

Insights

New Florida Law Expected to Significantly Reduce Florida's Commercial Lease Sales Tax Rate

Lowndes Leasing Lawyers Blog
05.10.2021

On April 19, 2021, Florida Governor Ron DeSantis signed into law Senate Bill 50 (SB 50), which amends portions of Chapter 212, *Florida Statutes*. SB 50 is slated to significantly reduce Florida's commercial leasing sales tax rate and reemployment tax rate and to provide some much-needed relief to Florida businesses.

Under SB 50, out-of-state online retailers who expect to make over \$100,000 in remote sales are required to collect and remit the state's 6% sales tax on such online sales. This legislation brings Florida in line with the 48 other states that have elected to take advantage of the 2018 U.S. Supreme Court ruling in *South Dakota v. Wayfair*,¹ which provided that states have the right to collect sales tax from out-of-state online retailers. Once implemented, the taxes collected from out-of-state online retailers are expected to provide an estimated one billion dollars in tax revenue each year. These taxes will be used to replenish Florida's Unemployment Compensation Trust Fund after its recent depletion due to unemployment caused by the COVID-19 pandemic.

Two months after the Unemployment Compensation Trust Fund reaches its pre-pandemic level of \$4.07 billion, which is estimated to occur in 2024, Florida's Commercial Lease Sales Tax rate will be reduced from 5.5% to 2.0%. While Florida is still the only state to impose a sales tax on commercial rental amounts, this 3.5% reduction will provide relief for Florida businesses, and may spur additional demand for commercial leasing in Florida.

As an added relief to Florida business owners, SB 50 will alleviate the need to substantially increase the employer paid Florida Reemployment Tax. Prior to the passage of SB 50, Florida law provided that the Reemployment Tax, which is used to fund the Unemployment Compensation Fund, would have increased by 700% for the years 2021 through 2024. However, now that tax burden is being shifted to out-of-state online retailers and their customers.

Related Attorneys

[Matthew R. O'Kane](#)

Related Expertise

[Business Litigation](#)

[Commercial Leasing](#)