

By the Committee on Finance & Taxation and Representative
Starks

1 A bill to be entitled
2 An act relating to taxation; amending s.
3 201.09, F.S.; specifying conditions under which
4 a renewal note evidencing a revolving
5 obligation is exempt from the excise tax on
6 documents; providing application; amending s.
7 212.05, F.S.; exempting transactions in excess
8 of \$500 from the tax on the sale of coins or
9 currency; providing for emergency rules;
10 amending s. 212.054, F.S.; exempting from newly
11 enacted discretionary sales surtaxes levied by
12 a high tourism impact county transactions that
13 are subject to specified tourist development
14 taxes in an aggregate rate that exceeds a
15 specified maximum; amending ss. 212.04 and
16 212.12, F.S.; increasing the maximum amount of
17 sales and use tax remitted by a dealer to which
18 the dealer's credit applies; amending s.
19 212.08, F.S.; revising the sales tax exemption
20 for food and drinks; providing definitions;
21 revising application of the partial sales tax
22 exemption for self-propelled or power-drawn
23 farm equipment; including power-driven farm
24 equipment within such exemption; including
25 within the definition of "religious
26 institutions" for exemption purposes certain
27 radio stations, certain nonprofit corporations
28 which distribute audio recordings to blind or
29 visually impaired persons, and certain
30 nonprofit corporations which provide religious
31 services for or with established places of

1 worship; including within the definition of
2 "educational institutions" for exemption
3 purposes certain performing arts centers;
4 revising the exemption for electricity used in
5 certain manufacturing and related operations;
6 revising the uses that qualify for exemption
7 and requiring that a specified percentage of
8 the electricity must be used therefor to
9 qualify for exemption; removing the requirement
10 that such electricity be separately metered to
11 qualify for full exemption; providing an
12 exemption for replacement engines, parts, and
13 equipment used in the repair or maintenance of
14 certain aircraft; providing an exemption for
15 the sale or lease of certain aircraft for use
16 by a common carrier; providing an exemption for
17 certain foods, drinks, and other items provided
18 to customers on a complimentary basis by a
19 dealer who sells food products at retail;
20 providing an exemption for foods and beverages
21 donated by such dealers to certain
22 organizations; providing that certain persons
23 who provide food or drinks as part of a
24 packaged room rate without separately stating a
25 charge for such items are not considered
26 consumers of such items; providing application
27 of tax to certain purchases by advertising
28 agencies; providing an exemption for certain
29 nonprofit cooperative hospital laundries;
30 providing an exemption for sales of gold,
31 silver, or platinum bullion in excess of \$500;

1 revising provisions relating to the technical
2 assistance advisory committee established to
3 provide advice in determining taxability of
4 foods and medicines; providing membership
5 requirements; directing the Department of
6 Revenue to develop guidelines for such
7 determination and providing requirements with
8 respect thereto; providing for use of the
9 guidelines by the committee; providing for
10 determination of the taxability of specific
11 products by the department; authorizing the
12 department to develop a central database with
13 respect thereto; amending s. 220.15, F.S.,
14 which provides for apportionment of adjusted
15 federal income for corporate income tax
16 purposes; providing that the property factor
17 fraction shall not include property certified
18 as dedicated to research and development
19 pursuant to sponsored research conducted
20 through a state university; providing that the
21 payroll factor shall not include compensation
22 paid to employees certified as dedicated to
23 such activities; providing that, for purposes
24 of determining the sales factor, no such
25 activities shall cause a corporation not
26 otherwise subject to corporate income tax to be
27 subject to said tax; providing limitations;
28 providing for rules; requiring a report;
29 amending s. 221.02, F.S.; providing that
30 credits against the emergency excise tax that
31 would have expired on or after July 1, 1996,

1 may be carried over until fully utilized;
2 providing effective dates.

3

4 Be It Enacted by the Legislature of the State of Florida:

5

6 Section 1. (1) Subsection (1) of section 201.09,
7 Florida Statutes, 1996 Supplement, as amended by chapter
8 96-395, Laws of Florida, is amended to read:

9 201.09 Renewal of existing promissory notes and
10 mortgages; exemption.--

11 (1) When any promissory note is given in renewal of
12 any existing promissory note, which renewal note only extends
13 or continues the identical contractual obligations of the
14 original promissory note and evidences part or all of the
15 original indebtedness evidenced thereby, not including any
16 accumulated interest thereon and without enlargement in any
17 way of the original contract and obligation, such renewal note
18 shall not be subject to taxation under this chapter if such
19 renewal note has attached to it the original promissory note
20 with the proper notation thereon as required by s. 201.133.
21 In order to be exempt from taxation under this section, a
22 renewal note evidencing a term obligation shall not be
23 executed by any person other than the original obligor and
24 must renew and extend only the unpaid balance of the original
25 contract and obligation. In order to be exempt from taxation
26 under this section, a renewal note evidencing a revolving
27 obligation shall not be executed by any person other than the
28 original obligor and must renew and extend no more than the
29 original face amount of the original contract and obligation.

30 (2) The amendment to s. 201.09(1), Florida Statutes,
31 by this section applies to any renewal note evidencing a

1 revolving obligation dated after January 1, 1990, if the tax
2 under s. 201.09, Florida Statutes, has not been paid on the
3 effective date of this section.

4 Section 2. Paragraph (1) of subsection (1) of section
5 212.05, Florida Statutes, 1996 Supplement, is amended to read:

6 212.05 Sales, storage, use tax.--It is hereby declared
7 to be the legislative intent that every person is exercising a
8 taxable privilege who engages in the business of selling
9 tangible personal property at retail in this state, including
10 the business of making mail order sales, or who rents or
11 furnishes any of the things or services taxable under this
12 chapter, or who stores for use or consumption in this state
13 any item or article of tangible personal property as defined
14 herein and who leases or rents such property within the state.

15 (1) For the exercise of such privilege, a tax is
16 levied on each taxable transaction or incident, which tax is
17 due and payable as follows:

18 (1)1. Notwithstanding any other provision of this
19 part, there is hereby levied a tax on the sale, use,
20 consumption, or storage for use in this state of any coin or
21 currency, whether in circulation or not, when such coin or
22 currency:

- 23 a. Is not legal tender;
24 b. If legal tender, is sold, exchanged, or traded at a
25 rate in excess of its face value; or
26 c. Is sold, exchanged, or traded at a rate based on
27 its precious metal content.

28 2. Such tax shall be at a rate of 6 percent of the
29 price at which the coin or currency is sold, exchanged, or
30 traded, except that, with respect to a coin or currency which
31 is legal tender of the United States and which is sold,

1 exchanged, or traded at a rate in excess of its face value,
2 the tax shall be at a rate of 6 percent of the difference
3 between the price at which it is sold, exchanged, or traded
4 and its face value.

