

## **INITIATIVE FINANCIAL INFORMATION STATEMENT**

### ***Initiative requiring legislative determination that sales tax exemptions serve a public purpose***

#### **SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT**

This amendment requires the legislature to periodically review most existing and all future exemptions from the sales tax. Any exemptions subject to review and not reenacted and continued by the legislature are repealed. Also, the legislature must make a determination that the exemptions reenacted and continued advance or serve a public purpose.

The probable impact of the amendment on state and local government revenues is dependent on future actions of the legislature and cannot be determined. It is not known whether the legislature will continue any exemption after it is reviewed. If all exemptions are continued, state and local revenues will not be affected. If one or more exemptions are not continued, then state and local governments will receive more revenue.

The estimated value of the sales tax exemptions subject to the initial review is substantial. Based on the information contained in the *2005 Florida Tax Handbook*, the Financial Impact Estimating Conference (FIEC) determined that the potential value of the sales tax exemptions initially subject to review might exceed \$8 billion. However, this figure includes estimates of exemptions from the use tax, which may not be subject to review. The FIEC recognizes that the legislature and the courts may reach a different conclusion regarding which exemptions are subject to review.

Many of the exemptions identified by the FIEC as subject to review may be deemed by the legislature to serve a public purpose and reenacted.

Based on the information provided through public workshops and staff research, the FIEC expects that the proposed amendment will have the following financial effects:

**State and Local Government Revenue Impacts** – The impact on state and local government revenues cannot be determined at this time, as the impact will depend on future actions taken by the legislature.

**State and Local Government Cost Impacts** – Any impact on state or local government expenses is not expected to be significant.

#### **FINANCIAL IMPACT STATEMENT**

Although the value of sales tax exemptions subject to legislative review is substantial, the probable impact of the amendment on state and local government revenues is dependent upon future actions of the legislature and cannot be determined. If the legislature reenacts and continues all existing exemptions, state and local government revenues will not be affected. If the legislature does not reenact and continue one or more exemptions, state and local government revenues will increase.

## ANALYSIS

### A. Text of the Proposed Amendment

#### Ballot Title:

*Initiative requiring legislative determination that sales tax exemptions serve a public purpose.*

#### Ballot Summary:

*The legislature shall periodically review all sales tax exemptions except those currently provided for: food; prescription drugs; health services; and residential rent, electricity and heating fuel. After such review, the legislature shall reenact and continue only those exemptions that advance or serve a legislatively determined public purpose. Sales tax exemptions not reenacted and continued by the legislature shall be eliminated.*

#### Full Text of Proposed Amendment:

*Article III of the Florida Constitution is hereby amended to add the following as Section 20:*

*Periodic legislative review of sales tax exemptions.—*

*Except for the current exemptions provided for: food; prescription drugs; health services; and residential rent, electricity and heating fuel, the legislature shall, prior to July 1, 2008, and prior to the first day of July for each tenth year thereafter, review all exemptions from the sales tax existing on or created subsequent to the effective date of this amendment. The Legislature shall reenact and continue only those exemptions determined to advance or serve a public purpose. Those exemptions not reenacted and continued shall lapse and end effective January 1 subsequent to the July 1 deadline enumerated in this section for the review of sales tax exemptions.*

### B. Background

Section 100.371, Florida Statutes, requires that the Financial Impact Estimating Conference (FIEC) "...complete an analysis and financial impact statement to be placed on the ballot of the estimated increase or decrease in any revenue or costs to state or local governments resulting from the proposed initiative."

As part of determining the fiscal impact of this proposed amendment, the FIEC held public workshops on September 16 and 23, and on October 3, 2005. The conference heard testimony or received written information on the fiscal effects of this amendment from representatives of proponents and opponents of the amendment.

### C. Current Situation

The Florida Constitution grants the legislature the power to tax and places certain limits on the exercise of this power. The legislature has exercised its power to enact a sales tax in Chapter 212, Florida Statutes, which is entitled, "Tax on Sales, Use and Other Transactions". Chapter 212 imposes a tax on the following:

- Transient rentals (s. 212.03, F.S.): Establishes a taxable privilege for engaging in the business of leasing or renting of hotel rooms, motel rooms, and apartments for periods of less than six months.

