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## SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 1, 1998 Revised: \_\_\_\_\_

Subject: Tax on Sales, Use, and Other Transactions

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Fournier</u>	<u>Beggs</u>	<u>WME</u>	<u>Favorable/PCS</u>
2.	<u>Fournier</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable/CS</u>
3.	_____	_____	<u>NR</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

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### I. Summary:

This committee substitute provides a sales and use tax exemption for certain facilities, equipment, and machinery used for pollution abatement or control and for structures or equipment associated with replacement of such facilities and equipment. To qualify for exemption, the facility or equipment is required to meet the permitted conditions of the Department of Environmental Protection.

The committee substitute also provides an exemption for pollution control equipment, machinery, or materials required by permit or law at privately owned and operated solid waste management facilities.

In order to qualify for these exemptions, the purchaser must sign a certificate stating that the exempt property is required to meet any law implemented by or condition of a permit issued by the Department of Environmental Protection.

This bill substantially amends section 212.051, Florida Statutes.

### II. Present Situation:

Presently pollution control and abatement equipment is subject to sales tax; no tax exemptions exist for machinery and equipment used for controlling or abating pollution or contaminants. Section 212.051, F.S., specifically provides that equipment or machinery for pollution control equipment is subject to sales or use tax.

Exemptions also do not exist for equipment, machinery, or materials required by permit or law for monitoring, prevention, abatement, or control of pollution or contaminants at solid waste management facilities.

### **III. Effect of Proposed Changes:**

This bill provides a sales and use tax exemption for certain facilities, devices, fixtures, equipment, and machinery used primarily for abatement or control of pollution or contaminants in manufacturing, processing, compounding, or producing for sale items of tangible personal property as a fixed location. It also exempts structures, machinery, or equipment associated with the reconstruction or replacement of such facilities and equipment. To qualify for exemption, the facility or equipment is required to meet the permitted conditions of the Department of Environmental Protection.

The bill also provides an exemption for pollution or contaminants monitoring, prevention, abatement, or control equipment, machinery, or materials that are required by permit or law at privately owned and operated solid waste management facilities.

In order to qualify for these exemptions, the purchaser must sign a certificate stating that the exempt property is required to meet any law implemented by or condition of a permit issued by the Department of Environmental Protection.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

This bill initially falls under subsection (b) of s. 18, Art. VII, State Constitution. Subsection (b) requires a two-thirds vote of the membership of each house in order to enact a general law reducing the authority that municipalities and counties had on February 1, 1989 to raise revenues in the aggregate. By adding exemptions to the state sales tax, the bill has the effect of adding exemptions to the local option county sales surtax. The estimated local government revenue loss from this committee substitute appears to be greater than \$1.4 million; therefore, the committee substitute is subject to the requirements of subsection (b) of s. 18, Art. VII, State Constitution.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Manufacturing facilities	(10.5)	(11.4)	(*)	(*)	(1.7)	(1.8)	(12.2)	(13.2)
Solid Waste Facilities	(0.8)	(0.9)	(*)	(*)	(0.1)	(0.1)	(0.9)	(1.0)
Total	(11.3)	(12.3)	(*)	(*)	(1.8)	(1.9)	(13.1)	(14.2)

\* Insignificant  
\*\* Indeterminate

**B. Private Sector Impact:**

This bill will reduce the cost of installing and replacing pollution control and abatement equipment and facilities.

**C. Government Sector Impact:**

This bill will require the Department of Environmental Protection to certify certain manufacturing and industrial processes, equipment, and fixtures as being primarily used for pollution control, prevention, or abatement.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.