5 3. There are exempt from this tax exchanges of coins
6 or currency which are in general circulation in, and legal
7 tender of, one nation for coins or currency which are in
8 general circulation in, and legal tender of, another nation
9 when exchanged solely for use as legal tender and at an
10 exchange rate based on the relative value of each as a medium
11 of exchange.

12 4. With respect to any transaction that involves the
13 sale of coins or currency taxable under this paragraph in
14 which the taxable amount represented by the sale of such coins
15 or currency exceeds \$500, the entire amount represented by the
16 sale of such coins or currency shall be exempt from the tax
17 imposed by this paragraph. The dealer must maintain proper
18 documentation, as prescribed by rule of the department, to
19 identify that portion of a transaction which involves the sale
20 of coins or currency and is exempt under this subparagraph.

21 Section 3. The executive director of the Department of
22 Revenue is authorized to adopt emergency rules pursuant to s.
23 120.54(4), Florida Statutes, for purposes of implementing the
24 amendment to s. 212.05(1)(1), Florida Statutes, and the
25 creation of s. 212.08(7)(uu), Florida Statutes, by this act.
26 Notwithstanding any other provision of law, such emergency
27 rules shall remain effective for 6 months from the date of
28 adoption. This section shall take effect upon this act
29 becoming a law.

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1 Section 4. Paragraph (b) of subsection (2) of section
2 212.054, Florida Statutes, 1996 Supplement, is amended to
3 read:

4 212.054 Discretionary sales surtax; limitations,
5 administration, and collection.--

6 (2)

7 (b) However:

8 1. The tax on any sales amount above \$5,000 on any
9 item of tangible personal property and on long-distance
10 telephone service shall not be subject to the surtax. For
11 purposes of administering the \$5,000 limitation on an item of
12 tangible personal property, if two or more taxable items of
13 tangible personal property are sold to the same purchaser at
14 the same time and, under generally accepted business practice
15 or industry standards or usage, are normally sold in bulk or
16 are items that, when assembled, comprise a working unit or
17 part of a working unit, such items must be considered a single
18 item for purposes of the \$5,000 limitation when supported by a
19 charge ticket, sales slip, invoice, or other tangible evidence
20 of a single sale or rental. The limitation provided in this
21 subparagraph does not apply to the sale of any other service.

22 2. In the case of utility, telecommunication, or
23 television system program services billed on or after the
24 effective date of any such surtax, the entire amount of the
25 tax for utility, telecommunication, or television system
26 program services shall be subject to the surtax. In the case
27 of utility, telecommunication, or television system program
28 services billed after the last day the surtax is in effect,
29 the entire amount of the tax on said items shall not be
30 subject to the surtax.

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1 3. In the case of written contracts which are signed
2 prior to the effective date of any such surtax for the
3 construction of improvements to real property or for
4 remodeling of existing structures, the surtax shall be paid by
5 the contractor responsible for the performance of the
6 contract. However, the contractor may apply for one refund of
7 any such surtax paid on materials necessary for the completion
8 of the contract. Any application for refund shall be made no
9 later than 15 months following initial imposition of the
10 surtax in that county. The application for refund shall be in
11 the manner prescribed by the department by rule. A complete
12 application shall include proof of the written contract and of
13 payment of the surtax. The application shall contain a sworn
14 statement, signed by the applicant or its representative,
15 attesting to the validity of the application. The department
16 shall, within 30 days after approval of a complete
17 application, certify to the county information necessary for
18 issuance of a refund to the applicant. Counties are hereby
19 authorized to issue refunds for this purpose and shall set
20 aside from the proceeds of the surtax a sum sufficient to pay
21 any refund lawfully due. Any person who fraudulently obtains
22 or attempts to obtain a refund pursuant to this subparagraph,
23 in addition to being liable for repayment of any refund
24 fraudulently obtained plus a mandatory penalty of 100 percent
25 of the refund, is guilty of a felony of the third degree,
26 punishable as provided in s. 775.082, s. 775.083, or s.
27 775.084.

28 4. Transactions that are subject to the tourist
29 development tax levied and imposed under s. 125.0104(3) are
30 not subject to the discretionary surtax levied under s.
31

1 212.055 by the governing body of a high tourism impact county
2 if:

3 a. The aggregate rate of the tourist development tax
4 levied and imposed on such transactions within the county
5 equals or exceeds 5 percent; and

6 b. The discretionary surtax that is initially levied
7 by the governing body of the county has an effective date of
8 January 1, 1998, or later.

9
10 If the tourist development tax is levied and imposed only in a
11 subcounty special district and not in the entire county, the
12 exemption provided under this subparagraph applies only in the
13 subcounty special district. If the aggregate rate of the
14 tourist development tax levied and imposed within the county
15 or subcounty special district is reduced to less than 5
16 percent, the exemption provided under this subparagraph no
17 longer applies within the county or subcounty special
18 district.

19 Section 5. Effective January 1, 1998, subsection (5)
20 of section 212.04, Florida Statutes, 1996 Supplement, is
21 amended to read:

22 212.04 Admissions tax; rate, procedure, enforcement.--

23 (5) All of the provisions of this chapter relating to
24 collection, investigation, discovery, and aids to collection
25 of taxes upon sales of tangible personal property shall
26 likewise apply to all privileges described or referred to in
27 this section, and the obligations imposed in this chapter upon
28 retailers are hereby imposed upon the seller of such
29 admissions. When tickets or admissions are sold and not used
30 but returned and credited by the seller, the seller may apply
31 to the department for a credit allowance for such returned

1 tickets or admissions if advance payments have been made by
2 the buyer and have been returned by the seller, upon such form
3 and in such manner as the department may from time to time
4 prescribe. The department may, upon obtaining satisfactory
5 proof of the refunds on the part of the seller, credit the
6 seller for taxes paid upon admissions that have been returned
7 unused to the purchaser of those admissions. The seller of
8 admissions, upon the payment of the taxes before they become
9 delinquent and the rendering of the returns in accordance with
10 the requirement of the department and as provided in this law,
11 shall be entitled to a discount of 2.5 percent of the amount
12 of taxes upon the payment thereof before such taxes become
13 delinquent, in the same manner as permitted the sellers of
14 tangible personal property in this chapter. However, if the
15 amount of the tax due and remitted to the department for the
16 reporting period exceeds \$2,000~~\$1,200~~, no discount shall be
17 allowed for all amounts in excess of \$2,000~~\$1,200~~.