- Lease or rental of or license in real property (s. 212.031, F.S.): Establishes a taxable privilege for engaging in the business of renting, leasing, letting, or granting a license for the use of any real commercial property.
- Admissions (s. 212.04, F.S.): Establishes a taxable privilege for selling or receiving anything of value by way of admissions.
- Sale of tangible personal property (s. 212.05(1)(a), F.S.): Establishes a taxable privilege for engaging in the business of selling items or articles of tangible personal property.
- Use of tangible personal property (s. 212.05(1)(b), F.S.): Establishes a taxable privilege on items or articles of tangible personal property which are not sold but are used, consumed, distributed, or stored for use or consumption in Florida. The tax is based on the “cost price” of the article, which is a calculation of the cost of an item including materials, labor, service costs, transportation and any other expenses.
- Lease or rental of tangible personal property (s. 212.05(1)(c)&(d), F.S.): Establishes a taxable privilege for the lease or rental of tangible personal property.
- Prepaid calling arrangements, installation of telecommunication and telegraphic equipment and electricity (s. 212.05(1)(e), F.S.): Establishes a taxable privilege for the sale at retail of prepaid calling arrangements and charges for the installation of telecommunication and telegraphic equipment and charges for electrical power or energy. The rate for electrical power or energy is 7 percent. (Effective October 1, 2001, communications services were no longer taxable under Chapter 212, but became taxable under Chapter 202, the “Communications Services Tax” at a rate of 6.8%)
- Coin-operated amusement machines (s. 212.05(1)(h), F.S.): Establishes a taxable privilege for coin-operated amusement machine charges at the rate of 4 percent.
- Certain services (s. 212.05(1)(i), F.S.): Establishes a taxable privilege for the sale of detective, burglar protection, and other protective services and for the sale of nonresidential cleaning and nonresidential pest control services.
- Service Warranties (s. 212.0506, F.S.) Establishes a taxable privilege on every person who engages in the business of soliciting, offering, providing, entering into, issuing, or delivering any service warranty. “Service warranty” means any contract or agreement which indemnifies the holder of the contract or agreement for the cost of maintaining, repairing, or replacing tangible personal property.

Over the years, the legislature has enacted a number of exemptions from the sales tax. The legislature may review the appropriateness of any sales tax exemption at any time, but is not required to do so. Also, the legislature is not required to make an explicit determination that an exemption advances or serves a public purpose when enacting or reenacting an existing exemption.

#### **D. Effect of Proposed Amendment**

The amendment requires that the legislature review all exemptions from the sales tax every ten years. The legislature must reenact and continue only those exemptions determined to advance or serve a public purpose. Exemptions that are not reenacted and continued will lapse and end.

The first review of exemptions must be completed by July 1, 2008. Any exemption not reenacted or continued by that date will lapse and end on January 1, 2009. Subsequently, the amendment provides that the legislature must review the exemptions every ten years and exemptions not reenacted and continued will lapse and end.

Existing exemptions for the following items are not subject to review: food; prescription drugs; health services; and residential rent, electricity and heating fuel.

## **E. Fiscal Impact of Proposed Constitutional Amendment**

Although the value of sales tax exemptions subject to legislative review is substantial, the probable impact of the amendment on state and local government revenues is dependent upon future actions of the legislature and cannot be determined. If the legislature reenacts and continues all existing exemptions, state and local government revenues will not be affected. If the legislature does not reenact and continue one or more exemptions, state and local government revenues will increase.

In preparing the financial impact of the proposed amendment on state and local governments, the FIEC relied on the information contained in the *2005 Florida Tax Handbook* (Handbook). The Handbook is prepared by legislative staff and staff of the Florida Department of Revenue's Office of Tax Research. The Handbook is available on the Internet at: <http://www.myflorida.com/edr/reports.htm>.

Pages 107-121 of the Handbook contain information regarding the sales and use tax, including a brief history of collections and law changes. Of particular use to the FIEC was the list of exclusions, exemptions, deductions and credits from the sales and use tax beginning on page 113. This list includes, among other items, all the statutory exemptions from the sales and use tax, along with an estimate of the tax revenue the state would receive if each exemption were repealed.

The estimates contained in the Handbook are rough approximations. Until 2001, the Department of Revenue's Office of Tax Research annually prepared estimates for each exemption. Since then, estimates have been prepared only for those exemptions in excess of \$10 million. All others have been increased by a conservative fixed growth rate based on the growth in sales tax collections. Using the information in the Handbook, the FIEC prepared Attachment I. The Attachment classifies the exemptions contained in the Handbook as "subject to required review" or "not subject to required review" based on the FIEC's interpretation of the proposed amendment. This exercise shows that of the approximately \$14 billion in exemptions identified by the FIEC, approximately \$8 billion will be subject to review by the legislature and will become taxable if not reenacted by the legislature. This figure includes estimates of exemptions from the use tax, which may not be subject to review. The FIEC recognizes that its classifications are not a legal interpretation of the proposed amendment and that others may reach a different conclusion regarding whether a particular exemption is subject to review.

