

**STATE OF FLORIDA
TAX AMNESTY PROGRAM
2003**



**Presentation to the
2004 FTA Revenue Estimating and Tax Research Conference
September 21, 2004**

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EXPECTATIONS

Forecast Methodology:

- review experiences of 8 of 15 states with tax amnesty since summer 2001 (*KY, MASS, MICH, MISS, NJ, NY, OH, OKL*)
- focus on SUT and CIT
- normalize collection results across states by expressing total amnesty related collections as a percentage of the most recent fiscal year's collections
- Determine collections split between previously known and unknown liabilities

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Prediction:

- Total Collections
\$207m (*SUT \$148.2m + CIT \$58.8m*)
- Previously unknown Liabilities
\$72.5m (*35%*)
- Recurring Collections
\$24.2m (*1/3rd of unknown Liabilities*)

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LEGISLATION

Coverage:

- Amnesty Period: July 1 – October 31, 2003
- All State and Local Taxes administered by the DOR
- except for Unemployment Tax
- Liabilities due on or before June 30, 2003
- Liabilities known and unknown to Taxing Authorities
- Exclusion of Taxpayers
- under criminal investigation
- with prior conviction for violating a Florida Revenue Law
- with settlement of payment agreement entered into prior to July 1, 2003

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Taxes Covered by Amnesty

- Apalachicola Bay Oyster Surcharge
- Communication Service Tax
- Corporate Income Tax
- Documentary Stamp Tax
- Estate Tax
- Fuels Tax
- Government Leasehold Tax
- Gross Receipts (Utility) Tax
- Insurance Premium Tax
- Intangible Personal Property Tax
- Local Option Taxes administered by DOR
- Motor Vehicle Warranty Fee
- Pollutants Tax
- Sales and Use Tax
- Secondhand Dealers Fee
- Severance Tax
- Solid Waste and Surcharge Fees

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Carrot:

- Elimination of Penalty
- Reduction of Interest
 - 50% for reporting liabilities unknown to the Department
 - 25% for settling liabilities known to the Department
- Limitation of liability related to previously undisclosed issues to three years



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Stick:

- Waiver of all Protest Rights
- Waiver of Right for Refund
- Increase in Interest Rate to be charged on Deficiencies by 4 percentage points effective November 1, 2003
- Stepped up Enforcement Efforts after the Amnesty Period



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PUBLIC AWARENESS

- 1.3 million Taxpayer Information Publications mailed
- Flyers included in 350,000 Billings and other Mailings
- 43,000 Letters mailed to Florida Businesses regarding possible Tax Obligation related to Commercial Rentals
- 2,500 Letters mailed to Businesses under Audit
- PSAs distributed to Cable TV Stations and Newspapers
- Advertisements in AMC Theaters
- 9,300 Radio Advertising Spots
- More than 50 Business Associations contacted
- Complete Amnesty-Related Information on DOR Website
- Website Links to Sites of other States' Revenue Agencies, Florida Business Associations, and Professional Organizations

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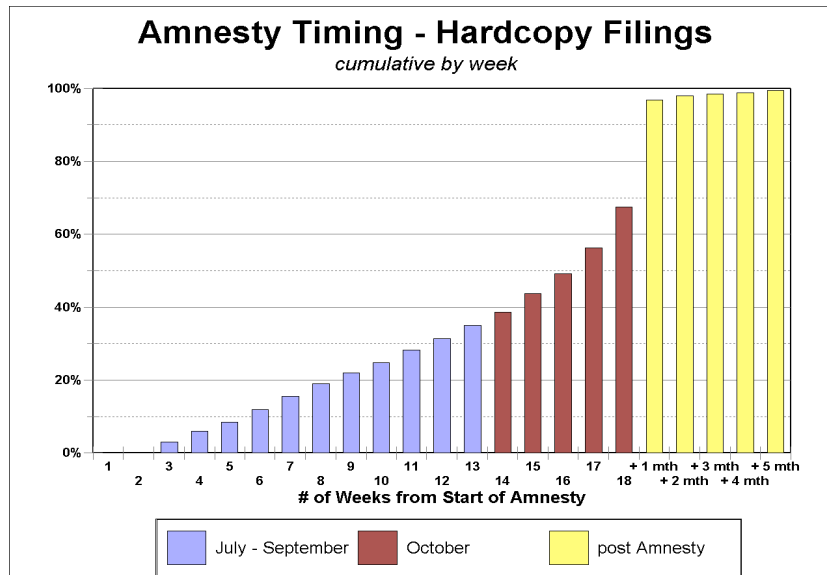
FILINGS AND PAYMENTS

