

FTA Revenue Estimating Conference - October 1, 2002



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Sales Tax in Florida

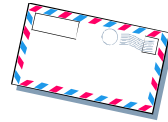
- Tax Rate: 6%, with some exceptions
- 2001-02 Revenues: \$16,952.3m
- Local Option Rates: Up to 2.5%
- 2001-02 Local Option Revenues: \$960m
- 51 of 67 Counties and School Districts levy rates between .5% and 1.5%.
- .6% average weighted sales tax rate



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Sales Tax Dealers

- 580,000 Dealers
 - 350,000 Monthly Filers
 - 130,000 Quarterly Filers
 - 100,000 Semi-annual & annual Filers
- 37,000 (or 6%) dealers use EFT
- 82% of the revenues remitted by EFT
- 24,300 dealers use electronic data imaging



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Streamlined Sales Tax Project

- Rounding
- Drinks vs Juices
- Food
- Drugs
- Local Option Taxes
- Different State Rates



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Rounding

- Originally Two Options:
 - Mathematical Rounding: 50% rule - adopted
 - Only round up to keep effective rate above statutory rate: still in discussion
- Fiscal Impact in Florida:
 - Looking at effective rates (last 5 years):
 - Grocery Stores: 6.03%
 - Restaurants: 6.04%
 - Department Stores: 6.00%
 - Motor Vehicle Dealers: 6.55%
 - Per .01% on the full base: \$27m.

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Rounding Cont'd

- Trying to estimate by average taxable transactions per day:
 - Florida Teenage & adults: 2 transactions per day
 - Tourists: 5 transactions per day
 - Loss of \$36 million

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Juices and Drinks

- **Current Florida Law**
 - Exempt: 100% Juice, Bottled Water, and Milk
 - Taxable:
 - All Juice-drinks: \$23m
 - Soft drinks: \$186.2m
 - Sport drinks: \$17.4m
- **Streamlined STP**
 - Exempt: 50%+ Juice
 - Juice:
 - 62% is Pure Juice
 - 38% is Drink
 - Less than 10% of this contains more than 50% juice.
 - Fiscal Impact: (\$2.3m)

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Food

- **Current Florida Law**
 - Candy:
 - Taxable
 - Revenues: \$80m
 - Chocolate: 55%
 - Non-choc.: 32%
 - Gum: 12%
 - Other: 2%
 - Prepared Foods:
 - Revenues: \$1,228m
- **Streamlined STP**
 - Candy
 - Exempt, if it contains flour - no minimum.
 - Revenue Loss: indet.: change in ingredients?
 - Prepared Foods:
 - Some items mixed by grocery stores may become exempt.

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Drugs

- **Current Florida Law**
 - Exempt:
 - Prescription Drugs
 - Non-prescription Drugs
 - Taxable:
 - Cosmetics
 - Revenues:
 - From CES: \$15.9m
- **Streamlined STP**
 - Exempt:
 - Prescription Drugs
 - Non-prescription Drugs
 - Cosmetics with “Drug Fact” label
 - Taxable:
 - Remaining Cosmetics
 - Revenues Impact:
 - Significant, maybe 10 to 30%: (\$1.6m to \$4.8m)

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Local Option Sales Tax

- **Current Florida Law**
 - Rates vary between .5% and 1.5%, with potential max. of 2.5%
 - Base is the same as for the general sales tax, except sales amounts over \$5,000 are exempt.
 - Exempt Base: 15%
- **Streamlined STP**
 - 1 rate per jurisdiction
 - 3 month notice for rate changes
 - Uniform Bases, except for cars and planes
 - Capped items:
 - Autos (75%)
 - Construction (25%)
 - Gain to Local Gov'ts: 3.7%

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State Rates

- Current Florida Law
 - General Rate: 6%
 - Commercial Electricity: 7%
 - Communications Services: 6.8%
 - Farm Equipment: 2.5%
 - Amusement machines: 4%
 - Vending machines: Various
- Streamlined STP
 - One General Rate
 - 2nd Rate for enumerated products
 - Limitation does not apply to communications services, amusement or vending machines.
 - Farm equipment: partial exemption repeal: \$38.9m (but could change to direct pay permits, use exemption)

Other Issues

- Sales Tax Holidays:
 - Allowed with 60 day notice before Quarter
 - Defined terms
 - Caps are allowed (\$50, \$100, etc)
 - Theme Parks don't participate.
- Registration
 - One place, one return
 - Registration only does NOT imply Nexus.

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