

HB 0009

2005

A bill to be entitled

An act relating to the Joint Legislative Sales and Use Tax Exemption Review Committee; creating s. 11.95, F.S.; creating the Joint Legislative Sales and Use Tax Exemption Review Committee for the purpose of reviewing exemptions from the general state sales and use tax; providing for appointments to and organization of the committee; specifying duties and procedures with respect to such review; providing for open meetings; providing for reports; requiring continuing periodic review of sales and use tax exemptions; providing a period of exemption from review for newly enacted exemptions; providing applicability to other legislation proposing to modify, repeal, or enact an exemption; 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 Review Committee.--

(1) The Joint Legislative Sales and Use Tax Exemption Review Committee is created to conduct comprehensive, periodic reviews of all exemptions from the general state sales and use tax. 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

HB 0009

2005

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

44 (2) The committee for each review cycle shall have its
 45 initial meeting no later than December 1 of the year of its
 46 first regular session and thereafter as necessary at the call of
 47 the chair at the time and place designated by the chair. A
 48 quorum shall consist of a majority of the committee members from
 49 each house. During the interim between regular sessions, the
 50 committee may conduct its meetings through teleconferences or
 51 other similar means. All meetings of the committee shall be open
 52 and noticed to the public and subject to order and decorum in
 53 accordance with s. 4(e), Art. III of the State Constitution.

54 (3) The committee shall be governed by joint rules adopted
 55 by the Legislature pursuant to authority to adopt rules under s.
 56 4, Art. III of the State Constitution.

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

58 (a) "General state sales and use tax" means the sales and

HB 0009

2005

59 use tax imposed under chapter 212.

60 (b) "Exemption" means a provision in chapter 212 that
 61 relieves from taxation a sale, use, or other transaction that
 62 would, but for such provision, be subject to tax under chapter
 63 212. A transaction that is beyond the reach of chapter 212 by
 64 reason of definitional or other exclusions shall not be deemed
 65 the subject of an exemption for purposes of this section.
 66 Included among the transactions excluded from taxation under
 67 chapter 212 and therefore not the subject of an exemption to be
 68 reviewed by the committee under this section are the following:

- 69 1. Sales that are not retail sales pursuant to s.
 70 212.02(14).
- 71 2. Export sales under s. 212.06(5)(a).
- 72 3. Sales for resale under s. 212.07.
- 73 4. Occasional and isolated sales.
- 74 5. The sale or use of intangible property.
- 75 6. The sale of real property.
- 76 7. The sale or use of services, excepting only those
 77 services enumerated as taxable in chapter 212.

78 (c) "Single exemption" means an exemption that describes a
 79 single transaction or an exemption set forth in a section,
 80 subsection, or paragraph of chapter 212, whichever describes the
 81 fewest number of transactions.

82 (5) The committee shall have the power and duty to conduct
 83 a comprehensive review of all current exemptions from the
 84 general state sales and use tax. The committee shall establish
 85 criteria by which each exemption shall be evaluated. In
 86 developing the evaluation criteria, the committee shall consider
 87 the following principles of taxation:

HB 0009

2005

88 (a) Equity.--The Florida tax system should treat
89 individuals equitably. It should impose similar tax burdens on
90 people in similar circumstances and should minimize
91 regressivity.

92 (b) Compliance.--The Florida tax system should facilitate
93 taxpayer compliance. It should be simple and easy to understand
94 so as to minimize compliance costs and increase the visibility
95 and awareness of the taxes being paid. Enforcement and
96 collection of tax revenues should be done in a fair, consistent,
97 professional, predictable, and cost-effective manner.

98 (c) Pro-competitiveness.--The Florida tax system should be
99 responsive to interstate and international competition in order
100 to encourage savings and investment in plants, equipment,
101 people, and technology in Florida.

102 (d) Neutrality.--The Florida tax system should affect
103 competitors uniformly and not become a tool for "social
104 engineering." It should minimize government involvement in
105 investment decisions, making any such involvement explicit, and
106 should minimize pyramiding.

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

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

112 (g) Public purpose.--Any sales and use tax exemption under
113 the Florida tax system should be based upon a determination that
114 the exemption promotes an important state interest, including,
115 but not limited to, economic development, job creation and
116 retention, economic diversification, and community

HB 0009

2005

117 revitalization.

118 (6) In conducting its review of each exemption from the
119 general state sales and use tax, the committee shall make
120 findings of fact and recommend whether the exemption should be
121 retained, modified, or repealed. Each recommendation must be
122 made by majority vote of the committee members. If a majority
123 vote of the committee members cannot be achieved, the committee
124 must recommend that the exemption be retained. The findings of
125 fact and recommendations of the committee shall be made by
126 reports to the President of the Senate and the Speaker of the
127 House of Representatives.

128 (7) The committee may use its discretion in determining
129 the order in which it reviews the exemptions; however, the
130 committee should review approximately one-third of the
131 exemptions each year of a 3-year review period. No exemption
132 shall be reviewed more than once during any 3-year review
133 period. For the initial 3-year review, the committee shall
134 submit, to the President of the Senate and the Speaker of the
135 House of Representatives, its reports not later than 30 days
136 prior to each regular session in the years 2006, 2007, and 2008.
137 The committee shall begin a new 3-year review cycle of all
138 exemptions from the general state sales and use tax every 10
139 years following the termination of the previous review cycle.
140 For each subsequent 3-year review, the committee shall submit
141 its reports not later than 30 days prior to the regular session
142 of each year of that review period, beginning with the 10th year
143 after the year of the final report for the previous review.

144 (8) At the regular session following submission of each
145 annual report to the presiding officers of the Legislature, the

HB 0009

2005

146 ranking member of each house of the Legislature on the committee
 147 shall sponsor and file for introduction in his or her respective
 148 house of the Legislature bills presenting for modification or
 149 repeal those exemptions from the general state sales and use tax
 150 that were recommended by the committee for modification or
 151 repeal in the report submitted immediately prior to the session
 152 in which introduced. However, if either such member voted
 153 against the recommendation of the committee, another member of
 154 the committee from that house of the Legislature who voted for
 155 the recommendation of the committee shall sponsor the bill in
 156 that house of the Legislature. Each bill filed under this
 157 subsection shall be exempt from any filing limits applicable in
 158 either house of the Legislature and shall be limited to a single
 159 exemption and for that purpose only. Upon introduction, each
 160 bill filed under this subsection shall be placed on the calendar
 161 of the respective house of the Legislature without reference to
 162 any committee and must be submitted to a vote of the members of
 163 the house of the Legislature in which introduced no later than
 164 the eighth week of the session in which introduced, unless the
 165 substance of the bill has already been voted on by the members
 166 of the other house of the Legislature in another bill during
 167 that session and defeated. In addition, each bill filed under
 168 this subsection that receives a majority vote in the house of
 169 the Legislature in which introduced must be submitted to a vote
 170 of the members of the other house of the Legislature during that
 171 session, unless the substance of the bill has already been voted
 172 on by the members of the other house of the Legislature in
 173 another bill during that session and defeated.

174 (9) In no event shall the repeal of an exemption take

HB 0009

2005

175 effect sooner than 180 days following its passage by the
 176 Legislature.

177 (10) Any new exemption from taxation under chapter 212 is
 178 exempt from review under this section for 6 years after it takes
 179 effect.

180 (11) Nothing contained in this section shall preclude, or
 181 be construed to limit, a legislator from filing for any
 182 legislative session a bill proposing to modify, repeal, or enact
 183 any exemption from the general state sales and use tax or the
 184 imposition of such taxation on the sales of any service.

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