

# 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 122

SPONSOR: Senator Klein

SUBJECT: Tax Exemption/Prevention Services

DATE: March 3, 2000 REVISED: \_\_\_\_\_

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

## I. Summary:

The bill provides an exemption from the sales and use tax for certain nonprofit organizations that provide crime-prevention services, drunk-driving-prevention services, or juvenile-delinquency-prevention services.

This bill amends section 212.08(7), Florida Statutes.

## II. Present Situation:

The State of Florida levies a 6 percent sales tax on most sales of tangible personal property in the state and on some services. The statutes currently provide more than 200 exemptions from the sales tax. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(7), F.S., provides for more than 58 miscellaneous exemptions.

## III. Effect of Proposed Changes:

The bill amends s. 212.08(7), F.S., by adding a new paragraph, (ggg), which provides a specific exemption for sales or leases to certain nonprofit organizations that provide crime-prevention services, drunk-driving-prevention services, or juvenile-delinquency-prevention services. The bill specifies that to be eligible an organization must hold a current exemption from federal income tax under s. 501(c)(3) of the Internal Revenue Code and the organization must have as its sole or primary purpose the provision of services that contribute to the prevention of hardships caused by crime, drunken driving, or juvenile delinquency.

The bill will take effect July 1, 2000.

**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:**

According to the Department of Revenue, the largest organizations providing crime-prevention services, drunk-driving-prevention services, or juvenile-delinquency-prevention services currently hold a consumer’s certificate of exemption. As a result, the Revenue Estimating Conference estimates that the exemption for the remaining nonprofit organizations that provide crime-prevention services, drunk-driving prevention services, or juvenile-delinquency prevention services will result in an insignificant recurring loss to the General Revenue Fund.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Sales Tax Exemption: Certain Nonprofits	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)

\* Insignificant  
 \*\* Indeterminate

**B. Private Sector Impact:**

Nonprofit organizations qualifying for this exemption will benefit from not having to pay sales and use tax on the purchase or lease of tangible personal property.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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