

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1063 CS Tax on Sales, Use, and Other Transactions
SPONSOR(S): Carroll
TIED BILLS: **IDEN./SIM. BILLS:** SB 2520

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Economic Development, Trade & Banking Committee</u>	<u>13 Y, 0 N</u>	<u>Sheheane</u>	<u>Carlson</u>
2) <u>Finance & Tax Committee</u>	<u>9 Y, 0 N</u>	<u>Diez-Arguelles</u>	<u>Diez-Arguelles</u>
3) <u>Commerce Council</u>	<u>9 Y, 0 N, w/CS</u>	<u>Sheheane</u>	<u>Bohannon</u>
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals several provisions of law relating to tax exemptions for convention halls, exhibition halls, auditoriums, stadiums, theatres, arenas, civic centers, performing arts centers, and publicly owned recreational facilities.

The bill extends the repeal date on the affected tax exemption from July of 2006 to July of 2009.

The committee substitute has not been reviewed by the Revenue Estimating Conference. See "Fiscal Comments."

The bill will take effect on July 1, 2005, unless otherwise provided.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes- The bill extends the repeal date on certain tax exemptions for certain facilities which are set to expire in July 1, 2006.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals several provisions of law relating to tax exemptions on service charges for admissions, labor services, and certain surcharges for certain facilities.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals s. 212.031(1)(a)12., F.S., providing an exemption from any tax to be paid to a convention hall, exhibition hall, auditorium, stadium, theatre, arena, civic center, performing arts center, or publicly owned recreational facility that is renting, leasing, subleasing, or licensing use of the facility to a concessionaire for selling souvenirs, novelties, or other event-related products. The exemption applies only to that portion of the tax based on a percentage of sales and not based on a fixed price.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals a provision contained in s. 212.031(3), F.S., requiring that the tax due on the rental, lease, or license for the use of a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility for an event not lasting longer than 7 days be collected at the time of the payment for the rental, lease or license but is not due to the Department of Revenue until the first day of the month following the last day of the event for which the payment is held. The payment is considered delinquent on the 21st day of that month.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals s. 212.031(10), F.S., providing a tax exemption for rental or license fees on separately stated charges imposed by a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility upon a lessee or licensee for food, drink, or services required in connection with a lease or license to use real property. This exemption includes charges for laborers, stagehands, ticket takers, event staff, security personnel, cleaning staff, and other event-related personnel, advertising, and credit card processing.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals provisions contained in s. 212.04(1)(b) providing that for purposes of calculating the admissions tax, the sale price for admission is the price remaining after deduction of federal taxes and state or locally imposed or authorized seat surcharges, taxes, or fees, if any, imposed upon admission, and that the actual sale price does not include separately stated ticket service charges that are imposed and added to a separately stated, established ticket price.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals s. 212.04(2)(a)b. prohibiting tax on admission charges to an event that is sponsored 100 percent by a governmental entity, sports authority, or sports commission when held in a convention hall, exhibition hall, auditorium, stadium, theatre, arena, civic center, performing arts center, or publicly owned recreational facility. The governmental entity, sports authority, or sports commission must be responsible for 100 percent of the risk of success or failure and must be responsible for 100 percent of the funds at risk for the event and student or faculty talent is not exclusively used. The terms "sports authority" and "sports commission" mean a nonprofit organization that is exempt from federal income tax under s. 501(c) (3) of the Internal

Revenue Code and that contracts with a county or municipal government for the purpose of promoting and attracting sports-tourism events to the community with which it contracts.

Effective July 1, 2006, s. 55 of ch. 2002-218, L.O.F., repeals provisions contained in s. 212.04(3) providing that the tax on the admission to an event scheduled at a convention hall, exhibition hall, auditorium, stadium, theatre, arena, civic center, performing arts center, or publicly owned recreational facility shall be collected at the time of payment for admission, but is not due to the Department of Revenue until the first day of the month following the actual date of the event, and that the payment will be considered delinquent on the 21st day of that month.

Proposed Changes

The bill extends the repeal date for these provisions from July of 2006 to July of 2009.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.031, F.S., extending the repeal for a tax exemption from any tax to be paid by a certain facilities renting, leasing, subleasing, or licensing to a concessionaire using the facility for selling souvenirs, novelties, or other event-related products.

Section 2: Extending the repeal for s. 212.031, F.S.

Section 3: Amends s. 212.04, F.S., extending the repeal for certain tax exemptions relating to surcharges for admissions to events for certain facilities under certain circumstances.

Section 4: Provides that the bill will take effect on July 1, 2005, unless otherwise provided.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference has estimated that the provisions of this bill will have the following impacts on state revenues.

	<u>FY 05-06</u>	<u>FY 06-07</u>
General Revenue	0	(\$4.5m)

The sponsor intends for the amendment adopted in Council to reduce the fiscal impact of the bill, but the impact of the amendment has not been reviewed by the Revenue Estimating Conference.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has estimated that the provisions of this bill will reduce local revenues by \$0.9 million in FY 2006-07.

The sponsor intends for the amendment adopted in Council to reduce the fiscal impact of the bill, but the impact of the amendment has not been reviewed by the Revenue Estimating Conference.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The sponsor intends for the amendment adopted in Council to reduce the fiscal impact of the bill, but the impact of the amendment has not been reviewed by the Revenue Estimating Conference.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill reduces the authority that counties have to raise revenues with local option sales taxes. However, since the reduction is less than \$1.8 million per year, it is insignificant and therefore exempt from the mandate provision.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On April 20, 2005, the Commerce Council adopted a strike-all amendment to the bill that extends the sunset date on the affected tax exemption from July of 2006 to July of 2009.