## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 783 Tax on Property Rental Fees and the Tax on Admissions
**SPONSOR(S):** Glorioso
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1418

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|---|---|---|---|
| 1) Committee on Tourism & Trade | 6 Y, 0 N | McGill | Hoagland |
| 2) Economic Expansion & Infrastructure Council | | | |
| 3) Policy & Budget Council | | | |
| 4) | | | |
| 5) | | | |

## SUMMARY ANALYSIS


The bill removes the repeal date for provisions of law relating to tax exemptions for convention halls, exhibit halls, auditoriums, stadiums, theatres, arenas, civic centers, performing arts centers and publically owned recreational facilities.

It is estimated that the bill will have a negative fiscal impact of $3.7 million recurring revenue to state government and a negative fiscal impact of $0.9 million recurring revenue to local governments beginning in FY 2009-10.

The bill is effective upon becoming law.

**FULL ANALYSIS**

## I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: This bill retains certain tax exemptions for certain facilities which are set to expire on July 1, 2009.

B. EFFECT OF PROPOSED CHANGES:

**Current Situation**

Sections 212.031 and 212.04, F.S., contain several sales tax exemptions for certain leases, services, admissions, and fees associated with events at certain facilities. The following sales tax exemptions are scheduled to be repealed on July 1, 2009, pursuant to chapter 2006-101, L.O.F.:

- Section 212.031(1)(a)12., F.S., which provides an exemption from any tax to be paid to a convention hall, exhibition hall, auditorium, stadium, theatre, arena, civic center, performing arts center, or publicly owned recreational facility that is renting, leasing, subleasing, or licensing use of the facility to a concessionaire for the sale of souvenirs, novelties, or other event-related products. The exemption applies only to that portion of the tax based on a percentage of sales and not based on a fixed price;

- Section 212.031(10), F.S., which provides a tax exemption for rental or license fees on separately stated charges imposed by a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility upon a lessee or licensee for food, drink, or services required in connection with a lease or license to use real property. This exemption includes charges for laborers, stagehands, ticket takers, event staff, security personnel, cleaning staff, and other event-related personnel, advertising, and credit card processing;

- Section 212.04(2)(a)2.b., F.S., which grants an exemption for admission charges to an event that is sponsored 100 percent by a governmental entity, sports authority, or sports commission when held in a convention hall, exhibition hall, auditorium, stadium, theatre, arena, civic center, performing arts center, or publicly owned recreational facility. In order to be eligible the event must not exclusively use student or faculty talent and the governmental entity sports authority, or sports commission must be responsible for: 100 percent of the risk of success or failure of the event, and 100 percent of the funds at risk for the event. The terms “sports authority” and “sports commission” mean a nonprofit organization that is exempt from federal income tax under s. 501(c) (3) of the Internal Revenue Code and that contracts with a county or municipal government for the purpose of promoting and attracting sports-tourism events to the community with which it contracts.

**Proposed Changes**

The bill deletes the repeal date thus permanently implementing the following exemptions:

- Section 212.031(1)(a)12., F.S., which provides an exemption for souvenir concessionaires on the portion of the rental, lease, or license payment which is based on a percentage of sales and not based on a fixed price;

- Section 212.031(10), F.S., which provides a tax exemption for rental or license fees on separately stated charges imposed by a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility upon a lessee or licensee for food, drink, or services required in connection with a lease or license to use real property; and

- Section 212.04(2)(a)2.b., F.S., which grants an exemption from admissions to events solely dependent on the government entity, sports authority, or sports commission sponsoring the event.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.031(1)(a)12., F.S., permanently deleting the repeal of certain tax exemptions from any tax to be paid by certain facilities renting, leasing, subleasing, or licensing to a concessionaire using the facility to sell souvenirs, novelties, or other event-related products.

Section 2: Permanently deletes the repeal of s. 212.031(10), F.S., which addresses an exemption from tax on separately stated charges.

Section 3: Amends s. 212.04(2)(a)2.b., F.S., permanently deleting the repeal of an exemption from admissions.

Section 4: Provides an effective date of upon becoming law.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: It is estimated that the bill will have a recurring negative fiscal impact on state government.

| | 2008-09 | 2009-10 |
|---|---|---|
| General Revenue | $0 | ($3.7m) |
| State Trust | $0 | (insignificant) |
| Total | ($0) | ($3.7m) |

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

3. Revenues: It is estimated that the bill will have a recurring negative fiscal impact on local government.

| | 2008-09 | 2009-10 |
|---|---|---|
| Revenue Sharing | ($0) | ($0.1m) |
| Local Gov't. Half Cent | ($0) | ($0.4m) |
| Local Option | ($0) | ($0.4m) |
| Total Local Impact | ($0) | ($0.9m) |

1. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The facilities that are eligible for the sales tax exemptions addressed by this bill will continue to benefit because they do not have to pay a sales tax on certain items.

D. FISCAL COMMENTS:

The bill has does not have a fiscal impact on FY 2008-09 because the exemption is not set to expire until July 1, 2009. The recurring negative fiscal impact on state and local governments will begin with FY 2009-10.

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The mandates provision appears to apply because the bill reduces the authority that counties have to raise revenues in the aggregate; however, the amount of the reduction is insignificant, and therefore an exemption applies. Accordingly, the bill does not require a two-thirds vote of the membership of each house.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

None.

## IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES