

STORAGE NAME: h1981.fpr.doc

DATE: April 25, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
FISCAL POLICY & RESOURCES
ANALYSIS**

BILL #: HB 1981 (PCB FPR 01-01)

RELATING TO: Tax Administration

SPONSOR(S): Committee on Fiscal Policy & Resources and Representative Wallace

TIED BILL(S):

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

(1) FISCAL POLICY & RESOURCES YEAS 11 NAYS 0

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I. SUMMARY:

This bill is the part of the Department of Revenue's legislative package dealing with general tax administration issues. Other issues have been added to those original proposals. Please refer to section II.C. EFFECT OF PROPOSED CHANGES for details.

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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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:

Please see the next section for an issue-by-issue comparison of the present situation and effect of proposed changes.

C. EFFECT OF PROPOSED CHANGES:

Section 1. Judicial sales procedure; Disbursement of proceeds:

AND

Section 2. State named party; lien foreclosure, suit to quiet title:

AND

Section 3. Confidentiality and information sharing:

AND

Section 4. Transfer of the Division of Unemployment Compensation to the Agency for Workforce Innovation:

PRESENT SITUATION AFFECTED BY THE BILL

Chapter 2000-165, Laws of Florida, requires the Agency for Workforce Innovation (AWI) to contract with the Department of Revenue (DOR) to provide unemployment tax collection services. The Department has identified procedures, currently used by the Department when collecting other taxes, which would be helpful in fulfilling this contractual obligation.

CHANGES PROPOSED BY THE BILL

Amends subsection (7) of s. 45.031, F.S. Directs Clerks of the Court to notify DOR if there are surplus proceeds resulting from a sale of real or personal property pursuant to an unemployment compensation tax lien.

Amends paragraph (4)(a) of s. 69.041, F.S. Authorizes DOR to participate in the disbursement of any funds remaining in the registry of the court after the distribution of sale proceeds pursuant to s. 45.031, F.S., if DOR has an interest in an unemployment compensation lien.

Amends subsection (1) of s. 213.053(1), F.S. Ensures that the confidentiality and information sharing provisions of this statute apply to the unemployment compensation tax collection services DOR provides to

AWI. Further provides that the exceptions to the confidentiality provisions that are contained in ss. 443.171(7) and 443.1715, F.S., continue to apply.

Amends s. 11 of chapter 2000, 165, Laws of Florida. States that DOR is administering a state revenue law when it provides unemployment compensation tax collection services to the Agency for Workforce Innovation (AWI), pursuant to the contractual agreement between DOR and AWI. Specifies what statutory provisions in chapter 213, F.S., apply to DOR's administration of the unemployment compensation tax.

Section 5. Documentary Stamp Tax; Tax on deeds and other instruments relating to real property or interests in real property:

PRESENT SITUATION AFFECTED BY THE BILL

ISSUE #1: Florida law provides that documentary stamp tax shall apply to deeds, instruments, or writings whereby any interest in Florida real property is conveyed. There is no exemption for instruments that transfer any interest in Florida real property from a relocating employee to a relocation company.

ISSUE #2: Under the documentary stamp tax statutes, tax is imposed on deeds, instruments, or writings whereby any lands, tenements, or other real property, or any interest therein, is granted, assigned, transferred or otherwise conveyed to the purchaser, based on the consideration paid. Transfers of real property between public utilities are not exempt.

CHANGES PROPOSED BY THE BILL

ISSUE #1: Adds subsection (8) to s. 201.02, F.S. Provides that tax does not apply to a contract to sell the residence of an employee, when the contract is between the employee and an employee relocation company, but tax does apply to the transfer by deed that names the grantee.

ISSUE #2: Adds subsection (9) to s. 201.02, F.S. Provides an exemption from documentary stamp tax on deeds, instruments, or writings whereby any lands, tenements, or other real property, or any interest therein, is granted, assigned, transferred or otherwise conveyed from an electric utility to a regional transmission organization under the jurisdiction of the Federal Energy Regulatory Commission.

