

**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 Education Pre-K - 12 Committee

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BILL: SB 982

INTRODUCER: Senator Bogdanoff

SUBJECT: Tax on Sales, Use and Other Transactions

DATE: January 31, 2012

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Brown	deMarsh-Mathues	ED	<b>Pre-meeting</b>
2.			BC	
3.				
4.				
5.				
6.				

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**I. Summary:**

This bill authorizes a sales tax holiday for specific clothing, footwear, and school supplies, and provides exclusions. The bill excludes sales tax purchases from the exemption that take place at certain establishments and locations. The sales tax holiday is a one-time holiday, and is scheduled from August 10, 2012 through August 12, 2012.

The Department of Revenue is provided an appropriation of \$226,284 to implement these provisions, and granted emergency rulemaking authority.

This bill creates an undesignated section of the Florida Statutes.

**II. Present Situation:**

**Sales Tax**

State sales tax is applied to most purchases of tangible personal property at a rate of 6 percent in Florida.<sup>1</sup> Tax attaches to retail sales.<sup>2</sup>

Sales tax exemptions are provided in s. 212.08, F.S., and apply to a range of specific items, including most food that is not considered prepared food, certain medical supplies, farm equipment, specific industrial machinery and equipment, and kindergarten through grade 12 school books and school lunches.

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<sup>1</sup> s. 212.05(1), F.S.

<sup>2</sup> s. 212.07(1), F.S.

**Sales Tax Holidays**

The Legislature has approved sales tax holidays for a number of years, notably from 2005 through 2007, and then again in 2010 and 2011, and has not adopted them for others (2008 and 2009). The holiday is generally made available for the benefit of families making back-to-school purchases, and the holiday is typically offered just prior to the start of a new school year.

**III. Effect of Proposed Changes:**

This bill creates a sales tax holiday that would apply to purchase of the following items:

- Clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags with a sales price of \$75 or less per item. Briefcases, suitcases, and other garment bags are expressly excluded. Clothing is defined as apparel worn on the human body, including shoes, but excluding watches, watchbands, jewelry, umbrellas, handkerchiefs, skis, swim fins, rollerblades and skates;
- School supplies not to exceed \$15 in sales price, including pens, pencils, erasers, crayons, notebooks and paper, binders, lunch boxes, construction paper, markers, folders, poster board, composition books, poster paper, scissors, tape, glue, rulers, computer disks, protractors, compasses and calculators.

Purchases made at a theme park or entertainment complex, public lodging establishments, and airports do not qualify for the exemption. Because of this provision, and the exclusions provided for clothing, it appears that the exemption is tailored more to non-luxury purchases by in-state residents, rather than tourists.

This bill grants the Department of Revenue (DOR) authority to adopt rules through emergency rulemaking. An appropriation of \$226,284 is provided in nonrecurring General Revenue funds to the DOR to implement notice for the sales tax holiday. Any remaining funds shall revert and be reappropriated for the following year.

Although the bill takes effect upon becoming law, the sales tax holiday runs from 12:01 a.m. on Friday, August 10, 2012 through 11:59 p.m. on Sunday, August 12, 2012.

**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:

None.

B. Private Sector Impact:

Private retailers who sell these types of items will likely experience increased sales related to the sales tax holiday. Consumers will benefit from having the ability to purchase items tax-free during the term of the sales tax holiday.

C. Government Sector Impact:

The state will lose revenue based upon the sales tax holiday. At the Revenue Estimating Conference held on December 9, 2011, the Conference adopted a negative cash impact to general revenue of \$25.9 million in FY 2012-13, with an accompanying negative cash impact of \$5.9 million to local government.

According to the Office of Economic and Demographic Research, the total impact on revenue in millions would be:<sup>3</sup>

	<b>FY 2012-13</b>
General Revenue	(25.9)
Revenue Sharing	(.9)
Local Gov't Half Cent	(2.5)
Local Option	(2.5)
Total Local Impact	(5.9)
<b>Total</b>	<b>(31.8)</b>

According to the DOR, it will use the funds appropriated to notify dealers regarding which clothing items and school supplies would be exempt from sales tax. The DOR would use the existing Taxpayer Information Publication (TIP) to notify dealers. The DOR anticipates that it will need to print and mail TIPs to 556,000 sales and use tax dealers prior to the beginning of the sales tax holiday, with an additional print of 5,000 TIPs for mail to retail associations and others upon request.<sup>4</sup>

The total amount appropriated in this bill of \$226,284 that would be expended by the DOR is for printing (\$80,056) and postage (\$146,228).

**VI. Technical Deficiencies:**

None.

<sup>3</sup> Revenue Estimating Conference Analysis (December 9, 2011). On file with the Committee on Education Pre-K – 12.

<sup>4</sup> DOR Bill Analysis (December 13, 2011). On file with the Committee on Education Pre-K – 12.

**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.)

None.

**B. Amendments:**

None.

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

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