



Finance & Tax Council

**Wednesday, February 17, 2010
1:30 PM
404 HOB**

**Larry Cretul
Speaker**

**Ellyn Setnor Bogdanoff
Chair**

Council Meeting Notice
HOUSE OF REPRESENTATIVES

Finance & Tax Council

Start Date and Time: Wednesday, February 17, 2010 01:30 pm
End Date and Time: Wednesday, February 17, 2010 04:30 pm
Location: 404 HOB
Duration: 3.00 hrs

Consideration of the following bill(s):

HJR 313 Disabled Veterans' Property Tax Discount by Holder
CS/HB 399 Motor Vehicles by Roads, Bridges & Ports Policy Committee, Kelly
HB 7005 Renewable Energy Property Tax Exemption by Energy & Utilities Policy Committee, Precourt
HB 7033 Unemployment Compensation by Economic Development & Community Affairs Policy Council,
Murzin, Carroll

Consideration of the following proposed council bill(s):

PCB FTC 10-01 -- Deleting obsolete provisions of the Florida Statutes

Pursuant to rule 7.13, the deadline for amendments to bills on the agenda by non-appointed members shall be 6:00 p.m., Tuesday, February 16, 2010.

By request of the Chair, all council members are asked to have amendments to bills on the agenda submitted to staff by 6:00 p.m., Tuesday, February 16, 2010.

NOTICE FINALIZED on 02/10/2010 15:37 by BAI

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HJR 313

Disabled Veterans' Property Tax Discount

SPONSOR(S): Holder

TIED BILLS:

IDEN./SIM. BILLS:

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Finance & Tax Council		Diez-Arguelles	Langston
2)	Economic Development & Community Affairs Policy Council			
3)	Rules & Calendar Council			
4)				
5)				

SUMMARY ANALYSIS

The Florida Constitution provides a homestead property tax discount to veterans who have a combat related disability and were Florida residents at the time of entering military service.

House Joint Resolution 313 proposes an amendment to the Florida Constitution to allow disabled veterans who were not Florida residents at the time of entering military service to qualify for the disabled veterans property tax discount on homestead property.

The Revenue Estimating Conference has not completed an estimate of the fiscal impact of the joint resolution. Staff estimates that if the joint resolution is approved by the voters, the statewide impact would be reductions in property tax revenues of \$2.3 million 2011-12, \$4.8 million in 2012-13, and \$7.7 million in 2013-14, assuming current millage rates.

If approved by the voters, the proposed constitutional amendment will take effect January 1, 2011.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

CURRENT SITUATION

Just Valuation

Article VII, s. 4 of the State Constitution generally requires that all property be assessed at its just value for ad valorem tax purposes. Just value has been interpreted to mean fair market value.¹

Exceptions to Just Valuation

Article VII, section 4 of the Florida Constitution also authorizes exceptions from the requirement that property be assessed at just value. Agricultural land, land producing high water recharge to Florida's aquifers, and land used exclusively for noncommercial recreational purposes are exceptions that may be assessed solely on the basis of their character or use.² Tangible personal property held for sale as stock in trade and livestock may be assessed at a specified percentage of its value or totally exempted.³ In addition, the "Save Our Homes" assessment limitation provides a limitation on the amount by which assessments for homesteads may be changed on January 1 of each year.⁴ Annual increases in assessments of certain non-homestead properties are also limited.⁵ Land used for conservation purposes must be assessed solely on the basis of character or use.⁶ Counties and municipalities may also authorize historic properties to be assessed solely on the basis of character

¹ *Walter v. Schuler*, 176 So.2d 4 (Fla. 1965)

² Art. VII, section 4(a) of the State Constitution.

³ Art. VII, section 4(c) of the State Constitution.

⁴ Art. VII, section 4(d) of the State Constitution provides that changes in the prior year assessment may not exceed the lesser of three percent or the percent change in the Consumer Price Index.

⁵ Art. VII, section 4(g) and (h) of the State Constitution provides that annual assessment changes may not exceed 10% of the prior year's assessment.

⁶ Art. VII, section 4(b) of the State Constitution.

and use.⁷ Counties may provide for a reduction in the assessed value of homestead property improvements made to accommodate parents or grandparents in an existing homestead.⁸

Exemptions

The Legislature may only grant property tax exemptions that are authorized in the constitution, and modifications to property tax exemptions must be consistent with the constitutional provision authorizing the exemption.⁹ Article VII, sections 3 and 6 of the State Constitution authorize a number of property tax exemptions.

In particular, Article VII, section 3(b) of the State Constitution requires that not less than \$500 of property, as established in general law, of widows and widowers and persons who are blind or totally and permanently disabled be exempt from taxation. This constitutional provision provides authority for the first three of the four exemptions described below. The fourth exemption is set forth in Article VII, section 6(e).

Total Ad Valorem Exemptions for Ex-Service Members

Section, 196.081, F.S., provides that any property used and owned as a homestead by a veteran who was honorably discharged with a service-connected permanent and total disability and for whom a letter from the United States Government or United States Department of Veterans Administration has been issued certifying that the veteran is totally and permanently disabled is exempt from taxation, provided the veteran is a permanent resident of the state on January 1 of the tax year for which exemption is being claimed or on January 1 of the year the veteran died.

Section 196.091, F.S., provides that any property used and owned as a homestead by an ex-service member who has been honorably discharged with a service-connected total disability and who has a certificate from the United States Government or United States Department of Veterans Affairs or its predecessor, or its successors, certifying that the ex-service member is receiving or has received special pecuniary assistance due to disability requiring specially adapted housing and is required to use a wheelchair for his or her transportation is exempt from taxation.

\$5,000 Ad Valorem Tax Exemption for Ex-Service Members

Section 196.24, F.S., provides any "ex-service member" with a service-connected disability of 10% or more a \$5,000 property tax exemption. To qualify for the exemption an ex-service member must be a bona fide resident of the state.

Combat Related Partial Ad Valorem Tax Exemption (Discount) for Ex-Service Members

Article VII, s. 6(e) of the State Constitution grants a discount on ad valorem taxes owed on homestead property to partially or totally disabled veterans who are 65 or older and were Florida residents when they entered military service. The ad valorem tax discount percentage is equal to the veteran's percentage of disability, as determined by the United States Department of Veterans Affairs.

In order to qualify for the discount the veteran must submit proof of the veteran's disability percentage to the county property appraiser. The veteran must also prove that the:

- Disability is combat related;
- Veteran was a Florida resident at the time of entering the military; and
- Veteran was honorably discharged.

⁷ Art. VII, section 4(e) of the State Constitution.

⁸ Art. VII, section 4(f) of the State Constitution.

⁹ *Sebring Airport Authority v. McIntyre*, 783 So.2d 238 (Fla. 2001).

Section 196.082, F.S., sets forth the implementation provisions for the disabled veterans discount.

Constitutional Amendment Process

Article XI of the State Constitution sets forth various methods for proposing amendments to the constitution along with the methods for approval or rejection of proposals. One method by which constitutional amendments may be proposed is by joint resolution agreed to by three-fifths of the membership of each house of the Legislature.¹⁰ Any such proposal must be submitted to the electors, either at the next general election held more than 90 days after the joint resolution is filed with the Secretary of State, or, if pursuant to law enacted by the affirmative vote of three-fourths of the membership of each house of the Legislature and limited to a single amendment or revision, at an earlier special election held more than 90 days after such filing.¹¹ If the proposed amendment is approved by a vote of at least 60 percent of the electors voting on the measure it becomes effective as an amendment to the Florida Constitution on the first Tuesday after the first Monday in January following the election, or on such other date as may be specified in the amendment.¹²

Each proposed constitutional amendment is required to be published in a newspaper of general circulation in each county, once in the sixth week and once in the tenth week preceding the general election.¹³ Costs for advertising vary depending upon the length of the amendment. According to the Department of State, the average cost per word of publishing a constitutional amendment is \$94.68.

EFFECT OF PROPOSED CHANGES

House Joint Resolution 313 proposes an amendment to Article VII, Section 6 (e) of the Florida Constitution to allow disabled veterans who were not Florida residents prior to entering military service to qualify for the combat-related, disabled veteran's ad valorem tax discount on homestead property.

HJR 313 also deletes an effective date reference in the section that would become outdated upon passage of the amendment.

The joint resolution creates Article XII, section 31, Florida Constitution, providing an effective date for the constitutional amendment of January 1, 2011.

B. SECTION DIRECTORY:

Not Applicable

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

The Department of State estimates that the cost of advertising this joint resolution is \$76,690.80.

¹⁰ Article XI, section 1 of the State Constitution.

¹¹ Article XI, section 5(a) of the State Constitution.

¹² Article XI, section 5(e) of the State Constitution.

¹³ FLA. CONST. art. XI, s. 5(d).

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has not completed an estimate of the fiscal impact of the joint resolution. Staff estimates that if the joint resolution is approved by the voters, the statewide impact would be reductions in property tax revenues of \$2.3 million in 2011-12, \$4.8 million in 2012-13, and \$7.7 million in 2013-14, assuming current millage rates.

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable

2. Other:

None

B. RULE-MAKING AUTHORITY:

Not Applicable

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

House Joint Resolution

A joint resolution proposing an amendment to Section 6 of Article VII and the creation of Section 31 of Article XII of the State Constitution to expand the availability of the ad valorem tax discount for disabled veterans to include those who were not Florida residents when they entered military service and provide an effective date.

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

That the following amendment to Section 6 of Article VII and the creation of Section 31 of Article XII of the State Constitution are agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 6. Homestead exemptions.--

(a) Every person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, or another legally or naturally dependent upon the owner, shall be exempt from taxation thereon, except assessments for special benefits, up to the assessed valuation of twenty-five thousand dollars and, for all levies other than school district levies, on the assessed valuation greater than fifty thousand dollars and up to seventy-five thousand dollars, upon establishment of right thereto in the manner prescribed by law.

29 The real estate may be held by legal or equitable title, by the
 30 entireties, jointly, in common, as a condominium, or indirectly
 31 by stock ownership or membership representing the owner's or
 32 member's proprietary interest in a corporation owning a fee or a
 33 leasehold initially in excess of ninety-eight years. The
 34 exemption shall not apply with respect to any assessment roll
 35 until such roll is first determined to be in compliance with the
 36 provisions of section 4 by a state agency designated by general
 37 law. This exemption is repealed on the effective date of any
 38 amendment to this Article which provides for the assessment of
 39 homestead property at less than just value.

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

47 (c) By general law and subject to conditions specified
 48 therein, the Legislature may provide to renters, who are
 49 permanent residents, ad valorem tax relief on all ad valorem tax
 50 levies. Such ad valorem tax relief shall be in the form and
 51 amount established by general law.

52 (d) The legislature may, by general law, allow counties or
 53 municipalities, for the purpose of their respective tax levies
 54 and subject to the provisions of general law, to grant an
 55 additional homestead tax exemption not exceeding fifty thousand
 56 dollars to any person who has the legal or equitable title to

57 | real estate and maintains thereon the permanent residence of the
 58 | owner and who has attained age sixty-five and whose household
 59 | income, as defined by general law, does not exceed twenty
 60 | thousand dollars. The general law must allow counties and
 61 | municipalities to grant this additional exemption, within the
 62 | limits prescribed in this subsection, by ordinance adopted in
 63 | the manner prescribed by general law, and must provide for the
 64 | periodic adjustment of the income limitation prescribed in this
 65 | subsection for changes in the cost of living.

66 | (e) Each veteran who is age 65 or older who is partially
 67 | or totally permanently disabled shall receive a discount from
 68 | the amount of the ad valorem tax otherwise owed on homestead
 69 | property the veteran owns and resides in if the disability was
 70 | ~~combat related, the veteran was a resident of this state at the~~
 71 | ~~time of entering the military service of the United States,~~ and
 72 | the veteran was honorably discharged upon separation from
 73 | military service. The discount shall be in a percentage equal to
 74 | the percentage of the veteran's permanent, service-connected
 75 | disability as determined by the United States Department of
 76 | Veterans Affairs. To qualify for the discount granted by this
 77 | subsection, an applicant must submit to the county property
 78 | appraiser, by March 1, ~~proof of residency at the time of~~
 79 | ~~entering military service,~~ an official letter from the United
 80 | States Department of Veterans Affairs stating the percentage of
 81 | the veteran's service-connected disability and such evidence
 82 | that reasonably identifies the disability as combat related, and
 83 | a copy of the veteran's honorable discharge. If the property
 84 | appraiser denies the request for a discount, the appraiser must

85 | notify the applicant in writing of the reasons for the denial,
 86 | and the veteran may reapply. The Legislature may, by general
 87 | law, waive the annual application requirement in subsequent
 88 | years. This subsection ~~shall take effect December 7, 2006,~~ is
 89 | self-executing~~,~~ and does not require implementing legislation.

90 | ARTICLE XII

91 | SCHEDULE

92 | SECTION 31. Disabled veterans' property taxes.--The
 93 | amendment to subsection (e) of Section 6 of Article VII relating
 94 | to the property tax discount for disabled veterans and this
 95 | section shall take effect January 1, 2011.

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

98 | CONSTITUTIONAL AMENDMENT

99 | ARTICLE VII, SECTION 6

100 | ARTICLE XII, SECTION 31

101 | DISABLED VETERANS' PROPERTY TAX DISCOUNT.--Proposing an
 102 | amendment to Section 6 of Article VII and the creation of
 103 | Section 31 of Article XII of the State Constitution to expand
 104 | the availability of the property tax discount on homesteads of
 105 | veterans who became disabled as the result of a combat injury to
 106 | include those who were not Florida residents when they entered
 107 | the military and schedule the amendment to take effect January
 108 | 1, 2011.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 399 Motor Vehicles
SPONSOR(S): Roads, Bridges & Ports Policy Committee; Kelly and others
TIED BILLS: IDEN./SIM. BILLS:

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: Roads, Bridges & Ports Policy Committee, 13 Y, 0 N, As CS, Brown, Miller. Row 2: Finance & Tax Council, Aldridge, Langston.

SUMMARY ANALYSIS

CS/HB 399 requires the Department of Highway Safety and Motor Vehicles (DHSMV) to modify certain applications to allow \$1 voluntary contributions to be made to Blind Babies and Blind Youth Services, Senior Vision Services, and The Arc of Florida.

Specifically, the bill amends s. 320.02, F.S., to require motor vehicle registration applications and renewals, to include a \$1 check-off to Blind Babies and Blind Youth Services, to be distributed directly to Florida Association of Agencies Serving the Blind, Inc., a non-profit organization that provides organizational support for private agencies serving Floridians with blindness, and to The Arc of Florida, a non-profit organization, to be used for programs and services for persons with developmental disabilities.