Section 6. Sales and use tax; Definitions:

PRESENT SITUATION AFFECTED BY THE BILL

ISSUE #1: The United States Interstate Commerce Commission no longer exists. However, several provisions in the statutes still refer to the Commission.

ISSUE #2: Section 212.02, F.S., contains definitions applicable to the sales and use tax statutes. Subsection (10) defines the terms "lease," "let," and "rental," and paragraph (g) of that subsection provides that certain transactions are excluded from those terms. Among those exclusions are certain charges paid by reason of the presence of another person's railroad cars on the tracks of the taxpayer to the extent those charges are subject to regulation by the United State Interstate Commerce Commission ("ICC").

CHANGES PROPOSED BY THE BILL

ISSUE #1: Amends paragraph (10)(g) of s. 212.02, F.S. The bill replaces the reference to the ICC with a reference to the Surface Transportation Board. This change reflects the abolition of the ICC and transfer of its responsibilities pursuant to federal statute.

ISSUE #2: The bill also adds a provision to s. 212.02(10)(g), F.S., excluding from the terms “lease,” “let,” “rental,” and “license” payments by a regional transmission organization (“RTO”) operating under the jurisdiction of the Federal Energy Regulatory Commission (“FERC”) to an electric utility in connection with the RTO’s use or control of the utility’s high-voltage bulk transmission facilities.

Sections 7 and 8. Sales and use tax; Lease or rental of or license in real property:

PRESENT SITUATION AFFECTED BY THE BILL

Section 212.031, F.S., imposes tax on the renting, leasing, letting, or licensing of real property unless the property is described as excluded in paragraph (1)(a) of that section. One of the categories of property that is exempted is streets, rights-of-way, and specified items used on such streets or rights-of-way by a utility. For purposes of the exemption, “utility” is defined as a person providing utility services as defined in s. 203.012, F.S.

CHANGES PROPOSED BY THE BILL

Amends paragraph (1)(a) of s. 212.031, F.S. The bill provides that the term “utility” includes an RTO operating under the jurisdiction of FERC. Section 7 of the bill is drafted to amend the statute as of the effective date of the bill. Section 8 is drafted to preserve the new provision by amending the statute effective July 1, 2003, the date on which Chapter 2000-345, L.O.F., will automatically amend the statute to repeal portions unrelated to the RTO exemption.

Section 9. Sales, storage, use tax; collectible from dealers; “dealer” defined; dealers to collect from purchasers; legislative intent as to scope of tax; Fixtures:

PRESENT SITUATION AFFECTED BY THE BILL

Section 212.06(14)(b), F. S., defines “fixtures” as “items that are an accessory to a building, other structure, or land and that do not lose their identity as accessories when installed but that do become permanently attached to realty.” This definition was intended to provide statutory guidance to specifically address the real property versus tangible personal property determinations that contractors and the Department must make. The statute provides that “machinery and equipment” and “trade fixtures” never become a fixture of real property no matter how permanently they are attached. This definition has resulted in the unintentional reclassification of some types of property that have historically been treated as real property.

CHANGES PROPOSED BY THE BILL

Amends paragraph (14)(b) of s. 212.06, F.S. Clarifies the definition of “fixtures” to provide guidance on the treatment of industrial machinery and equipment that is used in the manufacturing, processing, compounding, or production of tangible personal property and eliminate reference to the undefined term “trade fixture.” This bill language also provides that these revisions take effect on July 1, 2001, but are remedial in nature and clarify existing law.

Section 10. Sales, rental, use, consumption, distribution, and storage tax; specified exemptions and Use Tax; 501(c)(3) Organizations:

PRESENT SITUATION AFFECTED BY THE BILL

ISSUE #1: The 2000 Florida Legislature revised the sales tax law to extend exempt status to all entities with 501(c)(3) “tax-exempt” status under the Internal Revenue Code. The new law makes other more

specific provisions unnecessary. Clarification is needed on the treatment of items purchased by qualifying 501(c)(3) entities prior to receiving a consumer's certificate of exemption.

