

STORAGE NAME: h117s1.bdt
DATE: June 17, 1998

****FINAL ACTION****
****SEE FINAL ACTION STATUS SECTION****

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 117
RELATING TO: Tax on sales, use, and other transactions
SPONSOR(S): Representative Culp
COMPANION BILL(S): SB 732 (I)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL YEAS 8 NAYS 1
- (2) FINANCE AND TAXATION (W/D)
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

Carried over from 1997 session, Pending Consent Calendar, rereferred to Finance and Taxation, withdrawn, placed on Economic Impact Calendar, read second time; amendment(s) adopted, read third time; CS passed as amended; in Senate messages, received by Senate, referred to Ways and Means Subcommittee E; Commerce and Economic Opportunities, withdrawn from Ways and Means Sub E; Commerce and Economic Opportunities; Substituted for SB 732; read second and third times, House--ordered enrolled, became Law without Governor's Signature; Chapter Law 98-291

II. SUMMARY:

This bill creates a sales and lease tax exemption for the Gasparilla Distance Classic Association, Inc., if it holds a current exemption from federal corporate income tax liability pursuant to section 501(c)(3) of the Internal Revenue Code of 1986.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Chapter 212, F.S., provides for the taxation on and exemption from transactions. Generally, it is the policy of the state to tax every person who engages in the business of: selling tangible personal property at retail, renting or furnishing things or services, storing for use or consumption, and leasing or renting tangible personal property.

The rate of taxation in Florida is six (6) percent of the sales or use price of each item or article of tangible personal property when sold at retail, computed on each taxable sale or use for the purpose of remitting the amount of tax due the state, and including each and every retail sale.

In addition to the state rate of 6 percent, local governments are authorized to levy one or more of six types of Local Discretionary Sales Surtaxes, ranging from up to 0.5 percent to 1.0 percent each. Section 212.08(7), F.S., establishes a number of miscellaneous sales tax exemptions, including sales and leases to religious, charitable, scientific, educational, and veterans' institutions and organizations. Paragraph (o)2.b., specifically establishes an exemption from the payment of sales tax for "charitable institutions." "Charitable Institutions" are defined as corporations qualified as nonprofit pursuant to s. 501(c)(3), United States Internal Revenue Code of 1954, as amended, and other nonprofit entities, whose "sole or primary function" is to directly provide one or more of the following services, if a reasonable percentage of the services is provided free of charge or at a substantially reduced rate:

- medical aid;
- regular provision of physical necessities such as food, clothing and shelter;
- services to prevent alcoholism, drug abuse or suicide, or to alleviate mental, physical or sensory health problems;
- social welfare services, including adoption placement, child care or care for the elderly;
- medical research;
- legal services; and,
- food, shelter, medical care, adoption services, cruelty investigations, or education programs concerning animals.

According to the Department of Revenue, for the period of July 1 through December 31, 1995, sales tax exemption certificates were renewed for 520 charitable institutions and revoked for 124. Of 898 new applications for exemption, 154 were approved and 744 were denied.

B. EFFECT OF PROPOSED CHANGES:

The bill establishes a sales tax exemption for the Gasparilla Distance Classic Association, Inc.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

Yes, the bill creates a tax exemption for the Gasparilla Distance Classic, Inc.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

The bill reduces the taxes of the Gasparilla Distance Classic, Inc., thereby reducing state revenue by the amount of tax reduced.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

s. 212.08, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1. adds Paragraph (qq) to Subsection (7) of Section 212.08, Florida Statutes to establish a sales tax exemption for the Gasparilla Distance Classic, Inc.

Section 2. establishes an effective date of July 1 of the year in which enacted.

IV. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Insignificant fiscal impact.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See A2 above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

The Gasparilla Distance Classic will be exempt from paying the state sales and lease tax.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill is not projected to significantly reduce the authority of municipalities and counties to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

While the bill may reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

VI. COMMENTS:

N/A

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PAGE 8

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

One floor amendment technical in nature was adopted.

VIII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

Legislative Research Director:

Victoria Minetta

Michael Rubin

FINAL RESEARCH PREPARED BY COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

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