

INITIATIVE FINANCIAL INFORMATION STATEMENT

Initiative directing manner by which sales tax exemptions are granted by the legislature

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

This amendment requires that each law creating or reenacting an exemption from the sales tax must contain only one exemption. Also, the law must contain a factual statement of the public purpose advanced or served by the exemption.

Based on the information provided through public workshops and staff research, the FIEC expects that the proposed amendment will have no impact on state and local government revenues and expenses.

FINANCIAL IMPACT STATEMENT

The amendment will not have an impact on state and local government revenues or expenses.

ANALYSIS

A. Text of the Proposed Amendment

Ballot Title:

Initiative directing manner by which sales tax exemptions are granted by the legislature

Ballot Summary:

Each law granting an exemption to the sales tax shall contain a legislative determination that such exemption advances or serves a public purpose and shall contain the single subject of a single exemption.

Full Text of Proposed Amendment:

Article III of the Florida Constitution is hereby amended to add the following as Section 21:

Laws creating sales tax exemptions.-

Each law creating or reenacting a sales tax exemption shall contain the single subject matter of a single exemption and shall contain a factual statement of the public purpose advanced or served by the exemption.

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 FIEC 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 this power to enact a sales tax on the retail sale of tangible personal property, on rentals of real property and on the provision of certain services.

The legislature may enact or reenact multiple exemptions from the sales tax in a single law and is not required to find that the exemption advances or serves a public purpose.

D. Effect of Proposed Amendment

The amendment provides that each law creating or reenacting a sales tax exemption must contain only a single exemption and must contain a factual statement of the public purpose advanced or served by the exemption.

E. Fiscal Impact of Proposed Constitutional Amendment

The amendment will not have an impact on state and local government revenues or expenses.