

STORAGE NAME: h0939.ca

DATE: March 1, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
ANALYSIS**

BILL #: HB 939

RELATING TO: Fire & Emergency Services Foundation

SPONSOR(S): Representative Argenio

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS (PRC)
 - (2) FINANCE & TAXATION (FRC)
 - (3) GENERAL GOVERNMENT APPROPRIATIONS (FRC)
 - (4)
 - (5)
-

I. SUMMARY:

This bill exempts sales or leases to the Florida Fire & Emergency Services Foundation from sales tax.

This bill reduces revenues generated by the state sales tax. The bill also reduces the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, and reduces revenues collected by local governments under local option sales taxes. The revenue estimating conference has not yet addressed this bill. Although the bill reduces the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Florida Fire & Emergency Services Foundation

According to information submitted by the Florida Fire & Emergency Services Foundation (Foundation), the Foundation is a not-for-profit 501c(3) educational organization founded in 1994 by the Florida Fire Chiefs' Association. The single purpose of the Foundation is to promote and enhance professionalism among individuals in fire and emergency services. The Foundation provides funding for education, research, professional development, publications, and public relations efforts for the profession. The Foundation is supported entirely by voluntary, tax-deductible contributions and grants.

Sales and Use Tax

Chapter 212, F.S., provides for the tax on sales, use, and other transactions. Section 212.05, F.S., provides that every person who engages in the business of selling tangible personal property at retail in this state, including the business of making mail order sales, or who rents or furnishes any of the things or services taxable under chapter 212, F.S., or who stores for use or consumption any item or article of tangible personal property and who leases or rents such property is exercising a taxable privilege. Section 212.05(1)(a)1.a., F.S., provides for a six percent tax rate on the retail price of each item or article of tangible personal property when sold at retail in this state. Section 212.05(1)(b), F.S., provides for a six percent tax on the cost price of any item of tangible personal property that is not sold but is used in the state.

Section 212.031(1)(a), F.S., states that every person is exercising a taxable privilege who engages in the renting, leasing, letting, or granting of a licence for the use of any real property. There are several exemptions to the tax imposed on this privilege based on the type or use of the property. Section 212.031(1)(c), F.S., imposes a tax rate of 6 percent of and on the total rent or license fee charged for such real property by the person charging or collecting the rental or license fee.

Section 212.055, F.S., authorizes local governments to levy numerous types of local discretionary sales surtaxes. These include:

- (1) The Charter County Transit System Surtax [s. 212.055(1), F.S].;

- (2) The Local Government Infrastructure Surtax [s. 212.055(2), F.S.];
- (3) The Small County Surtax [s. 212.055(3), F.S.];
- (4) The Indigent Care Surtax [s. 212.055(4), F.S.];
- (5) The County Public Hospital Surtax [s. 212.055(5)]; and
- (6) The School Capital Outlay Surtax [s. 212.055(6), F.S.].

Pursuant to section 212.054, F.S., the local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions, and other authorized transactions. The surtax is computed by multiplying the rate imposed by the county where the sale occurs by the amount of taxable sale. The sales amount is not subject to the surtax if the property or service is delivered within a county that does not impose a surtax. In addition, the tax is not subject to any sales amount above \$5,000 on any item of tangible personal property and on long distance telephone service. The \$5,000 cap does not apply to the sale of any other service.

Section 212.08, F.S., provides a variety of exemptions from the state sales and use tax. Section 212.08(7)(o), F.S., provides exemptions for religious, charitable, scientific, educational, and veterans institutions and organizations. "Charitable institutions" are defined to mean only nonprofit corporations qualified as nonprofit pursuant to s. 501(c)(3), Internal Revenue Code, and other nonprofit entities, whose sole or primary function is to provide, or to raise funds for, one or more of the following services if a reasonable percentage of such service is provided free or at substantially reduced cost to persons, animals, or organizations that are unable to pay for such service:

- Medical aid;
- Physical necessities;
- Prevention or rehabilitation services relating to alcoholism, drug abuse, suicide, or health problems;
- Social welfare services;
- Medical research;
- Legal services;
- Food, shelter, or medical care for animals and other services concerning animals.

Therefore, the Florida Fire & Emergency Services Foundation does not qualify for an exemption from tax on purchases or leases from others under s. 212.08, F.S.

C. EFFECT OF PROPOSED CHANGES:

This bill provides that sales or leases to the Florida Fire & Emergency Services Foundation are exempt from sales and use tax.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. A new paragraph (ggg) is added to subsection (7) of s. 212.08, F.S., to provide that sales or leases to the Florida Fire & Emergency Services Foundation are exempt from the tax imposed by chapter 212, F.S.

Section 2. An effective date of July 1, 2000, is provided.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill reduces revenues generated by the state sales tax. (See "Fiscal Comments" section.)

2. Expenditures:

The Department of Revenue indicates the bill has no fiscal impact on the department.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This bill reduces the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, and reduces revenues collected by local governments under local option sales taxes.

2. Expenditures:

This bill does not directly affect expenditures of local governments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The Florida Fire & Emergency Services Foundation is exempted from paying sales tax.

D. FISCAL COMMENTS:

The revenue estimating conference has not yet addressed this bill.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Although the bill reduces the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

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C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

While the bill reduces the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(c), Florida Constitution does not apply.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

This bill does not necessitate additional rule making authority.

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

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