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# Finance and Tax Committee

Tuesday, February 3, 2015

9:00 a.m. – 12:00 p.m.

Morris Hall

**ACTION PACKET**

# COMMITTEE MEETING REPORT

Finance & Tax Committee

2/3/2015 9:00:00AM

**Location:** Morris Hall (17 HOB)

**Summary:** No Bills Considered

Committee meeting was reported out: Tuesday, February 03, 2015 12:24:28PM

# COMMITTEE MEETING REPORT

## Finance & Tax Committee

2/3/2015 9:00:00AM

**Location:** Morris Hall (17 HOB)

**Attendance:**

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Matt Gaetz (Chair)	X		
Frank Artiles	X		
Lori Berman	X		
Randolph Bracy	X		
Robert Cortes	X		
Jay Fant	X		
Walter Hill	X		
George Moraitis, Jr.	X		
Jared Moskowitz	X		
Scott Plakon	X		
Ray Rodrigues	X		
José Rodríguez	X		
Hazelle Rogers	X		
Richard Stark	X		
Jennifer Sullivan	X		
John Tobia	X		
Charles Van Zant	X		
Ritch Workman	X		
<b>Totals:</b>	<b>18</b>	<b>0</b>	<b>0</b>

Committee meeting was reported out: Tuesday, February 03, 2015 12:24:28PM

# COMMITTEE MEETING REPORT

## Finance & Tax Committee

2/3/2015 9:00:00AM

**Location:** Morris Hall (17 HOB)

### **Presentation/Workshop/Other Business Appearances:**

Christian Weiss (Lobbyist) (State Employee) - Information Only  
Executive Office of the Governor  
Policy Coordinator  
1702 The Capitol  
Tallahassee FL 32399  
Phone: 850-487-1880

Commercial Leases Tax  
Bo Johnson - Information Only  
NAIOP  
Owner/Broker  
P.O. Box 1392  
Pensacola FL 32591  
Phone: 850-438-8433

Commercial Leases Tax  
Alan Sheppard - Information Only  
NAIOP of Florida  
President  
1312 Bahama Drive  
Orlando FL 32806  
Phone: 407-452-4000

Commercial Leases Tax  
Randy Miller - Information Only  
Florida Retail Federation  
Executive Vice President  
227 South Adams Street  
Tallahassee FL 32301  
Phone: 850-222-4082

Commercial Leases Tax  
Meg Rose - Information Only  
Firehouse Restaurant Group  
Vice President of Field Operations  
3400-08 Kori Road  
Jacksonville FL 32223  
Phone: 904-886-8300 xt. 229

Commercial Leases Tax  
Trey Price - Information Only  
Florida Realtors  
Public Policy Representative  
200 South Monroe Street  
Tallahassee FL 32301  
Phone: 850-224-1400

Committee meeting was reported out: Tuesday, February 03, 2015 12:24:28PM

# COMMITTEE MEETING REPORT

## Finance & Tax Committee

2/3/2015 9:00:00AM

**Location:** Morris Hall (17 HOB)

### **Presentation/Workshop/Other Business Appearances: (continued)**

#### Commercial Leases Tax

Bill Roberts - Information Only

Florida Realtors

Commercial Realtor

14711 Clarendon Drive

Tampa FL 33624

Phone: 813-833-4398

#### Commercial Leases Tax

Ivy Greener (Lobbyist) - Information Only

Lennar Commercial

Executive Vice President

2800 Ponce de Leon Blvd.

Coral Gables FL

Phone: 305-345-5360

#### Commercial Leases Tax

Roy Keister - Information Only

Scottsdale Academy

Owner

3498 Mahan Drive

Tallahassee FL 32397

Phone: 850-219-2400

#### Communications Services Tax

Robert Weissert - Information Only

Florida Tax Watch

Sr. VP for Research & General Counselor

106 North Bronough Street

Tallahassee FL 32301

Phone: 850-222-5052

#### Estate Tax

Karen Woodall (Lobbyist) - Information Only

Florida Center for Fiscal & Economic Policy

Executive Director

579 East Call Street

Tallahassee FL 32301

Phone: 850-321-9386

#### Obsolete Taxes

Lori Killinger (Lobbyist) - Information Only

Palm Beach Fire Fighters

Attorney

315 South Calhoun Street

Tallahassee FL 32309

Phone: 850-222-5702

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**SUPPLEMENT TO FINANCE AND TAX COMMITTEE WORK-PLAN**  
**Feb. 2, 2015 by Democratic Ranking Member Rep. Rodriguez, J.**

On January 7, the Chair presented a list of possible “workplan concepts” in anticipation of committee bills that the Finance and Tax Committee might develop. The six democratic members of the Finance and Tax Committee look forward to working through the committee bill process with our colleagues.

Responding to the Chair’s invitation, this document addresses priorities common to the six democratic members that were not directly addressed in the workplan presented in January. We feel that these should be worked up and workshopped as priority items to be included in committee work product. The proposals below related to corporate taxation, sales and use taxes, ad valorem taxation and tax policies affecting local government.

**Fairness & Competitiveness.**

*Close corporate loopholes.* The separate accounting system used to measure the income of multistate and multinational corporations places Florida corporations at a competitive disadvantage. The Committee should consider reforming our method of corporate taxation to require combined reporting of all domestic corporations (waters-edge unitary apportionment). Such a measure was reported favorably out of three Senate committees in 2009 as SB 2270.<sup>1</sup> The 2014 Florida Tax Handbook<sup>2</sup> estimates this change will generate \$490.7 million dollars in revenue.

*Review sales tax exemptions.* A tax break that does not apply uniformly and only benefits a specific industry or group effectively increases the tax burden felt by those taxpayers that do not enjoy an exemption (i.e. the rest of us). This committee should consider how exemptions or exclusions in the sales and use tax should be evaluated with the goal of phasing out exemptions or exclusions that do not sufficiently serve the public interest. The most recent example of a process proposed to review exemptions and exclusions was filed in 2010 as SB 216.<sup>3</sup> Examples of some of the exclusions or exemptions which might be eliminated after such a review might include those in HB 7159, passed by the House in 2009.<sup>4</sup>

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<sup>1</sup> available at <http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=41504>

<sup>2</sup> available at <http://www.edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2014.pdf>

<sup>3</sup> available at

[http://archive.flsenate.gov/Session/index.cfm?Mode=Bills&SubMenu=1&Tab=session&BI\\_Mode=ViewBillInfo&BillNum=216&Chamber=Senate&Year=2010](http://archive.flsenate.gov/Session/index.cfm?Mode=Bills&SubMenu=1&Tab=session&BI_Mode=ViewBillInfo&BillNum=216&Chamber=Senate&Year=2010)

<sup>4</sup> available at <http://www.myfloridahouse.gov/Sections/Bills/billsdetail.aspx?BillId=42128>

### **Relief for Middle-Class Taxpayers.**

*Reducing funding burdens on local property taxes.* When state policies shift funding from the state to the local level, the effect is an increased burden on local property taxes. A decade ago state funding provided about three dollars to every two dollars raised by taxing local property owners.<sup>5</sup> Now the Florida Education Finance Program is funded by a roughly even split between state general revenue and local property taxes.<sup>6</sup> The fact that public education is increasingly paid for by local property taxes helps to explain why districts' share of education funding has risen from \$6.3 billion in 2005 to \$7.2 billion in 2014.<sup>7</sup>

Any revenue generated from the fairness reforms addressed above could be allocated so as to reduce the property-tax funded Required Local Effort (RLE) made by local school districts and, in doing so, reduce the implied statewide millage rate that generates the RLE. Reducing or limiting the share of local school districts' contribution relative to State resources overall in funding education is a responsible form of relieving burdens on Florida's property tax payers.