ISSUE #2: Electricity and steam used in manufacturing are exempt from sales tax, contingent upon the manufacturer registering with the Work and Gain Economic Self-Sufficiency (WAGES) Program. In 2000, legislation was passed that eliminated maintenance of the WAGES business registry, making the registration requirement obsolete.

ISSUE #3: Vessels, railroads, and motor vehicles engaged in interstate or foreign commerce are allowed to prorate their purchases to determine tax due on such purchases. The basis of the tax is the ratio of the intrastate mileage to interstate or foreign mileage traveled during the previous fiscal year (if the carrier had at least some Florida mileage). Once calculated for vessels, the ratio is applied against the vessel's *Florida taxable purchases* and for railroads and motor vehicles, the ratio is applied against the carrier's *total taxable purchases*. There is no provision for prorating the tax if the carrier has been operating for less than a fiscal year. Additionally, statutory references to the Interstate Commerce Commission are obsolete.

CHANGES PROPOSED BY THE BILL

ISSUE #1: Amends subsection (7) of s. 212.08, F.S. The proposal revises statutory language related to the sales tax exemption for 501(c)(3) tax-exempt organizations by:

- Eliminating the specific exemption for crime prevention, drunk driving prevention, and juvenile delinquency groups;
- Reinstating the exemption for parent teacher organizations and parent teacher associations that were inadvertently affected due to a change in the definition of "educational institution";
- Clarifying whether entities are entitled to a refund for tax paid on items purchased by qualifying 501(c)(3) entities prior to receiving a consumer's certificate of exemption.

ISSUE #2: Another revision contained in this bill section amends paragraph (7)(ff) of s. 212.08, F.S. The proposal eliminates the obsolete reference to the WAGES registration requirement for manufacturers to qualify for the electricity and steam exemption.

ISSUE #3: Amends subsections (8) and (9) of s. 212.08, F.S. Provides consistent treatment among vessels, railroads, and motor vehicles in that tax applies to *Florida taxable purchases* and would apply even if the vessel, railroad or motor carrier has operated for less than a fiscal year. This proposal also updates the statute to replace the references to the Interstate Commerce Commission with the Surface Transportation Board.

ISSUE #4: States that the revisions to paragraphs (ff) and (nn) of subsection (7) of s. 212.08, F.S., contained in this bill section apply retroactively to July 1, 2000. Paragraph (ff) deals with the exemption for electricity or steam used in specified manufacturing processes, and paragraph (nn) addresses parent-teacher associations and parent-teacher organizations.

Provides that the revisions to the introductory paragraph, to paragraph (p), and to the final, flush left paragraph of subsection (7) of s. 212.08, F.S., contained in this bill section, apply retroactively to January 1, 2001. Further provides that these revisions clarify instead of change existing statutes.

Section 11. Sales, rental, use, consumption, distribution, and storage tax; specified exemptions; Electricity and steam -- affidavits filed with suppliers:

PRESENT SITUATION AFFECTED BY THE BILL

The purchase of machinery and equipment necessary for the production of electrical or steam energy is exempt from sales and use tax, if the energy produced is the result of burning boiler fuels other than residual oil or the energy resulting from the burning of residual fuel accounts for less than 15% of the total energy. If a facility burns both residual oil and non-residual oil fuels and the energy resulting from the burning of residual fuel accounts for more than 15% of the total energy, the exemption is prorated. Under the law, purchasers are required to file an affidavit with the Department stating that the item or items being purchased are for an exempt purpose.

CHANGES PROPOSED BY THE BILL

Amends paragraph (5)(c) of s. 212.08, F.S. This proposal requires purchasers to file the affidavit stating the exempt nature of the purchase with the selling vendor instead of with the Department. This method will more appropriately document the exempt nature of these purchases. The bill provides that this revision applies retroactively to July 1, 1996.

Section 12. Sales, rental, use, consumption, distribution, and storage tax; specified exemptions:

PRESENT SITUATION AFFECTED BY THE BILL

ISSUE #1: The sale of drinking water in bottles, cans, or other containers, including water that contains minerals in its natural state or water to which minerals have been added at a water treatment facility regulated by the Department of Environmental Protection (DEP), is exempt. This exemption does not apply, however, to the sale of drinking water in bottles, cans, or other containers if minerals have been added at any place other than a water treatment facility regulated by the DEP.