Also, the information in the Handbook only addresses those exemptions specifically enumerated in Chapter 212, Florida Statutes. Chapter 212 is generally known as the sales tax chapter. However, the proposed amendment is not specifically limited to Chapter 212 and is not necessarily limited to the exemptions set forth in that chapter. The proposed amendment refers to "sales tax exemptions." Exemptions from taxes not set forth in Chapter 212 may also be affected by the proposed amendment if they are considered to be "sales taxes." For example, the communications services tax imposed pursuant to the provisions of Chapter 202 could be classified as a "sales tax," since it is a tax imposed on the retail sale of communications services. If it is so classified, then approximately \$500 million in exemptions from that tax will also be subject to review.

**ATTACHMENT 1**

FINANCIAL IMPACT ESTIMATING CONFERENCE  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SUMMARY TABLE**

ALL SALES TAX PROVISIONS IDENTIFIED IN THE *2005 FLORIDA TAX HANDBOOK* CATEGORIZED  
AS "SUBJECT TO REVIEW" OR "NOT SUBJECT TO REVIEW" BASED ON THE INITIATIVE

	<u>2005-2006 Estimated Revenues*</u>
SALES TAX EXEMPTIONS SUBJECT TO THE REQUIRED REVIEW	8,150.5
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SUBTOTAL OF EXEMPTIONS <u>NOT</u> SUBJECT TO THE REQUIRED REVIEW	6,015.4
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CREDITS <u>NOT</u> SUBJECT TO THE REQUIRED REVIEW	35.0
STATUTORY DISTRIBUTIONS AND DIFFERENTIAL RATES <u>NOT</u> SUBJECT TO THE REVIEW	77.9
GRAND TOTAL FROM <i>2005 FLORIDA TAX HANDBOOK</i>	14,278.8

\* All estimates were obtained from the *2005 Florida Tax Handbook* prepared by legislative staff and staff of the Florida Department of Revenue's Office of Tax Research. The estimates are rough approximations and include estimates for use tax exemptions. The classification of exemptions as "subject to review" or "not subject to review" was made by the Financial Impact Estimating Conference solely for the purpose of developing a necessary working hypothesis and others may reach a different conclusion.

