

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 245

Exemptions from the Tax on Sales, Use, and Other Transactions

**SPONSOR(S):** Troutman

**TIED BILLS:**

**IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Agribusiness</u>	<u>7 Y, 0 N</u>	<u>Kaiser</u>	<u>Reese</u>
2) <u>Environment &amp; Natural Resources Council</u>	<u>15 Y, 0 N, As CS</u>	<u>Kaiser</u>	<u>Hamby</u>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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### SUMMARY ANALYSIS

This bill provides a sales tax exemption for purchases of low-volume irrigation, or microirrigation equipment, or components that are used exclusively in agricultural production. The bill also provides definitions for low-volume irrigation, microirrigation, and their related components. The bill provides for the exemption to be repealed on June 30, 2008, unless reenacted by the Legislature.

The bill deletes sales tax exemptions for generators used on poultry farms and for liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised. These exemptions are addressed elsewhere in the statutes.

The Revenue Estimating Conference estimates that the provisions of this legislation will result in a negative fiscal impact of \$3.4 million to state and local governments in FY 2007-2008.

The effective date of this legislation is July 1, 2007.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Ensure lower taxes:** This legislation provides a sales tax exemption for the purchase of low-volume irrigation, or microirrigation equipment, or components that are used exclusively in agricultural production.

#### B. EFFECT OF PROPOSED CHANGES:

The bill provides a sales tax exemption for the purchase of low-volume irrigation, or microirrigation equipment, or components that are used exclusively in agricultural production. Unless reenacted by the Legislature, this exemption will be repealed on June 30, 2008.

The bill also provides definitions for low-volume irrigation and microirrigation; these were not previously defined in statute. These irrigation systems are designed to deliver water at a rate of 45 gallons per hour or less per exit point. System components include pumps, pumping stations, control stations, filtration equipment pressure regulators, piping, tubing, emitters, valves, fittings, gauges, sensors, sprinklers, and safety devices.

The bill deletes the exemption in s. 212.08(5)(a), F.S., for generators used on poultry farms. This exemption still remains under the provisions of s. 212.08(3), F.S.

The bill also deletes the exemption in s. 212.08(5)(a), F.S., for liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised. This exemption still remains under the provisions of s. 212.08(5)(e), F.S.

#### C. SECTION DIRECTORY:

**Section 1:** Amends s. 212.02, F.S.; creating a definition for low-volume irrigation and microirrigation.

**Section 2:** Amends s. 212.02, F.S.; effective July 1, 2008, removing the definition for low-volume irrigation and microirrigation.

**Section 3:** Amends s. 212.08, F.S.; providing an exemption for low-volume irrigation or microirrigation; and, removing exemptions for generators used in poultry farms and liquefied petroleum gas or other fuels used to heat structures in which started pullets or boilers are raised.

**Section 4:** Amends s. 212.08, F.S.; effective July 1, 2008, suspending the sales tax exemption for low-volume irrigation and microirrigation.

**Section 5:** Provides an effective date of July 1, 2007.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

The Revenue Estimating Conference has estimated that this bill will have the following negative fiscal impact on state government:

	<u>2007-08</u>
General Revenue	(2.7m)
State Trust	<u>(Insignificant)</u>
Total	(2.7m)

#### 2. Expenditures:

None

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

The Revenue Estimating Conference has estimated that this bill will have the following negative fiscal impact on local governments:

	<u>2007-08</u>
Revenue Sharing	(0.1m)
Local Gov't. Half Cent	(0.3m)
Local Option	<u>(0.3m)</u>
Total Local Impact	(0.7m)

#### 2. Expenditures:

None

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons purchasing low-volume irrigation, or microirrigation equipment, or their components for use in agricultural production will no longer be required to pay the applicable sales tax on these products.

### D. FISCAL COMMENTS:

None

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

The mandates provision appears to apply because the bill reduces the authority that counties have to raise revenues through local option sales taxes; however, the amount of the reduction is insignificant and an exemption applies. Accordingly, the bill does not require a two-thirds vote of the membership of the House.

#### 2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

This is a good bill that will assist all Florida growers and promote increased use of low volume/precision irrigation.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**

On April 4, 2007, the Environment and Natural Resources Council adopted one amendment and reported HB 245 favorably with CS. The amendment repeals the sales tax exemption effective June 30, 2008.