CHAPTER 86-166
Committee Substitute for House Bill No. 1307

An act relating to sales tax exemptions; amending ss. 212.02, 212.031, 212.05, 212.06, 212.08, 212.12, 288.385, F.S.; repealing certain sales tax exemptions; providing for taxing certain transactions; providing for future repeal of ss. 212.031(5)-(8), 212.04(2)(a), 212.08(5)(g),(h), (7)(d), (e), (f), (n), (o), (p), (q), (r), (11), (15), s. 212.096, F.S., relating to sales tax exemptions; creating a commission to review certain tax exemptions; providing for membership, staffing, and location of the commission; providing for travel and per diem expenses; providing for legislative review; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (c) of subsection (3), and subsection (9), of section 212.02, Florida Statutes, are amended and, effective July 1, 1987, subsection (4), paragraph (g) of subsection (6), subsection (16), and paragraph (h) of subsection (6) of said section, as amended by chapter 85-310, Laws of Florida, of said section are amended to read:

212.02 Definitions.--The following terms and phrases when used in this chapter have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

(3) The terms "retail sales," "sale at retail," "use," "storage," and "consumption" do not include materials, containers, labels, sacks, or bags intended to be used one time only for packaging tangible personal property for sale or in the process of providing a service taxable under this part, and do not include the sale, use, storage, or consumption of industrial materials for future processing, manufacture, or conversion into articles of tangible personal property for resale when such industrial materials become a component or ingredient of the finished product. However, said terms include the sale, use, storage, or consumption of tangible personal property, including fuels, used and dissipated in fabricating, converting, or processing tangible personal property for sale.

(4) "Sales price" means the total amount paid for tangible personal property, including any services that are a part of the sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to the purchaser by the seller, without any deduction therefore on account of the cost of the property sold, the cost of materials used, labor or service cost, interest charged, losses, or any other expense whatsoever. "Sales price" also includes the consideration for a transaction which requires both labor or material to alter, remodel, maintain, adjust, or repair tangible personal property. Trade-ins or discounts allowed and taken at the time of sale shall not be included within the purview of this subsection.

(6) "Lease," "let," or "rental" means leasing or renting of living quarters or sleeping or housekeeping accommodations in hotels, apartment houses, roominghouses, tourist or trailer camps and real property, the same being defined as follows:

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the lessee or rentee for a consideration, without transfer of the
title of such property, except as expressly provided to the contrary
herein. Provided—that—where—two—taxpayers—in-connection-with-the
interchange-of-facilities,, rent-or-lease-property—each-to-the-otber
for—use—providing-or-furnishing-any-of-the-services—mentioned-in
s.169.431—the-term—"leased"—or—"rental"—means-only—the-net-amount-of
rental—involved.—The-term—"leased"—or—"rental"—does—not-mean
hourly—daily—or—mileage—charges—to-the-extent—that—such—charges
are—subject—to—the—jurisdiction—of—the—United—States—Interstate
Commerce—Commission—when—such—charges—are—paid—by—reason—of—"the
presence-of—railroad—cars—owned—by—another—on—the—tracks—of—the
taxpayer.

(h) "Real property" means any interest in the surface of real
property unless the property is:

1. Assessed as agricultural property under s. 193.461.
2. Used exclusively as dwelling units.
3. Property subject to tax on parking, docking, or storage spaces
under s. 212.03(5).

(9) "Business" means any activity engaged in by any person, or
caused to be engaged in by him, with the object of private or public
gain, benefit, or advantage, either direct or indirect. Except for
the sales of any aircraft, boat, mobile home, or motor vehicle, the
term "business" shall not be construed in this chapter to include
occasional or isolated sales or transactions involving tangible
personal property by a person who does not hold himself out as
engaged in business, but includes other charges for the sale or
rental of tangible personal property, sales of services taxable under
this part, sales of or charges of admission, communication services,
all rentals and leases of living quarters, other than low-rent
housing operated under chapter 421, sleeping or housekeeping
accommodations in hotels, apartment houses, roominghouses, tourist or
trailer camps, and all rentals of real property, other than low-rent
housing operated under chapter 421, all leases or rentals of parking
lots or garages for motor vehicles, docking or storage spaces for
boats in boat docks or marinas as defined in this chapter and made
subject to a tax imposed by this chapter. Any tax on such sales,
"charging", rentals, admissions, or other transactions made subject to
the tax imposed by this chapter shall be collected by the state,
county, municipality, any political subdivision, agency, bureau, or
department, or other state or local governmental instrumentality in
the same manner as other dealers, unless specifically exempted by
this chapter.

