Floridat House of Representatives
James Harold Thompson, Speaker  Elaine Gordon, Speaker pro tempore
Committee on Finance & Taxation

November 5, 1986

Carl Ogden
Chairman

Tom Brown
Vice Chairman

Jane Amon
Law Library
Morrison Forester
2000 Pennsylvania Ave., N.W.
Suite 5500
Washington, D.C. 20006

Dear Ms. Amon:

Per our telephone conversation this date, I am enclosing copies of all documents relating to CS/HB 1307 (Chapter 86-166, Laws of Florida), sales tax exemptions. The enclosures are as follows:

1. Sales Tax Subcommittee Meeting of March 5, 1986, consisting of the vote sheet, the bill as proposed, the fiscal note, and amendments.

2. Finance & Taxation Committee Meeting of April 23, 1986, consisting of vote sheet, draft #2 of the bill as proposed with amendments incorporated from subcommittee meeting, fiscal note as amended, and amendments.

3. HB 1307 as introduced by the committee with all amendments incorporated and fiscal note.

4. CS/HB 1307 (committee substitute) and fiscal note as passed by the Appropriations Committee on May 15, 1986.

5. Conference Committee Report on CS/HB 1307 (this became Ch. 86-166).

6. List of sales tax exemptions in Chapter 212, Florida Statutes, that are repealed July 1, 1986, and those scheduled to be repealed July 1, 1987.

7. List of exemptions with dollar figures.

8. Fiscal note on CS/HB 1307 as passed by the Legislature.

Bill Ryan, Staff Director
202 House Office Building  Tallahassee, Florida 32301  (904) 488-1601

10. Page from the history of legislation giving dates and house and senate journal page numbers when the bill was acted on.

The tapes consist of one 90-minute tape from the subcommittee meeting and one 90-minute tape from the Finance & Taxation full committee meeting. There are two tapes from the Conference Committee but very little discussion appears on either of them. The subcommittee and full committee tapes will probably be more helpful.

I hope this information proves useful. Should you need anything further, please do not hesitate to contact me.

Sincerely,

Laurel A. Holzhausen
Secretary

/lah

Enclosures
**BILL ACTION RECORD**

**SUBCOMMITTEE on SALES TAX**

Meeting Date: 3/26/76 Time: 9:00
Place: 81 H.O.

**SUBCOMMITTEE Action:**
- Temporarily passed
- Reconsidered
- Favorable
- Favorable with ___ amendments
- Favorable with committee substitute
- Unfavorable

**Other action:**

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<th>Subcom. Final vote on bill</th>
<th>Amend #1</th>
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**SUBCOMMITTEE APPEARANCE RECORD**

The following persons (other than legislators) appeared before the subcommittee during consideration of this bill:

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**Bill No. DAB FT86-5**

**House of Representatives**
### SUBCOMMITTEE APPEARANCE RECORD

The following persons (other than legislators) appeared before the subcommittee during consideration of this bill:

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A bill to be entitled

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

Section 1. Paragraph (1) is added to subsection (1) of section 212.05, F.S., 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:

(i) At the rate of 5 percent on charges by any beauty
parlor or barber shop for any service provided. Also, at the
rate of 5 percent, persons operating dry cleaning
establishments and laundries are required to collect the tax
on charges to the customer for dry cleaning and laundry
services. Self-service laundries providing their customers
the privilege of using washing machines for a fixed charge
shall be required to collect this tax on the use of these
machines.

Section 2. Paragraph (a) of subsection (1) is amended
and paragraph (k) is added to subsection (2) of section
212.06, Florida Statutes, to read:

CODING: Words stricken are deletions; words underlined are additions.
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 purchase, or 5 percent of the cost price as of the moment of comingleing 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 chapter. 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.

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

Section 3. Subsection (1), paragraph (a) of subsection (2) and paragraph (d) of subsection (7) of section 212.08, F.S., 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 and except candy 7-but-eniy-when-the-price-at which-such-candy-is-sold-is-25-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)(k) 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 milks;

(d) Foods or drinks cooked or prepared on the seller's premises and sold ready for immediate consumption either on or

CODING: Words stricken are deletions; words underlined are additions.
off the premises, excluding bakery products for off-premise
consumption unless such foods are taxed under paragraph (a) or
paragraph (b); or

(a) Sandwiches sold ready for immediate consumption.

(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. Also not exempt
from the tax imposed by this chapter shall be chlorine when
used for the treatment of water in swimming pools. 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 hygiene products, including, but not limited to,
sanitary panties, sanitary belts, sanitary napkins, and

CODING: Words stricken are deletions; words underlined are additions.
tampons; and funerals. Funeral directors shall pay tax on all tangible personal property used by them in their business.

(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, charges by beauty parlors, barber shops, dry cleaning and laundry establishments 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.

Section 4. All other exemptions granted in Chapter 212, part 1. are repealed October 1, 1987. Before this date every exemption shall be evaluated by 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?

CODING: Words stricken are deletions; words underlined are additions.
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 subjected to periodic review or repeal?

Any exemption which fails the criteria shall be subject to the tax levied under chapter 212, part I.
STATE OF FLORIDA
HOUSE OF REPRESENTATIVES
Prepared 02/25/86
by the Committee on Finance and Taxation
1986
FISCAL NOTE
As Proposed

STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

I. DESCRIPTION OF BILL
A. Fund or Tax Affected
   General Revenue Fund
   Local Government Half-cent Sales Tax Clearing Trust Fund
   Sales and Use Tax

B. Principal Agency Affected
   Department of Revenue

C. Narrative Summary
   Section 1: Imposes the sales tax on service charges by beauty parlors, barber shops, dry cleaners and laundries.

   Section 2: Includes in the definition of "dealer" a person who performs a service for a consideration.

   Section 3: Removes the exemption for candy costing 25 cents or less and for chlorine used for the treatment of water in swimming pools. Amends the professional service exemption to tax the services listed in Section 1.

   Section 4: Subjects all other exemptions granted in part I of Chapter 212 to an evaluation under certain criteria. Repeals any exemption which does not meet the criteria on October 1, 1987.

II. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS
A. Non-Recurring or First Year Start-up Effects
   Indeterminate (the Revenue Estimating Conference is to meet and determine the first year impact):

   1. The bill has no effective date, hence would be effective 60 days after the Governor signs it into law.

   2. A large number of new dealers would need to be registered and educated. This would delay the full impact of the repeal.

B. Recurring or Annualized Continuation Effects
   P. Y. 1986-87
   Beauty parlors and barber shops .... 15.5 m
   Dry cleaners and laundries .......... 16.4 m
   Candy less than 25c ................ N/A
   Pool chlorine ...................... .3 m
   Total .............................. $ 32.2 m

86h0005ap5
STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

II. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS (Continued)

C. Long Run Effects other than Normal Growth

The bill repeals all exemptions that fail to meet the criteria set forth in the bill on October 1, 1987.

If all exemptions were repealed in F.Y. 1986-87, the repeal would generate at least an additional $2,757 m on a recurring basis. This is a conservative estimate because reliable estimates for a number of exemptions are not available (e.g., insurance agents, many non-profit organizations, airline tickets).

D. Appropriations Consequences/Source of Funds

The registration of a large number of new dealers will require additional manpower in the Department of Revenue for which no funding source has been provided.

III. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE

A. Non-Recurring or First Year Start-up Effects

Indeterminate (See II.A.)

B. Recurring or Annualized Continuation Effects

F. Y. 1986-87

Beauty parlors and barber shops ...... $ 1.7
Dry cleaners and laundries .............. 1.8
Candy less than 25c ........................ N/A
Pool chlorine .............................. Insign.

Total ..................................... $ 3.5 m

C. Long Run Effects other than Normal Growth

If all exemptions were repealed in F.Y. 1986-87, $300.0 m in additional revenues would be available to cities and counties on a recurring basis.

IV. COMMENTS:

[Signatures and initials]

(Please initial)
Senate Action

If amendment is text of another bill insert:

Bill No. Draft No.

Representative offered the following amendment:

Amendment

On page.6...., line..17....

Section 5. Effective July 1, 1986, paragraph (e) of subsection (1) of section 212.05, Florida Statutes, is amended 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:

(e)1. At the rate of 5 percent on charges for all telegraph messages and long distance telephone calls beginning and terminating in this state; on charges for telecommunication service as defined in s. 203.012 and for
those services described in s. 203.012(2)(a); on recurring
charges to regular subscribers for wired television service;
on all charges for the installation of telecommunication,
wired television, and telegraphic equipment; and on all
charges for electrical power or energy. For purposes of this
subparagraph, the term "telecommunication service" does not
include local service provided through a pay telephone. The
provisions of s. 212.17(3), regarding credit for tax paid on
charges subsequently found to be worthless, shall be equally
applicable to any tax paid under the provisions of this
section on charges for telecommunication or telegraph services
or electric power subsequently found to be uncollectible. The
word "charges" in this paragraph does not include any excise
or similar tax levied by the Federal Government, any political
subdivision of the state, or any municipality upon the
purchase or sale of telecommunication, wired television, or
telegraph service or electric power, which tax is collected by
the seller from the purchaser.

2. Telegraph messages and telecommunication services
which originate or terminate in this state and are billed to a
customer, telephone number, or device located within this
state are taxable under this paragraph.

3. The tax imposed by this paragraph on charges to any
person for interstate telecommunication services defined in s.
203.012(4) and (7)(b) shall not exceed $50,000 per calendar
year. Charges for services received by a person who is not
the holder of a direct pay permit shall not be subject to the
provisions of the prior sentence. Upon application, the
Department may issue a direct pay permit to the purchaser of
telecommunication services authorizing such purchaser to pay
tax on such services directly to the Department. Any vendor
furnishing the telecommunication services described in this
subparagraph to the holder of a valid direct pay permit shall
be relieved of the obligation to collect and remit the tax on
such services. The Department shall adopt reasonable rules
governing the procedures and forms necessary for the
application and issuance of the direct pay permits. The rules
shall require monthly tax payments and returns from the
holders of direct payment permits. For purposes of this
subparagraph, the term "person" shall be limited to a singular
legal entity and shall not be construed as meaning a group or
combination of affiliated entities or of entities controlled
by one person or group of persons.

4. For calendar year 1986, the term "calendar year" in
subparagraph 3 shall mean the last six months of 1986.
If amendment is text of another bill insert:
Bill No. Draft No.

Representative

Offered the following amendment:

Amendment

On page...1..., line...3...

insert:

Section 1. Paragraphs (a) and (c) of subsection (3) of section 212.02, Florida Statutes, are amended to read:

(3)(a) "Retail sale" or a "sale at retail" means a sale to a consumer or to any person for any purpose other than for resale in the form of tangible personal property or part of a service taxable under this part and includes all such transactions that may be made in lieu of retail sales or sales at retail. A resale must be in strict compliance with the rules and regulations, and any dealer making a sale for resale which is not in strict compliance with the rules and regulations shall himself be liable for and pay the tax. A dealer may, through the informal protest provided for in s. 213.21 and the rules of the Department of Revenue, provide the department with evidence of the exempt status of a sale. The department shall adopt rules to implement this act which shall provide that valid resale certificates and consumer certificates of exemption executed by those dealers or exempt entities which were registered with the department at the time of sales shall be accepted by the department when submitted during the protest period but shall not be accepted in any
proceeding under chapter 120 or any circuit court action 
instituted under chapter 72.

(c) 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.
If amendment is text of another bill insert:
Bill No. Draft No.

Representative offered the following amendment:

Amendment

On page ..., line ..., thru page ..., line ...

strike all of said lines

and insert:

Section 4. All services and all charges for
advertising, newspaper sales and magazine subscriptions shall
be subject to the tax imposed in Chapter 212, part I,
effective July 1, 1987.