18 Section 6. Effective January 1, 1998, subsection (1)
19 of section 212.12, Florida Statutes, 1996 Supplement, is
20 amended to read:

21 212.12 Dealer's credit for collecting tax; penalties
22 for noncompliance; powers of Department of Revenue in dealing
23 with delinquents; brackets applicable to taxable transactions;
24 records required.--

25 (1) Notwithstanding any other provision of law and for
26 the purpose of compensating persons granting licenses for and
27 the lessors of real and personal property taxed hereunder, for
28 the purpose of compensating dealers in tangible personal
29 property, for the purpose of compensating dealers providing
30 communication services and taxable services, for the purpose
31 of compensating owners of places where admissions are

1 collected, and for the purpose of compensating remitters of
2 any taxes or fees reported on the same documents utilized for
3 the sales and use tax, as compensation for the keeping of
4 prescribed records and the proper accounting and remitting of
5 taxes by them, such seller, person, lessor, dealer, owner, and
6 remitter (except dealers who make mail order sales) shall be
7 allowed 2.5 percent of the amount of the tax due and accounted
8 for and remitted to the department, in the form of a deduction
9 in submitting his or her report and paying the amount due by
10 him or her; the department shall allow such deduction of 2.5
11 percent of the amount of the tax to the person paying the same
12 for remitting the tax in the manner herein provided, for
13 paying the amount due to be paid by him or her, and as further
14 compensation to dealers in tangible personal property for the
15 keeping of prescribed records and for collection of taxes and
16 remitting the same. However, if the amount of the tax due and
17 remitted to the department for the reporting period exceeds
18 ~~\$2,000~~\$1,200, no allowance shall be allowed for all amounts
19 in excess of \$2,000~~\$1,200~~. The executive director of the
20 department is authorized to negotiate a collection allowance,
21 pursuant to rules promulgated by the department, with a dealer
22 who makes mail order sales. The rules of the department shall
23 provide guidelines for establishing the collection allowance
24 based upon the dealer's estimated costs of collecting the tax,
25 the volume and value of the dealer's mail order sales to
26 purchasers in this state, and the administrative and legal
27 costs and likelihood of achieving collection of the tax absent
28 the cooperation of the dealer. However, in no event shall the
29 collection allowance negotiated by the executive director
30 exceed 10 percent of the tax remitted for a reporting period.
31

1 (a) The collection allowance may not be granted, nor
2 may any deduction be permitted, if the tax is delinquent at
3 the time of payment.

4 (b) The Department of Revenue may reduce the
5 collection allowance by 10 percent or \$50, whichever is less,
6 if a taxpayer files an incomplete return.

7 1. An "incomplete return" is, for purposes of this
8 chapter, a return which is lacking such uniformity,
9 completeness, and arrangement that the physical handling,
10 verification, or review of the return may not be readily
11 accomplished.

12 2. The department shall adopt rules requiring such
13 information as it may deem necessary to ensure that the tax
14 levied hereunder is properly collected, reviewed, compiled,
15 and enforced, including, but not limited to: the amount of
16 gross sales; the amount of taxable sales; the amount of tax
17 collected or due; the amount of lawful refunds, deductions, or
18 credits claimed; the amount claimed as the dealer's collection
19 allowance; the amount of penalty and interest; the amount due
20 with the return; and such other information as the Department
21 of Revenue may specify. The department shall require that
22 transient rentals and agricultural equipment transactions be
23 separately shown. For returns remitted on or after February 1,
24 1992, the department shall also require that sales made
25 through vending machines as defined in s. 212.0515 be
26 separately shown. For returns remitted on or after February 1,
27 1995, sales made through coin-operated amusement machines as
28 defined by s. 212.02 and the number of machines operated must
29 be separately shown on the return or on a form prescribed by
30 the department. If a separate form is required, the same
31 penalties for late filing, incomplete filing, or failure to

1 file as provided for the sales tax return shall apply to said
2 form.

3 (c) The collection allowance and other credits or
4 deductions provided in this part shall be applied
5 proportionally to any taxes or fees reported on the same
6 documents used for the sales and use tax.

7 Section 7. Subsections (1), (3), and (14) and
8 paragraphs (o), (ff), and (ii) of subsection (7) of section
9 212.08, Florida Statutes, 1996 Supplement, are amended, and
10 paragraphs (mn), (oo), (pp), (qq), (rr), (ss), (tt), and (uu)
11 are added to subsection (7) of said section, to read:

12 212.08 Sales, rental, use, consumption, distribution,
13 and storage tax; specified exemptions.--The sale at retail,
14 the rental, the use, the consumption, the distribution, and
15 the storage to be used or consumed in this state of the
16 following are hereby specifically exempt from the tax imposed
17 by this part.

18 (1) EXEMPTIONS; GENERAL GROCERIES.--

19 (a) There are exempted from the tax imposed by this
20 chapter food products for human consumption.

21 (b) For the purpose of this chapter, "food products"
22 means edible commodities, whether processed, cooked, raw,
23 canned, or in any other form, which are generally regarded as
24 food. This includes, but is not limited to, all of the
25 following:

26 1. Cereals and cereal products, baked goods,
27 oleomargarine, meat and meat products, fish and seafood
28 products, frozen foods and dinners, poultry, eggs and egg
29 products, vegetables and vegetable products, fruit and fruit
30 products, spices, salt, sugar and sugar products, milk and
31 dairy products, and products intended to be mixed with milk.

1 2. Natural fruit or vegetable juices or their
2 concentrates or reconstituted natural concentrated fruit or
3 vegetable juices, whether frozen or unfrozen, dehydrated,
4 powdered, granulated, sweetened or unsweetened, seasoned with
5 salt or spice, or unseasoned; coffee, coffee substitutes, or
6 cocoa; and tea, unless sold in a liquid form.

7 3. Bakery products sold by bakeries, pastry shops, or
8 like establishments which do not have eating facilities.

9 (c) None of the exemptions provided in paragraph (b)
10 applies to any of the following:

11 1. When the food products are sold as meals for
12 consumption on or off the seller's premises.

13 2. When the food products are furnished, prepared, or
14 served for consumption at tables, chairs, or counters or from
15 trays, glasses, dishes, or other tableware, whether provided
16 by the seller or by a person with whom the seller contracts to
17 furnish, prepare, or serve food products to others.

18 3. When the food products are ordinarily sold for
19 immediate consumption on the seller's premises or near a
20 location at which parking facilities are provided primarily
21 for the use of patrons in consuming the products purchased at
22 the location, even though such products are sold on a "take
23 out" or "to go" order and are actually packaged or wrapped and
24 taken from the seller's premises.

25 4. Sandwiches sold ready for immediate consumption on
26 or off the seller's premises.

27 5. When the food products are sold ready for immediate
28 consumption within a place, the entrance to which is subject
29 to an admission charge.

30 6. Soft drinks, which include, but are not limited to,
31 any nonalcoholic beverage, any preparation or beverage

1 commonly referred to as a "soft drink," or any noncarbonated
2 drink made from milk derivatives or tea, when sold in a liquid
3 form.

4 7. Ice cream, frozen yogurt, and similar frozen dairy
5 or nondairy products in cones, small cups, or pints,
6 popsicles, frozen fruit bars, or other novelty items, whether
7 or not sold separately.

