20 years. Improvements to the property that are made as a result of technological or production advances or to meet new regulatory requirements would not increase the property's assessed value for a period of 10 years. Also, the new machinery and equipment included in such improvements would not be subject to tangible personal property taxes.

HJR 229 and SJR 588 propose an amendment to the state Constitution to allow the Legislature, by general law, to **exempt** from taxation property owned by a municipality that is not used for municipal or public purposes.

Taxpayers' Bill of Rights - HB 417 would add a new right that reads: "The right to value definitions based on actual assessment practices, applicable provisions of the State Constitution, and the laws of this state, applied consistently in both assessment development by the property appraiser and assessment review by the value adjustment board and the courts of this state."

Corporate Income Tax Bills

Water's Edge Unitary Tax – HB 1221 would create a water's edge unitary corporate income tax scheme for Florida. The bill would also create a Joint Legislative Sales & Use Tax Review Committee to examine exemptions and exclusions for possible repeal or modification. This bill has not yet been referred to a committee and has no Senate companion.

New Small Business Tax Credit – SB 128 and HB 517 would create a new corporate income tax credit for new small businesses. If qualified, the business would receive a \$1,500 credit for each employee, up to a maximum total credit of \$21,000.

Florida Student Internship Tax Credit – HB 427 would provide a corporate income tax credit for hiring a student as an intern within the student's field of study if the business has been in existence for at least 3 years. The credit is limited to two students per business and the student must be employed as an intern for no more than 180 days. The credit is equal to 50 percent of the student's salary, with a limit of \$3,600 per student.

Other Tax Bills

Tax Swaps – Two bills were filed that would be a significant change to the state’s tax system by replacing some taxes with others. Both would also provide a large tax cut. **HB 317** replaces the corporate income tax, the sales tax on commercial leases and on manufacturing machinery and equipment with a 1 percent increase in the state sales tax. This would result in a net \$141 million tax reduction. **HB 319** would replace most school property tax (Required local effort and non-voted discretionary and capital outlay levies) with a 2.75 percent increase in the state sales tax. This would result in a net \$279 million tax cut.

Local Government Infrastructure – SB 850 and HB 923 would allow local governments to use impact fees to improve existing infrastructure, not just new infrastructure. It would also authorize a local option documentary stamp tax of up to \$1 per \$100 to be used for the same thing. A local government would be allowed to use only one of the options.

Cigarette Tax– SB 1386 would impose a new fee of 2.6 cents on each cigarette produced by a “non-settling” manufacturer. These are manufacturers that are not part of the tobacco settlement agreements.

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Kurt Wenner, Vice President of Research, is a mainstay on the Tallahassee state budget watchdog scene and is the second-longest serving staff member of Florida TaxWatch. Kurt has authored all of the major tax publications produced by Florida TaxWatch, including pieces on Florida’s Intangibles Tax, and general sales, property, and business tax issues. Kurt is the author of TaxWatch staples “How Florida Compares,” the annual “Taxpayer Independence Day” report on tax burdens, and the annual “Budget Turkey Watch.”

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

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