(16) The term "admissions" means and includes the net sum of
money after deduction of any federal taxes for admitting a person or
vehicle or persons to any place of amusement, sport, or recreation or
for the privilege of entering or staying in any place of amusement,
sport, or recreation, including, but not limited to, theaters,
outdoor theaters, shows, exhibitions, games, races, or any place
where charge is made by way of sale of tickets, gate charges, seat
charges, box charges, season pass charges, cover charges, greens
fees, participation fees, entrance fees, or other fees or receipts of
anything of value measured on an admission or entrance or length of
stay or seat box accommodations in any place where there is any
exhibition, amusement, sport, or recreation, and all dues paid to
private clubs providing recreational facilities, including but not
limited to golf, tennis, swimming, yachting, and boating facilities.

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The term "admissions" does not mean or include any charge made for entering or staying upon any boat or vessel for the privilege of fishing. The term "admissions" does not mean or include charges for admission by any organization described in § 198(e) of the Internal Revenue Code of 1954, as amended, to live performances of ballet, dance or choral performances, concerts, instrumental and vocal music, plays (with and without music), operas, and readings, ocean science centers, museums, of science and history, laboratories, botanical gardens, and exhibitions of paintings, sculpture, photography, and craft arts.

Section 2. Effective July 1, 1987, paragraph (a) of subsection (1) of section 212.031, Florida Statutes, as amended by chapter 85-310, Laws of Florida, is amended to read:

212.031 Lease or rental of real property.--

(1)(a) It is declared to be the legislative intent that every person is exercising a taxable privilege who engages in the business of renting, leasing, or letting any real property unless such property is:

1. Assessed as agricultural property under s. 193.461.
2. Used exclusively as dwelling units.
3. Property subject to tax on parking, docking, or storage spaces under s. 212.03(6).
4. Recreational--property or the common elements of a condominium when subject to a lease between the developer or owner thereof and the condominium association in its own right or as agent for the owners of individual condominium units or the owners of individual condominium units. However, only the lease payments on such property shall be exempt from the tax imposed by this chapter and any other use made by the owner or the condominium association shall be fully taxable under this chapter.

Section 3. Paragraph (i) is added to subsection (1) of section 212.05, Florida Statutes, and effective July 1, 1987, paragraphs (a) and (c) of said subsection are amended and paragraph (j) is added to said subsection to read:

212.05 Sales, storage, use tax.--It is hereby declared to be the legislative intent that every person is exercising a taxable privilege who engages in the business of selling tangible personal property at retail in this state, or who rents or furnishes any of the things or services taxable under this chapter, or who stores for use or consumption in this state any item or article of tangible personal property as defined herein and who leases or rents such property within the state.

(1) For the exercise of such privilege, a tax is levied on each taxable transaction or incident, which tax is due and payable as follows:

(a) At the rate of 5 percent of the sales price of each item or article of tangible personal property when sold at retail in this state, computed on each taxable sale for the purpose of remitting the amount of tax due the state, and including each and every retail sale.

