

**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 Committee on Finance and Tax

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BILL: SB 572

INTRODUCER: Senator Montford

SUBJECT: School Support Organizations

DATE: April 6, 2015

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

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

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**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.<sup>1</sup> 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.<sup>2</sup> This treatment is authorized for school materials and supplies purchased, rented, or leased for resale or rental to students, items sold for fundraising

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<sup>1</sup> See generally ch. 212, F.S.

<sup>2</sup> 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.