ISSUE #2: Florida law exempts from sales and use tax the purchase of: a) machinery and equipment used to increase productive output; b) machinery and equipment used under federal procurement contracts; c) motion picture and video equipment used in motion picture or television activities; and d) sound recording equipment used in the production of master tapes and master records. The machinery and equipment used in these exempt activities is known as "Section 38 property," as it was defined in a former provision of the Internal Revenue Code. The definition of "Section 38 property" is no longer in the Internal Revenue Code and reference material regarding what items the definition covers is becoming more difficult to obtain, causing confusion and uncertainty for taxpayers.

ISSUE #3: The 1999 Legislature modified the sales and use tax law to allow a non-resident 45 days to register in his or her home state a vehicle purchased in Florida and qualify for a reduced tax rate equal to the sales tax rate in their home state. Additionally, the requirement that the vehicle be removed from Florida was eliminated. In what appears to be an unintended consequence of these changes, DOR has identified numerous purchases of recreational vehicles using limited liability companies established in Montana by Florida residents. There is no sales tax in Montana, thus allowing Florida residents to purchase and use recreational vehicles in Florida tax free.

CHANGES PROPOSED BY THE BILL

[NOTE: The following provisions take effect July 1, 2001.]

ISSUE #1: Amends subparagraph (4)(a)1 of s. 212.08, F.S. Provides that the sale of drinking water to which minerals have been added at a water treatment facility regulated by the Department of Health (not just DEP), is exempt. Also provides that water that has been "enhanced" by the addition of minerals is exempt, if such water does not contain any added carbonation or flavorings.

ISSUE #2: Amends subsection (5) of s. 212.08, F.S. This proposal replaces the current definition of "Section 38 property" with an express definition that is consistent with the past federal explanation of that term. This bill language also provides that the revisions take effect on July 1, 2001.

ISSUE #3: Amends subsection (10) of s.212.08, F.S. Provides that nothing shall require the payment of taxes to the state of Florida on certain sales of vehicles if the tax has been paid to the state in which the vehicle was licensed. Another proposal modifies the law to impose certain requirements on the removal of the vehicle from this state, similar to those currently in place for the purchase of boats and aircraft. This proposal will also address the effect of residency of corporate officers and stockholders on the taxable status of sales of vehicles. This bill language provides that the revisions take effect on July 1, 2001.

Section 13. Legislative intent; "Section 38 property": States that it is the Legislature's intent to provide guidance concerning Florida laws that reference the obsolete Internal Revenue Code language on "Section 38 property." Clarifies that the new language proposed in Bill Section 12 has the same meaning (without limitation) as the former IRC provisions concerning Section 38 property.

Section 14. Review of exemption certificates; reissuance; specified expiration date; temporary exemption certificates:

PRESENT SITUATION AFFECTED BY THE BILL

Florida law authorizes the Department of Revenue (DOR) to issue temporary exemption certificates to newly organized charitable entities applying for exempt status as nonprofit "charitable institutions" pursuant to s. 212.08(7)(o)2.b., F.S.

CHANGES PROPOSED BY THE BILL

Repeals subsection (6) of s. 212.084, F.S. The provisions contained in Bill Section 10 of this proposed legislation render the issuance of temporary exemption certificates to nonprofit charitable institutions pursuant to s. 212.084(6), F.S., unnecessary.

Section 15. Sales and use tax; Exemptions granted to the Florida Folk Festival and citizen support organizations:

PRESENT SITUATION AFFECTED BY THE BILL

In 1996, the Legislature granted exemptions from sales and use tax to the Florida Folk Festival and to citizen support organizations (see section 1 of chapter 96-395, Laws of Florida). A separate provision in this 1996 act (section 4 of chapter 96-395, Laws of Florida), scheduled these two exemptions for repeal five years from the date they became effective.

CHANGES PROPOSED BY THE BILL

States that section 4 of chapter 96-395, Laws of Florida, is repealed. This has the effect of continuing indefinitely the exemption from sales and use tax granted to the Florida Folk Festival, and to citizen support organizations. Also provides that this repeal is retroactively applied to June 1, 2001, if it does not become law before that date.

