

By Representative Detert

1 A bill to be entitled
2 An act relating to the tax on sales, use, and
3 other transactions; providing for future repeal
4 of s. 212.08(7), F.S., relating to
5 miscellaneous exemptions from the tax on sales,
6 use, and other transactions; providing for
7 review of repealed exemptions and specifying
8 requirements for reinstatement; providing for
9 future repeal of new or reinstated exemptions;
10 providing effective dates.

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12 Be It Enacted by the Legislature of the State of Florida:

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14 Section 1. Effective July 1, 2004, subsection (7) of
15 section 212.08, Florida Statutes, is repealed.

16 Section 2. (1) The Legislature shall review all sales
17 tax exemptions repealed by this act to determine if the
18 exemptions should be reinstated. Any sales tax exemption
19 repealed by this act shall only be reinstated if the
20 preponderance of factual evidence indicates it clearly and
21 demonstrably satisfies the following criteria, if applicable:

22 (a) The exemption is required by the United States
23 Constitution, federal law, or the State Constitution.

24 (b) The exemption supports other significant statutory
25 goals set forth in Florida law.

26 (c) The exemption provides a documented incentive
27 necessary to sustain quality job formation and high
28 value-added economic activity in the affected industry, group,
29 or activity.

30 (d) The exemption is necessary to ensure that tax
31 parity exists among similarly situated commercial activities.

1 (e) The exemption does not place small firms at a
2 significant competitive disadvantage.

3 (f) The exemption does not impose excessive
4 administrative costs on the public or private sector.

5 (g) The exemption does not contribute materially to
6 the size of the annual uncollected tax liability or "tax gap."

7 (h) The exemption significantly enhances efficiency in
8 the delivery of public goods and services.

9 (i) The exemption does not materially affect the
10 lower-income and middle-income residents of the state by
11 contributing to the regressivity of the sales tax.

12 (2) Additionally, any exemption to be reinstated
13 shall, as a whole, clearly and demonstrably satisfy the
14 following criteria:

15 (a) It must recognize the limited options available
16 under the constraints imposed by Article VII of the State
17 Constitution.

18 (b) It must ensure that the social benefits accrued
19 through reinstatement of the exemption, expenditure, or other
20 provision are greater than the social benefits that would have
21 been realized through collection of the foregone tax revenues.

22 (c) It must ensure that reinstatement of the
23 exemption, expenditure, or other provision does not materially
24 diminish the long-term ability of Florida's revenue structure
25 to reflect economic growth.

26 Section 3. Any sales tax exemption reinstated or any
27 new sales tax exemption enacted after the date this act
28 becomes a law shall be repealed 5 years after its
29 reinstatement or enactment in order for the Legislature to
30 determine whether the reasons for reinstating or enacting the
31 exemption are still valid.

1 Section 4. Except as otherwise provided herein, this
2 act shall take effect upon becoming a law.

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5 HOUSE SUMMARY

6 Provides for future repeal of miscellaneous exemptions
7 from the tax on sales, use, and other transactions,
8 provides for legislative review of the repealed
9 exemptions for purposes of possible reinstatement,
10 establishes criteria for such review, and imposes a
11 5-year sunset for any exemption reinstated or enacted in
12 the future.

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