- Over 19,000 Taxpayers participated
- Over 160,000 Payments submitted
- 60% of Agreements filed during final Month
- 1 out of 3 Taxpayers filed via Internet
- 1 out of 5 Internet Filers also paid via Internet
- 1/3rd of Internet Filings and almost 1/2 of Hardcopy Filings received during final Week
- More than 75% of Payments received during final Month
- More than 50% of Payments received during final Week

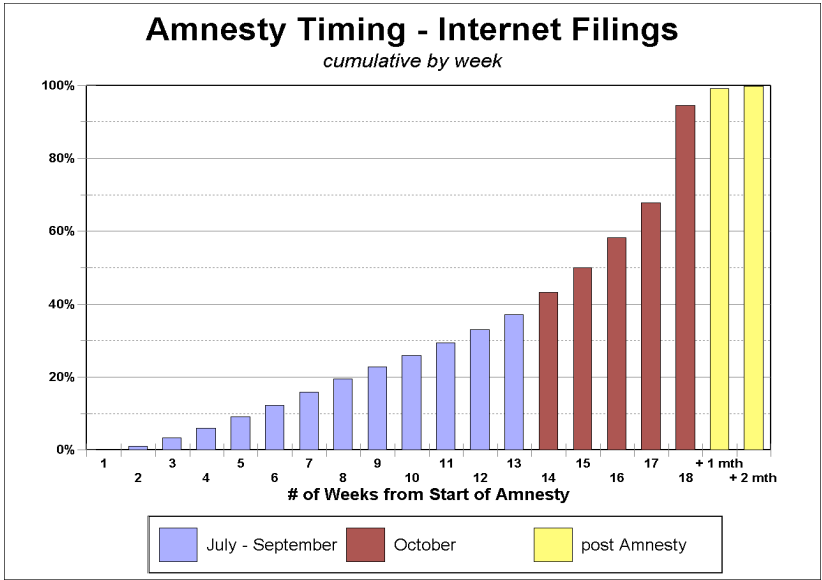
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Amnesty Timing - Hardcopy Filings

