

# 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 700

SPONSOR: Senator Forman

SUBJECT: Tax on Sales, Use and Other Transactions

DATE: February 15, 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:

This bill expands the exemption from the sales and use tax which is provided to veterans' organizations so that the exemption applies to all qualified veterans' organizations and not just to the state headquarters.

This bill substantially amends the following section of the Florida Statutes: 212.08(7)(o).

## II. Present Situation:

Florida's sales and use tax is a tax of general applicability which applies to receipts from the sales, storage and use of all tangible personal property unless specifically exempted. Section 212.08, F.S., enumerates specific exemptions to the sales tax. Section 212.08(7)(o), F.S., provides an exemption for nonprofit organizations including religious, charitable, scientific, educational, and veterans' institutions and organizations.

The exemption provided to veterans' organizations applies only to the state headquarters of qualified veterans' organizations and to the state headquarters of their auxiliaries when used in carrying on their customary veterans' organization activities. If a qualified veterans' organization or its auxiliary does not maintain a permanent state headquarters, then transactions involving sales or leases to such organizations and used to maintain the office of the highest ranking state official are exempt from the sales and use tax.

A qualified veterans' organization means nationally chartered or recognized veterans' organizations, including but not limited to, Florida chapters of the Paralyzed Veterans of America, Catholic War Veterans of the U.S.A., Jewish War Veterans of the U.S.A., and the Disabled American Veterans, Department of Florida, Inc., which hold current exemptions from federal income tax under s. 501(c)(4) or (19) of the I.R.C.

**III. Effect of Proposed Changes:**

The bill expands the exemption from the sales and use tax which is provided to veterans' organizations so that the exemption applies to all qualified veterans' organizations and not just to the state headquarters.

The bill shall take 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:**

According to the Department of Revenue, there are a number of veterans' organizations that qualify for the current sales tax exemption which are currently paying sales and use tax. As a result, the bill is estimated to have a recurring General Revenue loss of \$.5 million. In contrast, there are also a number of veterans' organizations which do not currently qualify for the sales tax exemption which are not currently paying sales and use tax, thus, the state will not lose revenue from these organizations as a result of passage of this bill.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Veterans' Orgs.	\$ (0.4)	\$ (0.5)	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (0.4)	\$ (0.5)

- \* Insignificant
- \*\* Indeterminate

**B. Private Sector Impact:**

The sales tax exemptions provided in this bill will benefit all qualified Florida Veterans' organizations, not just state headquarters.

**C. Government Sector Impact:**

The Department of Revenue does not anticipate the need for additional resources to administer this bill.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**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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