Section 5. Before January 1, 1987, a joint committee
shall be established consisting of six members appointed by
the President of the Senate and six members appointed by the
Speaker of the House of Representatives to consider the public
policy and fiscal impact of the remaining exemptions from the
sales tax. The joint committee shall report to the
Legislature during the 1988 regular session. The report shall
contain recommendations on allowing such exemptions to be
repealed.
AMENDMENT -- FOR DRAFTING ONLY

(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative / The Committee on Dudley

offered the following amendment: to amendment #3

On page 1, line 25, strike During

and insert: Prior To

adopted

failed of adoption

AMENDMENT -- FOR DRAFTING ONLY

(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative The Committee on

DUDLEY

SUBSTITUTE offered the following AMENDMENT:

On page 5, line 22-30, strike

All, and on page 6, lines 1-16, strike all

and insert: Section 4. (1) Before October 1, 1986, a commission shall be established consisting of five members appointed by the President of the Senate, five members appointed by the Speaker of the House of Representatives, and five members appointed by the Governor, one of which shall be the Executive Director of the Department of Revenue. Commission members shall elect a chairman. The commission shall review the public policy and fiscal impact of exemptions granted in Chapter 212, part I. In reviewing those exemptions, the commission shall consider the criteria set forth below. The commission shall report to the President of the Senate and Speaker of the House of Representatives prior to the 1987 Regular Session of the Legislature. The report shall contain the recommendations of the commission for retaining, modifying or repealing each of the exemptions. 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.

(2) In its review of exemptions, the commission shall take into consideration the following criteria, together such other factors as the commission deems appropriate:

adopted failed of adoption

offered the following amendment:

On page ____, line _____ strike

and insert: 1. What changes have occurred since the exemption was granted,
if any, which suggest that the exemption should be modified or repealed?

2. What is the economic impact of the exemption in terms of (a) the
creation or retention of jobs; (b) relocation of businesses into or out
of Florida or expansion or contraction of Florida businesses?

(c) retention or loss of existing business investment in plant and
property in Florida?

(d) the role of the exemption in fostering the competitiveness of Florida
businesses?

(e) the sensitivity of the exemption to imperiled or troubled industries
or businesses vital to a local economy?

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

4. Is the exemption consistent with other state tax policies (e.g.,
avoiding double taxation, anti-pyramiding policy, or avoiding tax
regressivity)?

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

6. Is granting the exemption the most efficient means of realizing
the exemption's underlying objectives?

No exemption shall be recommended for repeal based upon a single criterion.

AMENDMENT -- FOR DRAFTING ONLY
(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)
Representative / The Committee on DUDLEY

offered the following amendment:  TO AMEND 3

On page 1, line 18 strike 1987

and insert: 1988

adopted failed of adoption

AMENDMENT -- FOR DRAFTING ONLY
(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative / The Committee on

Concept

offered the following amendment:

On page __________ line __________ strike

and insert: "Have the joint committee report to the 1987 legislature on the merit of the service exemption"

adopted failed of adoption

AMENDMENT -- FOR DRAFTING ONLY
(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative / The Committee on

offered the following amendment:

On page 1, line 1k-26, strike

Strike all of said lines.

and insert: NOTHING.

adopted failed of adoption

The Committee on Finance & Taxation offered the following amendment:

Amendment

On page...11..., line...31..., insert a new Section 8, to read:

Section 8. It is the intent of the Legislature that the additional revenues raised from transactions which pursuant to this act first become taxable on July 1, 1987, shall be used in the following manner to reduce the sales and use tax rates levied under ss. 212.03, 212.031, 212.04, 212.05, 212.051 and 212.06, Florida Statutes:

(1) Pursuant to s. 216.317(2), Florida Statutes, the Revenue Estimating Conference shall estimate the revenue which will be collected at the 5% rate during the period from August 1, 1987 through October 31, 1987, and during the fiscal year 1987-88, excluding those revenues which will be collected from transactions first becoming taxable on July 1, 1987, pursuant to the provisions of this act;

(2) On or before November 15, 1987, the Revenue Estimating Conference shall estimate the additional revenues which would be collected on an annual basis during the fiscal year 1987-88 at the 5% rate on transactions which first become taxable on July 1, 1988, pursuant to the provisions of this act. In making the estimate, the Conference shall utilize to
the extent necessary the actual increase in revenues above the amount estimated in (1);

(3) Based on the estimated annual increase in revenues in (2), the Department of Revenue shall adjust the sales and use tax rates to the nearest .25% in such a manner that total state revenues which would be received if the new rate had been imposed throughout the fiscal year would not fall below the amount estimated in (1) for the fiscal year. Also, the Department of Revenue shall promulgate by rule the brackets and tax amounts at the new rates necessary to replace those enumerated in ss. 212.12(9) and (10), Florida Statutes. Additionally, the Department of Revenue shall calculate a new percent to replace that in s. 218.61(2), Florida Statutes, in such a manner that the total amount transferred to the Local Government Half-cent Sales Tax Clearing Trust Fund will not be reduced;

(4) The rates, brackets, tax amounts and percent calculated in (3) shall take effect on January 1, 1988.
AMENDMENT -- FOR DRAFTING ONLY

(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative of The Committee on

DUDLEY

Amend. To Amend. a

Reg. Fi 86-5

offered the following amendment:

On page 1, line 14, strike "1987"

and insert: "1986"

offered the following amendment:

On page 10, line 5, strike 1987 and insert: 1986

adopted (failed of adoption)
AMENDMENT -- FOR DRAFTING ONLY
(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative Dudley

offered the following amendment:

1-2
On pages 4-10, line strike

all the language on page 1, beginning with line 4, through and
including page 2, line 27 AND

all the language on page 4, beginning with line 28, through and
including page 10, line 7.

Renumber subsequent sections.

and insert: on page 2, line 25 the following:

Section 1. Paragraph (e) of subsection (1) of section 212.05, F.S.,
as amended to read:

adopted [FAILED OF ADOPTION]
AMENDMENT -- FOR DRAFTING ONLY
(MUST BE TYPED ON FORM H-29 OR H-39 BEFORE PRESENTATION)

Representative of the Committee on __________

offered the following amendment:

On page 4, line 28, strike all language

and insert: also, at the fourth session

All 1976

STATE OF FLORIDA
HOUSE OF REPRESENTATIVES
Prepared 03/17/86
by the Committee on
Finance and Taxation
1986
FISCAL NOTE
PCB FT 86-5
Bill Number
As Amended

STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

II. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS
A. Non-Recurring or First Year Start-up Effects

Indeterminate (the Revenue Estimating Conference is to meet and determine the first year impact):

1. The bill has no effective date, hence would be effective 60 days after the Governor signs it into law.

2. A large number of new dealers would need to be registered and educated. This would delay the full impact of the repeal.

B. Recurring or Annualized Continuation Effects

<table>
<thead>
<tr>
<th>Service</th>
<th>FY 1986-87</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty parlors and barber shops</td>
<td>$15.5</td>
</tr>
<tr>
<td>Dry cleaners and laundries</td>
<td>$16.4</td>
</tr>
<tr>
<td>Candy less than 25¢</td>
<td>N/A</td>
</tr>
<tr>
<td>Pool chlorine</td>
<td>$0.3</td>
</tr>
<tr>
<td>Limitation on Telecommunications</td>
<td>(3.5)</td>
</tr>
</tbody>
</table>

Total                            $28.7 m

C. Long Run Effects other than Normal Growth

The bill repeals services, including advertising, and the sales of newspapers and magazines on July 1, 1987.

If these exemptions were repealed in FY 1986-87, the repeal would generate at least an additional $1,178.4 m on a recurring basis. This is a conservative estimate because reliable estimates for a number of exemptions are not available (e.g. Insurance agents).

D. Appropriations Consequences/Source of Funds

The registration of a large number of new dealers will require additional manpower in the Department of Revenue for which no funding source has been provided.
STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

III. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE

A. Non-Recurring or First Year Start-up Effects

Indeterminate (See II.A.)

B. Recurring or Annualized Continuation Effects

<table>
<thead>
<tr>
<th>Service</th>
<th>Fiscal Year 1986-87</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty parlors and barber shops</td>
<td>$1.7 m</td>
</tr>
<tr>
<td>Dry cleaners and laundries</td>
<td>$1.8 m</td>
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<tr>
<td>Candy less than 25¢</td>
<td>N/A</td>
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<tr>
<td>Pool chlorine</td>
<td>Insign.</td>
</tr>
<tr>
<td>Limitation on Telecommunications</td>
<td>$1.4 m</td>
</tr>
<tr>
<td>Total</td>
<td>$3.1 m</td>
</tr>
</tbody>
</table>

C. Long Run Effects other than Normal Growth

If the exemptions on services and sales of newspapers and magazines were repealed in F.Y. 1986-87, $126.6 m in additional revenues would be available to cities and counties on a recurring basis.

IV. COMMENTS:

___________________________________________
Analyst

___________________________________________
Staff Director
The Committee on Finance & Taxation offered the following amendment:

Amendment
On page...ll..., line...3l...

insert: Section 8. Except as otherwise provided herein, this act shall take effect July 1, 1986, or upon becoming a law, whichever occurs later.
Sales Tax Ex. Repeal  

FISCAL IMPACT OF FCB FT 86-5  

<table>
<thead>
<tr>
<th></th>
<th>FY86-87</th>
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<th>FY86-87</th>
<th></th>
<th>FY86-87</th>
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<tbody>
<tr>
<td></td>
<td>Total</td>
<td>GR</td>
<td>Local</td>
<td></td>
<td></td>
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<tr>
<td>Current Law Taxable Sales Tax Rate</td>
<td>$109,332.0</td>
<td>5.0%</td>
<td>$5,466.6</td>
<td>$4,965.7</td>
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<tr>
<td>Current Law Sales Tax</td>
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<tr>
<td>Additional Law Taxable Sales (est.) Tax Rate</td>
<td>$25,392.0</td>
<td>5.0%</td>
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<td></td>
<td>9.2%</td>
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<td>Effective Local Share</td>
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<td>Additional Sales Tax (est.)</td>
<td>$1,269.6</td>
<td>$1,153.3</td>
<td>$116.3</td>
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<tr>
<td>New Taxable Sales Base</td>
<td></td>
<td></td>
<td>$134,724.0</td>
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<tr>
<td>Revenue Neutral Sales Tax Rate</td>
<td></td>
<td>4.06%</td>
<td></td>
<td></td>
<td>8.75%</td>
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<tr>
<td>New Rate Rounded up to nearest .25%</td>
<td></td>
<td>4.25%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Local Govt. %</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>New Total Sales Tax At New Rate Annualized</td>
<td>$5,725.8</td>
<td>$5,224.9</td>
<td>$500.9</td>
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<td>Nonrec. Impact-Ex. Repeal (6 months)</td>
<td>$654.8</td>
<td>$572.3</td>
<td>$62.5</td>
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<tr>
<td>First Year Impact Due to Round-up (5 months)</td>
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<td>$108.0</td>
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<tr>
<td>Total First Year Impact</td>
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<td>$680.3</td>
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<td>$259.2</td>
<td>$0.0</td>
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FIGURES RELATIVE TO OGDEN AMENDMENT
### Bill Action Record

**Committee on Finance & Taxation**

**Meeting Time:** 1:15 4/23

**Place:** Morris Hall

**Bill No.:** PCB 84-5

**Date received:**

**Date Reported:**

---

**Committee Action:**

- Temporarily passed
- Reconsidered
- Favorable
- Favorable with 2 amendments
- Favorable with committee substitute
- Unfavorable

**Other action:**

---

**Final vote on bill**

<table>
<thead>
<tr>
<th>Final vote on bill</th>
<th>Year</th>
<th>Nays</th>
</tr>
</thead>
<tbody>
<tr>
<td>OGDEN, Chairman</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>ARMSTRONG</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>BASS</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>BROWN, T.C.</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>BURKE</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>CASAS</td>
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<td></td>
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<tr>
<td>CLEMENTS</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>DUDLEY</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>EASLEY</td>
<td>✔</td>
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<tr>
<td>JAMERSON</td>
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<tr>
<td>LANGTON</td>
<td>✔</td>
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<tr>
<td>LIBERTI</td>
<td>✔</td>
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<tr>
<td>LOGAN</td>
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<tr>
<td>WATT</td>
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**Totals**

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<tr>
<th>Year</th>
<th>Nays</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>13</td>
</tr>
</tbody>
</table>

---

H-83
A bill to be entitled
Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (a) and (c) of subsection (3) and subsection (4) of section 212.02, Florida Statutes, are amended to read:

(3)(a) "Retail sale" shall mean the sale at retail of tangible personal property or part of a service taxable under this part and includes all such transactions that may be made in lieu of retail sales or sales at retail. A resale must be in strict compliance with the rules and regulations, and any dealer making a sale for resale which is not in strict compliance with the rules and regulations shall himself be liable for and pay the tax. A dealer may, through the informal protest provided for in s. 213.21 and the rules of the Department of Revenue, provide the department with evidence of the exempt status of a sale. The department shall adopt rules to implement this act which shall provide that valid resale certificates and consumer certificates of exemption executed by those dealers or exempt entities which were registered with the department at the time of sales shall be accepted by the department when submitted during the protest period but shall not be accepted in any proceeding under chapter 120 or any circuit court action instituted under chapter 72.

