

**SB 66** by **Flores (CO-INTRODUCERS) Margolis, Bullard**; (Similar to CS/H 0113) Discretionary Sales Surtaxes

**SB 330** by **Simmons (CO-INTRODUCERS) Soto, Margolis**; (Identical to H 0231) Admissions Tax

**SB 134** by **Hukill**; Tax-exempt Income

978618 A S AFT, Hukill Delete L.32: 03/03 03:08 PM

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**  
**APPROPRIATIONS SUBCOMMITTEE ON FINANCE AND**  
**TAX**  
**Senator Hukill, Chair**  
**Senator Ring, Vice Chair**

**MEETING DATE:** Wednesday, March 5, 2014  
**TIME:** 11:00 a.m.—12:30 p.m.  
**PLACE:** *Mallory Horne Committee Room, 37 Senate Office Building*

**MEMBERS:** Senator Hukill, Chair; Senator Ring, Vice Chair; Senators Abruzzo, Altman, Brandes, Clemens, Diaz de la Portilla, Evers, Gardiner, Margolis, Sachs, and Simmons

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	<b>SB 66</b> Flores (Similar CS/H 113)	Discretionary Sales Surtaxes; Authorizing a county defined in s. 125.011(1), F.S., to levy a surtax up to a specified amount for the benefit of a Florida College System institution and a state university in the county pursuant to an ordinance conditioned to take effect upon approval in a county referendum; establishing an oversight board with specified duties, responsibilities, and requirements relating to the expenditure of surtax proceeds; requiring that the board of trustees of each institution receiving surtax proceeds prepare an annual plan for submission to the oversight board for approval; providing that state funding may not be reduced because an institution receives surtax funds, etc.  ED 02/04/2014 Favorable CA 02/18/2014 Favorable AFT 03/05/2014 Favorable AP	Favorable Yeas 8 Nays 1
2	<b>SB 330</b> Simmons (Identical H 231)	Admissions Tax; Revising the professional sporting events that are exempt from the admissions tax, etc.  CM 02/03/2014 Favorable CA 02/18/2014 Favorable AFT 03/05/2014 Favorable AP	Favorable Yeas 9 Nays 0
3	<b>SB 134</b> Hukill	Tax-exempt Income; Increasing the amount of income that is exempt from the corporate income tax; increasing the amount of income that is exempt from the franchise tax imposed on banks and savings associations, etc.  BI 02/18/2014 Favorable AFT 03/05/2014 Temporarily Postponed AP RC	Temporarily Postponed
4	Draft Legislation relating to the Internal Revenue Code		Recommend Favorable

**COMMITTEE MEETING EXPANDED AGENDA**

Appropriations Subcommittee on Finance and Tax  
Wednesday, March 5, 2014, 11:00 a.m.—12:30 p.m.

---

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
	Other Related Meeting Documents		

---

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

---

BILL: SB 66

INTRODUCER: Senators Flores and Margolis

SUBJECT: Discretionary Sales Surtaxes

DATE: March 4, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Letarte</u>	<u>Klebacha</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<b>Favorable</b>
3.	<u>Cote</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Favorable</b>
4.	_____	_____	<u>AP</u>	_____

---

**I. Summary:**

SB 66 authorizes a new discretionary sales surtax under s. 212.055, F. S., which is titled the “Higher Education Surtax.” The bill allows a county, as defined in s. 125.011(1), F.S., to levy a voter-approved sales surtax of up to 0.5 percent for the benefit of a Florida College System (FCS) institution and a state university located in the county. The FCS institution and state university are to receive 90 percent and 10 percent, respectively, of the surtax proceeds. Currently, Miami-Dade County is the only county eligible to levy this surtax. The bill also establishes procedures and requirements for surtax deposits, investments, and usage. An oversight board will review and then accept or amend the expenditures of the surtax proceeds. An approved Higher Education Surtax expires after five years.

The Revenue Estimating Conference determined that if Miami-Dade County levies this tax, it will generate \$234.7 million annually.