2. Each occasional or isolated sale of an aircraft, boat, or mobile home, or motor vehicle of a class or type which is required to be registered, licensed, titled, or documented in this state or by CODING: Words stricken are deletions; words underlined are additions.
the United States Government shall be subject to tax at the rate provided in this paragraph. The department shall, by rule, adopt the NADA Official Used Car Guide as the reference price list for any used motor vehicle which is required to be licensed pursuant to s. 320.08(1), (2), (3)(a), (b), (c), or (f), or (9). If any party to an occasional or isolated sale of such a vehicle reports to the tax collector a sales price which is less than 80 percent of the average loan price for the specified model and year of such vehicle as listed in the most recent reference price list, the tax levied under this paragraph shall be computed by the department on such average loan price unless the parties to the sale have provided to the tax collector an affidavit, signed by each party, or other substantial proof stating the actual sales price. Any party to such sale who reports a sales price less than the actual sales price is guilty of a misdemeanor of the second degree, punishable as provided in s. 775.083. The department shall collect or attempt to collect from such party any delinquent sales taxes. In addition, such party shall pay any tax due and any penalty and interest assessed, plus a mandatory penalty of not less than $500, or an amount equal to 100 percent of the tax, whichever is greater. For purposes of this subparagraph sub-subparagraph, an occasional or isolated sale is one in which the seller is not a motor vehicle dealer as defined in s. 320.27(1)(c).

2. This paragraph does not apply to the sale of a boat by or through a registered dealer under this chapter to a purchaser who removes such a boat from this state within 10 days after the date of purchase or when the boat is repaired or altered within 10 days after completion of such repairs or alterations; in no event shall the boat remain in this state more than 30 days after the date of purchase; this exemption shall not be allowed unless the seller:

a. Obtains from the purchaser within 90 days from the date of sale written proof that the purchaser licensed, registered, or documented the boat outside the state;

b. Requires the purchaser to sign an affidavit that he has read the provisions of this section; and

cv. Makes the affidavit a part of his permanent record.

in the event the purchaser fails to remove the boat from this state within 10 days after purchase, or, when the boat is repaired or altered within 10 days after completion of such repairs or alterations, or permits the boat to return to this state within 5 months from the date of departure, the purchaser shall be liable for use-tax on the cost price of the boat and, in addition thereto, payment of a penalty to the Department of Revenue equal to the tax payable. This penalty shall be in lieu of the penalty imposed by s. 121.02(3) and is mandatory and shall not be waived by the department.

(c) At the rate of 5 percent of the gross proceeds derived from the lease or rental of tangible personal property, as defined herein, except the rental of motion-picture film when an admission is charged for viewing such film and except the lease or rental of a motor vehicle to one lessee or rentee for a period of not less than 12 months when tax was paid on the acquisition of such vehicle by the lessee, when the lease or rental of such property is an established business or part of an established business or the same is incidental or germane to such business.

(i) At the rate of 5 percent on charges for cleaning, laundry, and garment services as defined in group 721 of the 1972 Standard

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Industrial Classification Manual as published by the Executive Office of the President, Office of Management and Budget.

{(j) At the rate of 5 percent of the consideration for performing or providing any service.}

Section 4. Paragraph (a) of subsection (1) of section 212.06, Florida Statutes, is amended, paragraph (k) is added to subsection (2) of said section and, effective July 1, 1987, paragraph (b) of subsection (1) and paragraph (a) of subsection (5) of said section are amended, to read:

212.06 Sales, storage, use tax; collectible from dealers; "dealer" defined; dealers to collect from purchasers; legislative intent as to scope of tax.--

(1)(a) The aforesaid tax at the rate of 5 percent of the retail sales price as of the moment of sale, 5 percent of the cost price as of the moment of commingling with the general mass of property in this state, as the case may be, shall be collectible from all dealers as herein defined on the sale at retail, the use, the consumption, the distribution, and the storage for use or consumption in this state of tangible personal property or services taxable under this part. The full amount of the tax on a credit sale, installment sale, or sale made on any kind of deferred payment plan shall be due at the moment of the transaction in the same manner as on a cash sale.

