

## Budget Subcommittee on Finance and Tax

### **HB 5701 — Corporate Income Tax**

by Finance and Tax Committee and Rep. Precourt (CS/SB 2068 by Budget Subcommittee on Finance and Tax)

This bill allows documentary stamp receipts that are dedicated for other uses to be available to pay debt service for bonds issued before January 1, 2013. This change is expected to result in lower interest rates for these bonds.

It limits eligibility for the dealers' collection allowance to sales tax dealers who file and remit taxes by electronic means.

It adopts the 2012 version of the United States Internal Revenue Code for purposes of the Florida corporate income tax.

It provides that any estimated corporate income tax payment which would otherwise have been due no later than June 30, 2013 must be paid on or before June 28, 2013, and requires the Department of Revenue to provide adequate notice to affected persons about this change in the due date.

If approved by the Governor, these provisions take effect upon becoming law.

*Vote: Senate 39-1; House 114-0*

## Budget Subcommittee on Finance and Tax

### HB 7087 — Economic Development

by Finance and Tax Committee and Reps. Precourt and others

This bill contains many provisions relating to taxation. It provides tax incentives for various Florida industries, and provides for additional distributions of tax revenue for various purposes.

1. New Markets – It increases the total amount of tax credits available for the New Markets Development Program from \$97.5 million to \$163.8 million. The amount of credits that can be taken in a given fiscal year is increased from \$20 million to \$33.6 million.
2. Enterprise Zones – It authorizes Charlotte and Citrus counties to apply for enterprise zones.
3. Electricity Used in Packing Houses – It provides a sales tax exemption for electricity used in packinghouses for fresh fruit and vegetables and for meat from cattle and hogs.
4. Aircraft Repairs – It extends the current-law sales tax exemption for labor charges and parts used in the repair of aircraft weighing more than 15,000 pounds to include aircraft weighing more than 2,000 pounds.
5. Aircraft Engine Manufacturing – It creates sales tax exemptions for certain items used to manufacture aircraft and gas turbine engines.
6. Accessible Vehicles – It provides a sales tax exemption for vehicles-for-hire designed to transport eight or fewer physically-disabled persons and for the cost of an after-market conversion of such a vehicle.
7. Manufacturer's Machinery and Equipment – It lowers from 10% to 5% the increase in productive output needed to qualify for a sales tax exemption for industrial machinery and equipment.
8. Corporate Tax Exemption – Increases from \$25,000 to \$50,000 the amount of corporate income that is exempt from the corporate income tax.
9. Cigarette Tax Distributions – Effective July 1, 2013, it increases the cigarette tax distribution to the H. Lee Moffitt Cancer Center by \$5.0 million annually and continues the distribution through 2033. It also creates a new distribution of \$2.6 million annually through June 30, 2021 to the Sanford-Burnham Medical Research Institute.
10. Urban High-Crime Area Job Tax Credit – Under current law taxpayers are entitled to a credit for increasing employment in certain areas of the state. The bill changes the date from which employment increases are measured to January 1, 2009, or the previous application date, whichever is later.

11. Entertainment Industry Financial Incentive Program – (Film Tax Credits) – The bill extends the program for one year and provides an additional \$42 million in tax credits that may be taken in 2015-16. It also makes changes to the order in which projects are awarded credits and the types of projects that qualify.

12. Sale of a Municipal Airport – It authorizes a municipality participating in the Federal Aviation Administration’s Airport Privatization Pilot Program to lease or sell an airport to a private party. If state funds were provided to the municipality to pay for the airport, the transfer must be approved by DOT. The only eligible Florida facility is located in Hendry County.

13. Governmental Leaseholds – The bill grants an exemption from the intangibles tax to leaseholds of government-owned property that serve a public purpose.

14. Severance Tax on Phosphate – It reduces the tax rate and changes the distribution of the severance tax on phosphate.

15. 153 Proof spirits – It allows distilled spirits greater than 153 proof to be manufactured in Florida for sale outside the state.

16. Sales Tax Holiday – It provides for a 3-day holiday on clothing, shoes, and textbooks valued \$75 or less and school supplies valued \$15 or less, August 3-5, and provides an appropriation of \$226,284 to the Department of Revenue to administer the sales tax holiday.

17. Mature Field Recovery Oil – It provides a lower severance tax rate for oil recovered from new wells in fields discovered prior to 1981.

18. SEED Fund – It provides \$14.9 million in non-recurring funds to the State Economic Enhancement and Development Trust Fund, to be used by the Department of Economic Opportunity for economic development programs, supplementing amounts provided in the GAA.