The bill also amends ss. 322.08 and 322.18, F.S., to require drivers' license applications and renewals to include a \$1 check-off to Senior Vision Services, to be distributed to the Florida Association of Agencies Serving the Blind, Inc., and to The Arc of Florida.

DHSMV has provided notice that both Florida Association of Agencies Serving the Blind, Inc., and The Arc of Florida have complied with ss. 322.081 and 320.023, F.S., regarding requests to establish voluntary check-offs, by submitting letters of request, \$10,000 application fees, and approved short- and long-term marketing plans.

The bill has an effective date of October 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

The bill amends s. 320.02, F.S., to require motor vehicle registration applications and renewals to include a \$1 check-off to two additional entities. The first check-off, for "Blind Babies and Blind Youth Services," collects contributions to be distributed directly to Florida Association of Agencies Serving the Blind, Inc., a non-profit organization that provides organizational support for private agencies serving Floridians with blindness. The second collects contributions to be distributed to The Arc of Florida, to be used by that organization for programs and services for persons with developmental disabilities.

The bill amends s. 322.08, F.S., to provide similar \$1 check-offs on drivers' license applications to be distributed to the entities named above. The bill also amends s. 322.18, F.S., to provide \$1 check-offs on drivers' license renewal applications to these groups.

The Department of Highway Safety and Motor Vehicles (DHSMV) has provided notice that both Florida Association of Agencies Serving the Blind, Inc., and The Arc of Florida have complied with ss. 322.081 and 320.023, F.S., regarding requests to establish voluntary check-offs, by submitting letters of request, \$10,000 application fees, and approved short- and long-term marketing plans.

About Drivers' License Check-offs

Section 322.081, F.S., provides the procedures an organization must follow prior to seeking legislative authorization to request the creation of a new voluntary contribution fee and establish a corresponding voluntary check-off on a driver's license application. The check-off allows a person applying for or renewing a Florida driver's license to voluntarily contribute to one or more of the authorized organizations during the driver's license transaction. Before the organization is eligible, it must submit the following to the DHSMV at least 90 days before the convening of the regular session of the Legislature:

- A request for the particular voluntary contribution being sought, describing it in general terms.
- An application fee of up to \$10,000 to defray the DHSMV's costs for reviewing the application and developing the check-off, if authorized. State funds may not be used to pay the application fee.
- A short and long-term marketing strategy and a financial analysis outlining the anticipated revenues and the planned expenditures of the revenues to be derived from the voluntary contributions.

The DHSMV must discontinue the check-off if less than \$25,000 has been contributed by the end of the fifth year, or if less than \$25,000 is contributed during any subsequent 5-year period.¹

Pursuant to s. 322.08(7), F.S., the driver's license application and renewal forms currently include the following seven voluntary contribution check-offs. (The eighth, for Prevent Blindness Florida, is authorized in s. 322.18(9)(a), F.S.) The total revenue and revenue generated by each check-off in the last 5-year period are summarized in the chart below:²

Driver License Check-offs/Voluntary Contribution	Statutory Authorization	Effective Date	Revenue Collected w/in last 5 years	Total Revenue Collected
Organ & Tissue Donor Education (\$1)	1995-423, L.O.F.	7/1/1995	\$402,603	\$1,091,209
Prevent Blindness Florida (\$1)	1995-333, L.O.F.	10/01/1995	\$2,092,878	\$3,208,017
Florida Council of the Blind (\$1)	1996-413, L.O.F.	6/5/1996	\$185,343	\$482,340
Hearing Research Institute (\$2)	2000-313, L.O.F.	10/1/2000	\$185,053	\$320,988
Juvenile Diabetes Foundation International (\$1)	2000-313, L.O.F.	10/1/2000	\$592,835	\$1,017,278
Children's Hearing Help Fund (\$1)	2005-68, L.O.F.	7/1/2005	\$260,763	\$260,763
Family First (\$1)	2008-102, L.O.F.	10/1/2008	\$150,047	\$150,047
Stop Heart Disease (\$1)	2009-100, L.O.F.	10/1/2009	\$0	\$0
Total			\$3,869,522	\$6,530,642

About Motor Vehicle Registration Check-offs

During the 1998 Session, the Legislature created s. 320.023, F.S., which outlines the procedures which an organization must follow prior to seeking Legislative authorization to request the creation of a new voluntary contribution fee and establish a corresponding voluntary check-off on a motor vehicle registration application. The check-off allows a registered owner or registrant of a motor vehicle to voluntarily contribute to one or more of the authorized organizations during a motor vehicle registration transaction. Before the organization is eligible, it must submit the following requirements to DHSMV at least 90 days before the convening of the Regular Session of the Legislature:

- A request for the particular voluntary contribution being sought, describing it in general terms.
- An application fee of up to \$10,000 to defray DHSMV's costs for reviewing the application and developing the check-off, if authorized. State funds may not be used to pay the application fee.
- A short and long-term marketing strategy and a financial analysis outlining the anticipated revenues and the planned expenditures of the revenues to be derived from the voluntary contributions.

DHSMV must discontinue the check-off if less than \$25,000 has been contributed by the end of the fifth year, or if less than \$25,000 is contributed during any subsequent five-year period.

Section 320.02, F.S., specifies the language that must appear on the State of Florida vehicle's registration and renewal application forms. Included in s. 320.02, F.S., are options for voluntary contributions to the following corporations, trust funds, and organizations as shown in the chart below. The chart includes three additional voluntary contributions relating to registrations authorized in other sections of law.³

¹ Section 322.081(4)(a), F.S.

² The charts in this analysis were prepared by Senate staff as part of Senate Interim Report 2010-131, *Review of the Requirements for Establishing Specialty License Plates and Registration and Driver's License Check-Offs*, October 2009.

³ Specifically, s. 320.08047, F.S., allows a \$1 voluntary contribution to be deposited into the Health Care Trust Fund for organ and tissue donor education and for maintaining the organ and tissue donor registry. Section 328.72(11), F.S., requires that vessel

Registration Check-offs/Voluntary Contribution	Statutory Authorization	Effective Date	Revenue Collected w/in last 5 years	Total Revenue Collected
*Save the Manatee TF (\$2 or \$5)	1984-338, L.O.F.	7/1/1985	\$478,310	\$3,191,012
Nongame Wildlife Trust Fund (\$1)	1984-194, L.O.F.	10/1/1984	\$210,421	\$19,244,868
*Marine Resources Conservation TF (\$5) Turtle Sticker is issued	1991-215, L.O.F.	7/1/1992	\$422,228	\$1,067,533
Organ & Tissue Donor Education (\$1)	95-423, L.O.F.	7/1/1995	\$284,239	\$586,143
Highway Safety Operating Trust Fund, used to purchase child safety seats (\$2)	1995-333, L.O.F.	10/1/1995	\$253,237	\$649,751
Transportation Disadvantaged Trust Fund (\$1)	1994-306, L.O.F.	7/1/1994	\$155,605	\$362,242
Prevent Blindness Florida (\$1)	1997-300, L.O.F.	10/1/1997	\$567,325	\$968,679
Florida Mothers Against Drunk Driving, Inc. (unspecified \$)	1999-233, L.O.F.	7/1/1999	\$350,902	\$542,973
Southeastern Guide Dogs, Inc. (\$1)	2005-254, L.O.F.	7/1/2005	\$225,256	\$225,256
Miami Heart Research Institute, Inc. (\$1)	2006-44, L.O.F.	7/1/2006	\$98,465	\$98,465
Children's Hearing Help Fund (\$1)	2007-50, L.O.F.	10/1/2007	\$63,886	\$63,886
State Homes for Veterans Trust Fund (\$1)	2008-87, L.O.F.	10/1/2008	\$82,806	\$82,806
Family First (\$1)	2008-102, L.O.F.	10/1/2008	\$16,365	\$16,365
Florida Sheriffs Youth Ranches, Inc. (\$1)	2009-110, L.O.F.	7/1/2009	\$176	\$176
Total			\$3,209,221	\$27,100,155

B. SECTION DIRECTORY:

Section 1 Amends s. 320.02, F.S., adding to applications for motor vehicle registration and renewal forms, voluntary contributions to Blind Babies and Blind Youth Services to be distributed to Florida Association of Agencies Serving the Blind, Inc. and to The Arc of Florida.

Section 2 Amends s. 322.08, F.S., adding to drivers' license applications, voluntary contributions to Senior Vision Services to be distributed to Florida Association of Agencies Serving the Blind, Inc. and to The Arc of Florida.

registration and renewal application forms include a provision allowing for a voluntary contribution of \$2 or \$5 to the Save the Manatee Trust Fund to fund an impartial scientific benchmark census of the manatee population in the state and other activities intended to provide manatee and marine mammal protection and recovery efforts. Lastly, s. 328.72(16), F.S., requires the DHSMV to offer for sale with vessel registrations a marine turtle sticker for \$5 with proceeds deposited into the Marine Resource Conservation Trust Fund to be used for marine turtle protection, research, and recovery efforts.

Section 3 Amends s. 322.18, F.S., adding to drivers' license renewal applications, voluntary contributions to Senior Vision Services to be distributed to Florida Association of Agencies Serving the Blind, Inc. and to The Arc of Florida.

Section 4 Provides an effective date of October 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See fiscal comment below.

2. Expenditures:

The bill will require programming modifications to DHSMV's Driver License and Motor Vehicle Information Systems, the cost of which will be paid from the \$40,000 received as application fees from the entities receiving the contributions pursuant to s. 320.023 and 322.081, F.S.⁴

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Motorists who decide to donate would pay an additional dollar for vehicle registrations and drivers' licenses.

D. FISCAL COMMENTS:

The Revenue Estimating Conference estimates that state trust funds will increase by \$200,000 for FY 2010-2011 and by \$300,000 for each year thereafter. Note that these funds will be distributed to the charitable organizations as outlined above.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

N/A

⁴ Both entities described in the bill have submitted a \$10,000 fee for both motor vehicle registration check-off applications and driver's license check-off applications, for a total of \$40,000.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill repeatedly addresses "The Arc of Florida." This phrase appears to be a trademark of the Association for Retarded Citizens of Florida, Inc. In order to avoid confusion, it may be advisable to amend the bill to clarify the entity's full legal name on file with the Florida Department of State.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On January 13, 2010, the Roads, Bridges and Ports Policy Committee adopted an amendment adding the check-off contributions for The Arc of Florida to the bill. This bill, as amended, was reported favorably as a committee substitute.

1 A bill to be entitled
 2 An act relating to motor vehicles; amending s. 320.02,
 3 F.S.; requiring the application form for motor vehicle
 4 registration or renewal of registration to include
 5 language permitting the applicant to make a voluntary
 6 contribution to Blind Babies and Blind Youth Services and
 7 for services for persons with developmental disabilities;
 8 amending s. 322.08, F.S.; requiring the application form
 9 for a driver's license or duplicate thereof to include
 10 language permitting the applicant to make a voluntary
 11 contribution to Senior Vision Services and for services
 12 for persons with developmental disabilities; amending s.
 13 322.18, F.S.; requiring the application form for renewal
 14 issuance or renewal extension of a driver's license to
 15 include language permitting the applicant to make a
 16 voluntary contribution to Senior Vision Services and for
 17 services for persons with developmental disabilities;
 18 providing for distribution of funds collected from
 19 voluntary contributions; providing that such contributions
 20 are not considered income of a revenue nature; providing
 21 an effective date.

22
 23 Be It Enacted by the Legislature of the State of Florida:

24
 25 Section 1. Paragraphs (i) and (j) are added to subsection
 26 (15) of section 320.02, Florida Statutes, to read:
 27 320.02 Registration required; application for
 28 registration; forms.—

29 (15)
 30 (i) The application form for motor vehicle registration
 31 and renewal of registration must include language permitting a
 32 voluntary contribution of \$1 to Blind Babies and Blind Youth
 33 Services. Such contributions shall be transferred by the
 34 department each month to the Florida Association of Agencies
 35 Serving the Blind, Inc., a not-for-profit organization.

36 (j) The application form for motor vehicle registration
 37 and renewal of registration must include language permitting a
 38 voluntary contribution of \$1 for services for persons with
 39 developmental disabilities. Such contributions shall be
 40 transferred by the department to The Arc of Florida to be used
 41 by that organization for programs and services in this state for
 42 persons with developmental disabilities.

43
 44 For the purpose of applying the service charge provided in s.
 45 215.20, contributions received under this subsection are not
 46 income of a revenue nature.

47 Section 2. Subsection (7) of section 322.08, Florida
 48 Statutes, is amended to read:

49 322.08 Application for license.—

50 (7) The application form for a driver's license or
 51 duplicate thereof shall include language permitting the
 52 following:

53 (a) A voluntary contribution of \$1 per applicant, which
 54 contribution shall be deposited into the Health Care Trust Fund
 55 for organ and tissue donor education and for maintaining the
 56 organ and tissue donor registry.

57 (b) A voluntary contribution of \$1 per applicant, which
 58 contribution shall be distributed to the Florida Council of the
 59 Blind.

60 (c) A voluntary contribution of \$2 per applicant, which
 61 shall be distributed to the Hearing Research Institute,
 62 Incorporated.

63 (d) A voluntary contribution of \$1 per applicant, which
 64 shall be distributed to the Juvenile Diabetes Foundation
 65 International.

66 (e) A voluntary contribution of \$1 per applicant, which
 67 shall be distributed to the Children's Hearing Help Fund.

68 (f) A voluntary contribution of \$1 per applicant, which
 69 shall be distributed to Family First, a nonprofit organization.

70 (g) A voluntary contribution of \$1 per applicant, to Stop
 71 Heart Disease, which shall be distributed to the Florida Heart
 72 Research Institute, a nonprofit organization.

73 (h) A voluntary contribution of \$1 per applicant to Senior
 74 Vision Services, which shall be distributed to the Florida
 75 Association of Agencies Serving the Blind, Inc., a not-for-
 76 profit organization.

77 (i) A voluntary contribution of \$1 per applicant for
 78 services for persons with developmental disabilities, which
 79 shall be distributed to The Arc of Florida.

80

81 A statement providing an explanation of the purpose of the trust
 82 funds shall also be included. For the purpose of applying the
 83 service charge provided in s. 215.20, contributions received

84 under paragraphs (b)-(i) ~~(b), (c), (d), (e), (f), and (g)~~ and
 85 under s. 322.18(9) are not income of a revenue nature.

