

August 14
~~July XX~~, 2014

Ms. Amy Baker, Coordinator
Office of Economic and Demographic Research
111 West Madison Street, Suite 574
Tallahassee, FL 32399-6588

Mr. R. Philip Twogood, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Suite 312
Tallahassee, FL 32399-1475

Dear Ms. Baker and Mr. Twogood:

I am hereby directing the Office of Economic and Demographic Research (EDR) and Office of Program Policy Analysis and Government Accountability (OPPAGA) to perform special projects which begin to analyze the economic impact of the sales tax on the rental of real property under section 212.031, Florida Statutes (the "commercial rental sales tax"). My desires for the overall review's scope are set forth below.

First, EDR will produce a detailed history of the tax and its implementation since original enactment, as well as an estimate of the state and local revenue generated by the tax. Based on that information, EDR will then evaluate the distribution of the tax burden among industries over time, with particular emphasis on its current administration and the percentage of the tax that is being exported. A key component of this evaluation will be the identification and discussion of the underlying economic theory behind any significant:

- economic distortions caused by the tax;
- adverse effects on business location and expansion decisions; and
- impact on competitiveness and Florida's overall business climate.

Second, OPPAGA will place Florida's tax within a broader context. This analysis will incorporate several elements, including reviews of:

- transaction-based taxes levied by other states or local governments on the rental or license to use real property and any action taken by states or local governments to reduce or repeal such taxes; and
- existing surveys and literature related to the factors that influence business relocation decisions, including businesses' perceptions of the impact of taxes, such as the sales tax on commercial leases and other similar taxes, on Florida's and other states' ability to attract and retain businesses.

To allow the Legislature to consider these issues during the 2015 Legislative Session as well as an opportunity to make additional requests to EDR or OPPAGA based on the initial findings, I am requesting that both projects be completed by ~~September 30~~, 2014.

Thank you for your attention to these matters.

Sincerely,
Will Weatherford
Speaker

October 31