

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 legislative findings; providing an
9 effective date.

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

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

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20 should be retained, modified, or repealed.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

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26 (a) Nine members of the Senate to be appointed by the
27 President of the Senate.

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29 (b) Nine members of the House of Representatives to be
30 appointed by the Speaker of the House of Representatives.

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

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.--Sales and use tax exemptions for
22 businesses should promote an important state interest in
23 either economic development, job creation and retention,
24 economic diversification, or community revitalization.

25 (6) The commission may use its discretion in
26 determining the order in which it reviews the exemptions;
27 however, the commission should review approximately one-third
28 of the exemptions each year. By February 1, 2003, the
29 commission shall submit its first report, by February 1, 2004,
30 the commission shall submit its second report, and by February
31 1, 2005, the commission shall submit its final report to the

1 President of the Senate and the Speaker of the House of
2 Representatives.

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

4 Section 2. Legislative Findings: Over the years the
5 Legislature has passed numerous exemptions from the sales and
6 use tax. Since the priorities of the state can change over
7 time, and the House and Senate have undertaken no
8 comprehensive review of the exemptions, the Legislature finds
9 that it is in the best interest of the state to have such a
10 review. The Sales Tax Exemption Review Commission is created
11 to provide this needed review of the sales and use tax
12 exemptions in chapter 212. This review will allow the
13 Legislature to examine the purpose and effects of all sales
14 and use tax exemptions to ensure that each exemption fulfills
15 an important state interest. This review will identify
16 exemptions that no longer concur with the present interests of
17 the state and provide the Legislature with a recommendation of
18 which exemptions should be repealed.

19 Section 3. This act shall take effect upon becoming a
20 law.