86 Section 3. Paragraphs (c) and (d) are added to subsection
 87 (9) of section 322.18, Florida Statutes, to read:

88 322.18 Original applications, licenses, and renewals;
 89 expiration of licenses; delinquent licenses.-

90 (9)

91 (c) The application form for a renewal issuance or renewal
 92 extension shall include language permitting a voluntary
 93 contribution of \$1 per applicant to Senior Vision Services. Such
 94 contributions shall be distributed monthly to the Florida
 95 Association of Agencies Serving the Blind, Inc., a not-for-
 96 profit organization.

97 (d) The application form for a renewal issuance or renewal
 98 extension shall include language permitting a voluntary
 99 contribution of \$1 per applicant for services for persons with
 100 developmental disabilities, to be distributed by the department
 101 to The Arc of Florida to provide services to persons with
 102 developmental disabilities in this state.

103 Section 4. This act shall take effect October 1, 2010.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7005 PCB EUP 10-02 Renewable Energy Property Tax Exemption
SPONSOR(S): Energy & Utilities Policy Committee and Precourt
TIED BILLS: IDEN./SIM. BILLS:

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: Energy & Utilities Policy Committee, 13 Y, 0 N, Whittier, Collins. Row 2: Finance & Tax Council, Diez-Arguelles, Langston.

SUMMARY ANALYSIS

In the November 2008 General Election, Florida voters approved a constitutional amendment placed on the ballot by the Taxation and Budget Reform Commission.

The amendment added the following language to Article VII, Section 4, of the Florida Constitution:

- (i) The legislature, by general law and subject to conditions specified therein, may prohibit the consideration of the following in the determination of the assessed value of real property used for residential purposes:
(1) Any change or improvement made for the purpose of improving the property's resistance to wind damage.
(2) The installation of a renewable energy source device.

The amendment also repealed then-existing constitutional authority for the Legislature to grant an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, rendering the provision in statutes obsolete.

The bill repeals the obsolete provision and deletes the corresponding definitions.

The bill has no fiscal impact on state or local governments.

The effective date of the bill is upon becoming a law.

1 Effective January 1, 2009.

2 Effective upon approval by the voters, Art. VII, sec. 3(d), Florida Constitution, was repealed.

3 Section 196.175, F.S.

4 Section 196.012(14), F.S.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

In 1980, the following language became Section 3(d), Article VII, of the Florida Constitution:⁵

By general law and subject to conditions specified therein, there may be granted an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, to the value fixed by general law not to exceed the original cost of the device, and for the period of time fixed by general law not to exceed ten years.

During the same year, the Legislature authorized a property tax exemption for real property on which a renewable energy source device⁶ is installed and is being operated. However, the exemption expired after 10 years. Specifically, the exemption period authorized in statute was from January 1, 1980, through December 31, 1990. Therefore, if an exemption was granted in December 1990, the exemption terminated in December 2000. The law required that the exemption could be no more than the lesser of the following:

- The assessed value of the property less any other exemptions applicable under the chapter;
- The original cost of the device, including the installation costs, but excluding the cost of replacing previously existing property removed or improved in the course of the installation; or
- Eight percent of the assessed value of the property immediately following the installation.

In December 2000, the last of the exemptions expired.

During the 2008 Legislative Session, HB 7135 was enacted, removing the expiration date of the property tax exemption, thereby allowing property owners to once again apply for the exemption, effective January 1, 2009. The period of each exemption, however, remained at 10 years. The bill also revised the amount of the exemption to be the original cost of the device, including the installation cost, but not including the cost of replacing previously existing property.

⁵ Through SJR 15-E.

⁶ Section 196.012(14), F.S., currently specifies equipment which, when installed in connection with a dwelling unit or other structure, collects, transmits, stores, or uses solar energy, wind energy, or energy derived from geothermal deposits.

In the November, 2008 general election the voters approved a constitutional amendment placed on the ballot by the Taxation and Budget Reform Commission. The amendment added the following language to Article VII, Section 4, of the Florida Constitution:

- (i) The legislature, by general law and subject to conditions specified therein, may prohibit the consideration of the following in the determination of the assessed value of real property used for residential purposes:
 - (1) Any change or improvement made for the purpose of improving the property's resistance to wind damage.
 - (2) The installation of a renewable energy source device.

The constitutional amendment also repealed then-existing constitutional authority⁷ for the Legislature to grant an ad valorem tax exemption to a renewable energy source device and to real property on which such device is installed and operated, effective upon approval of the voters.⁸ This repealed language had provided the constitutional basis for the legislation passed in 1980.

During the 2009 Legislative Session, the House passed CS/HB 7113, a committee bill, which implemented the constitutional provision regarding the assessed value of real property and removed the provisions regarding the obsolete tax exemption. The bill died in Senate Messages, which resulted in the obsolete language regarding the tax exemption remaining in Chapter 196, F.S.

Effect of Proposed Changes

The bill repeals the ad valorem tax exemption in s. 196.175, F.S., which was nullified by passage of the constitutional amendment, and removes the corresponding definition of "renewable energy source device" in s. 196.012(14), F.S. Several cross-references are amended.

B. SECTION DIRECTORY:

Section 1. Amends s. 196.012, F.S., deleting the definition of "renewable energy source device."

Section 2. Amends s. 196.121, F.S., amending a cross-reference.

Section 3. Amends s. 196.1995, F.S., amending cross-references.

Section 4. Repeals s. 196.175, F.S., relating to the renewable energy source device property tax exemption.

Section 5. Provides that the act becomes effective upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

⁷ Article VII, Section 3(d), Florida Constitution.

⁸ Article XII, Section 29, Florida Constitution.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not appear to require cities or counties to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

N/A

B. RULE-MAKING AUTHORITY:

No rule-making authority is required to repeal this language from the statutes

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
2 An act relating to renewable energy property tax
3 exemption; amending s. 196.012, F.S.; deleting a
4 definition; conforming a cross-reference; amending ss.
5 196.121 and 196.1995, F.S.; conforming cross-references;
6 repealing s. 196.175, F.S., relating to the renewable
7 energy source device property tax exemption; providing an
8 effective date.

9

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

11

12 Section 1. Subsections (15) through (20) of section
13 196.012, Florida Statutes, are renumbered as subsections (14)
14 through (19), respectively, and present subsections (14) and
15 (17) of that section are amended to read:

16 196.012 Definitions.—For the purpose of this chapter, the
17 following terms are defined as follows, except where the context
18 clearly indicates otherwise:

19 ~~(14) "Renewable energy source device" or "device" means~~
20 ~~any of the following equipment which, when installed in~~
21 ~~connection with a dwelling unit or other structure, collects,~~
22 ~~transmits, stores, or uses solar energy, wind energy, or energy~~
23 ~~derived from geothermal deposits:~~

24 ~~(a) Solar energy collectors.~~

25 ~~(b) Storage tanks and other storage systems, excluding~~
26 ~~swimming pools used as storage tanks.~~

27 ~~(c) Rockbeds.~~

28 ~~(d) Thermostats and other control devices.~~

- 29 ~~(e) Heat exchange devices.~~
- 30 ~~(f) Pumps and fans.~~
- 31 ~~(g) Roof ponds.~~
- 32 ~~(h) Freestanding thermal containers.~~
- 33 ~~(i) Pipes, ducts, refrigerant handling systems, and other~~
- 34 ~~equipment used to interconnect such systems; however,~~
- 35 ~~conventional backup systems of any type are not included in this~~
- 36 ~~definition.~~
- 37 ~~(j) Windmills.~~
- 38 ~~(k) Wind driven generators.~~
- 39 ~~(l) Power conditioning and storage devices that use wind~~
- 40 ~~energy to generate electricity or mechanical forms of energy.~~
- 41 ~~(m) Pipes and other equipment used to transmit hot~~
- 42 ~~geothermal water to a dwelling or structure from a geothermal~~
- 43 ~~deposit.~~

44 (16)~~(17)~~ "Permanent resident" means a person who has
 45 established a permanent residence as defined in subsection (17)
 46 ~~(18)~~.

47 Section 2. Subsection (2) of section 196.121, Florida
 48 Statutes, is amended to read:

49 196.121 Homestead exemptions; forms.—

50 (2) The forms shall require the taxpayer to furnish
 51 certain information to the property appraiser for the purpose of
 52 determining that the taxpayer is a permanent resident as defined
 53 in s. 196.012~~(17)~~. Such information may include, but need not be
 54 limited to, the factors enumerated in s. 196.015.

55 Section 3. Subsection (6), paragraph (d) of subsection
 56 (8), paragraph (d) of subsection (9), and paragraph (d) of

HB 7005

2010

57 subsection (10) of section 196.1995, Florida Statutes, are
 58 amended to read:

59 196.1995 Economic development ad valorem tax exemption.—

60 (6) With respect to a new business as defined by s.
 61 196.012(14)~~(15)~~(c), the municipality annexing the property on
 62 which the business is situated may grant an economic development
 63 ad valorem tax exemption under this section to that business for
 64 a period that will expire upon the expiration of the exemption
 65 granted by the county. If the county renews the exemption under
 66 subsection (7), the municipality may also extend its exemption.
 67 A municipal economic development ad valorem tax exemption
 68 granted under this subsection may not extend beyond the duration
 69 of the county exemption.

70 (8) Any person, firm, or corporation which desires an
 71 economic development ad valorem tax exemption shall, in the year
 72 the exemption is desired to take effect, file a written
 73 application on a form prescribed by the department with the
 74 board of county commissioners or the governing authority of the
 75 municipality, or both. The application shall request the
 76 adoption of an ordinance granting the applicant an exemption
 77 pursuant to this section and shall include the following
 78 information:

79 (d) Proof, to the satisfaction of the board of county
 80 commissioners or the governing authority of the municipality,
 81 that the applicant is a new business or an expansion of an
 82 existing business, as defined in s. 196.012~~(15)~~ or (16); and

83 (9) Before it takes action on the application, the board
 84 of county commissioners or the governing authority of the

85 | municipality shall deliver a copy of the application to the
 86 | property appraiser of the county. After careful consideration,
 87 | the property appraiser shall report the following information to
 88 | the board of county commissioners or the governing authority of
 89 | the municipality:

90 | (d) A determination as to whether the property for which
 91 | an exemption is requested is to be incorporated into a new
 92 | business or the expansion of an existing business, as defined in
 93 | s. 196.012~~(15)~~ or ~~(16)~~, or into neither, which determination the
 94 | property appraiser shall also affix to the face of the
 95 | application. Upon the request of the property appraiser, the
 96 | department shall provide to him or her such information as it
 97 | may have available to assist in making such determination.

98 | (10) An ordinance granting an exemption under this section
 99 | shall be adopted in the same manner as any other ordinance of
 100 | the county or municipality and shall include the following:

101 | (d) A finding that the business named in the ordinance
 102 | meets the requirements of s. 196.012(14)~~(15)~~ or (15)~~(16)~~.

103 | Section 4. Section 196.175, Florida Statutes, is repealed.

104 | Section 5. This act shall take effect upon becoming a law.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7033 PCB EDCA 10-01 Unemployment Compensation
SPONSOR(S): Economic Development & Community Affairs Policy Council; Murzin and Carroll
TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Economic Development & Community Affairs Policy Council	16 Y, 0 N	Kruse	Tinker
1)	Finance & Tax Council		Wilson <i>WJW</i>	Langston <i>DL</i>
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

This bill amends portions of the unemployment compensation (UC) statutes and suspends for a period of time changes made in the 2009 Legislative session to the calculation of an employer's unemployment compensation tax. The bill makes the following changes:

- Reduces the taxable wage base from \$8,500 to \$7,000 for two years. In 2012, the wage base returns to \$8,500, and then sunsets back to \$7,000 in 2015 unless there are outstanding loan balances owed to the federal government.
- Suspends the positive adjustment tax rate factor for the next two years. Regardless of the balance in the Unemployment Compensation Trust Fund, no associated rate increase will be triggered since the positive adjustment factor will not be applied. The adjustment factor is effective again beginning January 1, 2012, with a three year recoupment period and then returns to a four year recoupment period under current law provisions, January 1, 2015.
- Allows employers to make their 2010 and 2011 UC tax payments in quarterly installments without interest or penalties as long as the employer makes the quarterly filing and payment according to the new schedule.
- Provides for payment of interest on federal advances through an employer assessment

The bill also provides for an extension of the "State Extended Benefits" (EB) program, effective January 2, 2010 through February 27, 2010, which is 100 percent federally funded under recent changes made by Congress specifically for this EB extension. EB will cover up to 8 additional weeks for claimants. Approximately 15,000 Floridians would be eligible to receive additional weeks through EB.

The total cost to state and local governments to implement EB is approximately \$612,633. The fiscal impact on the Department of Revenue for implementing the unemployment compensation tax change in FY 09/10 is \$1.27 million, \$1.88 million in FY 10/11, and with a recurring impact of \$387,700. The bill appropriates \$1.27 million to the Department of Revenue for FY 09/10. (See Fiscal Impact sections)

The legislation provides short term relief to businesses by reducing the UC tax in 2010 and 2011 below current law requirements. However, this will result in greater borrowing from the federal government to pay benefits, and more interest due to the federal government on that borrowing than under current law.

The bill is effective upon becoming law, retroactive to June 29, 2009.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

CURRENT SITUATION

Florida employers pay a state Unemployment Compensation (UC) tax, the proceeds of which are deposited in the state UC Trust Fund to pay benefits. Under current law, Florida's employers are subject to unexpectedly large increases in their UC tax liabilities, which will begin coming due in April. The tax increases per employee will range from just over 21 percent to nearly 5,400 percent, depending on each employer's circumstances. This situation reflects the combined influence of increases in unemployment in Florida over the past three years and 2009 law changes intended to accelerate the replenishment of the UC Trust Fund. Also, elevated unemployment in Florida has resulted in benefit payments from the UC Trust Fund outstripping UC tax payments into the fund. Consequently, the fund has been depleted and the state is taking advances from the federal government in order to continue paying benefits. These federal loans will likely result in additional interest payments by the state.

Tax Liability Calculation

An employer's state tax liability is calculated by multiplying the employer's state-assigned tax rate by taxable wages paid to employees. The Department of Revenue annually recalculates and assigns employer tax rates. Additionally, the federal government levies an annual payroll tax under the Federal Unemployment Tax Act (FUTA).

In general, an employer's state unemployment tax rate is determined using three factors: the fund size factor; the non-charges and excess payments factor; and a variable factor based on each employer's unemployment experience. The fund size factor is based upon the amount in the unemployment compensation trust fund. Non-charges are the result, for instance, of an employee working for less than 90 days and being laid off. The employer is not charged for that separation of employment but the cost is spread among all employers. Excess payments occur when a business that is paying the maximum rate has unemployment experience greater than the business is paying in taxes, so that all persons separated from employment from that business are not covered by the UC tax payments from that business. Those costs are also spread across all employers. The variable factor is generally based upon an employer's unemployment compensation experience. These factors combined are used in calculating an employer's UC tax rate. Generally, the maximum tax rate is 5.4%, regardless of what would otherwise be dictated by the three factors.

