



Florida is the only state that imposes sales tax on commercial real estate leases.ⁱ This excessive tax is:

- Hampering **job creation**, for especially small businesses;
- Slowing **economic development**;
- Sacrificing Florida's **competitiveness** in securing corporate headquarters/more employers;
- Subjecting Florida businesses to disproportionate regulatory **burdens**; and
- Creating instances of **double taxation**.

The commercial real estate industry organizations represented in this paper account for over 150,000 jobs in Florida, and our industry outputs over \$9.2 Billion in the state.ⁱⁱ Further, when you consider that all industries rent or own buildings classified as commercial, the jobs figure is enormous. The retail sector alone employs 800,000 people in Florida.

A vibrant commercial real estate industry is a key contributor to economic and employment opportunities for individuals, families, communities, businesses and institutions. Our members recognize the prominent role their industry plays in the economic well-being of our communities and the quality of life that has become synonymous with the State of Florida.

In the 2014-2015 Fiscal Year, the sales tax on commercial real estate leases was estimated to remit \$733.7 Millionⁱⁱⁱ to the state. A phase out of this sales tax will allow employers and small businesses to expedite economic development; will reduce regulatory burdens to a proportionate level; will remove unconscionable instances of double taxation relating to paying sales taxes on property taxes due as part of a lease; and will secure competitive positioning when attracting employers into Florida—all resulting in boosted job creation. This economic expansion benefits businesses and citizens of Florida, causing increased tax revenues from expansion.

The Commercial Real Estate Industry supports SB 140 by Sen. Dorothy Hukill; HB 101 by Rep. Greg Steube; and HB 245 by Rep. Larry Ahern. These pieces of legislation would begin to phase out or completely phase out the current sales tax on commercial real estate leases using differing methods, all of which this coalition supports. In 2014, Governor Scott proposed a reduction in the applicable tax in his budget, and we are hopeful for his renewed commitment to phasing out this excessive tax this session.

ⁱ Hawai'i imposes a 4% general excise tax on income, including income from rentals, and local entities in Arizona and New York City impose a tax on commercial rent; however, Florida is the only state with a statewide sales tax imposed on commercial leases. In particular, Florida Statutes §212.031.1(c) imposes sales tax "for granting of a privilege to use or occupy real property."

ⁱⁱ Source: "Where America Goes to Work." BOMA International (2014).

ⁱⁱⁱ Source: "Economic Impact: Sales Tax on the Rental of Real Property." The Florida Legislature Office of Economic and Demographic Research (November 15, 2014).