

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: CS/SB 176

INTRODUCER: Finance and Tax Committee and Senator Berman

SUBJECT: Sales Tax Exemption/Items that Assist in Independent Living

DATE: March 21, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Delia</u>	<u>Hendon</u>	<u>CF</u>	Favorable
2.	<u>Colton</u>	<u>Diez-Arguelles</u>	<u>FT</u>	Fav/CS
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 176 exempts from the sales and use tax the purchase of certain items that assist individuals in living and aging independently in their homes. Specifically, bed transfer handles, bed rails, grab bars, and shower seats are covered by the exemption. The bill also provides that the Department of Revenue (the department or DOR) may develop rules to administer the exemption.

The Revenue Estimating Conference estimated the bill will reduce General Revenue Fund receipts by \$1.1 million for Fiscal Year 2019-2020, with a recurring loss of \$2.7 million. Additionally, the conference estimated local government revenues will reduce by \$0.3 million for Fiscal Year 2019-2020, with a recurring loss of \$0.7 million.

The bill has an effective date of July 1, 2019.

II. Present Situation:

Florida Sales and Use Tax

Florida levies a six percent sales and use tax on the sale or rental of most tangible personal property, admissions,¹ transient rentals,² rental of commercial real estate,³ and a limited number of services. Chapter 212, F.S., contains statutory provisions authorizing the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or uses under specified circumstances. There are currently more than 260 exemptions, exclusions, deductions, and credits from the sales and use tax.⁴ Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.⁵

In addition to the state tax, s. 212.055, F.S., authorizes counties to impose nine local discretionary sales surtaxes. A surtax applies to "all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rental, admissions, and other transactions by [ch. 212, F.S.], and communications services as defined in ch. 202, F.S."⁶ The discretionary sales surtax is based on the tax rate imposed by the county where the taxable goods or services are sold, or are delivered into. Discretionary sales surtax rates currently levied vary by county in a range from 0.5 percent to 2.5.⁷

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to exempt from the sales and use tax the following items when purchased for noncommercial home or personal use:

- A bed transfer handle selling for \$60 or less.
- A bed rail selling for \$110 or less.
- A grab bar selling for \$100 or less.
- A shower seat selling for \$100 or less.

The exemption does not apply to purchases made by a business, including, but not limited to, a medical institution or an assisted living facility.

The bill authorizes the department to adopt rules to administer the exemption.

Section 2 provides an effective date of July 1, 2019.

¹ Section 212.04, F.S.

² Section 212.03, F.S.

³ Section 212.031, F.S.

⁴ See Office of Economic and Demographic Research, The Florida Legislature, *Florida Tax Handbook*, 155-168 (2018), available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2018.pdf> (last visited Feb. 28, 2019).

⁵ Florida Dept. of Revenue, *Who must pay tax? Partial list of taxable business activities*, available at http://dor.myflorida.com/dor/taxes/sales_tax.html (last visited Feb. 28, 2019).

⁶ Section 212.054, F.S.

⁷ See Office of Economic and Demographic Research, The Florida Legislature, *County Tax Rates: CY 2007-2019*, available at <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm> (last visited Feb. 28, 2019).

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

Article VII, s. 18 of the Florida Constitution governs laws that require counties and municipalities to spend funds or that limit their ability to raise revenue or receive state tax revenues.

Subsection (b) of s. 18, Art. VII, Florida Constitution, provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact, which for Fiscal Year 2019-2020, is \$2.1 million or less.

The Revenue Estimating Conference estimated the bill will reduce local government revenues by \$0.7 million, recurring. Therefore, this bill has an insignificant impact on local governments and the mandate provision does not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The Revenue Estimating Conference estimated the bill will reduce General Revenue Fund receipts by \$1.1 million for Fiscal Year 2019-2020, with a recurring loss of \$2.7 million. Additionally, the conference estimated local government revenue will reduce by \$0.3 million for Fiscal Year 2019-2020, with a recurring loss of \$0.7 million.

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.)

CS by Finance and Tax on March 20, 2019:

The CS:

- Specifies price limits for each item, removes handrails from the list of exempted items, and requires that exempted items be purchased for noncommercial home or personal use.

B. Amendments:

None.