

ABOUT FLORIDA POLICY INSTITUTE

Florida Policy Institute is an independent public policy research nonprofit dedicated to advancing policies and budgets that improve the economic mobility and quality of life for all Floridians. We do this through research, strategic outreach, coalition building, and policy advocacy.

Across the Sunshine State, families and workers who are paid lower wages spend more of their income on state and local taxes than wealthier residents. As a result, Florida has the third-most upside-down tax code in the country, which means that Floridians who are struggling to afford the basics are overtaxed. This is due to 20th-century decisions to turn away from tax policy based on a person's ability to pay and toward a tax system that helps affluent households and corporations build up savings and wealth while simultaneously making it difficult for struggling families and workers to make ends meet, much less thrive.

IMAGINE TAX FAIRNESS IN FLORIDA

Imagine what neighborhoods would look like if Floridians had safe and affordable housing, good-paying jobs, good public schools, reliable transportation and infrastructure, clean water and energy, and a robust safety net. Imagine if elected leaders and policymakers rewrote the rules to make everyone pay their share— not just families, workers, and communities of color — to provide the housing, schools, hospitals, parks, and safety net programs that all Floridians deserve. Fourteen common-sense measures can help fulfill this vision by ensuring that everyone contributes what they rightly owe. We can raise more than \$3.5 billion through an equitable tax code to invest in our communities and create an economy that works for all of us.

BOLD STEPS TO PRIME FLORIDA FOR LONG-TERM SHARED PROSPERITY**Options for a Corporate Income Tax (CIT) Code that Closes Loopholes and Works for All**

Reenact unitary worldwide combined reporting. This policy reduces Corporate Income Tax (CIT) avoidance by treating corporations composed of a parent company and subsidiaries, throughout the globe, as a single corporation for tax purposes. In Florida, policymakers passed combined reporting in 1984, but the Legislature repealed it soon after.	\$1.1 billion
Enact a minimum CIT payment requirement of \$200 on all corporations. Less than 1 percent of Florida businesses owe a CIT. A minimum payment of \$200 would guarantee that all corporations contribute to public services.	\$155 million
Close the online hotel tax loophole and collect taxes owed. In 2013, 17 counties in Florida sued online travel companies who pay sales and lodging taxes on the “wholesale” room rate they pay hotels for the right to rent the rooms, not the higher “retail” room rate they actually charge renters. Using this loophole, online travel companies can mark up the “wholesale” rate without having to pay taxes for the difference. In 2015, the Florida Supreme Court ruled in favor of the online companies, noting that the loophole should be fixed legislatively.	\$127 million
Reenact the throwback rule to close the “nowhere income” loophole. Sometimes, sales assigned into a state where a product is delivered end up not being taxed because the destination state lacks the authority to tax the seller. Consequently, a portion of sellers’ profits remain untaxed. In 1984, policymakers closed this loophole, but the Legislature repealed it.	\$85 million
Eliminate Florida's International Banking Facility income deduction. In 1981, policymakers passed a CIT deduction for international banking facility income to entice more banks to establish international lending operations in Florida. Today, due to federal changes made in the 1990s, the deduction has become a notorious loophole, as a national bank could get the Florida tax break even if it was doing its international banking elsewhere.	\$18 million

Options for an Equitable Sales Tax Code for Better Public Services

Avoid new sales tax holidays, including back to school, disaster preparedness, “Freedom Week,” and “tool time” holidays. Sales tax holidays are meant to offer taxpayers an opportunity to offset their general sales tax bill. Unfortunately, the holidays do nothing to reform Florida’s regressive tax code for the rest of the year. Since policymakers are required to pass a balanced budget each year, revenue lost through the holidays must be made up somewhere else, either through spending cuts or by increasing other taxes.	\$82 million (per holiday week)
Eliminate the sales tax exemption for subscription newspapers, newsletters and magazines delivered by mail. In Florida, the sale of newspapers, newsletters, magazines, and other periodicals is subject to tax. However, subscriptions to periodicals that are delivered by mail are tax exempt, whether delivered to a customer in Florida or outside the state. In terms of tax equity, it is unclear why someone who opts to subscribe and have a periodical delivered by mail ought to receive a tax benefit, while someone who purchases the same periodical in person does not.	\$25 million
Eliminate sales tax exemptions for yachts and boat repairs. Florida caps the amount of sales tax collected for boats at \$18,000 and for repairs at \$60,000. This means that boats and repairs are only taxed up to \$300,000 and \$1 million, respectively. Any amount above \$300,000 for a boat or \$1 million or a repair is sales tax exempt.	\$14 million
Tax scenic and sightseeing transportation services. Most general sales tax codes throughout the nation are outdated because they inadequately tax services (if at all), which make up an increasing share of consumer spending. In Florida, most services are excluded from the tax code, including land, water, and other scenic and sightseeing tours. It is unclear how the exemption for land, water, and other scenic and sightseeing tours serves a public purpose.	\$13 million
Eliminate sales tax exemptions for Daytona 500 and Formula One Grand Prix races. Daytona 500 ticket prices range from \$99 to \$200 and the average Miami Grand Prix ticket prices range from \$700 to \$1,800, all tax exempt. Floridians who cannot afford to travel to Daytona or Miami and pay admission to these events do not benefit from the sales tax exemptions, although the entire state forfeits revenue.	\$12 million

More Options to Prime Florida for Long-Term Shared Prosperity

Stop earmarking online sales tax revenue to offset tax breaks for businesses. In 2021, policymakers passed a measure to impose a sales tax on out-of-state marketplaces like eBay or Amazon. Yet, instead of using the revenue to increase spending on public services, legislators earmarked or committed the funds to replenish the Unemployment Compensation Trust Fund and, in turn, offset the state’s unemployment compensation tax. Policymakers also plan to use the revenue to cut the sales tax charged for renting, leasing, or granting a license to use commercial real property in Florida.	\$1 billion
Gaming Compact between the Seminole Tribe of Florida and the State of Florida. In 2021, policymakers approved a new gaming compact with the Seminole Tribe of Florida. However, the U.S. District Court for D.C. set aside the compact due to its online sports betting provision, and all related payments have stopped. The case is now under appeal and oral arguments were held on December 14, 2022. It is currently unknown when or if payments from the Seminole Tribe of Florida will resume. Nevertheless, if the compact is ratified in federal court or if policymakers renegotiate a new compact without online sports betting, it would increase general revenue by millions of dollars.	\$450 million
Reenact the annual 0.5 mill tax on stocks, bonds, and notes, while also offering a standard \$250,000 exemption for all taxpayers against the annual intangibles tax. In 1924, voters passed a tax on intangible property (an item of value that cannot be touched or physically held, like stocks, bonds, or a savings account); in 2006, policymakers repealed it. Intangible property like stocks and bonds, which comprise a large share of the assets of the wealthy, is not taxed until the owner sells it, at which point capital gains are taxed. Yet, since Florida does not have a personal income tax, the state has no way of collecting capital gains.	\$263 million
Expand Medicaid to save millions in state dollars. Expanding Medicaid would not only reduce health disparities and save lives, it would also save Florida money, as it has in other states that have expanded Medicaid. By expanding Medicaid, the federal government would cover costs that are currently completely paid for with Florida’s General Revenue Fund, like those related to behavioral health and corrections services. In addition to more federal Medicaid funds, the state would experience gains from increased provider and hospital tax revenue.	\$200 million