

**AGENDA**  
**FLORIDA DEPARTMENT OF REVENUE**

Meeting Material Available on the web at:  
<http://floridarevenue.com/opengovt/Pages/meetings.aspx>

**MEMBERS**

Governor Ron DeSantis  
Attorney General Ashley Moody  
Chief Financial Officer Jimmy Patronis  
Commissioner Nikki Fried

**September 10, 2019**

**Contacts: Debra J. Longman, Director**  
**Office of Legislative and Cabinet Services**  
**(850) 617-8324**

**Jamie Peate, Legislation Specialist**  
**Office of Legislative and Cabinet Services**  
**(850) 617-8324**

**9:00 A.M**  
**LL-03, The Capitol**  
**Tallahassee, Florida**

<b>ITEM</b>	<b>SUBJECT</b>	<b>RECOMMENDATION</b>
1.	Respectfully request approval of the minutes of the July 25, 2019, Cabinet meeting. <b>(ATTACHMENT 1)</b>	<b>RECOMMEND APPROVAL</b>
2.	Respectfully submit the Department of Revenue's Legislative Budget Request for Fiscal Year 2020 - 2021. <b>(ATTACHMENT 2)</b>	<b>RECOMMEND APPROVAL</b>
3.	Respectfully submit the Department of Revenue's 2020 proposed legislative concepts. <b>(ATTACHMENT 3)</b>	<b>RECOMMEND APPROVAL</b>

# **ATTACHMENT 1**

STATE OF FLORIDA

Original  
C & N Reporters

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IN RE: MEETING OF THE GOVERNOR AND  
CABINET

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CABINET MEMBERS: GOVERNOR RON DESANTIS  
ATTORNEY GENERAL ASHLEY MOODY  
CHIEF FINANCIAL OFFICER JIMMY  
PATRONIS  
COMMISSIONER OF AGRICULTURE  
NIKKI FRIED

DATE: THURSDAY, JULY 25, 2019

LOCATION: CABINET MEETING ROOM  
LOWER LEVEL, THE CAPITOL  
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR  
COURT REPORTER

**C & N REPORTERS**  
**POST OFFICE BOX 3093**  
**TALLAHASSEE, FLORIDA 32315-3093**  
**(850) 697-8314**  
**nancy@metzke.com**  
**candnreporters.com**

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**DEPARTMENT OF REVENUE**

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GOVERNOR DESANTIS: Department of Revenue.

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EXECUTIVE DIRECTOR ZINGALE: Good morning,

5

Governor and Cabinet.

6

GOVERNOR DESANTIS: Hey.

7

EXECUTIVE DIRECTOR ZINGALE: Request approval

8

of the minutes.

9

GOVERNOR DESANTIS: Okay. Move to approve.

10

Is there a second?

11

CFO PATRONIS: Second.

12

GOVERNOR DESANTIS: All right. Any

13

objections?

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(NO RESPONSE).

15

GOVERNOR DESANTIS: Hearing none, the motion

16

carries.

17

Item 2.

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EXECUTIVE DIRECTOR ZINGALE: The second item

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has been here before. The Department requests

20

approval to file and certify with the Secretary of

21

State for final adoption under Chapter 120, Florida

22

Statute, rules relating to child support.

23

Request approval.

24

GOVERNOR DESANTIS: Okay. Is there -- move to

25

approve. Is there a second?

1 CFO PATRONIS: Second.

2 GOVERNOR DESANTIS: Any objections?

3 (NO RESPONSE).

4 GOVERNOR DESANTIS: All right. Hearing none,  
5 the motion carries.

6 EXECUTIVE DIRECTOR ZINGALE: Item Number 3,  
7 the Department requests approval of an authority to  
8 publish a notice of proposed rule -- this is the  
9 first time up; it will come back again -- in the  
10 Florida Administrative Registry for rules relating  
11 to general tax administration.

12 Request approval.

13 GOVERNOR DESANTIS: Okay. Motion to approve.

14 Is there a second?

15 CFO PATRONIS: Second.

16 GOVERNOR DESANTIS: Any objections?

17 COMMISSIONER FRIED: Yes, sir, Governor. I  
18 object to this one.

19 As a proud product of the Florida's public  
20 school education -- and I know this is not  
21 necessarily in your privy, but I believe that our  
22 public schools should be world class. And because  
23 all of the Florida children deserve a world-class  
24 public education, and that one factor holding that  
25 back is our state's refusal to adequately invest in

1 our public schools as our constitution requires.  
2 I'm concerned that all of these programs divert  
3 taxpayer money from the public schools that belong  
4 to all of our children.

