

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax
ISSUE: SKYBOXES
BILL NUMBER(S): SB368
SPONSOR(S): SEN. POSEY
MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2005
DATE OF ANALYSIS: 3/15/05

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:

Limits exemption to contracts entered into prior to July 1, 2004 and repeals exemption effective July 1, 2009. Provides that this repeal does not affect any sales tax exemption granted to a 501(c) (3) nonprofit organization.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

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

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

1. Annual Skybox Sales
 - UF \$1million
 - Florida Citrus Sports Ass (Citrus Bowl, Capital One 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 names that suggest that they may benefit from the sales tax exemption: annual income in 2001 of \$36m – 6% to 12% assumed to be attributable to skybox sales
6. Contracts are split 25/75 between single and multi-year and multi-year contracts are assumed to be renewed every three years – thus, 50% and 75% of the annual impact will be realized in the first and second year, respectively

SECTION 4: PROPOSED FISCAL IMPACT

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

State Impact - All Funds	FY 2005-2006 Annualized	FY 2005-2006 Cash	FY 2006-2007 Cash
High	\$.47m	\$.23m	\$.36m
Middle			
Low	\$.34m	\$.17m	\$.25m

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 18 / 05) The conference adopted the low estimate, after adjusting for the Gator Bowl not being part of the base.

Consensus Estimate	FY 2005-2006 Annualized	FY 2005-2006 Cash	FY 2006-2007 Cash
General Revenue	.3	.2	.2
State Trust	Insignificant	Insignificant	Insignificant
Total State Impact	.3	.2	.2
Total Local Tax Impact	Insignificant	Insignificant	Insignificant
Total Impact	.3	.2	.2