Taxable wages include all remuneration for employment, including commissions, bonuses, and back pay awards. However, remuneration to an individual during a calendar year in excess of the first \$8,500 paid is exempt. Beginning January 1, 2015 remuneration in excess of the first \$7,000 paid to an employee during a calendar year is exempt.

The FUTA tax rate levied by the federal government is 6.2%. However, employers in Florida currently receive a 5.4% credit against that tax, resulting in an effective federal tax rate of 0.8% applied to taxable wages

2009 Law Changes

In early 2009, the UC Trust Fund was projected to hit a hard deficit by August 2009. During the 2009 Legislative session, CS/CS/SB 810 was enacted to make changes to replenish the UC Trust Fund sooner than under the law at the time. These changes included:

- Increasing the portion of an individual's annual wages used to determine an employer's contributions from \$7,000 to \$8,500.
- Increasing the positive adjustment tax rate factor (low trigger) from 3.75 percent to 4 percent. By statute, changes in the employer contribution rate are, in part, based upon the ratio of the Unemployment Compensation Trust Fund balance to the total taxable state payrolls as of June 30 each year. When the trust fund balance drops below 4% of the total taxable state payrolls as of June 30th, an adjustment factor is triggered to increase the employer contribution rates that will become effective on the following January 1st.
- Increasing the negative adjustment factor (high trigger) from 4.7 percent to 5 percent. If the ratio of the Unemployment Compensation Trust Fund balance to the total taxable state payrolls is above the high trigger, employer contribution rates are decreased to avoid having an unduly high trust fund balance. This rate will remain in effect until the fund balance is between 4 and 5 percent of taxable payrolls for the year. However, the negative adjustment factor is suspended in any calendar year in which an advance, or loan, from the federal government is still in repayment for the principal amount of the loan and delays the annual computation of the negative adjustment factor until January 1, 2015.
- Providing temporary state extended benefits to fulfill the federal option to adopt the alternative extended benefits trigger, as set forth in the American Recovery and Reinvestment Act of 2009, using the total unemployment rate rather than the insured unemployment rate calculation.

For the calculation of the 2010 taxes, the UC Trust Fund balance was about 0.89% of the previous 1-year taxable payrolls. Thus, the "low trigger" turned "on". The rates have been calculated for each Florida business that pays UC tax. The figures show that a business paying the minimum tax rate, which is the majority of Florida businesses--265,000, will see a tax rate increase from 0.0012 to 0.0118. This means that a business that paid \$8.40 per employee under the previous rate will pay \$100.30 per employee in 2010 if they continue at the minimum tax rate. Those businesses remaining at the maximum rate will see an increase from \$378 to \$459 per employee. Since most employers will have paid the \$8,500 wage base to their employees in the first or second quarter of the year, the bill will be due to these businesses in the first or second quarter of 2010.

Federal Loans, Interest Payments, and Tax Credits

Loans--Until recently, during the history of Florida's UC tax program, the UC Trust Fund has never become insolvent. In the aftermath of the 1973-1975 recession, the state anticipated the UC Trust Fund's reserves were insufficient to pay benefits. Consequently, the state twice requested advances from the federal government -- \$10 million in 1976 and \$32 million in 1977. However, Florida's trust fund remained solvent and the loans were never drawn down. With the exceptions of 1976 and 1977, Florida had never sought a federal loan, making this state one of only a few to avoid serious and chronic problems with trust fund insolvency. Economic conditions resulting in abnormally high unemployment accompanied by high benefit charges have caused a severe drain on the UC Trust

Fund. On August 24, 2009, the trust fund balance fell to \$0 and federal advance monies were requested. As of February 3, 2010, about \$1.210 billion has been drawn down.

Interest Payments--Through the American Recovery and Reinvestment Act of 2009, no interest is charged against federal advances through December 31, 2010. However interest will begin accruing January 1, 2011, and the first payment is due September 2011. Interest payments may not be made out of the UC Trust Fund but must come from an alternative source. States may apply to USDOL for deferrals of interest for loans in certain situations; these include the delay of interest payments for interest accrued from May to September, and the deferral of interest payments if the individual unemployment rate (IUR) equals or exceeds 7.5 percent for the first 6 months of the last calendar year or if the total unemployment rate (TUR) equals or exceeds 13.5 percent or higher for the most recent 12 months. Interest continues to accrue even if a state receives a deferral to pay it. The interest rate charged is equal to the fourth calendar quarter yield on the Unemployment Compensation Trust Fund for the previous year, capped at 10 percent.

Federal Tax Credits--Florida employers will most likely experience a partial loss of the federal FUTA UC tax credit beginning on January 1, 2012, due to the existence of an outstanding federal advance; however, the value of the lost credit (essentially, of the increased federal taxes by 0.3 percent per year) offsets the outstanding loan balance. The credit reduction continues and escalates until such time as the loan is fully repaid. The Office of Economic and Demographic Research (EDR) estimated that the first repayment to the federal government through the loss of the federal credit would be \$149 million in January 2012 and \$311 million in January 2013.

State Unemployment Compensation System

According to the United States Department of Labor (USDOL), the Federal-State Unemployment Insurance Program provides unemployment benefits to eligible workers who are unemployed through no-fault of their own (as determined under state law) and who meet the requirements of state law.¹ The program is administered as a partnership of the federal government and the states. There are 53 state programs, including the 50 states, Puerto Rico, the Virgin Islands, and the District of Columbia.

The individual states collect unemployment compensation (UC) payroll taxes on a quarterly basis, which are used to pay benefits, while the Internal Revenue Service collects an annual federal payroll tax under the Federal Unemployment Tax Act (FUTA).² FUTA collections go to the states for costs of administering state UC and job service programs. In addition, FUTA pays one-half of the cost of extended unemployment benefits (during periods of high unemployment) and provides for a fund from which states may borrow, if necessary, to pay benefits.³ States are permitted to set eligibility conditions for UC benefit recipients, the amount and duration of benefits, and the state tax structure so long as the state provisions are not in conflict with FUTA or Social Security Act requirements. Florida's UC program was created by the Legislature in 1937 as part of the national unemployment insurance system.⁴ Florida's UC system is funded solely by employers who pay federal and state UC taxes, and is provided at no cost to the workers who receive the benefits.⁵

Administration of the Unemployment Compensation Program in Florida

The Agency for Workforce Innovation (AWI) is the current agency responsible for administering Florida's UC laws.⁶ Prior to October 1, 2000, the state's UC program was administered by the Division

¹ USDOL, State Unemployment Insurance Benefits, at <http://workforcesecurity.doleta.gov/unemploy/uifactsheet.asp> (last visited 01/31/2010).

² FUTA is codified at 26 U.S.C. 3301-3311.

³ USDOL, Unemployment Insurance Tax Topic, at <http://workforcesecurity.doleta.gov/unemploy/uitaxtopic.asp> (last visited 01/31/2010).

⁴ Chapter 18402, L.O.F.

⁵ In addition to employer taxes, some states levy an unemployment tax on employees as a means to finance their UC programs (currently Alaska, New Jersey, and Pennsylvania).

⁶ Sections 20.50 and 443.171, F.S. All Florida statutes cited are 2009, unless otherwise indicated.

of Unemployment Compensation of the former Department of Labor and Employment Security.⁷ The Workforce Innovation Act of 2000 transferred the administration of the UC program from the department to AWI. Further, this legislation required AWI to contract with the Department of Revenue to provide unemployment tax collections services.⁸

The USDOL provides AWI with administrative resource grants from the taxes collected from employers pursuant to FUTA. These grants are used to fund the operations of the state's UC program. To determine each state's share of the administrative resource grants, USDOL uses the Resource Justification Model (a budget formulation and allocation system based on state workload and program cost) to annually allocate to each state a base grant for the federal fiscal year, plus a state may earn contingency grants throughout the year. Florida received a base grant of \$73.9 million for federal FY 2008 and \$77.8 million for federal FY 2009. The USDOL 2010 unemployment insurance state allocations planning budget estimates that Florida's base grant for federal FY 2010 is \$81.1 million.⁹ These funds finance the processing of claims for benefits by AWI, state unemployment tax collections performed by the Department of Revenue, appeals conducted by AWI and the Unemployment Appeals Commission, and related administrative functions.

AWI administers Florida's UC laws through its Office of Unemployment Compensation Services.¹⁰ The Office of Unemployment Compensation Services consists of the Unemployment Compensation Benefits Section, the Benefits Payment Control Section, and the Office of Appeals. The Unemployment Compensation Benefits Section handles initial claims, questions about unemployment benefits, and other related issues.¹¹ The Benefits Payment Control Section monitors the payment of unemployment benefits in an effort to detect and deter overpayment and to prevent fraud.¹² The Office of Appeals holds hearings and issues decisions to resolve disputed issues related to eligibility and claims for unemployment compensation and the payment and collection of unemployment compensation taxes. The Office of Unemployment Compensation Services also administers special unemployment compensation programs, such as disaster unemployment assistance, trade adjustment assistance, and UC for ex-service members and federal civilian employees.

State Extended Benefits

State extended benefits are extra benefits that can be paid to unemployed individuals after an individual's regular benefits have run out.¹³ These benefits are only available under certain conditions; the extended benefit period is not always available. Typically, under Florida law a state extended benefits period is only triggered "on" when the rate of insured unemployment (individual unemployment rate, or IUR), not seasonally adjusted, over the preceding 13 week period equals or exceeds 5 percent and 120 percent of the average for the period. When a state extended benefit period triggers "on," eligible individuals may receive another 13 weeks of unemployment benefits.

Individuals currently claiming benefits when the extended benefits period begins automatically receive extended benefits when they exhaust all available regular benefits. Individuals who are not in

⁷ Section 11(4)(f), ch. 2000-165, L.O.F. The Department of Labor and Employment Security was abolished by the Legislature in 2002. Ch. 2002-194, L.O.F. Statutory "clean-up" was done by ch. 2003-36, L.O.F., to correct references and clarify duties of both AWI and the Department of Revenue.

⁸ The contract requirement and the duties of DOR were clarified by ch. 2003-36, L.O.F.

⁹ In addition to the base grant amounts, states earn additional funds each quarter for actual UC claims workload above the base. Information obtained from UDSOL website on the UI Budget at <http://www.workforcesecurity.doleta.gov/unemploy/budget.asp#floans> (last visited 01/31/2010). The base grant amount includes allocation for postage. The federal fiscal year runs from October 1 to September 30 of the next year.

¹⁰ Section 20.50(2)(c)1., F.S.

¹¹ AWI operates call centers for initial UC claims and questions about continuing claims. These centers are located in Tallahassee, Orlando, and Fort Lauderdale. AWI contracted with a third party to open an additional call center in Orlando to handle overflow calls (approved by the Legislative Budget Commission on February 18, 2009, to handle additional UC workload); this call center began taking calls ahead of schedule in June 2009 in order to take calls related to state extended benefits, and became a fully operational call center in August 2009, taking all types of UC related calls.

¹² Unemployment compensation fraud is a third-degree felony and is subject to prosecution by the State Attorney. Section 443.071, F.S. A third-degree felony is a crime punishable by a maximum penalty of \$5,000 and up to five years in prison.

¹³ Section 443.1115, F.S.

continuous reporting status or who have had intervening employment since last receiving benefits, have to apply for extended benefits so that their eligibility can be determined based on the requirements of ss. 443.091 and 443.101, F.S. Generally, eligible individuals are those persons who still meet criteria to receive regular benefits. However, different from the eligibility for regular benefits, individuals may be disqualified from receiving extended benefits if:

- The individual failed to apply for or accept suitable work; or
- The individual failed to furnish evidence that he or she is actively engaged in a systematic and sustained effort to find work.

Individuals receive weekly benefit amounts equal to the average benefit amounts the individual was receiving in the regular benefit period. An individual may receive a total amount of extended benefits equal to the lesser of:

- 50 percent of the total regular benefits payable in his or her benefit year; or
- 13 times the individual's benefit amount for one week in his or her benefit year.

Federal law provides that when state extended benefits trigger "on" the federal government will share 50 percent of the benefit cost for all insured employers; essentially the federal government will pay 50 percent of extended benefit costs to private employers. The state and local governments in Florida are self-insured and are not eligible for federal sharing.¹⁴ In 2009, CS/CS/SB 810 in part, authorized and created a temporary state extended benefits program for unemployed individuals in order to qualify for federal funds under the Recovery Act.¹⁵ Florida's temporary state extended benefits program was effective between February 1, 2009, and January 2, 2010.¹⁶ Temporary state extended benefits triggered "on" on February 1, 2009, and triggered "off" on December 12, 2009. Individuals who exhausted regular benefits and emergency federal extended benefits between February 22, 2009, and December 12, 2009, were eligible for temporary state extended benefits to be paid for up to 20 weeks until January 2, 2010.¹⁷ By implementing a temporary state extended benefits period based upon the average total unemployment rate (TUR), Florida qualified for 100 percent funding, also known as federal sharing, for the state extended benefits for private employers (approximately \$418 million in stimulus funds). The related Recovery Act funds are paid from a separate federal general revenue account and do not affect the balance of Florida's UC Trust Fund.

In December, Congress extended from January 1 to February 28 the time that the federal government would fund 100% of state extended benefits for former private sector employees. State legislation passed in the 2009 session was written to expire with the applicable stimulus funding.

EFFECT OF PROPOSED CHANGES

Sections 1 and 2

These two sections extend the "State Extended Benefits" (EB) program, effective January 2, 2010. In December, Congress extended from January 1 to February 28 the time that the federal government would fund 100% of state extended benefits for former private sector employees. There is no cost to private employers, however, like the original extended benefits provision, reimbursing employers like state and local governments are not covered by the federal government and must pay themselves. EB will cover up to 8 additional weeks for claimants. EB is not charged to employers and has no effect on an employer's experience rating. Approximately 15,000 Floridians would be eligible to receive additional weeks compensation through EB.

¹⁴ Section 204 of the Federal-State Extended Unemployment Compensation Act of 1970; 20 C.F.R. s. 615.14 (2006).

¹⁵ Section 443.1117, F.S. See ss. 4, 5, and 7, ch. 2009-99, L.O.F.

¹⁶ The temporary state extended benefits were to be available for 13 to 20 weeks, depending on the average total rate of unemployment. Because of Florida's high unemployment rate, temporary state extended benefits were available for the 20 week time period.

¹⁷ Benefits were made available retroactive to the date SB 810 was signed into law.

These two sections also establish the time period for state extended benefits eligibility and mirrors what was passed recently by the federal government to pay 100% of the extended benefits.

Section 3

This section reduces the maximum taxable wage base per employee from \$8,500 to \$7,000 for two years. In 2012, the wage base returns to \$8,500 and then sunsets back to \$7,000 in 2015 under current law provisions. These changes will have the effect of reducing employers' unemployment compensation taxes for 2010 and 2011. However, the wage base sunset in 2015 is suspended in any calendar year in which principal on advances is due to the federal government.

Section 4

This section suspends the Unemployment Compensation Trust Fund positive adjustment tax rate factor for the next two years. Regardless of the balance in the Unemployment Compensation Trust Fund, no associated rate increase will be triggered since the positive adjustment factor will not be applied. The factor is effective again beginning January 1, 2012 with a three year recoupment period and then returns to a four year recoupment period under current law provisions, January 1, 2015. These changes will have the effect of reducing employer's unemployment compensation taxes for 2010 and 2011 compared to current law. Further, this section changes the definition of "taxable payroll" as used by the Department of Revenue in annual tax rate calculations. Tax rate calculations will be based on a per employee maximum taxable wage of \$8,500 beginning in 2012 instead of \$7,000 under current law. This section also provides direction to the Department of Revenue on how to calculate an employer's rate in 2012 and 2013 because of variances in wage data availability.

This section also provides for payment of interest on federal advances through an employer assessment. The Consensus Estimating conference is charged with determining the estimate by December 1 of the year prior to the due date for the interest payment. The Department of Revenue must make the assessment prior to February 1 of the year the interest is due based upon a formula. The assessment rate is the same for all employers. It is calculated by dividing the estimated amount of interest owed by 95 percent of taxable wages for all employers for the year ending June 30 of the prior year. To determine an employer's payment, the formula multiplies an employer's taxable wages for the year ending June 30 of the prior year by the rate that the formula just determined. An employer has five months to pay the assessment, by June 30. The first interest payment will be due in September, 2011. Provision is made to postpone or eliminate an assessment if the federal government postpones or forgives interest due on advances. Further, should any provision interfere with the ability of the state to receive interest relief or prevent employers from qualifying for limitations on the reduction in the federal tax credit, that provision is invalid.

Section 5

This section allows employers to make their 2010 and 2011 UC tax payments in quarterly installments without interest or penalties as long as the employer makes the quarterly filing and payment according to the new schedule. However, any penalties, interest, or fees that were due prior to this new schedule will continue to accrue as well as on any missed filings under the new schedule.

Section 6

This section provides budget authority to the Agency for Workforce Innovation and the Department of Revenue to implement the changes made in the bill, appropriating \$1.27 million for that purpose

Section 7

This section provides that the bill fulfills an important state interest.

Section 8

Provides the bill is effective upon becoming law so it may be implemented immediately and is retroactive to June 29, 2009, unless otherwise provided

B. SECTION DIRECTORY:

- Section 1. Amends s. 443.1117, F.S., to provide for federally-funded state extended benefits for a time certain.
- Section 2. Provides for applicability of changes made in s. 443.1117, F.S.
- Section 3. Amends s. 443.1217, F.S., by reducing the taxable wage base for two years, returning the wage base back to \$8,500 in 2012, and reducing the wage base to \$7,000 in 2015 unless there are outstanding federal funds due to the federal government.
- Section 4. Amends s. 443.131, F.S., to suspend the Unemployment Compensation Trust Fund positive adjustment factor for two years, provide a definition of "taxable payroll," provide direction to the Department of Revenue in 2012 on the employer rate calculation, require an employer assessment to pay interest if due, suspend the interest collection under certain circumstances, and terminate provisions that interfere with interest relief or federal tax credits.
- Section 5. Amends s. 443.141, F.S., to provide a schedule for employer unemployment tax quarterly payments for 2010 and 2011.
- Section 6. Provides an appropriation to two agencies to implement the bill.
- Section 7. Provides that the bill fulfills an important state interest.
- Section 8. Except as otherwise provided, provides the bill is effective upon becoming law, retroactive to June 29, 2009.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS below.

2. Expenditures:

The bill will cost the state \$179,677 to implement the extended benefits provisions since the state is a reimbursing employer not eligible for federal cost sharing of extended benefits. The fiscal impact to the Department of Revenue for implementing the unemployment compensation tax change in FY 09/10 is \$1.27 million, \$1.88 million in FY 10/11, with a recurring impact of \$387,700.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The bill will cost local governments approximately \$432,956 to implement the extended benefits provisions since local governments are "reimbursing" employers not eligible for federal cost sharing of extended benefits.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Under the provisions of the bill, in general, businesses will see a significant reduction in their current unemployment compensation tax bill as compared to current law provisions.¹⁸ However, individual employer experience will vary considerably. Regarding extended benefits, approximately 15,000 unemployed individuals in Florida who have exhausted regular benefits and the federal emergency UC benefits will be eligible for up to 8 weeks of state unemployment benefits. This will come at no cost to private employers and will not affect their contribution rates. The cost will be covered 100% by federal funds.

D. FISCAL COMMENTS:

The legislation provides short term relief to businesses by reducing the UC tax in 2010 and 2011 below current law requirements. However, this will result in greater borrowing from the federal government to pay benefits, more interest due to the federal government on that borrowing than under current law, and a delay in restoration of a positive fund balance. Delaying restoration of a positive fund balance increases the fund's vulnerability to further shortfalls should another national or state economic recession occur within the next several years.

Selected Estimated U.C. System Financial Components (*)
(All Numbers in Millions of \$)

	State Taxes (***)			Ending TF Balance (**)			Federal Loans Ending Balance		
	Current	Proposed	Diff.	Current	Proposed	Diff.	Current	Proposed	Diff.
2009-10	1,596	541	(1,054)	0	0	0	1,028	2,083	1,054
2010-11	2,216	1,261	(955)	0	0	0	1,719	3,728	2,009
2011-12	2,475	2,691	216	0	0	0	1,601	3,394	1,792
2012-13	2,632	2,419	(213)	0	0	0	709	2,715	2,006
2013-14	2,641	2,398	(243)	596	0	(596)	0	1,672	1,672
2014-15	2,185	2,241	56	1,014	0	(1,014)	0	533	533
2015-16	1,844	2,148	304	1,133	752	(381)	0	0	0
2016-17	1,783	1,960	177	1,225	1,014	(212)	0	0	0
2017-18	1,768	1,820	51	1,359	1,187	(172)	0	0	0
2018-19	1,760	1,794	34	1,584	1,426	(158)	0	0	0

	Interest			Additional Federal Tax		
	Current	Proposed	Diff.	Current	Proposed	Diff.
2009-10	0	0	0	0	0	0
2010-11	0	0	0	0	0	0
2011-12	76	133	56	149	149	0
2012-13	104	193	89	311	311	0
2013-14	68	164	96	486	486	0
2014-15	0	115	115	0	665	665
2015-16	0	57	57	0	846	846
2016-17	0	0	0	0	0	0
2017-18	0	0	0	0	0	0
2018-19	0	0	0	0	0	0

*--Unofficial estimates provided by the Office of Economic and Demographic Research on February 16, 2010. The estimates do not assume another national or state economic recession within the next 10 years.

**--Estimates assume that positive cash flow to the fund is used to pay down outstanding federal loan balances.

***--Assumes all employers take advantage of the installment payment option.

¹⁸ This is a staff estimate, not produced by EDR or the Revenue Estimating Conference.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

To the extent this bill requires cities and counties to expend funds to pay state extended benefits for eligible former employees for an additional number of weeks, the provisions of Section 18(a) of Article VII of the State Constitution may apply. If those provisions do apply, in order for the law to be binding upon the cities and counties, the Legislature must find that the law fulfills an important state interest (see section 7 of the bill) and one of the following relevant exceptions:

- a. Appropriate funds estimated at the time of enactment to be sufficient to fund such expenditures;
- b. Authorize a county or municipality to enact a funding source not available for such local government on February 1, 1989, that can be used to generate the amount of funds necessary to fund the expenditures;
- c. The expenditure is required to comply with a law that applies to all persons similarly situated, including state and local governments; or
- d. The law is either required to comply with a federal requirement or required for eligibility for a federal entitlement.

Similarly situated refers to those laws affecting other entities, either private or governmental, in addition to counties and municipalities. Because the bill would impact all persons similarly situated, this exception appears to apply.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
 2 An act relating to unemployment compensation; reviving,
 3 readopting, and amending s. 443.1117, F.S.; providing for
 4 retroactive application; establishing temporary state
 5 extended benefits for weeks of unemployment; revising
 6 definitions; providing for state extended benefits for
 7 certain weeks and for periods of high unemployment;
 8 providing applicability; amending s. 443.1217, F.S.;
 9 reducing the amount of exempt wages beginning January 1,
 10 2010; increasing the amount of exempt wages beginning
 11 January 1, 2012; suspending an exempt wages adjustment
 12 when repayment of a federal advance is owed; amending s.
 13 443.131, F.S.; providing that a positive adjustment factor
 14 begins January 1, 2012; providing criteria for the
 15 determination of taxable payroll beginning January 1,
 16 2012; providing rate calculation direction to the taxpayer
 17 service provider for the rate effective January 1, 2012;
 18 requiring an employer assessment when federal advance
 19 interest is due; requiring the Revenue Estimating
 20 Conference to calculate interest based on certain factors
 21 at a date certain; requiring an assessment by a date
 22 certain; providing a formula for calculation of the
 23 employer interest assessment rate and payment; providing
 24 for a separate collection of such assessment by a tax
 25 collection service provider; naming an account to hold
 26 interest collected until payment is directed; providing
 27 for a suspension or termination of assessment under
 28 certain circumstances; providing credit for interest funds

29 collected prior to suspension or termination; providing a
 30 limitation; providing for the elimination of provisions
 31 that interfere with federal interest relief or federal tax
 32 credit; amending s. 443.141; F.S.; providing retroactive
 33 effect; providing a schedule for contributing employers to
 34 make payments for 2010 and 2011 contributions due for
 35 wages; providing for penalties, interest, and fees on
 36 delinquent contributions; providing appropriations for
 37 purposes of implementation; providing that the act
 38 fulfills an important state interest; providing effective
 39 dates.

40

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

42

43 Section 1. Notwithstanding the expiration date contained
 44 in section 4 of chapter 2009-99, Laws of Florida, effective upon
 45 this act becoming a law, retroactive to January 2, 2010, and
 46 expiring February 27, 2010, section 443.1117, Florida Statutes,
 47 is revived, readopted, and amended to read:

48 443.1117 Temporary extended benefits.—

49 (1) APPLICABILITY OF EXTENDED BENEFITS STATUTE.—Except
 50 when the result is inconsistent with the other provisions of
 51 this section, the provisions of s. 443.1115(3), (4), (6), and
 52 (7) apply to all claims covered by this section.

53 (2) DEFINITIONS.—For the purposes of this section, the
 54 term:

55 (a) "Regular benefits" and "extended benefits" have the
 56 same meaning as in s. 443.1115.

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57 (b) "Eligibility period" means the period consisting of
 58 the weeks in an individual's benefit year or emergency benefit
 59 period which begin in an extended benefit period and, if the
 60 benefit year or emergency benefit period ends within that
 61 extended benefit period, any subsequent weeks beginning in that
 62 period.

63 (c) "Emergency benefits" means Emergency Unemployment
 64 Compensation paid pursuant to Pub. L. No. 110-252, Pub. L. No.
 65 110-449, ~~and~~ Pub. L. No. 111-5, Pub. L. No. 111-92, and Pub. L.
 66 No. 111-118.

67 (d) "Extended benefit period" means a period that:
 68 1. Begins with the third week after a week for which there
 69 is a state "on" indicator; and
 70 2. Ends with any of the following weeks, whichever occurs
 71 later:
 72 a. The third week after the first week for which there is
 73 a state "off" indicator;
 74 b. The 13th consecutive week of that period.
 75

76 However, an extended benefit period may not begin by reason of a
 77 state "on" indicator before the 14th week after the end of a
 78 prior extended benefit period that was in effect for this state.

79 (e) "Emergency benefit period" means the period during
 80 which an individual receives emergency benefits as defined in
 81 paragraph (c).

82 (f) "Exhaustee" means an individual who, for any week of
 83 unemployment in her or his eligibility period:

84 1. Has received, before that week, all of the regular

85 benefits and emergency benefits, if any, available under this
 86 chapter or any other law, including dependents' allowances and
 87 benefits payable to federal civilian employees and ex-
 88 servicemembers under 5 U.S.C. ss. 8501-8525, in the current
 89 benefit year or emergency benefit period that includes that
 90 week. For the purposes of this subparagraph, an individual has
 91 received all of the regular benefits and emergency benefits, if
 92 any, available although, as a result of a pending appeal for
 93 wages paid for insured work which were not considered in the
 94 original monetary determination in the benefit year, she or he
 95 may subsequently be determined to be entitled to added regular
 96 benefits;

97 2. Had a benefit year which expired before that week, and
 98 was paid no, or insufficient, wages for insured work on the
 99 basis of which she or he could establish a new benefit year that
 100 includes that week; and

101 3.a. Has no right to unemployment benefits or allowances
 102 under the Railroad Unemployment Insurance Act or other federal
 103 laws as specified in regulations issued by the United States
 104 Secretary of Labor; and

105 b. Has not received and is not seeking unemployment
 106 benefits under the unemployment compensation law of Canada; but
 107 if an individual is seeking those benefits and the appropriate
 108 agency finally determines that she or he is not entitled to
 109 benefits under that law, she or he is considered an exhaustee.

110 (g) "State 'on' indicator" means, with respect to weeks of
 111 unemployment beginning on or after February 1, 2009, and ending
 112 on or before January 30, 2010 ~~December 12, 2009~~, the occurrence

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113 of a week in which the average total unemployment rate,
 114 seasonally adjusted, as determined by the United States
 115 Secretary of Labor, for the period consisting of the most recent
 116 3 months for which data for all states are published by the
 117 United States Department of Labor:

118 1. Equals or exceeds 110 percent of the average of those
 119 rates for the corresponding 3-month period ending in each of the
 120 preceding 2 calendar years; and

121 2. Equals or exceeds 6.5 percent.

122 (h) "High unemployment period" means, with respect to
 123 weeks of unemployment beginning on or after February 1, 2009,
 124 and ending on or before January 30, 2010 ~~December 12, 2009~~, any
 125 week in which the average total unemployment rate, seasonally
 126 adjusted, as determined by the United States Secretary of Labor,
 127 for the period consisting of the most recent 3 months for which
 128 data for all states are published by the United States
 129 Department of Labor:

130 1. Equals or exceeds 110 percent of the average of those
 131 rates for the corresponding 3-month period ending in each of the
 132 preceding 2 calendar years; and

133 2. Equals or exceeds 8 percent.