8 8. Food prepared, whether on or off the premises, and
9 sold for immediate consumption. This does not apply to food
10 prepared off the premises and sold in the original sealed
11 container, or the slicing of products into smaller portions.

12 9. When the food products are sold through a vending
13 machine, pushcart, motor vehicle, or any other form of
14 vehicle.

15 10. Candy and any similar product regarded as candy or
16 confection, based on its normal use, as indicated on the label
17 or advertising thereof.

18 11. Bakery products sold by bakeries, pastry shops, or
19 like establishments which have eating facilities, except when
20 sold for consumption off the seller's premises.

21 12. When food products are served, prepared, or sold
22 in or by restaurants, lunch counters, cafeterias, hotels,
23 taverns, or other like places of business.

24 13. Food products sold as hot prepared food products.

25 (d) For purposes of this subsection:

26 1. "For consumption off the seller's premises" means
27 that the food or drink is intended by the customer to be
28 consumed at a place away from the seller's premises.

29 2. "For consumption on the seller's premises" means
30 that the food or drink sold may be immediately consumed on the
31 premises where the seller conducts his or her business. In

1 determining whether an item of food is sold for immediate
2 consumption, there shall be considered the customary
3 consumption practices prevailing at the selling facility.

4 3. "Premises" shall be construed broadly, and means,
5 but is not limited to, the lobby, aisle, or auditorium of a
6 theater; the seating, aisle, or parking area of an arena,
7 rink, or stadium; or the parking area of a drive-in or outdoor
8 theater. The premises of a caterer with respect to catered
9 meals or beverages shall be the place where such meals or
10 beverages are served.

11 4. "Hot prepared food products" means those products,
12 items, or components which have been prepared for sale in a
13 heated condition and which are sold at any temperature which
14 is higher than the air temperature of the room or place where
15 they are sold. "Hot prepared food products," for the purposes
16 of this subsection, includes a combination of hot and cold
17 food items or components where a single price has been
18 established for the combination and the food products are sold
19 in such combination, such as a hot meal, a hot specialty dish
20 or serving, or a hot sandwich or hot pizza, including cold
21 components or side items.

22 ~~(a) There are exempt from the tax imposed by this~~
23 ~~chapter food and drinks for human consumption except candy.~~
24 ~~Unless the exemption provided by paragraph (7)(q) for school~~
25 ~~lunches, paragraph (7)(i) for meals to certain patients or~~
26 ~~inmates, paragraph (7)(k) for meals provided by certain~~
27 ~~nonprofit organizations, or paragraph (7)(z) for food or~~
28 ~~drinks sold through vending machines pertains, none of such~~
29 ~~items of food or drinks means:~~

30 ~~1. Food or drinks served, prepared, or sold in or by~~
31 ~~restaurants; drugstores; lunch counters; cafeterias; hotels;~~

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1 ~~amusement parks; racetracks; taverns; concession stands at~~
2 ~~arenas, auditoriums, carnivals, fairs, stadiums, theaters, or~~
3 ~~other like places of business; or by any business or place~~
4 ~~required by law to be licensed by the Division of Hotels and~~
5 ~~Restaurants of the Department of Business and Professional~~
6 ~~Regulation, except bakery products sold in or by pastry shops,~~
7 ~~doughnut shops, or like establishments for consumption off the~~
8 ~~premises;~~

9 2. ~~Foods and drinks sold ready for immediate~~
10 ~~consumption from vending machines, pushcarts, motor vehicles,~~
11 ~~or any other form of vehicle;~~

12 3. ~~Soft drinks, which include, but are not limited to,~~
13 ~~any nonalcoholic beverage, any preparation or beverage~~
14 ~~commonly referred to as a "soft drink," or any noncarbonated~~
15 ~~drink made from milk derivatives or tea, when sold in cans or~~
16 ~~similar containers. The term "soft drink" does not include:~~
17 ~~natural fruit or vegetable juices or their concentrates or~~
18 ~~reconstituted natural concentrated fruit or vegetable juices,~~
19 ~~whether frozen or unfrozen, dehydrated, powdered, granulated,~~
20 ~~sweetened or unsweetened, seasoned with salt or spice, or~~
21 ~~unseasoned; coffee or coffee substitutes; tea except when sold~~
22 ~~in containers as provided herein; cocoa; products intended to~~
23 ~~be mixed with milk; or natural fluid milk;~~

24 4. ~~Foods or drinks cooked or prepared on the seller's~~
25 ~~premises and sold ready for immediate consumption either on or~~
26 ~~off the premises, excluding bakery products for off-premises~~
27 ~~consumption unless such foods are taxed under subparagraph 1.~~
28 ~~or subparagraph 2.; or~~

29 5. ~~Sandwiches sold ready for immediate consumption.~~
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1 ~~For the purposes of this paragraph, "seller's premises" shall~~
2 ~~be construed broadly, and means, but is not limited to, the~~
3 ~~lobby, aisle, or auditorium of a theater; the seating, aisle,~~
4 ~~or parking area of an arena, rink, or stadium; or the parking~~
5 ~~area of a drive-in or outdoor theater. The premises of a~~
6 ~~caterer with respect to catered meals or beverages shall be~~
7 ~~the place where such meals or beverages are served.~~

8 (e)~~(b)~~1. Food or drinks not exempt under paragraphs
9 (a), (b), (c), and (d)~~paragraph (a)~~ shall be exempt,
10 notwithstanding those paragraphs ~~that paragraph~~, when
11 purchased with food coupons or Special Supplemental Food
12 Program for Women, Infants, and Children vouchers issued under
13 authority of federal law.

14 2. This paragraph is effective only while federal law
15 prohibits a state's participation in the federal food coupon
16 program or Special Supplemental Food Program for Women,
17 Infants, and Children if there is an official determination
18 that state or local sales taxes are collected within that
19 state on purchases of food or drinks with such coupons.

20 3. This paragraph shall not apply to any food or
21 drinks on which federal law shall permit sales taxes without
22 penalty, such as termination of the state's participation.

23 4. Notwithstanding any other provision of law, the
24 department shall make refunds or allow credits to a
25 distributor equal to the fee imposed and paid under s.
26 403.7197 on containers purchased by consumers with food
27 coupons or Special Supplemental Food Program for Women,
28 Infants, and Children vouchers issued under authority of
29 federal law.

30 (3) EXEMPTIONS, PARTIAL; CERTAIN FARM
31 EQUIPMENT.--There shall be taxable at the rate of 3 percent

1 the sale, use, consumption, or storage for use in this state
2 of self-propelled, ~~or~~ power-drawn, or power-driven farm
3 equipment used exclusively on a farm or in a forest ~~by a~~
4 ~~farmer on a farm owned, leased, or sharecropped by the farmer~~
5 in plowing, planting, cultivating, or harvesting crops or
6 products as produced by those agricultural industries included
7 in s. 570.02(1). Harvesting is not to be construed to include
8 processing activities. This partial exemption is not
9 forfeited by the act of moving farm equipment between farms or
10 forests. The rental of self-propelled, ~~or~~ power-drawn, or
11 power-driven farm equipment shall be taxed at the rate of 6
12 percent.

