

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: Agriculture Committee

BILL: SB 700

SPONSOR: Senator Smith and others

SUBJECT: Sales Tax/Gas & Electricity/Farms

DATE: February 8, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Weidenbenner	Poole	AG	Favorable
2.	_____	_____	GE	_____
3.	_____	_____	WM	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill adds electricity to the list of items exempt from sales tax when utilized on farms. It also broadens the present exemption for liquefied petroleum gas or other fuel when used to heat certain structures to exempt the same for any use on a farm.

This bill substantially amends section 212.08(5) 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(5), F.S., provides exemptions for seventeen different categories on account of use.

Since 1978, liquefied petroleum gas and other fuels have been exempt from sales tax under paragraph (a) of subsection (5) of section 212.08, F.S., when these fuels are used to heat a structure in which started pullets or broilers are raised.

III. Effect of Proposed Changes:

Section 1. Amends s. 212.08(5)(a), F.S., to exempt “electricity” used on farms from sales tax. It further provides that the exemption from sales tax for liquefied petroleum gas or other fuel is expanded so that it is exempt from sales tax when used on farms.

Section 2. Provides that this act shall take effect upon becoming 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:

It is not known at this time what the impact will be to exempt from sales tax fuels used on a farm for uses other than the heating of poultry structures. Nor is it known what the impact will be to exempt electricity used on farms. The estimating conference anticipates that it will review the proposed exemptions before this bill is considered in the second committee of reference and this note will be updated if there is a change.

B. Private Sector Impact:

The monetary benefit to farmers would be the same as any General Revenue loss.

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.