**FINANCIAL IMPACT ESTIMATING CONFERENCE**  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SALES TAX EXEMPTIONS SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
1	1	1949	212.02(1),212.04(1)(b)	Federal tax on admissions	0.5
2	2	1990	212.02(1)	Hospital physical fitness facility charges	2.0
3	3	1949	212.02(2)	Occasional or isolated sales by businesses and individuals (*1)	24.9
4	5	1990	212.02(2)	Leasing of real property between certain corporations	5.1
5	6	1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars	1.4
6	7	1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airport	7.8
7	9	1949	212.02(14)(c)	Materials used for packaging	32.6
8	10	1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods	insig.
9	11	1998	212.02(14)(c)	Parts incorporated into repair for resale	insig.
10	12	1998	212.02(16)	Federal excise taxes imposed on retailers	0.9
11	14	1998	212.02(20)	Automobiles loaned to driver education and safety programs	insig.
12	15	1998	212.02(28) & (29)	Fish breeding	0.1
13	22	1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural	17.9
14	23	1985	212.031(1)(a)4.	Condominium recreational leases	7.3
15	24	1987	212.031(1)(a)5.	Streets used by a utility for utility purposes	36.8
16	25	1999	212.031(1)(a)5.	Cell phone towers & co-located equipment	3.1
17	26	2000	212.031(1)(a)5.	Cell phone towers	0.8
18	27	1987	212.031(1)(a)6.	Toll road charges	59.5
19	28	1987	212.031(1)(a)6.	Street parking meter charges	1.3
20	29	1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading	24.3
21	30	1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships	14.7
22	31	1997	212.031(1)(a)8.	Wharfage guarantees	0.4
23	32	1987	212.031(1)(a)9.	Leases/rentals of certain property used for movie productions	5.2
24	33	1983	212.031(1)(a)10.	Movie theater concession rent	1.9
25	34	1999	212.031(1)(a)10.	Rents, subleases, or licenses in recr. or sports arenas, civic cen	0.6
26	35	2000	212.031(1)(a)13.	Commercial Leases/Space Flight	0.7
27	36	1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged	insig.
28	37	1977	212.031(5)	Convention hall subleases	7.0
29	38	1978	212.031(6)	Leases by agricultural fair associations	insig.
30	39	1998	212.031(7)	Certain utility charges if separately billed	20.3
31	40	1998	212.031(8)	Certain lease termination payments	19.1
32	41	1999	212.031(9)	High school and college teams' stadium skyboxes	0.8
33	42	2000	212.031(10)	Entertainment Facilities	3.9
34	43	1998	212.04(1)(d)	Travel agent mark-up on taxed admissions or transient rentals	insig.
35	44	1949	212.04(2)(a)1.	Admissions to certain school and state events	7.3
36	45	1978	212.04(2)(a)2.	Dues, fees, and admissions charged by non-profit entities	37.9
37	46	1980	212.04(2)(a)3.	Admissions paid by students for required sports or recreation	5.5
38	47	1981	212.04(2)(a)4.	Super Bowl football tickets (impact only when held in Florida)	insig.
39	48	1994	212.04(2)(a)5.	Governmental participation or sponsorship fees	18.6
40	49	1989	212.04(2)(a)6.	Tickets for certain non-profit theater, opera or ballet events	1.9
41	50	1998	212.04(2)(a)8.	Particip. fees to athletic events where spectators are charged a	insig.
42	51	1963	212.04(2)(c), 212.02(20)	Pari-mutuel admissions tax imposed by s. 550.09	insig.
43	52	1976	212.05(1)(a)2.	Sales of boats or airplanes removed from the state	79.5
44	53	1971	212.05(1)(c)	Long term vehicle leases if tax paid when purchased by lessor	2.0
45	54	1998	212.05(1)(h)	Newspaper and magazine inserts	41.9
46	55	1994	212.05(1)(j)1.	2% rate abatement for coin-operated amusement machines	4.5
47	56	1993	212.05(1)(k)	Law enforcement officers' protection services	3.8
48	57	1999	212.05(1)(k)	US legal coins and coins in excess of \$500	0.4
49	58	1998	212.05(1)(n)	When TPP prizes are awarded, operator can pay tax on 25% o	0.3
50	59	1989	212.0506(3)	Certain service warranties relating to real property fixtures	3.7
51	60	1989	212.0506(7)	Service warranties on which ins. prem. tax is due (homeowner	2.7
52	61	1998	212.0506(10)	Certain materials and supplies used in fulfillment of service war	36.0
53	62	1998	212.051(1)	Pollution control equipment used in manufacturing	22.4
54	63	1998	212.051(2)	Solid waste management equipment	3.6
55	64	1982	212.052	Items fabricated for use in research and development activities	33.0
56	65	1987	212.0598	Partial exemption for air carriers' maintenance bases	insig.
57	66	1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy (*1	27.5
58	67	1984	212.06(1)(b)	Electricity consumed or dissipated in the transmission of electri	29.9
59	68	1969	212.06(1)(b)	Fabrication labor used in the production of qualified motion pict	9.0
60	69	1982	212.06(1)(b)	Portion of price of factory built building attributable to labor cost	insig.

