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LEGISLATIVE ACTION

Senate

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House

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01/09/2009 01:03 PM

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Senator Gelber moved the following:

Senate Amendment (with title amendment)

Between lines 580 and 581
insert:

Section 18. Joint Legislative Sales and Use Tax Exemption
Review Committee.—

(1) The Joint Legislative Sales and Use Tax Exemption
Review Committee is created to conduct a comprehensive review of
exemptions from the general state sales and use tax. The
committee shall consist of nine senators appointed by the
President of the Senate and nine representatives appointed by
the Speaker of the House of Representatives. The committee shall



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13 hold its initial meeting by March 1, 2009, and meet at least
14 once per month through January 2010. The committee shall be
15 governed by joint rules adopted by the Legislature.

16 (2) The committee shall review all exemptions from the
17 general state sales and use tax by February 1, 2010. For each
18 exemption reviewed, the committee shall make findings of fact
19 and recommend whether the exemption should be retained,
20 modified, or repealed. Modification of an exemption may include
21 taxation of a transaction at a rate lower than the general state
22 sales and use tax rate. However, the committee make not make
23 findings of fact and recommendations pertaining to exemptions
24 for:

25 1. Items purchased for resale.

26 2. Intangible personal property.

27 3. Tangible personal property imported or produced for
28 export.

29 4. Purchases of agricultural products for further
30 processing for resale.

31 5. The sale or use of services, except exemptions for
32 services otherwise taxable under chapter 212, Florida Statutes.

33 6. Food, prescription drugs, and medical supplies and
34 equipment for human use or consumption.

35 7. Nonprofit corporations that are organized exclusively
36 for charitable purposes.

37 8. Religious institutions.

38 9. Residential rent, electricity, and heating fuel.

39 (3) The committee shall evaluate exemptions based on
40 criteria established by the committee. In developing the
41 criteria, the committee shall consider the following principles



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42 of taxation:

43 (a) Equity.—The Florida tax system should treat individuals
44 equitably. It should impose similar tax burdens on people in
45 similar circumstances and should minimize regressivity.

46 (b) Compliance.—The Florida tax system should facilitate
47 taxpayer compliance. It should be simple and easy to understand
48 so as to minimize compliance costs and increase the visibility
49 and awareness of the taxes being paid. Enforcement and
50 collection of tax revenues should be done in a fair, consistent,
51 professional, predictable, and cost-effective manner.

52 (c) Pro-competitiveness.—The Florida tax system should be
53 responsive to interstate and international competition in order
54 to encourage savings and investment in plants, equipment,
55 people, and technology in Florida.

56 (d) Neutrality.—The Florida tax system should affect
57 competitors uniformly. It should minimize government involvement
58 in investment decisions, making any such involvement explicit,
59 and should minimize pyramiding.

60 (e) Stability.—The Florida tax system should produce
61 revenues in a stable and reliable manner that are sufficient to
62 fund appropriate governmental functions and expenditures.

63 (f) Integration.—The Florida tax system should balance the
64 need for integration of federal, state, and local taxation.

65 (g) Public purpose.—A tax exemption should have a public
66 benefit that is sufficient to justify increasing the proportion
67 of the cost of government borne by those not directly benefited
68 by the exemption. The public benefit of an exemption also should
69 be greater than the needs for property tax relief and education
70 funding.



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71 (4) The committee shall prepare a report of its findings
72 and recommendations for each exemption reviewed. Each report for
73 an exemption reviewed on or before April 15, 2009 must be
74 submitted to the President of the Senate and the Speaker of the
75 House of Representatives within 10 days after the committee
76 completes its review of the exemption. Each report for the
77 remaining exemptions shall be submitted to the President of the
78 Senate and the Speaker of the House of Representatives by
79 February 1, 2010. A report must include a copy of the bill
80 necessary to implement a recommendation.

