

Committee on Finance and Tax

HB 7063 — Taxation

By Ways and Means Committee; and Rep. McClain (CS/SB 7062 by Appropriations Committee and Finance and Tax Committee)

The bill contains provisions for tax relief and changes to tax policy.

Sales Tax

The bill:

- Permanently exempts from sales tax the sale of:
 - Baby and toddler products, including diapers and wipes.
 - Oral hygiene products.
 - Adult incontinence products.
 - Private investigative services by certain small private investigative agencies.
 - Machinery and equipment used to produce, store, transport, compress, or blend renewable natural gas.
 - Firearm storage devices.
 - Certain cattle fencing.
- Provides two 14-day “back-to-school” sales tax holidays from July 24, 2023, through August 6, 2023, and January 1, 2024, through January 14, 2024, for certain clothing, school supplies, learning aids and puzzles, and personal computers.
- Provides two 14-day “disaster preparedness” sales tax holidays from May 27, 2023, through June 9, 2023, and August 26, 2023, through September 8, 2023, for specified disaster preparedness items.
- Provides a three-month “recreational” sales tax holiday (“Freedom Summer”) from May 29, 2023, through September 4, 2023, for specified admissions, boating and water activity supplies, camping supplies, fishing supplies, general outdoor supplies, residential pool supplies, children’s toys, and children’s athletic equipment.
- Provides a 7-day “tools” sales tax holiday from September 2, 2023, through September 8, 2023, for tools and equipment needed in skilled trades.
- Provides a one-year sales tax exemption from July 1, 2023, through June 30, 2024, for gas ranges and cooktops.
- Provides a one-year sales tax exemption from July 1, 2023, through June 30, 2024, for certain ENERGY STAR certified refrigerators, refrigerator/freezer combinations, water heaters, and clothes washers and dryers.
- Reduces the sales tax rate on commercial leases from 5.5 percent to 4.5 percent beginning December 2023, and lasting until the rate is permanently reduced to 2 percent in accordance with SB 50 (2021).

Ad Valorem Tax

The bill:

- Expands the property tax exemption for educational property to include certain leased property.
- Redefines “first responder” to include federal law enforcement officers for purposes of the homestead exemption for totally and permanently disabled first responders and the homestead exemption for surviving spouses of first responders who die in the line of duty.
- Clarifies that parsonages, burial grounds, and tombs owned by an entity that owns a house of public worship are used for a religious purpose.
- Clarifies that totally and permanently disabled veterans and surviving spouses may transfer their existing homestead exemption to a new property.
- Allows totally and permanently disabled veterans and surviving spouses who purchase a new homestead in Florida to receive a refund of the taxes they paid in the year of purchase.
- Prohibits the imposition of special assessments on agricultural lands, except that special assessments that are currently pledged for bonds may continue until the bonds have been paid.
- Increases the property values and percentages of variance above which a property appraiser may appeal an assessment change made by a value adjustment board.
- Amends the totally and permanently disabled veteran homestead property tax exemption to incorporate a recent court decision.

Corporate Income Tax

The bill:

- Adopts the Internal Revenue Code in effect on January 1, 2023.
- Creates a temporary corporate income tax credit for expenses incurred in Florida in preparing a facility to produce human breast milk fortifiers.
- Creates a temporary corporate income tax credit for installing a graywater system on residential property in Florida.
- Clarifies that for purposes of calculating the underpayment penalty, contributions to tax donation programs are counted as payments of tax.

Documentary Stamp Tax and Intangible Personal Property Tax

The bill provides a documentary stamp and intangibles tax exemption for certain Small Business Administration 504 loans.

Various Taxes

The bill:

- Increases the annual limit for contaminated site rehabilitation (“brownfields”) tax credits from \$10 million to \$35 million.
- Delays Florida’s motor fuel tax on natural gas from January 1, 2024, until January 1, 2026.
- Freezes the local communications services tax rates until January 1, 2026.
- Authorizes a county to levy the local option food and beverage tax in a city or town that levies the municipal resort tax, if the levy is approved by referendum.
- Increases the annual cap on the Strong Families Tax Credit program by \$10 million.
- Requires future levies of tourist development tax to be by referendum.
- Increases from 225,000 to 275,000 the population cap under which certain counties are authorized to use up to 10 percent of their tourist development tax receipts on public safety expenses necessitated by tourism.
- Authorizes certain fiscally constrained counties to use up to 10 percent of their tourist development tax receipts on public safety expenses necessitated by tourism.
- Distributes \$27.5 million in sales tax receipts for two years for use by thoroughbred race tracks in Florida to promote thoroughbred racing and thoroughbred breeding in Florida.
- Creates a pari-mutuel tax credit equal to the amounts paid by Florida racetracks to the Horseracing Integrity and Safety Association.
- Updates various statutes that require taxes to be imposed by referenda to require that increases and reenactments of taxes be on the ballot in a general election within 48 months of the increase or reenactment becoming effective, and such referenda may be on the ballot only once during that 48 months.
- Appropriates \$35 million to the Department of Revenue to reimburse local governments for the property tax refunds issued to property owners whose residential property was rendered uninhabitable by Hurricane Ian or Hurricane Nicole during calendar year 2022.
- Makes non-substantive clarifications to Florida’s statute that provides for property tax refunds related to property rendered uninhabitable.

If approved by the Governor, these provisions take effect July 1, 2023, except as otherwise provided in the bill.

Vote: Senate 38-0; House 112-0