

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 Fiscal Policy

BILL: SB 572

INTRODUCER: Senator Montford

SUBJECT: School Support Organizations

DATE: April 17, 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>Hrdlicka</u>	<u>Hrdlicka</u>	<u>FP</u>	Pre-meeting

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 2015-2016, 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.

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, and parent-teacher associations 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 purposes; and items sold through vending machines, including food or beverages sold through vending machines located in student lunchrooms or school dining rooms.

¹ See generally ch. 212, F.S.

² Section 212.08(7)(II)2., F.S.

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 this 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.

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