The bill takes effect upon becoming law.

**II. Present Situation:**

**Local Discretionary Sales Surtax**

A “surtax” is an “additional tax imposed on something being taxed or on the primary tax itself.”<sup>1</sup> Section 212.055, F.S., authorizes counties to impose eight local discretionary sales surtaxes, which are the:

- Charter County and Regional Transportation System Surtax,
- Local Government Infrastructure Surtax,

---

<sup>1</sup> *Black’s Law Dictionary* 704 (3d ed. 2006).

- Small County Surtax,
- Indigent Care and Trauma Center Surtax,
- County Public Hospital Surtax,
- School Capital Outlay Surtax,
- Voter-Approved Indigent Care Surtax, and
- Emergency Fire Rescue Services and Facilities Surtax.<sup>2</sup>

Currently, the maximum surtax actually imposed is 1.5 percent in several counties.<sup>3</sup> The discretionary sales surtax is based on the applicable rate in the county where the taxable goods or services are sold, or delivered, and is levied in addition to the state sales tax.<sup>4</sup> 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.<sup>5</sup> The discretionary sales surtax applies to the first \$5,000 of the sales price of any item of tangible personal property. The \$5,000 cap does not apply to:

- Sales of admissions,
- Sales of warranties,
- Sales and uses of services,
- Charges for prepaid calling arrangements,
- Leases, rentals, and licenses to use real property or transient accommodations,
- Leases or renting of parking or storage space for motor vehicles in parking lots or garages,
- Docking or storage space in boat docks and marinas, and
- Tie-down or storage space for aircraft.<sup>6</sup>

Miami-Dade County currently imposes two local discretionary surtaxes: the Charter County Transit System Surtax at a 0.5 percent rate and the County Public Hospital Surtax at a 0.5 percent rate.<sup>7</sup>

### **Postsecondary Education Institutions**

Section 1000.21, F.S., provides system-wide definitions used within the Florida K-20 Education Code. There are 28 postsecondary educational institutions designated as FCS institutions.<sup>8</sup> Among the FCS institutions is Miami Dade College, which is the only FCS institution listed as serving Miami-Dade County. There are 12 state universities<sup>9</sup> and Florida International University is the only state university located in Miami-Dade County.<sup>10</sup>

<sup>2</sup> Section 212.055(1)-(8), F.S.

<sup>3</sup> Florida Department of Revenue, *Discretionary Sales Surtax Information for Calendar Year 2014*, available at [http://dor.myflorida.com/dor/forms/current/dr15dss\\_1113.pdf](http://dor.myflorida.com/dor/forms/current/dr15dss_1113.pdf) (listing the following counties as having a 1.5% surtax rate in 2014: Calhoun, Escambia, Gadsden, Jackson, Leon, Liberty, Madison, Monroe, and Walton).

<sup>4</sup> Florida Department of Revenue, *Florida's Discretionary Sales Surtax*, available at <http://dor.myflorida.com/dor/forms/current/gt800019.pdf>.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Office of Economic and Demographic Research, *2013 Local Discretionary Sales Surtax Rates in Florida's Counties*, available at <http://edr.state.fl.us/content/local-government/data/county-municipal/2013LDSSrates.pdf>.

<sup>8</sup> Section 1000.21(3), F.S.

<sup>9</sup> Section 1000.21(6), F.S.

<sup>10</sup> Florida International University, *Campuses*, <http://www.fiu.edu/about-us/campuses/index.html> (last visited Feb. 10, 2014).

## Home-Rule Charter Counties

Section 125.011(1), F.S., defines a county as:

. . . any county operating under a home rule charter adopted pursuant to ss. 10, 11, and 24, Art. VIII of the Constitution of 1885, as preserved by Art. VIII, s. 6(e) of the Constitution of 1968, which county, by resolution of its board of county commissioners, elects to exercise the powers herein conferred. Use of the word “county” within the above provisions shall include “board of county commissioners” of such county.

