

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Committee on Finance and Tax

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BILL: SPB 7034

INTRODUCER: For consideration by the Finance and Tax Committee

SUBJECT: Taxation

DATE: April 14, 2025

REVISED: \_\_\_\_\_

| ANALYST  | STAFF DIRECTOR | REFERENCE | ACTION             |
|----------|----------------|-----------|--------------------|
| 1. Gross | Khan           |           | <b>Pre-meeting</b> |

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**I. Summary:**

SPB 7034:

- Permanently exempts from the **Sales and Use Tax**:
  - Certain clothing and shoes with a sales price of \$75 or less per item.
  - Gold, silver, or platinum bullion, or any combination, with a sales price of less than \$500.
- Temporarily exempts from the **Sales and Use Tax**:
  - “Disaster Preparedness” items and supplies necessary for disaster preparation and the evacuation of pets from May 15, 2025, through May 31, 2025.
  - Specific admissions, boating and water activity supplies, camping supplies, fishing supplies, general outdoor supplies, residential pool supplies, and certain electric scooters from June 1, 2025, through July 31, 2025.
  - “Back-to-School” items including bags and backpacks, school supplies, learning aids and puzzles, and personal computers and computer accessories from August 1, 2025, through August 10, 2025.
  - Certain tools and safety equipment from August 29, 2025, through September 7, 2025.
  - “Hunting Season” items including ammunition, firearms, bows, crossbows, and certain accessories for firearms or bows and crossbows from September 8, 2025, through December 31, 2025.
- The bill makes the following changes to the **Ad Valorem Property Tax**:
  - Limits the assessment of tangible personal property owned and operated by a citrus packinghouse or processor to its salvage value for the 2025 tax roll if the property is no longer used in the operation of a facility due to the effects of citrus greening.
  - Extends the length of time lands may be classified as agricultural to 10 years after the date of execution of a compliance agreement. For lands replanted in citrus, the bill also extends to 10 years the length of time a de minimis assessment may be provided.
  - Requires certain value adjustment boards to allow petitioners to appear remotely at a hearing.
  - Allows a taxpayer that received a final action by the value adjustment board to bring an action within 30 days after recertification by the property appraiser if the roll was extended.

- Aligns property appraiser requirements that must be met when an applicant's exemption application is denied.
- Exempts property used for educational purposes when any portion of real property is used by a child care facility that has achieved Gold Seal Quality status.
- Makes other technical corrections.
- The bill makes the following changes to the **Corporate Income Tax or Insurance Premium Tax**:
  - Creates the Rural Community Investment Program, which allows investors to earn tax credits against the corporate income tax or insurance premium tax by investing in a rural fund.
  - Updates Florida's corporate income tax by adopting the federal Internal Revenue Code effective on January 1, 2025.
- The bill makes the following changes that affect **Various Taxes**:
  - Creates the Home Away From Home Tax Credit Program, which is funded up to \$5 million per fiscal year beginning in Fiscal Year 2026-2027. A credit may not be issued after Fiscal Year 2031-2032.
  - Requires a copy of the eligible charitable organization's most recent federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990), if filed.
- **Other changes** made by the bill include:
  - Providing a temporary reduction to certain Department of Highway Safety and Motor Vehicles registration fees.
  - Creating a \$50 million expenditure cap for the amount of tourist development tax revenue that must be spent to promote and advertise tourism before revenue may be used for public facilities.
  - Prohibiting any local communications services tax rate in effect as of January 1, 2023, from being increased before January 1, 2031.
  - Clarifying activities that the Department of Revenue may engage in during the pre-audit preparation period.
  - Increasing a distribution from the beverage tax to certain health centers.
  - Amending provisions related to forwarding agents, including application and the tax collection process and requirements.
  - Requiring a study of Florida's property tax by the Office of Economic and Demographic Research by November 1, 2025.

The bill is estimated by staff to reduce revenues in total by \$2,128.5 million, which is the sum of \$946.8 million (recurring), and \$1,181.7 million (pure nonrecurring in Fiscal Year 2025-2026 and reductions resulting from nonrecurring impacts in other years).

The bill appropriates \$1.3 million in nonrecurring General Revenue. One million dollars is appropriated to the Office of Economic and Demographic Research to conduct a study of Florida's property tax and \$311,076 is appropriated to the Department of Revenue to implement the Home Away From Home Tax Credit Program.

Except as otherwise provided, the bill takes effect July 1, 2025.

## II. Present Situation:

### Overview of Florida Sales and Use Tax

Florida levies a 6 percent tax on the sale or rental of most items of tangible personal property,<sup>1</sup> admissions,<sup>2</sup> transient rentals,<sup>3</sup> and a limited number of services, as well as a 2 percent tax on commercial leases.<sup>4</sup> Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.<sup>5</sup>

The governing body of a county and school boards are authorized to levy local discretionary sales surtaxes in addition to the state sales tax.<sup>6</sup> A surtax applies to “all transactions ... subject to the state tax ... on sales, use, services, rentals, admissions, and other transactions ....”<sup>7</sup> In counties with discretionary sales surtaxes, the combined county and school board rates vary from 0.5 to 2 percent.<sup>8</sup> Two counties, Citrus and Collier, have no discretionary sales surtax levies.

### Overview of Florida Property Tax

The ad valorem tax or “property tax” is an annual tax levied by counties, municipalities, school districts, and some special districts. The tax is based on the taxable value of property as of January 1 of each year.<sup>9</sup> The property appraiser annually determines the “just value”<sup>10</sup> of property within the taxing authority and then applies relevant exclusions, assessment limitations, and exemptions to determine the property’s “taxable value.”<sup>11</sup> Property tax bills are mailed in November of each year based on the previous January 1 valuation. Taxes are due by March 31 of the following year, but taxpayers receive a discount if they pay early.<sup>12</sup>

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<sup>1</sup> Section 212.05(1)(a)1.a., F.S.

<sup>2</sup> Section 212.04(1)(b), F.S.

<sup>3</sup> Section 212.03(1)(a), F.S.

<sup>4</sup> Section 212.031, F.S.

<sup>5</sup> Section 212.07(2), F.S.

<sup>6</sup> Section 212.055, F.S.

<sup>7</sup> Section 212.054(2)(a), F.S.

<sup>8</sup> FLA. DEP’T OF REVENUE, *Discretionary Sales Surtax Information for Calendar Year 2025*, available at [https://floridarevenue.com/Forms\\_library/current/dr15dss.pdf](https://floridarevenue.com/Forms_library/current/dr15dss.pdf) (last visited April 1, 2025).

<sup>9</sup> Both real property and tangible personal property are subject to tax. Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value capable of manual possession and whose chief value is intrinsic to the article itself.

<sup>10</sup> Property must be valued at “just value” for purposes of property taxation, unless the Florida Constitution provides otherwise. FLA. CONST. art VII, s. 4. Just value has been interpreted by the courts to mean the fair market value that a willing buyer would pay a willing seller for the property in an arm’s-length transaction. *See, e.g., Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *S. Bell Tel. & Tel. Co. v. Dade Cnty.*, 275 So. 2d 4 (Fla. 1973).

<sup>11</sup> *See* ss. 192.001(2) and (16), F.S.

<sup>12</sup> Section 197.162, F.S.; *see also* Fla. Dep’t of Revenue, *Tax Collector Calendar*, available at <https://floridarevenue.com/property/Documents/tccalendar.pdf> (last visited April 1, 2025).

The Florida Constitution prohibits the state from levying ad valorem taxes<sup>13</sup> and limits the Legislature's authority to provide for property valuations at less than just value, unless expressly authorized.<sup>14</sup>

### **Overview of Florida Corporate Income Tax**

Florida levies a 5.5 percent tax on certain income of corporations and financial institutions doing business in Florida.<sup>15</sup> Florida utilizes the taxable income determined for federal income tax purposes as a starting point to determine the total amount of Florida corporate income tax due.<sup>16</sup> This means that a corporation paying taxes in Florida generally receives the same benefits from deductions allowed when determining taxable income for federal tax purposes as it does when determining taxable income for state taxation purposes.

Florida provides various tax benefits for certain corporate activities. These tax benefits take the form of subtractions, which reduce the amount of income that is subject to tax, exemptions, which prohibit taxation on certain levels of income, and tax credits, which are a dollar-for-dollar reduction of a corporation's tax liability.

Specific current law discussion related to the provisions of the bill are provided in Section III.

## **III. Effect of Proposed Changes:**

### **Section 1 – Tourist Development Tax Expenditure Requirement**

#### ***Present Situation***

Pursuant to the Local Option Tourist Development Act,<sup>17</sup> counties are authorized to levy five separate taxes on transient rental<sup>18</sup> transactions (tourist development taxes or TDTs). Depending on a county's eligibility to levy such taxes, the maximum potential tax rate varies:

- The original TDT may be levied at the rate of 1 or 2 percent.<sup>19</sup>
- An additional 1 percent tax may be levied by counties who have previously levied the original TDT at the 1 or 2 percent rate for at least three years.<sup>20</sup>
- A high tourism impact tax may be levied at an additional 1 percent.<sup>21</sup>
- A professional sports franchise facility tax may be levied up to an additional 1 percent.<sup>22</sup>
- An additional professional sports franchise facility tax no greater than 1 percent may be imposed by a county that has already levied the professional sports franchise facility tax.<sup>23</sup>

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<sup>13</sup> FLA. CONST. art. VII, s. 1(a).

<sup>14</sup> See FLA. CONST. art. VII, s. 4.

<sup>15</sup> Section 220.11(2), F.S.

<sup>16</sup> Section 220.12, F.S.

<sup>17</sup> Section 125.0104, F.S.

<sup>18</sup> Section 125.0104(3)(a)1., F.S., considers "transient rental" to be the rental or lease of any accommodation for a term of six months or less.

<sup>19</sup> Section 125.0104(3)(c), F.S.

<sup>20</sup> Section 125.0104(3)(d), F.S.

<sup>21</sup> Section 125.0104(3)(m), F.S.

<sup>22</sup> Section 125.0104(3)(l), F.S.

<sup>23</sup> Section 125.0104(3)(n), F.S.

The revenues derived from TDTs may be used for specified purposes listed in statute, all of which are generally related to the tourism industry.<sup>24</sup> Examples of these purposes include promoting and advertising tourism; construction of publicly owned convention centers, sports stadiums, sports arenas, coliseums, auditoriums, aquariums, or museums; and financing beach park facilities.

Additionally, TDT revenue may be used for acquiring, constructing, extending, enlarging, remodeling, repairing, improving, maintaining, operating, or financing public facilities<sup>25</sup> if the public facilities are needed to increase tourist-related business activities. Expenditure on public facilities must be recommended by the county tourist development council<sup>26</sup> and meet the following requirements:

- At least \$10 million in TDT revenue was received by the county in the previous fiscal year.
- The county governing board approves the use for the proposed public facilities by a vote of at least two-thirds of its membership.
- No more than 70 percent of the cost of the proposed public facilities will be paid for with TDT revenues, and sources of funding for the remaining cost are identified and confirmed by the county governing board.
- An independent professional analysis, performed at the expense of the county tourist development council, demonstrates the positive impact of the infrastructure project on tourist-related businesses in the county.
- At least 40 percent of all TDT revenues collected in the county are spent to promote and advertise tourism.

### ***Proposed Changes***

The bill amends s. 125.0104, F.S., to create an expenditure limitation for the amount of TDT revenues that must be spent to promote and advertise tourism before revenue may be used for public facilities. Under the bill, a county must spend at least 40 percent of all TDT revenues, but no more than \$50 million annually, to promote or advertise tourism before using revenue for public facilities.

This section takes effect July 1, 2025.

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<sup>24</sup> Section 125.0104(5), F.S.

<sup>25</sup> Public facilities include major capital improvements that have a life expectancy of 5 or more years, including, but not limited to, transportation, sanitary sewer, solid waste, drainage, potable water, and pedestrian facilities. *See* s. 125.0104(5)(a)6., F.S.

<sup>26</sup> Section 125.0104(5)(a)6., F.S.

## **Section 2 and 3 – Citrus Processing and Packinghouse Tangible Personal Property Assessment**

### ***Present Situation***

Generally, agricultural equipment that is located on property classified as agricultural<sup>27</sup> and is obsolete and no longer usable for its intended purpose is deemed to have a market value no greater than its value for salvage.<sup>28</sup>

For the 2018 tax year only, the Legislature provided that tangible personal property owned and operated by a citrus fruit packing or processing facility was be deemed to have a market value no greater than its salvage value, provided the tangible personal property is no longer used in the operation of the facility due to the effects of Hurricane Irma or citrus greening.<sup>29</sup>

### ***Proposed Changes***

The bill amends s. 193.4516, F.S., to limit the assessment of tangible personal property owned and operated by a citrus packinghouse or processor to its salvage value for the 2025 tax roll if the property is no longer used in the operation of a facility due to the effects of citrus greening.

The bill defines:

- “Citrus” to mean all plants, plant parts, and plant products, including seed and fruit, of all genera, species, and varieties of the *Rutaceous* subfamilies *Aurantioideae*, *Rutoideae*, and *Toddalioideae*, unless specifically excluded by the rules of the department.
- “Packinghouse” to mean any building, structure, or place where citrus fruit is packed or otherwise prepared for market or shipment in fresh form.
- “Processor” to mean any person engaged within this state in the business of canning, concentrating, or otherwise processing citrus fruit for market other than for shipment in fresh fruit form.

To receive this assessment, an applicant must file an application with the property appraiser on or before August 1, 2025. Those applicants denied the assessment may petition the value adjustment board. Such petition must be filed on or before the 25<sup>th</sup> day after the Truth In Millage Statement is mailed by the property appraiser.

These sections take effect upon the bill becoming a law and apply retroactively to January 1, 2025.

## **Section 4 and 5 – Agricultural Classification Extension for Citrus Farms**

### ***Present Situation***

Lands classified for assessment purposes as agricultural lands which are taken out of production by a state or federal eradication or quarantine program, including the Citrus Health Response

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<sup>27</sup> Section 193.461, F.S.

<sup>28</sup> Section 193.4615, F.S.

<sup>29</sup> Section 193.4516, F.S.

Program, continue to be classified as agricultural lands for 5 years after the date of execution of a compliance agreement pursuant to such program or successor programs.<sup>30</sup>

Lands under these programs that convert to fallow or otherwise non-income-producing uses may continue to be classified as agricultural lands and assessed at a de minimis value of up to \$50 per acre per year while fallow or otherwise used for non-income-producing purposes.

Lands under these programs which are replanted in citrus pursuant to the requirements of the compliance agreement must continue to be classified as agricultural lands and shall be assessed at a de minimis value of up to \$50 per acre per year during the 5-year term of agreement.

However, lands converted to other income-producing agricultural uses permissible under such programs shall be assessed based upon its agricultural use. Land under a mandated eradication or quarantine program which is diverted from an agricultural to a nonagricultural use shall be assessed as nonagricultural land.<sup>31</sup>

### ***Proposed Changes***

The bill amends s. 193.461, F.S., to extend the length of time lands may be classified as agricultural to 10 years after the date of execution of a compliance agreement. For lands replanted in citrus, the bill also extends to 10 years the length of time a de minimis assessment may be provided.

These sections take effect upon the bill becoming a law.

## **Section 6 and 23 – Provisions Amended to Address Technical Corrections**

### ***Present Situation***

Section 194.014(2), F.S., provides the methodology for calculating the amount of a refund due to a property tax taxpayer along with accompanying interest. The statute reads, in part, *[I]f the value adjustment board or the property appraiser determines that a refund is due, the overpaid amount accrues interest at an annual percentage rate equal to the bank prime loan rate on July 1, or the first business day thereafter if July 1 is a Saturday, Sunday, or legal holiday, of the tax year, beginning on the date the taxes became delinquent pursuant to s. 197.333 until a refund is paid.*

Overpaid taxes never become “delinquent taxes.”

### ***Proposed Changes***

The bill amends s. 194.014(2), F.S., to replace the phrase “become delinquent” with “would have become delinquent.”

### ***Present Situation***

Section 213.37, F.S., addresses how persons can verify documents required by the Department of Revenue. Such verification shall be accomplished as provided in s. 92.525(1)(b), F.S.

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<sup>30</sup> Section 193.461(7)(a), F.S.

<sup>31</sup> See s. 193.011, F.S.

Prior to 2015, s. 92.525(1)(b), F.S., provided that such verification may be accomplished by signing a written declaration, which means, “*Under penalties of perjury, I declare that I have read the foregoing [document] and that the facts stated in it are true,*” followed by the signature of the person making the declaration, except when a verification on information or belief is permitted by law, in which case the words “*to the best of my knowledge and belief*” may be added. The written declaration shall be printed or typed at the end of or immediately below the document being verified and above the signature of the person making the declaration.<sup>32</sup>

In 2015, s. 92.525(1), F.S., was amended to redesignate paragraph (b) as paragraph (c) and add a new paragraph (b).