81 (5) The ranking member of each house of the Legislature
82 serving on the committee shall file bills necessary to implement
83 the recommendations of the committee. However, a ranking member
84 is not required to file a bill to implement a recommendation
85 that was not supported by the ranking member. Under those
86 circumstances, a bill to implement a recommendation shall be
87 filed by a member who supported the recommendation. Such bills
88 shall be filed immediately after the committee submits a
89 recommendation to the President of the Senate and the Speaker of
90 the House of Representatives.

91 (6) A bill to implement a recommendation of the committee
92 may address only the substance of one exemption, as narrowly as
93 practical, and related conforming changes. Such bills are exempt
94 from limits on the number of bills that may be filed by a
95 member. A bill to implement a recommendation of the committee
96 may not be referred to additional committees. A bill that is
97 filed on or before April 15, 2009, must be submitted to a vote
98 of the members of each house of the Legislature during the 2009
99 Regular Session. A bill that is filed for the 2010 Regular



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100 Session must be submitted to a vote of the members of each house
101 of the Legislature during the 2010 Regular Session. A vote is
102 not required if the companion legislation in the other house is
103 defeated.

104 (7) The Revenue Estimating Impact Conference shall estimate
105 the cumulative revenue impact of bills enacted pursuant to this
106 section. The conference shall provide its estimate to the
107 appropriations committees in each house for use in the
108 determination of education funding and required local effort ad
109 valorem taxes.

110 (8) This section expires on May 2, 2010.

111
112 ===== T I T L E A M E N D M E N T =====

113 And the title is amended as follows:

114 Delete line 72

115 and insert:

116 creating the Joint Legislative Sales and Use Tax Exemption
117 Review Committee; providing for membership; requiring meetings;
118 providing that the committee shall be governed by joint rules of
119 the Legislature; requiring the committee to review exemptions
120 from the tax on sales, use, and other transactions; requiring
121 the committee to make findings of fact and recommendations to
122 retain, modify, or repeal exemptions; providing exceptions;
123 requiring the committee to develop criteria to evaluate
124 exemptions; requiring the committee to consider certain
125 principles of taxation; requiring the committee to prepare a
126 report of its findings and recommendations; requiring each house
127 of the Legislature to vote on bills to implement recommendations
128 to repeal or modify an exemption; requiring revenue impact data



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129 from the repeal or modification of exemptions to be provided to
130 the appropriations committees of each house; providing for
131 repeal; providing an effective date.

132
133 WHEREAS, the tax on sales, use, and other transactions is a
134 broad-based tax that provides approximately 74 percent of the
135 revenue of the state General Revenue Fund, and

136 WHEREAS, the tax on sales, use, and other transactions is a
137 major revenue source for local governments, and

138 WHEREAS, some exemptions from the tax on sales, use, and
139 other transactions provide significant noneconomic benefits to
140 the state, and

141 WHEREAS, the burden of funding government generally should
142 apply equally to similarly situated individuals, and

143 WHEREAS, exemptions from the tax on sales, use, and other
144 transactions, while reducing the tax burden on some, increase
145 the proportion of the cost of government borne by others, and

146 WHEREAS, the Legislature must ensure that the public
147 benefit of an exemption from the tax on sales, use, and other
148 transactions is sufficient to justify increasing the proportion
149 of the cost of government borne by those not directly benefited,
150 and

151 WHEREAS, the Legislature finds that exemptions that no
152 longer provide a public benefit sufficient to justify increasing
153 the proportion of the cost of government borne by those not
154 directly benefited should be repealed or modified, and

155 WHEREAS, the Legislature must periodically review
156 exemptions and the need for additional exemptions from the tax
157 on sales use and other transactions to ensure good stewardship



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158 of taxpayer money, and

159 WHEREAS, those exemptions found to provide a sufficient
160 public benefit should be retained by the Legislature, and

161 WHEREAS, revenues from the repeal or modification of sales
162 tax exemptions should be used for the most pressing needs of the
163 state, which currently include education funding and property
164 tax relief, NOW, THEREFORE,