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**FINANCIAL IMPACT ESTIMATING CONFERENCE**  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SALES TAX EXEMPTIONS SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
61	70	1988	212.06(1)(c)	Use tax on asphalt; special calculations	insig.
62	71	1999	212.06(1)(c)	Partial exemption for asphalt sold to governments	1.8
63	72	1998	212.06(1)(d)	Cost price calculation for certain industries	insig.
64	73	1992	212.06(2)(d),5(c),212.0596(2)(c),(i)	Printing for out-of-state customer, when he provides the paper	16.3
65	74	2000	212.06(3)(b)	Certain Printed Materials	0.4
66	75	1949	212.06(5)(a)	Tangible personal property imported or produced for export	4,369.5
67	76	1949	212.06(5)(a)	Aircraft being exported outside the U.S.	12.2
68	77	1949	212.06(5)(a), 212.081(5)	Any sale exempted by federal law or the U.S. Constitution	insig.
69	78	1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas	3.3
70	79	1949	212.06(7)	Credit for tax paid to other states	56.8
71	80	1969	212.06(8)	Imported items if used in another state for 6 months or more	148.7
72	81	1949	212.06(9)	Sales of religious items	9.9
73	82	1992	212.06(11)	Certain magazine promotional materials, if exported	4.4
74	83	1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used	1.4
75	84	1998	212.06(14)	Mobile home lot improvements	insig.
76	85	1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use	1.5
77	86	2000	212.06(15)(a)	Fill Dirt	insig.
78	87	1987	212.0601	Partial exemption from use tax for motor vehicle dealers	0.8
79	88	1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS	insig.
80	89	1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made	0.4
81	90	1997/99	212.0602	Purchases of cinematography school, including leases	0.9
82	91	1949	212.07(5)	Sales of farm products sold directly by the producer	1.8
83	92	1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on m	0.5
84	93	1949	212.07(6)	Agricultural products consumed on the farm	insig.
85	98	1949	212.08(2)(a)	Non-prescription drugs	181.3
86	99	1949	212.08(2)(a)	Eyeglasses and other corrective lenses	38.7
87	100	1949	212.08(2)(a)	Medical supplies and products such as syringes and prosthetic	94.4
88	101	1951	212.08(2)(a)	Funerals except for tangible personal property used (*9)	19.0
89	102	1990	212.08(2)(a)	Contact lens molds cost in excess of \$100,000	5.9
90	103	1998	212.08(2)(d)	Lithotripters	0.3
91	104	1998	212.08(2)(e)	Human organs	insig.
92	107	1998	212.08(2)(j)	Special lettering or similar attachments used to aid handicappe	2.9
93	109	1949	212.08(4)(a)1.	Metered Water, excluding well	239.5
94	110	1949	212.08(4)(a)1.	Bottled (except carbonated) Water	42.4
95	111	1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities	308.1
96	112	1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).	3.2
97	113	1987	212.08(4)(a)3.	Wheeling or transmission of electricity (*15)	4.2
98	114	1949	212.08(5)(a)	Purchase of commercial fishing nets	insig.
99	115	1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc	62.3
100	116	1978	212.08(5)(a)	Fuels used to heat poultry structures	0.1
101	117	1998	212.08(5)(a)	Poultry structure generators	0.2
102	118	1978	212.08(5)(b)1.	Purchases of machinery and equipment by new businesses	24.0
103	119	1978/89	212.08(5)(b)2.a.	M&E purchased by expanding businesses or for spaceports > \$	13.4
104	120	1998	212.08(5)(b)2.b.	M&E purchased by expanding printing facilities	10.6
105	121	1980	212.08(5)(c)1.	Certain M&E used to produce energy (*10)	11.7
106	122	1997	212.08(5)(c)2.	Proration of M&E using nonresidual fuels	0.8
107	123	2000	212.08(5)(c)1. & 2.	Boiler Fuels	0.5
108	124	1983	212.08(5)(d)	Certain M&E purchased pursuant to federal contract	insig.
109	125	1988	212.08(5)(e)	Butane and other gases (except natural) used for agricultural p	1.0
110	126	1993	212.08(5)(e)	Natural gas used for agricultural purposes	0.7
111	127	1983	212.08(5)(f)	Certain motion picture or recording equipment; refund	2.7
112	128	2000	212.08(5)(f)	Add'l Movie Exemptions	16.0
113	129	2000	212.08(5)(f)	Motion Picture Video Equipment	4.9
114	130	1984	212.08(5)(g)	Certain building materials used in an enterprise zone	0.3
115	131	1984	212.08(5)(h)	Certain depreciable business equip. used in an enterprise zone	2.2
116	132	1988	212.08(5)(i)	Certain aircraft modification services	24.7
117	133	1997	212.08(5)(j)	M & E used in silicon technology and related research (*11)	2.6
118	134	2000	212.08(5)(j)	Semi-conductor clean rooms	0.1
119	135	2000	212.08(5)(j)	Defense & Space M&E	2.2
120	136	1998	212.08(5)(k)	Paint color cards and samples	0.4