### ***Proposed Changes***

The bill amends s. 213.37(2), F.S., to cross reference s. 92.525(1)(c), F.S.

These sections take effect July 1, 2025.

## **Section 7 – Remote Hearings and Value Adjustment Board Proceedings**

### ***Present Situation***

County value adjustment boards may meet each year to:<sup>33</sup>

- Hear petitions relating to the assessments of property.
- Hear complaints relating to homestead exemptions.
- Hear appeals from exemptions denied, or disputes arising from exemptions granted, upon the filing of exemption applications.
- Hear appeals concerning ad valorem tax deferrals and classifications.
- Hear appeals from determinations of a change of ownership under or a qualifying improvement.

The board may also meet to hear appeals pertaining to the denial by the property appraiser of exemptions, tax refunds relating to a catastrophic event, agricultural and high-water recharge classifications, classifications as historic property used for commercial or certain nonprofit purposes, and tax deferrals.

Clerks of the governing body of the county prepare a schedule of appearances to be heard before the board; sending notice to a petitioner of the time or block of time such petition shall be heard. Property appraisers are required to provide a copy of the property record card to the petitioner upon receipt of the petition from the clerk, in addition to other evidence exchanged to create the legal record.<sup>34</sup> Hearings may be rescheduled once by either party for good cause.<sup>35</sup>

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<sup>32</sup> Section 92.525(2), F.S.

<sup>33</sup> Section 194.032(1)(a), F.S.

<sup>34</sup> Fla. Admin. Code R. 12D-9.020

<sup>35</sup> Section 194.032(2)(b), F.S.



***Proposed Changes***

The bill amends s. 134.032(2), F.S., to require a value adjustment board to allow petitioners to appear at a hearing using electronic or other communication equipment if a petitioner submits a written request to appear in such manner no later than 10 calendar days before the date of the hearing.

The board must ensure that the equipment is adequate and functional for allowing clear communication among the participants and for creating the hearing records required by law. The hearing must be open to the public either by providing the ability for interested members of the public to join the hearing electronically or to monitor the hearing at the location of the board. The board must establish a uniform method for swearing witnesses; receiving evidence submitted by a petitioner and presenting evidence, before, during, or after the hearing; and placing testimony on the record.

The submission of evidence by a petitioner must be transmitted to the board in a format that can be processed, viewed, printed, and archived.

Counties having a population of less than 75,000 may opt out of providing an electronic hearing.

The bill also requires a tax collector to include in the notice information for a petitioner to appear at the hearing using electronic or other communication equipment if the county has not opted out.

This section takes effect January 1, 2026.

**Section 8 and 9 – Appeal Deadline after Value Adjustment Board Decision*****Present Situation***

The circuit courts have original jurisdiction at law of all matters relating to property taxation.<sup>36</sup> No action may be brought to contest a tax assessment after 60 days from (1) the date the assessment being contested is certified for collection by the value adjustment board after the first certification of such roll, or (2) 60 days from the date a decision is rendered concerning such assessment by the value adjustment board if a petition contesting the assessment had not received final action by the value adjustment board prior to extension of the roll.<sup>37</sup>

The board of county commissioners may, upon request by the tax collector and by majority vote, order the roll to be extended prior to completion of value adjustment board hearings, if completion would otherwise be the only cause for a delay in the issuance of tax notices beyond November 1.<sup>38</sup>

When the tax rolls have been extended, the second certification of the value adjustment board reflects all changes made by the board together with any adjustments or changes made by the property appraiser. Upon such certification, the property appraiser recertifies the tax rolls with all

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<sup>36</sup> Section 194.171(1), F.S.

<sup>37</sup> Section 194.171(2), F.S.

<sup>38</sup> Section 197.323, F.S.

changes, presents it to the collector, and provides public notice of the date and fact of recertification.<sup>39</sup>

### ***Proposed Changes***

The bill amends s. 194.171(2), F.S., to allow a taxpayer that received a final action by the value adjustment board to bring an action within 30 days after recertification by the property appraiser if the roll was extended.

These sections take effect July 1, 2025, and first apply to the 2026 tax roll.

## **Section 10 and 11 – Exemption Application Denial Requirements**

### ***Present Situation***

Section 196.151, F.S., requires the property appraisers of the counties of the state to, as soon as practicable after March 1 of each year and on or before July 1, carefully consider all applications for tax exemptions that have been filed in their respective offices on or before March 1 of that year.<sup>40</sup>

If, upon investigation, the property appraiser finds that the applicant is entitled to the tax exemption applied for under the law, he or she shall make such entries upon the tax rolls of the county as are necessary to allow the exemption to the applicant. If, after due consideration, the property appraiser finds that the applicant is not entitled under the law to the exemption asked for, he or she shall immediately make out a notice of such disapproval, giving his or her reasons therefor, a copy of which notice must be served upon the applicant by the property appraiser either by personal delivery or by registered mail to the post office address given by the applicant.<sup>41</sup>

Section 196.193(5), F.S., state that if the property appraiser determines that any property claimed as wholly or partially exempt under this section is not entitled to any exemption or is entitled to an exemption to an extent other than that requested in the application, he or she shall notify the person or organization filing the application on such property of that determination in writing on or before July 1 of the year for which the application was filed.

The notification must state in clear and unambiguous language the specific requirements of the state statutes which the property appraiser relied upon to deny the applicant the exemption with respect to the subject property. The notification must be drafted in such a way that a reasonable person can understand specific attributes of the applicant or the applicant's use of the subject property which formed the basis for the denial. The notice must also include the specific facts the property appraiser used to determine that the applicant failed to meet the statutory requirements. If a property appraiser fails to provide a notice that complies with this subsection, any denial of an exemption or an attempted denial of an exemption is invalid.

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<sup>39</sup> Section 193.122(3), F.S.

<sup>40</sup> Section 196.151, F.S.

<sup>41</sup> Id.

***Proposed Changes***

The bill amends s. 196.151, F.S., to align property appraiser requirements that must be met when an applicant's exemption application is denied.

These sections take effect upon the bill becoming a law and apply to actions pending as of the effective date of the act.

**Section 12, 13, and 36 – Gold Seal Child Care Facilities Property Tax Exemption*****Present Situation*****Educational Property Exemption**

Property used for educational purposes is exempt from property tax in Florida.<sup>42</sup> In order to be exempt, the property generally has to be both owned by an educational institution and used for educational purposes by the educational institution.<sup>43</sup>

The exemption also covers several additional educational situations:

- Certain workshops that provide rehabilitation and retraining of disabled persons;
- Certain portions of property used by college fraternities and sororities;
- The use of property by certain public fairs and expositions;
- Situations where the property used for educational purposes and the educational institution are owned by the same persons;
- Property owned by a non-profit entity but used for educational purposes by a 501(c)(3) educational institution that uses the property under a ground lease or other contractual arrangement to provide education for students prekindergarten through grade 8
- The property is leased by an educational institution under a 98-year lease for a nominal amount; and
- The property is leased and used by an educational institution for educational purposes, the educational institution received the exemption for any 10 consecutive years, and the educational institution is responsible for the taxes, ongoing maintenance, and expenses.<sup>44</sup>

**Gold Seal Quality Status**

In 1996, the Florida Legislature established, and now the Department of Education (DOE) administers,<sup>45</sup> the Gold Seal Quality Care Program to recognize child care facilities, large family day care homes, or family day care homes that have gone above the required minimum licensing standards to become accredited by recognized agencies whose standards reflect quality in the level of care and supervision provided to children.<sup>46</sup> The Gold Seal Quality Care Program is not an accreditation, but a designation with potential benefits to those that participate including, but not limited to:

- A positive marketing tool for prospective parents.

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<sup>42</sup> Section 196.198, F.S.

<sup>43</sup> Id.

<sup>44</sup> Id.

<sup>45</sup> Effective July 1, 2021, the Gold Seal program was transferred to the Department of Education from the Department of Children and Families (DCF). See: Florida Department of Education, *Gold Seal Quality Care Program*, available at <https://www.fldoe.org/schools/early-learning/providers/gold-seal.stml> (last visited April 9, 2025).

<sup>46</sup> Section 1002.945, F.S.

- Tax exemptions. The Department of Revenue issues the exemption certificates for sales tax. This exemption is for certain educational materials.
- Higher reimbursement for School Readiness providers.
- Eligibility to participate in Voluntary Prekindergarten (VPK).<sup>47</sup>

As of April 9, 2025, the DOE lists 1,927 Gold Seal Quality Care providers.<sup>48</sup>

### ***Proposed Change***

The bill amends s. 196.198, F.S., to exempt property used for educational purposes when any portion of real property is used by a child care facility that has achieved Gold Seal Quality status. The property is deemed owned by such facility and used for an educational purpose if, under a lease, the operator of a facility is responsible for payment of ad valorem taxes. The owner of the property must disclose to the lessee child care facility operator the total amount of the benefit derived from the exemption and the method for ensuring that the operator receives the benefit.

The bill also amends s. 1002.945, F.S., to provide that any real estate, or such portion, owned or leased as a child care facility which achieves Gold Seal Quality status is considered an educational institution eligible to qualify for an ad valorem taxation exemption under s. 196.198, F.S.

Amendments made to s. 196.198, F.S., take effect July 1, 2025, and first apply to the 2026 tax roll. Amendments made to s. 1002.945, F.S., take effect January 1, 2026.

## **Section 14 – Local CST Rate Limitation**

### ***Present Situation***

Florida imposes communications services tax on the sale of communications services in Florida.<sup>49</sup> The tax applies to communications services such as telephone service, cable television service, and direct-to-home satellite service. The tax is comprised of both a state tax<sup>50</sup> and a local tax<sup>51</sup>. The state tax rate is generally 4.92 percent,<sup>52</sup> except for direct-to-home satellite service, which has a unique tax structure.

With regard to the local communications services tax:

- Charter counties and municipalities may levy a rate of up to 5.1 percent for municipalities and charter counties that have not chosen to levy permit fees, and at a rate of up to 4.98 percent for municipalities and charter counties that have chosen to levy permit fees; and
- Noncharter counties may levy a rate of up to 1.6 percent.<sup>53</sup>

<sup>47</sup> Florida Department of Education, *Gold Seal Quality Care Program*, available at <https://www.fldoe.org/schools/early-learning/providers/gold-seal.html> (last visited April 9, 2025).

<sup>48</sup> Florida Department of Education, *Gold Seal Providers*, available at <https://www.fldoe.org/schools/early-learning/parents/gold-seal.html> (last visited April 9, 2025).

<sup>49</sup> Section 202.12, F.S.

<sup>50</sup> Section 202.12, F.S.

<sup>51</sup> Section 202.19, F.S.

<sup>52</sup> Section 202.12(1)(a) and (b), F.S.

<sup>53</sup> Section 202.19, F.S.

Under s. 202.19(5), F.S., any discretionary sales surtax levied by a county or school board under s. 212.055, F.S., is imposed as a local communications services tax. This surtax is added to the adopted local rate at the respective conversion rate, as determined in accordance with methodology and chart in s. 202.20(3), F.S. The total local communications services tax rate is the total adopted rate plus the local option tax (at the converted rate), if applicable. The total local rate varies by jurisdiction.

### ***Proposed Change***

The bill revises s. 202.19, F.S., to prohibit any local communications services tax rate in effect as of January 1, 2023, from being increased before January 1, 2031.

The bill also provides that any increases to discretionary sales tax, levied pursuant to s. 212.055, F.S., may not be added to the local communications services tax under s. 202.19, F.S., before January 1, 2031.

This section takes effect July 1, 2025.

## **Section 15 and 20 – Pre-audit Preparation**

### ***Present Situation***

The Department of Revenue (DOR) is required to provide notification to a taxpayer of an audit at least 60 days before the audit begins.<sup>54</sup>

### ***Proposed Changes***

The bill creates ss. 202.34(4)(f), and 212.13(5)(f), F.S., to clarify activities the DOR may engage in during the 60-day period. The bill provides that the DOR may:

- Confirm receipt of the notification of intent to audit;
- Answer any questions raised by the taxpayer or taxpayer representative;
- Confirm date and location of the audit;
- Confirm the way the taxpayer would like to provide records;
- Discuss the scope of the audit;
- Review records voluntarily provided by the taxpayer;
- Review records already in the DOR possession; and
- Review publicly available information.

If the taxpayer has not previously waived the 60-day period notice and believes the DOR has commenced the audit before the 61<sup>st</sup> day, the taxpayer must object in writing before the issuance of an assessment or else the objection is waived. If the objection is not waived and it is determined the audit was commenced before the 61<sup>st</sup> day after the issuance of the notice of intent to audit, the 1-year tolling period<sup>55</sup> is considered lifted for the number of days equal to the difference between the date the audit commenced and the 61<sup>st</sup> day after the date of the DOR's notice of intent to audit.

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<sup>54</sup> Sections 202.34 and 212.13, F.S.

<sup>55</sup> Section 213.345, F.S.

The bill provides that the DOR may adopt rules to administer ss. 202.34 and 212.13, F.S.

This section takes effect July 1, 2025.

## **Sections 16, 21, 24, 27, 31, 33, 34, 35, 44, and 46 – Home Away From Home Tax Credit Program**

### ***Present Situation***

#### The Florida Department of Health

The Florida Department of Health (DOH) is responsible for the state's public health system, which is designed to promote, protect, and improve the health of all people in the state.<sup>56</sup>

#### The Florida Department of Revenue

The Florida Department of Revenue (DOR) administers three main programs: the Child Support Program, the General Tax Administration Program, and the Property Tax Oversight Program. The DOR collects more than \$40 billion a year in taxes and fees annually and processes more than \$9 million in tax filings annually.<sup>57</sup>

#### The Florida Department of Business and Professional Regulation

The Department of Business and Professional Regulation (DBPR) is the agency charged with licensing and regulating businesses and professionals in the State of Florida, such as cosmetologists, veterinarians, real estate agents, and pari-mutuel wagering facilities.<sup>58</sup>

#### The Division of Alcoholic Beverages and Tobacco

The DBPR's Division of Alcoholic Beverages and Tobacco issues licenses or permits that are required for any business or person to manufacture, import, export, store, distribute or sell alcoholic beverages or products containing tobacco or nicotine. The Division of Alcoholic Beverages and Tobacco conducts audits to ensure the proper collection of taxes, surcharges, and fees, and conducts inspections and investigations to ensure compliance with the laws and regulations governing the sale of alcoholic beverages and products containing tobacco or nicotine pursuant to Florida Statutes.<sup>59</sup>

#### Health Care Hospitality Homes

Health care hospitality homes provide lodging at significantly reduced costs to patients and their caregivers while the patients receive life-saving medical care away from their home communities. These homes provide an environment created specifically to support patients and their caregivers dealing with health care issues. Most health care hospitality homes have shared kitchens, common living areas, and private bedrooms and bathrooms. Health care hospitality

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<sup>56</sup> Section 381.001, F.S.

<sup>57</sup> Florida Department of Revenue, *Quick Facts about the Florida Department of Revenue*, available at [https://floridarevenue.com/opengovt/Pages/quick\\_facts.aspx](https://floridarevenue.com/opengovt/Pages/quick_facts.aspx) (last visited Mar. 15, 2025).

<sup>58</sup> Florida Department of Business & Professional Regulation, *Department Overview*, available at <https://www2.myfloridalicense.com/about-us/departments-overview/> (last visited Mar. 15, 2025).

<sup>59</sup> Florida Department of Business & Professional Regulation, *Department Divisions & Offices*, available at <https://www2.myfloridalicense.com/about-us/departments-divisions/> (last visited Mar. 15, 2025).

homes help alleviate the financial burden often associated with medical crises and reduce stress on both the patient and family members.<sup>60</sup>

#### State Revenue Sources

Currently, there is no tax credit program for contributions made to charitable organizations that house families of critically ill children at de minimis to no cost while a child receives treatment.

#### Corporate Income Tax

The state of Florida imposes a 5.5 percent tax on the taxable income of certain corporations and financial institutions conducting business in the state.<sup>61</sup> Corporate income tax is remitted to the DOR and distributed to the General Revenue Fund. Net collections of corporate income tax in state fiscal year 2023-2024 were determined to be \$6.02 billion.<sup>62</sup>

Credits against corporate income tax or franchise tax are applied in a statutorily prescribed order.<sup>63</sup>

#### Insurance Premium Tax

The state of Florida imposes a 1.75 percent tax on most Florida insurance premiums.<sup>64</sup> Insurance premium taxes are paid by insurance companies under ch. 624, F.S., and are remitted to the DOR. These revenues are distributed to the General Revenue Fund with additional distributions to the Insurance Regulatory Trust Fund, the Police & Firefighters Premium Tax Trust Fund, and the Emergency Management Preparedness & Assistance Trust Fund. Net collections of insurance premium tax in state fiscal year 2023-2024 were determined to be \$1.74 billion.<sup>65</sup>

Credits against insurance premium tax are applied in a statutorily prescribed order.

