

REVENUE ESTIMATING CONFERENCE

TAX: Insurance Premium Tax

ISSUE: Firefighters & Municipal Police

BILL NUMBER(S): HB5

SPONSOR(S): Rep Hooper, Rep. Garcia, Rep. Heller, Rep. Holder, and Rep. Nehr

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2009

DATE OF ANALYSIS: April 2, 2009

SECTION 1: NARRATIVE

a. Current Law:

Sect. 4

Each municipality or special fire district in the state that establishes a firefighters' pension trust may assess and impose an excise tax of 1.85% on the gross amount of receipts of premiums collected on property insurance policies covering property within the corporate limits of such municipality or special fire control district. Municipalities and districts can not impose the tax outside of corporate limits. There is an exception for the consolidated government of Jacksonville and any municipality that provides fire services for any other incorporated municipality for 12 months or longer.

Sect. 8

Each municipality in the state that establishes a police officers' pension trust may assess and impose an excise tax of .85% on the gross amount of receipts of premiums collected on casualty insurance policies covering risks within the corporate limits of such municipality. Municipalities can not impose the tax outside of corporate limits.

b. Proposed Change:

Sect. 4

Adjusts the boundaries of special fire control districts to include an area that has been annexed until the completion of the four year period provided in 171.093(4), F.S., or when a special fire district is providing services pursuant to an interlocal agreement.

Sect. 8

It allows any participating municipality that provides police protection services to other incorporated municipalities for 12 months or more, pursuant to an interlocal agreement, to receive .85% excise tax in the other incorporated municipality.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

2007 Firefighters' premium tax distribution

2007 Police Officers premium tax distribution

REC March 2009 Insurance premium tax estimates growth rates

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Assumed low estimate was 15 interlocal agreements

Assumed middle estimate was 1/3*(total Municipalities not paying taxes)

Assumed high estimate was all municipalities

SECTION 4A: PROPOSED FISCAL IMPACT (CONCERNING FIREFIGHTERS)

State Impact: All Funds	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
High					
Middle	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
Low					

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SECTION 4B: PROPOSED FISCAL IMPACT (CONCERNING POLICE)

State Impact: All Funds	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
High					
Middle	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)	(Indeterminate)
Low					

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4/17/09) The conference adopted an estimate of 0 GR for section 4 dealing with firefighters and a cash and recurring estimate of -\$.9 million to GR for section 8 dealing with police, with local governments having a balancing positive impact.

	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
GR					
Firefighters	0	0	0	0	0
Police	(.9)	(.9)	(.9)	(.9)	(.9)
Total Local Impact					
Firefighters	0	0	0	0	0
Police	.9	.9	.9	.9	.9
Total Impact	0	0	0	0	0

A municipality may receive another municipality's insurance premium tax revenues when there is an interlocal agreement in place to provide a police force.

	Cities	Tax Premium	Tax Per Capita	Population
Municipalities Paying Taxes	182	\$ 70,451,099.00	\$ 8.83	7,976,685
Municipalities not Paying Taxes	228	\$ -	\$ -	1,551,895

	High (All)	Middle (1/3 Municipalities)	Low (15 Municipalities)
2009-10	\$ 13,706,535	\$ 4,568,845	\$ 901,746
2010-11	\$ 14,125,395	\$ 4,708,465	\$ 929,302
2011-12	\$ 14,820,525	\$ 4,940,175	\$ 975,035
2012-13	\$ 15,408,711	\$ 5,136,237	\$ 1,013,731

REC Growth Rate (Insurance Premiums, General Revenue Estimates)		
	161.8	
	153.8	-0.049
	158.5	0.031
	166.3	0.049
	172.9	0.040

Firefighters

	Cities	Tax Premium	Population	Tax Per Capita
Municipalities Paying Taxes	171	\$ 93,979,033.00	7,636,337	\$ 12.31
Municipalities not Paying Taxes	239			
Special Fire Control Districts	21	\$ 10,686,833.00	868,142	