(b) Except as otherwise provided, any person who manufactures, produces, compounds, processes, or fabricates in any manner tangible personal property for his own use shall pay a tax upon the cost of the product manufactured, produced, compounded, processed, or fabricated without any deduction therefrom on account of the cost of material used, labor or service costs, or transportation charges, notwithstanding the provisions of s. 212.02(5) defining "cost price." However, the tax levied under this paragraph shall not be imposed upon any person who manufactures or produces electrical power or energy, steam energy, or other energy, when such power or energy is used directly and exclusively in the operation of machinery or equipment that is used to manufacture, process, compound, produce, fabricate, or prepare for shipment tangible personal property for sale or to operate pollution control equipment, maintenance equipment, or monitoring or control equipment used in such operations. The manufacturing or production of electrical power or energy that is used for space heating, lighting, office equipment, or air conditioning or any other nonmanufacturing, nonprocessing, noncompounding, nonproducing, nonfabricating, or nonshipping activity is taxable. Electrical power or energy consumed or dissipated in the transmission or distribution of electrical power or energy for resale is also not taxable. Fabrication-labor shall not be taxable—when—a person—uses—his—own—equipment—and—his—own—personnel—for—his—own account, as—a—producer—subproducer—or—co producer—of—video—tapes—or motion—pictures—prepared—for—showing—on—screens—or—through television—for—either—theatrical—commercial—advertising—or educational—purposes—in—persons—who—manufacture—factory—built buildings—for—their—own—use—in—the—performance—of—contracts—for—the construction—or—improvement—of—real—property—shall—pay—a—tax—only upon—the—persons’—cost—price—of—items—used—in—the—manufacture—of—such buildings.

(2)

(k) "Dealer" also means any person who provides or performs a taxable service for consideration.

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(5)(a) It is not the intention of this chapter to levy a tax upon tangible personal property imported, produced, or manufactured in this state for export, provided that tangible personal property may not be considered as being imported, produced, or manufactured for export unless the importer, producer, or manufacturer delivers the same to a licensed exporter for exporting or to a common carrier for shipment outside the state or mails the same by United States mail to a destination outside the state; or, in the case of aircraft being exported under their own power to a destination outside the continental limits of the United States, by submission to the department of a duly signed and validated United States customs declaration, showing the departure of the aircraft from the continental United States; and further with respect to aircraft, the canceled United States registry of said aircraft; or in the case of parts and equipment installed on aircraft of foreign registry, by submission to the department of documentation, the extent of which shall be provided by rule, showing the departure of the aircraft from the continental United States; nor is it the intention of this chapter to levy a tax on radio and television broadcasting or any sale which the state is prohibited from taxing under the Constitution or laws of the United States. Every retail sale made to a person physically present at the time of sale shall be presumed to have been delivered in this state.

Section 5. Subsection (1) and paragraph (d) of subsection (7) of section 212.08, Florida Statutes, are amended, paragraph (c) of subsection (2) of said section is renumbered as paragraph (d) and new paragraph (c) is added to said subsection, and, effective July 1, 1987, paragraph (a) of subsection (2), and subsections (6) and (13) of said section are amended to read:

212.08 Sales, rental, use, consumption, distribution, and storage tax; specified exemptions.—The sale at retail, the rental, the use, the consumption, the distribution, and the storage to be used or consumed in this state of the following are hereby specifically exempt from the tax imposed by part I of this chapter.

(1) EXEMPTIONS; GENERAL GROCERIES.—There are exempt from the tax imposed by this chapter food and drinks for human consumption except candy, but only when the price at which such candy is sold is 13.75 cents or less. Unless the exemption provided by paragraph (7)(b) for school lunches, paragraph (7)(c) for meals to certain patients or inmates, or paragraph (7)(d)(1) for meals provided by certain nonprofit organizations pertains, none of such items of food or drinks means:

(a) Food or drinks served, prepared, or sold in or by restaurants; drugstores; lunch counters; cafeterias; hotels; amusement parks; racetracks; taverns; concession stands at arenas, auditoriums, carnivals, fairs, stadiums, theaters, or other like places of business; or by any business or place required by law to be licensed by the Division of Hotels and Restaurants of the Department of Business Regulation, except bakery products sold in or by pastry shops, doughnut shops, or like establishments for consumption off the premises;