#### Severance Taxes on Oil and Gas Production

Oil and gas production severance taxes are imposed on every person who severs oil or gas in the state of Florida for sale, transport, storage, profit, or commercial use.<sup>66</sup> These taxes are remitted to the DOR and distributed to the General Revenue Fund with additional distributions to the Minerals Trust Fund and to the counties where production occurred. Net collections from the severance taxes on oil and gas in state fiscal year 2023-2024 were determined to be \$8.1 million.<sup>67</sup>

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<sup>60</sup> Healthcare Hospitality Network, *History of HHN*, available at <https://www.hhnnetwork.org/history-of-hhn/> (last visited Mar. 15, 2025).

<sup>61</sup> Sections 220.11(2), F.S. and 220.63(2), F.S.

<sup>62</sup> Florida Office of Economic & Demographic Research, *Revenue Estimating Conference General Revenue Fund, Changes to the Estimate, General Revenue Fund* (Aug. 14, 2024), available at <https://edr.state.fl.us/content/conferences/generalrevenue/grchng.pdf> (last visited Mar. 15, 2025).

<sup>63</sup> See s. 220.20, F.S.

<sup>64</sup> Section 624.509, F.S.

<sup>65</sup> Florida Office of Economic & Demographic Research, *Revenue Estimating Conference General Revenue Fund, Changes to the Estimate, General Revenue Fund* (Aug. 14, 2024), available at <https://edr.state.fl.us/content/conferences/generalrevenue/grchng.pdf> (last visited Mar. 15, 2025).

<sup>66</sup> Sections 211.02, F.S., and 211.025, F.S.

<sup>67</sup> Florida Office of Economic & Demographic Research, *Revenue Estimating Conference General Revenue Fund, Changes to the Estimate, General Revenue Fund* (Aug. 14, 2024), available at <https://edr.state.fl.us/content/conferences/generalrevenue/grchng.pdf> (last visited Mar. 15, 2025).

### Sales Taxes Paid by Direct Pay Permit Holders

Section 212.183, F.S., authorizes the DOR to establish a process for the self-accrual of sales taxes due under ch. 212, F.S. The process involves the DOR granting a direct pay permit to a taxpayer, who then pays the taxes directly to the DOR.<sup>68</sup>

### Alcoholic Beverage Tax on Beer, Wine, and Liquor

The state of Florida imposes excise taxes on malt beverages, wines, and other beverages.<sup>69</sup> The taxes are due from manufacturers, distributors and vendors of malt beverages, and from manufacturers and distributors of wine, liquor, and other specified alcoholic beverages. Taxes are remitted to the DBPR's Division of Alcoholic Beverages and Tobacco.<sup>70</sup>

Distributions of the excise taxes on alcoholic beverages are made to the General Revenue Fund, the Alcoholic Beverage and Tobacco Trust Fund, and Viticulture Trust Fund. Net collections from the alcoholic beverage taxes in state fiscal year 2023-24 were determined to be \$345 million.<sup>71</sup>

### Background Screening

Level 1 and Level 2 Criminal History Record Checks convey the method of the record check and the extent of the data searched. They are terms that pertain only to Florida and are not used by the Federal Bureau of Investigation (FBI) or other states:<sup>72</sup>

- Level 1: a state-only name-based check.
- Level 2: a state and national fingerprint-based check and consideration of disqualifying offenses, applicable to employees and volunteers designated by law as holding positions of responsibility or trust and those required to be fingerprinted pursuant to ch. 435, F.S.

Public Law (Pub. L.) 92-544 authorizes the FBI to exchange criminal history record information (CHRI) with state and local governmental agencies' officials for licensing and employment purposes. Criteria established under Pub. L. 92-544 requires state statutes to designate an authorized governmental agency to be responsible for receiving and screening the results of the CHRI to then determine an applicant's suitability for employment or licensing. For Level 2 screening, the Florida Department of Law Enforcement (FDLE) is this state's authorized governmental agency given the responsibility to perform a criminal history record check of its

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<sup>68</sup> Section 212.183, F.S., and Rule 12A-1.0911, F.A.C. Direct pay permit holders include: dealers who annually make purchases in excess of \$10 million per year in any county; dealers who annually purchase at least \$100,000 of tangible personal property, including maintenance and repairs for their own use; dealers who purchase promotional materials whose ultimate use is unknown at purchase; eligible air carriers, vessels, railroads, and motor vehicles engaged in interstate and foreign commerce; and dealers who lease realty from a number of independent property owners.

<sup>69</sup> Sections 563.05, F.S., 564.06, F.S., and 565.12, F.S.

<sup>70</sup> Section 561.02, F.S. The Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation is responsible for supervising the conduct, management, and operation of the manufacturing, packaging, distribution, and sale of all alcoholic beverages in the state of Florida.

<sup>71</sup> Florida Office of Economic & Demographic Research, *Revenue Estimating Conference General Revenue Fund, Changes to the Estimate, General Revenue Fund* (Aug. 14, 2024), available at <https://edr.state.fl.us/content/conferences/generalrevenue/grchng.pdf> (last visited Mar. 15, 2025).

<sup>72</sup> Chapter 435, F.S.



records and request that the FBI perform a national criminal history record check of its records for each employee for whom the request is made.<sup>73</sup>

Under current law, designated eligible charitable organizations are not considered authorized governmental agencies to conduct background screenings and, therefore, are unable to request or obtain national records pursuant to s. 435.04, F.S. However, the FDLE's Volunteer and Employee Criminal History System (VECHS) allows certain non-governmental organizations to obtain national criminal history results through the FDLE.<sup>74</sup>

Once the FDLE receives fingerprints and payment for CHRI, with the assistance of the FBI, the FDLE will provide the organization:<sup>75</sup>

- Either an indication that the person has no criminal history or the criminal history record that shows arrests and convictions for the state of Florida and other states, if any; and
- Notification of any warrants or domestic violence injunctions that the person may have.

### ***Proposed Changes***

Section 30 creates s. 402.63, F.S., establishing the Home Away From Home Tax Credit Program (Program).

The bill defines the following terms:

- “Annual tax credit amount” means, for any state fiscal year, the sum of the amount of tax credits approved under the Program, including tax credits to be taken for severance taxes on oil and gas production; self-accrued sales tax liability of direct pay permit holders; corporate income tax; the alcoholic beverage tax on beer, wine, and liquor; or the insurance premiums tax, which are approved for taxpayers whose taxable years begin on or after January 1 of the calendar year preceding the start of the applicable state fiscal year.
- “Division” means the Division of Alcoholic Beverages and Tobacco of the DBPR.
- “Eligible charitable organization” means an organization designated by the DOH as eligible to receive funding under the Program.
- “Eligible contribution” means a monetary contribution from a taxpayer, subject to the restrictions provided under the Program, to an eligible charitable organization. The taxpayer making the contribution may not designate a specific family to be assisted by the eligible charitable organization as the beneficiary of the contribution.
- “Tax credit cap amount” means the maximum annual tax credit amount that the DOR may approve for a state fiscal year.

The bill requires the DOH to designate as an eligible charitable organization an organization that meets all of the following requirements:

- Is exempt from federal income taxation under s. 501(c)(3) of the Internal Revenue Code.
- Is a Florida entity formed under ch. 605, F.S., ch. 607, F.S., or ch. 617, F.S., whose principal office is located in this state.

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<sup>73</sup> *Id.*

<sup>74</sup> Florida Department of Law Enforcement, *Volunteer & Employee Criminal History System*, available at <https://www.fdle.state.fl.us/background-checks> (last visited Mar. 15, 2025).

<sup>75</sup> Florida Department of Law Enforcement, *VECHS Process and Forms*, available at <https://www.fdle.state.fl.us/Background-Checks/VECHS-Process-and-Forms> (last visited Mar. 15, 2025).

- At de minimis to no cost to the family, houses families of critically ill children receiving treatment.
- Provides to the DOH accurate information, including, at a minimum, a description of the services provided by the organization; the total number of individuals served through those services during the last calendar year; basic financial information regarding the organization and services; and contact information for the organization.
- Annually submits a statement, signed under penalty of perjury by a current officer of the organization, that the organization meets all criteria to qualify as an eligible charitable organization, has fulfilled responsibilities under the Program for the previous fiscal year if the organization received any funding through this credit during the previous fiscal year, and intends to fulfill its responsibilities during the upcoming fiscal year.
- Provides any documentation requested by the DOH to verify eligibility as an eligible charitable organization or compliance with the Program.

The bill prohibits the designation of an organization that provides abortions, or pays for or provides coverage for abortions, as an eligible charitable organization by the DOH.

The bill requires that an eligible charitable organization that receives a contribution under the Program must do all of the following:

- Apply for admittance into the Department of Law Enforcement's Volunteer and Employee Criminal History System and, if accepted, conduct background screening on all volunteers and staff working directly with children in any program funded under the Program pursuant to s. 943.0542, F.S. Background screening must use level 2 screening standards pursuant to s. 435.04, F.S., and must include, but need not be limited to, a check of the Dru Sjodin National Sex Offender Public Website.
- Expend 100 percent of any contributions received under the Program for the expansion of current structures or the construction of new facilities for the purpose of housing families of critically ill children receiving treatment.
- Annually submit to the DOH:
  - An audit of the eligible charitable organization conducted by an independent certified public accountant in accordance with auditing standards generally accepted in the United States, government auditing standards, and rules adopted by the Auditor General. The audit report must include a report on financial statements presented in accordance with generally accepted accounting principles. The audit report must be provided to the DOH within 180 days after completion of the eligible charitable organization's fiscal year.
  - A copy of the eligible charitable organization's most recent federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990).
- Notify the DOH immediately if it is in jeopardy of losing the eligible charitable organization designation under the Program.
- Upon receipt of a contribution, provide the taxpayer that made the contribution with a certificate of contribution. A certificate of contribution must include the taxpayer's name and, if available, its federal employer identification number, the amount contributed, the date of contribution, and the name of the eligible charitable organization.

The bill requires the DOH to do all of the following:

- Annually redesignate eligible charitable organizations that have complied with all requirements of the Program.
- Remove the designation of organizations that fail to meet all requirements of the Program. An organization that has had its designation removed by the DOH may reapply for designation as an eligible charitable organization, and the DOH may redesignate such organization if it meets the requirements of the Program and demonstrates through its application that all factors leading to its removal as an eligible charitable organization have been sufficiently addressed.
- Work with each eligible charitable organization to assist in the maintenance of eligibility requirements until the completion of any construction project involving funds awarded in accordance with the Program. The DOH must establish a redesignation window for which an organization may be redesignated without the recoupment of funds.
- Publish information about the tax credit and eligible charitable organizations on a DOH website. The website must, at a minimum, provide all of the following:
  - The requirements and process for becoming designated or redesignated as an eligible charitable organization.
  - A list of the eligible charitable organizations that are currently designated by the DOH and the information provided under s. 402.63(2)(a)4., F.S., regarding each eligible charitable organization.
  - The process for a taxpayer to select an eligible charitable organization as the recipient of funding through a tax credit.
- Compel the return of funds that were provided to an eligible charitable organization that fails to comply with the requirements of the Program. Eligible charitable organizations subject to return of funds are ineligible to receive funding under the Program for a period of 10 years after final agency action to compel the return of funds.
  - In order to encourage the completion of all construction projects, the DOH must establish a process to determine whether an eligible charitable organization has failed to fulfill its responsibilities under the Program. The process must require an eligible charitable organization to provide documentation of good faith efforts made to complete construction, including, but not limited to, plans and status updates on the project.
  - An eligible charitable organization that no longer meets the eligibility requirements under the Program and makes no effort in conjunction with the DOH to rectify the situation is subject to return of funds.
- Analyze the use of funding provided by the tax credit authorized under the Program and submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives annually, beginning October 1, 2026. The report must, at a minimum, include the total funding amount provided under the Program and the amounts provided to each eligible charitable organization, describe the eligible charitable organizations that were funded, and assess the outcomes that were achieved, as well as the projects in progress, using the funding.

The bill authorizes a tax credit cap amount of \$5.0 million in each state fiscal year beginning in fiscal year 2026-2027.

The bill authorizes a taxpayer to apply to the DOR for a tax credit or credits to be taken against the taxpayer's liability for several state taxes: severance taxes on oil and gas production; self-accrued sales tax liability of direct pay permit holders; corporate income tax; alcoholic beverage

tax on beer, wine, and spirits; and insurance premium tax. The application may be submitted beginning at 9:00 a.m., on the first day of the calendar year, which is not a Saturday, Sunday, or legal holiday.

The DOR may not approve applications for a tax credit under the Program after state fiscal year 2031-2032.

The bill requires the taxpayer to specify in the application each tax for which the taxpayer requests a credit and the applicable taxable year for a credit towards corporate income or insurance premium tax, or the applicable state fiscal year for a credit towards severances taxes on oil and gas production, self-accrued sales tax liability of direct pay permit holders, or alcoholic beverage tax on beer, wine, and spirits. For purposes of corporate income tax, a taxpayer may apply for a credit to be used for a prior taxable year before the date the taxpayer is required to file a return for that year pursuant to s. 220.222, F.S.

For purposes of insurance premium tax, a taxpayer may apply for a credit to be used for a prior taxable year before the date the taxpayer is required to file a return for that prior taxable year pursuant to ss. 624.509 and 624.5092, F.S. The application must specify the eligible charitable organization to which the proposed contribution will be made. The DOR must approve tax credits on a first-come, first-served basis and must obtain the approval of the DBPR's Division of Alcoholic Beverages and Tobacco before approving a tax credit for alcoholic beverage tax on beer, wine, and spirits. Within 10 days after approving or denying an application, the DOR must provide a copy of its approval or denial letter to the eligible charitable organization specified by the taxpayer in the application.

The bill authorizes the unused amount of an approved tax credit to be carried forward for a period not to exceed 10 years if it is not fully used within the specified year because of insufficient tax liability on the part of the taxpayer. For the purpose of the corporate income tax, a credit carried forward may be used in a subsequent year after applying the other credits and unused carryovers in the order provided in s. 220.02(8), F.S.

The bill prohibits a taxpayer from conveying, transferring, or assigning an approved tax credit or a carryforward tax credit to another entity unless all of the assets of the taxpayer are conveyed, assigned, or transferred in the same transaction. However, a tax credit may be conveyed, transferred, or assigned between members of an affiliated group of corporations if the type of tax credit remains the same. A taxpayer must notify the DOR of its intent to convey, transfer, or assign a tax credit to another member within an affiliated group of corporations. The amount conveyed, transferred, or assigned is available to another member of the affiliated group of corporations upon approval by the DOR. The DOR must obtain the approval of the Division of Alcoholic Beverages and Tobacco of the DBPR before approving a conveyance, transfer, or assignment of a tax credit for the alcoholic beverage tax on beer, wine, and spirits.

The bill authorizes a taxpayer to rescind all or part of an approved tax credit within any state fiscal year. The amount rescinded becomes available for that state fiscal year to another eligible taxpayer as approved by the DOR if the taxpayer receives notice from the DOR that the rescindment has been accepted by the DOR. The DOR must obtain the approval of the DBPR's Division of Alcoholic Beverages and Tobacco before accepting the rescindment of a tax credit

for the alcoholic beverage tax on beer, wine, and spirits. Any amount rescinded must become available to an eligible taxpayer on a first-come, first-served basis based on tax credit applications received after the date the rescindment is accepted by the DOR.

The bill requires the DOR to provide a copy of its approval or denial letter to the eligible charitable organization specified by the taxpayer within 10 days after approving or denying the conveyance, transfer, or assignment of a tax credit or the rescindment of a tax credit. The DOR must also include the eligible charitable organization specified by the taxpayer on all letters or correspondence of acknowledgement for tax credits for self-accrued sales tax liability of direct pay permit holders.

For purposes of calculating the underpayment of estimated corporate income taxes under s. 220.34, F.S., and tax installment payments for taxes on insurance premiums or assessments under s. 624.5092, F.S., the bill provides that the final amount due is the amount after corporate income or insurance premium tax credits earned for contributions to eligible charitable organizations are deducted. For purposes of determining whether a penalty or interest under s. 220.34(2)(d)1., F.S., will be imposed for underpayment of estimated corporate income tax, a taxpayer may, after earning a corporate income tax credit, reduce any estimated payment in that taxable year by the amount of the credit. For purposes of determining whether a penalty under s. 624.5092, F.S., will be imposed, an insurer may, after earning an insurance premium tax credit for a taxable year, reduce any installment payment for such taxable year of 27 percent of the amount of the net tax due as reported on the return for the preceding year under s. 624.5092(2)(b), F.S., by the amount of the credit.

