

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Agriculture

BILL: CS/SB 1264

INTRODUCER: Agriculture Committee and Senator Simpson

SUBJECT: Sales Tax Exemptions for Agricultural Equipment

DATE: January 20, 2016

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Akhavein</u>	<u>Becker</u>	<u>AG</u>	<u>Fav/CS</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1264 increases the maximum sales price of farm trailers that are exempt from the sales and use tax from \$20,000 to \$25,000. It also expands the sales and use tax exemption for certain farm equipment to include:

- Fencing materials used in agricultural production on lands classified as agricultural under s. 193.461, F.S., and
- Compressed or liquefied oxygen used in aquaculture production.

II. Present Situation:

Sales and use taxes are not imposed on the portion of the sales price below \$20,000 of a trailer weighing 12,000 pounds or less. The trailer must be purchased by a farmer for exclusive use in agricultural production or to transport farm products from his or her farm to the place where the farmer transfers ownership of the farm product to another. The bill raises the price cap to \$25,000. Chapter 212, F.S., also exempts specified items for agricultural use and certain nets from the sales and use tax.

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to increase the maximum sales price of farm trailers that are exempt from the sales and use tax from \$20,000 to \$25,000. The farm trailer must weigh less

than 12,000 pounds and be used exclusively for agricultural production or to transport farm products.

The bill also expands the list of agricultural items that are exempt from the sales and use tax to include:

- Fencing materials used in agricultural production on lands classified as agricultural under s. 193.461, F.S., and
- Compressed or liquefied oxygen used in aquaculture production.

Section 2 provides that this act shall take effect July 1, 2016.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has not met on this bill, but in a 2015 analysis the conference estimated that each of the 47,500 farms in Florida has a trailer that would qualify for the expanded exemption. It is also assumed that the trailers are replaced every 15 years and that ten percent of the trailers have a price of \$4,000 above the current \$20,000 maximum. The conference estimated that this exemption would reduce recurring revenues for the state by 1.5 million dollars and local governments by .3 million dollars in the first year. The fiscal impact of the bill's new exemptions to s. 212.08(5)(a), F.S., has not yet been determined.

B. Private Sector Impact:

The bill would reduce the amount of sales tax that agricultural producers must pay for specified products.

C. Government Sector Impact:

Refer to Tax/Fee Issues Section.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends section 212.08 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Agriculture on January 19, 2016:

The committee substitute clarifies the definition of fencing materials.

B. Amendments:

None.