

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 2410

INTRODUCER: Senator Atwater

SUBJECT: Tax Exemption/Agricultural

DATE: March 20, 2006

REVISED: _____

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

I. Summary:

This bill makes it clear that low volume irrigation equipment is exempt from sales tax when used in agriculture. It removes from one section of the statutes a sales tax exemption for generators and liquefied fuel used in poultry operations.

This bill substantially amends sections 212.08(5)(a) and 212.02 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. Exemptions generally take the form of identifying items specifically exempt, categorizing certain items as exempt 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., sets forth exemptions for sixteen different categories on account of use and subsection (a) details exemptions for items in agricultural use. In addition, s. 212.08(3), F.S., exempts from sales tax power farm equipment used exclusively on a farm. Low volume irrigation equipment used in agricultural production is not explicitly listed in either of these sections.

Section 212.08(5)(a), F.S., exempts generators and liquefied fuel used in poultry operations from sales tax. This duplicates exemptions contained in s. 212.08(3), F.S., for power farm equipment which would include generators and s 212.08(5)(e), F.S., for liquefied fuel used on a farm.

III. Effect of Proposed Changes:

Section 1 amends s. 212.08(5)(a), F.S., to exempt low-volume irrigation equipment or components used in agricultural production from sales tax. It also removes the exemptions for generators used on a poultry farm and liquefied fuel used to heat certain poultry structures.

Section 2 amends s. 212.02, F.S., to add subsection (33) which defines “low-volume or micro-irrigation” to mean frequent application of small quantities of water through emitters placed along delivery pipes. The physical components of low volume irrigation systems include equipment and system components.

Section 3 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 2006 Revenue Estimating Conference projects that the exemption from sales tax for low volume irrigation equipment used for agricultural purposes would result in a loss of General Revenue of \$3.6 million on an annualized basis for FY 2006-07 and \$3.3 and \$3.6 million on a cash basis for FY 2006-07 and FY 2007-08 respectively.

B. Private Sector Impact:

Purchasers of low volume irrigation equipment used for agricultural purposes will save an amount equal to the General Revenue loss shown above.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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