

HB 0171

2004

A bill to be entitled

An act relating to the Joint Legislative Sales and Use Tax Exemption and Exclusion Review Committee; creating s. 11.95, F.S.; creating the Joint Legislative Sales and Use Tax Exemption and Exclusion Review Committee for the purpose of reviewing exemptions from the general state sales and use tax and exclusions of sales of services from such taxation; providing for appointments to and organization of the committee; specifying duties; providing for reports; requiring continuing periodic review of sales tax exemptions; providing an effective date.

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

Section 1. Section 11.95, Florida Statutes, is created to read:

11.95 Joint Legislative Sales and Use Tax Exemption and Exclusion Review Committee.--

(1) The Joint Legislative Sales and Use Tax Exemption and Exclusion Review Committee is created to conduct comprehensive, periodic reviews of all exemptions from the general state sales and use tax and exclusions of sales of services from such taxation. The committee shall consist of nine senators appointed by the President of the Senate and nine representatives appointed by the Speaker of the House of Representatives. The terms of the members of the initial committee for each review cycle shall commence upon appointment and shall run to the general election preceding the organization of the next Legislature. The terms of the members of subsequent committees

HB 0171

2004

31 for each review cycle shall be for 2 years and shall run from
 32 the organization of one Legislature to the general election
 33 preceding the organization of the next Legislature. A vacancy
 34 shall be filled in the same manner as the original appointment.
 35 During even-numbered years, the chair of the committee shall be
 36 appointed by the President of the Senate, and the vice chair of
 37 the committee shall be appointed by the Speaker of the House of
 38 Representatives. During odd-numbered years, the chair of the
 39 committee shall be appointed by the Speaker of the House of
 40 Representatives, and the vice chair of the committee shall be
 41 appointed by the President of the Senate.

42 (2) The committee for each review cycle shall have its
 43 initial meeting no later than December 1 of the year of its
 44 first regular session and thereafter as necessary at the call of
 45 the chair at the time and place designated by the chair. A
 46 quorum shall consist of a majority of the committee members from
 47 each house. During the interim between regular sessions, the
 48 committee may conduct its meetings through teleconferences or
 49 other similar means.

50 (3) The committee shall be governed by joint rules adopted
 51 by the Legislature pursuant to authority to adopt rules under s.
 52 4, Art. III of the State Constitution.

53 (4) For purposes of this section, the term:

54 (a) "General state sales and use tax" means the sales and
 55 use tax imposed under chapter 212.

56 (b) "Service" means a service within any of the following
 57 service categories under the North American Industry
 58 Classification System (NAICS):

- 59 1. Personal Services.
- 60 2. Professional Services.

HB 0171

2004

- 61 3. Business Services.
- 62 4. Financial Services.
- 63 5. Media Services.
- 64 6. Entertainment and Sports Services.
- 65 7. Construction Services.
- 66 8. Institutional Services.
- 67 9. Transportation Services.
- 68 10. Health Services.
- 69 (5) The committee shall have the power and duty to conduct
- 70 a comprehensive review of all current exemptions from the
- 71 general state sales and use tax and the exclusion of sales of
- 72 services from such taxation. The committee shall establish
- 73 criteria by which each exemption or exclusion shall be
- 74 evaluated. In developing the evaluation criteria, the committee
- 75 shall consider the following principles of taxation:
- 76 (a) Equity.--The Florida tax system should treat
- 77 individuals equitably. It should impose similar tax burdens on
- 78 people in similar circumstances and should minimize
- 79 regressivity.
- 80 (b) Compliance.--The Florida tax system should facilitate
- 81 taxpayer compliance. It should be simple and easy to understand
- 82 so as to minimize compliance costs and increase the visibility
- 83 and awareness of the taxes being paid. Enforcement and
- 84 collection of tax revenues should be done in a fair, consistent,
- 85 professional, predictable, and cost-effective manner.
- 86 (c) Pro-competitiveness.--The Florida tax system should be
- 87 responsive to interstate and international competition in order
- 88 to encourage savings and investment in plants, equipment,
- 89 people, and technology in Florida.

HB 0171

2004

90 (d) Neutrality.--The Florida tax system should affect
91 competitors uniformly and not become a tool for "social
92 engineering." It should minimize government involvement in
93 investment decisions, making any such involvement explicit, and
94 should minimize pyramiding.

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

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

100 (g) Public purpose.--Any sales and use tax exemption or
101 exclusion under the Florida tax system should be based upon a
102 determination that the exemption or exclusion promotes an
103 important state interest, including, but not limited to,
104 economic development, job creation and retention, economic
105 diversification, and community revitalization.

106 (6) In conducting its review of each exemption from the
107 general state sales and use tax or the exclusion of the sale of
108 a service from such taxation, the committee shall make findings
109 of fact and recommend whether the exemption should be retained,
110 modified, or repealed or the exclusion should be retained or
111 eliminated. Each recommendation must be made by majority vote of
112 the committee members from each house. If a majority vote of the
113 committee members from each house cannot be achieved, the
114 committee must recommend that the exemption or exclusion be
115 retained. The findings of fact and recommendations of the
116 committee shall be made by reports to the President of the
117 Senate and the Speaker of the House of Representatives.

118 (7) The committee may use its discretion in determining
119 the order in which it reviews the exemptions and exclusions;

HB 0171

2004

120 however, the committee should review approximately one-fifth of
 121 the exemptions and exclusions each year of a 5-year review
 122 period. For the initial 5-year review, the committee shall
 123 submit, to the President of the Senate and the Speaker of the
 124 House of Representatives, its reports not later than 30 days
 125 prior to each regular session in the years 2005, 2006, 2007,
 126 2008, and 2009. The committee shall begin a new 5-year review
 127 cycle of all exemptions from the general state sales and use tax
 128 and all exclusions of sales of services from such taxation every
 129 10 years following the termination of the previous review cycle.
 130 For each subsequent 5-year review, the committee shall submit
 131 its reports not later than 30 days prior to the regular session
 132 of each year of that review period, beginning with the 10th year
 133 after the year of the final report for the previous review.

134 (8) At the regular session following submission of each
 135 annual report to the presiding officers of the Legislature, the
 136 committee must file for introduction in both houses of the
 137 Legislature bills presenting for reenactment, modification, or
 138 repeal those exemptions from the general state sales and use tax
 139 or any imposition of such taxation on sales of services that
 140 were recommended by the committee in the report submitted
 141 immediately prior to the session in which introduced. Each bill
 142 filed by the committee must be restricted to a single exemption
 143 or the imposition of the tax on a single service and must be
 144 submitted to a vote of the members of the house of the
 145 Legislature in which introduced no later than the eighth week of
 146 the session in which introduced, unless the substance of the
 147 bill has already been voted on by the members of the other house
 148 of the Legislature in another bill during that session and
 149 either passed or defeated. In addition, each bill filed by the

HB 0171

2004

150 committee that receives a majority vote in the house of the
151 Legislature in which introduced must be submitted to a vote of
152 the members of the other house of the Legislature during that
153 session, unless the substance of the bill has already been voted
154 on by the members of the other house of the Legislature in
155 another bill during that session and either passed or defeated.
156 An exemption shall not be considered repealed if a bill
157 presenting the exemption for reenactment fails to become law.

158 (9) Nothing contained in this section shall preclude, or
159 be construed to limit, a legislator from filing for any
160 legislative session a bill proposing to modify, repeal, or enact
161 any exemption from the general state sales and use tax or the
162 imposition of such taxation on the sales of any service.

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