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Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SALES TAX EXEMPTIONS SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
121	137	1998	212.08(5)(l)	Cattle growth enhancers	0.4
122	138	1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials	0.2
123	139	2000	212.08(5)(n)	Materials for construction of single-family homes in EZ	0.4
124	140	2000	212.08(5)(o)	Building materials in redevelopment projects	0.5
125	141	2000	212.08(5)(p)	Broad Band Technology	3.4
126	143	1949	212.08(6)	Direct purchases by government (except electrical generating equipment)	397.0
127	144	1987	212.08(6)	Services by radio and TV stations	insig.
128	145	1978	212.08(7)(a)	Sales of artificial commemorative flowers by V.A.	insig.
129	146	1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing	32.7
130	147	1974	212.08(7)(c)	Purchases of crab bait by commercial fishermen	0.5
131	148	1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches	22.5
132	149	1949	212.08(7)(e)	Film rentals, when admissions are charged	4.6
133	150	1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters	insig.
134	151	1974	212.08(7)(f)	Sales of U.S. and State flags	2.0
135	152	1982	212.08(7)(g)	Supplies & equipment by the Fla. Retired Educators' Assn.	insig.
136	153	1971	212.08(7)(h)	Purchases of, and supplies for, guide dogs for the blind	insig.
137	157	1996	212.08(7)(i)	Purchases of power & heating fuels by licensed day care homes	0.4
138	158	1980	212.08(7)(j)	Utilities purchased for use in a residential model home (*15)	0.2
139	160	1983	212.08(7)(l)	Purchases by orgs. providing certain benefits to minors	6.6
140	161	1949	212.08(7)(m)1.	Sales or leases to churches	55.7
141	162	1983	212.08(7)(m)1.	Items purchased or leased by certain non-profit organizations	10.5
142	163	1984	212.08(7)(m)2.	Non-profit orgs. providing free transportation to church members	0.1
143	164	1988	212.08(7)(m)2.	Purchases by religious non-profit TV stations	0.5
144	165	1995	212.08(7)(m)2.	Purchases by orgs. providing religious services to state prisoners	insig.
145	166	1998	212.08(7)(m)2.	Religious tapes for the blind	0.1
146	167	1998	212.08(7)(m)2.	Organizations w/o permanent location conducting religious services	0.6
147	168	1995	212.08(7)(m)2.	Purchases by certain orgs. supporting charitable service providers	0.1
148	169	1978/99	212.08(7)(n)1.	Items purchased or leased by qualified veterans organizations	0.6
149	170	1949/00	212.08(7)(o)	Schools, colleges, and universities	insig.
150	171	1949/00	212.08(7)(p)	Section 501(c)(3) organizations	43.4
151	172	1978	212.08(7)(q)	Purchases of "resource recovery equipment" by local governments	0.2
152	173	1963	212.08(7)(r)	K-12 schoolbooks	18.2
153	174	1998	212.08(7)(r)	School yearbooks, magazines, newspapers, and bulletins	6.3
154	175	1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting	1.5
155	176	1986	212.08(7)(t)	Boats temporarily docked in Florida	4.5
156	177	1969	212.08(7)(u)	Purchases of fire-fighting equipment by volunteer fire depts.	0.4
157	178	1949/88	212.08(7)(v)	Charges for professional, personal and insurance services	insig.
158	179	1990	212.08(7)(w)	Free advertising publications	22.4
159	180	1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail	11.7
160	181	1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events	0.1
161	182	1988	212.08(7)(y)	Charter fishing boats	54.6
162	183	1988	212.08(7)(z)	Certain candy sold in vending machines by non-profit orgs.	insig.
163	184	1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies	0.4
164	185	1992	212.08(7)(bb)	Community cemeteries	0.1
165	186	1992/99	212.08(7)(cc)	Works of art provided to an educational institution	7.1
166	187	1994	212.08(7)(dd)	Lease or license to use taxicab equipment	8.0
167	188	1994/98	212.08(7)(ee)	Aircraft repair and maintenance labor charges or aircraft > 15,000 lbs.	2.8
168	189	1998	212.08(7)(ee)	Aircraft repair and maint. labor charges for helicopters > 10,000 lbs.	0.2
169	190	1996	212.08(7)(ff)	Electricity used in Manufacturing (*15)	57.5
170	191	1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property	1.2
171	192	1996	212.08(7)(hh) & (ii)	State Park Citizen Support Organizations and Florida Folk Festivals	0.1
172	193	1997	212.08(7)(jj)	Solar energy systems	1.3
173	194	1997	212.08(7)(kk)	Nonprofit cooperative hospital laundries	0.1
174	196	1997	212.08(7)(mm)	PRIDE	1.5
175	197	1998	212.08(7)(nn)	Items sold by PTO's and PTA's, if tax paid at purchase	1.9
176	198	1998	212.08(7)(nn)	Vending machine items in lunchrooms, if tax paid at purchase	0.2
177	199	1998	212.08(7)(oo)	Mobile home lot improvements	0.7
178	200	1998	212.08(7)(pp)	Portions of purchase price of boats, cars, planes paid by Veterans	0.2
179	203	1998	212.08(7)(ss)	Racing dogs by breeders	0.1
180	204	1998	212.08(7)(tt)	Parts and labor used in certain aircraft maintenance or repair	2.8