(b) Foods and drinks sold ready for immediate consumption from vending machines, pushcarts, motor vehicles, or any other form of vehicle;

(c) Soft drinks, which include, but are not limited to, any nonalcoholic beverage; any preparation or beverage commonly referred to as a "soft drink"; or any noncarbonated drink made from milk derivatives or tea, when sold in cans or similar containers. The term "soft drink" does not include natural fruit or vegetable...
juices or their concentrates or reconstituted natural concentrated fruit or vegetable juices, whether frozen or unfrozen, dehydrated, powdered, granulated, sweetened or unsweetened, seasoned with salt or spice, or unseasoned; coffee or coffee substitutes; tea except when sold in containers as provided herein; cocoa; products intended to be mixed with milk, or natural fluid milk;

(d) Foods or drinks cooked or prepared on the seller's premises and sold ready for immediate consumption either on or off the premises, excluding bakery products for off-premise consumption unless such foods are taxed under paragraph (a) or paragraph (b); or

(e) Sandwiches sold ready for immediate consumption.

For the purposes of this subsection, "seller's premises" shall be construed broadly, and means, but is not limited to, the lobby, aisle, or auditorium of a theater, the seating, aisle, or parking area of an arena, rink, or stadium, or the parking area of a drive-in or outdoor theater. The premises of a caterer with respect to catered meals or beverages shall be the place where such meals or beverages are served.

(2) EXEMPTIONS, MEDICAL.--

(a) There shall be exempt from the tax imposed by this chapter any product, supply, or medicine dispensed in a retail establishment by a pharmacist licensed by the state, according to an individual prescription or prescriptions written by a practitioner of the healing arts licensed by the state; hypodermic needles; hypodermic syringes; chemical compounds and test kits used for the diagnosis or treatment of human disease, illness, or injury; and common household remedies recommended and generally sold for internal or external use, in the cure, mitigation, treatment, or prevention of illness or disease in human beings, but not including cosmetics or toilet articles, notwithstanding the presence of medicinal ingredients therein, according to a list prescribed and approved by the Department of Health and Rehabilitative Services, which list shall be certified to the Department of Revenue from time to time and included in the rules promulgated by the Department of Revenue. There shall also be exempt from the tax imposed by this chapter artificial eyes and limbs; prescription eyeglasses and items incidental thereto or which become a part thereof; dentures; hearing aids; crutches; prosthetic and orthopedic appliances; feminine-hygienic-products; including, but not limited to, sanitary-panties, sanitary-belts, sanitary-napkins, and tampons; and funerals. Funeral directors shall pay tax on all tangible personal property used by them in their business.

(b) Chlorine shall not be exempt from the tax imposed by this chapter when used for the treatment of water in swimming pools.

(6) EXEMPTIONS; POLITICAL SUBDIVISIONS, COMMUNICATIONS.--There are also exempt from the tax imposed by this chapter sales made to the United States Government, the state, or any county, municipality, or political subdivision of this state; provided this exemption does not include any sale of tangible personal property made to contractors employed either directly or as agents of any such government or political subdivision thereof when such tangible personal property goes into or becomes a part of public works owned by such government or political subdivision thereof, except public works in progress or for which bonds or revenue certificates have been validated on or before August 1, 1959; and further provided this exemption does not include sales, rental, use, consumption, or storage for use in any political subdivision or municipality in this state of machines and

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equipment and parts and accessories therefor used in the generation, transmission, or distribution of electrical energy by systems owned and operated by a political subdivision in this state except sales, rental, use, consumption, or storage for which bonds or revenue certificates are validated on or before January 1, 1973, for transmission or distribution expansion. Likewise exempt are newspapers; film rentals, when an admission is charged for viewing such films; and charges–for–services rendered by radio and television stations, including–line–charges–talent–fees–or–license–fees–and charges–for–films–video–tapes–and–transcriptions–used–in–producing radio or television broadcasts.

