

Bill No. HB 743, 2nd Eng.

Amendment No.      Barcode 123064

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Pruitt moved the following amendment:

**Senate Amendment (with title amendment)**

On page 46, between lines 10 and 11,

insert:

Section 8. 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; and, in each odd-numbered year, the Speaker of the House of

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

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

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

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

29 (c) Adopt standards and criteria that it will use for  
30 its review of exemptions and upon which it will base its  
31 recommendation to reauthorize an exemption. In developing

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1 these standards and criteria, the committee should consider  
2 the following principles of taxation:

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

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

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

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

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

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

29 7. Public purpose.--Any sales tax exemption should be  
30 based upon a determination that the exemption promotes an  
31 important state interest, including, but not limited to,

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1 economic development, job creation and retention, economic  
2 diversification, and community revitalization.

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

22 Section 9. Effective upon this act becoming a law,  
23 section 212.25, Florida Statutes, is created to read:

24 212.25 Expiration and review of tax exemptions; status  
25 of transactions neither expressly taxable nor exempt.--

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

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

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

22  
23 (Redesignate subsequent sections.)  
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26 ===== T I T L E A M E N D M E N T =====

27 And the title is amended as follows:

28 On page 3, line 13, delete that line,

29  
30 and insert:

31 creating s. 11.35, F.S.; creating the Joint

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1           Legislative Committee on Tax Exemptions;  
2           providing for its membership and prescribing  
3           its duties; requiring it to periodically review  
4           and make recommendations concerning tax  
5           exemptions prescribed in ch. 212, F.S.;  
6           creating s. 212.25, F.S.; providing for the  
7           periodic expiration and review of tax  
8           exemptions under ch. 212, F.S.; providing that  
9           sales of goods or services that are neither  
10          expressly taxable nor expressly exempt from  
11          taxation by a specified date become taxable;  
12          exempting specified transactions from taxation  
13          and from the the expiration and review  
14          requirements of the act; providing an effective  
15          date.

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17           WHEREAS, the Legislature has identified a crisis in the  
18          economy which compels the Legislature to take a broad and  
19          comprehensive approach to economic development, addressing its  
20          many facets, including both economic stimulus and the state's  
21          tax policy, and

22           WHEREAS, the Legislature recognizes the obvious natural  
23          and logical connection between economic development and the  
24          distribution of the tax burden among the diverse segments of  
25          the economy, and

26           WHEREAS, the Legislature seeks by this legislation to  
27          accomplish goals that are not separate or disassociated  
28          objects of legislative effort, but that are integrated and  
29          dependent elements of a comprehensive approach to a rational  
30          economic policy that will fairly and equitably promote  
31          economic development throughout the diverse segments of the

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1 economy, and

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

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