The bill provides that if any provision or portion of the Program, s. 211.02535, F.S., s. 212.18345, F.S., s. 220.18775, F.S., s. 561.12135, F.S., or s. 624.51059, F.S., or the application thereof to any person or circumstance is held unconstitutional by any court or is otherwise declared invalid, the unconstitutionality or invalidity does not affect any credit earned under these sections by any taxpayer with respect to any contribution paid to an eligible charitable organization before the date of a determination of unconstitutionality or invalidity. The credit will be allowed at such time and in such a manner as if a determination of unconstitutionality or invalidity had not been made, provided that the allowance of any credit to any taxpayer in excess of one dollar of credit for each dollar paid to an eligible charitable organization is prohibited.

The bill authorizes the DOR, the DBPR's Division of Alcoholic Beverages and Tobacco, and the DOH to develop a cooperative agreement to assist in the administration of the Program, as needed.

The bill authorizes the DOR to adopt rules necessary to administer the Program, and ss. 211.02535, 212.18345, 220.18775, 561.12135, and 624.51059, F.S., including rules establishing application forms, procedures governing the approval of tax credits and carryforward tax credits, and procedures to be followed by taxpayers when claiming approved tax credits on returns.

The bill authorizes the DBPR's Division of Alcoholic Beverages and Tobacco to adopt rules necessary to administer its responsibilities under the Program and s. 561.12135, F.S.

The bill authorizes the DOH to adopt rules necessary to administer the Program, including, but not limited to, rules establishing application forms for organizations seeking designation as eligible charitable organizations.

Notwithstanding any provision of s. 213.053, F.S., to the contrary, the bill provides that sharing information with the DBPR's Division of Alcoholic Beverages and Tobacco related to a tax credit under the Program is considered the conduct of the DOR's official duties as contemplated in s. 213.053(8)(c), F.S., and the DOR and the DBPR's Division of Alcoholic Beverages and Tobacco are specifically authorized to share information as needed to administer the Home Away From Home Tax Credit.

Section 16 creates s. 211.02535, F.S., to authorize a tax credit of 100 percent of an eligible contribution made to an eligible charitable organization beginning January 1, 2026, which credit may be taken against any tax due on oil or gas production. However, the combined credit allowed under this section and the credits allowed for contributions to scholarship organizations, New Worlds Reading Initiative, Strong Families, and Childcare tax credit may not exceed 50 percent of the tax due on the return on which the credit is taken. If the combined credit allowed under this section and the credit allowed for contributions to scholarship organizations exceeds 50 percent of the tax due on the return, the credit must first be taken for contributions to scholarship organizations and then to the New Worlds Reading Initiative, and then to Strong Families, and then to Childcare. Any remaining liability must be taken under this section but may not exceed 50 percent of the tax due.

For the purpose of the distribution of tax revenue from oil and gas production, the bill directs the DOR to disregard any tax credits allowed under this section to ensure that any reduction in tax revenue received which is attributable to the tax credits results only in a reduction in distributions to the General Revenue Fund.

Section 21 creates s. 212.18345, F.S., to authorize a tax credit of 100 percent of an eligible contribution made to an eligible charitable organization beginning January 1, 2026, which credit may be taken against any sales and use tax due by a direct pay permitholder.

For the purpose of the distribution of sales and use tax revenue, the bill directs the DOR to disregard any tax credits allowed under this section to ensure that any reduction in tax revenue received which is attributable to the tax credits results only in a reduction in distributions to the General Revenue Fund. A dealer who claims a tax credit under this section must file his or her tax returns and pay his or her taxes by electronic means.

Section 24 amends s. 220.02, F.S., to specify the order in which the credit is applied in relation to other corporate income tax credits.

Section 27 creates s. 220.18775, F.S., to authorize a tax credit of 100 percent of an eligible contribution made to an eligible charitable organization for taxable years beginning on or after January 1, 2026, which credit may be taken against any corporate income tax due for a taxable year after the application of any other allowable credits by the taxpayer. An eligible contribution must be made to an eligible charitable organization on or before the date the taxpayer is required to file an income tax return. The credit is reduced by the difference between the amount of

federal corporate income tax, taking into account the credit granted by this section, and the amount of federal corporate income tax without application of the credit granted by this section. A taxpayer who files a Florida consolidated return as a member of an affiliated group may be allowed the credit on a consolidated return basis, subject to limitations.

If a taxpayer applies and is approved for a credit under the Program after timely requesting an extension to file its corporate income tax return:

- The credit does not reduce the amount of tax due for purposes of the DOR's determination as to whether the taxpayer was in compliance with the requirement to pay tentative taxes under ss. 220.222 and 220.32, F.S.
- The taxpayer's noncompliance with the requirement to pay tentative taxes will result in the revocation and rescindment of any such credit.
- The taxpayer will be assessed for any taxes, penalties, or interest due from the taxpayer's noncompliance with the requirement to pay tentative taxes.

Section 32 creates s. 561.12135, F.S., to authorize a tax credit of 100 percent of an eligible contribution made to an eligible charitable organization beginning January 1, 2026, which credit may be taken against any beer, wine, and liquor tax due, except excise taxes imposed on wine produced by manufacturers in Florida from products grown in Florida. However, a credit allowed for the alcoholic beverage tax on beer, wine, and liquor may not exceed 90 percent of the tax due on the return on which the credit is taken. For the purpose of the distributions of beer, wine, and liquor tax revenue, the DBPR's Division of Alcoholic Beverages and Tobacco must disregard any tax credits allowed for the alcoholic beverage tax on beer, wine, and liquor to ensure that any reduction in tax revenue received which is attributable to the tax credits results only in a reduction in distributions to the General Revenue Fund.

Section 33 amends s. 624.509, F.S., to specify the order in which credit must be taken against insurance premium tax liability.

Section 34 creates s. 624.51059, F.S., to authorize a tax credit of 100 percent of an eligible contribution made to an eligible charitable organization for taxable years beginning on or after January 1, 2026, which credit may be taken against any insurance premium tax due for a taxable year, after deducting from such tax deductions for assessments made for workers' compensation; credits for taxes paid for municipal firefighter's and police officer's pension funds; credits for corporate income taxes paid; and the credit allowed for an insurers employees located in Florida. An eligible contribution must be made to an eligible charitable organization on or before the date the taxpayer is required to file a return. An insurer claiming a credit against premium tax liability for insurance premium tax is not required to pay any additional retaliatory tax levied under as a result of claiming such credit.

Section 43 creates an undesignated section of law to authorize the DOR to adopt emergency rules under s. 120.54(4), F.S., for the purpose of implementing provisions related to the Program. Notwithstanding any other law, emergency rules adopted are effective for six months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.

Section 44 creates an undesignated section of law to appropriate, for the 2025-2026 fiscal year, \$311,076 in nonrecurring funds from the General Revenue Fund to the DOR for the purpose of implementing the Program.

These sections take effect July 1, 2025.

## **Section 17, 19, and 44 – Clothing and Shoes Sales Tax Exemption**

### ***Present Situation***

Generally, the sale of clothing and shoes is subject to Florida sales and use tax. Historically, clothing and shoes have been temporarily exempt during a Back-to-school Sales Tax Holiday. In 2023, the legislature enacted a permanent exemption for baby and toddler clothing and other products. Baby and toddler clothing includes clothing, apparel, and shoes, primarily intended for and marketed for children age 5 or younger. Baby and toddler clothing size 5T and smaller and baby and toddler shoes size 13T and smaller are presumed to be primarily intended for and marketed for children age 5 or younger.<sup>76</sup>

### ***Proposed Changes***

The bill amends s. 212.08, F.S., to provide for a permanent exemption of clothing with a sales price of \$75 or less per item from the state sales tax and county discretionary sales surtaxes. Clothing includes any apparel or shoes intended to be worn on or about a person for general use or everyday wear.

The following items are excluded from the definition of clothing and are not exempt under the bill.

- Accessories, which are items worn by a person in conjunction with apparel or shoes, including but not limited to bags, backpacks, briefcases, bows, bowties, costume masks, handkerchiefs, hats, jewelry, reading glasses, ties, sunglasses, tool belts, umbrellas, wallets, watches, or watchbands.
- Protective equipment, which are items worn by a person and solely designed to protect the wearer against injury or disease or to protect against damage or injury to another person that are not suitable for general use or everyday wear, including but not limited to face shields, earmuffs, hard hats, respirators, safety goggles, hazmat suits, or an item that covers other clothing, worn to protect against dangerous substances such as poisonous chemicals or infectious viruses.
- Sports or recreational equipment, which are items worn by a person and worn in conjunction with an athletic or recreational activity that are not suitable for general use or everyday wear, including but not limited to cleated shoes, elbow pads, fishing boots, life jackets, life vests, roller blades, skates, skis, swim fins, waders, or wet suits.
- Materials that become part of clothing, including but not limited to fabric, lace, thread, or yarn.

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<sup>76</sup> Section 212.08(7)(qqq), F.S.



The exemption for clothing with a sales price of \$75 or less also does not limit clothing otherwise exempt from sales tax, such as baby and toddler clothing that is already exempt with no price limitation.

The bill amends the definition of “sale”<sup>77</sup> to exclude any license, lease, or rental of clothing exempted under this bill. Additionally, the bill amends the definition of “sales price”<sup>78</sup> to exclude charges for carrying, delivery, freight, handling, pickup, shipping, and other similar charges or fees when such charges are a part of the sale of exempted clothing. Such charges must be allocated to each item on a sales invoice or receipt that includes both a taxable item and exempt clothing, excluding from the term “sales price” only the portion of such charges attributable to the sale of exempt clothing.

The clothing exemption does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The Department of Revenue is authorized to adopt emergency rules to implement this exemption.

This section takes effect July 1, 2025.

## **Section 18 – Forwarding Agents**

### ***Present Situation***

A forwarding agent is a person or business whose principal business activity is facilitating for compensation the export of property owned by other persons. A forwarding agent engaged in international export may apply to the Department of Revenue (DOR) for a Florida Certificate of Forwarding Agent Address. The application must include information about the forwarding agent’s location and export activities, including designation of an address. Each certificate expires five years after issue and requires the forwarding agent to update the application if material changes occur regarding the information in the application.<sup>79</sup>

The law defines a forwarding agent as a dealer,<sup>80</sup> which makes a forwarding agent subject to the provisions governing all sales tax dealers in the state. In general, a person desiring to engage in or conduct business in this state must register as a dealer<sup>81</sup> and must file with the DOR an application for a certificate of registration, which is a Florida Business Tax Application.<sup>82</sup>

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<sup>77</sup> Section 212.02(15), F.S.

<sup>78</sup> Section 212.02(16), F.S.

<sup>79</sup> Section 212.06(5), F.S.

<sup>80</sup> Section 212.06, F.S.

<sup>81</sup> Section 212.18(3), F.S.

<sup>82</sup> Florida Dep’t of Revenue, General Tax, Florida Sales and Use Tax, *Registration and Accounts* [https://floridarevenue.com/taxes/taxesfees/Pages/sales\\_tax.aspx](https://floridarevenue.com/taxes/taxesfees/Pages/sales_tax.aspx) (last visited April 9, 2025).

Tangible personal property delivered by a dealer to a forwarding agent or common carrier for export outside Florida is not subject to sales tax.<sup>83</sup> A dealer may accept the forwarding agent's certificate or rely on the list of forwarding agents' names and addresses on the DOR's website in lieu of collecting sales tax. A dealer who accepts a certificate or relies on the list in good faith and ships purchased tangible personal property to the address on the certificate is relieved from tax liability for any tax due on sales made during the effective dates indicated on the certificate.<sup>84</sup> As of April 9, 2025, there are 484 unique combinations of certified forwarding agent names and addresses on the list.<sup>85</sup>

Additionally, the DOR maintains an electronic database, referred to as Florida's Address/Jurisdiction Database.<sup>86</sup> This electronic database allows users to find tax rates by county or for any Florida address.<sup>87</sup>

### ***Proposed Changes***

The bill amends s. 212.06, F.S., to make changes related to forwarding agent applications. A forwarding agent already registered as a dealer with the DOR is no longer required to resubmit an application to register as a dealer when applying for a certificate or renewal of a forwarding agent certificate.

The bill requires a forwarding agent to surrender its application information when:

- the forwarding agent ceases to do business,
- the forwarding agent changes addresses,
- the forwarding agent's principal business activity changes to something other than facilitating the international export of property owned by other persons, or
- the certified address ceases to be used for export.

Additionally, the bill defines an "electronic database" to mean the database created and maintained by the DOR pursuant to section 202.22(2), F. S., For any certified address with a special five-digit zip code, the DOR must report the state sales tax rate and discretionary sales surtax rate in its electronic database as zero. However, this requirement does not apply for a certified address with a special five-digit zip code if that address includes a suite address or secondary address.

Additionally, the bill requires that a dealer, other than a forwarding agent that is required to remit sales and use tax, may not collect the tax on tangible personal property shipped to a certified address listed on the department's website or the electronic database. The bill also relieves dealers relying on the electronic database to ship to a certified address from sales tax liability.

This section takes effect January 1, 2026.

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<sup>83</sup> Section 212.06(5)(a)1., F.S.

<sup>84</sup> Section 212.06(5)(b)11., F.S.

<sup>85</sup> See Florida Dep't of Revenue's List of Approved Forwarding Agents available at: [https://floridarevenue.com/taxes/taxesfees/Pages/sales\\_tax.aspx](https://floridarevenue.com/taxes/taxesfees/Pages/sales_tax.aspx) (last visited April 9, 2025).

<sup>86</sup> Section 202.22, F.S.

<sup>87</sup> See <https://pointmatch.floridarevenue.com/Default.aspx>

## **Section 19 – Bullion Sales Tax Exemption**

### ***Present Situation***

The sale of gold, silver, or platinum bullion, or any combination, in a single transaction is exempt from state sales tax and county discretionary sales surtaxes if the sales price exceeds \$500. A dealer must maintain proper documentation to identify the exempt portion of a transaction which involves the sale of gold, silver, or platinum bullion.<sup>88</sup>

### ***Proposed Changes***

The bill amends s. 212.08, F.S., to change the bullion exemption to include any sale of gold, silver, or platinum bullion by removing the requirement that a sale of bullion must exceed \$500 to be exempt. The bill also removes the requirement for a dealer to maintain proper documentation to identify the exempt portion of a transaction.

This section takes effect July 1, 2025.

## **Section 22, 24, 28, 29, 34, 44, and 45 – Rural Community Investment Program**

### ***Present Situation***

Florida does not currently have a Rural Community Investment Program.

### **Corporate Income Tax**

The state of Florida imposes a 5.5 percent tax on the taxable income of certain corporations and financial institutions conducting business in the state. Corporate income tax is remitted to the DOR and distributed to the General Revenue Fund. Net collections of corporate income tax in state fiscal year 2023-2024 were determined to be \$6.02 billion.

Credits against corporate income tax or franchise tax are applied in a statutorily prescribed order.

### **Insurance Premium Tax**

The state of Florida imposes a 1.75 percent tax on most Florida insurance premiums. Insurance premium taxes are paid by insurance companies under ch. 624, F.S., and are remitted to the DOR. These revenues are distributed to the General Revenue Fund with additional distributions to the Insurance Regulatory Trust Fund, the Police & Firefighters Premium Tax Trust Fund, and the Emergency Management Preparedness & Assistance Trust Fund. Net collections of insurance premium tax in state fiscal year 2023-2024 were determined to be \$1.74 billion.

Credits against insurance premium tax are applied in a statutorily prescribed order.

### **Economic Development Incentives that use Tax Credits**

Florida currently does have the Rural Job Tax Credit Program, which offers a tax credit incentive for eligible businesses located within a designated qualified rural area to create new jobs.<sup>89</sup> The tax credit ranges from \$1,000 to \$1,500 per qualified employee and can be taken against either

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<sup>88</sup> Section 212.08(7)(ww), F.S.

<sup>89</sup> Sections 212.098, and 220.1895, F.S.

the businesses' corporate income tax or sales and use tax. A business is limited to no more than \$500,000 of tax credits per year.<sup>90</sup> The Department of Commerce administers this program and may approve up to \$5 million in tax credits per year.<sup>91</sup>

Previously, Florida also had the New Markets Development Program Act (NMDP),<sup>92</sup> which used tax credits to spur economic development. The NMDP, which was modeled after the federal New Markets Tax Credit Program, allowed taxpayers to earn credits against specified taxes by making qualified investments in qualified community development entities that, in turn, invested in businesses in low-income communities to create and retain jobs in such communities.