134 (i) "State 'off' indicator" means the occurrence of a week
 135 in which there is no state "on" indicator or which does not
 136 constitute a high unemployment period.

137 (3) TOTAL EXTENDED BENEFIT AMOUNT.—Except as provided in
 138 subsection (4) ~~(5)~~:

139 (a) For any week for which there is an "on" indicator
 140 pursuant to paragraph (2)(g), the total extended benefit amount

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141 payable to an eligible individual for her or his applicable
142 benefit year is the lesser of:

143 1. Fifty percent of the total regular benefits payable
144 under this chapter in the applicable benefit year; or

145 2. Thirteen times the weekly benefit amount payable under
146 this chapter for a week of total unemployment in the applicable
147 benefit year.

148 (b) For any high unemployment period as defined in
149 paragraph (2)(h), the total extended benefit amount payable to
150 an eligible individual for her or his applicable benefit year is
151 the lesser of:

152 1. Eighty percent of the total regular benefits payable
153 under this chapter in the applicable benefit year; or

154 2. Twenty times the weekly benefit amount payable under
155 this chapter for a week of total unemployment in the applicable
156 benefit year.

157 (4) EFFECT ON TRADE READJUSTMENT.—Notwithstanding any
158 other provision of this chapter, if the benefit year of an
159 individual ends within an extended benefit period, the number of
160 weeks of extended benefits the individual is entitled to receive
161 in that extended benefit period for weeks of unemployment
162 beginning after the end of the benefit year, except as provided
163 in this section, is reduced, but not to below zero, by the
164 number of weeks for which the individual received, within that
165 benefit year, trade readjustment allowances under the Trade Act
166 of 1974, as amended.

167 Section 2. The provisions of s. 443.1117, Florida
168 Statutes, as revived, readopted, and amended by section 1 of

169 this act, apply only to claims for weeks of unemployment in
 170 which an exhaustee establishes entitlement to extended benefits
 171 pursuant to that section which are established for the period
 172 between February 22, 2009, and February 27, 2010.

173 Section 3. Subsection (1) and paragraph (a) of subsection
 174 (2) of section 443.1217, Florida Statutes, are amended to read:

175 443.1217 Wages.—

176 (1) The wages subject to this chapter include all
 177 remuneration for employment, including commissions, bonuses,
 178 back pay awards, and the cash value of all remuneration paid in
 179 any medium other than cash. The reasonable cash value of
 180 remuneration in any medium other than cash must be estimated and
 181 determined in accordance with rules adopted by the Agency for
 182 Workforce Innovation or the state agency providing tax
 183 collection services. The wages subject to this chapter include
 184 tips or gratuities received while performing services that
 185 constitute employment and are included in a written statement
 186 furnished to the employer under s. 6053(a) of the Internal
 187 Revenue Code of 1954. As used in this section only, the term
 188 "employment" includes services constituting employment under any
 189 employment security law of another state or of the Federal
 190 Government.

191 (2) For the purpose of determining an employer's
 192 contributions, the following wages are exempt from this chapter:

193 (a) 1. Beginning January 1, 2010, that part of remuneration
 194 paid to an individual by an employer for employment during a
 195 calendar year in excess of the first \$7,000 of remuneration paid
 196 to the individual by an employer or his or her predecessor

197 during that calendar year, unless that part of the remuneration
 198 is subject to a tax, under a federal law imposing the tax,
 199 against which credit may be taken for contributions required to
 200 be paid into a state unemployment fund.

201 2. Beginning January 1, 2012, that part of remuneration
 202 paid to an individual by an employer for employment during a
 203 calendar year in excess of the first \$8,500 of remuneration paid
 204 to the individual by the employer or his or her predecessor
 205 during that calendar year, unless that part of the remuneration
 206 is subject to a tax, under a federal law imposing the tax,
 207 against which credit may be taken for contributions required to
 208 be paid into a state unemployment fund. ~~As used in this section~~
 209 ~~only, the term "employment" includes services constituting~~
 210 ~~employment under any employment security law of another state or~~
 211 ~~of the Federal Government.~~

212 3. Beginning January 1, 2015, the part of remuneration
 213 paid to an individual by an employer for employment during a
 214 calendar year in excess of the first \$7,000 of remuneration paid
 215 to the individual by an employer or his or her predecessor
 216 during that calendar year, unless that part of the remuneration
 217 is subject to a tax, under a federal law imposing the tax,
 218 against which credit may be taken for contributions required to
 219 be paid into a state unemployment fund. The wage base exemption
 220 adjustment authorized by this subparagraph shall be suspended in
 221 any calendar year in which repayment of the principal amount of
 222 an advance received from the Unemployment Compensation Trust
 223 Fund under 42 U.S.C. s. 1321 is due to the Federal Government ~~is~~
 224 ~~exempt from this chapter.~~

225 Section 4. Paragraph (e) of subsection (3) of section
 226 443.131, Florida Statutes, is amended, and subsections (5) and
 227 (6) are added to that section, to read:

228 443.131 Contributions.—

229 (3) VARIATION OF CONTRIBUTION RATES BASED ON BENEFIT
 230 EXPERIENCE.—

231 (e) Assignment of variations from the standard rate.—For
 232 the calculation of contribution rates effective January 1, 2010,
 233 and thereafter:

234 1. The tax collection service provider shall assign a
 235 variation from the standard rate of contributions for each
 236 calendar year to each eligible employer. In determining the
 237 contribution rate, varying from the standard rate to be assigned
 238 each employer, adjustment factors computed under sub-
 239 subparagraphs a.-d. shall be added to the benefit ratio. This
 240 addition shall be accomplished in two steps by adding a variable
 241 adjustment factor and a final adjustment factor. The sum of
 242 these adjustment factors computed under sub-subparagraphs a.-d.
 243 shall first be algebraically summed. The sum of these adjustment
 244 factors shall next be divided by a gross benefit ratio
 245 determined as follows: Total benefit payments for the 3-year
 246 period described in subparagraph (b)2. shall be charged to
 247 employers eligible for a variation from the standard rate, minus
 248 excess payments for the same period, divided by taxable payroll
 249 entering into the computation of individual benefit ratios for
 250 the calendar year for which the contribution rate is being
 251 computed. The ratio of the sum of the adjustment factors
 252 computed under sub-subparagraphs a.-d. to the gross benefit

253 ratio shall be multiplied by each individual benefit ratio that
 254 is less than the maximum contribution rate to obtain variable
 255 adjustment factors; except that in any instance in which the sum
 256 of an employer's individual benefit ratio and variable
 257 adjustment factor exceeds the maximum contribution rate, the
 258 variable adjustment factor shall be reduced in order that the
 259 sum equals the maximum contribution rate. The variable
 260 adjustment factor for each of these employers is multiplied by
 261 his or her taxable payroll entering into the computation of his
 262 or her benefit ratio. The sum of these products shall be divided
 263 by the taxable payroll of the employers who entered into the
 264 computation of their benefit ratios. The resulting ratio shall
 265 be subtracted from the sum of the adjustment factors computed
 266 under sub-subparagraphs a.-d. to obtain the final adjustment
 267 factor. The variable adjustment factors and the final adjustment
 268 factor shall be computed to five decimal places and rounded to
 269 the fourth decimal place. This final adjustment factor shall be
 270 added to the variable adjustment factor and benefit ratio of
 271 each employer to obtain each employer's contribution rate. An
 272 employer's contribution rate may not, however, be rounded to
 273 less than 0.1 percent.

274 a. An adjustment factor for noncharge benefits shall be
 275 computed to the fifth decimal place and rounded to the fourth
 276 decimal place by dividing the amount of noncharge benefits
 277 during the 3-year period described in subparagraph (b)2. by the
 278 taxable payroll of employers eligible for a variation from the
 279 standard rate who have a benefit ratio for the current year
 280 which is less than the maximum contribution rate. For purposes

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281 of computing this adjustment factor, the taxable payroll of
 282 these employers is the taxable payrolls for the 3 years ending
 283 June 30 of the current calendar year as reported to the tax
 284 collection service provider by September 30 of the same calendar
 285 year. As used in this sub-subparagraph, the term "noncharge
 286 benefits" means benefits paid to an individual from the
 287 Unemployment Compensation Trust Fund, but which were not charged
 288 to the employment record of any employer.

289 b. An adjustment factor for excess payments shall be
 290 computed to the fifth decimal place, and rounded to the fourth
 291 decimal place by dividing the total excess payments during the
 292 3-year period described in subparagraph (b)2. by the taxable
 293 payroll of employers eligible for a variation from the standard
 294 rate who have a benefit ratio for the current year which is less
 295 than the maximum contribution rate. For purposes of computing
 296 this adjustment factor, the taxable payroll of these employers
 297 is the same figure used to compute the adjustment factor for
 298 noncharge benefits under sub-subparagraph a. As used in this
 299 sub-subparagraph, the term "excess payments" means the amount of
 300 benefits charged to the employment record of an employer during
 301 the 3-year period described in subparagraph (b)2., less the
 302 product of the maximum contribution rate and the employer's
 303 taxable payroll for the 3 years ending June 30 of the current
 304 calendar year as reported to the tax collection service provider
 305 by September 30 of the same calendar year. As used in this sub-
 306 subparagraph, the term "total excess payments" means the sum of
 307 the individual employer excess payments for those employers that
 308 were eligible to be considered for assignment of a contribution

309 rate different from the standard rate.

310 c. (I) Beginning January 1, 2012, if the balance of the
 311 Unemployment Compensation Trust Fund on June 30 of the calendar
 312 year immediately preceding the calendar year for which the
 313 contribution rate is being computed is less than 4 percent of
 314 the taxable payrolls for the year ending June 30 as reported to
 315 the tax collection service provider by September 30 of that
 316 calendar year, a positive adjustment factor shall be computed.
 317 The positive adjustment factor shall be computed annually to the
 318 fifth decimal place and rounded to the fourth decimal place by
 319 dividing the sum of the total taxable payrolls for the year
 320 ending June 30 of the current calendar year as reported to the
 321 tax collection service provider by September 30 of that calendar
 322 year into a sum equal to one-third of the difference between the
 323 balance of the fund as of June 30 of that calendar year and the
 324 sum of 5 percent of the total taxable payrolls for that year.
 325 The positive adjustment factor remains in effect for subsequent
 326 years until the balance of the Unemployment Compensation Trust
 327 Fund as of June 30 of the year immediately preceding the
 328 effective date of the contribution rate equals or exceeds 5
 329 percent of the taxable payrolls for the year ending June 30 of
 330 the current calendar year as reported to the tax collection
 331 service provider by September 30 of that calendar year.

332 (II) Beginning January 1, 2015, and for each year
 333 thereafter, the positive adjustment authorized by this section
 334 shall be computed by dividing the sum of the total taxable
 335 payrolls for the year ending June 30 of the current calendar
 336 year as reported to the tax collection service provider by

337 September 30 of that calendar year into a sum equal to one-
 338 fourth of the difference between the balance of the fund as of
 339 June 30 of that calendar year and the sum of 5 percent of the
 340 total taxable payrolls for that year. The positive adjustment
 341 factor remains in effect for subsequent years until the balance
 342 of the Unemployment Compensation Trust Fund as of June 30 of the
 343 year immediately preceding the effective date of the
 344 contribution rate equals or exceeds 4 percent of the taxable
 345 payrolls for the year ending June 30 of the current calendar
 346 year as reported to the tax collection service provider by
 347 September 30 of that calendar year.

348 d. If, beginning January 1, 2015, and each year
 349 thereafter, the balance of the Unemployment Compensation Trust
 350 Fund as of June 30 of the year immediately preceding the
 351 calendar year for which the contribution rate is being computed
 352 exceeds 5 percent of the taxable payrolls for the year ending
 353 June 30 of the current calendar year as reported to the tax
 354 collection service provider by September 30 of that calendar
 355 year, a negative adjustment factor shall be computed. The
 356 negative adjustment factor shall be computed annually beginning
 357 on January 1, 2015, and each year thereafter, to the fifth
 358 decimal place and rounded to the fourth decimal place by
 359 dividing the sum of the total taxable payrolls for the year
 360 ending June 30 of the current calendar year as reported to the
 361 tax collection service provider by September 30 of the calendar
 362 year into a sum equal to one-fourth of the difference between
 363 the balance of the fund as of June 30 of the current calendar
 364 year and 5 percent of the total taxable payrolls of that year.

365 The negative adjustment factor remains in effect for subsequent
 366 years until the balance of the Unemployment Compensation Trust
 367 Fund as of June 30 of the year immediately preceding the
 368 effective date of the contribution rate is less than 5 percent,
 369 but more than 4 percent of the taxable payrolls for the year
 370 ending June 30 of the current calendar year as reported to the
 371 tax collection service provider by September 30 of that calendar
 372 year. The negative adjustment authorized by this section is
 373 suspended in any calendar year in which repayment of the
 374 principal amount of an advance received from the federal
 375 Unemployment Compensation Trust Fund under 42 U.S.C. s. 1321 is
 376 due to the Federal Government.

377 e. The maximum contribution rate that may be assigned to
 378 an employer is 5.4 percent, except employers participating in an
 379 approved short-time compensation plan may be assigned a maximum
 380 contribution rate that is 1 percent greater than the maximum
 381 contribution rate for other employers in any calendar year in
 382 which short-time compensation benefits are charged to the
 383 employer's employment record.

384 f. As used in this subsection, "taxable payroll" shall be
 385 determined by excluding any part of the remuneration paid to an
 386 individual by an employer for employment during a calendar year
 387 in excess of the first \$7,000. Beginning January 1, 2012,
 388 "taxable payroll" shall be determined by excluding any part of
 389 the remuneration paid to an individual by an employer for
 390 employment during a calendar year in excess of the amount exempt
 391 from this chapter as described in s. 443.1217(2). For the
 392 purposes of the employer rate calculation that will take effect

393 January 1, 2012, and January 1, 2013, the taxpayer service
 394 provider shall use the data available for taxable payroll from
 395 2009 based on excluding any part of the remuneration paid to an
 396 individual by an employer for employment during a calendar year
 397 in excess of the first \$7,000, and for 2010 and 2011, the data
 398 available for taxable payroll based on excluding any part of the
 399 remuneration paid to an individual by an employer for employment
 400 during a calendar year in excess of the first \$8,500.

401 2. If the transfer of an employer's employment record to
 402 an employing unit under paragraph (f) which, before the
 403 transfer, was an employer, the tax collection service provider
 404 shall recompute a benefit ratio for the successor employer based
 405 on the combined employment records and reassign an appropriate
 406 contribution rate to the successor employer effective on the
 407 first day of the calendar quarter immediately after the
 408 effective date of the transfer.