5 The private schools serving to relatively a  
6 handful of kids, a relatively small handful of  
7 kids. To keep throwing money to our private  
8 schools without addressing the underlining  
9 reasons our low-income kids struggle in school,  
10 and without investing in our public schools and  
11 our teachers does a disservice to our entire  
12 education system.

13 GOVERNOR DESANTIS: Okay. So approve a vote?

14 CFO PATRONIS: Yea.

15 GOVERNOR DESANTIS: Yea?

16 ATTORNEY GENERAL MOODY: Yes.

17 GOVERNOR DESANTIS: Okay. Motion carries.  
18 Thank you.

19 EXECUTIVE DIRECTOR ZINGALE: Appreciate it.  
20 Thank you very much.

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23 \* \* \* \*  
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# **ATTACHMENT 2**



## DEPARTMENT OF REVENUE FY 2020-2021 LEGISLATIVE BUDGET REQUEST

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The Department of Revenue's (Department) Fiscal Year (FY) 2020-2021 Legislative Budget Request totals \$566,701,661. Of this amount, \$559,828,725 is recurring. This represents a .4% increase in total recurring funding for all funds over the FY 2019-2020 recurring appropriation.

### INFORMATION SERVICES PROGRAM

- Requests \$3,709,834 in nonrecurring Federal Grants Trust Fund spending authority (\$250,000 in the Expenses category, \$385,000 in the Operating Capital Outlay category, and \$3,074,834 in the Contracted Services category) in the Information Services Program to replace the Image Management System, the Department's check remittance and document processing system. Currently, the system is operating with 20-year-old aging machines and technology that are responsible for processing more than \$1.17 billion in revenue received by the Department. The aging system is used by the Department and other state agencies to manage bank deposits and remittance processing; inbound mail processing; data exchange and integration with the System for Unified Taxation (SUNTAX) and the Child Support Automated Management System (CAMS); and the secure capture, storage and retrieval of electronic images. This request is for the second year of a three-year project for a total amount of \$9.6M. The implementation of the new system will run parallel with the current Remittance and Document Processing System until the transition is complete.
- Requests \$3,075,651 in nonrecurring Federal Grants spending authority in the Information Services Program fund to develop an e-Services taxpayer portal. The portal is intended to create a more streamlined and efficient process for taxpayers' interaction with the Department of Revenue. The portal will be similar to self-service portals offered by financial institutions and health care providers. The portal would support the tax registration process for businesses in the State of Florida, as well as provide account management benefits. It will serve as the taxpayer's single point of entry to the Department's eServices and afford businesses 24/7, 7 days a week access to conveniently and securely interact with the Department. Upon completion, taxpayers will be able to communicate with the Department in a secure centralized hub that allows for electronic two-way communication. The portal also will enable local jurisdiction address verification, real-time access and update capability to account information, and customized dashboards for both businesses and tax representatives. This request is for the first year of a two-year project with a total cost of \$4.5M.



## DEPARTMENT OF REVENUE FY 2020-2021 LEGISLATIVE BUDGET REQUEST

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### GENERAL TAX ADMINISTRATION

- Requests an increase of \$900,000 in the Emergency Distributions category, Local Half Cent Sales Tax Clearing Trust Fund in the General Tax Administration program to make statutorily authorized emergency distributions (218.65, F.S.). The emergency and supplemental distributions are available to select counties that meet certain fiscal-related eligibility requirements or have an inmate population of greater than seven percent of the total county population, respectively. The Department of Revenue is responsible for these distributions to county governments as defined in s. 218.65, F. S. The Office of Economic and Demographic Research (EDR) estimated on August 14, 2019 that the small county distributions will be \$25,700,000 for Fiscal Year 2020-21, which is \$900,000 over the FY 2019-20 General Appropriations Act amount.