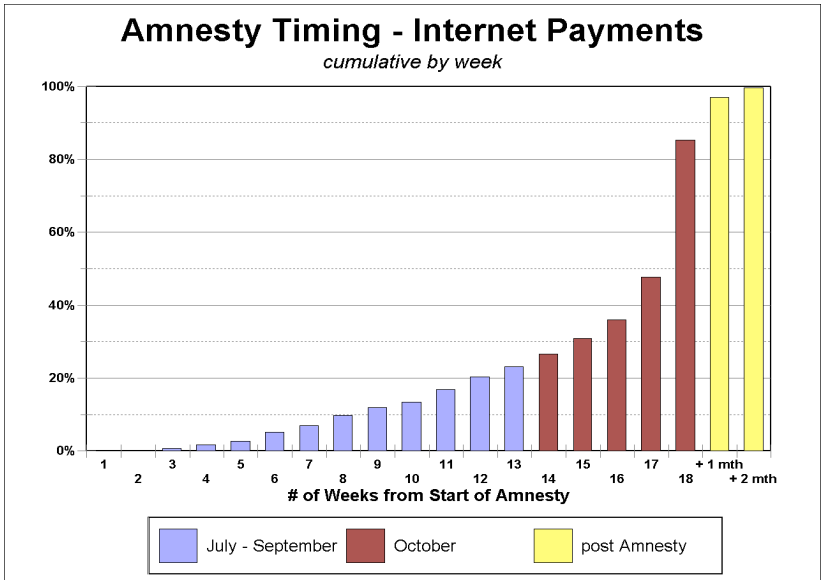
cumulative by week



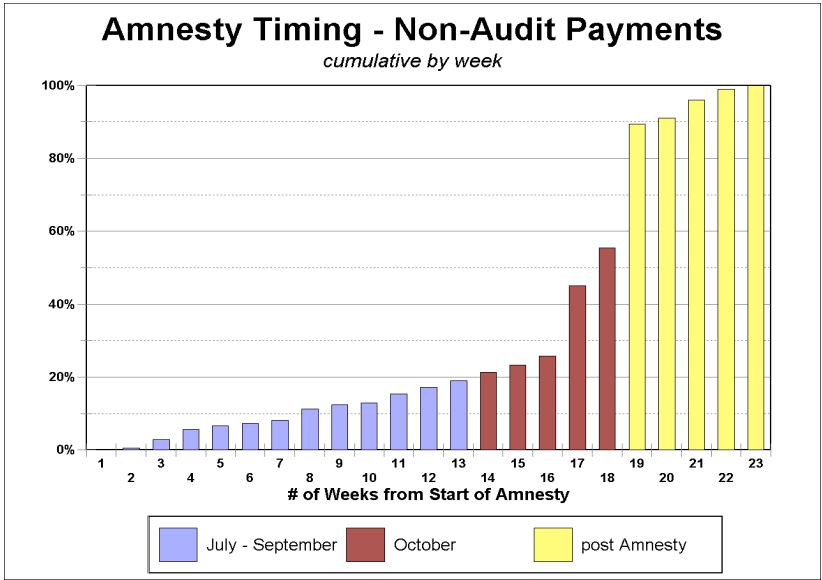
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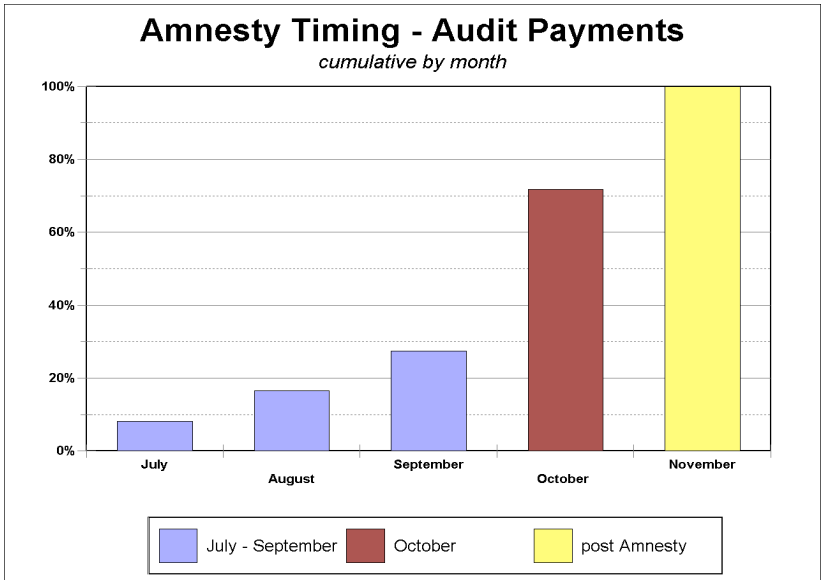
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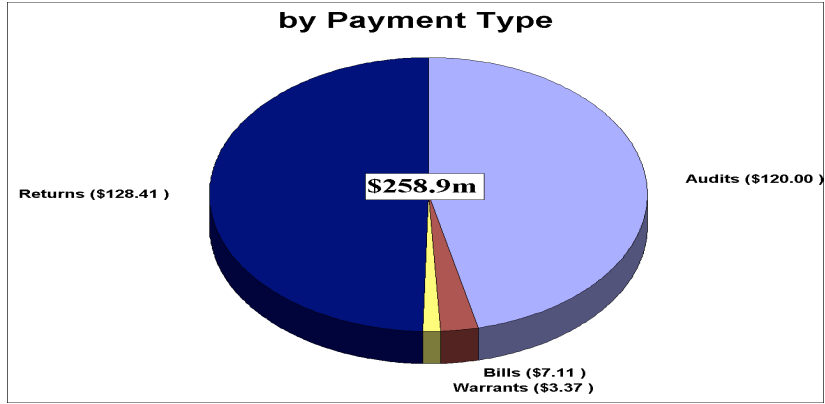
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COLLECTIONS

