

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: CS/SB 818

SPONSOR: Fiscal Resource Committee and Senator Sullivan

SUBJECT: Sales Tax/Vending Machines

DATE: April 8, 1999 REVISED: _____

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

I. Summary:

The bill revises the method of calculating sales taxes on beverages sold from vending machines and eliminates a certificate requirement and penalty for vending machine operators.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.0515.

II. Present Situation:

Section 212.0515, F.S., governs sales from vending machines. Subsection (2) provides for a calculation of the sales tax to be paid on food, beverages, or other items of tangible personal property (TPP) sold in vending machines. Taxable sales for the applicable period of time are determined by dividing the gross receipts for that period by a divisor and then subtracting gross taxable sales from the gross receipts to arrive at the amount of the sales tax due. The divisors are different for each product - beverages is 1.0665, food is 1.0645, and other TPP is 1.0659. The statute also provides divisors for counties with sales surtax rates of 0.5 percent and 1 percent.

Section 212.0515(5), F.S., requires operators of vending machines to provide a certificate annually to the dealers from whom they purchase products for their vending machines. The certificate must affirmatively assert the purchaser's status as a vending machine operator. An operator who fails to comply with this requirement is subject to a \$250 penalty.

III. Effect of Proposed Changes:

The bill amends s. 212.0515(2), F.S., lowering the divisor for beverages to equal that of food. The bill also adds divisors for counties with a .75 percent sales surtax rate.

The bill also amends subsection (5), eliminating the requirement for an annual filing of certificates by vending machine operators with their dealers and eliminating the \$250 penalty.

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:

By decreasing the divisors for beverages, the fiscal impact is a decrease in vending machine sales tax collections. The Revenue Estimating Conference estimated the fiscal impact to be a recurring loss in General Revenue of \$0.7 million and a recurring loss in local revenue of \$.1 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Vending Machines	\$ (0.6)	\$ (0.7)	\$ (*)	\$ (*)	\$ (0.1)	\$ (0.1)	\$ (0.7)	\$ (0.8)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Vending operators will no longer be required to annually provide a certificate to dealers from whom they purchase products for their vending machines and thus are no longer subject to a \$250 fine for noncompliance.

C. Government Sector Impact:

The Department of Revenue annually sends dealers packages of instructions and forms to be utilized during the calendar year for the preparation and filing of periodic sales tax returns. These packages include the divisors existing under current law for the determination of the sales tax due by vending machine operators. As a result of the July 1, 1999 effective date, the Department of Revenue will have to contact all affected vending machine operators supplying them either with revised packages or revised written instructions, prior to the August, 1999 filing deadline for their July, 1999 sales tax return. A January 1, 2000, effective date would alleviate this problem for the department.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 537 is similar to CS/SB 818.

VIII. Amendments:

None.