The local governments authorized to operate under a home rule charter by the State Constitutions of 1885 and 1968 are the city of Key West and Monroe County,<sup>11</sup> Dade County,<sup>12</sup> and Hillsborough County.<sup>13</sup> Of these, only Miami-Dade County operates under a home-rule charter, which was adopted on May 21, 1957, under this constitutional provision.<sup>14</sup>

Therefore, Miami-Dade County is the only county that comports with the description contained in s. 125.011(1), F.S. General laws applicable to Miami-Dade County, and only Miami-Dade County, have survived various legal challenges claiming that such general laws are, in actuality, special laws.<sup>15</sup>

## Previous Tax in Miami-Dade County for the Benefit of Miami Dade College

A referendum in September 1992 authorized Miami-Dade County to levy an ad valorem tax of  $\frac{3}{4}$  of a mill, exceeding the constitutional millage limitation, for a two-year period.<sup>16</sup> The proceeds of the tax were “for the purpose of maintenance, improvement, and expansion of occupational, vocational, and educational programs at the College.”<sup>17</sup> The proceeds of the 1992 referendum were approximately \$94 million and were deposited into the College’s quasi-endowment fund.<sup>18</sup>

<sup>11</sup> Art. VIII, s. 6, n. 2, Fla. Const.

<sup>12</sup> Art. VIII, s. 6, n. 3, Fla. Const.

<sup>13</sup> Art. VIII, s. 6, n. 4, Fla. Const.

<sup>14</sup> Miami-Dade County Florida, *The Home Rule Amendment and Charter*, available at <http://www.miamidade.gov/charter/library/charter.pdf>; see Hillsborough County Florida, *Home Rule Charter*, <http://www.hillsboroughcounty.org/DocumentCenter/Home/View/376>, Creation: Section 1.01 Chartered County (last visited Feb. 10, 2014) (providing that the county is chartered under Article VIII, Section 1 of the Florida Constitution as opposed to Article VIII, Section 6 of the Florida Constitution); Monroe County Florida, *County Commission*, <http://www.monroecounty-fl.gov/index.aspx?NID=27> (last visited Feb. 10, 2014) (citing Article VIII, Section 1 of the Florida Constitution stating “[e]xcept when otherwise provided by county charter, the governing body of each county shall be a [b]oard of [c]ounty [c]ommissioners composed of five [or seven] members serving staggered terms of four years,” on the page titled “County Commission” and displaying five “Commission Members”); see also Florida Association of Counties, *Charter County Information*, <http://www.fl-counties.com/about-floridas-counties/charter-county-information> (last visited Feb. 10, 2014) (listing the twenty chartered counties in Florida, which does not include Monroe).

<sup>15</sup> *Metropolitan Dade County v. Golden Nugget Group*, 448 So.515 (Fla. 3<sup>rd</sup> DCA 1984), *aff’d*, 464 So.2d 535 (Fla. 1985); *Homestead Hospital v. Miami-Dade County*, 829 So.2d259 (Fla. 3<sup>rd</sup> DCA 1992).

<sup>16</sup> State of Florida Auditor General, *Miami Dade College: Financial Audit for the Fiscal Year Ended June 30, 2011*, 27 (2012), available at <https://www.mdc.edu/businessaffairs/Papers/Documents/MDC%20AFR%202010-11%202012-155.pdf>.

<sup>17</sup> *Id.*

<sup>18</sup> State of Florida Auditor General, *supra* note 18 at 27.

As of June 30, 2011, the College noted a total of \$86.1 million in quasi-endowment investments.<sup>19</sup>

### **III. Effect of Proposed Changes:**

SB 66 amends s. 212.055, F.S., to add a ninth discretionary sales surtax, known as the Higher Education Surtax. A county as defined in s. 125.011(1), F.S., is authorized to levy up to a 0.5 percent surtax for the benefit of a FCS institution and a state university located in the county. The surtax requires an ordinance conditioned upon approval by a majority of county electors voting in a referendum.

