

TAX: Sales and use
 ISSUE: SKYBOXES
 BILL NUMBER(S): SB 1670, *Proposed Amendment*
 SPONSOR(S): SEN. POSEY
 MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2007
 DATE OF ANALYSIS: 1/26/04

SECTION 1: NARRATIVE

a. Current Law:

Section 212.031(9) F.S. exempts the rental, lease, sublease or license for the use of a skybox, luxury box, or other box seats for use during a high school or college football game from the sales and use tax when the charge for such rental lease, sublease or license is imposed by a 501(c)(3) non-profit organization.

b. Proposed Change:

Bill limits exemption to contracts entered into prior to July 1, 2004 and repeals exemption effective July 1, 2007.

SECTION 2: DESCRIPTION OF DATA & SOURCES

IRS data income of Florida Non-Profit 501(c)(3) for 2001
 University of Florida Boosters
 Florida Citrus Sports Association

SECTION 3: ASSUMPTIONS & RATIONALE

1. Annual Skybox Sales
 - UF \$1million
 - Florida Citrus Sports Ass.(Citrus Bowl, Tangerine Bowl etc.): 28 Skyboxes @ \$17,500 per season = \$490,000
2. FSU annual skybox sales assumed at level similar to UF - \$1million
3. Gator Bowl annual skybox sales assumed at half of UF or FSU - \$500,000
4. UF construction of new skyboxes assumed to increase skybox sales by 50% or \$500,000
5. Other 501(c)(3)s identified by IRS with athletic activity codes and with names that do not suggest that they be excluded from organizations that may be affected by the sales tax exemption - annual income in 2001 of \$36m
 HIGH estimate assumes 12% attributable to skybox sales, LOW estimate assumes 6% attributable to skybox sales
6. Contracts are split 25/75 between single and multi-year and 50% of the annual contracts are entered into prior to July -
7. Of the annualized impact, 12.5% and 50% are expected to occur in SFY04/05 and SFY05/06, respectively.

SECTION 4: METHODOLOGY

LOW = $(\$3.5m + 6\% * \$36.0m) * 6\% = \$5.66m * 6\% = \$0.34m$
 HIGH = $(\$3.5m + 12\% * \$36.0m) * 6\% = \$7.82m * 6\% = \$0.47m$

SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact - All Funds	FY 2004-2005 Annualized	FY 2004-2005 Cash	FY 2005-2006 Cash
High	\$.47m	\$.06m	\$.24m
Middle	\$.40m	\$.05m	\$.20m
Low	\$.34m	\$.04m	\$.17m
Consensus Estimate Adopted: 1/30/04	FY 2004-2005 Annualized	FY 2004-2005 Cash	FY 2005-2006 Cash
General Revenue	.4	.1	.2
State Trust	Insignificant	Insignificant	Insignificant
Total State Impact	.4	.1	.2
Local Tax Impact	Insignificant	Insignificant	Insignificant
Total Impact	.4	.1	.2