## Florida Senate - 2006

By Senator Geller

31-268-06

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1	A bill to be entitled	
2	An act relating to the Joint Legislative Sales	
3	and Use Tax Exemption Review Committee;	
4	creating s. 11.95, F.S.; creating the Joint	
5	Legislative Sales and Use Tax Exemption Review	
б	Committee for the purpose of reviewing	
7	exemptions from the general state sales and use	
8	tax; providing for appointments to and	
9	organization of the committee; specifying	
10	duties and procedures with respect to such	
11	review; providing for open meetings; providing	
12	for reports; requiring continuing periodic	
13	review of sales and use tax exemptions;	
14	providing a period of exemption from review for	
15	newly enacted exemptions; providing	
16	applicability to other legislation proposing to	
17	modify, repeal, or enact an exemption;	
18	providing an effective date.	
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20	Be It Enacted by the Legislature of the State of Florida:	
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22	Section 1. Section 11.95, Florida Statutes, is created	
23	to read:	
24	11.95 Joint Legislative Sales and Use Tax Exemption	
25	<u>Review Committee</u>	
26	(1) The Joint Legislative Sales and Use Tax Exemption	
27	Review Committee is created to conduct comprehensive, periodic	
28	reviews of all exemptions from the general state sales and use	
29	tax. The committee shall consist of nine senators appointed by	
30	the President of the Senate and nine representatives appointed	
31	by the Speaker of the House of Representatives. The terms of	
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1	the members of the initial committee for each review cycle
2	shall commence upon appointment and shall run to the general
3	election preceding the organization of the next Legislature.
4	The terms of the members of subsequent committees for each
5	review cycle shall be for 2 years and shall run from the
6	organization of one Legislature to the general election
7	preceding the organization of the next Legislature. A vacancy
8	shall be filled in the same manner as the original
9	appointment. During even-numbered years, the chair of the
10	committee shall be appointed by the President of the Senate,
11	and the vice chair of the committee shall be appointed by the
12	Speaker of the House of Representatives. During odd-numbered
13	years, the chair of the committee shall be appointed by the
14	Speaker of the House of Representatives, and the vice chair of
15	the committee shall be appointed by the President of the
16	Senate.
17	(2) The committee for each review cycle shall have its
18	initial meeting no later than December 1 of the year of its
19	first regular session and thereafter as necessary at the call
20	of the chair at the time and place designated by the chair. A
21	guorum shall consist of a majority of the committee members
22	from each house. During the interim between regular sessions,
23	the committee may conduct its meetings through teleconferences
24	or other similar means. All meetings of the committee shall be
25	open and noticed to the public and subject to order and
26	decorum in accordance with s. 4(e), Art. III of the State
27	Constitution.
28	(3) The committee shall be governed by joint rules
29	adopted by the Legislature pursuant to authority to adopt
30	rules under s. 4, Art. III of the State Constitution.
31	(4) For purposes of this section, the term:

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1	(a) "General state sales and use tax" means the sales
2	and use tax imposed under chapter 212.
3	(b) "Exemption" means a provision in chapter 212 that
4	relieves from taxation a sale, use, or other transaction that
5	would, but for such provision, be subject to tax under chapter
6	212. A transaction that is beyond the reach of chapter 212 by
7	reason of definitional or other exclusions shall not be deemed
8	the subject of an exemption for purposes of this section.
9	Included among the transactions excluded from taxation under
10	chapter 212 and therefore not the subject of an exemption to
11	be reviewed by the committee under this section are the
12	<u>following:</u>
13	1. Sales that are not retail sales pursuant to s.
14	<u>212.02(14).</u>
15	2. Export sales under s. 212.06(5)(a).
16	3. Sales for resale under s. 212.07.
17	4. Occasional and isolated sales.
18	5. The sale or use of intangible property.
19	6. The sale of real property.
20	7. The sale or use of services, excepting only those
21	services enumerated as taxable in chapter 212.
22	(c) "Single exemption" means an exemption that
23	describes a single transaction or an exemption set forth in a
24	section, subsection, or paragraph of chapter 212, whichever
25	describes the fewest number of transactions.
26	(5) The committee shall have the power and duty to
27	conduct a comprehensive review of all current exemptions from
28	the general state sales and use tax. The committee shall
29	establish criteria by which each exemption shall be evaluated.
30	In developing the evaluation criteria, the committee shall
31	consider the following principles of taxation:

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1 (a) Equity.--The Florida tax system should treat 2 individuals equitably. It should impose similar tax burdens on people in similar circumstances and should minimize 3 4 regressivity. (b) Compliance.--The Florida tax system should 5 6 facilitate taxpayer compliance. It should be simple and easy 7 to understand so as to minimize compliance costs and increase the visibility and awareness of the taxes being paid. 8 Enforcement and collection of tax revenues should be done in a 9 10 fair, consistent, professional, predictable, and cost-effective manner. 11 12 (c) Pro-competitiveness. -- The Florida tax system 13 should be responsive to interstate and international competition in order to encourage savings and investment in 14 plants, equipment, people, and technology in Florida. 15 (d) Neutrality.--The Florida tax system should affect 16 17 competitors uniformly and not become a tool for "social 18 engineering." It should minimize government involvement in investment decisions, making any such involvement explicit, 19 and should minimize pyramiding. 2.0 21 (e) Stability.--The Florida tax system should produce 2.2 revenues in a stable and reliable manner that is sufficient to 23 fund appropriate governmental functions and expenditures. (f) Integration .-- The Florida tax system should 2.4 balance the need for integration of federal, state, and local 25 taxation. 26 27 (q) Public purpose. -- Any sales and use tax exemption 2.8 under the Florida tax system should be based upon a determination that the exemption promotes an important state 29 30 interest, including, but not limited to, economic development, 31

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1 job creation and retention, economic diversification, and 2 community revitalization. (6) In conducting its review of each exemption from 3 4 the general state sales and use tax, the committee shall make 5 findings of fact and recommend whether the exemption should be 6 retained, modified, or repealed. Each recommendation must be 7 made by majority vote of the committee members. If a majority 8 vote of the committee members cannot be achieved, the committee must recommend that the exemption be retained. The 9 10 findings of fact and recommendations of the committee shall be made by reports to the President of the Senate and the Speaker 11 12 of the House of Representatives. 13 (7) The committee may use its discretion in determining the order in which it reviews the exemptions; 14 however, the committee should review approximately one-third 15 of the exemptions each year of a 3-year review period. An 16 17 exemption may not be reviewed more than once during any 3-year 18 review period. For the initial 3-year review, the committee shall submit its reports to the President of the Senate and 19 the Speaker of the House of Representatives not later than 30 20 21 days prior to each regular session in the years 2008, 2009, 2.2 and 2010. The committee shall begin a new 3-year review cycle 23 of all exemptions from the general state sales and use tax every 10 years following the termination of the previous 2.4 review cycle. For each subsequent 3-year review, the committee 25 shall submit its reports not later than 30 days prior to the 26 27 regular session of each year of that review period, beginning 2.8 with the 10th year after the year of the final report for the 29 previous review. 30 (8) At the regular session following submission of each annual report to the presiding officers of the 31

	<u>slature, the ranking member of each house of the</u>
2 <u>Legi</u>	slature on the committee shall sponsor and file for
3 <u>intr</u>	oduction in his or her respective house of the Legislature
4 <u>bill</u>	s presenting for modification or repeal those exemptions
5 <u>from</u>	the general state sales and use tax which were
6 <u>reco</u>	mmended by the committee for modification or repeal in the
7 <u>repo</u>	rt submitted immediately prior to that session. However,
8 <u>if e</u>	ither such member voted against the recommendation of the
9 <u>comm</u>	ittee, another member of the committee from that house of
10 <u>the</u>	Legislature who voted for the recommendation of the
11 <u>comm</u>	ittee shall sponsor the bill in that house of the
12 <u>Legi</u>	slature. Each bill filed under this subsection is exempt
13 <u>from</u>	any filing limits applicable in either house of the
14 <u>Legi</u>	slature and must be limited to a single exemption for that
15 <u>purp</u>	ose only. Upon introduction, each bill filed under this
16 <u>subs</u>	ection shall be placed on the calendar of the respective
17 <u>hous</u>	e of the Legislature without reference to any committee
18 <u>and</u>	must be submitted to a vote of the members of the house of
19 <u>the</u>	Legislature in which it was introduced no later than the
20 <u>eiqh</u>	th week of the session in which introduced, unless the
21 <u>subs</u>	tance of the bill has already been voted on by the members
22 <u>of t</u>	he other house of the Legislature in another bill during
23 <u>that</u>	session and defeated. In addition, each bill filed under
24 <u>this</u>	subsection which receives a majority vote in the house of
25 <u>the</u>	Legislature in which it was introduced must be submitted
26 <u>to a</u>	vote of the members of the other house of the Legislature
27 <u>duri</u>	ng that session, unless the substance of the bill has
28 <u>alre</u>	ady been voted on by the members of the other house of the
29 <u>Leqi</u>	slature in another bill during that session and defeated.
30	(9) The repeal of an exemption may not take effect
31 <u>soon</u>	er than 180 days following its passage by the Legislature.

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1	(10) Any new exemption from taxation under chapter 212
2	is exempt from review under this section for 6 years after it
3	takes effect.
4	(11) This section does not preclude or limit a
5	legislator from filing for any legislative session a bill
6	proposing to modify, repeal, or enact an exemption from the
7	general state sales and use tax or to impose such tax on the
8	sales of any service.
9	Section 2. This act shall take effect upon becoming a
10	law.
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13	SENATE SUMMARY
14	Creates the Joint Legislative Sales and Use Tax Exemption Review Committee to review exemptions from the general
15	state sales and use tax. Provides for membership and the organization of the committee. Provides duties and
16	procedures with respect to the review. Requires that the committee hold open meetings. Requires continuing
17	periodic review of the exemptions. Provides for applicability of the act to other legislation proposing
18	to modify, repeal, or enact an exemption. (See bill for details.)
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