

The Florida Senate
PROFESSIONAL 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 1416
 INTRODUCER: Senator Atwater
 SUBJECT: Agricultural Sales Tax Exemptions
 DATE: March 14, 2007 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	D'Eramo	Poole	AG	Favorable
2.			FT	
3.			GA	
4.				
5.				
6.				

I. Summary:

The statute provides for a sales and use tax exemption for electricity directly and exclusively used for production or processing of agricultural products. The bill broadens this exemption by applying the exemption to electricity used directly or indirectly for the production or processing of agricultural products. The bill retains the statute's requirement that the electricity be separately metered, and if not, then all of the electricity is taxable.

This bill amends section 212.08(5)(e), Florida Statutes.

II. Present Situation:

Section 212.08(5)(e), F. S., provides that electricity used directly and exclusively for production or processing of agricultural products on a farm is exempt from the sales and use tax. The exemption applies only if the electricity used for exempt purposes is separately metered. If the electricity is not separately metered, then it is conclusively presumed that some of the electricity is used for nonexempt purposes and all of the electricity is taxable.

III. Effect of Proposed Changes:

Section 1. Amends s 212.08(5)(e), F.S., to provide electricity used directly or indirectly for production or processing of agricultural products on a farm is exempt from the sales and use tax.

The bill retains the statute's requirement that the electricity be separately metered and if not, then it is presumed that some of the electricity is used for nonexempt purposes and all of the electricity is taxable.

Section 2. Provides that this act shall take effect July 1, 2007.

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:

None.

B. Private Sector Impact:

The financial savings to the private sector reflects the loss of revenue to the Government Sector, as indicated below.

C. Government Sector Impact:

For FY2007-08, the 2007 Revenue Estimating Conference projects a negative fiscal impact on state and local government of \$800,000 on an annualized basis and \$1.7 million on a cash basis.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