Taxpayers that made qualified investments in qualified community development entities were eligible to receive tax credits against the corporate income tax or the insurance premium tax. The taxpayer could not claim the credit in the first two years after the investment. The credit was worth 7% of the purchase price of the qualified investment in year three after the investment, and from the fourth year through the seventh year the credit was worth 8%.<sup>93</sup> Over seven years the credits totaled 39% of the total purchase price of the qualified investment. Any unused portion of the tax credit may have been carried forward for up to five future tax years.<sup>94</sup>

The return on investment for the NMDP was -0.98, indicating that the state lost all of its investment and incurred additional costs.<sup>95</sup>

The NMDP expired on December 31, 2022<sup>96</sup> and was subsequently repealed in 2023.<sup>97</sup>

#### Examples of Similar Rural Jobs Acts in Other States

Other states have tax credit programs that target rural communities. Utah passed the Utah Rural Jobs Act, which authorizes up to \$42 million in tax credits, and caps the total contributions one entity may make under the program at \$24.36 million. Additionally, Utah assesses a \$50,000 annual fee that is split between all the rural investment companies.<sup>98</sup>

In 2017, Georgia created the Georgia Agribusiness and Rural Jobs Act, which is designed to spur \$100 million in capital investments in rural businesses in the state. In 2018, the program approved five rural funds for a total of \$100 million in capital investment authority. Each of the five funds received \$20 million in investment authority and deployed all of their investment

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<sup>90</sup> Section 212.098(6)(d), F.S.

<sup>91</sup> Department of Commerce, *Rural Job Tax Credit Program*, available at <https://floridajobs.org/business-growth-and-partnerships/for-businesses-and-entrepreneurs/business-resource/rural-and-urban-job-tax-credit-programs> (last visited April 12, 2025).

<sup>92</sup> Chapter 2009-50, Laws of Fla.

<sup>93</sup> Section 288.9916, F.S. (2022)

<sup>94</sup> Section 288.9916(1)(c), F.S. (2022)

<sup>95</sup> Office of Economic and Demographic Research, *Economic Evaluation for Select State Economic Development Incentive Programs*, 58 (February 2023), available at <https://edr.state.fl.us/Content/returnoninvestment/ROISELECTPROGRAMS2023final.pdf> (last visited April 12, 2025).

<sup>96</sup> Section 288.9922, F.S. (2022)

<sup>97</sup> Chapter 2023-173, Laws of Fla.

<sup>98</sup> Utah Code Annotated s. 63N-4-301, et seq. (2017).

authority. Each of the five funds received tax credits equal to \$3 million per year for a total of \$15 million or a total of \$60 million over four years.<sup>99,100</sup>

#### Federal Rural Business Investment Company and Small Business Investment Programs<sup>101,102</sup>

The federal government regulates certain funds that target rural communities through the Federal Rural Business Investment Company and the Small Business Investment Programs<sup>103,104</sup>

Rural Business Investment Companies (RBIC) and Small Business Investment Companies (SBIC) are privately owned and managed investment funds that are licensed and regulated by the U.S. Department of Agriculture and Rural Development<sup>105</sup> and Small Business Administration (SBA)<sup>106</sup> respectively, that make capital investments in small businesses located in rural communities or other qualifying businesses.

#### ***Proposed Changes***

The bill creates s. 288.062, F.S., to establish the Rural Community Investment Program (RCIP) in the Department of Commerce.

The bill defines the following terms:

- “Affiliate” means an entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another entity. For the purposes of this paragraph, an entity is controlled by another entity if the controlling entity holds, directly or indirectly, the majority voting or ownership interest in the controlled entity or has control over the day-to-day operations of the controlled entity.
- “Applicant” means a person who submits or updates an application on behalf of a rural fund.
- “Credit certification date” means the date on which the Department of Commerce provides a certificate and each anniversary of the date for a period of 10 years.
- “Eligible business” means a business that, at the time a rural fund initially invests in the business: has fewer than 250 employees; has its principal business operations located in this state, and has its principal business operations located in a rural community in this state, unless this requirement is waived by the Department of Commerce.
- “Eligible investment” means any capital or equity investment in an eligible business, or any loan to an eligible business with a stated maturity of at least 1 year after the date of issuance.
- “Investment authority” means the total amount of eligible investments that a rural fund intends to make to eligible businesses, which is the amount certified by the Department of Commerce under the bill.
- “Investor contribution” means a cash investment in a rural fund. The cash investment must be used to purchase an equity interest in the rural fund or to purchase at par value or premium

<sup>99</sup> Georgia Department of Community Affairs, *GARJA Annual Report 2021*, available at: <https://dca.georgia.gov/financing-tools/incentives/georgia-agribusiness-and-rural-jobs-act/agribusiness-rural-jobs-act-docs> (last visited April 12, 2025).

<sup>100</sup> Ga. Code Annotated s. 33-1-25, et seq. (2017).

<sup>101</sup> 7 U.S.C. s. 2009cc et seq.; 7 C.F.R. s. 4290 et seq. (2009).

<sup>102</sup> 15 U.S.C. s. 681-688.

<sup>103</sup> 7 U.S.C. s. 2009cc et seq.; 7 C.F.R. s. 4290 et seq. (2009).

<sup>104</sup> 15 U.S.C. s. 681-688.

<sup>105</sup> U.S. Department of Agriculture and Rural Development, *Rural Business Investment Program*, available at <https://www.rd.usda.gov/programs-services/rural-business-investment-program> (last visited April 12, 2025).

<sup>106</sup> U.S. Small Business Administration, *Become an SBIC*, available at <https://www.sba.gov/partners/sbics/apply-be-sbic> (last visited March 28, 2025).

a debt instrument that has a maturity date at least 5 years after the credit certification date and a repayment schedule that is no greater than level principal amortization over 5 years.

- “Jobs retained” means the number of full-time employment positions that existed before the initial eligible investment in an eligible business and for which the eligible business’s chief executive officer or similar officer certifies that the employment positions would have been eliminated but for the initial eligible investment.
- “Principal business operations” means the location or locations at which at least 60 percent of a business’s employees work or at which the employees who are paid at least 60 percent of the business’s payroll are located. A business that agrees to relocate or hire new employees using the proceeds of an eligible investment to establish its principal business operations in this state is deemed to have its principal business operations in the new location, provided that the business satisfies this definition within 180 days after receiving the eligible investment.
- “Rural community” means a rural community as defined in s. 288.0656, F.S., or a designated rural area of opportunity as defined in s. 288.0656(2), F.S.
- “Rural fund” means an entity certified by the Department of Commerce under the bill.
- “State tax” means the corporate income tax or the insurance premium tax.
- “Taxpayer” means a person who makes an investor contribution and is a corporate income taxpayer as defined in s. 220.03(z), F.S., or a person with insurance premium tax liability under s. 624.509, F.S.
- “Transferee” means a person who receives a transferred tax credit under the bill.

#### Tax Credit Application

On or before November 1, 2025, the Department of Commerce shall begin accepting applications, on a form adopted by rule, for approval as a rural fund. The application must include all of the following:

- The investment authority sought by the applicant.
- Evidence that the applicant is licensed as a rural business investment company as defined in 7 U.S.C. s. 2009cc or as a small business investment company under 15 U.S.C. s. 681. The applicant must include a certificate executed by an executive officer of the applicant attesting that such license remains in effect and has not been revoked.
- Evidence that, as of the date the application is submitted, the applicant has invested at least \$100 million in nonpublic companies located in counties within the United States with a population of less than 75,000 as of the United States Decennial Census of 2020.
- An estimate of the total number of new annual jobs that will be created and total jobs retained over the life of the program in the state because of the applicant’s proposed eligible investments.
- A business plan that includes a revenue impact assessment projecting state and local tax revenues to be generated, as well as state expenditures to be reduced, by the applicant’s proposed eligible investments, which is prepared by a nationally recognized third-party independent economic forecasting firm using a dynamic economic forecasting model that analyzes the applicant’s business plan over the 10 years after the date the application is submitted to the department.

#### Tax Credit Certification and Approval

Beginning in fiscal year 2025-2026, the tax credit cap amount is \$7 million in each state fiscal year, excluding any credits carried forward. The department may not approve a cumulative amount of tax credits that may result in the claim of more than \$35 million in tax credits during the existence of the program.

The Department of Commerce shall review applications for approval of the applicant as a rural fund in the order received. The Department of Commerce may ask the applicant for additional information about items contained in the application.

Within 60 days after receipt of a completed application, the Department of Commerce shall approve or deny the application. The Department of Commerce shall deem applications received on the same day as having been received simultaneously. If requests for investment authority exceed the remaining tax credit limitation, the Department of Commerce must proportionally reduce the investment authority for each approved application received simultaneously to avoid exceeding the limit.

The Department of Commerce must deny an application if:

- The application is incomplete;
- The applicant does not satisfy the application criteria;
- The revenue impact assessment in the application does not demonstrate that the applicant's business plan will result in a positive revenue impact on the state over a 10-year period which exceeds the cumulative amount of tax credits that would be issued to the applicant's investors; or
- The Department of Commerce has already approved the maximum amount of investment authority allowed.

After approving the application, the Department of Commerce must provide a certification to the applicant that contains all of the following:

- Designates the applicant as a rural fund.
- Certifies the amount of the rural fund's investment authority.
- Certifies the amount of tax credits available to persons who make investor contributions in the rural fund. The certified tax credits must be equal to 25 percent of the rural fund's investment authority.
- A statement that tax credits may not be taken against state tax liability until the rural fund receives a final order granting tax credits.

Within 90 days after receiving the certification, the rural fund shall collect all investor contributions. The collected investor contributions must equal the investment authority specified in the certification. Within 95 days after receiving the certification, the rural fund must send a notification to the Department of Commerce demonstrating that the rural fund has collected investor contributions in an amount equal to the investment authority. The notification must include all of the following:

- Evidence that the rural fund collected the total amount of the rural fund's investment authority.
- The date on which each investor contributions were collected.

- The identity, including name and tax identification number, of each person who made an investor contribution and the amount of the investor contribution made by each person.

If the rural fund fails to meet the requirements above within 90 or 95 days, the Department of Commerce must revoke the rural fund's certification. The corresponding investment authority will not count toward the annual tax credit limitation. The Department of Commerce shall first award revoked investment authority pro rata to each rural fund that was awarded less than the investment authority for which it applied. Any remaining investment authority may be awarded by the Department of Commerce to new applicants.

#### Tax Credit Final Order

Upon receipt of the notification that the rural fund met the requirements above within 90 or 95 days, the Department of Commerce must issue a final order approving the taxpayer to receive tax credits. The final order must include the identity, including name and tax identification number, of each taxpayer who is eligible to claim the credit and the amount of credits that may be claimed by each taxpayer. The amount of tax credits that the taxpayer is approved to receive must be equal to 25 percent of the investor contribution. The Department of Commerce must provide the final order to the rural fund and the DOR.

#### Tax Credits

Any taxpayer who receives a final order is vested with an earned credit against state tax liability. The taxpayer must attach a copy of the final order to its return when claiming the credit. The taxpayer may apply 20 percent of the credit against its state tax liability in the tax years containing the 1st through 5th credit certification dates.

A taxpayer may not claim a tax credit in excess of the taxpayer's state tax liability. If the credit granted pursuant to this section is not fully used in any single year because of insufficient tax liability on the part of the taxpayer, the unused amount may be carried forward for use in the taxpayer's subsequent tax years until the tax year containing the 10th credit certification date, after applying the other credits and unused carryovers in the order provided in s. 220.02(8), F.S., for credits taken against the tax in corporate income tax or in the order provided in s. 624.509(7), F.S., for credits taken against insurance premium tax. Carryover credit amounts must be treated as unused credits for purposes of the transfer of unused credits.

A credit earned under this section may not be refunded, sold on the open market, or transferred, except to specified entities. Credits may be transferred from a taxpayer to affiliates of the rural fund. Credits earned by or allocated to a partnership under ch. 620, F.S., or a limited liability company under ch. 605, F.S., may be allocated to the partners, members, or shareholders of such entity for their use in accordance with the provisions of any agreement among such partners, members, or shareholders.

A taxpayer must notify the Department of Commerce and the DOR of a transfer. The notification must include the identity of the transferee, tax identification number of the transferee, and tax credit amount allocated to the transferee. The notice of transfer also must state whether unused tax credits are being transferred and the amount of unused tax credits being transferred. Such allocations and transfers may not be considered a sale for the purposes of this section.



Notification of a transfer of a tax credit must be submitted to the DOR on a form adopted by rule. Within 30 days after the transfer, the DOR shall provide a letter to the rural fund, taxpayer, transferee, and the department acknowledging the transfer, after which time the transferee may claim the transferred credit on its return due on or after the date of the letter. The transferee must attach a copy of the letter to its return when claiming the credit.

#### Tax Credit Recapture

Notwithstanding s. 95.091, F.S., the Department of Commerce must direct the DOR to recapture all or a portion of a tax credit under this section if one or more of the following occur with respect to a rural fund before the rural fund exits the program.

- The rural fund does not invest 60 percent of its investment authority in eligible businesses before its first credit certification date.
- The rural fund does not invest 100 percent of its investment authority in eligible businesses before its second credit certification date, with at least 70 percent of such eligible investments made in a rural community.
- The rural fund, after initially satisfying the first two requirements, fails to maintain eligible investments equal to 100 percent of its investment authority until the tenth credit certification date, with at least 70 percent of such eligible investments made in a rural community. An investment is maintained even if it is sold or repaid, so long as the rural fund reinvests an amount equal to the capital returned or recovered from the original investment, exclusive of any profits realized, in other eligible investments in this state within 12 months after the receipt of such capital. Amounts received periodically by a rural fund must be treated as continuously invested in eligible investments if the amounts are reinvested in one or more eligible investments by the end of the following calendar year; however, there is no requirement to reinvest capital after the 10th credit certification date for purposes of eligibility under this paragraph.
- The rural fund, before exiting the program makes a distribution or payment that results in the rural fund having less than 100 percent of its investment authority invested in eligible businesses.
- The rural fund invests in an eligible business that directly, or indirectly through an affiliate, owns, has the right to acquire an ownership interest in, makes a loan to, or makes an investment in the rural fund of an affiliate of the rural fund or an investor in the rural fund.

The Department of Commerce must provide notice to the rural fund, taxpayer, transferee as applicable, and the DOR of a proposed recapture of tax credits. The rural fund has 6 months after the receipt of the notice to cure a deficiency identified in the notice and avoid recapture of a credit. The Department of Commerce must issue a final order of recapture if the rural fund fails to cure a deficiency within the 6-month period. The final order of recapture must be provided to the rural fund, taxpayer, transferee as applicable, and the DOR. Only one correction is permitted for each rural fund during the 5-year credit period. Recaptured funds shall be deposited into the General Revenue Fund.

A rural fund, taxpayer, or transferee that submits fraudulent information to the Department of Commerce or DOR is liable for the costs associated with the investigation and prosecution of the fraudulent claim plus a penalty in an amount equal to double the tax credits claimed. This penalty is in addition to any other penalty that may be imposed by law.

The Department of Commerce must first provide revoked tax credits on a pro rata basis to each rural fund that was approved for less than the amount for which it applied, as long as the approved credits remain under the tax credit limitation for the fiscal year in which the limitation applied. Any remaining tax credits must be approved by the department to new applicants, as long as the approved credits remain under the tax credit limitation or the fiscal year in which the cap applied.

#### Waiver of Rural Requirement for an Eligible Business

The Department of Commerce may, upon a request, waive the requirements relating to a rural community if the Department of Commerce determines that the eligible investment is provided to an eligible business located on land classified as agricultural under s.193.461, F.S., or employs a majority of its workforce whose primary residence is located in a rural community. This waiver does not allow a rural fund to invest less than 70 percent of eligible investments in a rural community. The Department of Commerce must provide the rural fund and the DOR with a written notice of the waiver under this subsection.

#### Written Determination of an Eligible Business

Before making an eligible investment, a rural fund may request a written opinion from the Department of Commerce as to whether the business in which it proposes to invest satisfies the definition of an eligible business. The Department of Commerce, no later than 15 business days after the date of receipt of the request, shall provide the rural fund with a determination letter providing its opinion. If the Department of Commerce fails to issue a determination letter within that timeframe, the business in which the rural fund proposes to invest must be considered an eligible business.

#### Program Exit

On or after the 5th anniversary of the credit certification date, a rural fund may apply to the Department of Commerce to exit the program and no longer be subject to regulation. The Department of Commerce shall approve or deny the application within 15 days after receipt. In evaluating the application, the fact that no tax credit certificates have been revoked and that the rural fund has not received a notice of revocation that has not been cured is sufficient evidence that the rural fund is eligible for exit. If the application is denied, the notice of denial must include the reasons for the determination.

The Department of Commerce may revoke a tax credit certificate after a rural fund exits the program. The Department of Commerce may take any legal action necessary to recapture the tax credits. The Department of Commerce must deposit any funds from recaptured tax credits into the General Revenue Fund.

