

Bill No. CS for SB 1186

Amendment No. Barcode 680952

<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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Senator Pruitt moved the following **amendment to amendment** (283902):

Senate Amendment (with title amendment)

On page 38, lines 2 and 3, delete those lines

and insert:

Section 6. Effective upon this act becoming a law, section 11.35, Florida Statutes, is created to read:

11.35 Joint Legislative Committee on Tax Exemptions; membership; duties.--

(1) The Joint Legislative Committee on Tax Exemptions is created as a joint standing committee of the Legislature composed of 12 members, 6 of whom are members of the Senate appointed by the President of the Senate and 6 of whom are members of the House of Representatives appointed by the Speaker of the House of Representatives. The terms of members are 2 years and run from one organization session of the Legislature to the following organization session. In each even-numbered year, the President of the Senate shall appoint a member of the Senate to serve as chair for a term of 1 year;

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1 and, in each odd-numbered year, the Speaker of the House of
2 Representatives shall appoint a member of the House of
3 Representatives to serve as chair for a term of 1 year. A
4 vacancy is to be filled for the unexpired portion of the term
5 in the same manner as the original appointment.

6 (2) The committee shall conduct a periodic review of
7 all exemptions from taxation under chapter 212, except those
8 specified in s. 212.25(3). The committee must complete the
9 first of its reviews by December 1, 2004, and its initial
10 review of all exemptions by December 1, 2009. For purposes of
11 the review, the committee shall:

12 (a) Assign each exemption to a discrete category of
13 exemptions, placing, to the extent practicable, similar and
14 related exemptions within the same category. The committee
15 shall identify discrete classes of transactions exempted by s.
16 212.25(2) and assign the exemption of each class to the
17 appropriate category.

18 (b) Schedule, for each year, one or more of the
19 categories to be reviewed before the following regular session
20 of the Legislature. Each category must be reviewed once by
21 December 1, 2009. By December 1, 2003, the committee shall
22 prepare, and submit to the President of the Senate and the
23 Speaker of the House of Representatives for introduction at
24 the 2004 regular session of the Legislature, a proposed bill
25 that amends the statutes to set the expiration date for each
26 exemption 18 months after the year in which it is scheduled
27 for review. The proposed bill shall set July 1, 2006, as the
28 expiration date for those exemptions which are scheduled to be
29 reviewed by December 1, 2004.

30 (c) Adopt standards and criteria that it will use for
31 its review of exemptions and upon which it will base its

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1 recommendation to reauthorize an exemption. In developing
2 these standards and criteria, the committee should consider
3 the following principles of taxation:

4 1. Equity.--The Florida tax system should treat
5 individuals equitably. It should impose similar tax burdens on
6 people in similar circumstances and should minimize
7 regressivity.

8 2. Compliance.--The Florida tax system should
9 facilitate taxpayer compliance. It should be simple and easy
10 to understand so as to minimize compliance costs and increase
11 the visibility and awareness of the taxes being paid.
12 Enforcement and collection of tax revenues should be done in a
13 fair, consistent, professional, predictable, and
14 cost-effective manner.

15 3. Promotion of competition.--The Florida tax system
16 should be responsive to interstate and international
17 competition in order to encourage savings and investment in
18 plant, equipment, people, and technology.

19 4. Neutrality.--The Florida tax system should affect
20 competitors uniformly and not become a tool for "social
21 engineering." It should minimize government involvement in
22 investment decisions, making any such involvement explicit,
23 and should minimize pyramiding.

24 5. Stability.--The Florida tax system should produce
25 revenues in a stable and reliable manner which are sufficient
26 to fund appropriate governmental functions and expenditures.

27 6. Integration.--The Florida tax system should balance
28 the need for integration of federal, state, and local
29 taxation.

30 7. Public purpose.--Any sales tax exemption should be
31 based upon a determination that the exemption promotes an

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1 important state interest, including, but not limited to,
2 economic development, job creation and retention, economic
3 diversification, and community revitalization.