The ordinance must outline a plan, developed by each of the institutions' board of trustees, for using the surtax proceeds for the benefit of the FCS institution and state university. Proceeds of the surtax must be set aside and invested as allowed by law, with the principal and income to be used for purposes including, but not limited to, maintenance, improvement, and expansion of academic and workforce training programs, teaching enhancements, capital expenditures and infrastructure projects, and fixed capital costs. A state university may use the surtax proceeds for land acquisition for parcels that are contiguous with its existing main campus.

The bill states that costs associated with the referendum must be paid with funds from private sources or with college auxiliary funds and may not be paid with student fees or moneys an institution receives from the state. Referendum ballot guidelines are specified and include a question format currently utilized for other discretionary surtax referenda. Ninety percent of the proceeds from the surtax must be deposited into a Florida Prime account managed by the State Board of Administration for use by the FCS institution, and 10 percent of the surtax proceeds must be deposited into a Florida Prime account managed by the State Board of Administration for use by the state university.

Upon approval of the referendum, an oversight board is charged with accepting or amending expenditures of the surtax proceeds. Each institution must prepare annual plans specifying how the board of trustees intends to allocate the surtax proceeds. Appointment requirements are outlined for the seven-member board. Members serve a four-year term and may be reappointed.

Annual apportionment of state funds to an FCS institution or a state university may not be reduced because the institution or university has received surtax funds. A discretionary sales surtax approved by voters expires after five years.

The bill takes effect upon becoming law.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

---

<sup>19</sup> *Id.*

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Article III, s. 11(a)(2) of the Florida Constitution states that there “shall be no special law or general law of local application pertaining to: . . . assessment or collection of taxes for state or county purposes.”

A special law, as defined by the Florida Supreme Court, is a law that is “relating to or designed to operate on, particular persons or things, or one that purports to operate on classified persons or things when classification is not permissible or the classification adopted is illegal.”<sup>20</sup>

In contrast, a general law “operates universally throughout the state, uniformly upon subjects as they may exist throughout the state, or uniformly within a permissible classification.”<sup>21</sup> The Legislature has wide discretion in creating classifications provided the classifications are reasonable.<sup>22</sup> A classification by the Legislature carries a presumption of reasonableness.<sup>23</sup>

This bill authorizes counties, as defined in s. 125.011(1), F.S., to levy a non-ad valorem surtax. Three counties are potentially eligible to levy the bill’s surtax in the future; however, only Miami-Dade County is currently eligible to levy the surtax.<sup>24</sup>

Section 125.011(1), F.S., is referenced in 13 chapters of Florida Statutes a total of 26 times. Legal challenges claiming that these general laws are, in actuality, special laws have failed.<sup>25</sup>

---

<sup>20</sup> *Village of Wellington v. Palm Beach Cnty.*, 941 So. 2d 595, 599 (Fla. 4<sup>th</sup> DCA 2006) (citing *Schrader v. Fla. Keys Aqueduct Auth.*, 840 So. 2d 1050 (Fla. 2003)).

<sup>21</sup> *Id.* (citing *Martin Mem’l Med. Ctr., Inc. v. Tenet Healthsystem Hosp. Inc.*, 875 So. 2d 797 (Fla. 1<sup>st</sup> DCA 2004)).

Additionally, a general law is “[a] statute relating to subdivisions of the state or to subjects, persons or things of a class, based upon proper distinctions and differences that inhere in or are peculiar or appropriate to the class.” *Carter v. Norman*, 38 So. 2d 30, 32 (Fla. 1948).

<sup>22</sup> *Metro. Dade Cnty. v. Golden Nugget Grp.*, 448 So. 2d 515, 519 (Fla. 3<sup>rd</sup> DCA 1984), *aff’d*, 464 So. 2d 535 (Fla 1985).

<sup>23</sup> *Id.* at 520.