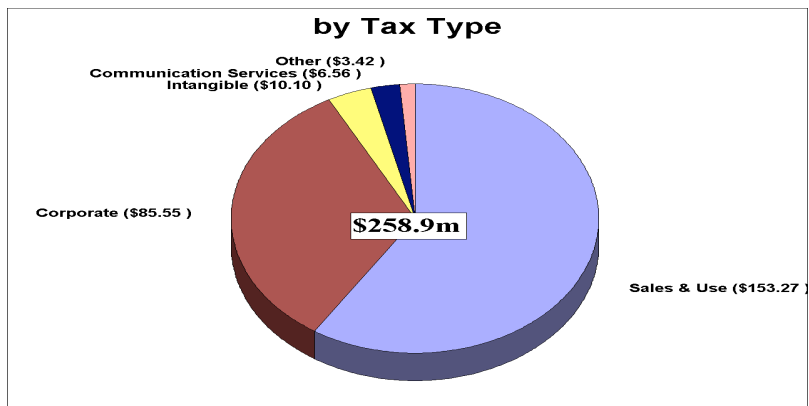
TOTAL \$258.9M



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COLLECTIONS

TOTAL \$258.9m

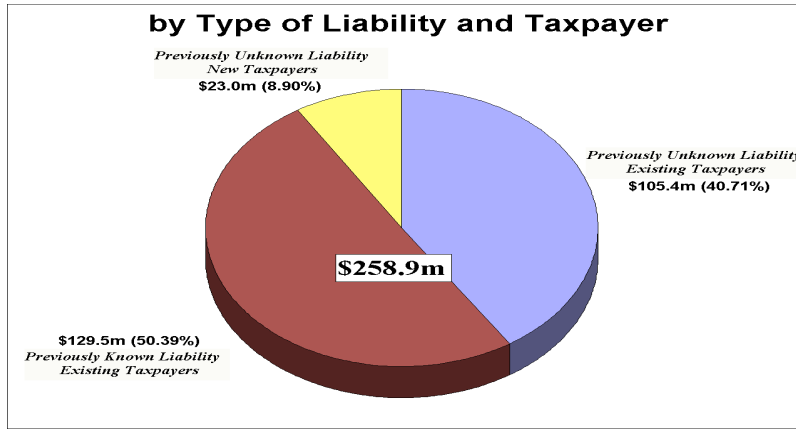


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COLLECTIONS

TOTAL \$258.9m

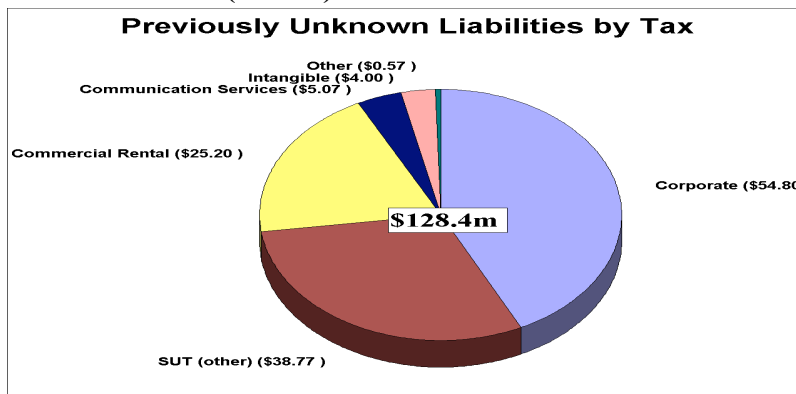
by Type of Liability and Taxpayer



COLLECTIONS

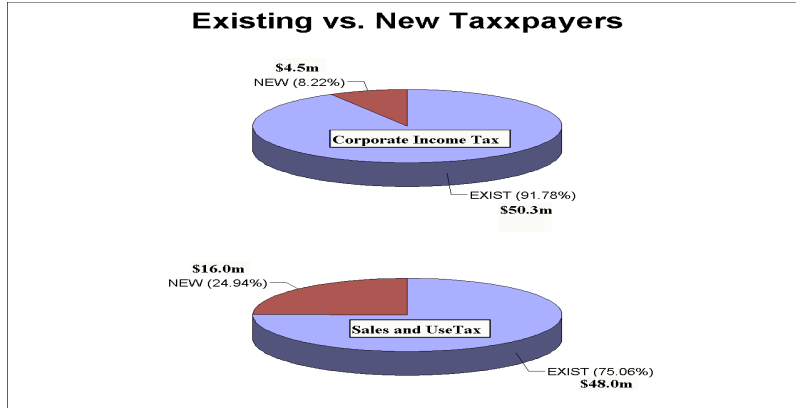
“New” \$128.4m (49.6%)

