

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 2274

SPONSOR: Senator Forman

SUBJECT: Tax on Sales, Use and Other Transactions

DATE: April 25, 2000 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 sales tax for certain items that cost 25 cents or less and that are sold through a coin-operated bulk vending machine.

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

II. Present Situation:

Chapter 212, F.S., provides that a sales and use tax be imposed on the retail sale or lease of tangible personal property. The general sales tax rate is 6%. Local governments are authorized to levy one or more of several types of Local Discretionary Sales Surtaxes, ranging from 0.5 percent to 1.5 percent, with a maximum of 1.5 percent. For most transactions, sales tax is calculated on the sales price of each item of tangible personal property when sold at retail. However, sales tax on sales from vending machines is calculated in a different manner.

Sales tax on items sold through vending machines is calculated on the gross receipts from the sales. Specifically, the sales tax is calculated by dividing the gross receipts from the sales for the applicable reporting period by a divisor to compute gross taxable sales, and then subtracting gross taxable sales from gross receipts to arrive at the amount of tax due. Since the divisors are different for each product, food and beverage items are taxed at different rates than other tangible personal property. The divisor is equal to 1.0645 for food and beverage items and 1.0659 for other items of tangible personal property. The statute also provides divisors for counties with sales surtax rates of 0.5 percent, 0.75 percent, 1 percent and 1.5 percent.

III. Effect of Proposed Changes:

The bill amends s. 212.08(7), F.S., creating paragraph (ggg), which exempts from sales tax, the following tangible personal property sold through a coin-operated bulk vending machine for a total consideration of 25 cents or less:

- Food or candy, other than beverages
- Chewing gum, or
- Toys and other items designed primarily to be used or played with by children

The bill defines “bulk vending machine” to mean a vending machine that contains unsorted items and that disperses an item or approximately equal quantities of items to the customer at random in such fashion that the customer cannot select a particular item or type of item.

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 estimates the fiscal impact of the bill to be a recurring loss to the General Revenue Fund of \$0.3 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Bulk vending machines	\$ (0.3)	\$ (0.3)	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (0.3)	\$ (0.3)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Bulk vending machine owners/operators will not have to pay sales tax on their gross receipts.

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.