Section 16. Certified audits; Extension of certified audit project:

PRESENT SITUATION AFFECTED BY THE BILL

When the Certified Audit Project was authorized by the Legislature in 1998, a sunset provision was included of July 1, 2002, or upon completion of the project as determined by the Department, whichever occurs first. This program allows a taxpayer to hire a private Certified Public Accountant (CPA) firm to perform a compliance audit. Taxpayers reporting a liability under this program receive a waiver of penalties and of the first \$25,000 in interest and of 25% of any interest in excess of \$25,000. There are currently 53 taxpayers in the program. Based on results to date, it is anticipated that the program will earn a positive return on investment. While a number of CPAs and taxpayers have expressed an interest in the program, the Department is only beginning to see significant use of the program.

CHANGES PROPOSED BY THE BILL

Amends paragraph (2)(c) of s. 213.285, F.S. Extends the certified audit program sunset provision by four years, to ensure that the program does not end on July 1, 2002 (the new sunset date is July 1, 2006). This should allow sufficient time for a thorough evaluation of the project for reporting to the Legislature.

Section 17. Confidentiality and information sharing:

AND

Section 18. Informal conferences; compromises:

PRESENT SITUATION AFFECTED BY THE BILL

Information generated during certified audits is statutorily designated as confidential, unless requested by the State Board of Accountancy for a disciplinary proceeding related to certified public accountants who perform certified audits. Such information can also be disclosed during a judicial proceeding brought by DOR. This exemption from the confidentiality statutes is scheduled for repeal on July 1, 2002.

The statutes authorize DOR to compromise penalties imposed pursuant the identification of an unpaid tax liability during a certified audit. In addition, DOR is allowed to abate the first \$25,000 of interest due on such unpaid liability, as well as 25 percent of all interest owed above \$25,000. These special certified audit-related penalty and interest provisions are scheduled for repeal on July 1, 2002.

CHANGES PROPOSED BY THE BILL

Amends paragraph (7)(n) of s. 213.053, F.S., and subsection (8) of s. 213.21, F.S. Extends the scheduled repeal of these two certified audit program provisions from July 1, 2002 to July 1, 2006.

Section 19. Compensation for information relating to a violation of the tax laws:

PRESENT SITUATION AFFECTED BY THE BILL

In 1987, the Legislature created the "Rewards" statute to encourage public participation in ensuring compliance with the tax laws. Individuals can earn a "reward" of up to 10% of the amount of tax money that is recovered by the state as a result of their information. Some individuals have sought ways to circumvent the legal cap on the rewards program through the use of other statutes not specifically intended to address tax enforcement issues. These efforts are creating confusion, encouraging litigation, and causing taxpayers who may inadvertently fail to comply with the law to incur substantial costs.

CHANGES PROPOSED BY THE BILL

Adds subsection (3) to s. 213.30, F.S. Clarifies that the Rewards Program is the only means available to obtain compensation for information regarding another person's failure to comply with the state's tax laws.

States that these revisions to the reward program do not apply to any case in litigation or under seal when this act takes effect.

Section 20 and 21. Simplified Sales and Use Tax Administration Act: Provides that the state may enter into agreement with other states to simplify and modernize the collection of sales tax, and outlines the participation of DOR in the Streamlined Sales and Use Tax Agreement (language of CS/SB 1638). Repeals subsection (9) of s.213.27, F.S.

Section 22. Sunset of service charge imposed on certain trust funds:

PRESENT SITUATION AFFECTED BY THE BILL

Florida law requires that a 0.3 percent service charge be deducted from all "income of a revenue nature" placed into certain trust funds enumerated in subsection (4) of s. 215.20, F.S. However, this service charge deduction is scheduled to end on October 1, 2001.

CHANGES PROPOSED BY THE BILL

States that, effective July 1, 2001, subsection (3) of s. 215.20, F.S., does not expire on October 1, 2001, but is revived and readopted.

