

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 1868

SPONSOR: Fiscal Resource Committee and Senator Thomas & Others

SUBJECT: Sales Tax/Farm Equipment

DATE: April 13, 2000 REVISED: _____

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

I. Summary:

CS/SB 1868 revises application of the partial sales and use tax exemption on self-propelled, power-drawn, or power-driven farm equipment by replacing a list of specified activities in which the equipment must be used with the requirement for use in “agricultural production.” A definition for the term “agricultural production” is provided.

The bill also reduces the sales tax rate on the qualifying farm equipment from 3 percent to 2.5 percent effective January 1, 2001.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.02, 212.08, and 212.12

II. Present Situation:

Prior to October 1, 1998, Florida law provided a partial sales and use tax exemption rate of three percent on farm equipment either self-propelled or power-drawn or used exclusively by a farmer on a farm owned, leased or sharecropped by the farmer in plowing, cultivating, or harvesting crops. In s. 212.08(3), F.S., the 1998 Legislature extended the partial exemption to self-propelled, power-drawn, or power-driven farm equipment used on a farm or in a forest for plowing, planting, cultivating, or harvesting crops or products in agricultural industries or for related fire prevention and suppression. The partial exemption does not include equipment used in post-harvest processing or marketing activities.

Section 212.12(11), F.S., provides that the Department of Revenue may provide, by rule, for application of the bracket system to transactions subject to state sales or use tax at three percent pursuant to s. 212.08(3), F.S.

Issue/Fund	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
0.5 % tax reduction	(0.5)	(2.7)	(*)	(*)	(*)	(*)	(0.5)	(2.7)

- * Insignificant
- ** Indeterminate

B. Private Sector Impact:

Farmers and others involved in agricultural production will benefit by paying less sales and use taxes.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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