

# 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:** CS/SB 682

**SPONSOR:** Fiscal Resource Committee and Senator Webster

**SUBJECT:** Tax/Skyboxes & Other Box Seats

**DATE:** April 29, 1999                      **REVISED:** \_\_\_\_\_

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

**I. Summary:**

The bill provides that no tax shall be levied on charges for the renting, leasing, letting, or granting of a license for the use of skyboxes, luxury boxes, or other box seats for use during a high school or college football game in a high tourism impact county, as defined by s. 125.0104, F.S., when the charge is imposed by a nonprofit sponsoring organizations.

The bill also provides that no tax imposed by chapter 212 on the transactions made exempt by this bill, and not actually paid or collected by a nonprofit sponsoring organization, shall be due from that nonprofit sponsoring organization.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes:  
212.031

**II. Present Situation:**

Chapter 212, F.S., provides for the tax on sales, use and other transactions. Section 212.031(1)(a), F. S., provides that “every person is exercising a taxable privilege who engages in the business of renting, leasing, letting, or granting a license for the use of any real property.” Numerous types of property are exempt from this provision. Section 212.031(1)(c), F.S., imposes a tax rate of 6 percent of and on the total rent or license fee charged for such real property by the person charging or collecting the rental or license fee. Additionally, s. 212.031(3), F.S., provides that the owner, lessor, or person receiving the rent or license fee shall remit the tax to the department at the times and in the manner provided by chapter 212, F.S., for dealers.

**III. Effect of Proposed Changes:**

The bill amends s. 212.031, F.S., by adding a new subsection (9), to provide that no tax shall be levied on charges for the renting, leasing, letting, or granting of a license for the use of skyboxes, luxury boxes, or other box seats for use during a high school or college football game in a high

tourism impact county, as defined by s. 125.0104, F.S., when the charge for such rental, lease, sublease, or license is imposed by a nonprofit sponsoring organizations which is qualified as nonprofit pursuant to s. 501(c)(3) of the Internal Revenue Code.

The bill also provides that no tax imposed by chapter 212 on the transactions made exempt by this bill, and not actually paid or collected by a not-for-profit sponsoring organization, shall be due from that nonprofit sponsoring organization.

This act shall take effect upon becoming a law.

**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:**

Based on the Revenue Estimating Conference estimates of the original bill, the amended skybox/luxury box exemption, which limits the exemption to the Citrus Bowl when such skyboxes are used during high school and college football games, will result in a recurring loss to the General Revenue Fund of \$0.1 million. The provision that no tax imposed and not actually paid or collected shall be due, will result in an additional \$0.1 million loss in General Revenue in fiscal year 1999-00. These estimates are not official Revenue Estimating Conference numbers.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Exemption: Rental of Skyboxes	(0.2)	(0.1)	(*)	(*)	(*)	(*)	(0.2)	(0.1)

\* Insignificant  
 \*\* Indeterminate

**B. Private Sector Impact:**

The nonprofit sponsoring organization affiliated with the Citrus Bowl will not have to charge sales tax for the renting, leasing, letting, or granting of a license for the use of skyboxes, luxury boxes, or other box seats for high school or college football games.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

HB 375 is similar to CS/SB 682.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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