

Florida to Eliminate Sales Tax on Commercial Leases — What Property Owners and Tenants Need to Know

On June 30, 2025, Florida passed House Bill 7031, which will repeal the state's sales tax on commercial real property leases, effective October 1, 2025. This legislative change is expected to provide immediate financial relief for businesses leasing commercial space and marks the end of Florida's unique position as the only state in the U.S. to impose such a tax.

Key Legal Considerations for Property Owners and Tenants

The repeal applies to both the state sales tax and local discretionary surtaxes on commercial leases. However, certain types of rentals will remain subject to sales tax, including:

- Leases of tangible personal property
- Short-term residential rentals
- Charges for parking spaces
- Boat docking and storage
- Aircraft hangar and storage rentals

While this change presents a financial opportunity for businesses, it also raises important legal considerations. Now is the time to:

- **Review and Amend Lease Agreements** – Existing leases may contain provisions that reference or account for sales tax obligations. Landlords and tenants should review these clauses to ensure they accurately reflect the new tax landscape and avoid potential disputes.
- **Renegotiate Economic Terms** – With the elimination of sales tax, parties may seek to revise rent structures or CAM allocations.
- **Consider Impacts on New Leases** – For transactions closing on or after October 1, 2025, lease terms should be drafted with the updated tax framework in mind.

Other Notable Changes from HB 7031

In addition to eliminating the sales tax on commercial leases, HB 7031 includes:

- Permanent sales tax exemptions for certain hurricane preparedness supplies
- An annual Back-to-School Sales Tax Holiday in August
- A new tax holiday for hunting, fishing, and camping gear
- Sales tax exemptions for gold, silver, and platinum bullion

Real Estate

Alert

This alert was prepared by Hand Arendall Harrison Sale's Real Estate Team. For further information or assistance, please contact the author or the attorney with whom you normally work.

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How Our Firm Can Support You

While we do not offer tax advisory services, our team is prepared to assist with:

- Drafting or revising lease agreements in light of the new law
- Reviewing existing contracts for compliance and clarity
- Advising on the legal implications of lease renegotiations or new transactions

If you are a commercial landlord, tenant, or investor with questions about how this law may impact your agreements, we encourage you to contact our real estate or business law team. We are here to help you navigate these changes and safeguard your legal interests.