### PROPERTY TAX OVERSIGHT

- Requests \$87,451 in nonrecurring General Revenue in the Aerial Photography and Mapping category in the Property Tax Oversight program to meet the Department's statutory obligation for providing aerial photography to counties with a population of 25,000 or less. Section 195.022, F.S., requires the Department, upon request of any property appraiser, or at least once every 3 years, to prescribe and furnish aerial photographs to the property appraisers as necessary to ensure that all real property within the state is properly listed on the roll. All photographs and maps furnished to counties with a population of 25,000 or less are paid for by the Department, as provided by statute. The county with a population of 25,000 or less that is scheduled to receive photographs during FY 2020-21 is Glades County.

### CHILD SUPPORT

- Requests \$912,807 in General Revenue in the Child Support Annual Fee category in the Child Support Program to pay the estimated federal share of the Federal Deficit Reduction Act mandatory fee in September 2020. Based on a three percent annual increase in eligible cases from June 30, 2019, additional funds are needed so that the Department can continue to pay the fee pursuant to 42 US Code section 654(6)(B). A recent federal law change amended 42 USC 654(6)(B)(ii) to increase the annual collection fee from \$25 to \$35. The law also revised the amount from \$500 to \$550 that the state must collect and disburse to the family before imposing the fee each federal fiscal year. The requested amount is based on three factors: increase in caseload, increase in Federal annual collection fee and an increase in the amount the state must collect and disburse to the family before imposing the fee. Effective July 1, 2019, the Department will be charged the \$35 mandatory fee on each child support case that becomes eligible on or after the effective date in which an individual has received at least \$550 in child support payments during the year, unless the individual has previously received temporary cash assistance, in which case the fee is not imposed. Section 409.2567(1), Florida Statutes, implements this requirement, which mandates the Department pay the federal government \$23.10 per eligible case (\$35 x the 66% federal matching rate).



## DEPARTMENT OF REVENUE FY 2020-2021 LEGISLATIVE BUDGET REQUEST

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### CHILD SUPPORT PARTNER AGENCIES

- Requests \$84,911 (\$28,870 in General Revenue and \$56,041 in Federal Grants Trust Fund) for increased employer expenses. Manatee County Clerk of Circuit Court has a cost reimbursement contract with the Department of Revenue to provide full child support services in Manatee County as required by section 6 of Chapter 85-178, Laws of Florida. The Department of Revenue is requesting \$84,911 in the Purchase of Services category in the Child Support Program.
- Requests \$229,959 (\$78,186 in General Revenue and \$151,773 in Federal Grants Trust Fund) for increased lease expenses. The State Attorney's Office, Eleventh Judicial Circuit, provides child support services in Miami-Dade County pursuant to a cost reimbursable contract with the Department of Revenue. To facilitate the Justice Administrative Commission's request, the Department of Revenue is requesting \$229,959 in the Purchase of Services category in the Child Support Program.
- Requests \$48,140 (\$16,368 in General Revenue and \$31,772 in Federal Grants Trust Fund) to reimburse the Office of the State Court Administrator (OSCA)'s indirect cost earnings. The Department funds approximately 77 hearing officer and administrative support FTE under a cooperative agreement with OSCA. This request is to fund the increase in indirect costs resulting from both an increase in the direct cost base and an anticipated increase in the federally approved rate. The Department of Revenue is requesting \$48,140 in the Purchase of Services category in the Child Support Program.

# **ATTACHMENT 3**



DEPARTMENT OF REVENUE  
2020 DRAFT LEGISLATIVE CONCEPTS

**PROPERTY TAX OVERSIGHT – OWNERS OF DISASTER-DAMAGED PROPERTY**

**1. HURRICANE MICHAEL - REBUILDING START TIME 3 YRS TO 5 YRS TO RETAIN CAPS**

**Statutory Reference:** Sections 193.155, 193.1554, 193.1555, and create a new section in Chapter 193, Florida Statutes

**Current Situation:** To retain homestead and non-homestead assessment caps, rebuilding or replacing property must begin within 3 years after the January 1 following damage or destruction of the property. Many properties damaged by Hurricane Michael are in low income areas with few resources and may not have been insured. As a result of these factors, rebuilding properties damaged by Hurricane Michael may require additional time.

**Proposed Change:** Create a new section in Chapter 193, F.S., that allows 5 years to commence rebuilding or replacing property damaged by Hurricane Michael.