#### Program Reporting

Each rural fund shall submit to the Department of Commerce a report on or before the 15th business day after the second and third credit certification date. The report must include all of the following for the year preceding the second or third credit certification date:

- The time period covered in the report, which is the year preceding the second credit certification date or the year preceding the third credit certification date.

- The name, address, and county of each eligible business receiving an eligible investment, including either the written determination or evidence that the business qualified as an eligible business at the time the investment was made, if not previously reported.
- Financial information which provides documentation for each eligible business that the rural fund has invested the amounts required.

All of the following for each eligible business:

- The identity of the types of industries, identified by the North American Industry Classification System Code, of each eligible business.
- The number of jobs created during the time period covered in the report.
- The county of location of jobs created during the time period covered in the report.
- The number of jobs retained as a result of each eligible investment during the time period covered in the report.
- The county of location of jobs retained as a result of each eligible investment during the time period covered in the report.
- The total number of jobs as of the first credit certification date and the last credit certification date that are in the time period covered in the report.
- The range and average salary of all jobs.
- Any other information required by the Department of Commerce.

On or before the fourth credit certification date and annually until its exit from the program, the rural fund shall submit to the Department of Commerce a report. The rural fund must also provide a final report containing these items after program exit if requested by the Department of Commerce. The report must include all of the following for the year preceding the fourth or subsequent credit certification date:

- The time period covered in the report, which is the year preceding the credit certification date.
- The name, address, and county of each eligible business receiving an eligible investment, including either the written determination or evidence that the business qualified as an eligible business at the time the investment was made, if not previously reported.
- Evidence for each eligible business that the rural fund has maintained the investment amounts required.

All of the following for each eligible business:

- The identity of the types of industries, identified by the North American Industry Classification System Code, of each eligible business.
- The number of jobs created during the time period covered in the report.
- The county of location of jobs created during the time period covered in the report.
- The number of jobs retained as a result of each eligible investment during the time period covered in the report.
- The county of location of jobs retained as a result of each eligible investment during the time period covered in the report.
- The total number of jobs as of the first credit certification date and the last credit certification date that are in the time period covered in the report.
- The range and average salary of all jobs.
- Any other information required by the Department of Commerce.

A rural fund that issues an eligible investment approved by the Department of Commerce shall be deemed a recipient of state financial assistance under the Florida Single Audit Act, as provided in 215.97, F.S. However, an entity that makes an eligible investment or receives an eligible investment is not a subrecipient for the purposes of s. 215.97, F.S. The Department of Commerce and the DOR may conduct examinations to verify compliance with this section.

The Department of Commerce and the DOR shall adopt rules to administer the RCIP. The Department of Commerce and the DOR are granted emergency rulemaking authority.

The Department of Commerce may not accept any new applications after December 1, 2029. The Rural Community Investment Program expires on December 31, 2040.

Section 23 amends s. 213.053, F.S., to allow the Department of Commerce and the DOR to exchange information regarding RCIP tax credits.

Section 29 amends s. 288.0001, F.S., to require the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to provide a detailed analysis of the RCIP by January 1, 2028, and every three years thereafter.

## **Sections 25 and 26 – Adoption of the Internal Revenue Code**

### ***Present Situation***

Florida maintains its relationship with the federal Internal Revenue Code each year by adopting the federal Internal Revenue Code in effect on January 1 of the year. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income.

Because Florida relies on federal taxable income to determine Florida taxable income, changes to the calculation of federal taxable income will affect the calculation of Florida taxable income and may increase or decrease Florida tax receipts if Florida adopts the most recent federal Internal Revenue Code. In some instances, Florida has adopted the new federal Internal Revenue Code but excluded some changes.

### ***Proposed Changes***

The bill updates Florida's corporate income tax by adopting the federal Internal Revenue Code in effect on January 1, 2025. By adopting the updated code, Florida recognizes the changes made to the code.

These sections of the bill take effect upon the bill becoming a law and apply retroactively to January 1, 2025.

## Section 30 – Strong Families

### *Present Situation*

#### Strong Families Tax Credit Program

The Strong Families Tax Credit Program, established in s. 402.62, F.S., was created in 2021 to provide tax credits for businesses that make monetary donations to certain eligible charitable organizations that provide services focused on child welfare and well-being. A tax credit may be used to offset the following tax liabilities:

- Severance Tax.
- Sales and Use Tax Direct Pay Permitholders.
- Corporate Income Tax.
- Beverage Tax.
- Insurance Premiums Tax.

An eligible charitable organization is an organization designated by the Department of Children and Families (DCF); eligible to receive funding from the program; and meets specific eligibility requirements provided in law.<sup>107</sup>

In part, the organization must annually submit to the Department of Children and Families:<sup>108</sup>

- An audit of the eligible charitable organization conducted by an independent certified public accountant in accordance with auditing standards generally accepted in the United States, government auditing standards, and rules adopted by the Auditor General.
- A copy of the eligible charitable organization's most recent federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990).

#### Internal Revenue Service Informational Return Form 990

Tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations file Form 990 to provide the IRS with information required by federal law.<sup>109</sup> Such information includes gross income, receipts, and disbursements, and other information the Secretary of the Treasury prescribes for the purpose of carrying out the internal revenue laws.<sup>110</sup>

Exemption from the requirement to file Form 990 is provided to organizations that have gross receipts below \$200,000 or total assets of less than \$500,000 at the end of the tax year. In addition to this broad exemption from the filing requirement, the following organizations may be exempt:

- Religious organizations.
- Governmental organizations.
- Political organizations.
- Organizations with limited gross receipts.
- Organizations that file different kinds of annual information returns.<sup>111</sup>

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<sup>107</sup> Section 402.62(2), F.S.

<sup>108</sup> Section 402.62(3), F.S.

<sup>109</sup> <https://www.irs.gov/forms-pubs/about-form-990>

<sup>110</sup> 26 U.S. Code s. 6033

<sup>111</sup> Internal Revenue Service, *Instructions for Form 990 Return of Organizations Exempt from Income Tax (2024)*, available at [https://www.irs.gov/instructions/i990#en\\_US\\_2024\\_publink11283jd0e846](https://www.irs.gov/instructions/i990#en_US_2024_publink11283jd0e846) (last visited April 13, 2025).

***Proposed Changes***

The bill amends s. 402.62, F.S., to require a copy of the eligible charitable organization's most recent federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990), if filed.

This section takes effect July 1, 2025.

**Section 32 – Distribution of Beverage Tax to Health Centers*****Present Situation***

Florida imposes excise taxes on malt beverages, wines, and other beverages.<sup>112</sup> The taxes are due from manufacturers, distributors and vendors of malt beverages, and from manufacturers and distributors of wine, liquor, and other specified alcoholic beverages. Taxes are remitted to the Division of Alcoholic Beverages and Tobacco (Division) in the Department of Business and Professional Regulation (DBPR).

The Division is responsible for supervising the conduct, management, and operation of the manufacturing, packaging, distribution, and sale of all alcoholic beverages in Florida.<sup>113</sup> Distributions of the excise taxes on alcoholic beverages are made to the General Revenue Fund, the Alcoholic Beverage and Tobacco Trust Fund, Viticulture Trust Fund, and certain health centers specified in statute. Net collections from the alcoholic beverage taxes in state fiscal year 2023-24 were determined to be \$345 million.<sup>114</sup>

The health centers specified in statute receive 13 percent, but not more than \$30 million per fiscal year, of monthly collections after required distributions are made to the Alcoholic Beverage and Tobacco Trust Fund. The health centers and the distribution shares are:

- One-third to the University of Miami Sylvester Comprehensive Cancer Center;
- One-sixth to the Brain Tumor Immunotherapy Program at the University of Florida Health Shands Cancer Center;
- One-sixth to the Norman Fixel Institute for Neurological Diseases at the University of Florida; and
- One-third to the Mayo Clinic Comprehensive Cancer Center in Jacksonville.

***Proposed Changes***

The bill amends s. 561.121, F.S., to increase the percentage of the distribution to specified health centers from 13 percent to 26 percent and increases the yearly maximum from \$30 million to \$60 million.

This section takes effect July 1, 2025.

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<sup>112</sup> Sections 563.05, 564.06, and 565.12, F.S.

<sup>113</sup> Section 561.02, F.S.

<sup>114</sup> Florida Office of Economic & Demographic Research, *Revenue Estimating Conference General Revenue Fund, Changes to the Estimate, General Revenue Fund (Aug. 14, 2024)*, available at <https://edr.state.fl.us/content/conferences/generalrevenue/grchng.pdf> (last visited Mar. 15, 2025).

### Section 37 – Disaster Preparedness Sales Tax Holiday – 17 days – May 15, 2025, through May 31, 2025

#### *Present Situation*

Florida has enacted a disaster preparedness sales tax holiday 11 times since 2006. Generally during these holidays, the following items were exempt:

| Dates  | Length  | TAX EXEMPTION THRESHOLDS |              |                 |              |                        |              |                             |                 |
|--|---------|--------------------------|--------------|-----------------|--------------|------------------------|--------------|-----------------------------|-----------------|
|  |         | Reusable Ice             | Light Source | Fuel Containers | Batteries    | Coolers and Ice Chests | Radios       | Tie down tools and sheeting | Generators      |
| May 21-June 1, 2006*                         | 12 days | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$1000 or less  |
| June 1-June 12, 2007*                        | 12 days | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$75 or less | \$50 or less                | \$1000 or less  |
| May 31-June 8, 2014**                        | 9 days  | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$750 or less   |
| June 2 –June 4, 2017                         | 3 days  | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$750 or less   |
| June 1-7, 2018                               | 7 days  | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$750 or less   |
| May 31-June 6, 2019                          | 7 days  | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$750 or less   |
| May 29-June 4, 2020                          | 7 days  | \$10 or less             | \$20 or less | \$25 or less    | \$30 or less | \$30 or less           | \$50 or less | \$50 or less                | \$750 or less   |
| May 28 – June 6, 2021***                     | 10 days | \$20 or less             | \$40 or less | \$50 or less    | \$50 or less | \$60 or less           | \$50 or less | \$100 or less               | \$1,000 or less |
| May 28 – June 10, 2022****                   | 14 days | \$20 or less             | \$40 or less | \$50 or less    | \$50 or less | \$60 or less           | \$50 or less | \$100 or less               | \$1,000 or less |
| May 27 - June 9, & August 26 - Sept. 8, 2023 | 28 days | \$20 or less             | \$40 or less | \$50 or less    | \$50 or less | \$60 or less           | \$60 or less | \$100 or less               | \$3,000 or less |
| June 1 – 14 & August 24 – Sept. 6, 2024      | 28 days | \$20 or less             | \$40 or less | \$50 or less    | \$50 or less | \$60 or less           | \$50 or less | \$100 or less               | \$3,000 or less |

A few of the holidays have included items that were not repeated every year. For instance, the 2006 and 2007 holidays included cell phone batteries (\$60 or less), cell phone chargers (\$40 or less), storm shutters (\$200 or less), carbon monoxide detectors (\$75 or less), and any combination of items exempt under the holiday or existing law which were folded together for \$75 or less. The 2021 holiday included portable power banks selling for \$60 or less. The 2022, 2023, and 2024 holiday included portable power banks selling for \$60 or less, smoke detectors, smoke alarms, fire extinguishers, or carbon monoxide detectors selling for \$70 or less; and specified items necessary for the evacuation of household pets, with item thresholds ranging from \$10 (wet pet food) to \$100 (portable kennels or carriers). In 2023, the maximum purchase price of a generator was increased from \$1,000 to \$3,000.

The Florida Division of Emergency Management recommends having a disaster supply kit with items such as a battery-operated radio, flashlight, batteries, and first-aid kit.<sup>115</sup>

### ***Proposed Changes***

The bill provides for a sales tax holiday from May 15, 2025, through May 31, 2025, for specified items. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- A portable self-powered light source with a sales price of \$40 or less.
- A portable self-powered radio, two-way radio, or weather-band radio with a sales price of \$50 or less.
- A tarpaulin or other flexible waterproof sheeting with a sales price of \$100 or less.
- An item normally sold as, or generally advertised as, a ground anchor system or tie-down kit with a sales price of \$100 or less.
- A gas or diesel fuel tank with a sales price of \$50 or less.
- A package of AA-cell, AAA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, with a sales price of \$50 or less.
- A nonelectric food storage cooler with a sales price of \$60 or less.
- A portable generator used to provide light or communications or preserve food in the event of a power outage with a sales price of \$3,000 or less.
- Reusable ice with a sales price of \$20 or less.
- A portable power bank with a sales price of \$60 or less.
- A smoke detector or smoke alarm with a sales price of \$70 or less.
- A fire extinguisher with a sales price of \$70 or less.
- A carbon monoxide detector with a sales price of \$70 or less.

The following supplies necessary for the evacuation of household pets purchased for noncommercial use:

- Bags of dry dog food or cat food weighing 50 or fewer pounds and with a sales price of \$100 or less per bag.
- Cans or pouches of wet dog food or cat food with a sales price of \$10 or less per can or pouch or the equivalent if sold in a box or case.
- Over-the-counter pet medication with a sales price of \$100 or less per item.
- Portable kennels or pet carriers with a sales price of \$100 or less per item.
- Manual can openers with a sales price of \$15 or less per item.
- Leashes, collars, and muzzles with a sales price of \$20 or less per item.
- Collapsible or travel-sized food or water bowls with a sales price of \$15 or less per item.
- Cat litter weighing 25 or fewer pounds and with a sales price of \$25 or less per item.
- Cat litter pans with a sales price of \$15 or less per item.
- Pet waste disposal bags with a sales price of \$15 or less per package.
- Pet pads with a sales price of \$20 or less per box or package.
- Hamster or rabbit substrate with a sales price of \$15 or less per package.
- Pet beds with a sales price of \$40 or less per item.

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<sup>115</sup> FLA. DIV. OF EMERGENCY MGMT., *Disaster Supply Kit Checklist*, available at <https://www.floridadisaster.org/planprepare/hurricane-supply-checklist/> (last visited April 7, 2025).



The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

This section takes effect upon the bill becoming a law.

### **Section 38 – Recreational Sales Tax Holiday (“Freedom Months”) – 2 Months – June 1, 2025, through July 31, 2025**

#### ***Present Situation***

Florida enacted a recreational sales tax holiday in 2021, 2022, 2024, and 2024. The sales tax holidays in 2021 and 2022 were one week, held at the beginning of July. In 2023, the holiday was 3 months, beginning at the end of May. The 2023 holiday also added recreational equipment and certain admissions to events. In 2024, the holiday spanned the entire month July and added electric scooters.

#### ***Proposed Changes***

The bill provides for a sales tax holiday for two months from June 1, 2025, through July 31, 2025, for specified admissions and items related to recreational activities. During the sales tax holiday, the following admissions, if purchased during this period, are exempt from the state sales tax and county discretionary sales surtaxes:

- A live music event scheduled to be held on any date or dates from June 1, 2025, through December 31, 2025
- A live sporting event scheduled to be held on any date or dates from June 1, 2025, through December 31, 2025
- A movie to be shown in a movie theater on any date or dates from June 1, 2025, through December 31, 2025
- Entry to a museum, including any annual passes
- Entry to a state park, including any annual passes
- Entry to a ballet, play, or musical theatre performance scheduled to be held on any date or dates from June 1, 2025, through December 31, 2025
- Season tickets for ballets, plays, music events, or musical theatre performances
- Entry to a fair, festival, or cultural event scheduled to be held on any date or dates from June 1, 2025, through December 31, 2025
- Use of or access to private and membership clubs providing physical fitness facilities from June 1, 2025, through December 31, 2025.

If a purchaser of an admission purchases the admission exempt from tax pursuant to this section and subsequently resells the admission, the purchaser shall collect tax on the full sales price of the resold admission.

