

By the Committee on Finance and Taxation; and Senators Pruitt, Carlton, McKay, Latvala, King, Rossin, Lee, Silver, Smith, Diaz de la Portilla, Holzendorf, Clary, Villalobos, Laurent, Peaden, Saunders, Futch, Sullivan, Campbell, Brown-Waite, Geller, Dawson, Miller, Meek, Webster, Garcia and Sebesta

314-1736-02

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Senate Joint Resolution No. ____

A joint resolution proposing the creation of Section 19 of Article VII of the State Constitution; reducing the general state sales and use tax rate; requiring an extraordinary legislative vote to increase the rate, except with respect to certain transactions; providing that all sales of goods or services are subject to the tax, except for specified goods and services and except for exemptions enacted by a specified date; requiring an extraordinary vote for new exemptions in separate legislation; providing for revenue neutrality; providing that excess sales tax revenues realized by local governments be used to provide local tax relief; requiring the repeal of specified health care assessments.

Be It Resolved by the Legislature of the State of Florida:

That the creation of Section 19 of Article VII of the State Constitution is agreed to and shall be submitted to the electors of this state for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose:

ARTICLE VII

FINANCE AND TAXATION

SECTION 19. General state sales and use tax; rate and exemptions.--

(a) Effective July 1, 2004:

1 (1) The general state sales and use tax rate shall be
2 4.5 percent until changed by general law. Any increase in the
3 rate above 4.5 percent must be enacted by a three-fifths vote
4 of the membership of each house of the legislature. However,
5 this paragraph does not apply to the rate, or increases in the
6 rate, for transient rentals, admissions, and rental cars, as
7 defined by general law, which transactions shall be subject to
8 tax at the rate prescribed by general law.

9 (2) All sales of goods or services, as defined by
10 general law, are subject to the general state sales and use
11 tax; and no exemptions from the general state sales and use
12 tax shall exist except for:

13 a. Sales of groceries, health services, prescription
14 drugs, and residential rent, as defined by general law;

15 b. Exemptions enacted by the legislature after January
16 1, 2002, and before July, 1, 2004; and

17 c. Exemptions enacted by the legislature on or after
18 July 1, 2004, by a three-fifths vote of the membership of each
19 house of the legislature in a general law that embraces no
20 subject other than the singular exemption granted.

21
22 For the purposes of this subsection and unless otherwise
23 provided by general law, the term "sales of goods and
24 services" does not include sales of tangible personal property
25 purchased for resale or imported, produced, or manufactured in
26 this state for export; sales of real property; sales of
27 intangible personal property; payment of employee salaries and
28 benefits; or sales of communications services.

29 (b) To ensure revenue neutrality, general state sales
30 and use tax revenues collected for state fiscal year
31 2004-2005, as estimated by the revenue estimating conference,

1 must be no more than the amount of general state sales and use
2 tax revenues collected during the prior state fiscal year,
3 adjusted by the average rate of growth in general state sales
4 and use tax revenues over the most recent five state fiscal
5 years. The legislature shall enact general law, to be
6 effective July 1, 2004, to implement this section and to
7 ensure such revenue neutrality. The provisions of subsections
8 (a) and (d) do not depend on the enactment of such
9 implementing legislation.

10 (c) Increased local government sales surtaxes realized
11 in state fiscal year 2004-2005 as a result of legislation to
12 implement this section shall be used to reduce ad valorem
13 taxes or other local taxes or fees as provided by general law.

14 (d) Effective July 1, 2005, the legislature shall
15 repeal the health care assessments now imposed under sections
16 395.701 and 395.7015, Florida Statutes.

17 BE IT FURTHER RESOLVED that the following statement be
18 placed on the ballot:

19 CONSTITUTIONAL AMENDMENT

20 ARTICLE VII, SECTION 19

21 TAX REFORM.--Proposing an amendment to the State
22 Constitution to reduce the general state sales and use tax
23 rate to 4.5 percent and require an extraordinary vote of the
24 Legislature to exceed this rate, except with respect to
25 specified transactions; provide that all sales of goods or
26 services are subject to the tax, except for specified goods
27 and services and except for exemptions enacted by a specified
28 date, and require an extraordinary vote of the Legislature to
29 enact new exemptions; ensure that the tax reform is revenue
30 neutral; provide that excess revenues realized by local
31

1 governments be used to provide local tax relief; and require
2 the repeal of certain health care assessments.

3
4 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
5 COMMITTEE SUBSTITUTE FOR
6 Senate Joint Resolution 938

7 The Committee Substitute for Senate Joint Resolution 938 made the
8 following changes to SJR 938:

- 9 1) Specifies that, effective July 1, 2004, the general
10 state sales tax rate shall be reduced to 4.5 percent,
11 instead of reduced to "not more than 4 percent".
- 12 2) The sales and use tax rate for transient rentals,
13 admissions, and rental cars, as defined by general law,
14 are not reduced to 4.5 percent, but shall be subject to
15 tax at the rate prescribed by general law.
- 16 3) Adds to the exemptions the following:
- 17 a. Exemptions enacted by the Legislature on or after
18 January 1, 2002, and before July 1, 2004; and
- 19 b. Unless provided otherwise by general law, the term
20 "sales of goods and services" does not include sales of
21 tangible personal property purchased for resale or
22 imported, produced, or manufactured in Florida for
23 export; sales of real property; sales of intangible
24 communications services.
- 25 4) Removes "basic residential telephone service" from the
26 list of constitutional exemptions.
- 27 5) Removes the July 1, 2004 repeal of the intangibles tax,
28 alcoholic beverage surcharge and health care
29 assessments, and replaces it with a July 1, 2005, repeal
30 of the health care assessments.
- 31