

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 Committee on Finance and Tax

BILL: SB 572

INTRODUCER: Senator Montford

SUBJECT: School Support Organizations

DATE: April 6, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Bailey</u>	<u>Klebacha</u>	<u>ED</u>	Favorable
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Favorable
3.	_____	_____	<u>FP</u>	_____

I. Summary:

SB 572 grants a partial exemption from the sales tax for sales of food and drink by a school support organization. The bill defines the term “school support organization” as an entity organized to raise funds to support extracurricular activities at public, parochial, or nonprofit schools teaching grades K-12.

The Revenue Estimating Conference has determined that this bill will reduce General Revenue receipts by \$1.5 million in Fiscal Year 2015-16, with a recurring negative impact of \$1.5 million. The bill will reduce local government revenues by \$200,000 in Fiscal Year 2015-2016, with a recurring negative impact of \$200,000.

The bill takes effect on July 1, 2015.

II. Present Situation:

Florida sales tax applies to retail sales of taxable items sold by schools and school-related organizations.¹ Without an exception, current statutes would require schools and school-related organizations to register as sales tax dealers, thereby requiring them to file returns, remit taxes and maintain necessary records.

Current law, however, exempts schools having grades K-12, parent-teacher organizations (PTOs), and parent-teacher associations (PTAs) from typical dealer requirements by authorizing them to sell certain taxable items without collecting tax; however, they must pay sales tax to their suppliers on taxable purchases.² This treatment is authorized for school materials and supplies purchased, rented, or leased for resale or rental to students, items sold for fundraising

¹ See generally ch. 212, F.S.

² Section 212.08(7)(II)2., F.S.

purposes, and for items sold through vending machines, including food or beverages sold through vending machines located in student lunchrooms or school dining rooms.

III. Effect of Proposed Changes:

Section 1 authorizes school support organizations to sell food and drinks, and supplies necessary to serve such food and drink, without collecting tax; however, they are required to pay tax on the cost price of these items when purchased from the supplier.

The bill defines a “school support organization” as an entity organized to raise funds to support extracurricular activities at public, parochial, or nonprofit schools that teach grades K-12.

Section 2 provides an effective date of July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The mandates provisions of Art. VII, Section 18, of the Florida Constitution are implicated because his bill reduces the authority of municipalities and counties to raise revenue; however, the amount of the reduction is estimated to be insignificant. Therefore, the bill is exempt from the mandates provisions.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference has determined that the bill will reduce General Revenue receipts by \$1.5 million in Fiscal Year 2015-2016, with a recurring negative impact of \$1.5 million. The bill will reduce local government revenues by \$200,000 in Fiscal Year 2015-2016, with a recurring negative impact of \$200,000.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 212.08 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.