13 (7) MISCELLANEOUS EXEMPTIONS.--

14 (o) Religious, charitable, scientific, educational,
15 and veterans' institutions and organizations.--

16 1. There are exempt from the tax imposed by this part
17 transactions involving:

18 a. Sales or leases directly to churches or sales or
19 leases of tangible personal property by churches;

20 b. Sales or leases to nonprofit religious, nonprofit
21 charitable, nonprofit scientific, or nonprofit educational
22 institutions when used in carrying on their customary
23 nonprofit religious, nonprofit charitable, nonprofit
24 scientific, or nonprofit educational activities, including
25 church cemeteries; and

26 c. Sales or leases to the state headquarters of
27 qualified veterans' organizations and the state headquarters
28 of their auxiliaries when used in carrying on their customary
29 veterans' organization activities. If a qualified veterans'
30 organization or its auxiliary does not maintain a permanent
31 state headquarters, then transactions involving sales or

1 leases to such organization and used to maintain the office of
2 the highest ranking state official are exempt from the tax
3 imposed by this part.

4 2. The provisions of this section authorizing
5 exemptions from tax shall be strictly defined, limited, and
6 applied in each category as follows:

7 a. "Religious institutions" means churches,
8 synagogues, and established physical places for worship at
9 which nonprofit religious services and activities are
10 regularly conducted and carried on. The term "religious
11 institutions" includes nonprofit corporations the sole purpose
12 of which is to provide free transportation services to church
13 members, their families, and other church attendees. The term
14 "religious institutions" also includes state, district, or
15 other governing or administrative offices the function of
16 which is to assist or regulate the customary activities of
17 religious organizations or members. The term "religious
18 institutions" also includes any nonprofit corporation which is
19 qualified as nonprofit pursuant to s. 501(c)(3), United States
20 Internal Revenue Code of 1986, as amended, which owns and
21 operates a Florida radio or television station, at least 90
22 percent of the programming of which station consists of
23 programs of a religious nature, and the financial support for
24 which, exclusive of receipts for broadcasting from other
25 nonprofit organizations, is predominantly from contributions
26 from the general public. The term "religious institutions"
27 also includes any nonprofit corporation which is qualified as
28 nonprofit pursuant to s. 501(c)(3), United States Internal
29 Revenue Code of 1986, as amended, which provides regular
30 religious services to Florida state prisoners and which from
31 its own established physical place of worship, operates a

1 ministry providing worship and services of a charitable nature
2 to the community on a weekly basis. The term "religious
3 institutions" also includes any nonprofit corporation which is
4 qualified as nonprofit pursuant to s. 501(c)(3), United States
5 Internal Revenue Code of 1986, as amended, the primary
6 activity of which is distribution of audio recordings of
7 religious scriptures to blind or visually impaired persons at
8 no charge. The term "religious institutions" also includes any
9 nonprofit corporation which is qualified as nonprofit pursuant
10 to s. 501(c)(3), United States Internal Revenue Code of 1986,
11 as amended, the sole or primary function of which is to
12 provide, at any location, nonprofit religious services,
13 evangelistic services, religious education, or missionary
14 activities for, or in direct participation with, one or more
15 churches, synagogues, or established places of worship at
16 which nonprofit religious services and activities are
17 regularly conducted.

18 b. "Charitable institutions" means only nonprofit
19 corporations qualified as nonprofit pursuant to s. 501(c)(3),
20 United States Internal Revenue Code of 1954, as amended, and
21 other nonprofit entities, the sole or primary function of
22 which is to provide, or to raise funds for organizations which
23 provide, one or more of the following services if a reasonable
24 percentage of such service is provided free of charge, or at a
25 substantially reduced cost, to persons, animals, or
26 organizations that are unable to pay for such service:

27 (I) Medical aid for the relief of disease, injury, or
28 disability;

29 (II) Regular provision of physical necessities such as
30 food, clothing, or shelter;

31

1 (III) Services for the prevention of or rehabilitation
2 of persons from alcoholism or drug abuse; the prevention of
3 suicide; or the alleviation of mental, physical, or sensory
4 health problems;
5 (IV) Social welfare services including adoption
6 placement, child care, community care for the elderly, and
7 other social welfare services which clearly and substantially
8 benefit a client population which is disadvantaged or suffers
9 a hardship;
10 (V) Medical research for the relief of disease,
11 injury, or disability;
12 (VI) Legal services; or
13 (VII) Food, shelter, or medical care for animals or
14 adoption services, cruelty investigations, or education
15 programs concerning animals;
16
17 and the term includes groups providing volunteer staff to
18 organizations designated as charitable institutions under this
19 sub-subparagraph; nonprofit organizations the sole or primary
20 purpose of which is to coordinate, network, or link other
21 institutions designated as charitable institutions under this
22 sub-subparagraph with those persons, animals, or organizations
23 in need of their services; and nonprofit national, state,
24 district, or other governing, coordinating, or administrative
25 organizations the sole or primary purpose of which is to
26 represent or regulate the customary activities of other
27 institutions designated as charitable institutions under this
28 sub-subparagraph. Notwithstanding any other requirement of
29 this section, any blood bank that relies solely upon volunteer
30 donations of blood and tissue, that is licensed under chapter
31 483, and that qualifies as tax exempt under s. 501(c)(3) of

1 the Internal Revenue Code constitutes a charitable institution
2 and is exempt from the tax imposed by this part.

3 c. "Scientific organizations" means scientific
4 organizations which hold current exemptions from federal
5 income tax under s. 501(c)(3) of the Internal Revenue Code and
6 also means organizations the purpose of which is to protect
7 air and water quality or the purpose of which is to protect
8 wildlife and which hold current exemptions from the federal
9 income tax under s. 501(c)(3) of the Internal Revenue Code.