19. Preference for Florida Businesses – It grants a 5% preference to Florida vendors for purchases of printing services and purchases of tangible personal property by state agencies, universities, colleges, school districts and other political subdivisions of the state. Counties and municipalities are not required to provide this preference. It exempts the provider of a statewide public service announcement program provided by a Florida statewide nonprofit corporation, with a guaranteed documented match of at least \$3 to \$1 from competitive bidding requirements. Also, it provides that a vendor whose principal place of business is in Florida may not be precluded from being an authorized reseller of information technology commodities of a state contractor if certain criteria are met.

#### State Fiscal Impact:

The bill is expected to reduce General Revenue by (\$77.9) million in FY 2012-2013, and to have a recurring impact on General Revenue of (\$119.6) million.

If approved by the Governor, these provisions take effect July 1, 2012, except as otherwise provided.

*Vote: Senate 40-0; House 117-1*

## Budget Subcommittee on Finance and Tax

### **CS/HB 7097 — Administration of Property Taxes**

by Economic Affairs Committee, Finance and Tax Committee, and Rep. Caldwell (CS/CS/SB 1256 by Budget Committee; and Budget Subcommittee on Finance and Tax)

The bill makes several clarifying and administrative amendments to the property tax statutes. It clarifies language and repeals obsolete provisions. It reduces the number of reports that tax collectors and value adjustment boards must send to the Department of Revenue. It amends the information required to be included in property tax rolls. It clarifies value adjustment board scheduling requirements and the tax treatment of homestead property that has been rented. It requires the Department of Revenue to provide assistance to other agencies that are investigating property appraisers.

The bill amends statutes relating to property tax exemptions and limitations. It changes the order in which tax exemptions are applied and allows qualifying taxpayers to apply for disability-related exemptions earlier. It clarifies the tax treatment of property when the property no longer qualifies for one assessment limitation, but begins qualifying for another. It clarifies the tax treatment of combined and divided property for assessment limitation purposes. It updates the list of military operations included in the deployed service-member exemption. It provides a property exemption for municipally-owned property that is financed through convention development taxes. It allows the educational facility exemption to apply to property used for education when title to the land is held by a non-profit organization. It allows spouses to allocate the benefit of their Save our Homes limitation between themselves under certain conditions.

If approved by the Governor, these provisions take effect upon becoming law. Some provisions apply retroactively to the 2012 tax roll.

*Vote: Senate 38-1; House 110-5*

## Budget Subcommittee on Finance and Tax

### CS/HB 7099 — Tax Administration

by Appropriations Committee; Finance and Tax Committee; and Rep. Grant (CS/CS/SB 1304 by Budget; and Budget Subcommittee on Finance and Tax)

This bill contains the Department of Revenue's recommendations for changes to the tax administration statutes.

- It amends statutes concerning criminal penalties to remove redundant and potentially confusing language. No new penalties are created by this bill.
- It clarifies the department's authority to require security to prevent delinquent sales tax dealers from closing down a business with tax liabilities and reopening under a new name.
- It changes the remittance date for funds collected by the Clerks of the Court to conform to changes made by the Legislature in 2010.
- It makes an automated sales suppression device an illegal contraband article. An automated sales suppression device is a software program that falsifies the records of electronic cash registers and other point-of-sale systems in order to evade state and federal taxes and allows dealers to steal taxes collected from customers. The bill makes it unlawful to willfully and knowingly sell, purchase, install, transfer, or possess in this state any automated sales suppression device.
- It corrects a glitch in language that was enacted last year in the definition of "qualified capital expenditure."
- The bill allows the Department of Revenue to use drivers' license images to establish positive identification for tax administration purposes.
- It allows local governments additional time to notify the Department of Revenue of gas tax rate changes.
- The bill requires an employer to produce records requested by AWI or the department for audit purposes in order to receive an unemployment tax rate below the standard rate.
- The bill reduces the interest rate imposed on unemployment compensation tax deficiencies from 12 percent to prime plus 4 percent.
- It clarifies statutory language about the taxability of storage fees for towed vehicles, and provides a definition of "lawful impoundment" for purposes of determining whether storage fees are taxable.
- It provides a retailer, dealer, or vendor an absolute defense to a claim for a sales tax refund if a tax on delivery charges was collected and remitted pursuant to an agreement with the Department of Revenue.
- It distributes \$5 million annually to the Florida Institute of Technology for a space exploration research institute, beginning July 1, 2013.

If approved by the Governor, these provisions take effect July 1, 2012.

*Vote: Senate 30-8; House 97-16*