4 (3) By December 1 of each year, the committee shall
5 submit to the President of the Senate and the Speaker of the
6 House of Representatives a separate report for each category
7 of exemptions reviewed during that year. Each report must
8 contain the committee's recommendations with respect to each
9 exemption assigned to that category and include, for
10 consideration at the next regular session of the Legislature,
11 a proposed bill to reauthorize, for a period not to exceed 10
12 years, those exemptions that the committee recommends be
13 reauthorized and to cleanse the statutes of those exemptions
14 that the committee recommends be allowed to expire. Each
15 report must also include, for each exemption for which the
16 committee makes no recommendation, a separate bill to
17 reauthorize that exemption for a period not to exceed 10
18 years. Each proposed bill must provide that each reauthorized
19 exemption expires on a specified date occurring no more than
20 10 years after the effective date of the bill and is to be
21 reviewed pursuant to this section at least 18 months prior to
22 its expiration.

23 Section 7. Effective upon this act becoming a law,
24 section 212.25, Florida Statutes, is created to read:

25 212.25 Expiration and review of tax exemptions; status
26 of transactions neither expressly taxable nor exempt.--

27 (1) Effective July 1, 2011, and on July 1 of every
28 10th year thereafter, each exemption from taxation under this
29 chapter expires, except those specified in subsection (3) and
30 those specifically set by law to expire on another date. Prior
31 to its expiration, each such exemption shall be reviewed by

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1 the Joint Legislative Committee on Tax Exemptions in
2 accordance with the law governing such reviews.

3 (2) Until July 1, 2011, any sale of goods or services
4 that is neither expressly taxable nor expressly exempt from
5 taxation under this chapter is exempt from such taxation, and
6 the exemptions provided by this subsection are subject to
7 review under s. 11.35. Effective July 1, 2011, any sale of
8 goods or services that is neither expressly taxable nor
9 expressly exempt from taxation under this chapter is subject
10 to tax at the same rate as the general tax rate prescribed by
11 this chapter for the retail sale of items of tangible personal
12 property.

13 (3) Notwithstanding the other provisions of this
14 section, the following transactions remain exempt from
15 taxation under this chapter and are not subject to expiration
16 or review under this section or s. 11.35: the sale of
17 groceries, prescription drugs, health services, real property,
18 intangible personal property, or communications services; the
19 sale of tangible personal property purchased for resale or
20 imported, produced, or manufactured in this state for export;
21 and the payment of residential rent or employee salaries or
22 benefits.

23 Section 8. Except as otherwise provided in this act,
24 this act shall take effect upon becoming a law.

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27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 On page 40, line 21, delete that line,

30

31 and insert:

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1 specified agents; creating s. 11.35, F.S.;

2 creating the Joint Legislative Committee on Tax

3 Exemptions; providing for its membership and

4 prescribing its duties; requiring it to

5 periodically review and make recommendations

6 concerning tax exemptions prescribed in ch.

7 212, F.S.; creating s. 212.25, F.S.; providing

8 for the periodic expiration and review of tax

9 exemptions under ch. 212, F.S.; providing that

10 sales of goods or services that are neither

11 expressly taxable nor expressly exempt from

12 taxation by a specified date become taxable;

13 exempting specified transactions from taxation

14 and from the the expiration and review

15 requirements of the act; providing effective

16 dates.

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18 WHEREAS, the Legislature has identified a crisis in the

19 economy which compels the Legislature to take a broad and

20 comprehensive approach to economic development, addressing its

21 many facets, including both economic stimulus and the state's

22 tax policy, and

23 WHEREAS, the Legislature recognizes the obvious natural

24 and logical connection between economic development and the

25 distribution of the tax burden among the diverse segments of

26 the economy, and

27 WHEREAS, the Legislature seeks by this legislation to

28 accomplish goals that are not separate or disassociated

29 objects of legislative effort, but that are integrated and

30 dependent elements of a comprehensive approach to a rational

31 economic policy that will fairly and equitably promote

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1 economic development throughout the diverse segments of the
2 economy, and
3 WHEREAS, the Legislature, as part of this comprehensive
4 approach to a rational economic policy, seeks to create a
5 process by which the Legislature will periodically review, on
6 an orderly schedule, the array of tax exemptions and identify
7 those that serve as a widespread stimulus to the economy and
8 those that hamper economic development by unfairly
9 distributing the tax burden or giving an undue competitive
10 advantage to a business over others similarly situated, NOW,
11 THEREFORE,

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