

**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.)

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Prepared By: The Professional Staff of the Budget Subcommittee on Finance and Tax

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BILL: CS/SB 592

INTRODUCER: Budget Subcommittee on Finance and Tax; and Senator Siplin

SUBJECT: Sales Tax/Fresh Fruit and Vegetable Packinghouses

DATE: February 16, 2012      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Akhavein</u>	<u>Buford</u>	<u>AG</u>	<b>Favorable</b>
2.	<u>Cote</u>	<u>Diez-Arguelles</u>	<u>BFT</u>	<b>Fav/CS</b>
3.	_____	_____	<u>BC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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**I. Summary:**

CS/SB 592 provides a sales tax exemption for electricity used directly or indirectly in packinghouses for fresh fruits, vegetables, and meat from cattle or hogs. The exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail.

This CS amends section 212.08, of the Florida Statutes.

**II. Present Situation:**

A packinghouse is a facility where fresh fruits and vegetables are cleaned, sorted, sized and sometimes packaged prior to distribution to markets and stores. Current law exempts electricity used directly or indirectly for production or processing of agricultural products on a farm from the sales and use tax.<sup>1</sup> While electricity used in packinghouses located on a farm are exempt, packinghouses not located on a farm are subject to sales tax on the electricity consumed.

The Florida state sales tax rate for non-residential electricity purchases is 7%.<sup>2</sup> In addition, county governments may impose a local discretionary sales tax.<sup>3</sup>

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<sup>1</sup> Section 212.08(5)(e), F.S.

<sup>2</sup> Section 212.05(1)(e), F.S.

<sup>3</sup> Section 212.054, F.S.

**III. Effect of Proposed Changes:**

**Section 1** amends s. 212.08, F.S., to provide a sales tax exemption for electricity used directly or indirectly in a packinghouse. It changes the definition of “packinghouse” to include any building or structure where fresh fruits, vegetables, and meat from cattle or hogs are packed or prepared for market or shipment, whether or not the packinghouse is physically located on a farm. The bill specifies that the tax exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail.

**Section 2** provides that this act shall take effect July 1, 2012.

**Other Potential Implications:**

None.

**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 Revenue Estimating Conference (REC) estimates that the exemption for electricity used in fruit and vegetable packinghouses will result in a recurring negative fiscal impact of \$800,000 to the state and \$200,000 to local governments, for a total negative recurring impact of \$1.0 million.

The REC estimates that including “meat from cattle or hogs” in the definition of packinghouses will result in an additional recurring negative fiscal impact of \$1.0 million to the state and \$200,000 to local governments, for a total additional negative recurring impact of \$1.2 million.

**B. Private Sector Impact:**

Persons operating packinghouses for the packaging of fruits, vegetables, or meat from cattle or hogs for market or shipment in fresh form for wholesale distribution will no longer pay sales tax for the electricity used in the packinghouse.

C. Government Sector Impact:

See Tax/Fee Issues above.

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 Budget Subcommittee on Finance and Tax on February 23, 2012:**

This committee substitute adds “meat from cattle or hogs” to the definition of “packinghouse.”

B. Amendments:

None.