

# 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 710

SPONSOR: Fiscal Resource Committee and Senator Silver

SUBJECT: Sales Tax/Publicly Owned Football Facility

DATE: April 24, 2000 REVISED: 4/25/00 \_\_\_\_\_

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

## I. Summary:

The committee substitute allows any publicly owned football facility within a municipality meeting certain criteria, at which the collegiate football team of a private or public university or college is based, to retain certain sales tax proceeds and to use those proceeds for the purpose of renovating and modernizing the facility.

This committee substitute amends section 212.08, Florida Statutes.

## II. Present Situation:

Chapter 212, F.S., provides for a 6 percent tax on sales, use, and other transactions. Section 212.05, F.S., provides that every person who engages in the business of selling tangible personal property at retail in this state, including the business of making mail order sales, or who rents or furnishes any of the things or services taxable under ch. 212, F.S., or who stores for use or consumption any item or article of tangible personal property and who leases or rents such property is exercising a taxable privilege. Section 212.05(1)(a)1.a., F.S., provides for a 6 percent tax rate on the retail price of each item or article of tangible personal property when sold at retail in Florida. Section 212.05(1)(b), F.S., provides for a 6 percent tax on the cost price of any item of tangible personal property that is not sold but used in Florida. Additionally, local governments are authorized to levy one or more of six types of Local Discretionary Sales Surtaxes, ranging 0.5 percent to 1.0 percent each, with a maximum of 1.5 percent.

Pursuant to s. 212.054, F.S., the local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions, and other authorized transactions. The surtax is computed by multiplying the rate imposed by the county where the sale occurs by the amount of taxable sale. The sales amount is not subject to the surtax if the property or service is delivered within a county that does not impose a surtax. In addition, the tax on any sales amount above \$5,000 on any item of tangible personal property and on long-

distance telephone service is not subject to the surtax. The \$5,000 cap does not apply to the sale of any other service.

### **III. Effect of Proposed Changes:**

The committee substitute amends s. 212.08(5), F.S., adding a new paragraph (n), which allows a certain public football facility to retain the proceeds of the sales taxes generated by the facility, its concessionaires, ticket sales, merchandising, ticket surcharges imposed by the local government, charges for services, and rental of the facility. These proceeds may be used to renovate and modernize the facility. To be eligible for the exemption, the football facility must be located within a municipality which has, pursuant to s. 218.503, F.S., in the preceding 5 years been declared in a state of financial emergency and has had a financial emergencies board established, regardless of whether the board is currently in existence, and at which a collegiate football team of a private or public university or college is based.

The term "sales taxes generated by the facility" means taxes on ticket sales for events located at the facility, ticket surcharges imposed by the local government for events held at the facility, merchandise sales and concession sales on the premises of the facility, charges for services at the facility, and rental of the facility.

Concessionaires, merchandisers, and other persons collecting the tax at the facility must report the sales to the Department of Revenue, but must remit the tax directly to the facility, in a manner prescribed by rules promulgated by the department.

The committee substitute takes effect January 1, 2001.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

This committee substitute initially falls under subsection (b) of s. 18 of Art. 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 committee substitute 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 \$1.6 million, the committee substitute will be exempt from the requirements of subsection (b) due to the insignificant negative fiscal impact as permitted under subsection (d) of s. 18 of Art. 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:

The Revenue Estimating Conference estimates the fiscal impact of the committee substitute to be a recurring loss to the General Revenue Fund of \$1.0 million, and a recurring loss locally of \$0.2 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
	\$	\$	\$	\$	\$	\$	\$	\$
Publicly Owned Football Facility	(0.9)	(1.0)	(*)	(*)	(0.2)	(0.2)	(1.1)	(1.2)

\* Insignificant  
 \*\* Indeterminate

B. Private Sector Impact:

A qualified publicly owned football facility would be able to retain the proceeds of the sales taxes generated by the facility, its concessionaires, ticket sales, merchandising, ticket surcharges imposed by the local government, charges for services, and rental of the facility, and may use these tax proceeds for the purpose of renovating and modernizing the facility.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

On page 1, lines 22 and 23, the placement of subparagraph “1.,” should be immediately before the sentence beginning “Any publicly owned football . . .”

VII. Related Issues:

None.

VIII. Amendments:

#1 by Commerce and Economic Opportunities:  
 Corrects a drafting error noted in the “Technical Deficiencies” section of this analysis.