During the sales tax holiday, the following items are exempt from the state sales tax and discretionary sales surtax:

- Boating and water activity supplies
  - Life jackets and coolers with a sales price of \$75 or less
  - Recreational pool tubes, pool floats, inflatable chairs, and pool toys with a sales price of \$35 or less
  - Safety flares with a sales price of \$50 or less
  - Water skis, wakeboards, kneeboards, and recreational inflatable water tubes or floats capable of being towed with a sales price of \$150 or less
  - Paddleboards and surfboards with a sales price of \$300 or less
  - Canoes and kayaks with a sales price of \$500 or less
  - Paddles and oars with a sales price of \$75 or less
  - Snorkels, goggles, and swimming masks with a sales price of \$25 or less.
- Camping supplies
  - Tents with a sales price of \$200 or less
  - Sleeping bags, portable hammocks, camping stoves, and collapsible camping chairs with a sales price of \$50 or less
  - Camping lanterns and flashlights with a sales price of \$30 or less.
- Electric scooters, which are vehicles having two or fewer wheels, with or without a seat or saddle for the use of the rider, which is equipped to be propelled by an electric motor and which weighs less than 75 pounds, is less than 2 feet wide, and is designed for maximum speed of less than 35 miles per hour, with a sales price of \$500 or less.
- Fishing supplies
  - Rods and reels with a sales price of \$75 or less if sold individually, or \$150 or less if sold as a set
  - Tackle boxes or bags with a sales price of \$30 or less
  - Bait or fishing tackle with a sales price of \$5 or less if sold individually, or \$10 or less if multiple items are sold together. The term does not include supplies used for commercial fishing purposes.
- General outdoor supplies
  - Sunscreen, sunblock, or insect repellant with a sales price of \$15 or less
  - Sunglasses with a sales price of \$100 or less
  - Binoculars with a sales price of \$200 or less
  - Water bottles with a sales price of \$30 or less
  - Hydration packs with a sales price of \$50 or less
  - Outdoor gas or charcoal grills with a sales price of \$250 or less
  - Bicycle helmets with a sales price of \$50 or less
  - Bicycles with a sales price of \$500 or less.
- Residential pool supplies
  - Individual residential pool and spa replacement parts, nets, filters, lights, and covers with a sales price of \$100 or less
  - Residential pool and spa chemicals purchased by an individual with a sales price of \$150 or less.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;

- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The department is authorized to adopt emergency rules to implement this sales tax holiday.

This section takes effect upon the bill becoming a law.

### **Section 39 – Back-to-School Sales Tax Holiday – 10 days – August 1, 2025, through August 10, 2025**

#### ***Present Situation***

Florida has enacted a back-to-school sales tax holiday twenty-three times since 1998. The following table describes the history of the back-to-school sales tax holidays in Florida.

| Dates                  | Length  | TAX EXEMPTION THRESHOLDS |                  |                                     |                                     |                    |
|------------------------|---------|--------------------------|------------------|-------------------------------------|-------------------------------------|--------------------|
|                        |         | Clothing/<br>Footwear    | Wallets/<br>Bags | Books/<br>Learning<br>Aids/ Puzzles | Computers                           | School<br>Supplies |
| August 15-21, 1998     | 7 days  | \$50 or less             | N/A              | N/A                                 | N/A                                 | N/A                |
| July 31-August 8, 1999 | 9 days  | \$100 or less            | \$100 or less    | N/A                                 | N/A                                 | N/A                |
| July 29-August 6, 2000 | 9 days  | \$100 or less            | \$100 or less    | N/A                                 | N/A                                 | N/A                |
| July 28-August 5, 2001 | 9 days  | \$50 or less             | \$50 or less     | N/A                                 | N/A                                 | \$10 or less       |
| July 24-August 1, 2004 | 9 days  | \$50 or less             | \$50 or less     | \$50 or less<br>(Books)             | N/A                                 | \$10 or less       |
| July 23-31, 2005       | 9 days  | \$50 or less             | \$50 or less     | \$50 or less<br>(Books)             | N/A                                 | \$10 or less       |
| July 22-30, 2006       | 9 days  | \$50 or less             | \$50 or less     | \$50 or less<br>(Books)             | N/A                                 | \$10 or less       |
| August 4-13, 2007      | 10 days | \$50 or less             | \$50 or less     | \$50 or less<br>(Books)             | N/A                                 | \$10 or less       |
| August 13-15, 2010     | 3 days  | \$50 or less             | \$50 or less     | \$50 or less<br>(Books)             | N/A                                 | \$10 or less       |
| August 12-14, 2011     | 3 days  | \$75 or less             | \$75 or less     | N/A                                 | N/A                                 | \$15 or less       |
| August 3-5, 2012       | 3 days  | \$75 or less             | \$75 or less     | N/A                                 | N/A                                 | \$15 or less       |
| August 2-4, 2013       | 3 days  | \$75 or less             | \$75 or less     | N/A                                 | \$750 or less                       | \$15 or less       |
| August 1-3, 2014       | 3 days  | \$100 or less            | \$100 or less    | N/A                                 | First \$750 of<br>the sales price   | \$15 or less       |
| August 7-16, 2015      | 10 days | \$100 or less            | \$100 or less    | N/A                                 | First \$750 of<br>the sales price   | \$15 or less       |
| August 5-7, 2016       | 3 days  | \$60 or less             | \$60 or less     | N/A                                 | N/A                                 | \$15 or less       |
| August 4-6, 2017       | 3 days  | \$60 or less             | \$60 or less     | N/A                                 | \$750 or less                       | \$15 or less       |
| August 3-5, 2018       | 3 days  | \$60 or less             | \$60 or less     | N/A                                 | N/A                                 | \$15 or less       |
| August 2-6, 2019       | 5 days  | \$60 or less             | \$60 or less     | N/A                                 | \$1,000 or less                     | \$15 or less       |
| August 7-9, 2020       | 3 days  | \$60 or less             | \$60 or less     | N/A                                 | First \$1,000 of<br>the sales price | \$15 or less       |
| July 31-August 9, 2021 | 10 days | \$60 or less             | \$60 or less     | N/A                                 | First \$1,000 of<br>the sales price | \$15 or less       |

| Dates  | Length  | TAX EXEMPTION THRESHOLDS |                  |                                     |                 |                    |
|--|---------|--------------------------|------------------|-------------------------------------|-----------------|--------------------|
|  |         | Clothing/<br>Footwear    | Wallets/<br>Bags | Books/<br>Learning<br>Aids/ Puzzles | Computers       | School<br>Supplies |
| July 25-August 7, 2022                       | 14 days | \$100 or less            | \$100 or less    | \$30 (Learning Aids/Puzzles)        | \$1,500 or less | \$50 or less       |
| July 24-August 6, 2023, & January 1-14, 2024 | 28 days | \$100 or less            | \$100 or less    | \$30 (Learning Aids/Puzzles)        | \$1,500 or less | \$50 or less       |
| July 29-August 11, 2024                      | 14 days | \$100 or less            | \$100 or less    | \$30 (Learning Aids/Puzzles)        | \$1,500 or less | \$50 or less       |

### *Proposed Changes*

The bill provides for a sales tax holiday from August 1, 2025, through August 10, 2025. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes.

- Wallets and bags with a sales price of \$100 or less. This includes handbags, backpacks, fanny packs, and diaper bags, but excludes briefcases, suitcases, and other garment bags.
- School supplies with a sales price of \$50 or less. This includes pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, computer disks, staplers and staples used to secure paper products, protractors, and compasses.
- Learning aids and jigsaw puzzles with a sales price of \$30 or less. This includes flashcards or other learning cards, matching or other memory games, puzzle books and search-and-find books, interactive or electronic books and toys intended to teach reading or math skills, and stacking or nesting blocks or sets.
- Personal computers purchased for noncommercial home or personal use with a sales price of \$1,500 or less. This includes electronic book readers, calculators, laptops, desktops, handhelds, tablets, or tower computers. This excludes cellular telephones, video game consoles, digital media receivers, or devices that are not primarily designed to process data.
- Personal computer-related accessories purchased for noncommercial home or personal use with a sales price of \$1,500 or less. This includes keyboards, mice, personal digital assistants, monitors, other peripheral devices, modems, routers, and nonrecreational software, regardless of whether the accessories are used in association with a personal computer base unit. This does not include furniture or systems, devices, software, monitors with a television tuner, or peripherals that are designed or intended primarily for recreational use.

Dealers are authorized to opt out of the back-to-school sales tax holiday if less than five percent of the dealer's gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt under the holiday. If a qualifying dealer chooses not to participate in the tax holiday, by July 14, 2025, the dealer must notify the Department of Revenue (DOR) in writing of its election to collect sales tax during the holiday and must post a copy of that notice in a conspicuous location at its place of business.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and

- Sales within an airport, as defined in s. 330.27(2), F.S.

The DOR is authorized to adopt emergency rules to implement this sales tax holiday.

This section takes effect upon the bill becoming a law.

**Section 40 – Skilled Worker Tools Sales Tax Holiday (“Tool Time”) – 10 days – August 29, 2025, through September 7, 2025**

***Present Situation***

In 2022, 2023, 2024, the Legislature enacted a seven-day sales tax holiday, during the week surrounding Labor Day, on tools used in skilled trades. Currently, there is no exemption for tools used by skilled trade workers, such as carpenters, electricians, plumbers, welders, pipefitters, masons, painters, heating and air conditioning technicians, and other service technicians.

***Proposed Changes***

The bill provides a ten-day sales tax holiday from August 29, 2025, through September 7, 2025, for specified tools commonly used by skilled trade workers. During the sales tax holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- Hand tools with a sales price of \$50 or less per item.
- Power tools with a sales price of \$300 or less per item.
- Power tool batteries with a sales price of \$150 or less per item.
- Work gloves with a sales price of \$25 or less per pair.
- Safety glasses with a sales price of \$50 or less per pair, or the equivalent if sold in sets of more than one pair.
- Protective coveralls with a sales price of \$50 or less per item.
- Work boots with a sales price of \$175 or less per pair.
- Tool belts with a sales price of \$100 or less per item.
- Duffle bags or tote bags with a sales price of \$50 or less per item.
- Tool boxes with a sales price of \$75 or less per item.
- Tool boxes for vehicles with a sales price of \$300 or less per item.
- Industry textbooks and code books with a sales price of \$125 or less per item.
- Electrical voltage and testing equipment with a sales price of \$100 or less per item.
- LED flashlights with a sales price of \$50 or less per item.
- Shop lights with a sales price of \$100 or less per item.
- Handheld pipe cutters, drain opening tools, and plumbing inspection equipment with a sales price of \$150 or less per item.
- Shovels with a sales price of \$50 or less.
- Rakes with a sales price of \$50 or less.
- Hard hats and other head protection with a sales price of \$100 or less.
- Hearing protection items with a sales price of \$75 or less.
- Ladders with a sales price of \$250 or less.
- Fuel cans with a sales price of \$50 or less.
- High visibility safety vests with a sales price of \$30 or less.

The holiday does not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The Department of Revenue is authorized to adopt emergency rules to implement this sales tax holiday.

This section takes effect upon the bill becoming a law.

### **Section 41 – Hunting Season Sales Tax Holiday – Approximately 3.5 Months – September 8, 2025, through December 31, 2025**

#### ***Present Situation***

The sale of ammunition, firearms, bows, crossbows and associated accessories is subject to Florida sales and use tax. In recent history, Florida has not enacted a sales tax holiday for these items.

#### ***Proposed Changes***

The bill provides a sales tax holiday for approximately 3.5 months from September 8, 2025, through December 31, 2025. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes.

- Ammunition, which means an object consisting of all of the following: a fixed metallic or nonmetallic hull or casing containing a primer, one or more projectiles, one or more bullets, or shot, and gunpowder.
- A firearm, which means any weapon (including a starter gun) which will, is designed to, or may readily be converted to expel a projectile by the action of an explosive; the frame or receiver of any such weapon; a firearm muffler or firearm silencer; a destructive device. The term also includes a firearm which shoots, or is designed to shoot, automatically more than one shot, without manually reloading, by a single function of the trigger.
- The following firearm accessories: charging handles, cleaning kits, holsters, pistol grips, sights or optics, or stocks.
- A bow, which means a device consisting of flexible material having a string connecting its two ends, either indirectly by cables or pulleys or directly, for the purpose of discharging arrows; which propels arrows only by the energy stored by the drawing of the device; and which is hand-held, hand-drawn, and hand-released.
- A crossbow, which means a device consisting of flexible material having a string connecting its two ends, either indirectly by cables or pulleys or directly, affixed to a stock for the purpose of discharging quarrels, bolts, or arrows; which propels quarrels, bolts, or arrows only by the energy stored by the drawing of the device; and which uses a non-hand-held locking mechanism to maintain the device in a drawn or ready-to-discharge condition.
- The following accessories used for bows or crossbows: arrows, bolts, quarrels, quivers, releases, sights or optics, or wristguards.

The Department of Revenue is authorized to adopt emergency rules to implement this sales tax holiday.

This section takes effect upon the bill becoming a law.

## **Section 42 – Motor Vehicle Registration Credit**

### ***Present Situation***

Motor vehicles must be registered either annually or biennially in Florida. License taxes for vary depending upon the vehicle's weight.<sup>116</sup> In addition to a license tax, various fees and surcharges are applied at the time of registration.<sup>117</sup>

Section 320.03(5), F.S., levies a fee of \$0.50 on each license tax to cover the costs of the Florida Real Time Vehicle Information System. These funds are deposited in the Highway Safety Operating Trust Fund.

Section 320.03(6), F.S., levies a non-refundable fee of \$1 on each license registration sold, transferred, or replaced. These funds are deposited in the Air Pollution Control Trust Fund in the Department of Environmental Protection and used only for purposes of air pollution control pursuant to ch. 403, F.S.

Section 320.03(9), F.S., levies a non-refundable fee of \$1.50 on the initial and renewal registration of each automobile for private use and on the initial and renewal registration of each truck having a net weight of 5,000 pounds or less. These fees are deposited in the Transportation Disadvantaged Trust Fund.

Section 320.04(1), F.S., provides for a registration service charge of \$2.50 for each application handled in connection with the issuance or transfer of license plates, mobile home stickers, or validation stickers. The service charge is retained by the Department of Highway Safety and Motor Vehicles or by the tax collector who provides the service.

Section 320.06(1)(b)1., F.S., provides that license plates shall be issued for a 10-year period with an initial fee of \$28. The fee for replacement of the plate after that 10-year period, also \$28, is paid at the time of registration renewal in 10 annual increments of \$2.80, credited towards the total. The revenue from these fees is deposited in the Highway Safety Operating Trust Fund.

Section 320.08(1) – (4), F.S., provide for a variety of license taxes on motorcycles, mopeds, automobiles, tri-vehicles, light trucks and heavy trucks (see table below). The funds are distributed pursuant to s. 320.20, F.S.<sup>118</sup>

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<sup>116</sup> Section 320.08, F.S. See also s. 320.07, F.S.

<sup>117</sup> FLHSMV, Registration Fees <https://www.flhsmv.gov/fees/#mvfees> (last visited April 13, 2025)

<sup>118</sup> The proceeds are first deposited in the district Capital Outlay and Debt Service School Trust Fund to comply with the provisions of s. 9(d), Art. XII, of the Florida Constitution. The remainder is deposited in the State Transportation Trust Fund to fund a variety of purposes.

| Statute                             | Type of Vehicle                         | License Tax |
|-------------------------------------|---|-------------|
| <b>Motorcycles and Mopeds</b>       |   |             |
| s. 320.08(1)(a)                     | Any motorcycle                          | \$10.00     |
| s. 320.08(1)(b)                     | Any moped                               | \$5.00      |
| s. 320.08(1)(g)                     | Ancient or antique motorcycle           | \$7.50      |
| <b>Automobiles and Tri-Vehicles</b> |   |             |
| s. 320.08(2)(a)                     | Ancient or antique automobile           | \$7.50      |
| s. 320.08(2)(a)                     | Street rod                              | \$7.50      |
| s. 320.08(2)(b)                     | Net weight < 2,500 lbs.                 | \$14.50     |
| s. 320.08(2)(c)                     | Net weight 2,500 – 3,499 lbs.           | \$22.50     |
| s. 320.08(2)(d)                     | Net weight >= 3,500 lbs.                | \$32.50     |
| <b>Light Trucks</b>                 |   |             |
| s. 320.08(3)(a)                     | Net weight < 2,000 lbs.                 | \$14.50     |
| s. 320.08(3)(b)                     | Net weight 2,000 – 3,000 lbs.           | \$22.50     |
| s. 320.08(3)(c)                     | Net weight 3,001 – 5,000 lbs.           | \$32.50     |
| s. 320.08(3)(d)                     | Trucks defined as “goat” <sup>119</sup> | \$7.50      |
| s. 320.08(3)(e)                     | Ancient or Antique Truck                | \$7.50      |
| <b>Heavy Trucks</b>                 |   |             |
| s. 320.08(4)(a)                     | Gross weight 5,001 – 5,999 lbs.         | \$60.75     |
| s. 320.08(4)(b)                     | Gross weight 6,000 – 7,999 lbs.         | \$87.75     |
| s. 320.08(4)(c)                     | Gross weight 8,000 – 9,999 lbs.         | \$103.00    |
| s. 320.08(4)(d)                     | Gross weight 10,000 – 14,999 lbs.       | \$118.00    |

Section 320.0801(2), F.S., levies an additional surcharge of \$10 on each commercial motor vehicle having a gross vehicle weight of \$10,000 or more. Of this amount, 50% of the revenues are deposited into the State Transportation Trust Fund, and 50% are deposited into the General Revenue Fund.

Section 320.0804, F.S., levies an additional surcharge of \$1.20 on each license tax imposed under s. 320.08, F.S., except on mobile homes. Of this amount, \$1 is deposited into the State Transportation Trust Fund, and \$0.20 cents are deposited into the Highway Safety Operating Trust Fund.

