

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 194

SPONSOR: Fiscal Resource Committee, Senator Horne and Others

SUBJECT: Sales Tax Exemptions

DATE: March 8, 2000 REVISED: _____

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

I. Summary:

The bill provides a tax exemption for property rented, leased, subleased, or licensed to a concessionaire selling event-related products, by a convention hall, auditorium, sports stadium, exhibition hall, publicly-owned recreational facility, theater, arena, civic center, or performing arts center, when the rental, lease, or license payment is based on a percentage of sales or profits, and not a fixed price. The bill also provides language specifically stating that certain charges to a lessee, or licensee of a facility for other services required, such as ticket takers, event staff, security personnel and other event related personnel, are exempt from the tax on the lease of the property.

Additionally, this bill clarifies that the tax on admissions to certain events is computed on the actual value of the admissions charge and not on the total sale price that sometimes include other charges such as: state or local seat surcharges; separately stated ticket service charges imposed by a facility ticket office; or a ticketing service fee. This bill provides an exemption to the admissions tax for events sponsored by certain government-owned facilities bearing 100 percent of the risk of success or failure for the event.

The bill specifies that the tax imposed by s. 212.031, F.S., on the rental, lease, or license for the use of certain facilities to hold an event and the tax imposed on admissions by s. 212.04, F.S., shall be collected at the time of payment for such rental, lease, or license but shall not be due and payable to the department until the actual date of the event.

Finally, this bill provides that taxes imposed on the transactions exempted by the bill are not due to the Department of Revenue before the actual date of the related event, and, no taxes imposed by chapter 212, F.S., on the transactions exempted under this act, and not actually paid or collected prior to the effective date, shall be due.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.031 and 212.04.

II. Present Situation:

Section 212.03 1(1)(a), F.S., states that every person is exercising a taxable privilege who engages in the renting, leasing, letting, or granting of a licence for the use of any real property. There are several exemptions to the tax imposed on this privilege based on the type or use of the property. Sub-paragraph 10. of s. 212.031(1)(a), F.S., provides an exemption from the taxable privilege herein imposed when the property is leased, subleased, or rented to a person providing food and drink concessionaire services within the premises of a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, recreational facility, or any business operated under a permit issued pursuant to chapter 550. Chapter 99-270, L.O.F., amended subparagraph 10. to include both publicly and privately owned facilities.

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 sales tax dealers.

Section 212.04(1)(a), F.S., provides that it is a taxable privilege to sell or receive anything of value by way of admissions. Paragraph (b) of this subsection provides the tax rate of 6 percent for such privilege and specifies the rate shall be computed after deducting any federal taxes imposed on the admission. Subsection (2)(a)1. of s. 212.04, F.S, provides exemptions to the tax levied on admissions for certain events. Subsection (3) of s. 212.04, F.S., provides that the admissions tax shall be paid and remitted at the same time and in the same manner as provided for remitting taxes on sales of tangible personal property.

III. Effect of Proposed Changes:

The bill amends paragraph (a) of subsection (1) of s. 212.031, F.S., adding a new sub-paragraph 12. providing an exemption from the 6 percent tax imposed herein for property rented, leased, subleased, or licensed by certain facilities to a concessionaire selling event-related products during an event at the facility when the rental, lease or license payment is based on a percentage of sales or profits and not on a fixed price. These facilities include:

- convention halls
- auditoriums
- sports stadiums
- Exhibition Halls
- publicly-owned recreational facilities
- theaters
- arenas
- civic centers
- performing arts centers

Subsection (3) of s. 212.031, F.S., is amended to specify that the tax imposed by this section on the rental, lease, or license for the use of certain facilities to hold an event of not more than

7 consecutive days, shall be collected at the time of payment for such rental, lease, or license but shall not be due and payable to the department until the actual date of the event and becomes delinquent on the 21st day of that month.

Subsection (10) is added to s. 212.031, F.S., to provide a tax exemption for separately stated charges by a convention hall, auditorium, stadium, exhibition hall, theater, arena, civic center, performing arts center or publicly-owned recreational facility to a lessee or licensee for services required for the use of real property. Included are charges for laborers, stage hands, ticket takers, event staff, security personnel, cleaning staff, other event-related personnel, advertising, and credit card processing.

Subsection (1)(b) of s. 212.04, F.S., is amended to clarify that the value of an admission on which the 6 percent tax rate is imposed does not include state or local seat surcharges, taxes or fees, or service charges imposed by a facility ticket office or a ticketing service.

A new sub-subparagraph c., is added to sub-paragraph 2., of subsection (2)(a), in s. 212.04, F.S., providing a tax exemption on admission charges to events sponsored by a governmental entity, a sports authority, or a sports commission when held in a convention hall, auditorium, stadium, exhibition hall, theater, arena, civic center, performing arts center or publicly-owned recreational facility when 100 percent of the risk of success or failure lies with the governmental entity, sports authority, or sports commission sponsoring the event, and 100 percent of the funds at risk for the event belong to the facility. The bill defines the terms "sports authority" and "sports commission" to mean a nonprofit organization that is exempt from federal income tax under s. 501(c)(3) of the IRC and that contracts with a county or municipal government for the purpose of promoting and attracting sports-tourism events to the community with which it contracts.

The bill amends subsection (3) of section 212.04, F.S., providing that the tax on admissions to an event at a convention hall, auditorium, stadium, exhibition hall, theater, arena, civic center, performing arts center or publicly-owned recreational facility shall be collected at the time of payment for the admission but is not due to the Department of Revenue until the first day of the month following the actual date of the event for which the admission is sold and becomes delinquent on the 21st day of that month.

Finally, intent language is provided to clarify that any tax imposed on transactions exempted under those sections of chapter 212, F.S., affected by this act, and not actually paid or collected by a taxpayer before the effective date of this act, is not due from such taxpayer. However, any such taxes actually collected shall be remitted to the Department of Revenue and no refund shall be due.

The bill takes effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

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 has estimated that the various exemptions provided in the bill will result in a 2000-01 fiscal year loss to the General Revenue Fund of \$11.0 million, with a recurring loss of \$2.8 million. Local governments sales tax revenues will be reduced by an estimated \$1.7 million in fiscal year 2000-01 and \$0.5 million on a recurring basis. The first year impact includes a \$7.3 million loss as a result of the provision in the bill which does not require collection of past taxes.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Exemptions for certain facilities	\$ (11.0)	\$ (2.8)	\$ (*)	\$ (*)	\$ (1.7)	\$ (0.5)	\$ (12.7)	\$ (3.3)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

None.

C. Government Sector Impact:

Publicly and privately owned civic centers and other entertainment facilities will be able to be more competitive in bringing in events to their facilities because of the 6% to 7% sales tax savings.

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.
