
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 27, 1998 Revised: _____

Subject: Sales Tax Exemption/Growth-Enhancing Products for Livestock

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Keating</u>	<u>Beggs</u>	<u>WME</u>	<u>Favorable/PCS</u>
2.	<u> </u>	<u> </u>	<u>WM</u>	<u>Withdrawn</u>
3.	<u> </u>	<u> </u>	<u>CM</u>	<u>Withdrawn</u>
4.	<u>Keating</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable/CS</u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

This Committee Substitute provides an exemption from the sales and use tax for the sale of performance-enhancing or growth-enhancing products for cattle.

This bill substantially amends section 212.08 (5) of the Florida Statutes.

II. Present Situation:

Florida's sales and use tax is a tax of general applicability which applies to receipts from the sales, storage and use of all tangible personal property unless specifically exempted. Section 212.08, F.S., enumerates specific exemptions to the sales tax. Section 212.08 (5), F.S., provides exemptions on account of use, for items such as those used in agriculture, machinery and equipment used to increase productive output, and certain motion picture or video equipment and sound recording equipment used in production of master tapes and records.

Section 212.08(7)(d), F.S., provides a sales tax exemption for feeds for poultry, ostriches, and livestock, including race horses and dairy cows.

III. Effect of Proposed Changes:

The bill amends s. 212.08(5), F.S., providing a sales and use tax exemption for the sale of performance-enhancing or growth-enhancing products for cattle.

The bill shall take effect July 1, 1998.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill initially falls under subsection (b) of section 18 of Article VII, Florida 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 an exemption to the state sales tax, the bill has the effect of adding an exemption to the local option county sales surtax. Since the annual local revenue loss is estimated to be less than \$1.4 million, the bill will be exempt from the requirements of subsection (b) due to the insignificant negative fiscal impact as permitted under subsection (d) of section 18 of Article VII. (See subsection (d) of s. 18, Art. VII, Florida Constitution, for various types of general laws, including those with insignificant fiscal impact.)

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The sales tax exemption for the sale of performance-enhancing or growth-enhancing products for cattle as estimated by the Revenue Estimating Conference was based on the use of two types of performance-enhancing or growth-enhancing products: bovine somatotropins injected into cows to increase the production of milk, and Rolgro, which is a hormone used on feeder calves. These estimates decrease General Revenue collections by \$300,000 annually.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Growth-enhancing Products for Livestock	\$ (0.3)	\$ (0.3)	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (0.3)	\$ (0.3)

* Insignificant

B. Private Sector Impact:

The sales tax exemption provided in this bill would benefit farmers and cattlemen who use performance-enhancing or growth-enhancing products on their cattle.

C. Government Sector Impact:

The Department of Revenue does not anticipate the need for additional resources to administer this bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 4155 is similar to CS/SB 680.

VIII. Amendments:

None.