

By Representatives Dockery, Rodriguez-Chomat, Putnam,  
 Jones, Ritchie, Morroni, Crady, Stabins, Peaden, Bitner and  
 Ogles

1                                   A bill to be entitled  
 2           An act relating to the tax on sales, use, and  
 3           other transactions; amending s. 212.08, F.S.;  
 4           defining the term "advertising agency";  
 5           exempting certain purchases by advertising  
 6           agencies from the tax; providing for  
 7           retroactive applicability in certain  
 8           circumstances; providing an effective date.  
 9  
 10   Be It Enacted by the Legislature of the State of Florida:  
 11  
 12           Section 1. Paragraph (nn) is added to subsection (7)  
 13   of section 212.08, Florida Statutes, 1996 Supplement, to read:  
 14           212.08 Sales, rental, use, consumption, distribution,  
 15   and storage tax; specified exemptions.--The sale at retail,  
 16   the rental, the use, the consumption, the distribution, and  
 17   the storage to be used or consumed in this state of the  
 18   following are hereby specifically exempt from the tax imposed  
 19   by this part.  
 20           (7) MISCELLANEOUS EXEMPTIONS.--  
 21           (nn) Advertising agencies.--  
 22           1. As used in this paragraph, the term "advertising  
 23   agency" means any firm that is regularly engaged in the  
 24   business of providing advertising materials and services to  
 25   its clients.  
 26           2. Exempt from the tax imposed by this part are items  
 27   of tangible personal property such as photographic negatives  
 28   and positives, videos, films, galleys, mechanicals, veloxes,  
 29   illustrations, and artwork and the services used to produce  
 30   those items if the items are:  
 31

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

1           a. Sold to an advertising agency that is acting as an  
2 agent for its clients pursuant to contract, and are created  
3 for the performance of advertising services for the clients;

4           b. Produced, fabricated, manufactured, or otherwise  
5 created by an advertising agency for its clients, and are used  
6 in the performance of advertising services for the clients; or

7           c. Sold by an advertising agency to its clients in the  
8 performance of advertising services for the clients, whether  
9 or not the charges for these items are marked up or separately  
10 stated.

11           3. The items exempted from tax under subparagraph 2.  
12 and the creative services used by an advertising agency to  
13 design the advertising for promotional goods such as displays,  
14 display containers, exhibits, newspaper inserts, brochures,  
15 catalogues, direct mail letters or flats, shirts, hats, pens,  
16 pencils, key chains, or other printed goods or materials are  
17 not subject to tax. However, when such promotional goods are  
18 produced or reproduced for distribution, tax applies to the  
19 cost price.

20           4. The exemptions provided by this paragraph apply  
21 retroactively, except that taxes that have been remitted  
22 before July 1, 1997, on transactions that are subject to  
23 exemption under this paragraph are not subject to refund.

24           Section 2. This act shall take effect July 1, 1997.

25  
26           \*\*\*\*\*

27           SENATE SUMMARY

28  
29           Provides an exemption from the tax on sales, use, and  
30           other transactions for certain purchases made by  
31           "advertising agencies," as that term is defined in this  
          act. Provides for retroactive applicability of the  
          exemption in certain circumstances, but prohibits  
          refunding taxes that were remitted before the effective  
          date of this act.