409 (5) ADDITIONAL RATE FOR INTEREST ON FEDERAL ADVANCES.—

410 (a) When the Unemployment Compensation Trust Fund has
 411 received advances from the Federal Government under the
 412 provisions of 42 U.S.C. s. 1321, each contributing employer
 413 shall be assessed an additional rate solely for the purpose of
 414 paying interest due on such federal advances. The additional
 415 rate shall be assessed no later than February 1 in each calendar
 416 year in which an interest payment is due. The Revenue Estimating
 417 Conference shall estimate the amount of such interest no later
 418 than December 1 of the calendar year preceding the calendar year
 419 in which an interest payment is due. The Revenue Estimating
 420 Conference shall, at a minimum, consider the following as the

421 basis for the estimate:

422 1. The amounts actually advanced to the trust fund.

423 2. Amounts expected to be advanced to the trust fund based
 424 on current and projected unemployment patterns and employer
 425 contributions.

426 3. The interest payment due date.

427 4. The interest rate that will be applied by the Federal
 428 Government to any accrued outstanding balances.

429 (b) The additional rate assessed for a calendar year shall
 430 be determined by dividing the estimated amount of interest to be
 431 paid in that year by 95 percent of the taxable wages as
 432 described in s. 443.1217 paid by all employers for the year
 433 ending June 30 of the immediately preceding calendar year. The
 434 amount to be paid by each employer shall be the product obtained
 435 by multiplying such employer's taxable wages as described in s.
 436 443.1217 for the year ending June 30 of the immediately
 437 preceding calendar year by the rate as determined by this
 438 subsection. The tax collection service provider shall make a
 439 separate collection of such assessment, which may be collected
 440 at the time of employer contributions and subject to the same
 441 penalties for failure to file a report, imposition of the
 442 standard rate pursuant to paragraph (3)(h), and interest if the
 443 assessment is not received on or before June 30. The tax
 444 collection service provider shall maintain those funds in the
 445 tax collection service provider's Audit and Warrant Clearing
 446 Trust Fund until the provider is directed to make the interest
 447 payment to the Federal Government. However, if the state is
 448 permitted to defer interest payments due during a calendar year

449 under 42 U.S.C. s. 1322, payment of the interest assessment
 450 shall not be due. If a deferral of interest expires or is
 451 subsequently disallowed by the Federal Government, either
 452 prospectively or retroactively, the interest assessment shall be
 453 immediately due and payable. Notwithstanding any other provision
 454 of this section, if interest due during a calendar year on
 455 federal advances is forgiven or postponed under federal law and
 456 is no longer due during that calendar year, no interest
 457 assessment shall be assessed against an employer for that
 458 calendar year, and any assessment already assessed and collected
 459 against an employer before the forgiveness or postponement of
 460 the interest for that calendar year shall be credited to such
 461 employer's account in the Unemployment Compensation Trust Fund.
 462 However, such funds may be used only to pay benefits or refunds
 463 of erroneous contributions.

464 (6) INVALIDITY OF CERTAIN PROVISIONS.—If any provision of
 465 this section prevents the state from qualifying for any federal
 466 interest relief provisions provided under s. 1202 of the Social
 467 Security Act, 42 U.S.C. s. 1322, or prevents employers in this
 468 state from qualifying for the limitation on credit reduction as
 469 provided under s. 3302(f) of the Federal Unemployment Tax Act,
 470 26 U.S.C. s. 3302(f), that provision is invalid to the extent
 471 necessary to maintain qualification for the interest relief
 472 provisions and federal unemployment tax credits.

473 Section 5. Effective upon this act becoming a law, and
 474 retroactive to January 1, 2010, paragraphs (d) and (e) are added
 475 to subsection (1) of section 443.141, Florida Statutes, to read:
 476 443.141 Collection of contributions and reimbursements.—

477 (1) PAST DUE CONTRIBUTIONS AND REIMBURSEMENTS.—

478 (d) Payments for 2010 contributions.—A contributing
 479 employer may pay its quarterly contributions due for wages paid
 480 in the first three quarters of 2010 in equal installments,
 481 provided those contributions are paid as follows:

482 1. For contributions due for wages paid in the first
 483 quarter of 2010, one-fourth of the contributions due shall be
 484 paid on or before April 30, 2010, one-fourth shall be paid on or
 485 before July 31, 2010, one-fourth shall be paid on or before
 486 October 31, 2010, and the remaining one-fourth shall be paid on
 487 or before December 31, 2010.

488 2. In addition to the payments specified in subparagraph
 489 1., for contributions due for wages paid in the second quarter
 490 of 2010, one-third of the contributions due shall be paid on or
 491 before July 31, 2010, one-third shall be paid on or before
 492 October 31, 2010, and the remaining one-third shall be paid on
 493 or before December 31, 2010.

494 3. In addition to the payments specified in subparagraphs
 495 1. and 2., for contributions due for wages paid in the third
 496 quarter of 2010, one-half of the contributions due shall be paid
 497 on or before October 31, 2010, and the remaining one-half shall
 498 be paid on or before December 31, 2010.

499
 500 Interest shall not accrue on any contribution that becomes due
 501 for wages paid in the first three quarters of 2010 provided the
 502 employer pays the contributions in accordance with subparagraphs
 503 1.-3. Interest and fees shall continue to accrue on prior
 504 delinquent contributions and shall commence to accrue on all

505 contributions due for wages paid in the first three quarters of
 506 2010 that are not paid in accordance with subparagraphs 1.-3.
 507 Penalties may be assessed in accordance with the provisions of
 508 this chapter. The contributions due for wages paid in the fourth
 509 quarter of 2010 are not affected by this paragraph and are due
 510 and payable in accordance with the provisions of this chapter.

511 (e) Payments for 2011 contributions.-A contributing
 512 employer may pay its quarterly contributions due for wages paid
 513 in the first three quarters of 2011 in equal installments,
 514 provided those contributions are paid as follows:

515 1. For contributions due for wages paid in the first
 516 quarter of 2011, one-fourth of the contributions due shall be
 517 paid on or before April 30, 2011, one-fourth shall be paid on or
 518 before July 31, 2011, one-fourth shall be paid on or before
 519 October 31, 2011, and the remaining one-fourth shall be paid on
 520 or before December 31, 2011.

521 2. In addition to the payments specified in subparagraph
 522 1., for contributions due for wages paid in the second quarter
 523 of 2011, one-third of the contributions due shall be paid on or
 524 before July 31, 2011, one-third shall be paid on or before
 525 October 31, 2011, and the remaining one-third shall be paid on
 526 or before December 31, 2011.

527 3. In addition to the payments specified in subparagraphs
 528 1. and 2., for contributions due for wages paid in the third
 529 quarter of 2011, one-half of the contributions due shall be paid
 530 on or before October 31, 2011, and the remaining one-half shall
 531 be paid on or before December 31, 2011.

532

533 Interest shall not accrue on any contribution that becomes due
 534 for wages paid in the first three quarters of 2011 provided the
 535 employer pays the contributions in accordance with subparagraphs
 536 1.-3. Interest and fees shall continue to accrue on prior
 537 delinquent contributions and shall commence to accrue on all
 538 contributions due for wages paid in the first three quarters of
 539 2011 that are not paid in accordance with subparagraphs 1.-3.
 540 Penalties may be assessed in accordance with the provisions of
 541 this chapter. The contributions due for wages paid in the fourth
 542 quarter of 2011 are not affected by this paragraph and are due
 543 and payable in accordance with the provisions of this chapter.

544 Section 6. For the 2009-2010 fiscal year, the sum of
 545 \$1,269,817 is appropriated from the Employment Security
 546 Administration Trust Fund in the contracted services
 547 appropriation category within the Agency for Workforce
 548 Innovation's Unemployment Compensation budget entity to be used
 549 to implement this act. In addition, for the 2009-2010 fiscal
 550 year, the sum of \$1,269,817 is appropriated from the Federal
 551 Grants Trust Fund in a lump sum appropriation category within
 552 the Department of Revenue to be used to implement this act.

553 Section 7. The Legislature finds that this act fulfills an
 554 important state interest.

555 Section 8. Except as otherwise expressly provided in this
 556 act, this act shall take effect upon becoming a law, retroactive
 557 to June 29, 2009.

COUNCIL/COMMITTEE AMENDMENT

Bill No. HB 7033 (2010)

Amendment No. 1

COUNCIL/COMMITTEE ACTION

ADOPTED ___ (Y/N)
ADOPTED AS AMENDED ___ (Y/N)
ADOPTED W/O OBJECTION ___ (Y/N)
FAILED TO ADOPT ___ (Y/N)
WITHDRAWN ___ (Y/N)
OTHER _____

1 Council/Committee hearing bill: Finance & Tax Council
2 Representative(s) Carroll and Murzin offered the following:

3
4

Amendment

5
6
7
8
9

Remove lines 390-393 and insert:
employment during a calendar year as described in s.
443.1217(2). For the purposes of the employer rate calculation
that will take effect January 1, 2012, and January 1, 2013, the
tax collection service

COUNCIL/COMMITTEE AMENDMENT

Bill No. HB 7033 (2010)

Amendment No. 2

COUNCIL/COMMITTEE ACTION

ADOPTED ___ (Y/N)
ADOPTED AS AMENDED ___ (Y/N)
ADOPTED W/O OBJECTION ___ (Y/N)
FAILED TO ADOPT ___ (Y/N)
WITHDRAWN ___ (Y/N)
OTHER _____

1 Council/Committee hearing bill: Finance & Tax Council

2 Representative(s) Carroll and Murzin offered the following:

3
4 **Amendment (with title amendment)**

5 Remove lines 443-447 and insert:

6 assessment is not received on or before June 30. Paragraphs (d)
7 and (e) of s. 443.141(1) do not apply to this separately
8 collected assessment. The tax collection service provider shall
9 maintain those funds in the tax collection service provider's
10 Audit and Warrant Clearing Trust Fund until the provider is
11 directed by the Governor or the Governor's designee to make the
12 interest payment to the Federal Government. Assessments on
13 deposit may be invested and any interest earned shall be part of
14 the balance available to pay the interest on advances received
15 from the Federal Government under the provisions of 42 U.S.C. s.
16 1321. In the calendar year that all advances from the Federal
17 Government under 42 U.S.C. s. 1321 and associated interest is
18 repaid, if there are assessment funds in excess of the amount
19 required to meet the final interest payment, any such excess

Amendment No. 2

20 assessed funds shall be credited to employer accounts in the
21 Unemployment Compensation Trust Fund in an amount equal to the
22 employer's contribution to the assessment for that year divided
23 by the total amount of the assessment for that year, the result
24 of which is multiplied by the amount of excess assessed funds.
25 However, if the state is

26
27
28 -----
29 **T I T L E A M E N D M E N T**

30 Remove line 26 and insert:

31 interest collected until payment is directed; providing for
32 credit of excess interest funds collected; providing

COUNCIL/COMMITTEE AMENDMENT

Bill No. HB 7033 (2010)

Amendment No. 3

COUNCIL/COMMITTEE ACTION

ADOPTED ___ (Y/N)
ADOPTED AS AMENDED ___ (Y/N)
ADOPTED W/O OBJECTION ___ (Y/N)
FAILED TO ADOPT ___ (Y/N)
WITHDRAWN ___ (Y/N)
OTHER _____

1 Council/Committee hearing bill: Finance & Tax Council
2 Representative(s) Carroll and Murzin offered the following:

3
4 **Amendment (with title amendment)**

5 Remove lines 478-552 and insert:

6 (d) Payments for 2010 Contributions.- For an annual
7 administrative fee not to exceed \$5.00, a contributing employer
8 may pay its quarterly contributions due for wages paid in the
9 first three quarters of 2010 in equal installments if those
10 contributions are paid as follows:

11 1. For contributions due for wages paid in the first
12 quarter of 2010, one-fourth of the contributions due must be
13 paid on or before April 30, 2010, one-fourth must be paid on or
14 before July 31, 2010, one-fourth must be paid on or before
15 October 31, 2010, and the remaining one-fourth must be paid on
16 or before December 31, 2010.

17 2. In addition to the payments specified in subparagraph
18 1., for contributions due for wages paid in the second quarter
19 of 2010, one-third of the contributions due must be paid on or

COUNCIL/COMMITTEE AMENDMENT

Bill No. HB 7033 (2010)

Amendment No. 3

20 before July 31, 2010, one-third must be paid on or before
21 October 31, 2010, and the remaining one-third must be paid on or
22 before December 31, 2010.

23 3. In addition to the payments specified in subparagraphs
24 1. and 2., for contributions due for wages paid in the third
25 quarter of 2010, one-half of the contributions due must be paid
26 on or before October 31, 2010, and the remaining one-half must
27 be paid on or before December 31, 2010.

28 4. The annual administrative fee not to exceed \$5.00 for
29 the election to pay under the installment method shall be
30 collected at the time the employer makes the first installment
31 payment. The \$5.00 fee shall be segregated from the payment and
32 shall be deposited in the Operating Trust Fund within the
33 Department of Revenue.

34 5. Interest does not accrue on any contribution that
35 becomes due for wages paid in the first three quarters of 2010
36 if the employer pays the contribution in accordance with
37 subparagraphs 1.-4. Interest and fees continue to accrue on
38 prior delinquent contributions and commence accruing on all
39 contributions due for wages paid in the first three quarters of
40 2010 which are not paid in accordance with subparagraphs 1.-3.
41 Penalties may be assessed in accordance with this chapter. The
42 contributions due for wages paid in the fourth quarter of 2010
43 are not affected by this paragraph and are due and payable in
44 accordance with this chapter.

45 (e) Payments for 2011 Contributions.--For an annual
46 administrative fee not to exceed \$5.00, a contributing employer
47 may pay its quarterly contributions due for wages paid in the

COUNCIL/COMMITTEE AMENDMENT

Bill No. HB 7033 (2010)

Amendment No. 3

48 first three quarters of 2011 in equal installments provided
49 those contributions are paid as follows:

50 1. For contributions due for wages paid in the first
51 quarter of 2011, one-fourth of the contributions due must be
52 paid on or before April 30, 2011, one-fourth must be paid on or
53 before July 31, 2011, one-fourth must be paid on or before
54 October 31, 2011, and the remaining one-fourth must be paid on
55 or before December 31, 2011.

56 2. In addition to the payments specified in subparagraph
57 1., for contributions due for wages paid in the second quarter
58 of 2011, one-third of the contributions due must be paid on or
59 before July 31, 2011, one-third must be paid on or before
60 October 31, 2011, and the remaining one-third must be paid on or
61 before December 31, 2011.