10 d. "Educational institutions" means state
11 tax-supported or parochial, church and nonprofit private
12 schools, colleges, or universities which conduct regular
13 classes and courses of study required for accreditation by, or
14 membership in, the Southern Association of Colleges and
15 Schools, the Department of Education, the Florida Council of
16 Independent Schools, or the Florida Association of Christian
17 Colleges and Schools, Inc., or nonprofit private schools which
18 conduct regular classes and courses of study accepted for
19 continuing education credit by a Board of the Division of
20 Medical Quality Assurance of the Department of Business and
21 Professional Regulation or which conduct regular classes and
22 courses of study accepted for continuing education credit by
23 the American Medical Association. Nonprofit libraries, art
24 galleries, performing arts centers that provide educational
25 programs exclusively to school children when such programs
26 involve performances or other educational activities at the
27 performing arts center and serve a minimum of 50,000 school
28 children per year, and museums open to the public are defined
29 as educational institutions and are eligible for exemption.
30 The term "educational institutions" includes private nonprofit
31 organizations the purpose of which is to raise funds for

1 schools teaching grades kindergarten through high school,
2 colleges, and universities. The term "educational
3 institutions" includes any nonprofit newspaper of free or paid
4 circulation primarily on university or college campuses which
5 holds a current exemption from federal income tax under s.
6 501(c)(3) of the Internal Revenue Code, and any educational
7 television or radio network or system established pursuant to
8 s. 229.805 or s. 229.8051 and any nonprofit television or
9 radio station which is a part of such network or system and
10 which holds a current exemption from federal income tax under
11 s. 501(c)(3) of the Internal Revenue Code. The term
12 "educational institutions" also includes state, district, or
13 other governing or administrative offices the function of
14 which is to assist or regulate the customary activities of
15 educational organizations or members. The term "educational
16 institutions" also includes a nonprofit educational cable
17 consortium which holds a current exemption from federal income
18 tax under s. 501(c)(3) of the Internal Revenue Code of 1986,
19 as amended, whose primary purpose is the delivery of
20 educational and instructional cable television programming and
21 whose members are composed exclusively of educational
22 organizations which hold a valid consumer certificate of
23 exemption and which are either an educational institution as
24 defined in this sub-subparagraph, or qualified as a nonprofit
25 organization pursuant to s. 501(c)(3) of the Internal Revenue
26 Code of 1986, as amended.

27 e. "Veterans' organizations" means nationally
28 chartered or recognized veterans' organizations, including,
29 but not limited to, Florida chapters of the Paralyzed Veterans
30 of America, Catholic War Veterans of the U.S.A., Jewish War
31 Veterans of the U.S.A., and the Disabled American Veterans,

1 Department of Florida, Inc., which hold current exemptions
2 from federal income tax under s. 501(c)(4) or (19) of the
3 Internal Revenue Code.

4 (ff) Aircraft repair and maintenance labor
5 charges.--There shall be exempt from the tax imposed by this
6 part all labor charges for the repair and maintenance of
7 aircraft of more than 20,000 pounds maximum certified takeoff
8 weight. Except as otherwise provided in this chapter, charges
9 for parts and equipment furnished in connection with such
10 labor charges are taxable.

11 (ii) Certain electricity uses.--

12 1. Charges for electricity used to operate machinery
13 and equipment directly and exclusively at a fixed location in
14 this state when such to operate machinery and equipment ~~that~~
15 is used to manufacture, process, compound, ~~or produce,~~ or
16 prepare for shipment items of tangible personal property for
17 sale, or to operate pollution control equipment, recycling
18 equipment, maintenance equipment, or monitoring or control
19 equipment used in such operations are exempt to the extent
20 provided in this paragraph from the tax imposed by this part
21 as provided in subparagraph 2. In order to qualify for this
22 exemption, 75 percent or more of the electricity used at the
23 fixed location must be used to operate qualifying machinery or
24 equipment. ~~The exemption provided for herein is applicable if~~
25 ~~the electricity that is used for the exempt purposes is~~
26 ~~separately metered, or if it is not separately metered, it is~~
27 ~~irrevocably presumed that 50 percent of the charge for~~
28 ~~electricity is for nonexempt purposes.~~

29 2. This exemption only applies only to industries
30 classified under SIC Industry Major Group Numbers 10, 12, 13,
31 14, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33,

1 34, 35, 36, 37, 38, and 39. As used in this paragraph, "SIC"
2 means those classifications contained in the Standard
3 Industrial Classification Manual, 1987, as published by the
4 Office of Management and Budget, Executive Office of the
5 President.

6 3. Possession by a seller of a written certification
7 by the purchaser, certifying the purchaser's entitlement to an
8 exemption permitted by this subsection, relieves the seller
9 from the responsibility of collecting the tax on the
10 nontaxable amounts, and the department shall look solely to
11 the purchaser for recovery of such tax if it determines that
12 the purchaser was not entitled to the exemption.

13 4. Such exemption shall be applied as follows:

14 a.1. Beginning July 1, 1996, 20 percent of the charges
15 for such electricity shall be exempt.

16 b.2. Beginning July 1, 1997, 40 percent of the charges
17 for such electricity shall be exempt.

18 c.3. Beginning July 1, 1998, 60 percent of the charges
19 for such electricity shall be exempt.

20 d.4. Beginning July 1, 1999, 80 percent of the charges
21 for such electricity shall be exempt.

22 e.5. Beginning July 1, 2000, 100 percent of the
23 charges for such electricity shall be exempt.

24 5. Notwithstanding any other provision in this
25 paragraph to the contrary, in order to receive the exemption
26 provided in this paragraph a taxpayer must first register with
27 the WAGES Program Business Registry established by the local
28 WAGES coalition for the area in which the taxpayer is located.
29 Such registration establishes a commitment on the part of the
30 taxpayer to hire WAGES program participants to the maximum
31 extent possible consistent with the nature of their business.

1 6.a. In order to determine whether the exemption
2 provided in this paragraph from the tax on charges for
3 electricity has an effect on retaining or attracting companies
4 to this state, the Office of Program Policy Analysis and
5 Governmental Accountability shall periodically monitor and
6 report on the industries receiving the exemption.

7 b. The first report shall be submitted no later than
8 January 1, 1997, and must be conducted in such a manner as to
9 specifically determine the number of companies within each SIC
10 Industry Major Group receiving the exemption as of September
11 1, 1996, and the number of individuals employed by companies
12 within each SIC Industry Major Group receiving the exemption
13 as of September 1, 1996.

14 c. The second report shall be submitted no later than
15 January 1, 2001, and must be comprehensive in scope, but, at a
16 minimum, must be conducted in such a manner as to specifically
17 determine the number of companies within each SIC Industry
18 Major Group receiving the exemption as of September 1, 2000,
19 the number of individuals employed by companies within each
20 SIC Industry Major Group receiving the exemption as of
21 September 1, 2000, whether the change, if any, in such number
22 of companies or employees is attributable to the exemption
23 provided in this paragraph, whether it would be sound public
24 policy to continue or discontinue the exemption, and the
25 consequences of doing so.

26 d. Both reports shall be submitted to the President of
27 the Senate, the Speaker of the House of Representatives, the
28 Senate Minority Leader, and the House Minority Leader.

29 (nn) Equipment used in aircraft repair and
30 maintenance.--There shall be exempt from the tax imposed by
31 this chapter replacement engines, parts, and equipment used in

1 the repair or maintenance of commercial aircraft of more than
2 20,000 pounds maximum certified takeoff weight, when such
3 parts or equipment are installed on such aircraft that is
4 being repaired or maintained in this state.

