

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 2324

INTRODUCER: Higher Education Committee and Senators Posey and Fasano

SUBJECT: Sales Tax Exemption/Box Seats/Football Game

DATE: April 2, 2008 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Matthews	HE	Fav/CS
2.			FT	
3.			HI	
4.				
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

This bill would repeal the exemption from the sales and use tax, on the rental, lease, sublease, or license for the use of a skybox, luxury box, or other box seats for use during a high school or college football game, when the charge for such rental, lease, sublease or license is imposed by a nonprofit sponsoring organization which is qualified as nonprofit under s. 501(c)(3) of the Internal Revenue Code.

This repeal would not immediately affect contracts entered into before July 1, 2008; however, the exempt status of charges imposed under such contract would terminate no later than January 1, 2011.

This bill repeals subsection (9) of s. 212.031, Florida Statutes. The bill creates one unnumbered section of law.

**II. Present Situation:**

**Sales and Use Tax Exemption for Certain Sky Box Rentals**

Section 212.031, F.S., establishes a taxable privilege for engaging in the business of renting, leasing, letting, or granting a license for the use of any real commercial property, with specified exemptions. The tax is at the rate of six percent of the rent or license fee.

Chapter 99-238, L.O.F., enacted subsection (9) of section 212.031, F.S., providing an exemption from the sales and use tax, for the rental, lease, sublease, or license for the use of a skybox, luxury box, or other box seats for use during a high school or college football game, when the charge for such rental, lease, sublease or license is imposed by a nonprofit sponsoring organization which is qualified as nonprofit pursuant to s. 501(c)(3) of the Internal Revenue Code.

### **III. Effect of Proposed Changes:**

This bill would repeal the exemption from the sales and use tax, on the rental, lease, sublease, or license for the use of a skybox, luxury box, or other box seats for use during a high school or college football game, when the charge for such rental, lease, sublease or license is imposed by a nonprofit sponsoring organization which is qualified as nonprofit under s. 501(c)(3) of the Internal Revenue Code. The sales tax would apply immediately to contracts entered into by nonprofit organizations after July 1, 2008. The sales tax exemption for contracts that were entered into by nonprofit organizations before July 1, 2008, would expire no later than January 1, 2011.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

The bill would repeal the exemption from the sales and use tax, on the rental, lease, sublease, or license for the use of a skybox, luxury box, or other box seats for use during a high school or college football game, when the charge for such rental, lease, sublease or license is imposed by a nonprofit sponsoring organization which is qualified as nonprofit pursuant to s. 501(c)(3) of the Internal Revenue Code. The sales tax exemption for contracts that were entered into by nonprofit organizations before July 1, 2008, would expire no later than January 1, 2011.

On January 26, 2004, a bill to repeal this exemption was analyzed by the Revenue Estimating Conference which estimated an impact of the repeal based on the following s. 501(c)(3) nonprofit organizations that qualified under this exemption at that time:

- Florida Citrus Sports Association, including the Capital One Bowl and the Tangerine Bowl;
- University of Florida Boosters;<sup>1</sup>
- Florida State University Boosters; and
- Other s. 501(c)(3) organizations identified by the IRS with athletic activity codes, which may qualify under this exemption.

**B. Private Sector Impact:**

A person who rented, leased, or subleased, a skybox, luxury box, or other box seat from a s. 501(c)(3) organization, for use during a high school or college football game, would have to pay sales tax on such rental, lease, or sublease at such time as the sales tax applied to that contract.

**C. Government Sector Impact:**

According to the 2007 Florida Tax Handbook, repeal of the exemption in s. 212.031(9), F.S., would yield sales tax revenues of \$900,000. However, under the provisions of the bill the revenues from repeal of this exemption would not be fully realized until 2011.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

- A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Higher Education Committee, April 1, 2008:**

The committee substitute:

- Clarifies that the exempt status of contracts that are in effect on July 1, 2008, would terminate no later than January 1, 2011; and
- Does not refer to other exemptions that may be granted to a nonprofit organization under ch. 212, F.S.

---

<sup>1</sup> Sky boxes at the University of Florida currently are leased by the University Athletic Association, Inc., which is a nonprofit corporation under to s. 501(c)(3) of the Internal Revenue Code.

B. Amendments:

None.

---

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

---