<sup>24</sup> See *City of Miami v. McGrath*, 824 So. 2d 143, 152 (Fla. 2002) (noting that Dade, Hillsborough, and Monroe Counties potentially meet the statutory definition of “county” as defined in section 125.011(1), Florida Statutes, but that only Dade County had adopted a home-rule charter) (citing *Golden Nugget Grp. v. Metro. Dade Cnty.*, 464 So. 2d 535, 536 (Fla. 1985)).

<sup>25</sup> *Metropolitan Dade County v. Golden Nugget Group*, 448 So.515 (Fla. 3<sup>rd</sup> DCA 1984), *aff’d*, 464 So.2d 535 (Fla. 1985); *Homestead Hospital v. Miami-Dade County*, 829 So.2d259 (Fla. 3<sup>rd</sup> DCA 1992).

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The Revenue Estimating Conference determined that if Miami-Dade County levies this tax, it will generate \$234.7 million annually.

**B. Private Sector Impact:**

Sales tax on purchases would increase in Miami-Dade County if an ordinance is approved to levy the Higher Education Surtax up to 0.5 percent. The Higher Education Surtax expires five years after the effective date of the surtax.

**C. Government Sector Impact:**

Miami Dade College and Florida International University would receive surtax proceeds if an ordinance is approved to levy the Higher Education Surtax. The Higher Education Surtax expires five years after the effective date of the surtax.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 212.055 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

By Senator Flores

37-00130-14

201466\_\_

A bill to be entitled

An act relating to discretionary sales surtaxes; amending s. 212.055, F.S.; authorizing a county defined in s. 125.011(1), F.S., to levy a surtax up to a specified amount for the benefit of a Florida College System institution and a state university in the county pursuant to an ordinance conditioned to take effect upon approval in a county referendum; requiring the ordinance to include a plan for the use of the proceeds; providing referendum requirements and procedures; requiring that the proceeds from the surtax be transferred into a specified account and managed in a specified manner; establishing an oversight board with specified duties, responsibilities, and requirements relating to the expenditure of surtax proceeds; providing for the appointment of members of the oversight board; requiring that the board of trustees of each institution receiving surtax proceeds prepare an annual plan for submission to the oversight board for approval; providing that state funding may not be reduced because an institution receives surtax funds; providing for the scheduled expiration of the surtax; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (9) is added to section 212.055, Florida Statutes, to read:

Page 1 of 5

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

37-00130-14

201466\_\_

212.055 Discretionary sales surtaxes; legislative intent; authorization and use of proceeds.—It is the legislative intent that any authorization for imposition of a discretionary sales surtax shall be published in the Florida Statutes as a subsection of this section, irrespective of the duration of the levy. Each enactment shall specify the types of counties authorized to levy; the rate or rates which may be imposed; the maximum length of time the surtax may be imposed, if any; the procedure which must be followed to secure voter approval, if required; the purpose for which the proceeds may be expended; and such other requirements as the Legislature may provide. Taxable transactions and administrative procedures shall be as provided in s. 212.054.

(9) HIGHER EDUCATION SURTAX.—A county as defined in s. 125.011(1), pursuant to an ordinance that is conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum, may levy a surtax of up to 0.5 percent for the benefit of a Florida College System institution and a state university as defined in s. 1000.21 located in the county.

(a) The ordinance must set forth a plan for using the surtax proceeds for the benefit of the Florida College System institution and the state university prepared by each of the institutions' boards of trustees. Such plans must provide for the permissible uses of the surtax proceeds, including, but not limited to, the maintenance, improvement, and expansion of academic and workforce training programs; teaching enhancements; capital expenditures and infrastructure projects; fixed capital costs associated with the construction, reconstruction,

Page 2 of 5

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

37-00130-14 201466\_\_

59 renovation, maintenance, or improvement of facilities and  
 60 campuses that have a useful life expectancy of at least 5 years;  
 61 deferred maintenance; land improvement, design, and engineering  
 62 costs related thereto; and the expansion and enhancement of  
 63 facilities at all institution sites within the county. The  
 64 proceeds from the surtax may be used by a state university for  
 65 land acquisition for parcels that are contiguous with its  
 66 existing main campus. The proceeds of the surtax must be set  
 67 aside and invested as allowed by law, with the principal and  
 68 income to be used for the purposes listed in this subsection as  
 69 administered by the board of trustees.