(c) 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 therefrom 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 of materials used, labor or service costs, transportation charges, or any expenses whatsoever.

Section 2. Paragraph (e) is amended and paragraphs (i) and (j) are added to subsection (1) of section 212.05, F.S., 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

CODING: Words stricken are deletions; words underlined are additions.
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:

(e)1. At the rate of 5 percent on charges for all telegraph messages and long distance telephone calls beginning and terminating in this state; on charges for telecommunication service as defined in s. 203.012 and for those services described in s. 203.012(2)(a); on recurring charges to regular subscribers for wired television service; on all charges for the installation of telecommunication, wired television, and telegraphic equipment; and on all charges for electrical power or energy. For purposes of this subparagraph, the term "telecommunication service" does not include local service provided through a pay telephone. The provisions of s. 212.17(3), regarding credit for tax paid on charges subsequently found to be worthless, shall be equally applicable to any tax paid under the provisions of this section on charges for telecommunication or telegraph services or electric power subsequently found to be uncollectible. The word "charges" in this paragraph does not include any excise or similar tax levied by the Federal Government, any political subdivision of the state, or any municipality upon the purchase or sale of telecommunication, wired television, or telegraph service or electric power, which tax is collected by the seller from the purchaser.

CODING: Words stricken are deletions; words underlined are additions.
2. Telegraph messages and telecommunication services
which originate or terminate in this state and are billed to a
customer, telephone number, or device located within this
state are taxable under this paragraph.

3. The tax imposed by this paragraph on charges to any
person for interstate telecommunication services defined in s.
203.012(4) and (7)(b) shall not exceed $50,000 per calendar
year. Charges for services received by a person who is not
the holder of a direct pay permit shall not be subject to the
provisions of the prior sentence. Upon application, the
Department may issue a direct pay permit to the purchaser of
telecommunication services authorizing such purchaser to pay
tax on such services directly to the department. Any vendor
furnishing the telecommunication services described in this
subparagraph to the holder of a valid direct pay permit shall
be relieved of the obligation to collect and remit the tax on
such services. The Department shall adopt reasonable rules
governing the procedures and forms necessary for the
application and issuance of the direct pay permits. The rules
shall require monthly tax payments and returns from the
holders of direct payment permits. For purposes of this
subparagraph, the term “person” shall be limited to a singular
legal entity and shall not be construed as meaning a group or
combination of affiliated entities or of entities controlled
by one person or group of persons.

4. For calendar year 1986, the term “calendar year” in
subparagraph 3 shall mean the last six months of 1986.

(i) At the rate of 5 percent on charges by any beauty
parlor or barber shop for any service provided. Also, at the
rate of 5 percent, dry cleaning establishments and laundries
are required to collect the tax on charges to the customer for

CODING: Words stricken are deletions; words underlined are additions.
dry cleaning and laundry services. Self-service laundries
providing their customers the privilege of using washing
machines for a charge shall be required to collect this tax on
the use of these machines.

(1) Effective July 1, 1987, at the rate of 5 percent
of the consideration for performing or providing any service.

Section 3. Paragraph (a) of subsection (1) is amended
and paragraph (k) is added to subsection (2) of section
212.06, Florida Statutes, 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 purchase, or 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.

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

Section 4. Subsection (1), paragraph (a) of subsection
(2) and paragraph (d) of subsection (7) of section 212.08,
P.S., are amended to read:

CODING: Words stricken are deletions; words underlined are additions.
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 and except candy 7-but-only-when-the-price-at which-such-candy-is-sold-is-25-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)(k) 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

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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.

(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

CODING: Words stricken are deletions; words underlined are additions.
promulgated by the Department of Revenue. Also not exempt
from the tax imposed by this part shall be chlorine when used
for the treatment of water in swimming pools. 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
hygiene 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.

(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, charges by beauty parlors, barber shops, dry
cleaning and laundry establishments 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.

CODING: Words stricken are deletions; words underlined are additions.
Section 5. Effective July 1, 1987, subsection (6) of section 212.08, Florida Statutes, is amended to read:

(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 when payment is made directly to the dealer by the governmental entity. This exemption shall not inure to any transaction otherwise taxable under this chapter when payment is made by a government employee by any means, including, but not limited to, cash, check, or credit card when that employee is subsequently reimbursed by the governmental entity. This exemption does not include sales 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. 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 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 film; and charges for services

CODING: Words striken are deletions; words underlined are additions.
Section 6. Effective July 1, 1987, paragraphs (d) and (e) of subsection (7) of Section 212.08, Florida Statutes, are hereby repealed.

Section 7.

(1) For the purposes of this section, the term "exemption" means transactions specifically exempted from the tax imposed in part I of chapter 212, and transactions not specifically taxed in that part.

(2) Before January 1, 1987, a joint select committee shall be established consisting of six members appointed by the President of the Senate and six members appointed by the Speaker of the House of Representatives to consider the public policy and fiscal impact of the exemptions from the sales tax. The joint select committee members shall elect a chairman. The joint select committee shall meet at the call of the chairman. The appointment, meetings and powers of the select committee shall be pursuant to ss. 11.141, 11.142, and 11.143, Florida Statutes.

(3)(a) The joint select committee shall report to the Legislature prior to the 1987 regular session on the exemptions for services including advertising, and sales of newspapers and magazines. 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:

CODING: Words stricken are deletions; words underlined are additions.
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 joint select committee shall examine the applicability of the use tax and the definition of the tax base of certain service industries.

(4) Prior to the 1988 regular session of the Legislature, the joint select committee shall, using the criteria listed under (3)(a), evaluate all remaining exemptions from the tax imposed under part I of chapter 212. The report shall contain the recommendations of the joint select committee on retaining, modifying or repealing those sales tax exemptions not repealed by this act.

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STATE OF FLORIDA
HOUSE OF REPRESENTATIVES

Prepared 03/17/86
by the Committee on
Finance and Taxation

1986
FISCAL NOTE

PCB FT 86-5
Bill Number
As Amended

STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

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I. DESCRIPTION OF BILL
A. Fund or Tax Affected
   General Revenue Fund
   Local Government Half-cent Sales Tax Clearing Trust Fund
   Sales and Use Tax

B. Principal Agency Affected
   Department of Revenue

C. Narrative Summary
   Section 1: Extends the resale exemption to tangible personal property used while providing a taxable service. Exempts materials from the sales tax that are used for packaging in the process of providing a taxable service.

   Section 2: Last year, the legislature imposed the sales tax on charges for telecommunication services which originate or terminate outside the state. This section provides a $50,000 per calendar year limitation on the amount of sales tax to be paid by users of certain interstate telecommunication services (WATS and private line type services). The limitation is only applicable to charges for services received after the user has received direct pay authority from the department. During 1986, the limitation is $50,000 for the last six months of 1986.

   Imposes the sales tax on service charges at beauty parlors, barber shops, dry cleaners and laundries.

   Imposes a sales tax on all services on July 1, 1987.

   Section 3: Includes in the definition of "dealer" a person who performs a service for a consideration.

   Section 4: Removes the exemption for candy costing 25 cents or less and for chlorine used for the treatment of water in swimming pools. Amends the professional service exemption to tax the services listed in Section 2.

   Section 5: Repeals the exemptions for newspaper sales and radio and television services by July 1, 1987.

   Section 6: Repeals the exemptions for professional services and magazine subscriptions by July 1, 1987.

   Section 7: Establishes a 12 member joint select committee to be appointed by the President of the Senate and Speaker of the House. Before the 1987 Session, the committee is to study and make recommendations on the repeal of the exemptions for services; and for the sales of newspapers and magazines. The evaluation should include the use of certain criteria, and the committee shall examine the applicability of the use tax and the definition of the tax base.

   Prior to the 1988 Session, the committee is to review all remaining exemptions or other transactions that could be subjected to the tax.
In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

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   Local Government Half-cent Sales Tax Clearing Trust Fund
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   Department of Revenue

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   Imposes a sales tax on all services by July 1, 1987.

   Section 2: Includes in the definition of "dealer" a person who performs a service for a consideration, effective July 1, 1987.

   Section 3: Removes the exemption for candy costing 25 cents or less and for chlorine used for the treatment of water in swimming pools by July 1, 1987.

   Section 4: Repeals the exemptions for professional services and magazine subscriptions by July 1, 1987.

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   Prior to the 1988 Session, the committee is to review all remaining exemptions or other transactions that could be subjected to the tax.
In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

STATE & LOCAL GOVERNMENT IMPACT

I. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS
A. Non-Recurring or First Year Start-up Effects
   None

B. Recurring or Annualized Continuation Effects
   The bill repeals the current sales tax exemptions for all services, including advertising, pool chlorine, inexpensive candy and the sales of newspapers and magazines on July 1, 1987.

   Although the repeal of these exemptions will not affect state revenues until F.Y. 1987-88, repeal in F.Y. 1986-87, would generate at least an additional $1,178.7 m on a recurring basis. This is a conservative estimate because reliable estimates for a number of exemptions are not available (e.g. insurance agents).

   For F.Y. 1986-87 the limitation on the telecommunication's sales tax causes a loss to General Revenue of ($3.5 m).

C. Long Run Effects other than Normal Growth
   None

D. Appropriations Consequences/Source of Funds
   None

II. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE
A. Non-Recurring or First Year Start-up Effects
   None

B. Recurring or Annualized Continuation Effects
   If the exemptions for services, advertising, and sales of newspapers and magazines were repealed in F.Y. 1986-87, $126.6 m in additional revenues would be available to cities and counties on a recurring basis.

   For F.Y. 1986-87 the limitation on the telecommunication's sales tax causes a loss to local governments of ($4.4 m).

C. Long Run Effects other than Normal Growth
   None

COMMENTS:
To assure a high level of initial compliance, a substantial study by the Department of Revenue needs to be funded. This study should include a large scale effort to help refine the revenue estimates, identification and pre-registration of new sales tax dealers, and should also include the preliminary work necessary to design the new forms and computer software which will be necessary to implement the provisions of this act.

__________________________________________
Analyst

__________________________________________
Staff Director
A bill to be entitled
An act relating to tax on sales, use and other
transactions; amending ss. 212.05 and 212.06,
F.S.; providing a limitation on the tax on
charges for certain interstate
telecommunication services; providing for
direct pay permits and excepting persons who do
not hold such a permit from said limitation;
providing for application of the tax to
provision of services; amending s. 212.08,
F.S., and repealing paragraphs (7)(d) and (e)
thereof; removing the exemption for candy;
providing that chlorine used for treatment of
swimming pools is subject to tax; removing the
exemptions for newspapers, magazines, and
professional services; providing for a joint
select committee to consider sales tax
exemptions; providing for reports; providing
effective dates.

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

Section 1. Paragraph (e) of subsection (1) of section
212.05, Florida Statutes, is amended, and, effective July 1,
1987, paragraph (i) 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:

(e)1. At the rate of 5 percent on charges for all telegraph messages and long distance telephone calls beginning and terminating in this state; on charges for telecommunication service as defined in s. 203.012 and for those services described in s. 203.012(2)(a); on recurring charges to regular subscribers for wired television service; on all charges for the installation of telecommunication, wired television, and telegraphic equipment; and on all charges for electrical power or energy. For purposes of this subparagraph, the term "telecommunication service" does not include local service provided through a pay telephone. The provisions of s. 212.17(3), regarding credit for tax paid on charges subsequently found to be worthless, shall be equally applicable to any tax paid under the provisions of this section on charges for telecommunication or telegraph services or electric power subsequently found to be uncollectible. The word "charges" in this paragraph does not include any excise or similar tax levied by the Federal Government, any political subdivision of the state, or any municipality upon the purchase or sale of telecommunication, wired television, or telegraph service or electric power, which tax is collected by the seller from the purchaser.

