

# 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.)

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Prepared By: Agriculture Committee

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BILL: SB 696

SPONSOR: Senator Smith and others

SUBJECT: Sales Tax Exemption/Farm Equipment

DATE: February 8, 2005

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Weidenbenner</u>	<u>Poole</u>	<u>AG</u>	<b>Favorable</b>
2.	_____	_____	<u>GE</u>	_____
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

This bill would eliminate entirely the 2.5 percent sales tax that is applicable to purchases of certain farm equipment that is used exclusively in agricultural production on a farm or in forestry and fire prevention work. It would also add generators to the list of exempt equipment.

This bill substantially amends section 212.08(3) of the Florida Statutes.

## II. Present Situation:

Section 212.08, F.S., provides for specific exemptions from the sales and use tax imposed by chapter 212, F.S. The statutes currently provide more than 200 non-service exemptions. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting purchases or sales by certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(3), F.S., provides a partial exemption for certain farm equipment.

Since 1963, the sale, rental, lease, use, consumption, or storage for use of self-propelled, power-drawn, or power-driven farm equipment used exclusively on a farm or in agricultural production has been partially exempt from sales tax.

## III. Effect of Proposed Changes:

**Section 1.** Amends s. 212.08(3), F.S., to reduce from 2.5 percent to zero the sales tax on self-propelled, power-drawn, or power-driven farm equipment used exclusively on a farm or in a

forest in the agricultural production of crops or products. It also adds generators used on farms to the listed equipment to be exempted from sales tax.

**Section 2.** Provides that this act 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:

The fiscal impact of this bill has not been reviewed by the Revenue Estimating Conference as of this date. However, Senate staff estimates this sales tax exemption would result in a \$10 million recurring General Revenue loss.

B. Private Sector Impact:

The monetary benefit to purchasers of listed farm equipment would be the same as the General Revenue loss. Additionally, the cost of collecting and remitting sales tax on purchases of the listed equipment would be reduced.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

## **VIII. Summary of Amendments:**

None.

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

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