

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Ways and Means Committee

BILL: SB 1620

SPONSOR: Senator Atwater

SUBJECT: Sales Tax Exemption for Solar Energy Systems

DATE: April 25, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Branning</u>	<u>Kiger</u>	<u>EP</u>	Favorable
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	Favorable
3.	<u>McVaney</u>	<u>Coburn</u>	<u>WM</u>	Favorable
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill deletes the provision repealing the sales tax exemption for solar energy systems.

This bill substantially amends section 212.08(7) of the Florida Statutes.

II. Present Situation:

Florida's sales and use tax is a 6 percent levy on retail sales of most tangible personal property, admissions, transient lodgings, commercial rentals, and motor vehicles. The statutes currently provide more than 200 exemptions from the sales tax. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(7), F.S., provides more than 50 miscellaneous exemptions.

In addition to the state rate of 6 percent, s. 212.055, F.S., authorizes counties to impose seven local discretionary sales surtaxes on all transactions occurring in the county subject to the state tax imposed on sales, use, services, rental, and admissions. The tax is not imposed on the value of the sale above \$5,000 on any item of tangible personal property, long distance telephone service or any other service.

One of the miscellaneous exemptions provided in s. 212.08(7), F.S., is for solar energy systems or any component thereof. This exemption was originally enacted by ch. 96-320, L.O.F., with a repeal date of July 1, 2002. Section 10 of ch. 2000-351, L.O. F., extended the repeal date to its current date of July 1, 2005. The Florida Solar Energy Center is required from time to time to certify to the Department of Revenue a list of equipment and requisite hardware considered to be a solar energy system or a component thereof.

“Solar energy systems,” as defined in s. 377.705(3), F.S., means equipment which provides for the collection and use of incident solar energy for water heating, space heating or cooling, or other applications which normally require or would require a conventional source of energy such as petroleum products, natural gas, or electricity. In other systems in which solar energy is used in a supplemental way, only those components which collect and transfer solar energy are included in the definition.

The Florida Energy Office is the state’s center for energy policy. In addition to developing and implementing Florida’s energy policy, the Florida Energy Office coordinates all federal energy programs delegated to the state, including energy supply, demand, conservation and allocation.

Florida’s solar strategy consists of expanding the use of the two major types of solar technology – solar electric systems (photovoltaics) that produce electricity from sunlight and solar thermal systems that produce hot water.¹ There are about 15,000 solar pool heating systems, 1,000 solar water heating systems, and a smaller number of photovoltaic systems installed in Florida annually.²

III. Effect of Proposed Changes:

This bill amends s. 212.08(7)(hh), F.S., to delete the repeal of the sales tax exemption for solar energy systems.

The bill shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill allows the sales tax exemption for solar energy systems to continue indefinitely.

On March 4, 2005, the Revenue Estimating Conference estimated that the continued sales tax exemption for solar energy systems will reduce the General Revenue Fund by \$1.0

¹ www.dep.state.fl.us/energy/fla_energy/solar.htm

² Revenue Estimating Conference Data for HB 805, adopted March 4, 2005.

million in FY 2005-2006 and \$1.0 million in each fiscal year thereafter. The impact on state trust fund monies is negative but insignificant. The continuation of the sales tax exemption is expected to reduce local government revenues by \$0.2 million in FY 2005-2006 and thereafter.

B. Private Sector Impact:

Businesses that buy and sell solar energy systems and customers purchasing such systems will continue to benefit from the sales tax exemption.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
