

By the Committee on Fiscal Policy & Resources and  
Representative Wallace

1                   A bill to be entitled  
2           An act relating to the tax on sales, use, and  
3           other transactions; creating the Sales Tax  
4           Exemption Review Commission; providing for the  
5           appointment and organization of the commission;  
6           specifying duties; providing for reports;  
7           providing for the expiration of the act;  
8           providing an effective date.

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

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12           Section 1. The Sales Tax Exemption Review Commission;  
13 membership; duties.--

14           (1) The Sales Tax Exemption Review Commission is  
15 created to examine the exemptions to the sales and use tax  
16 contained in chapter 212, Florida Statutes, and make  
17 recommendations to the Legislature on whether these exemptions  
18 should be retained, modified, or repealed. The Senate Finance  
19 and Taxation Committee and the House Fiscal Policy and  
20 Resources Committee shall provide administrative staff for the  
21 commission. The commission shall consist of the following  
22 members, who must be appointed by July 1, 2002:

23           (a) Nine members of the Senate to be appointed by the  
24 President of the Senate.

25           (b) Nine members of the House of Representatives to be  
26 appointed by the Speaker of the House of Representatives.

27           (2) Each appointed member of the commission shall  
28 serve at the pleasure of the appointing official. A vacancy  
29 on the commission shall be filled in the same manner as the  
30 original appointment.

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1       (3) The chair shall be appointed by the President of  
2 the Senate and the vice chair shall be appointed by the  
3 Speaker of the House of Representatives. The chair and vice  
4 chair shall serve from their appointments until December 31,  
5 2003. On January 1, 2004, the former vice chair shall become  
6 the chair and the former chair shall become the vice chair and  
7 serve until June 30, 2005.

8       (4) The commission shall hold its organizational  
9 meeting by August 1, 2002, and thereafter shall meet as  
10 necessary at the call of the chair at the time and place  
11 designated by the chair. A quorum is necessary for the  
12 purpose of conducting official business of the commission.  
13 The commission shall use accepted rules of procedure to  
14 conduct its meetings and shall keep a complete record of each  
15 meeting.

16       (5) The commission shall examine all of the exemptions  
17 to the sales and use tax contained in chapter 212, Florida  
18 Statutes. For each exemption, the commission shall make  
19 findings of fact and a recommendation whether the exemption  
20 should be retained, modified, or repealed. A recommendation  
21 to repeal an exemption must be made by the vote of two-thirds  
22 of the membership of the commission; otherwise, the commission  
23 must recommend that the exemption be retained or modified. In  
24 reviewing the exemptions, the commission should consider the  
25 following principles of taxation:

26       (a) Equity.--The Florida tax system should treat  
27 individuals equitably. It should impose similar tax burdens on  
28 people in similar circumstances and should minimize  
29 regressivity.

30       (b) Compliance.--The Florida tax system should  
31 facilitate taxpayer compliance. It should be simple and easy

1 to understand so as to minimize compliance costs and increase  
2 the visibility and awareness of the taxes being paid.  
3 Enforcement and collection of tax revenues should be done in a  
4 fair, consistent, professional, predictable, and  
5 cost-effective manner.

6 (c) Pro-competitiveness.--The Florida tax system  
7 should be responsive to interstate and international  
8 competition in order to encourage savings and investment in  
9 plant, equipment, people, and technology in Florida.

10 (d) Neutrality.--The Florida tax system should affect  
11 competitors uniformly and not become a tool for "social  
12 engineering." It should minimize government involvement in  
13 investment decisions, making any such involvement explicit,  
14 and should minimize pyramiding.

15 (e) Stability.--The Florida tax system should produce  
16 revenues in a stable and reliable manner that is sufficient to  
17 fund appropriate governmental functions and expenditures.

18 (f) Integration.--The Florida tax system should  
19 balance the need for integration of federal, state, and local  
20 taxation.

21 (g) Public purpose.--Any sales tax exemption must be  
22 based upon a determination that the exemption promotes an  
23 important state interest in either economic development, job  
24 creation and retention, economic diversification, or community  
25 revitalization.

26 (6) The commission may use its discretion in  
27 determining the order in which it reviews the exemptions;  
28 however, the commission should review approximately one-third  
29 of the exemptions each year. By February 1, 2003, the  
30 commission shall submit its first report, by February 1, 2004,  
31 the commission shall submit its second report, and by February

1 1, 2005, the commission shall submit its final report to the  
2 President of the Senate and the Speaker of the House of  
3 Representatives.

4 (7) This section expires June 30, 2005.

5 Section 2. This act shall take effect upon becoming a  
6 law.

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HOUSE SUMMARY

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11 Creates the Sales Tax Exemption Review Commission,  
12 provides for appointment of commissioners and  
13 organization of the commission, specifies duties of the  
14 commission, and requires reports to the Legislature.  
15 Provides for expiration.

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