

REVENUE ESTIMATING CONFERENCE

TAX: SALES AND USE TAX

ISSUE: Exemption for Micro-irrigation Equipment and Supplies

BILL NUMBER(S): HB507/SB2410

SPONSOR(S): Rep.Kreegel

MONTH/YEAR COLLECTION IMPACT BEGINS: JULY 1, 2006

DATE OF ANALYSIS: 3/1/2006

SECTION 1: NARRATIVE

a. Current Law:

Low volume or micro-irrigation equipment is currently subject to the sales and use tax.

b. Proposed Change:

Amends s. 212.08(5)a), F.S., to provide a sales tax exemption for low-volume or micro-irrigation equipment or components; provides a definition for “low volume or micro-irrigation” and a list of the components of such a system. Deletes the exemption in s.212.08(5) (a), F.S, for generators used on poultry farms and liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

University of Florida – Institute for Food and Agricultural Sciences
 - various publications and conversations with agricultural engineering staff

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

see attached

Although the exemptions for generators used on poultry farms and fuel used to heat poultry structures are deleted from s. 212.08(5)(a), these items remain exempt based on the exemption for “power farm equipment” provided in s. 212.08(3) and the exemption for gas used for certain agricultural purposes provided in s. 212.08(5)(e), F.S.,

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
High			
Middle	(\$3.6m)	(\$3.3m)	(\$3.6m)
Low			

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 3 / 06) The conference adopted the proposed estimate.

	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
General Revenue	(3.2)	(2.9)	(3.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(3.2)	(2.9)	(3.2)
Revenue Sharing	(.1)	(.1)	(.1)
Local Gov’t Half Cent	(.3)	(.3)	(.3)
Local Option	(.3)	(.3)	(.3)
Total Local Impact	(.7)	(.7)	(.7)
Total Impact	(3.9)	(3.6)	(3.9)

	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	MICROIRRIGATION													
2														
3														
4														
5	<i>December 1991 Estimates</i>							<i>1998 Acreage</i>						
6														
7	CROP		Total Acreage	Microirrigation Acreage				Cost (\$ per Acre)						
8				Potential	Current		Initial	Annual						
9	Fruit	Citrus	732,800	100%	732,800	53%	385,000	1,000	30					
10		Other	34,480	95%	32,880	18%	6,015	1,000	25					
11	Vegetable	Tomato	55,800	100%	55,800	21%	11,450	1,200	125					
12		Green Pepper	23,100	100%	23,100	9%	2,000	1,200	125					
13		Watermelon	53,000	38%	20,000	10%	2,000	1,370	180					
14		Cucumber	17,100	58%	10,000	10%	1,000	1,370	180					
15		Strawberry	5,400	100%	5,400	74%	4,000	1,370	180					
16		Potato	45,500	100%	45,500	0%	-	1,070	70					
17		Sweet Corn	58,200	34%	20,000	0%	-	1,070	70					
18		Other	163,545	15%	25,050	9%	2,300	1,240	480					
19	Ornamental		92,245	14%	13,075	33%	4,270	13,075	435					
20	Field	Sugarcane	434,000	10%	43,400	-	-	750	300					
21		Tobacco	6,900	100%	6,900	-	-	1,370	180					
22		Other	429,000	0%	-	-	-	-	-					
23	Pasture/Hay		2,460,000	0%	-	-	-	-	-					
24	TOTAL		4,611,070	22%	1,033,905	40%	418,035							
25	<i>Source: 1993 IFAS Taskforce on Microirrigation in Florida</i>													
26														
27														
28	Updates													
29														
30	CROP		Irrigated Acreage	Microirrigation Acreage				Material Cost (\$ per Acre)		Annual Expenditures (in \$ m)				
31				Current	Potential New		Initial	Annual	New 10%	Replacement 5%	Annual	Total		
32							<i>(excluding pumps)</i>							
33	Fruit	Citrus	600,000	85%	510,000	5%	30,000	500	30	1.5	12.8	15.3	29.6	
34	Vegetable	Watermelon	26,000	33%	8,658	0%	-	500	175	-	0.2	1.5	1.7	
35		Strawberry	7,400	100%	7,400	0%	-	500	350	-	0.2	2.6	2.8	
36		Squash	9,600	60%	5,760	0%	-	500	263	-	0.1	1.5	1.7	
37		Cucumber	18,000	60%	10,800	0%	-	500	263	-	0.3	2.8	3.1	
38		Tomato	43,000	60%	25,800	0%	-	500	263	-	0.6	6.8	7.4	
39		Pepper	17,000	60%	10,200	0%	-	500	263	-	0.3	2.7	2.9	
40	Ornamental				10,000			10,000	500	-	5.0	5.0	10.0	
41														
42														
43	TOTAL		721,000	82%	588,618								59.2	
44												Sales Tax	3.6	
45														

CROP		Irrigated Acreage
Fruit	Citrus	814,000
	Other	26,600
Vegetable		328,500
Ornamental		66,600
Field		801,300
Pasture/Hay		196,000
TOTAL		2,233,000
Microirrigation		578,000
		25.9%

Source: 1998 IFAS - Irrigated Acreage in Florida