2. Telegraph messages and telecommunication services which originate or terminate in this state and are billed to a 2

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3. Except for charges for services received by a person who is not the holder of a direct pay permit, the tax imposed by this paragraph on charges to any person for interstate telecommunication services defined in s. 203.012(4) and (7)(b) shall not exceed $50,000 per calendar year. Upon application, the department may issue a direct pay permit to the purchaser of telecommunication services authorizing such purchaser to pay tax on such services directly to the department. Any vendor furnishing the telecommunication services described in this subparagraph to the holder of a valid direct pay permit shall be relieved of the obligation to collect and remit the tax on such services. The department shall adopt reasonable rules governing the procedures and forms necessary for the application and issuance of the direct pay permits. The rules shall require monthly tax payments and returns from the holders of direct pay permits. For purposes of this subparagraph, the term "person" shall be limited to a single legal entity and shall not be construed as meaning a group or combination of affiliated entities or of entities controlled by one person or group of persons. For purposes of this subparagraph, for calendar year 1986, the term "calendar year" means the last 6 months of 1986.

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

Section 2. Effective July 1, 1987, paragraph (k) is added to subsection (2) of section 212.06, Florida Statutes, to read:

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

(2)

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

Section 3. Effective July 1, 1987, subsection (1), paragraph (a) of subsection (2), and subsection (6) of section 212.08, Florida Statutes, 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-25-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)(k) 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 1

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bakey 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.
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. Also not exempt from the tax imposed by this part shall be chlorine when used for the treatment of water in swimming pools. 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 hygiene products, including, but not limited to, sanitary panties, sanitary belts, sanitary napkins, and tampons; and funeral personal property used by them in their business.

(b) 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 when payment is made directly to the dealer by the governmental entity. This exemption shall not inure to any transaction otherwise taxable under this chapter when payment is made by a government employee by any means, including, but not limited to, cash, check, or credit card when that employee is subsequently reimbursed by the governmental entity. This exemption does not include sales 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. 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 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; tape charges; license fees; or license fees and charges for films; video-tapes; and transcriptions used in producing radio or television broadcasts.

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Section 4. Effective July 1, 1987, paragraphs (d) and 
(e) of subsection (7) of section 212.08, Florida Statutes, are 
hereby repealed.

Section 5. (1) 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 January 1, 1987, a joint select committee 
shall be established consisting of six members appointed by 
the President of the Senate and six members appointed by the 
Speaker of the House of Representatives to consider the public 
policy and fiscal impact of the exemptions from the sales tax. 
The joint select committee shall elect a chair.

The appointment, meetings, and powers of the committee shall 
be pursuant to ss. 11.141, 11.142, and 11.143, Florida 
Statutes.

(3)(a) The joint select committee shall report to the 
Legislature prior to the 1987 regular session on the 
exemptions for services, including advertising, and sales of 
newspapers and magazines. 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 joint select committee shall 
examine the applicability of the use tax and the definition of 
the tax base of certain service industries, and shall include 
its recommendations in the report submitted pursuant to 
paragraph (a).

(4) Prior to the 1988 regular session of the 
Legislature, the joint select committee 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 
containing its recommendations on retaining, modifying or 
repealing those sales tax exemptions not repealed by this act.

Section 6. Except as otherwise provided herein, this 
act shall take effect July 1, 1986, or upon becoming a law, 
whichever occurs later.
HOUSE SUMMARY

Provides a limitation on the sales tax on charges for certain interstate telecommunication services. Provides for direct pay permits and excepts persons who do not hold such a permit from said limitation. Provides for application of the sales tax to provision of services. Removes the exemption for candy. Provides that chlorine used for treatment of swimming pools is subject to the tax. Removes the exemptions for newspapers, magazines, and professional services. Provides for a joint select committee to consider sales tax exemptions.
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
hygiene-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.

(c) Chlorine shall not be exempt from the tax imposed
by this part 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 sales
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
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 film and charges-for
services-rendered-byradio-and-television-stations-including
rental-fees-royalty-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)(i) 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.--423:02; 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, 159.31, 159.708,
163.385, 163.395, 215.76, 243.33, 258.14, 315.11, 323.15(6);
348.65, 348.762, 349.13, 374.132, 403.1834, 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. 12, ch. 30927, 1955; s. 8, ch. 31179, 1955; s.
15, ch. 31263, 1955; s. 13, ch. 31343, 1955; s. 16, ch. 59-
1653; s. 13, ch. 59-1356; s. 12, ch. 61-2261; s. 19, ch. 61-
2754; s. 10, ch. 61-2686; s. 11, ch. 63-1643; s. 11, ch. 65-
1274; s. 16, ch. 67-1446; and s. 10, ch. 67-1681.

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-ff-of chapter 212 or under chapter 220.

Section 7. Subsection (1) of section 212.12, Florida
Statutes, is amended to read:
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 8. Subsections (5), (6), (7), and (8) of section 212.031, Florida Statutes, paragraph (a) of subsection (2) of section 212.04, Florida Statutes, paragraphs (d), (e), (f), (n), (o), (p), and (q) of subsection (7), and subsections (10) and (11) of section 212.08, Florida Statutes, and section 212.096, Florida Statutes, and paragraphs (g) and (h) of subsection (5) and subsection (15) of section 212.08, Florida Statutes, as amended by chapters 84-356 and 85-342, Laws of Florida, are repealed July 1, 1987.

Section 9. (1) 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 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.

Section 10. Except as otherwise provided herein, this act shall take effect July 1, 1986, or upon becoming a law, whichever occurs later.
The Conference Committee on CS/HB 1307 .................

offered the following title amendment:

Amendment

On page...1..., lines 2 - 18,

strike all of said lines

and insert:

A bill to be entitled

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), (10), (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.
CONFERENCE COMMITTEE REPORT ON CS/HB 1307

June 6, 1986

The Honorable James Harold Thompson
Speaker
House of Representatives

The Honorable Harry A. Johnston, II.
President of the Senate

Dear Sirs:

Your Conference Committee on the disagreeing votes of the two Houses to Committee Substitute to House Bill 1307 same being:

An act relating to tax on sales, use and other transactions; amending ss. 212.02, 212.05 and 212.06, F.S.; providing for application of the tax to provision of barber shop, beauty parlor, laundry, dry cleaning, certain pet grooming and other services; amending s. 212.08, F.S., and repealing paragraphs (7)(d) and (e) thereof; removing the exemption for candy; providing that chlorine used for treatment of swimming pools is subject to tax; removing the exemptions for newspapers, magazines, and professional services; amending s. 212.12, F.S.; providing for application of the dealer's credit to dealers providing certain services; providing for a joint select committee to consider sales tax exemptions; providing for reports; providing effective dates.

having met, and after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the Senate and the House of Representatives adopt the Conference Committee amendments attached hereto, and by reference made a part of this report, and pass CS/HB 1307 as amended by this report.

CARL COBORN, Chairman

JOHN MILLS

JAMES C. BURKE

BRUCE MCEWAN

MANAGERS ON THE PART OF THE HOUSE OF REPRESENTATIVES

ROBERT B. CRAWFORD, Chairman

KENNETH C. JENKINS

ZACH MARGOLIS

BOB JOHNSON

MANAGERS ON THE PART OF THE SENATE
MINORITY REPORT TO SALES TAX EXEMPTION REVIEW

It is my belief that the Senate should review each sales tax exemption to determine whether a present public interest exists in continuing any sales tax exemption.

The Senate President should appoint an interim study committee to study these issues. History has shown that the reports of independent study commissions are greatly ignored. The ultimate decision will be made by the elected Legislators, and we should face that fact at this time.

BOB JOHNSON
Senator, District 25
The Conference Committee on CS/HB 1307 offered the following amendment:

Amendment

On page 1, line 22:
strike everything after the enacting clause

and insert:

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)

(c) The terms "retail sales," "sale at retail," "use," "storage," and "consumption" do not include materials, containers, labels, sacks, or bags intended to be used 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
therefrom 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 and 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:

(g) "Lease," "let," or "rental" also means the leasing
or rental of tangible personal property and the possession or
use thereof by 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 other; for use
in-providing-or-furnishing-any-of-the-services-mentioned-in-
167.431—the-term—lease—or—rental—means-only-the-net
amount-of-rental-involved—the-term—lease—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(6).
4. Recreational property or the common elements of a
condominium to the extent provided in s. 212.03(1).
(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, charges,
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. 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 s.
170(c) of the Internal Revenue Code of 1954, as amended, to
live performances of ballet, dance, or choral performances,
concerts (instrumental and vocal), plays (with and without
music), operas, and readings; ocean science centers; museums
of science, historical museums; botanical and zoological
gardens; and exhibitions of paintings; sculpture; photography;
and graphic 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)1.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.b. 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 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).

27.—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 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 90 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 is licensed;

   b.—Or documented the boat outside the state;

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

   d.—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-6-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.212.12(2)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 lessor;
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 Industrial Classification Manual as published by
the Executive Office of the President, Office of Management
and Budget.

(i) 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 purchase, or 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-is-using-his-own-equipment-and-his
own-personnel-for-his-own-account-as-a-producer;
subproducer,-or-coproducer-of-video-tapes-or-motion-pictures
prepared-for-showing-on-screens-or-through-television,-for
either-theatrical,-commercial,-advertising,-or-educational
purposes.--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.

(5)(a) It is not the intention of this chapter to levy
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 1 of this chapter.
(1) EXEMPTIONS; GENERAL GROCERIES.—There are exempt
from the tax imposed by this chapter food and drinks for human
consumption except and candy— but- only when the price at which
such candy is sold is 25-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)(h+k) 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
SALES TAX EXEMPTION BILL

CS/HB 1307

Repealed in F.Y. 1986-87
(Effective July 1, 1986)

Laundry, dry cleaners, linen supply, garment pressing, carpet & upholstery cleaning, industrial launderers, pool chlorine, candy less than 25c.

Sunset in F.Y. 1987-88
(Effective July 1, 1987)

All services including advertising; sales of newspapers and magazine subscriptions; per diem & mileage charges by railroad companies; charges for admission onto fishing boats; charges for admission to cultural events; condominium recreational leases, merchants' associations, trade show subleases, midway operator leases, movie theater space rental; charges for admission to school events, non-profit organization events or superbowl; dues & membership fees imposed by non-profit organizations; sales of boats to out-of-state residents; certain motor vehicle lease charges; production of video tapes & motion pictures; labor costs of factory-built houses; radio & t.v. broadcasting charges; feminine hygiene products; job creation credit, building materials, business & electricity used in enterprise zones; purchases by volunteer fire departments; resource recovery equipments by local governments; solar energy equipment; state theater purchases; partial exemption on car sales to non-residents; partial exemption of flyable aircrafts, various public authorities including their revenue bonds.

Method of Review:

All exemptions sunset in 1987 and the exemptions from the cigarette tax are to be reviewed using certain criteria before the 1987 Session by a 21-member review commission. Before October 1, the President of the Senate appoints 8 members, including at least 3 Senators, the Speaker of the House appoints 8 members, including at least 3 Representatives, and the Governor appoints 5 members to the Commission. The Commission is to use the criteria to review all remaining exemptions prior to the 1988 Legislative Session.

Fiscal Impact:
(State: 90.3%)
(Local Govt's: 9.7%)

The repeal of the exemptions for dry cleaners, laundries, pool chlorine & inexpensive candy would generate $18.6 m ($16.8 m for G. R.) on an annualized basis. All the exemptions sunset on July 1, 1987, would generate $1,332.2 m ($1,208.3 m for G.R.) for F.Y. 1986-87 assuming full implementation. The first year G.R. impact is $13.5 m.

Effective Dates:
The Commission is to report on the exemptions sunset to the 1987 Legislature and on the remaining exemptions to the 1988 Legislature.