Previously Unknown Liabilities by Tax



COLLECTIONS

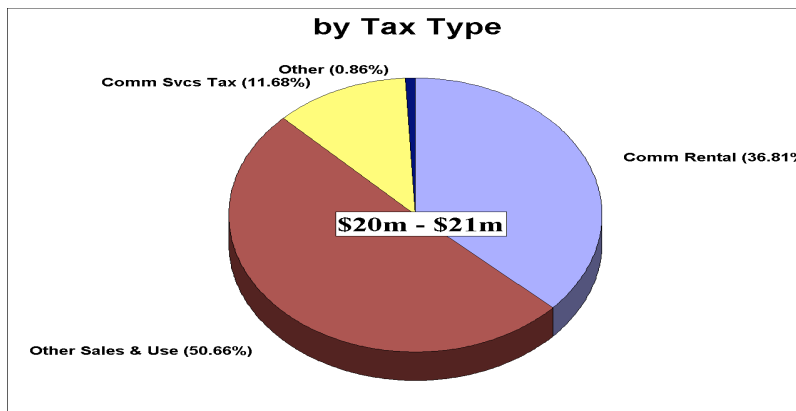
New Taxpayers \$23.0m (8.9%)



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RECURRING IMPACT

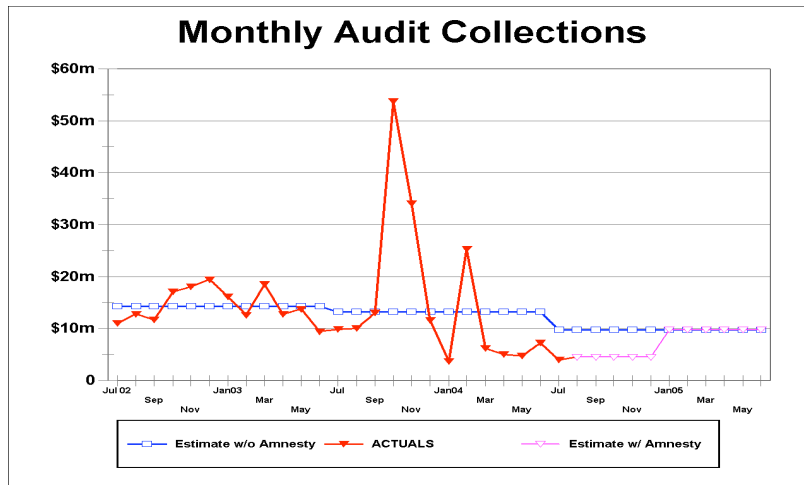
\$20m - \$21m



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AUDITS

\$120m during Amnesty



NET AUDITS

• SFY01/02		(\$ 4.9m)
• SFY02/03	<i>Amnesty</i>	<i>\$54.5m</i>
	<i>Post Amnesty</i>	<i>\$25.5m</i>
• SFY04/05		(\$32.0m)
	TOTAL	(\$11.4m)
• Penalty & Interest Loss		(\$11.4m)
	NET AUDITS	\$ 0.0m

COSTS

- \$11.3m Interest forgiven
- \$9.7m Penalties waived
- \$610,000 Expenditures for Public Awareness Campaign
- Indirect Costs due to temporary Staff Reassignments

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ESTIMATE vs ACTUALS

- Amnesty Collections
- Recurring Collections

Estimate \$207.0m
Actual \$258.9m
Difference \$ 51.9m

attributable to:

existing Liabilities (\$ 4.0m)
new Liabilities \$55.9m
(mostly CIT)

Estimate \$24.2m
Actual \$20-21m
Difference (\$3-4m)

attributable to:

CIT (\$7.0m)
SUT \$0.5-1.5m
other taxes \$2.5m

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SUMMARY

- Over 19,000 Taxpayers participated
- Over 160,000 Payment submitted
- Total Collections of \$258.9m
- New Revenues of \$128.4m generated
- \$20m to \$21m additional recurring annual Collections
- Shift of \$55m in Audit Collections into Amnesty period
- No net Effect on Audit Collections
- \$21.6m direct Cost

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ASSESSMENT

Per Dollar of Expenditure:

\$7 in Benefits during first year

\$1 in Benefits each year thereafter

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