

**STORAGE NAME:** h0267.bdt

**DATE:** November 16, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE  
ANALYSIS**

**BILL #:** HB 267

**RELATING TO:** Tax Exemption/Molds/Plastic Polymers

**SPONSOR(S):** Representative Wallace

**TIED BILL(S):**

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
  - (2) FINANCE & TAXATION
  - (3) GENERAL GOVERNMENT APPROPRIATIONS
  - (4)
  - (5)
- 

I. SUMMARY:

This bill provides a sales tax exemption for molds sold, produced, or used in this state to produce products made of plastic polymers.

This bill does not address the issue of rulemaking.

The revenue estimating conference has not reviewed this bill.

This bill would take effect on July 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |                             |   |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Generally, it is the policy of the state to tax every person who engages in the business of: selling tangible personal property at retail, renting or furnishing things or services, storing for use or consumption, and leasing or renting tangible personal property. Chapter 212, Florida Statutes, provides for the taxation of such transactions.

The rate of taxation in Florida is six (6) percent of the sales or use price of each item or article of tangible personal property when sold at retail, computed on each taxable sale or use for the purpose of remitting the amount of tax due the state, and including each and every retail sale. Exemptions from the sales tax for specified transactions are also found in ch. 212, F.S.

Molds used and produced in Florida by a manufacturer for that manufacturer's own use to give shape to molten or plastic material are subject to tax on the cost of the mold produced pursuant to s. 212.06(1)(b), F.S. If the mold is purchased by the manufacturer, it is subject to sales tax when sold by a registered dealer, or use tax when purchased from an unregistered dealer pursuant to s. 212.06(1)(a), F.S.

According to an analysis of HB 267 by the Department of Revenue, "plastic polymer" is not defined and may include fiberglass, acrylic, Styrofoam, or any of the various types of resins. However, a definition for "plastic" found in Webster's dictionary includes any non-metallic compounds, that are synthetically produced which can be molded and hardened for commercial use.

C. EFFECT OF PROPOSED CHANGES:

This bill would create a sales tax exemption for molds sold, produced, or used in this state to produce products made of plastic polymers. "Molds" is defined to mean hollow forms or matrixes of ferrous or nonferrous metal or similar nonpermeable material that are designed and created for the purpose of producing products made of plastic polymers.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The revenue estimating conference has not yet reviewed this bill.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The revenue estimating conference has not yet reviewed this bill.

2. Expenditures:

The revenue estimating conference has not yet reviewed this bill.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Those "entities" whose "primary" business is the production of products from plastic polymers would benefit from the exemption provided by the bill; however, the revenue estimating conference has not yet reviewed this bill and the benefit that would be realized has not been determined.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

Rulemaking authority is not addressed. However, the DOR would have to determine the definitions of "entities", "primary business", and "plastic polymers".

C. OTHER COMMENTS:

Identical language (with the exception of the effective date) passed unanimously in HB 2047 during the 1999 legislative session by the House Committee on Business Development and International Trade. HB 2047 subsequently died in the House Committee on Finance and Taxation.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

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Jill F. Turman

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J. Paul Whitfield, Jr.