CW/laah
6/10/86
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<thead>
<tr>
<th>Repealed in</th>
<th>As Passed by the Senate</th>
<th>As Introduced</th>
<th>As Passed by Finance &amp; Tax</th>
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<td>1987-88</td>
<td>None</td>
<td>Beauty parlors &amp; barber shops</td>
<td>All services including advertising, sales of newspapers and magazines</td>
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<td></td>
<td>Per diem &amp; mileage charges by railroad companies; charges for admission onto fishing boats; charges for admission to cultural events; condominium recreational leases; merchants' associations, trade show sub-leases, midway operator leases, movie theater space rental; charges for admission to school events, non-profit organization events or super bowl; dues &amp; membership fees imposed by non-profit organizations; sales of boats to out-of-state residents; charges for motion picture rental when admission is taxed; certain motor vehicle lease charges; production of video tapes &amp; motion pictures; labor costs of factory-built houses; radio &amp; t.v. broadcasting charges; candy less than 25¢; feminine hygiene products; funerals; job creation credit; building materials, business &amp; electricity used in enterprise zones; purchases by governments; professional services excluding medical services; magazines and newspapers; purchases by volunteer fire departments; flags &amp; artificial commemorative flowers; crab bait; prepared meals by certain non-profit organizations; resource recovery equipments by local governments; solar energy equipment; state theater purchases; purchases by Florida Retired Educators' Association; partial exemption on car sales to non-residents; partial exemption of flyable aircrafts</td>
<td>Laundry &amp; dry cleaners; Pool chlorine; Candy less than 25¢</td>
<td>None</td>
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<tr>
<td>Method of Review:</td>
<td>As Passed by the Senate CS/38 46</td>
<td>As Introduced PCB FT 86-5</td>
<td>As Passed by Finance &amp; Tax PCBFT 86-5</td>
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<td>15 member review commission</td>
<td>All services and sales of newspapers &amp; magazines are to be reviewed using certain criteria before the 1987 Session by a 12-member joint committee of the House &amp; Senate. The committee is to use the criteria to review all other exemptions prior to the 1988 Legislative Session.</td>
<td>Same</td>
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</tbody>
</table>

| Fiscal Impact: (State: 90.3%) (Local Govt's: 9.7%) | If all exemptions were repealed in the bill were repealed and none added the Senate Bill would generate $910 m ($821.7 m for G.R.) in F.Y. 1986-87 (assuming full implementation). | The repeal of beauty parlors, barber shops, dry cleaners, laundries, pool chlorines and inexpensive candy would generate $35.7 m ($32.2 m for G.R.) on an annualized basis. All the remaining services and sales of newspapers & magazines would generate $1,269.6 m ($1146.4 m for G.R.) for F.Y. 1986-87 assuming full implementation. | If all services, sales of newspapers & magazines, pool chlorines & inexpensive candy were repealed in 1986-87, and could be immediately administered effectively, the repeal would generate $1,305.3 m ($1178.7 m for G.R.). |

| Effective Dates: | The Commission is to report to the 1987 Session of the Legislature. Exemptions are scheduled to be repealed by July 1, 1987. | The committee is to report to the 1987 Legislature on services including advertising & sales of newspapers & magazines. These exemptions are scheduled to be repealed by July 1, 1987. | The committee is to report to the 1987 Legislature on services including advertising and sales of newspapers & magazines. These exemptions are scheduled to be repealed by July 1, 1987. |

CW/leh
4/4/86
SALES TAX EXEMPTION BILL

HB 1307
As Passed by Appropriations Committee

Repealed in
F.Y. 1986-87:

Beauty parlors, barber shops, hairdressers,
Laundry, dry cleaner, linen supply, garment
pressing, carpet & upholstery cleaning,
Industrial launderers, pool chlorine,
Candy less than 25¢, Services by pet
shops not performed by or under the
supervision of veterinarians.

Sunset in
F.Y. 1987-88

All services including advertising; sales
of newspapers & magazines

Method of
Review:

All services, except those repealed in
F.Y. 1986-87, and sales of newspapers
& magazines are to be reviewed using
certain criteria before the 1987 Session
by a 12-member joint committee of the
House & Senate. The committee is to use
the criteria to review all other exemptions
prior to the 1988 Legislative Session.

Fiscal Impact:
(State: 90.3%)
(Local: Gov't: 9.7%)

The repeal of beauty parlors, barber
shops, dry cleaners, laundries, pool
chlorine & inexpensive candy would
generate $35.7 m ($32.2 m for G.R.)
on an annualized basis. All the remaining
services and sales of newspapers and
magazines would generate $1,269.6 m
($1146.4 m for G.R.) for F.Y. 1986-87
assuming full implementation.
The first year G.R. impact is $25.9 m.

Effective Dates:
The committee is to report to the 1987
Legislature on services including
advertising and sales of newspapers
& magazines. These exemptions are
scheduled to be repealed by July 1,
1987.

As Passed by Finance & Tax
HB 1307

None

All services including advertising,
Beauty parlors & barber shops, laundry
& dry cleaning; pool cleaning; pool
chlorine; candy less than 25¢; sales
of newspapers & magazines

Same

If all services, sales of newspapers &
magazines, pool chlorine & inexpensive
candy were repealed in 1986-87, and
could be immediately administered
effectively, the repeal would generate
$1,305.3 m ($1,178.7 m for G.R.).

The committee is to report to the 1987
Legislature on services including
advertising and sales of newspapers
& magazines. These exemptions are
scheduled to be repealed by July 1,
1987.

CW/iah
5/19/86
## COMPARISON OF SALES TAX EXEMPTION BILLS

<table>
<thead>
<tr>
<th>CS/HB 1307</th>
<th>CS/SB 46</th>
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<tr>
<td><strong>As Passed by the House</strong></td>
<td><strong>As Passed by the Senate</strong></td>
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</table>

### Repealed in F.V. 1986-87:
- Beauty parlors, barber shops, hairdressers, laundry, dry cleaners, linen supply, garment pressing, carpet & upholstery cleaning, industrial launderers, pool chlorine, candy less than 25¢, services by pet shops not performed by or under the supervision of veterinarians.

### Sunset in F.V. 1987-88:
- All services including advertising; sales of newspapers & magazines

### Per diem & mileage charges by railroad companies; charges for admission onto fishing boats; charges for admission to cultural events; condominium recreational leases, merchants' associations, trade show subleases, midway operator leases, movie theater space rental; charges for admission to school events, non-profit organization events or superbowl; dues & membership fees imposed by non-profit organizations; sales of boats to out-of-state residents; charges for motion picture rental when admission is taxed; certain motor vehicle lease charges; production of video tapes & motion pictures; labor costs of factory-built houses; radio & t.v. broadcasting charges candy less than 25¢; feminine hygiene products; funerals; job creation credit; building materials, business & electricity used in enterprise zones; purchases by governments; professional services excluding medical services; magazines & newspapers; purchases by volunteer fire departments; flags & artificial commemorative flowers; crab bait; prepared meals by certain non-profit organizations; resource recovery equipments by local governments; solar energy equipment; state theater purchases; purchases by Florida Retired Educators' Association; partial exemption on car sales to non-residents; partial exemption of flyable aircrafts
COMPARISON OF SALES TAX EXEMPTION BILLS

CS/HB 1307
As Passed by the House

Method of Review:
All services, except those repealed in F.Y. 1986-87, and sales of newspapers & magazines are to be reviewed using certain criteria before the 1987 Session by a 12-member joint committee of the House & Senate. The committee is to use the criteria to review all other exemptions prior to the 1988 Legislative Session.

Fiscal Impact:
(State: 90.3%) (Local Govt's: 9.7%)
The repeal of beauty parlors, barber shops, dry cleaners, laundries, pool chlorine & inexpensive candy would generate $35.7 m ($32.2 m for G.R.) on an annualized basis. All the remaining services and sales of newspapers and magazines would generate $1,269.6 m ($1,146.4 m for G.R.) for F.Y. 1986-87 assuming full implementation. The first year G.R. impact is $25.9 m.

Effective Dates:
The committee is to report to the 1987 Legislature on services including advertising and sales of newspapers & magazines. These exemptions are scheduled to be repealed by July 1, 1987.

CS/SB 46
As Passed by the Senate

15 member review commission
The commission is to review the exemptions repealed in the act, and the exemptions from the cigarette tax.

If all exemptions repealed in the bill were repealed, the Senate Bill would generate $910 m. ($821.7 m for G.R.) in F.Y. 1986-87 (assuming full implementation).

The Commission is to report to the 1987 Session of the Legislature. Exemptions are scheduled to be repealed by July 1, 1987.

CW/iah
5/28/86
H 1304 GENERAL BILL by Retirement, Personnel & Collective Bargaining; Young (Similar ENG/S 703, Compare ENG/B 1381, ENG/G 948)
Retirement/FBS: permits retirees of state administered retirement systems to have expired retirement warrants honored under certain circumstances; deletes prohibition of using military credit in only one retirement system, & creates definition of termination of employment; permits former members of Highway Patrol Pension System to receive special risk credit for prior service, etc. Amends Ch. 17, 121, 122, 238, 321. Appropriation. Effective Date: 10/01/86.
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 239
05/25/86 HOUSE Subreferred to Subcommittees on State Employee Benefits
05/30/86 HOUSE On Committee agenda— Appropriations, 06/02/86, 8:00 am, Morris Hall— For ratification of subreferral
06/07/86 HOUSE Died in Committee on Appropriations, Iden./Sim./ Compare bill passed, refer to SB 946 (Ch. 86-255) & HB 1381 (Ch. 86-168)

H 1305 JOINT RESOLUTION/ENG by Finance & Taxation; T.C. Brown; Easley; Libert; Dudley; Stewart; Grant; Crotty and others (Similar H 546, CB/CS/CS/S 54)
Homestead Tax Exemption—$5,000; constitutional amendment to provide that homestead tax exemption shall be changed from $25,000 to $5,000, plus one-half of assessed value over $5,000, total exemption not to exceed $25,000. Amends s. 6, Art. VII, s. 20, Art. XII.
04/30/86 HOUSE T Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 239
05/06/86 HOUSE On Committee agenda— Appropriations, 06/06/86, 8:00 am, Morris Hall— Public testimony only
05/25/86 HOUSE On Committee agenda— Appropriations, 06/26/86, 3:00 pm, Morris Hall
05/29/86 HOUSE Preliminary Committee Action by Appropriations: Favorable, to Rules and Calendar; Favorable by Appropriations, placed on Calendar — HJ 606
06/30/86 HOUSE Placed on Special Order Calendar; Read second time — HJ 640
06/02/86 HOUSE Read a third time; Amendment adopted; Passed as amended; YEAS 99 NAYS 17 — HJ 683
06/02/86 SENATE In Messages
06/03/86 SENATE Received, referred to Finance, Taxation and Claims; Appropriations; Rules and Calendar
06/06/86 SENATE Withdrawn from Finance, Taxation and Claims; Appropriations; Rules and Calendar — SJ 803; Substituted for CS/CS/CS/SJ 58
06/06/86 SENATE Ordered enrolled
06/27/86 SENATE Signed by Officers and filed with Secretary of State

H 1306 GENERAL BILL by Community Affairs; Martín (Similar S 1171)
Solid & Hazardous Waste Management: provides for certain transfers to Water Quality Assurance; revises penalties and causing pollution, failing to obtain certain permits, violating certain rules, making certain false statements, or tampering with certain devices or methods; creates Solid Waste Management Grant Program to assist units of local government, etc. Amends Ch. 377, 377.41, 403.161, 709.725, 725.28; Appropriation: $400,000. Effective Date: 01/01/87.
04/20/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 239
05/13/86 HOUSE Withdrawn from Appropriations, referred to Finance & Appropriations — Appropriations — HJ 371
05/20/86 HOUSE On Committee agenda— Finance and Taxation, 05/22/86, 3:30 pm, Morris Hall— Temporarily passed
06/07/86 HOUSE Died in Committee on Finance & Taxation