Section 320.08046, F.S., levies an additional surcharge of \$1 on each license tax imposed under s. 320.08, F.S., except for those for mobile homes. The funds are deposited in the Grants and Donations Trust Fund in the Department of Juvenile Justice to fund the juvenile crime prevention programs and community juvenile justice partnerships program.

Sections 320.0805(c), F.S., levies a processing fee of \$5 for personalized prestige license plates, which is deposited into the Highway Safety Operating Trust Fund.

<sup>119</sup> A "goat" is a motor vehicle designed, constructed, and used principally for the transportation of citrus fruit within citrus groves or for the transportation of crops on farms, and which can also be used for the hauling of associated equipment or supplies, including required sanitary equipment, and the towing of farm trailers.



***Proposed Changes***

The bill makes available a one-time credit to motor vehicle registrations that are active on June 30, 2025, or for new registrations that are issued on or after July 1, 2025.

The value of a credit is equal to the annual license tax owed for that registration, including ancillary fees.

The term "ancillary fees" is defined by the bill to mean the following fees, as applicable to each license tax specified in the bill:

- Sections 320.03(5), 320.03(6), and 320.03(9), F. S.
- Section 320.04(1)(a), F. S.
- Section 320.06(1)(b)1., F. S.
- Section 320.0801(2), F. S.
- Section 320.0804, F. S.
- Section 320.08046, F. S.
- Section 320.0805(2)(c), F. S.

Only a motor vehicle registration that is subject to a license tax under s. 320.08(1)(a), (b), and (g), (2)(a)-(d), (3)(a)-(e), and (4)(a)-(d), F. S., is eligible for a credit.

The credit shall be granted to a registrant at the time the motor vehicle registration is next renewed or a new registration is issued.

The Department of Highway Safety and Motor Vehicles shall first apply the credit to a registration which expires after September 30, 2025. A registrant that renewed the registration before September 30, 2025, will have the credit apply to the next time the registration is required to be renewed. The department shall first apply the credit to a new registration issued on or after July 1, 2025.

The Department of Highway Safety and Motor Vehicles must adjust the total amount owed for a new or a renewal registration issued pursuant to s. 320.07(2), F. S., to provide for a one-time credit of the annual license tax, including ancillary fees. The department must account for the credit against the first year of a registration pursuant to s. 320.07(2), F. S.

This section of the bill may not be construed to provide for a refund of any license tax credit, including ancillary fees, paid or not charged.

A credit may not be granted to a registrant who is renewing a motor vehicle registration after the 10th day of the month following the registration's expiration date.

A credit may not be granted after October 10, 2027.

A registrant may only receive one credit for each vehicle registered during the time periods provided in this section. A person may elect to pay biennially pursuant to s. 320.07(2), F. S., and shall pay only that portion not subject to the credit provided by this section.

The Department of Highway Safety and Motor Vehicles is authorized, and all conditions are deemed met, to adopt emergency rules under s. 120.54(4), F. S., for the purpose of implementing the credit authorized by this section. Notwithstanding any other law, emergency rules adopted under this section are effective for 6 months after adoption and may be renewed during the pendency of procedures to adopt permanent rules addressing the subject of the emergency rules.

The bill grants the Chief Financial Officer authority to transfer to the Department of Highway Safety and Motor Vehicles up to \$830 million to make necessary transfers to trust funds impacted by the credits granted in the bill.

The transfer authority expires November 1, 2027.

This section takes effect upon the bill becoming a law.

### **Section 43 – Property Tax Study**

#### ***Present Situation***

There is no law requiring a study of Florida’s property tax.

#### ***Proposed Changes***

The bill requires a study of Florida’s property tax. By November 1, 2025, the Office of Economic and Demographic Research shall submit a report to the President of the Senate and the Speaker of the House of Representatives detailing the study's findings and options.

The Legislature finds a majority of Floridians believe their property taxes are too high and, while the American dream still includes home ownership, costs related to such ownership contribute to hardships in achieving and maintaining that dream. The Legislature further finds property taxes are a significant source of general revenue for local governments and political subdivisions, funding essential local services to Floridians, including, but not limited to, education, infrastructure, public safety, and emergency services. This tension between dual objectives makes it necessary to carefully analyze the current tax structure and the expenditure of the revenues provided by it at both the state and local levels before enacting significant tax relief measures for homeowners of this state, ensuring such relief is meaningful, and does not negatively impact services Floridians deem essential.

The Office of Economic and Demographic Research shall conduct a study of the property tax structure of this state and the expenditure of property tax revenues by recipient local governments and political subdivisions and focus on the taxation of homestead property. The primary purpose of the study is to analyze the potential impact of eliminating or significantly reducing ad valorem assessments on homestead property and provide policy options for mitigating negative fiscal consequences. The study must include:

- An analysis of the effects of the Save-Our-Homes assessment limitation pursuant to s. 4(d), Art. VII of the State Constitution, the portability of the Save-Our-Homes assessment limitation pursuant to s. 4(d)(8), Art. VII of the State Constitution, and other constitutional provisions that currently provide tax relief to homestead property owners.
- An analysis of the millage rates adopted by local governments compared to the rolled back rate calculated as required under s. 200.065, F.S.

- An analysis of the potential impacts on public services, including, but not limited to, education, infrastructure, public safety, and emergency services.
- An assessment of the housing market in this state, including, but not limited to, changes in homeownership rates and property values, effects on first-time homebuyers, and homeowner willingness to relocate to another property when needs change.
- An analysis of consumer behavior regarding home improvements that would likely cause the assessed value of a homestead property and property taxes collected for a homestead property to increase under current law, including, but not limited to, the elevation of homes in flood-prone areas, the addition of accessory dwelling units, and other home renovation projects. The analysis must include discussion of whether reducing or eliminating property taxes on homestead property would change consumer behavior leading to increased homestead property damage mitigation and resiliency.

Based on the research, data, and analysis, the Office of Economic and Demographic Research must develop a series of findings and an array of policy options, including changes to the State Constitution or statute, for eliminating or reducing the property tax burden on homestead property in this state while mitigating any reductions to services Floridians deem essential to quality of life.

The options may include changes to local government property taxes, required local effort millage rates, and tax assessments by local and state government.

The options must attempt to balance the ability of the property tax system to produce revenues that are sufficient to fund appropriate governmental functions and expenditures.

The options may include any actions or measures necessary to ensure tax enforcement and collection are fair, reasonable, and have minimal compliance costs; to increase the visibility and awareness of the taxes being paid; and to procedures to adequately inform taxpayers of local government tax and budget decisions.

The Office of Economic and Demographic Research may contract as needed with state universities, nationally recognized organizations, and tax policy experts for the purpose of developing findings and policy options to be included in the report. The Department of Revenue shall provide any data or technical assistance required by the Office of Economic and Demographic Research to complete the study.

The sum of \$1,000,000 in nonrecurring funds from the General Revenue Fund is appropriated to the Office of Economic and Demographic Research for the purpose of conducting the study.

This section takes effect upon the bill becoming a law.

#### **Section 47 – Division of Law Revision**

The bill directs the Division of Law Revision to replace the phrase “the effective date of this act” where it occurs in the bill with the date the bill becomes a law.

**Section 48 – Effective Date**

The bill provides that except as otherwise provided in this act and except for this section, which shall take effect upon becoming a law, this act shall take effect July 1, 2025.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

Article VII, s. 18(b) of the Florida Constitution provides that, except upon the approval of each house of the Legislature by a two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact,<sup>120</sup> which is \$2.4 million or less for Fiscal Year 2025-2026.<sup>121</sup>

The bill is estimated to reduce the authority local governments have to raise revenue from local option sales taxes and property taxes by \$45.4 million in Fiscal Year 2025-2026; therefore, this bill may be a mandate subject to the requirements of Art. VII, s. 18(b) of the Florida Constitution.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**D. State Tax or Fee Increases:**

This bill does not create or raise a state tax or fee. Therefore, the requirements of Art. VII, s. 19 of the Florida Constitution do not apply.

**E. Other Constitutional Issues:**

None identified.

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<sup>120</sup> FLA. CONST. art. VII, s. 18(d). An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. *See* FLA. SENATE COMM. ON CMY. AFFAIRS, *Interim Report 2012-115: Insignificant Impact*, (September 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited April 13, 2025).

<sup>121</sup> Based on the Demographic Estimating Conference's estimated population adopted on February 4, 2025. The conference packet is available at [https://edr.state.fl.us/Content/conferences/population/ConferenceResults\\_Tables.pdf](https://edr.state.fl.us/Content/conferences/population/ConferenceResults_Tables.pdf) (last visited April 13, 2025).

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The bill is estimated by staff to reduce revenues in total by \$2,128.5 million, which is the sum of \$946.8 million (recurring), and \$1,181.7 million (pure nonrecurring in Fiscal Year 2025-2026 and reductions resulting from nonrecurring impacts in other years). Total tax reductions are represented by the sum of the recurring impacts (reflecting the annual value of permanent tax cuts when fully implemented) and the pure nonrecurring impacts (reflecting temporary tax reductions).

The bill reduces revenues in Fiscal Year 2025-2026 by \$1,830.1 million (\$946.8 million recurring); General Revenue Fund receipts are reduced by \$979.4 million (\$750.8 million recurring), state trust fund receipts are reduced by \$590.7 million (\$0.0 million recurring); and local government revenue is reduced by \$260.0 million (\$196.0 million recurring), as displayed in the table below.

| SPB 7034   |                 |                |                   |          |                |                |                             |
|--|-----------------|----------------|-------------------|----------|----------------|----------------|-----------------------------|
|  | General Revenue |                | State Trust Funds |          | Local/Other    |                | Total                       |
|  | 1st Yr.         | Recur.         | 1st Yr.           | Recur.   | 1st Yr.        | Recur.         | 1st Yr.    Recur.           |
| <b><u>Sales and Use Tax</u></b>  |                 |                |                   |          |                |                |                             |
| Clothing & Shoes \$75 or less - Perm   | (675.2)         | (707.2)        | (*)               | (*)      | (182.6)        | (191.2)        | (857.8)    (898.4)          |
| Back-to-School - Aug. 1-10   | (23.9)          | -              | (*)               | -        | (7.0)          | -              | (30.9)    -                 |
| Hunting Season Holiday - Sept. 8 - Dec. 31   | (22.1)          | -              | (*)               | -        | (6.5)          | -              | (28.6)    -                 |
| Freedom Months - June - July   | (184.0)         | -              | (*)               | -        | (53.6)         | -              | (237.6)    -                |
| Skilled Worker Tax Holiday - Aug. 29 - Sept. 7   | (16.8)          | -              | (*)               | -        | (4.9)          | -              | (21.7)    -                 |
| Fully Exempt Gold, Silver, Platinum Bullion  | (1.6)           | (1.6)          | (*)               | (*)      | (0.5)          | (0.6)          | (2.1)    (2.2)              |
| Forwarding Agents  | -               | -              | -                 | -        | -              | -              | -    -                      |
| <b><u>Highway Safety Fees</u></b>  |                 |                |                   |          |                |                |                             |
| Motor Vehicle Registration Credit  | (17.5)          | -              | (590.7)           | -        | -              | -              | (608.2)    -                |
| <b><u>Corporate Income Tax</u></b>   |                 |                |                   |          |                |                |                             |
| IRC Piggyback  | -               | -              | -                 | -        | -              | -              | -    -                      |
| <b><u>Various Taxes</u></b>  |                 |                |                   |          |                |                |                             |
| Home Away From Home Tax Credit   | (**)            | (5.0)          | -                 | -        | -              | -              | -    (5.0)                  |
| Strong Families F990   | -               | -              | -                 | -        | -              | -              | -    -                      |
| <b><u>Ins. Prem. &amp; Corp. Inc. Tax</u></b>  |                 |                |                   |          |                |                |                             |
| Rural Community Investment Program   | (7.0)           | (7.0)          | -                 | -        | -              | -              | (7.0)    (7.0)              |
| <b><u>Local Taxes</u></b>  |                 |                |                   |          |                |                |                             |
| Ad Valorem: Property Tax Study   | -               | -              | -                 | -        | -              | -              | -    -                      |
| Ad Valorem: Gold Seal Education Property Lease   | -               | -              | -                 | -        | (4.1)          | (4.1)          | (4.1)    (4.1)              |
| Ad Valorem: VAB Remote Hearings  | -               | -              | -                 | -        | -              | -              | -    -                      |
| Ad Valorem: VAB Appeal Deadline  | -               | -              | -                 | -        | -              | -              | -    -                      |
| Ad Valorem: Application Denial Material  | -               | -              | -                 | -        | -              | -              | -    -                      |
| Ad Valorem: TPP Salvage Value 2025 - Citrus Packing and Processing                                     | -               | -              | -                 | -        | (0.8)          | -              | (0.8)    -                  |
| Ad Valorem: Agricultural Classification Extension for Citrus   | -               | -              | -                 | -        | -              | (0.1)          | -    (0.1)                  |
| Tourist Dev. Tax: Cap Tourism Promotion and Advertisement Expenditure Requirement for Certain Counties | -               | -              | -                 | -        | -              | -              | -    -                      |
| Local CST: Extend Cap to 2031  | -               | -              | -                 | -        | -              | -              | -    -                      |
| <b><u>Beverage Tax</u></b>   |                 |                |                   |          |                |                |                             |
| Distributions to Health Centers  | (30.0)          | (30.0)         | -                 | -        | -              | -              | (30.0)    (30.0)            |
| <b><u>Other</u></b>  |                 |                |                   |          |                |                |                             |
| Administration:  |                 |                |                   |          |                |                |                             |
| Pre-Audit Preparation  | -               | -              | -                 | -        | -              | -              | -    -                      |
| Cross-reference Correction   | -               | -              | -                 | -        | -              | -              | -    -                      |
| Overpayment/delinquency Clarification  | -               | -              | -                 | -        | -              | -              | -    -                      |
| Appropriation: Home Away From Homes  | (0.3)           | -              | -                 | -        | -              | -              | (0.3)    -                  |
| Appropriation: Property Tax Study  | (1.0)           | -              | -                 | -        | -              | -              | (1.0)    -                  |
| <b>2025-26</b>   | <b>(979.4)</b>  | <b>(750.8)</b> | <b>(590.7)</b>    | <b>-</b> | <b>(260.0)</b> | <b>(196.0)</b> | <b>(1,830.1)    (946.8)</b> |

|   | General Revenue  |                | State Trust Funds |          | Local/Other    |                | Total                       |
|---|------------------|----------------|-------------------|----------|----------------|----------------|-----------------------------|
|   | 1st Yr.          | Recur.         | 1st Yr.           | Recur.   | 1st Yr.        | Recur.         | 1st Yr.    Recur.           |
| <b><u>Nonrecurring Current/Out-year Impacts</u></b> |                  |                |                   |          |                |                |                             |
| Disaster Preparedness - May 15 - 31 (FYE 25)        | (37.9)           | -              | (*)               | -        | (11.1)         | -              | (49.0)    -                 |
| Registration Fee Reduction (FYE 27)                 | (5.9)            | -              | (199.0)           | -        | -              | -              | (204.9)    -                |
| <b>Total</b>  | <b>(43.8)</b>    | <b>-</b>       | <b>(199.0)</b>    | <b>-</b> | <b>(11.1)</b>  | <b>-</b>       | <b>(253.9)    -</b>         |
| <b>Bill Total</b>                                   | <b>(1,023.2)</b> | <b>(750.8)</b> | <b>(789.7)</b>    | <b>-</b> | <b>(271.1)</b> | <b>(196.0)</b> | <b>(2,084.0)    (946.8)</b> |

Pure Nonrecurring (1,181.7)  
Recurring + Pure Nonrecurring (2,128.5)

**B. Private Sector Impact:**

Taxpayers, both businesses and individuals, will experience significant tax savings.

**C. Government Sector Impact:**

Various departments and agencies will need to implement provisions of this bill and may need to engage in rulemaking. This will likely require the expenditure of funds.

The Department of Revenue is appropriated \$311,076 in nonrecurring General Revenue funds to implement the Home Away From Home Tax Credit Program.

The Office of Economics and Demographic Research is appropriated \$1 million in nonrecurring General Revenue funds for the purpose of conducting the property tax study.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes:

125.0104, 193.4516, 193.461, 194.014, 194.032, 94.171, 196.151, 196.198, 202.19, 202.34, 212.02, 212.06, 212.08, 212.13, 213.053, 213.37, 220.02, 220.03, 288.0001, 402.62, 561.121, 624.509, and 1002.945.

This bill creates the following sections of the Florida Statutes:

211.02535, 212.18345, 220.18775, 288.062, 402.63, 561.12135, and 624.51059.

This bill creates undesignated sections of the Florida law.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.