5 (oo) Aircraft sales or leases.--The sale or lease of
6 an aircraft of more than 20,000 pounds maximum certified
7 takeoff weight for use by a common carrier is exempt from the
8 tax imposed by this chapter. As used in this paragraph,
9 "common carrier" means an airline operating under part 121 or
10 part 129 of the federal aviation regulations.

11 (pp) Complimentary items.--There is exempt from the
12 tax imposed by this chapter:

13 1. Any food or drink, whether or not cooked or
14 prepared on the premises, provided without charge as a sample
15 or for the convenience of customers by a dealer that primarily
16 sells food product items at retail.

17 2. Any item given to a customer as part of a price
18 guarantee plan related to point-of-sale errors by a dealer
19 that primarily sells food products at retail.

20 (qq) Donated foods or beverages.--Any food or beverage
21 donated by a dealer that sells food products at retail to a
22 food bank or an organization which holds current exemption
23 from federal corporate income tax pursuant to s. 501(c) of the
24 Internal Revenue Code of 1986, as amended, is exempt from the
25 tax imposed by this chapter.

26 (rr) Complimentary meals.--Where no separate charge or
27 specific amount is shown for food or drinks furnished as part
28 of a packaged room rate by any person offering for rent or
29 lease any transient living accommodations as described in s.
30 509.013(4)(a) which are licensed under part I of chapter 509
31 and which are subject to the tax under s. 212.03, such drinks

1 or food are considered sold at retail as a part of the total
2 charge for the transient living accommodations. The person
3 offering the accommodations is not considered the consumer of
4 items purchased in furnishing such food or drinks and may
5 purchase such items under conditions of a sale for resale.

6 (ss) Advertising agencies.--When advertising agencies
7 act as agents for their clients in purchasing property such as
8 photographic negatives and positives, videos, films, galleys,
9 mechanicals, veloxes, illustrations, and artwork, tax applies
10 to the gross receipts from the sale of such property to the
11 advertising agency. Tax does not apply to charges by the
12 advertising agency to its clients.

13 (tt) Nonprofit cooperative hospital
14 laundries.--Nonprofit organizations which are incorporated
15 under chapter 617 and which are treated, for federal income
16 tax purposes, as cooperatives under subchapter T of the
17 Internal Revenue Code, whose sole purpose is to offer laundry
18 supplies and services to its members, which members must all
19 be exempt from federal income tax pursuant to s. 501(c)(3) of
20 the Internal Revenue Code, are exempt from the tax imposed by
21 this chapter.

22 (uu) Bullion.--The sale of gold, silver, or platinum
23 bullion, or any combination thereof in a single transaction,
24 is exempt if the sales price exceeds \$500. The dealer must
25 maintain proper documentation, as prescribed by rule of the
26 department, to identify that portion of a transaction which
27 involves the sale of gold, silver, or platinum bullion and is
28 exempt under this paragraph.

29 (14)(a) The department shall establish a technical
30 assistance advisory committee with public and private sector
31 members, including representatives of both manufacturers and

1 retailers,to advise the Department of Revenue and the
2 Department of Children and Family ~~Health and Rehabilitative~~
3 Services in determining the taxability of specific products
4 and product lines pursuant to subsection (1) and paragraph
5 (2)(a). In determining taxability and in preparing a list of
6 specific products and product lines which are or are not
7 taxable, the committee shall not be subject to the provisions
8 of chapter 120. Private sector members shall not be
9 compensated for serving on the committee.

10 (b) The department, with the advice of the committee,
11 shall develop guidelines for determining the taxability of
12 specific products. The guidelines shall not be subject to the
13 provisions of chapter 120 and shall be a public record. In
14 developing the guidelines, if the department determines that a
15 proposed guideline substantially affects a particular person,
16 it shall notify the person of the development of the proposed
17 guideline. The guidelines shall be submitted to the
18 Administrative Procedures Committee and the department shall
19 respond to any comments made by the committee or to any person
20 substantially affected by the guidelines.

21 (c) The advisory committee shall use guidelines
22 determined by the department in making its recommendations.
23 The committee shall forward its recommendations to the
24 department, which shall determine the taxability of specific
25 products. The determination shall be a public record and shall
26 be final upon its publication and shall remain effective
27 unless a change of determination is published. The
28 determination shall not be subject to the provisions of
29 chapter 120 except that the determination may be challenged
30 pursuant to a proceeding conducted under ss. 120.569 and
31 120.57.

1 (d) The department is authorized to develop a central
2 database and to publish the determination as to the taxability
3 of specific products in a manner which generally provides
4 retailers with information to properly tax products based on
5 their universal product codes. To assure maximum benefit to
6 the retail community, the committee shall help in identifying
7 the scope of information that should be included in the
8 central database and the appropriate methods to assure
9 efficient and effective communication. Information contained
10 in the central database shall not be subject to the provisions
11 of chapter 120 and shall be a public record.

12 Section 8. (1) Paragraph (c) is added to subsection
13 (2) and paragraph (c) is added to subsection (4) of section
14 220.15, Florida Statutes, and paragraph (c) of subsection (5)
15 of said section is amended, to read:

16 220.15 Apportionment of adjusted federal income.--

17 (2) The property factor is a fraction the numerator of
18 which is the average value of the taxpayer's real and tangible
19 personal property owned or rented and used in this state
20 during the taxable year or period and the denominator of which
21 is the average value of such property owned or rented and used
22 everywhere.

23 (c) The property factor fraction shall not include any
24 real or tangible personal property located in this state with
25 respect to which it is certified to the Department of Revenue
26 by the Board of Regents that such property is dedicated
27 exclusively to research and development activities performed
28 pursuant to sponsored research contracts conducted in
29 conjunction with and through a state university.

30 (4) The payroll factor is a fraction the numerator of
31 which is the total amount paid in this state during the

1 taxable year or period by the taxpayer for compensation and
2 the denominator of which is the total compensation paid
3 everywhere during the taxable year or period.

4 (c) The payroll factor fraction shall not include any
5 compensation paid to any employee located in this state when
6 it is certified to the Department of Revenue by the Board of
7 Regents that such compensation was paid to employees dedicated
8 exclusively to research and development activities performed
9 pursuant to sponsored research contracts conducted in
10 conjunction with and through a state university.

11 (5) The sales factor is a fraction the numerator of
12 which is the total sales of the taxpayer in this state during
13 the taxable year or period and the denominator of which is the
14 total sales of the taxpayer everywhere during the taxable year
15 or period.