H 1307 GENERAL BILL/CS/ENG by Appropriations; Finance & Taxation; Mills; Ogden; Morgan; Bell (Compare CS/H 198, CS/H 222, CS/ENG/S 46, S 154, S 158, S 209, CS/ENG/S 314, S 645)
Sales Tax Exemptions: repeals certain sales tax exemptions; provides for taxing certain transactions; provides for future amendments to potential sales tax exemptions; creates commission to review certain tax exemptions; provides for membership, staffing, & location of commission; provides for travel & per diem expenses; provides for legislative review. Amends Ch. 212.02, 031.06, 06.06, 08.12, 288.385. Effective Date: 07/01/86 except as otherwise provided.
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 239
05/13/86 HOUSE On Committee agenda— Appropriations, 05/15/86, 9:00 am, Morris Hall— Favorable
05/15/86 HOUSE Preliminary Committee Action by Appropriations: Favorable, as a Committee Substitute, to Calendar
05/19/86 HOUSE Committee Report: CS by Appropriations, placed on Calendar — HJ 447
05/21/86 HOUSE Placed on Special Order Calendar; Read first and second times — HJ 480; Read third time; CS passed; YEAS 86 NAYS 7 — HJ 483
05/22/86 HOUSE Immediately certified — HJ 492
05/22/86 SENATE In Messages

H 1307 (CONTINUED)
06/28/86 SENATE Received — SJ 449; CS passed as amended; YEAS 35 NAYS 1 — SJ 458; Reconsidered; CS passed as amended; YEAS 31 NAYS 0 — SJ 458
06/29/86 SENATE In Messages— Referred to concur, requests Senate recode/appoint Conference Comm. — HJ 588
06/29/86 SENATE In Messages— Referred to schedule; Conference Committee appointed: Crawford, Chairman; Jenne, Margolis, Snell — SJ 491
06/30/86 HOUSE In Messages— Referred to schedule; Conference Committee appointed: Ogden, Mills, Burke, McKean — HJ 612
06/06/86 HOUSE Conference Committee Report received — HJ 1149; Conference Committee Report adopted; Passed as amended by Conference Committee Report; YEAS 88 NAYS 25 — HJ 1154
06/06/86 SENATE In Messages— Conference Committee Report received — SJ 599; Conference Committee Report adopted; Passed as amended by Conference Committee Report; YEAS 30 NAYS 7 — SJ 903
06/06/86 Signed by Officers and presented to Governor
06/27/86 Ordered engrossed, then enrolled

H 1308—GENERAL BILL/CS by Judiciary; Commerce; Bankhead; Burnsed (Compare CS/S 709, ENG/H 717, CB/CS/CS/S 835, S 646, CS/ENG/S 626, CS/B 1212)
Workers' Compensation: prohibits involuntary advance of wage-loss benefits; revises provisions re notice & report to Subcommittees on General Government; prohibits determination of death, provides circumstances under which lump-sum payments may be made to include premedical care, treatment, care, & attendance; provides for set-off against compensation benefits for amount recovered from third-party tortfeasor; creates Workers' Compensation Appellate Study Commission, etc. Amends Chs. 465, 180, 30, 214C. Effective Date: Upon becoming law, except as otherwise provided.
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced; Not referred — HJ 240
05/06/86 HOUSE Referred to Judiciary; Appropriations — HJ 299; On Committee agenda—Judiciary, 05/12/86, 3:30 pm, 214C
05/12/86 HOUSE Preliminary Committee Action by Judiciary: Favorable, as a Committee Substitute
06/22/86 HOUSE Comm. Report: CS by Judiciary — HJ 501; Now in Appropriations
06/07/86 HOUSE Died in Committee on Appropriations, Iden./Sim./Compare bill passed, refer to CS/SS 626 (Ch. 86-171)

H 1309 RESOLUTION by B.L. Johnson (Similar S 1163)
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Education, K — 12 — HJ 240
05/28/86 HOUSE Withdrawn from Education, K — 12 — HJ 570; Placed on Calendar
06/30/86 HOUSE Read second time; Adopted — HJ 651

H 1310 GENERAL BILL by Natural Resources; Ward and others (Compare CS/H 1394, S 434, CB/CS/CS/ENG/S 607, S 684)
Environmental Protection/Pollution: amends provisions re purpose of Air & Water Pollution Control Act; revises provisions re fees for permitting of installations which will be pollution source; revises authorized uses of pollution adoption; revises provisions re authority of D.E.R. to make loans to local government agencies for construction of sewage treatment facilities & land acquisition, etc. Amends Ch. 405. Effective Date: 10/01/86.
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 240
05/19/86 HOUSE Withdrawn from Appropriations — HJ 443; Placed on Calendar
06/20/86 HOUSE Withdrawn from Calendar, recommitted to Appropriations — HJ 458; On Committee agenda— Appropriations, 05/22/86, 1:30 pm, Morris Hall— Temporarily passed
06/07/86 HOUSE Died in Committee on Appropriations, Iden./Sim./Compare bill passed, refer to CS/CS/SS 607 (Ch. 86-186)

H 1311 GENERAL BILL by Health Care & Insurance; Figg
Public Health/H.R.S.; Responsibility; changes certain duties of H.R.S. re public health; deletes Sanitary Code of Fla.; changes certain enforcement powers of dept.; repeals provisions re rules, analysis by dept. of human or animal bodies, & duty of dept. re contagious or infectious diseases; creates study committee to make recommendations re state plumbing code, etc. Amends F.S. Effective Date: 10/01/86, except as otherwise provided.
04/30/86 HOUSE Filed
05/02/86 HOUSE Introduced, referred to Appropriations — HJ 240
06/12/86 HOUSE Withdrawn from Appropriations — HJ 443; Placed on Calendar
05/14/86 HOUSE Placed on Special Order Calendar; Read second time — HJ 409
06/19/86 HOUSE Read third time; Passed; YEAS 115 NAYS 0 — HJ 432

(CONTINUED ON NEXT PAGE)
In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

I. DESCRIPTION OF BILL
   A. Fund or Tax Affected
      General Revenue Fund
      Local Government Half-cent Sales Tax Clearing Trust Fund
      Sales and Use Tax

   B. Principal Agency Affected
      Department of Revenue

   C. Narrative Summary
      In F.Y. 1986-87 the bill repeals the following sales tax exemptions:
      Laundry, dry cleaners, linen supply, garment pressing, carpet & upholstery cleaning, industrial launderers, pool chlorine, candy less than 25c.
      In F.Y. 1987-88 the following sales tax exemptions are sunset:
      All services including advertising; sales of newspapers and magazine subscriptions; per diem and mileage charges by railroad companies; charges for admission onto fishing boats; charges for admission to cultural events; condominium recreational leases, merchants' associations, trade show subleases, midway operator leases, movie theater space rental; charges for admission to school events, non-profit organization events or superbowl; dues and membership fees imposed by non-profit organizations; sales of boats to out-of-state residents; certain motor vehicle lease charges; production of video tapes and motion pictures; labor costs of factory-built houses; radio and t.v. broadcasting charges; feminine hygiene products; job creation credit, building materials, business and electricity used in enterprise zones; purchases by volunteer fire departments; resource recovery equipments by local governments; solar energy equipment; state theater purchases; partial exemption on car sales to non-residents; partial exemption of flyable aircraft; various public authorities including their revenue bonds.
      All exemptions sunset in 1987 and the exemptions from the cigarette tax are to be reviewed using certain criteria before the 1987 Session by a 21-member review commission. Before October 1, 1986, the President of the Senate appoints 8 members, including at least 3 Senators, the Speaker of the House appoints 8 members, including at least 3 Representatives, and the Governor appoints 5 members to the Commission. The Commission is to use the criteria to review all remaining exemptions prior to the 1988 Legislative Session.
      Packing materials used while providing a taxable service are specifically exempt from the sales tax. The bill also includes dealers providing a taxable service in the list of businesses eligible for the dealer collection allowance.

Analyst

Staff Director

86h1307pa3
STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

II. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS

A. Non-Recurring or First Year Start-up Effects

For F.Y. 1986-87 the following revenues to G.R. are expected:

- Laundry and dry cleaning ..... $ 13.1 m
- Pool chlorine .................. .3 m
- Candy less than 25c .......... .1 m

Total ........................ $ 13.5 m

B. Recurring or Annualized Continuation Effects

On an annualized basis with full compliance, the following revenues to G.R. are estimated:

- Laundry and dry cleaning ..... $ 16.4 m
- Pool chlorine .................. .3 m
- Candy less than 25c .......... .1 m

Total ........................ $ 16.8 m

Although the repeal of the sunset exemptions will not affect state revenues until F.Y. 1987-88, repeal in F.Y. 1986-87 would generate at least an additional $1,208.3 m to General Revenue on a recurring basis. This is a conservative estimate because reliable estimates for a number of exemptions are not available.

C. Long Run Effects other than Normal Growth

The Commission is to review the exemptions from the cigarette tax prior to the 1987 Session, and the remaining exemptions from the sales tax prior to the 1988 Session.

For F.Y. 1986-87, the exemptions from the cigarette tax are estimated to yield the following revenues to G.R.:

- Cigarettes sold at federal installations ..... $ 10.3 m
- Cigarettes sold on Indian reservations ...... $ 6.6 m

For F.Y. 1986-87, all the exemptions from the sales tax to be reviewed prior to the 1988 Session are estimated to yield $1,725.3 m to General Revenue.

D. Appropriations Consequences/Source of Funds

$300,000 has been appropriated to finance the Commission, a study for more reliable estimates, and pre-registration and education of service businesses.

Analyst

Staff Director
STATE & LOCAL GOVERNMENT IMPACT

In compliance with Rule 7.16, there is hereby submitted a fiscal note on the above listed bill relative to the effect on revenues, expenditures, or fiscal liability of the State, and of Local Governments as a whole.

III. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE

A. Non-Recurring or First Year Start-up Effects
   For F.Y. 1986-87 the following revenues are expected:

   Laundry and dry cleaning .... $ 1.4 m
   All others .................. Insig.
   Total ....................... $ 1.4 m

B. Recurring or Annualized Continuation Effects
   On an annualized basis, the following revenues are expected to occur to local governments:

   Laundry and dry cleaning .... $ 1.8 m
   All others .................. Insig.
   Total ....................... $ 1.8 m

   Although the repeal of the sunset exemptions will not affect local governments' revenues until 1987-88, a repeal in F.Y. 1986-87 would generate about $124.9 m.

C. Long Run Effects other than Normal Growth
   The Commission is to review the exemptions from the cigarette tax prior to the 1987 Session and the remaining exemptions from the sales tax prior to the 1988 Session.

   For F.Y. 1986-87 the following revenues would have been generated:

   Cigarettes sold at federal installations .... $ 12.5 m
   Cigarettes sold at Indian reservations .... $ 8.0 m
   All remaining sales tax exemptions .......... $185.4 m

IV. COMMENTS:
   1. Title 4, Section 107 USC prohibits states from levying excise taxes on cigarettes sold at federal installations.

   2. CS/HB 1307 was amended in the Appropriations Committee and by a Senate-House Conference Committee. The bill, as passed, differs substantially from HB 1307 as passed by the Committee on Finance & Taxation.

   ____________________________
   Analyst

   ____________________________
   Staff Director
SALES TAX EXEMPTIONS
Chapter 212 - Part I

* Exemptions scheduled to be repealed in CS/HB 1307, effective July 1, 1987
** Laundry & dry cleaning services, candy for 25¢ or less and pool chlorine are repealed July 1, 1986

1. [212.02(3)(a)] Items of personal property purchased for subsequent resale. (1949)

2. [212.02(3)(c)] Materials used for packaging tangible personal property for subsequent resale. (1949)

3. [212.02(3)(c)] Materials which become a component or ingredient of processed or manufactured goods. (1949)

* 4. [212.02(6)(g)] Per diem and mileage charges paid by railroad companies to owners of railroad cars. (1979)

5. [212.02(9)] Occasional or isolated sales by someone who is not normally engaged in "business." (1949)

6. [212.02(9)] Charges for low-rent housing operated pursuant to Chapter 421, F.S. (1970)

7. [212.02(12)] Intangible personal property including stocks, bonds, notes, insurance, securities, or any intangible defined in Chapter 199, F.S. (1949).

