

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1388

SPONSOR: Senator Cowin

SUBJECT: Athletic Event Sponsors

DATE: March 31, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	<u>CM</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill provides an exemption from the sales and use tax to certain organizations that are primarily funded by municipal or county governments and that have as their primary purpose, the encouragement and facilitation of certain locations within the State of Florida as venues for sporting events.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.08(7)(gg)

II. Present Situation:

The State of Florida levies a 6% sales tax on most sales of tangible personal property in the state and on some services. The statutes currently provide more than 150 exemptions from the sales tax. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(7), F.S., provides for over 50 miscellaneous exemptions. Paragraph (gg) of s. 212.08(7), F.S., exempts the sales or leases to organization which a) are incorporated pursuant to chapter 617; b) hold a current exemption from federal income tax pursuant to s. 501(c)(3) of the I.R.C.; and c) sponsors golf tournaments sanctioned by the PGA Tour, PGA America, or the LPGA.

III. Effect of Proposed Changes:

The bill amends s. 212.08(7)(gg), F.S., providing a specific exemption for sales or leases to organizations that 1) are incorporated pursuant to chapter 617; 2) hold a current exemption from federal income tax pursuant to s. 501(c)(3) of the I.R.C.; and 3) are funded primarily by county or municipal governments and have as their primary purpose the encouragement and facilitation of the use of certain locations within Florida as venues for sporting events.

Organizations effected by this bill will be certain Sports Commissions.

The bill takes effect July 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill initially falls under subsection (b) of section 18 of Article VII, Florida Constitution. Subsection (b) requires a two-thirds vote of the membership of each house in order to enact a general law reducing the authority that municipalities and counties had on February 1, 1989 to raise revenues in the aggregate. By adding an exemption to the state sales tax, the bill has the effect of adding an exemption to the local option county sales surtax. Since the annual local revenue loss is estimated to be less than \$1.4 million, the bill will be exempt from the requirements of subsection (b) due to the insignificant negative fiscal impact as permitted under subsection (d) of section 18 of Article VII. (See subsection (d) of s. 18, Art. VII, Florida Constitution, for various types of general laws, including those with insignificant fiscal impact.)

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Revenue Estimating Conference estimates that if all four of the current Sports Commissions qualified for the exemption, the fiscal impact of this bill would be a recurring loss to the General Revenue Fund of \$200,000.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Sales Tax Exemption for Sports Commissions	(0.2)	(0.2)	(*)	(*)	(*)	(*)	(0.2)	(0.2)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Sports Commissions in the state that qualify for this exemption will be able to purchase or lease tangible personal property tax exempt.

C. Government Sector Impact:

The Department of Revenue would like the effective date of the bill changed from July 1, 1999 to January 1, 2000. A July 1 effective date does not give the department a sufficient time frame to adequately implement the law. The department must identify affected taxpayers and may be required to create forms, change internal processes, draft and promulgate rule amendments, prepare a Taxpayer Information Publication (TIP) to be sent to affected parties, and otherwise notify the public on how to comply with the new tax law. A January 1 effective date will allow the department to devote more time and effort to execute a more thorough and better planned implementation, resulting in increased compliance by affected taxpayers.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 1693 is identical to SB 1388

VIII. Amendments:

None.