62 3. In addition to the payments specified in subparagraphs
63 1. and 2., for contributions due for wages paid in the third
64 quarter of 2011, one-half of the contributions due must be paid
65 on or before October 31, 2011, and the remaining one-half must
66 be paid on or before December 31, 2011.

67 4. The annual administrative fee not to exceed \$5.00 for
68 the election to pay under the installment method shall be
69 collected at the time the employer makes the first installment
70 payment. The \$5.00 fee shall be segregated from the payment and
71 shall be deposited in the Operating Trust Fund within the
72 Department of Revenue.

73 5. Interest does not accrue on any contribution that
74 becomes due for wages paid in the first three quarters of 2011
75 if the employer pays the contribution in accordance with

Amendment No. 3

76 subparagraphs 1.-4. Interest and fees continue to accrue on
77 prior delinquent contributions and commence accruing on all
78 contributions due for wages paid in the first three quarters of
79 2011 which are not paid in accordance with subparagraphs 1.-3.
80 Penalties may be assessed in accordance with this chapter. The
81 contributions due for wages paid in the fourth quarter of 2011
82 are not affected by this paragraph and are due and payable in
83 accordance with this chapter.

84 Section 6. For Fiscal Year 2009-2010, the sum of \$903,642
85 in nonrecurring funds is appropriated from the Operating Trust
86 Fund to the Administration of Unemployment Compensation Tax
87 Special Category in the Department of Revenue to be used to
88 implement the provisions of this act. In addition, for Fiscal
89 Year 2009-2010, the sum of \$643,862 in nonrecurring funds is
90 appropriated from the Employment Security Administration Trust
91 Fund in the contracted services appropriation category to the
92 Agency for Workforce Innovation to be used to contract with the
93 Department of Revenue for tax-related services as required to
94 implement the provisions of this act.

95
96
97 -----
98 **T I T L E A M E N D M E N T**

99 Remove line 35 and insert:

100 wages; requiring employer to pay a fee of up to \$5.00 to
101 participate in the new schedule; providing for penalties,
102 interest, and fees on

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB FTC 10-01

Deleting obsolete provisions of the Florida Statutes

SPONSOR(S): Finance & Tax Council

TIED BILLS:

IDEN./SIM. BILLS:

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Finance & Tax Council		Wilson <i>[Signature]</i>	Langston <i>[Signature]</i>
1)				
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

This bill contains recommendations for the removal of obsolete or unnecessary language found in the Florida Statutes. The removal of the provisions will help to reduce administrative burdens and increase efficiency within both state and local governments.

The bill repeals the following current law requirements of the Department of Revenue:

- Maintaining an approved state bidder list and providing standard contracts for property assessment services to various local government entities.
- Providing an annual report to the Chief Financial Officer that discloses certain information of taxpayers that utilize corporate income tax deductions for international banking facilities.
- Requiring that a tax collection service provider may only grant an unemployment tax contribution and/or reimbursement waiver from electronic reporting if an employer timely files an Employers Quarterly Report by telefile.

This bill also eliminates the "qualified aircraft" exemption in s. 212.0801, F.S., and subsequent references to "qualified aircraft" found in s. 212.02 and s. 212.08, F.S.

This bill will not have an impact on the state or local government revenue.

This bill will take effect upon becoming a law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Law:

Approved Bidder List; Standard Contracts

Chapter 195, F.S., describes the administrative and regulatory duties of the state regarding just valuation for ad valorem tax purposes.

Under s. 195.095, F.S., the Department of Revenue (Department) is required to maintain an approved state bidder list. This list is a directory of approved vendors that perform property assessment services or provide assessment related technologies that can be utilized by Florida property appraisers, tax collectors, and county commissioners. The Department is also required to promulgate a standard contract that contains the minimum requirements for all contracts entered into with the approved vendors.

The Department has found that these requirements are no longer necessary due to technological advancements in computer assisted mass appraisal systems utilized by local governments.

Qualified Aircraft Exemption

Chapter 212, F.S., establishes Florida's Sales and Use Tax on retail sales of certain tangible personal property, admissions, transient lodgings, commercial rentals, and motor vehicles. Also included in Chapter 212, F.S., are a number of specific exemptions to the Sales and Use Tax.

In s. 212.08(7), F.S., an exemption for "qualified aircraft", as defined in s. 212.02(33), F.S., is provided for sales or leases of qualified aircraft¹, for labor charges for the repair and maintenance of the qualified aircraft², and for replacement engines, parts, and equipment used in the repair or maintenance of qualified aircraft³. In order to be eligible for any of these exemptions, a purchaser or lessee of a qualified aircraft must offer, in writing, to participate in a flight training and research program pursuant to s. 212.0801, F.S. Section 212.02(33), F.S., defines the term "qualified aircraft" to include certain aircraft

¹ Section 212.08(7)(ss), F.S.

² Section 212.08(7)(ee), F.S.

³ Section 212.08(7)(rr), F.S.

with twin turbofan engines that are used by a business operating as an on-demand air carrier that owns or leases and operates a fleet of at least 25 of such aircraft in Florida.

Currently, the Department is unaware of any entity being a "qualified aircraft" exemption certificate holder and there is no record of a "qualified aircraft" exemption certificate ever being utilized.

Persons Claiming Tax Exemptions or Deductions: Annual Report

Chapter 213, F.S., provides general provisions of the state's revenue laws. Among these are provisions that outline the privacy and confidentiality requirements placed upon the Department for the taxes it administers. However, circumstances allow for certain taxpayer information to be shared with specified entities⁴.

Under s. 213.054, F.S., the Department is directed to monitor the utilization of corporate income tax deductions by international banking facilities⁵. Also, an annual report containing the names and addresses of taxpayers who have claimed these deductions is provided to the Chief Financial Officer (CFO) by the Department. Taxpayer information sharing for international banking facilities, between the CFO and the Department, is authorized under s. 213.053(5), F.S. Both the Department and the CFO's office have found this annual report to be unnecessary.

Telefile

Chapter 443, F.S., sets forth provisions for the funding and administration of the state's unemployment insurance system. The Agency for Workforce Innovation, working alongside the United States Department of Labor, regulates the state's unemployment compensation plans, policies, and procedures.

Section 443.163(3), F.S., provides that the Department of Revenue, as the tax collection service provider for the Agency for Workforce Innovation, may grant a waiver from electronic reporting if the employer timely files by "telefile". However, telefile no longer exists for purposes of filing unemployment tax returns.

Effect of Proposed Changes:

This bill repeals s. 195.095, F.S., thereby removing the requirements of the Department to maintain an approved state bidder list and promulgate standard contracts for local governments working with vendors that provide property assessment services and technologies.

The bill also repeals s. 212.0801, F.S., the qualified aircraft exemption. In addition, s. 212.02(33), s. 212.08(7)(ee), 212.08(7)(rr), and 212.08(7)(ss), F.S., are amended to remove the definition and the subsequent references to "qualified aircraft" within current sales tax exemptions related to the sale or lease, repair and maintenance, and replacement engines, parts, and equipment used in the repair or maintenance of aircraft in Florida.

This bill repeals s. 213.054, F.S., to remove the requirement that the Department provide an annual report to the Chief Financial Officer related to the utilization of corporate income tax deductions by international banking facilities. Also, s. 213.053(5), F.S., is amended to remove the permission to disclose certain taxpayer information between the Department and the CFO related to corporate income tax deductions taken by international banking facilities.

This bill amends 443.163(3), F.S., removing the reference to telefile for purposes of filing unemployment returns.

⁴ These confidentiality and information sharing provisions are found in 213.053, F.S.

⁵ Corporate income tax deductions for international banking facilities are authorized pursuant to chapter 81-179, L.O.F.

This bill will take effect upon becoming a law.

B. SECTION DIRECTORY:

Section 1: Repeals s. 195.095, F.S., related to the approved state bidder list and standard contracts for property assessment services, s. 212.0801, F.S., removing the qualified aircraft exemption, and s. 213.054, F.S., related to the annual report provided by the Department for the utilization of corporate income tax deductions for international banking facilities.

Section 2: Amends s. 212.02(33), F.S., removing the definition of "qualified aircraft".

Section 3: Amends s. 212.08(7)(ee), 212.08(7)(rr), and 212.08(7)(ss), F.S., related to qualified aircraft.

Section 4: Amends s. 213.053, F.S., related to the disclosure of taxpayer information to the Chief Financial Officer by the Department.

Section 5: Amends s. 443.163(3)(c), removing the reference to telefile.

Section 6: Provides that the bill will take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

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1 A bill to be entitled
 2 An act relating to deleting obsolete provisions of the
 3 Florida Statutes; repealing s. 195.095, F.S.; relating to
 4 approved bidder list; standard contracts; repealing s.
 5 212.0801, F.S.; relating to qualified aircraft exemption;
 6 repealing s. 213.054, F.S.; relating to persons claiming
 7 tax exemptions or deductions; annual report; amending s.
 8 212.02, F.S.; deleting the definition of the term
 9 "qualified aircraft;" amending s. 212.08, F.S.; conforming
 10 certain exemption provisions to changes made by the act;
 11 amending ss. 213.053 and 443.163, F.S.; conforming
 12 provisions to changes made by the act; providing an
 13 effective date.

14
 15 Be It Enacted by the Legislature of the State of Florida:

16
 17 Section 1. Sections 195.095, 212.0801, and 213.054,
 18 Florida Statutes, are repealed.

19 Section 2. Subsection (33) of section 212.02, Florida
 20 Statutes, is amended to read:

21 212.02 Definitions.—The following terms and phrases when
 22 used in this chapter have the meanings ascribed to them in this
 23 section, except where the context clearly indicates a different
 24 meaning:

25 ~~(33) "Qualified aircraft" means any aircraft having a~~
 26 ~~maximum certified takeoff weight of less than 10,000 pounds and~~
 27 ~~equipped with twin turbofan engines that meet Stage IV noise~~
 28 ~~requirements that is used by a business operating as an on-~~

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29 ~~demand air carrier under Federal Aviation Administration~~
 30 ~~Regulation Title 14, chapter I, part 135, Code of Federal~~
 31 ~~Regulations, that owns or leases and operates a fleet of at~~
 32 ~~least 25 of such aircraft in this state.~~

33 Section 3. Paragraphs (ee), (rr), and (ss) of subsection
 34 (7) of section 212.08, Florida Statutes, are amended to read:

35 212.08 Sales, rental, use, consumption, distribution, and
 36 storage tax; specified exemptions.—The sale at retail, the
 37 rental, the use, the consumption, the distribution, and the
 38 storage to be used or consumed in this state of the following
 39 are hereby specifically exempt from the tax imposed by this
 40 chapter.

41 (7) MISCELLANEOUS EXEMPTIONS.—Exemptions provided to any
 42 entity by this chapter do not inure to any transaction that is
 43 otherwise taxable under this chapter when payment is made by a
 44 representative or employee of the entity by any means,
 45 including, but not limited to, cash, check, or credit card, even
 46 when that representative or employee is subsequently reimbursed
 47 by the entity. In addition, exemptions provided to any entity by
 48 this subsection do not inure to any transaction that is
 49 otherwise taxable under this chapter unless the entity has
 50 obtained a sales tax exemption certificate from the department
 51 or the entity obtains or provides other documentation as
 52 required by the department. Eligible purchases or leases made
 53 with such a certificate must be in strict compliance with this
 54 subsection and departmental rules, and any person who makes an
 55 exempt purchase with a certificate that is not in strict
 56 compliance with this subsection and the rules is liable for and

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57 shall pay the tax. The department may adopt rules to administer
58 this subsection.

59 (ee) Aircraft repair and maintenance labor charges.—There
60 shall be exempt from the tax imposed by this chapter all labor
61 charges for the repair and maintenance of ~~qualified aircraft,~~
62 aircraft of more than 15,000 pounds maximum certified takeoff
63 weight, and rotary wing aircraft of more than 10,000 pounds
64 maximum certified takeoff weight. Except as otherwise provided
65 in this chapter, charges for parts and equipment furnished in
66 connection with such labor charges are taxable.

67 (rr) Equipment used in aircraft repair and maintenance.—
68 There shall be exempt from the tax imposed by this chapter
69 replacement engines, parts, and equipment used in the repair or
70 maintenance of ~~qualified aircraft,~~ aircraft of more than 15,000
71 pounds maximum certified takeoff weight, and rotary wing
72 aircraft of more than 10,300 pounds maximum certified takeoff
73 weight, when such parts or equipment are installed on such
74 aircraft that is being repaired or maintained in this state.

75 (ss) Aircraft sales or leases.—The sale or lease of a
76 ~~qualified aircraft~~ or an aircraft of more than 15,000 pounds
77 maximum certified takeoff weight for use by a common carrier is
78 exempt from the tax imposed by this chapter. As used in this
79 paragraph, "common carrier" means an airline operating under
80 Federal Aviation Administration regulations contained in Title
81 14, chapter I, part 121 or part 129 of the Code of Federal
82 Regulations.

83 Section 4. Subsection (5) of section 213.053, Florida
84 Statutes, is amended to read:

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85 | 213.053 Confidentiality and information sharing.—

86 | (5) Nothing contained in this section shall prevent the
87 | department from:

88 | ~~(a) Publishing statistics so classified as to prevent the~~
89 | ~~identification of particular accounts, reports, declarations, or~~
90 | ~~returns; or~~

91 | ~~(b) Disclosing to the Chief Financial Officer the names~~
92 | ~~and addresses of those taxpayers who have claimed an exemption~~
93 | ~~pursuant to former s. 199.185(1)(i) or a deduction pursuant to~~
94 | ~~s. 220.63(5).~~

95 | Section 5. Paragraph (c) of subsection (3) of section
96 | 443.163, Florida Statutes, is amended to read:

97 | 443.163 Electronic reporting and remitting of
98 | contributions and reimbursements.—

99 | (3) The tax collection service provider may waive the
100 | requirement to file an Employers Quarterly Report (UCT-6) by
101 | electronic means for employers that are unable to comply despite
102 | good faith efforts or due to circumstances beyond the employer's
103 | reasonable control.

104 | (c) The Agency for Workforce Innovation or the state
105 | agency providing unemployment tax collection services may
106 | establish by rule the length of time a waiver is valid and may
107 | determine whether subsequent waivers will be authorized, based
108 | on this subsection; ~~however, the tax collection service provider~~
109 | ~~may only grant a waiver from electronic reporting if the~~
110 | ~~employer timely files the Employers Quarterly Report (UCT-6) by~~
111 | ~~tefile, unless the employer wage detail exceeds the service~~
112 | ~~provider's tefile system capabilities.~~

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Section 6. This act shall take effect upon becoming a law.