Section 23. Corporate income tax; Returns, filing requirement:

PRESENT SITUATION AFFECTED BY THE BILL

Unless specifically exempt, corporations are required to file corporate income tax returns for every year the corporation is either liable for Florida income tax or is required to make a federal income tax return. The entities already exempt from filing are generally only required to file a Florida income tax return for the first year they exist or do business in Florida, and they only have to answer information questions on the return.

CHANGES PROPOSED BY THE BILL

Amends subsection (4) of s. 220.22, F.S. The provision reduces the burden on corporate income taxpayers by eliminating the initial year information return. These entities could be added to the Department's database when, and if, they owe Florida corporate income tax based on information that the Department receives from the Internal Revenue Service. This bill language also provides that the revisions take effect on July 1, 2001.

Section 24. Contributions (unemployment compensation tax trigger): Reduces from 5% to 4.7% the upper threshold that triggers a downward tax rate adjustment due to excessive unemployment compensation trust fund balances; reduces from 4% to 3.7% the lower threshold that triggers an upward tax rate adjustment due to low unemployment compensation trust fund balances; these percentages reflect the trust fund balance as a ratio of taxable wages.

Section 25. Treatment of Indian tribes (unemployment compensation tax):

PRESENT SITUATION AFFECTED BY THE BILL

Indian tribes are not considered governmental entities and therefore they are not allowed to be treated as "reimbursable" employers for unemployment compensation tax (UT) purposes. A reimbursable employer only pays in taxes the amount of unemployment benefits actually paid out to its ex-employees, while a "contributory" employer pays a portion of its payroll in taxes every quarter. On December 21, 2000 the President signed the Consolidated Appropriations Act, which amended the way Indian tribes are treated under federal law. This law requires that states treat Indian tribes like governmental entities for UT. Since the act applies to services performed on or after the date of enactment, the Federal Department of Labor is requiring states to enact this law immediately and retroactive to December 21, 2000.

CHANGES PROPOSED BY THE BILL

Creates s. 443.1315, F.S. Grants Indian tribes the right to be treated as a reimbursable employer for unemployment tax purposes. According to the Federal Register, the Seminole Tribe of Florida and the Miccosukee Tribe of Indians of Florida are the only two Indian tribes in Florida that qualify under this law.

Section 26. Insurance Premium Tax; Flood insurance policies:

PRESENT SITUATION AFFECTED BY THE BILL

The statutes exempt from the insurance premium tax premiums written by insurers who write monoline insurance policies for flood insurance not subsidized by the federal government. At the request of the U.S. Justice Department, the Federal Emergency Management Agency (FEMA) contacted the Department to determine how many insurers were using this exemption; none were found. It appears that only surplus lines insurers are writing non-federally subsidized flood insurance in Florida, and they are not entitled to the exemption. The federal government has expressed an intent to challenge the exemption on the basis that it discriminates between monoline and surplus line insurers.

CHANGES PROPOSED BY THE BILL

Repeals subsection (10) of s. 624.509, F.S. This provision eliminates the exemption from the insurance premium tax for insurers who write monoline flood insurance policies, thereby eliminating any alleged discrimination. This bill language also provides that the revisions take effect on July 1, 2001.

Section 27. Effective date:

Provides that except as otherwise provided herein, this act shall take effect upon becoming a law.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Replacing the phrase "section 38 property" with an express definition that is consistent with the past federal explanation of such property will eliminate confusion and uncertainty for taxpayers.

Vessels, railroads, and motor vehicles engaged in interstate or foreign commerce that have been operating for less than one year will be able to prorate their purchases to determine tax due on such purchases under the provisions of this bill.

The bill reduces the burden on Florida corporate income taxpayers by eliminating the initial-year information return.

The four-year extension of the certified audit program will give taxpayers interested in the program four additional years to participate. Based on the results to date, the department anticipates that the program will earn a positive return to both the taxpayer and the department.

D. FISCAL COMMENTS:

N/A

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

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

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

N/A

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

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C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON FISCAL POLICY & RESOURCES:

Prepared by:

Staff Director:

Douglas Pile

Greg Turbeville