### **Competitiveness and Transparency.**

*Measurable results and public disclosure.* As a rule, states should not invest taxpayer money in the private sector in a free market economy. Florida has made many exceptions to this in order to, for example, promote and support economic activity through tax incentive programs. These investments must, however, be based on measurable performance and results; and must be subject to scrutiny by the public. Information on incentives not readily and accessibly provided to the public already, should be made available through means such as the incentives portal maintained by the Department of Economic Opportunity.<sup>8</sup>

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<sup>5</sup> Public School Funding, The Florida Education Finance Program Final Conference Report, on Senate Bill 2-A, May 27, 2003, page 6 <http://www.fldoe.org/finance/fl-edu-finance-program-fefp/fl-edu-finance-program-fefp-calculatio.shtml>

<sup>6</sup> Public School Funding, The Florida Education Finance Program (FEFP) Fiscal Year 2014-2015, page 8 <http://www.fldoe.org/finance/fl-edu-finance-program-fefp/fl-edu-finance-program-fefp-calculatio.shtml>

<sup>7</sup> Laws of Florida, Ch. 2005-70, section 2, line item 73; Laws of Florida Ch. 2014-51, section 2. Line item 96

<sup>8</sup> See [http://www.floridajobs.org/business/DEO\\_EDP\\_PROD.htm](http://www.floridajobs.org/business/DEO_EDP_PROD.htm)

*Keep Florida Working Budget*

# GOVERNOR RICK SCOTT

## Fiscal Year 2015-16



*House  
Committee on  
Finance and Tax,  
February 3, 2015*



## Cellphone and TV Tax - CST

**CST Rates by Base and Category: FY 2014-15 Est.**

	Landline		Cell	Cable	Satellite
	Residential	Non-Residential			
<b>Sales</b>	0.00%	6.65%	6.65%	6.65%	10.80%
<b>Gross Receipts</b>	2.37%	2.52%	2.52%	2.52%	2.37%
<b>Local</b>	5.00%	5.00%	5.00%	5.00%	0.00%
<b>Total CST</b>	7.37%	14.17%	14.17%	14.17%	13.17%

## **Cellphone and TV Tax**





- Communications Services Sales Tax Reduction of 3.6%
  - No PECO impact
  - State sales tax rate reduced from 6.65% to 3.05%
  - Local governments held harmless
  - No impact on local option communications taxes
- Savings to Florida households and businesses
  - Cell phone, commercial land line, cable, & satellite TV bills
  - \$43 annually for family spending \$100 a month
  - Tax cut calculator on [KeepFloridaWorking.com](http://KeepFloridaWorking.com)

# Cellphone and TV Tax

	General Revenue		Local Gov't		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
Across the board rate reduction of 3.6%	\$ (367.4)	\$ (419.9)	\$ (44.6)	\$ (51.0)	\$ (412.0)	\$ (470.9)
Hold local gov't harmless	\$ (44.6)	\$ (51.0)	\$ 44.6	\$ 51.0	\$ -	\$ -
<b>Total</b>	<b>\$ (412.0)</b>	<b>\$ (470.9)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (412.0)</b>	<b>\$ (470.9)</b>

KeepFloridaWorking - Tax Cut Calculator - Windows Internet Explorer

**How much will you save with Governor Scott's Proposed Cell Phone and TV Tax Cut?**

	<b>Cell Phone Service</b> Monthly Amount Paid in State Communication Service Tax	<input type="text" value="2.76"/>
	<b>Cable Service</b> Monthly Amount Paid in State Communication Service Tax	<input type="text"/>
	<b>Satellite Service</b> Monthly Amount Paid in State Communication Service Tax	<input type="text" value="13.00"/>
	<b>Commercial Land Line Service</b> Monthly Amount Paid in State Communication Service Tax	<input type="text" value="12.00"/>
<a href="#">How do I find this?</a>		
<b>Total Yearly Savings</b>		<input type="text" value="112.18"/>