8. [212.02(16)] That portion of any admission price which is attributable to federal tax. (1949)

* 9. [212.02(16)] Any charge imposed for the privilege of boarding a boat for the purpose of fishing. (1980)

* 10. [212.02(16)] Charges for admission to cultural events. (1963, 1978)

11. [212.03(4)] Charges for rent when a person has resided in the same dwelling for longer than 6 months, or has executed a lease for longer than 6 months. (1949, 1979)

12. [212.03(7)(a)] Rent charges paid by full-time students enrolled in post-secondary educational institutions. (1979)

13. [212.03(7)(a)] Rent charges paid by military personnel on active duty in Florida. (1979)

14. [212.03(7)(a)] Rent charges paid by permanent residents. (1972)

15. [212.03(7)(c)] Charges for rent paid by residents in a facility where 50% or more of the tenants have resided for more than 90 days. (1972)
16. [212.03(7)(d)] Rent charges for living accommodations in migrant labor camps. (1979)

17. [212.031(1)(a)] Charges for renting property assessed as agricultural. (1969)

* 18. [212.031(1)(a)] Condominium recreational leases; effective October 1, 1986 (1985)

* 19. [212.031(5)] Amounts required to be paid to merchants' associations by businesses. (1977)

* 20. [212.031(6)] Charges for convention or tradeshow sub-leases. (1978)

* 21. [212.031(7)] Lease between agricultural fair association and midway operator. (1982)

* 22. [212.031(8)] Rental of space to concessionaire operator by a movie theater owner. (1983)

* 23. [212.04(2)(a)] Charges for admission to K-12 school, community college, H.R.S. youth program, and correctional facility events when only student, faculty, or inmate talent is used. (1949, 1974)

* 24. [212.04(2)(a)] Dues, membership fees, and admission charges imposed by non-profit organizations. (1978)

* 25. [212.04(2)(a)] Charges for admission paid by a student to participate in a required sport or recreation. (1980)

* 26. [212.04(2)(a)] Admission charges to the Super Bowl football championship game. (1981)

27. [212.04(2)(c)] That portion of an admission charge which is attributable to the pari-mutuel admissions tax imposed by s. 550.09. (1963)

* 28. [212.05(1)(a)] Sales of boats to out-of-state residents. (1976)

29. [212.05(1)(c)] Charges for rental of motion picture film when an admission is imposed for viewing such film. (1949)

* 30. [212.05(1)(c)] Lease charges for a motor vehicle leased to the same individual for more than 12 months, if sales tax was paid on the vehicle when originally purchased by the lessor. (1971)

31. [212.05(1)(e)] That portion of charges for utility services attributable to federal, state, or local taxes. (1969)
32. [212.052] Items fabricated for use in research and development activities. (1982)

33. [212.06(1)(b)] Partial exemption of cogenerated energy. (1984)

34. [212.06(1)(b)] The creation or production of video tapes and motion pictures. (1969)

35. [212.06(1)(b)] Portion of the retail price of factory built building attributable to labor costs. (1982)

36. [212.06(5)(a)] Tangible personal property imported, processed or manufactured for subsequent exportation. (1949)

37. [212.06(5)(a)] Aircraft being exported outside the U.S. (1949, 1965)

38. [212.06(5)(a)] Charges associated with radio and television broadcasting. (1949, 1970)

39. [212.06(5)(b)] Non-resident dealers purchasing items for resale in their over-seas retail establishments. (1983)

40. [212.06(5)(c)] Charges associated with the launching or operation of any telecommunication satellite. (1974)

41. [212.06(7)] Items or transactions upon which an equal or larger sales tax has been paid in another state or partial exemption equal to the sales tax paid in another state if less than Florida's rate. (1949, 1965)

42. [212.06(8)] Items brought into this state if first used in another state of the U.S. for at least 6 months. (1969)

43. [212.06(9)] Sales of religious items. (1949)

44. [212.07(5)] Sales of livestock, poultry, fruits, vegetables and other farm products sold directly by the producer. (1949)

45. [212.07(6)] Agricultural products consumed on the farm. (1949)

46. [212.07(7)] Purchases of agricultural products for the purpose of further processing for subsequent resale. (1949).

47. [212.08(1)] Groceries purchased for human consumption. (1949)

48. [212.08(1)] Candy priced at 25 cents or less. (1957)

49. [212.08(2)(a)] Prescription and non-prescription medicines. (1949)
50. [212.08(2)(a)] Medical supplies and products such as syringes and diabetes test kits. (1949, 1981)

51. [212.08(2)(a) and (b)] Medical, prosthetic and orthopedic appliances. (1949, 1977)

* 52. [212.08(2)(a)] Feminine hygiene products. (1977)

53. [212.08(2)(a)] Funerals except for tangible personal property used. (1951)

54. [212.08(3)] 2% partial exemption on sales of farm equipment. (1963)

55. [212.08(4)(a)] Purchases of water (except mineral and carbonated water). (1949)

56. [212.08(4)(a)] Purchases of fuel by public and private utilities. (1969)

57. [212.08(4)(a)] Pro rata exemption on purchases of fuel by vehicles and vessels engaged in interstate or foreign commerce. (1963)

58. [212.08(5)(a)] Purchase of commercial fishing equipment. (1949)

59. [212.08(5)(a)] Purchase of agricultural items (feeds, seeds, fertilizers, etc). (1949, 1978)

60. [212.08(5)(a)] Fuels used to heat poultry structures. (1978)

61. [212.08(5)(b)] Purchases of machinery and equipment by businesses which are new to Florida. (1978)

62. [212.08(5)(b)] Partial exemption for machinery and equipment purchased by expanding businesses. (1978)

63. [212.08(5)(c)] Machinery and equipment used in the production of electrical or steam energy by manufacturers if boiler fuels other than residual oil are used. (1980)

64. [212.08(5)(d)] Partially exempts machinery and equipment purchased pursuant to federal procurement regulations. (1983)

65. [212.08(5)(e)] Butane, propane, and other gases when used for agricultural purposes. (1983)

66. [212.08(5)(f)] Purchase or lease of motion picture, video, or sound recording equipment used solely for commercial production endeavors; refund. (1984)
67. [212.08(5)(g)] Building materials used in the rehabilitation of real property located in an enterprise zone, effective January 1, 1987. (1984)

68. [212.08(5)(h)] Business property used in an enterprise zone, effective January 1, 1987. (1984)

69. [212.08(6)] Purchases made directly by federal, state and local governments (except purchases by local governments of electrical generating equipment). (1949)

70. [212.08(6)] Sales of newspapers. (1949)

71. [212.08(7)(a)] Transactions involving a sale or lease directly to churches, or a sale or lease of tangible personal property to churches. (1949)

72. [212.08(7)(a)] Items purchased by non-profit scientific organizations. (1983)

73. [212.08(7)(a)] Non-profit educational t.v. & radio systems. (1949)

74. [212.08(7)(a)] Transactions involving a sale or lease to non-profit educational institutions. (1949)

75. [212.08(7)(a)] Transactions involving a sale or lease to non-profit charitable organizations. (1949)

76. [212.08(7)(a)] Transactions involving a sale or lease to schools which conduct classes accepted for continuing education credit by the American Medical Association or the American Dental Association. (1984)

77. [212.08(7)(a)] Transactions involving a sale or lease to non-profit libraries, art galleries, museums open to the public, and private organizations raising funds for schools teaching grades kindergarten through high school. (1984)

78. [212.08(7)(a)] Transactions involving a sale or lease to non-profit veterans' organizations. (1978)

79. [212.08(7)(a)] Non-profit corporations providing free transportation to church members. (1984)

80. [212.08(7)(b)] K-12 schoolbooks and lunches. (1963)

81. [212.08(7)(c)] Charges for hospital meals and rooms. (1963)

82. [212.08(7)(d)] Charges for professional services such as medical or legal fees. (1949)

83. [212.08(7)(d)] Charges for personal services such as hair cuts or pest control. (1949)
84. [212.08(7)(d)] Charges for insurance services. (1949)

85. [212.08(7)(e)] Charges for magazine subscriptions of more than 12 months duration. (1963)

86. [212.08(7)(f)] Purchases of fire-fighting equipment by volunteer fire departments. (1969)

87. [212.08(7)(g)] Purchases of and supplies for, guide dogs for the blind. (1971)

88. [212.08(7)(h)] Purchases of utilities by residential households. (1972)

89. [212.08(7)(h)] Utilities purchased for use in a residential model. (1980)

90. [212.08(7)(h)] Charges for residential interstate and intrastate telephone and telegraph services. (1969)

91. [212.08(7)(i)] Sales of U.S. and State flags. (1974)

92. [212.08(7)(j)] Purchases of crab bait by commercial fishermen. (1974)

93. [212.08(7)(k)] Charges for meals provided by non-profit organizations to the handicapped, elderly, or ill. (1978)

94. [212.08(7)(l)] Sales of artificial commemorative flowers by veterans organizations. (1978)

95. [212.08(7)(m)] Purchases of boiler fuels for use in industrial manufacturing, processing, or production processes. (1978)

96. [212.08(7)(n)] Purchases of "resource recovery equipment" by local governments. (1978)

97. [212.08(7)(o)] Sales of solar energy systems and components. (1980)

98. [212.08(7)(q)] Purchases by State Theatre Program Facilities. (1982)

99. [212.08(7)(r)] Purchases of office supplies and equipment by the Florida Retired Educators' Association. (1982)

100. [212.08(7)(s)] Feed for poultry and livestock, including racehorses and dairy cows. (1949)

101. [212.08(7)(t)] Purchases by organizations providing educational, cultural, recreational and social benefits to minors. (1983)
102. [212.08(7)(u)] Purchases by qualified nursing homes and homes for the aged. (1985)

103. [212.08(8)] Pro rata exemption on sales of vessels (and parts and other items for such vessels) used in interstate or foreign commerce. (1957, 1961)

104. [212.08(9)] Pro rata exemption on sales of railroads and vehicles (and parts for such vehicles) used in interstate or foreign commerce. (1957, 1961)

* 105. [212.08(10)] Partial exemption on sales of motor vehicles to out-of-state residents. (1977)

* 106. [212.08(11)] Partial exemption on sales of "flyable aircraft" by a Florida manufacturer. (1978)

107. [212.08(12)] Partial exemption on the sale of master tapes, records, films, or video tapes. (1984)


109. [212.0821(1)] Goods and services bought by Parent-Teacher Organizations through school districts. (1984)

110. [212.0821(2)] Goods and services bought by REACT groups, neighborhood crime watch groups and eligible youth organizations through counties and municipalities. (1984)

111. [212.0821(3)] Goods and services bought by groups which are solely engaged in fund raising activities for such libraries through public libraries. (1984)

112. [212.09] The value of trade-in or discounts. (1949)


Chapter 212 - Part II

Tax on Sales of Motor and Special Fuels

1. [212.02(22)] Butane gas, propane gas, or any other form of liquefied petroleum gas, or compressed natural gas. (1983)

2. [212.63(1)] Partial exemption for domestically produced gasohol. (1983)

3. [212.63(2)] Partial exemption for foreign produced gasohol when stored or in transit on or before May 1, 1984. (1983)

4. [212.64] Sales from dealer to dealer. (1983)
5. [212.67(1)(a)] Fuel used in public transportation or transit system; refund. (1983)

6. [212.67(1)(b)] Partial refund to retail dealer for losses due to evaporation and shrinkage of motor fuel. (1983)

7. [212.67(1)(c)] Motor vehicles operated by municipalities and counties; restricted use of such refunds. (1983)

8. [212.67(1)(d)] Motor vehicles operated by school districts, private schools, and private contractors operation school buses for a school district; restricted use of such refunds. (1983)

9. [212.67(1)(e)] Motor fuel or special fuel used for agricultural or commercial fishing purposes; refunds. (1983)

10. [212.67(1)(f)] Partial refund to distributor for fuel used in blending gasohol. (1984)

11. [212.67(1)(g)] Partial refund to wholesale blenders for fuel used in blending gasohol. (1984)

Other Chapters

* 1. [125.019] Certain projects authorized by a county. (1971)
* 3. [159.15] Project finance by revenue bonds (1967)
* 4. [159.31] Industrial Development Projects (1969)
* 5. [159.50] Industrial Development Authorities. (1970)
* 12. [348.91] Pasco County Expressway Authority. (1973)

6/10/86
## VALUE OF EXEMPTIONS—Part I, Chapter 212, P.S.