16 (c) Sales of a financial organization, including, but
17 not limited to, banking and savings institutions, investment
18 companies, real estate investment trusts, and brokerage
19 companies, occur in this state if derived from:

20 1. Fees, commissions, or other compensation for
21 financial services rendered within this state;

22 2. Gross profits from trading in stocks, bonds, or
23 other securities managed within this state;

24 3. Interest received within this state, other than
25 interest from loans secured by mortgages, deeds of trust, or
26 other liens upon real or tangible personal property located
27 without this state, and dividends received within this state;

28 4. Interest charged to customers at places of business
29 maintained within this state for carrying debit balances of
30 margin accounts, without deduction of any costs incurred in
31 carrying such accounts;

1 5. Interest, fees, commissions, or other charges or
2 gains from loans secured by mortgages, deeds of trust, or
3 other liens upon real or tangible personal property located in
4 this state or from installment sale agreements originally
5 executed by a taxpayer or the taxpayer's agent to sell real or
6 tangible personal property located in this state;

7 6. Rents from real or tangible personal property
8 located in this state; or

9 7. Any other gross income, including other interest,
10 resulting from the operation as a financial organization
11 within this state.

12
13 In computing the amounts under this paragraph, any amount
14 received by a member of an affiliated group (determined under
15 s. 1504(a) of the Internal Revenue Code, but without reference
16 to whether any such corporation is an "includable corporation"
17 under s. 1504(b) of the Internal Revenue Code) from another
18 member of such group shall be included only to the extent such
19 amount exceeds expenses of the recipient directly related
20 thereto. No research and development activities certified by
21 the Board of Regents as being conducted in conjunction with
22 and through a state university within this state shall cause
23 any corporation to become subject to the taxes imposed by this
24 chapter if the corporation would otherwise not be subject to
25 the tax levied under this chapter. The property and payroll
26 eliminated from the apportionment formula pursuant to the
27 provisions of paragraphs (2)(c) and (4)(c) shall be eliminated
28 only for the duration of the contractual period specified in
29 the contracts for the conduct of the sponsored research. The
30 reduction in tax due as a result of the property and payroll
31 eliminated from the apportionment formula pursuant to the

1 provisions of paragraphs (2)(c) and (4)(c) shall not exceed
2 the amount paid to the state university for the conduct of the
3 sponsored research. No sponsored research contracts in
4 existence prior to July 1, 1997, shall be eligible to
5 participate in the provisions of paragraphs (2)(c) and (4)(c).

6 (2) The Department of Revenue is directed to adopt any
7 rules necessary to administer the amendment to s. 220.15,
8 Florida Statutes, by this section. The Board of Regents shall
9 monitor the various sponsored research contracts and make a
10 report to the Speaker of the House of Representatives and to
11 the President of the Senate by February 1, 1999, which shall
12 provide any necessary information which indicates if the
13 provisions of this section have been successful in attracting
14 additional sponsored research contracts.

15 Section 9. Section 221.02, Florida Statutes, is
16 amended to read:

17 221.02 Credit for emergency excise tax paid.--The
18 emergency excise tax paid pursuant to s. 221.01 plus any
19 credit or carryover properly applied to reduce the amount of
20 the emergency excise tax due for the taxable year shall be
21 allowed as a credit against the emergency excise tax, if any,
22 to be charged and collected pursuant to this chapter for the
23 return filed for the fifth taxable year following the taxable
24 year for which the tax was paid or, if earlier, the taxable
25 year for which a final return is required. To the extent that
26 the credit exceeds the emergency excise tax, if any, for the
27 return filed for the fifth taxable year following the taxable
28 year for which the tax was paid or, if earlier, the taxable
29 year for which a final return is required, such excess shall
30 be allowed as a reduction of, and credit against, any tax
31 imposed by chapter 220 upon the taxpayer for the fifth taxable

1 year following the taxable year for which the tax was paid or,
2 if earlier, the taxable year for which a final return is
3 required. If the taxpayer is unable to fully utilize the
4 credit in the year in which it is first allowed, it may be
5 carried over to each of the 5 taxable years immediately
6 thereafter; however, any such credit which would have expired
7 on or after July 1, 1996, may be carried over until such
8 credit is fully utilized.

9 Section 10. Except as otherwise provided herein, this
10 act shall take effect July 1, 1997.

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HOUSE SUMMARY

Specifies conditions under which a renewal note evidencing a revolving obligation is exempt from the excise tax on documents and provides application. Exempts transactions in excess of \$500 from the tax on the sale of coins or currency. Provides for emergency rules. Exempts from newly enacted discretionary sales surtaxes levied by a high tourism impact county transactions that are subject to specified tourist development taxes in an aggregate rate that exceeds a specified maximum. Increases the maximum amount of sales and use tax remitted by a dealer to which the dealer's credit applies.

Revises the sales tax exemption for food and drinks. Revises application of the partial sales tax exemption for self-propelled or power-drawn farm equipment and includes power-driven farm equipment within such exemption. Includes within the definition of "religious institutions" for sales tax exemption purposes certain radio stations, certain nonprofit corporations which distribute audio recordings to blind or visually impaired persons, and certain nonprofit corporations which provide religious services for or with established places of worship. Includes within the definition of "educational institutions" for sales tax exemption purposes certain performing arts centers. Revises the exemption for electricity used in certain manufacturing and related operations. Revises the uses that qualify for exemption and requires that a specified percentage of the electricity must be used therefor to qualify for exemption. Removes the requirement that such electricity be separately metered to qualify for full exemption.

Provides a sales tax exemption for replacement engines, parts, and equipment used in the repair or maintenance of certain aircraft. Provides an exemption for the sale or lease of certain aircraft for use by a common carrier. Provides an exemption for certain foods, drinks, and other items provided to customers on a complimentary basis by a dealer who sells food products at retail, and for foods and beverages donated by such dealers to certain organizations. Provides that certain persons who provide food or drinks as part of a packaged room rate without separately stating a charge for such items are not considered consumers of such items. Provides application of tax to certain purchases by advertising agencies. Provides an exemption for certain nonprofit cooperative hospital laundries. Provides an exemption for sales of gold, silver, or platinum bullion in excess of \$500.

Revises provisions relating to the technical assistance advisory committee established to provide advice in determining taxability of foods and medicines. Provides

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1 membership requirements. Directs the Department of
2 Revenue to develop guidelines for such determination and
3 provides requirements with respect thereto. Provides for
4 use of the guidelines by the committee. Provides for
5 determination of the taxability of specific products by
6 the department. Authorizes the department to develop a
7 central database with respect thereto.

8 Revises provisions which provide for apportionment of
9 adjusted federal income for corporate income tax
10 purposes, to provide that the property factor fraction
11 shall not include property certified as dedicated to
12 research and development pursuant to sponsored research
13 conducted through a state university, that the payroll
14 factor shall not include compensation paid to employees
15 certified as dedicated to such activities, and that, for
16 purposes of determining the sales factor, no such
17 activities shall cause a corporation not otherwise
18 subject to corporate income tax to be subject to said
19 tax. Provides limitations and requires a report.
20 Provides that credits against the emergency excise tax
21 that would have expired on or after July 1, 1996, may be
22 carried over until fully utilized.

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