(7) MISCELLANEOUS EXEMPTIONS.--

d) Professional services.--

1. Also exempted are professional, insurance, or personal service transactions which involve sales as inconsequential elements for which no separate charges are made. However, services taxable under s. 212.05(1)(j) shall not be included in this exemption.

2. The above-exempted personal service transactions do not exempt the sale of information services involving the furnishing of printed, mimeographed, or multigraphed matter, or matter duplicating written or printed matter in any other manner, other than professional services and services of employees, agents, or other persons acting in a representative or fiduciary capacity or information services furnished to newspapers and radio and television stations. The term “information services” means and includes the services of collecting, compiling, or analyzing information of any kind or nature and furnishing reports thereof to other persons.

(13) No transactions shall be exempt from the tax imposed by this chapter except those expressly exempted herein. Except–for—s. 423:82; All special or general laws granting tax exemptions, to the extent they may be inconsistent or in conflict with this chapter, including, but not limited to, the following designated laws, shall yield to and be superseded by the provisions of this subsection: ss. 125.019, 153.76, 154.2331, 159.50, 159.15, 159.708, 163.385, 163.395, 215.76, 263.33, 268.14, 315.17, 327.0166, 348.65, 348.762, 349.13, 374.13, 403.1834, 592.01, 616.07, 623.09, 637.131, and 637.291 and the following Laws of Florida, acts of the year indicated: s. 31, ch. 30843, 1955; s. 19, ch. 30845, 1955; s. 19, ch. 30927, 1955; s. 8, ch. 31179, 1955; s. 15, ch. 31263, 1955; s. 13, ch. 31343, 1955; s. 14, ch. 31483, 1955; s. 15, ch. 31623, 1955; s. 16, ch. 31653; s. 13, ch. 31743; s. 12, ch. 32021; s. 14, ch. 32686; s. 11, ch. 32763, 1955; s. 13, ch. 32763; s. 15, ch. 32763; s. 16, ch. 32763; s. 16, ch. 32763; and s. 10, ch. 32763.

Section 6. Effective July 1, 1987, subsection (13) of section 288.385, Florida Statutes, is amended to read:

288.385 International currency and barter exchanges.--

(13) The exchange formed under the provisions of this section shall not be subject to any state or local taxes or fees which are measured by income, transaction amounts, or gross receipts, nor shall such exchange be required to report in respect to such income or transactions under state law and local law. Nothing in this subsection shall be construed to give any member of the exchange any tax exemption. The exemption granted by this subsection does not apply to any tax imposed under part—$—of chapter 212 or under chapter 220.

Section 7. Subsection (1) of section 212.12, Florida Statutes, is amended to read:

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212.12 Dealer's credit for collecting tax; penalties for noncompliance; powers of Department of Revenue in dealing with delinquents; brackets applicable to taxable transactions; records required.--

(1) For the purpose of compensating the lessors of real and personal property taxed hereunder, for the purpose of compensating dealers in tangible personal property, for the purpose of compensating dealers providing taxable services, and for the purpose of compensating owners of places where admissions are collected, as compensation for the keeping of prescribed records and the proper accounting and remitting of taxes by them, such seller, lessor, dealer, and owner shall be allowed 3 percent of the amount of the tax due and accounted for and remitted to the department, in the form of a deduction in submitting his report and paying the amount due by him; and the department shall allow such deduction of 3 percent of the amount of the tax to the person paying the same for remitting the tax in the manner herein provided, for paying the amount due to be paid by him, and as further compensation to dealers in tangible personal property for the keeping of prescribed records and for collection of taxes and remitting the same. However, if the amount of the tax due and remitted to the department for the reporting period exceeds $1,000, the 3-percent allowance shall be reduced to 1 percent for all amounts in excess of $1,000.

(a) The collection allowance may not be granted, nor may any deduction be permitted, if the tax is delinquent at the time of payment.

(b) The Department of Revenue may reduce the collection allowance by 10 percent or $50, whichever is less, if a taxpayer files an incomplete return.