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<th>Services (SIC Code)</th>
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<td>Insurance Agents and Brokers (64)</td>
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<td>Reducing Salons, Tax Preparation, and Miscellaneous (729)</td>
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**SUBTOTAL** ................................................................. 1,228.7
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<td>L. P. Gas</td>
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<td>Units Occupied More than 6 Months</td>
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<td>s. 212.03(7)(c)</td>
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<td>Rent by Full-time Students</td>
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<td>Rent by Military Personnel</td>
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<td>Migrant Labor Camps Rent</td>
<td>s. 212.03(7)(d)</td>
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<td>Medicines:</td>
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<td>Non-prescription Medicine</td>
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<td>Eyeglasses</td>
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<td>Disability Appliances and Medical Supplies</td>
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<td>Feminine Hygiene Products</td>
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<td>Water</td>
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**Organizational Exemptions**

<p>| Government Agencies                          | s. 212.08(6) | N/A               |
| Cultural Events                               | s. 212.02(16) | 10.3              |
| Charges for Admissions to Educational         | s. 212.04(2)(a) | 0.7               |
| and Correctional Facility Events              | s. 212.04(2)(a) | N/A               |
| Admission Charges - Nonprofit Organizations   | s. 212.04(2)(a) | N/A               |
| Required Charges of Admission by Students     | s. 212.04(2)(a) | 0.1               |
| Sale or Lease to Churches                     | s. 212.08(7)(a) | N/A               |
| Nonprofit Scientific Organizations            | s. 212.08(7)(a) | N/A               |
| Nonprofit TV and Radio                        | s. 212.08(7)(a) | N/A               |
| Nonprofit Educational Institutions            | s. 212.08(7)(a) | N/A               |
| Nonprofit Charitable Organizations            | s. 212.08(7)(a) | N/A               |
| Schools for Pre-medical and Pre-dental         | s. 212.08(7)(a) | N/A               |
| Educations                                    |            |                   |
| Nonprofit Libraries, Art Galleries, Museums,  | s. 212.08(7)(a) | N/A               |
| Organizations Raising Funds for Schools       |            |                   |
| Nonprofit Veterans' Organizations             | s. 212.08(7)(a) | 0.1               |
| Nonprofit Corporations Providing Free         | s. 212.08(7)(a) | N/A               |
| Transportation to Church Members              | s. 212.08(7)(a) | N/A               |
| K-12 Schoolbooks and Lunches                  | s. 212.08(7)(b) | N/A               |
| Fire-fighting Equipment for Volunteer         | s. 212.08(7)(f) | N/A               |
| Fire Departments                              |            |                   |</p>
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<td>Charges for Meals Provided by Nonprofit Organizations to the Handicapped,</td>
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<td>Sales of Artificial Flowers by Veterans Organizations</td>
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<td>State Theatre Program Facilities</td>
<td>s. 212.08(7)(q)</td>
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<td>Florida Retired Educators' Association</td>
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<td>Organizations Providing Benefits to Minors</td>
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<td>Nursing Homes and Homes for the Aged</td>
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<td>Parent-Teacher Organizations</td>
<td>s. 212.0821(1)</td>
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<td>REACT Groups, Crime Watch, etc.</td>
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<td>Youths Engaged in Fund Raising Activity</td>
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<td>Sales of Religious Items</td>
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**Business Exemptions**

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<td>Items in Agricultural Use</td>
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<td>Sales of Farm Products by Farmers</td>
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<td>Aircraft Sales to:</td>
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<tr>
<td>Building Materials</td>
<td>s. 212.08(5)(g)</td>
<td>9.7</td>
</tr>
<tr>
<td>Business Property</td>
<td>s. 212.08(5)(h)</td>
<td>N/A</td>
</tr>
<tr>
<td>Electrical Energy</td>
<td>s. 212.08(14)</td>
<td>14.4</td>
</tr>
<tr>
<td>Job Creation Credit</td>
<td>s. 212.096</td>
<td>0.5</td>
</tr>
<tr>
<td>Intrastate Transportation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus Tickets</td>
<td>Not Specifically Taxed</td>
<td>3.6</td>
</tr>
<tr>
<td>Freight Charges</td>
<td>N/A</td>
<td>17.3</td>
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<tr>
<td>Airlines</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rail Tickets</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Interstate Transportation:</td>
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<td></td>
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<tr>
<td>Air Express Couriers</td>
<td>Not Specifically Taxed</td>
<td>N/A</td>
</tr>
<tr>
<td>Items Used by Vessels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and Equipment Producing Steam or Electricity by Burning Boiler Fuels</td>
<td>s. 212.08(8)</td>
<td>7.2</td>
</tr>
<tr>
<td>Machinery and Equipment Purchased Where Business Location Is New</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery and Equipment Purchased by Expanding Businesses: Partial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Sales:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newspapers</td>
<td>s. 212.08(6)</td>
<td>15.8</td>
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<tr>
<td>Magazine Subscriptions</td>
<td>s. 212.08(7)(e)</td>
<td>8.7</td>
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<tr>
<td>Merchant Association Fees</td>
<td>s. 212.031(5)</td>
<td>N/A</td>
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<tr>
<td>Model Homes</td>
<td>s. 212.08(7)(1)</td>
<td>N/A</td>
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<tr>
<td>Motion Picture Industry:</td>
<td></td>
<td></td>
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<tr>
<td>Master Tapes, Records, Films or Video Tapes: Partial</td>
<td>s. 212.08(12)</td>
<td>1.6</td>
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<tr>
<td>Motion Picture or Video Equipment</td>
<td>s. 212.08(5)(f)</td>
<td>N/A</td>
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<tr>
<td>Motion Picture or Video Fabrication</td>
<td>s. 212.06(1)(b)</td>
<td>N/A</td>
</tr>
<tr>
<td>NFL Championship Games (Super Bowl)</td>
<td>s. 212.04(2)(a)</td>
<td>-0.8</td>
</tr>
<tr>
<td>Out of State Residents:</td>
<td></td>
<td></td>
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<tr>
<td>Automobile Sales</td>
<td>s. 212.08(10)</td>
<td>2.3</td>
</tr>
<tr>
<td>Boat Sales</td>
<td>s. 212.031(1)(a)(1)</td>
<td>1.2</td>
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<tr>
<td>Pari-mutual Admissions</td>
<td>s. 212.04(2)(c)</td>
<td>1.0</td>
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<tr>
<td>Railroad Mileage and Per Diem Charges for Freight Cars</td>
<td>s. 212.02(6)(g)</td>
<td>0.9</td>
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<tr>
<td>Resource Recovery Equipment</td>
<td>s. 212.07(o)</td>
<td>N/A</td>
</tr>
<tr>
<td>Research and Development: Partial</td>
<td>s. 212.052</td>
<td>11.2</td>
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<tr>
<td>Solar Energy Devices</td>
<td>s. 212.08(7)(p)</td>
<td>2.4</td>
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<tr>
<td>Sublease of Convention Spaces</td>
<td>s. 212.03</td>
<td>N/A</td>
</tr>
<tr>
<td>Vehicles and Vessels in Interstate Commerce</td>
<td>s. 212.08(4) and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>s. 212.08(8)</td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL</td>
<td></td>
<td>440.0</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td>Isolated or Casual Sales</td>
<td>s. 212.02(9)</td>
<td>N/A</td>
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<tr>
<td>Candy Priced at 25 Cents or Less</td>
<td>s. 212.08(1)</td>
<td>N/A</td>
</tr>
<tr>
<td>Guide Dogs</td>
<td>s. 212.08(7)(g)</td>
<td>N/A</td>
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<tr>
<td>National and State Flags</td>
<td>s. 212.08(7)(1)</td>
<td>N/A</td>
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<tr>
<td>Pool Chlorine</td>
<td>DOR Rules</td>
<td>0.3</td>
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<tr>
<td>Six Month Property Use</td>
<td>s. 212.06(4)</td>
<td>N/A</td>
</tr>
<tr>
<td>Trade in Value of Motor Vehicles</td>
<td>s. 212.09</td>
<td>110.0</td>
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<tr>
<td>SUBTOTAL</td>
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<td>110.3</td>
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<tr>
<td>TOTAL</td>
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<td>$3,262.1</td>
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DISTRIBUTION TO LOCAL GOVERNMENT

Local Government 1/2 Cent Sales Tax 490.5

DISTRIBUTION TO STATE TRANSPORTATION FUND

Sales Tax on Motor and Special Fuel Levied by Part II, Chapter 212, F.S. 324.2

VALUE OF REFUNDS AND ALLOWANCES

Part I, Chapter 212, F.S.,
Dealer Collection Allowance (3% on first one thousand dollars of tax due per month and 1% on the remainder) 80.8

Part II, Chapter 212, F.S.:
Shrinkage and Evaporation Allowance 2.9
Aquatic Weed Control Appropriation 3.8
Agriculture and Commercial Fishing Refunds 2.0
Local Government Transit Systems Refunds 0.3
Municipality Refunds 1.8
County Refunds 1.4
School District Refunds 1.5

N/A Not available (impact may be significant for some exemptions for which an estimate is not available).

* The 1990 Super Bowl will be in Miami. A $0.2 million loss estimated.

DOR/Tax Research
2/27/86
SALES TAX EXEMPTION ESTIMATES:  
A NOTE OF CAUTION

Broadening the sales tax base has become an increasingly popular issue in recent years. There are many reasons for this. More revenue could be raised with no increase in rate. The tax could be made more equitable by broadening the base. The rate might also be reduced with no loss in revenue. A broader tax base could make the sales tax, historically subject to wide variations in growth rates from year to year, a more stable and reliable tax source. Approximately 65% of General Revenue now comes from the sales tax.

As with all major tax sources, this section of Florida Tax Sources attempts to quantify the value of all existing exemptions. This is somewhat more difficult for the sales tax than for many other taxes. There are a large number of sales tax exemptions, many of which are sizeable, making measurement errors potentially more costly. Also very little direct information exists for estimating many of the exemptions. These problems pose special policy implications for any legislation removing exemptions.

First, it should be noted that many of the exemptions listed have no estimates. The resources that can be allocated to a general publication such as this do not allow estimates to be made. Secondly, those estimates that are made vary in their reliability. Some, such as groceries and household utilities, can be directly estimated from the sales tax returns of currently registered dealers. These should be among the most reliable. Others, however, must be estimated indirectly. For example, circulation figures are utilized in estimating the value of the exemption for newspaper sales. Less information is directly available about the value of trade-ins.

National data on traded-in units as a percent of new and used car sales, average used car selling prices, and gross profits as a percent of auto sales are combined with consensus estimates of new car sales in Florida and an assumption on used car reconditioning costs as a percent of selling price to obtain the total value of vehicles traded-in in Florida.

Estimates for personal and professional services are derived from gross receipts data by type of business from the U. S. Census of Service Industries (Geographical Series - Florida), adjusted by certain assumptions as to the portion of such receipts already subject to taxation. Because the currently taxable portion of sales of service industries is highly variable, often depending on the specific contractual relationship underlying each transaction, the estimates are subject to a larger than normal confidence interval. No information is available directly from the dealers who would be collecting the tax.

There are also a number of administrative problems which, if not effectively addressed, could reduce revenue increases from exemption removals, especially in the first year or two. Chief among these is the identification of new taxpayers. With services, for example, few of those who would collect the tax are now sales tax dealers. Providers of the service would have to be identified, rules written for their industry and the dealers educated in their application.

The above considerations have a number of policy implications. Depending on the exemptions to be removed, more work may have to be done to refine the cash flow of estimated revenues in the first two years of implementation. Also, especially for services, extensive work should be done prior to implementation to identify taxpayers, write rules and educate new dealers in their application. Both efforts, at least for taxation of services, would probably require special appropriations. The studies could be accomplished either as part of a sunset review process or during the period of a delayed effective date for the implementing bill.