

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.)

BILL: SB 132

SPONSOR: Senator Klein

SUBJECT: Sales Tax/Coins, Currency, Bullion

DATE: March 8, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Fav/1 amendment</u>
2.	<u>Olafson</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill creates a tax exemption for sales transactions of coins and currency in which the taxable amount of the transaction exceeds \$500. The bill also creates a tax exemption for the retail sales transactions of gold, silver, and platinum bullion if the sales price exceeds \$500.

This bill substantially amends the following sections of the Florida Statutes: 212.05 and 212.08.

II. Present Situation:

Pursuant to ch. 212, F.S., 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 212.05(1)(k), F.S., 1998 Supp., imposes a six percent sales tax on transactions of coins and currency which are legal tender in their country and are sold in excess of the face value or sold at an exchange rate based on their precious metal content. Therefore, sales and use tax is imposed on transactions of coins and currency at coin shows and by dealers of coins and currency. Exchanges of coins or currency, which are in general circulation, for legal tender of another nation based on the relative value of each as a medium of exchange are exempt from the sales and use tax.

Section 212.08(7), F.S., 1998 Supp., enumerates 51 miscellaneous sales tax exemptions ranging from artificial commemorative flowers to charter fishing vessels. There is no statutory sales tax exemption for the retail sale and purchase of bullions.

III. Effect of Proposed Changes:

Section 1 amends s. 212.05(1)(k), F.S., 1998 Supp., creating a sales tax exemption for sales transactions of coins and currency in which the taxable amount exceeds \$500. A coin or currency dealer must maintain proper identifying documentation as to that portion of the transaction which

involves the sale of coins or currency and which is tax exempt. Transactions in which the taxable amount does not exceed \$500 remain taxable.

Section 2 amends s. 212.08(7), F.S., 1998 Supp., creating a similar sales tax exemption for sales transactions of gold, silver, or platinum bullion, in which the sales prices exceeds \$500. A bullion dealer must provide proper identifying documentation as to that portion of the transaction that involves the sale of gold, silver, or platinum bullion and which is tax exempt.

Section 3 authorizes the Department of Revenue to adopt emergency rules pursuant to s.120.54(4), F.S., regarding the new provisions. Section 120.54(4), F.S., relates to agency emergency rule-making procedures under the Florida Administrative Procedure Act. The adopted rules are to remain effective for six months from the date of adoption. This provision of the legislation is to become effective upon becoming law.

Section 4 provides that, unless otherwise provided in the bill, the bill is to become effective July 1, 1999.

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 Revenue Estimating Conference projects a recurring loss to the General Revenue Fund of \$0.9 million and a recurring loss of \$0.2 million in local government revenue.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Rare Coins/Bullion	\$ (0.8)	\$ (0.9)	\$ (*)	\$ (*)	\$ (0.2)	\$ (0.2)	\$ (1.0)	\$ (1.1)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

This bill may place in-state coin and currency dealers in a more competitive position in relation to out-of-state coin and currency dealers. The bill may also encourage larger investment transactions of coins, currency, and bullion.

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:

None.

VIII. Amendments:

#1 by Fiscal Resource:
 Technical amendment.