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FINANCIAL IMPACT ESTIMATING CONFERENCE  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SALES TAX EXEMPTIONS SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
181	205	1998	212.08(7)(uu)	Aircraft leases and sales by common carriers, if in excess of 15	3.0
182	206	1999/00	212.08(7)(v v)	Non-profit water systems	0.8
183	207	1999	212.08(7)(ww)	Library co-operatives	0.1
184	208	1999	212.08(7)(xx)	Certain advertising services	16.1
185	209	1999	212.08(7)(yy)	Gold, silver, platinum bullion in excess of \$500	insig.
186	210	1999/00	212.08(7)(zz)	Shipping and parts and labor for repair of certain machinery	13.9
187	211	1999	212.08(7)(aaa)	Film and printing supplies	6.7
188	212	2000	212.08(7)(bbb)	People Mover Systems	0.4
189	213	2000	212.08(7)(ccc)	Crime Prevention	insig.
190	214	2000	212.08(7)(ddd)	Florida Fire and Emergency Services	insig.
191	215	2000	212.08(7)(eee)	Railroad Bed Materials	0.7
192	216	1957	212.08(8)	Vessels, parts & related items used in interstate commerce (pa	15.6
193	217	1957	212.08(9)	RR equip, MV & pts. used in interstate commerce (partial) (*18)	62.5
194	218	1977	212.08(10)	Partial exemption on motor vehicles sold to out-of-state residen	37.7
195	219	1978	212.08(11)	"Flyable aircraft" sold by a Fla. mfrg. to out-of-state resident (pa	7.6
196	220	1998	212.08(11)	Aircraft temporarily located in Fla. for repairs	7.2
197	221	1984	212.08(12)	Master tapes, records, films or video tapes (partial)	29.6
198	222	1984	212.08(15)	Certain electrical energy used in an enterprise zone (*15)	0.4
199	223	1989	212.08(16)(a)1.	The sale or use of satellites or other space vehicles	128.5
200	224	1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on satellite	insig.
201	225	1999	212.08(17)	Overhead items purchased by certain government contractors	9.6
202	226	1984	212.0821(1)	Items bought by Parent-Teacher Orgs. through school districts	1.8
203	227	1984	212.0821(2)	Items bought by certain community groups through local govern	insig.
204	228	1984	212.0821(3)	Items bought by certain library fund raising groups	insig.
205	229	1949	212.09, 212.02(17)	The value of trade-ins or discounts	594.8
206	237	1998	376.75(1)	Tax on perchloroethylene	0.1
				<b>GRAND TOTAL</b>	<b>8,150.5</b>
<b>Note: Some exemptions overlap, so that repeal of all items would NOT yield the total shown.</b>					

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**FINANCIAL IMPACT ESTIMATING CONFERENCE**  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**SALES TAX EXEMPTIONS NOT SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
1	4	1970	212.02(2)	Rent on low income housing	59.6
2	16	1949	212.03(4), 212.031(1)(a)2.	Rent charges paid by certain long term occupants	3.7
3	17	1979	212.03(7)(a)	Rent charges paid by certain full-time students	31.9
4	18	1979	212.03(7)(a)	Rent charges paid by active military personnel	12.2
5	19	1972	212.03(7)(a)	Rent charges paid by permanent residents	976.0
6	20	1972	212.03(7)(c)	Charges for rent in certain mobile home parks	3.0
7	21	1979	212.03(7)(d)	Rent charges for living accommodations in migrant labor camps	12.0
8	95	1949	212.08(1)(a)	Groceries purchased for human consumption	2,170.3
9	96	1986	212.08(1)(b)	Food purchased with food stamps [not exempt under s. 212.08	1.1
10	97	1949	212.08(2)(a)	Prescription drugs	717.0
11	105	1998	212.08(2)(f) & (h)	Veterinary medicines	8.1
12	106	1999	212.08(2)(f) & (h)	Non-retail pharmacies	156.0
13	154	1963	212.08(7)(i)	Charges for hospital meals and rooms	522.5
14	155	1995	212.08(7)(i)	In-facility meals purchased by residents of homes for the aged	20.7
15	156	1972	212.08(7)(j)	Purchases of power & heating fuels by residential households	1,272.0
16	159	1978	212.08(7)(k)	Charges for certain meals provided by non-profit orgs.	24.7
17	173	1963	212.08(7)(r)	K-12 lunches	19.8
18	195	1997	212.08(7)(ll)	Complimentary meals served by hotels & motels	3.8
19	201	1998	212.08(7)(qq)	Complimentary food items	0.7
20	202	1998	212.08(7)(rr)	Food or beverages donated to non-profit organizations	0.3