**2. HURRICANE MICHAEL - TAX CERTIFICATE REDEMPTION TIME 2 YRS TO 4 YRS**

**Statutory Reference:** Section 197.502, Florida Statutes

**Current Situation:** A holder of a tax certificate may apply for a tax deed for a property after 2 years if the certificate has not been redeemed or paid. Many properties damaged by Hurricane Michael are in low income areas with few resources and the properties may not have been insured. It could take owners more than 2 years to redeem tax certificates issued on those properties.

**Proposed Change:** Create a new subsection that allows 4 years before tax deeds can be applied for on properties damaged by Hurricane Michael.

**3. PROPERTY TAX INSTALLMENT PAYMENT PLAN**

**Statutory Reference:** None, create a new section in Chapter 197, Florida Statutes

**Current Situation:** Taxpayers, including those impacted by natural disasters, have limited options regarding their property tax payments. Current options include: early payment of property taxes to receive certain discounts; property tax deferral for certain properties and taxpayers who meet very specific criteria; and quarterly installment payments for prepayment of estimated taxes only.

**Proposed Change:** Create a two-year property tax installment payment plan for homestead property taxpayers whose property was severely damaged by a natural disaster for which a state of emergency was declared by executive order or proclamation of the Governor pursuant to Chapter 252, F.S.



## DEPARTMENT OF REVENUE

### 2020 DRAFT LEGISLATIVE CONCEPTS

#### PROPERTY TAX OVERSIGHT - NATURAL DISASTERS

##### **4. TRIM PROCESS ADJUSTMENTS**

**Statutory Reference:** Section 200.065, Florida Statutes

**Current Situation:** Florida law requires local taxing authorities to annually follow the Truth in Millage (TRIM) process that lasts for 101 days, beginning July 1. Various noticing requirements, timeframes, and other required procedures are provided in law. During and following natural disasters, the TRIM process may be disrupted but no statutory direction is provided to address any modifications to the process that may be necessary due to the emergency. Historically, governors have issued executive orders to make the needed adjustments to the process.

**Proposed Change:** Amend s. 200.065, F.S., to provide alternative deadlines, scheduling requirements, revised notice delivery methods and other procedures that may be used during a declared state of emergency.

#### PROPERTY TAX OVERSIGHT - STATUTORY REVISIONS

##### **5. AERIAL PHOTOGRAPHY – 50,000 POPULATION AND FISCALLY CONSTRAINED**

**Statutory Reference:** Section 195.022, Florida Statutes

**Current Situation:** To ensure all real property within the state is listed on the tax roll, aerial photography must be done at least every 3 years. For counties with a population of 25,000 or less, funding is provided to the Department to pay for the photography. Counties with larger populations must assume the cost unless the Legislature provides a specific appropriation. Most years, the Legislature has opted to provide funding for counties whose population does not exceed 50,000.

**Proposed Change:** Amend the statutory language to increase the county population designated in law from 25,000 to 50,000 and add fiscally constrained counties to those counties whose aerial photography will be paid by funding provided to the Department.

##### **6. UPDATE APARTMENT CLASSIFICATION LANGUAGE**

**Statutory Reference:** Sections 195.073 and 195.096, Florida Statutes

**Current Situation:** Apartment property is generally assessed/appraised in a manner similar to other commercial property but may be classified as multifamily, regardless of the number of units. International Association of Assessing Officer standards indicate that apartments should be classified as commercial. Florida law does not provide clarification concerning the number of units.

**Proposed Change:** Add language specifying that apartment property with more than 9 units should be classified as commercial property.



DEPARTMENT OF REVENUE  
2020 DRAFT LEGISLATIVE CONCEPTS

PROPERTY TAX OVERSIGHT - AUDITOR GENERAL FINDINGS

**7. TANGIBLE PERSONAL PROPERTY REVIEW REQUIREMENT**

**Statutory Reference:** Section 195.096, Florida Statutes

**Current Situation:** Current law directs the Department of Revenue to conduct an in-depth review of each county's assessment rolls every two years. This includes both the real property roll and the tangible personal property (TPP) roll. In-depth reviews of the TPP rolls have not been conducted by the Department in over a decade since staff who did this function were reassigned in the legislative appropriations process. The Legislature has continued to not fund the TPP reviews since that time. A recently completed Auditor General's report contained a finding regarding the lack of in-depth reviews of the TPP rolls.