1. An "incomplete return" is, for purposes of this chapter, a return which is lacking such uniformity, completeness, and arrangement that the physical handling, verification, or review of the return may not be readily accomplished.

2. The department shall adopt rules requiring such information as it may deem necessary to ensure that the tax levied hereunder is properly collected, reviewed, compiled, and enforced, including, but not limited to: the amount of gross sales; the amount of taxable sales; the amount of tax collected or due; the amount of lawful refunds, deductions, or credits claimed; the amount claimed as the dealer's collection allowance; the amount of penalty and interest; the amount due with the return; and such other information as the Department of Revenue may specify.

Section 9. Subsections (5), (6), (7), and (8) of section 212.031, Florida Statutes, paragraph (a) of subsection (2) of section 212.04, Florida Statutes, paragraphs (1) (d), (e), (f), (g), (h), and (j) of subsection (7), and subsections (11) and (12) of section 212.08, Florida Statutes, and section 212.08, Florida Statutes, and paragraphs (g) and (h) of subsection (5) and subsection (15) of section 212.08, Florida Statutes, as amended by chapters 85-338 and 85-342, Laws of Florida, are repealed July 1, 1987.

Section 9. For the purposes of this section, the term "exemption" means transactions specifically exempted from the tax imposed in part I of chapter 212, Florida Statutes, and transactions not specifically taxed in that part.

(2) Before October 1, 1986, a commission shall be established consisting of eight members appointed by the President of the Senate including at least three members of the Senate; eight members

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appointed by the Speaker of the House of Representatives including at least three members of the House of Representatives; five members appointed by the Governor. Commission members shall elect a chairman. The commission shall meet at the call of the chairman. Members of the commission shall not receive any compensation for serving on the commission but shall be reimbursed for travel and per diem expenses pursuant to s. 112.061, Florida Statutes. The commission shall be staffed by an executive director and other personnel who shall be appointed by the commission and who shall be exempt from the provisions of part II of chapter 110, Florida Statutes, relating to the Career Service System. The commission shall be assigned, for administrative purposes, to the Executive Office of the Governor. The Executive Office of the Governor and each state agency shall provide assistance when requested by the commission. Additionally, the commission shall be authorized to employ staff and consultants as necessary to fulfill its responsibilities.

(3)(a) The commission shall review the public policy and fiscal impact of exemptions from the sales tax and shall report to the Legislature prior to the 1987 regular session on the exemptions repealed by this act. The report shall contain recommendations on retaining or modifying any of these exemptions, or allowing the repeal to remain effective. These exemptions shall be evaluated using the following criteria:

1. What is the economic impact of the exemption? Is there any evidence that:
   a. Additional jobs were created?
   b. Businesses moved to or expanded in Florida?
   c. The removal of the exemption would cause a loss in jobs or make the business uncompetitive?

2. Does the exemption support other statutory policy (e.g., environmental or growth management laws)?

3. Is the exemption consistent with state tax policy:
   a. Does it avoid double taxation?
   b. Does it make the sales tax more regressive?

4. Would the Legislature appropriate money to fund the exemption?

5. Is granting a sales tax exemption the most efficient way to provide a more favored status for an industry or group?

6. Are the reasons for granting an exemption still valid?

7. Should an exemption be subject to periodic review or repeal?

(b) Furthermore, the commission shall examine the applicability of the use tax and the definition of the tax base of certain service industries, shall review exemptions from the cigarette tax under s. 210.05, Florida Statutes, and shall include its recommendations in the report submitted pursuant to paragraph (a).

(4) Prior to the 1988 regular session of the Legislature, the commission shall, using the criteria listed under paragraph (3)(a), evaluate all remaining exemptions from the tax imposed under part I of chapter 212, Florida Statutes, and submit a report to the Legislature.

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Section 10. Except as otherwise provided herein, this act shall take effect July 1, 1986, or upon becoming a law, whichever occurs later.

Approved by the Governor June 30, 1986.

Filed in Office Secretary of State June 30, 1986.

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