**GRAND TOTAL**

**6,015.4**

**Note: Some exemptions overlap, so that repeal of all items would NOT yield the total shown.**

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**FINANCIAL IMPACT ESTIMATING CONFERENCE**  
Initiative requiring legislative determination that sales tax exemptions serve a public purpose  
(in \$millions)

**OTHER SALES TAX PROVISIONS NOT SUBJECT TO REVIEW**

Count	Line No.	Enactment Date	Florida Statute	Description of the Exemption in Statutory Order	Fiscal Year 2005-2006
<b>TRANSACTIONS NOT SUBJECT TO REVIEW AND NOT INCLUDED IN FL TAX HANDBOOK TOTALS</b>					
1	8	1949	212.02(14)(a)	Items purchased for subsequent resale (*2)	32,912.3
2	13	1949	212.02(19)	Intangible personal property (*4)	17,642.6
3	94	1949	212.07(7)	Purchases of ag. products for further processing for resale	1,079.9
			<b>SUBTOTAL</b>		<b>51,634.8</b>
<b>CREDITS NOT SUBJECT TO REVIEW</b>					
4	108	63/98	212.08(3)	2.5% partial exemption on sale of farm equipment	19.2
5	142	2001	212.08(5)(q)	Community Contribution Credit	8.4
6	230	1984	212.096	Credit for job creation in enterprise zones	1.5
7	231	1997	212.097	Urban High-crime area job tax credit	5.9
8	232	1997	212.098	Rural job tax credit	insig.
			<b>SUBTOTAL</b>		<b>35.0</b>
<b>STATUTORY DISTRIBUTIONS AND DIFFERENTIAL RATES NOT SUBJECT TO REVIEW</b>					
9	233	1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first \$1,200 of tax per return	56.1
10	234	1991	212.20(6)(g)4.a.	Up to \$2.0m annual subsidy for certain professional sports teams	18.5
11	235	1993	212.20(6)(g)4.b.	\$2 million annual subsidy for Professional Golf Hall of Fame	2.2
12	236	1996	212.20(6)(g)4.c.	\$1 m annual subsidy for Intern'l Game Fish Association World Cup	1.1
			<b>SUBTOTAL</b>		<b>77.9</b>

**Notes:**

n/a - Estimate not available.

(\* ) Items shown in italics are NOT included in the grand total for all exemptions.

Repeal of items shown in italics would substantially alter the character of the tax. For example, repeal of the resale provision (item #8 and others) would effectively convert the sales tax to a transactional gross receipts tax.

- 1 Estimate reflects only sales by businesses.
- 2 Estimate excludes items exempt under other provisions as well.
- 3 Impact included in estimate for item #8
- 4 The estimate represents only sales of stocks and bonds traded in national markets. A variety of additional items would also be potentially taxed.
- 5 Impact included in estimate for #339.
- 6 The 2005 Super Bowl was held in Jacksonville. This exemption is estimated to cost \$2.4m. In 2007, it will be held in Miami.
- 7 No evidence exists that any taxpayers currently avail themselves of this exemption.
- 8 In the aggregate, the special calculation yields the same revenue as would the general law.
- 9 Estimate reflects entire charge for funeral and crematory services. Net revenue from repeal may be reduced by value of caskets, depending on the billing procedures of each business.
- 10 Based on exemption permits issued, this amount could increase significantly if taxpayers receive development authorization.
- 11 The exemption is granted only to the extent funds are appropriated for that purpose.
- 12 Excludes \$378.2m of tax on federal purchases. Taxation would require congressional authorization.
- 13 See NAICS codes 51
- 14 This exemption applies when delivery is by a physical medium. The estimate for NAICS codes 51 include both physical delivery and electronic transmission. The latter form dominates the market.
- 15 The statutory tax rate for electricity is 7%.
- 16 Estimate includes commuter transportation only. Federal law prohibits state taxation of Amtrak services.
- 17 Federal law prohibits state taxation of airline passenger charges. If federal law changes, it could generate \$352m.
- 18 Estimate assumes other supporting statutory changes in addition to exemption repeal.

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