**Proposed Change:** Revise statutory language to indicate in-depth reviews are required for the real property rolls only.

**8. UPDATE ASSESSMENT ROLL REVIEW LANGUAGE**

**Statutory Reference:** Section 195.096, Florida Statutes

**Current Situation:** During the roll review process, Florida Statutes require the Department to compute a confidence interval for the overall property tax roll. There is no International Association of Assessing Officer guidance and the Department has been unable to locate a statistical procedure for calculating this metric. A recent Auditor General's report noted the Department was not meeting this requirement.

**Proposed Change:** Amend statutory language to delete this requirement.



## DEPARTMENT OF REVENUE

### 2020 DRAFT LEGISLATIVE CONCEPTS

#### GENERAL TAX ADMINISTRATION – SALES TAX

##### **9. TAX JURISDICTION SITUSING AND DISTRIBUTION ADJUSTMENTS**

**Statutory Reference:** None, a create new section in Chapter 212, Florida Statutes

**Current Situation:** Upon registration with the Department, a business receives a county assignment based upon the best available address information. The Department uses several sources to determine the county assignment, including United States Postal Service approved software and the Communications Services Tax (CST) jurisdictional database. County assignment determines local rates and revenue distributions for certain taxes.

Currently, local governments are not required to notify the Department of changes to county address information for sales tax purposes, and the Department may be unaware of changes in addresses, annexations, incorporations, reorganizations, and any other changes in jurisdictional boundaries which may affect a change in the rate assignment and subsequent revenue distribution.

There is no statutory guidance on how to manage occurrences that require revenue distribution adjustments. Section 202.22, F.S., instructs counties and municipalities to furnish the Department with changes and updates to maintain accurate addresses in the CST database; however, some counties and jurisdictions do not routinely do so.

**Proposed Change:** Provide specific statutory guidance on how sales tax distribution adjustments resulting from address corrections should be addressed. Additionally, require counties to review the CST database every six months and furnish all necessary data to update or correct address assignment. Twice each year the Department will review and correct county assignments that are found to be inaccurate.

##### **10. INCREASE TIME PERIODS FOR NONRESIDENT PURCHASE DOCUMENTATION**

**Statutory Reference:** Section 212.05, Florida Statutes

**Current Situation:** Section 212.05, F.S., provides that tax does not apply to the sale of a boat or aircraft to a nonresident purchaser if various supporting documentation is provided to the Department within specific timeframes. The Department has found that some nonresident purchasers find it difficult to comply with the statutory timeframes and would benefit from additional time to provide documentation.

**Proposed Change:** Revise the statutory timeframes to allow increased time for taxpayers to provide the required documentation to the Department.



## DEPARTMENT OF REVENUE

### 2020 DRAFT LEGISLATIVE CONCEPTS

#### GENERAL TAX ADMINISTRATION – FUEL TAX

##### **11. DYED DIESEL FUEL PENALTY REVISIONS**

**Statutory Reference:** Section 206.8741, Florida Statutes

**Current Situation:** Florida law allows consumers to purchase diesel fuel free from state and local taxes if used for certain exempt purposes. Tax free diesel fuel is marked with a red dye and invoices, shipping papers, bills of lading, pumps, etc., associated with the sale are required to include the statement, “Dyed Diesel Fuel, Nontaxable Use Only, Penalty for Taxable Use.” Failure to include the statement requires a mandatory penalty of \$10 for every gallon or \$1000, whichever is greater. Multi-million-dollar penalties have been assessed, even when all tax has been paid, for failure to include the statement, “Dyed Diesel Fuel, Nontaxable Use Only, Penalty for Taxable Use” due to the \$10 per gallon requirement.

**Proposed Change:** Revise the penalty to \$2500 each month failure to include the notice occurs.

##### **12. FUEL TAX BOND REQUIREMENT INCREASE**

**Statutory Reference:** Sections 206.05 and 206.90, Florida Statutes

**Current Situation:** Sections 206.05 and 206.90, F.S., require fuel tax dealers to file with the Department an annual bond of not more than \$100,000 to allow recovery of unpaid tax. The amount is described in statute as approximately 3 times the average monthly tax due. This amount has not been revised since 1983, although monthly taxes due have increased significantly.

**Proposed Change:** Update the bond amount to \$300,000, to reflect 3 times the median monthly tax amount.



DEPARTMENT OF REVENUE  
2020 DRAFT LEGISLATIVE CONCEPTS

GENERAL TAX ADMINISTRATION – OTHER TAXES

**13. REEMPLOYMENT TAX E-FILE REVISIONS**

**Statutory Reference:** Section 443.163, Florida Statutes

**Current Situation:** Currently employers are required to remit reemployment tax payments and file wage reports by electronic means if they meet certain thresholds. Specific penalties are provided if employers fail to file and/or pay electronically. Additionally, obtaining a penalty waiver requires a written request. Corrections to wage reports can now be submitted electronically but employers who file and pay electronically are not required to use the electronic method.

**Proposed Change:** Various electronic provisions should be revised to: make electronic filing penalties consistent with other reemployment tax penalties; remove the requirement for a written penalty waiver request; remove the electronic requirement and penalty for agents; and, require employers to file corrections electronically if they are currently required to file and pay electronically.

**14. COMMUNICATIONS SERVICES TAX – LOCAL RATE NOTIFICATION**

**Statutory Reference:** Section 202.21, Florida Statutes

**Current Situation:** Section 202.21, F.S., provides that communications services tax (CST) rate changes are effective January 1<sup>st</sup>. The Department is required to provide notice of CST rate changes to CST dealers at least 90 days before the effective date of the rate change. Each year the Department sends a tax information publication (TIP) by October 1<sup>st</sup> to meet this requirement. However, a portion of the total CST rate is comprised of discretionary sales surtax (DSS) which may be changed by the electorate during the November elections. When voters approve DSS changes in November, the Department must send a second, revised TIP, usually in late November, that contains the final CST rates for the upcoming year due to the DSS changes. It can be confusing for CST dealers to receive two tax information publications with different rates within a short time period.

**Proposed Change:** Revise the statutory notice requirement of 90 days before the effective date of the tax rate to 30 days, thus allowing the TIP to reflect one final CST rates for the upcoming year.



## DEPARTMENT OF REVENUE

### 2020 DRAFT LEGISLATIVE CONCEPTS

#### GENERAL TAX ADMINISTRATION – MISCELLANEOUS

##### **15. ELECTRONIC NOTIFICATION**

**Statutory Reference:** None, create a new section in Chapter 213, Florida Statutes

**Current Situation:** The Department provides taxpayers official notice of actions such as billings, audits, and assessments by United States Postal Service mail delivery. Electronic notification is not used, even in cases where the Department has communicated with the taxpayer for an extended time through electronic means or where the taxpayer requests electronic delivery. The Department has also received complaints from taxpayers claiming that they have not received notices provided by postal delivery.

**Proposed Change:** Upon affirmative consent of the taxpayer, authorize the Department to send taxpayers official notice of actions by electronic means.

##### **16. REFUND CLAIMS DURING PROTEST**

**Statutory Reference:** Section 213.21, Florida Statutes

**Current Situation:** Section 213.21, F.S., provides that the time limit for the Department to make a tax assessment is frozen during an audit protest, thus protecting the state's interest. However, specific statutory language is not provided to freeze the time limit for a taxpayer to file a refund claim for an overpayment of taxes. This may result in a taxpayer losing the ability to file a refund claim for overpaid taxes when the overpayment occurred beyond the statute of limitations for filing refund claims.

**Proposed Change:** Provide specific statutory authority to freeze the time limit for a taxpayer to file a refund claim during an audit protest. This will extend the time a taxpayer may file a refund claim for an overpayment of taxes during a protest.

##### **17. 1099-K FORM FILING REQUIREMENT**

**Statutory Reference:** Section 212.134, Florida Statutes

**Current Situation:** Florida businesses are required by law to collect and remit to the Department the accurate amount of Florida sales and use tax due. The Department uses various methods to obtain information on noncompliant behavior. One method is the use of federal Form 1099-K data obtained from the IRS. The 1099-K data shows the number and the amount of monthly payment card/third party network transactions of various entities that can be helpful in identifying taxpayer noncompliance. Unfortunately, the IRS data is at least two years old before it is received by the Department and that can limit the data's effectiveness.

**Proposed Change:** Require reporting entities that file the 1099-K form with the IRS to provide the information directly to the Department of Revenue, as currently required in 17 other states.