70 (b) The expense of holding the referendum may not be paid  
 71 with student fees or moneys that the institution receives from  
 72 the state, but shall be paid only with funds received from  
 73 private sources or with college auxiliary funds. The county must  
 74 provide at least 30 days' notice of the election as provided  
 75 under s. 100.342.

76 (c) The referendum providing for the imposition of the  
 77 surtax must include a statement that provides a brief and  
 78 general description of the purposes for which the proceeds of  
 79 the surtax may be used, conform to the requirements of s.  
 80 101.161, and be placed on the ballot by the governing body of  
 81 the county. The following questions shall be placed on the  
 82 ballot:

83  
 84 FOR THE. . .CENTS TAX  
 85 AGAINST THE. . .CENTS TAX

86  
 87 (d) Upon approval of the referendum, 90 percent of the

37-00130-14 201466\_\_

88 proceeds from the surtax must be transferred by the Department  
 89 of Revenue into a Florida Prime account managed by the State  
 90 Board of Administration and used only for the operation,  
 91 maintenance, and administration of the Florida College System  
 92 institution within that county and 10 percent of the proceeds  
 93 from the surtax must be transferred by the Department of Revenue  
 94 into a Florida Prime account managed by the State Board of  
 95 Administration and used only for the operation, maintenance,  
 96 land acquisition, and administration of the state university.

97 (e) Upon approval of the referendum, an oversight board  
 98 shall be established to review and accept or amend expenditures  
 99 of the proceeds of the surtax and to review the plan prepared by  
 100 the boards of trustees pursuant to paragraph (f). Annually, or  
 101 as needed, the oversight board shall meet to approve each  
 102 proposed spending plan.

103 1. The board shall be composed of seven members who are  
 104 residents of the county and appointed as follows:

105 a. One member appointed by the board of directors of the  
 106 chamber of commerce of the county in which the institutions are  
 107 located.

108 b. One member of the board of directors of the chapter of  
 109 the United Way in the county in which the institutions are  
 110 located appointed by the board of directors of that chapter of  
 111 the United Way.

112 c. One member appointed by the board of trustees of the  
 113 state university, who may not be a member of the board of  
 114 trustees of the state university.

115 d. Two members appointed by the board of trustees of the  
 116 Florida College System institution, who may not be members of

37-00130-14

201466\_\_

117 the board of trustees of the Florida College System institution.

118 e. Two members appointed by the chair of the county  
119 legislative delegation.

120 2. Initial appointments to the oversight board shall be  
121 made by the respective entities within 60 days after the passage  
122 of the referendum. Each member shall be appointed for a 4-year  
123 term and may be reappointed. A vacancy on the board shall be  
124 filled for the unexpired portion of the term in the same manner  
125 as the original appointment. No member appointed to fill a  
126 vacancy may serve for more than the remaining portion of a  
127 previous member's unexpired term.

128 (f) Consistent with the purposes set forth in the plan  
129 included in the ordinance under paragraph (a), the board of  
130 trustees of the Florida College System institution and the board  
131 of trustees of the state university shall annually prepare plans  
132 that specify how each board of trustees intends to allocate and  
133 expend the funds for the institutions' upcoming fiscal year and  
134 submit such plans to the oversight board for approval.

135 (g) The annual apportionment of state funds for the support  
136 of a state university and a Florida College System institution  
137 allocated under general law may not be reduced because the  
138 institutions have received funds pursuant to a sales surtax  
139 levied under this subsection.

140 (h) A surtax imposed under this subsection expires 5 years  
141 after the effective date of the surtax.

142 Section 2. This act shall take effect upon becoming a law.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Committee on Community Affairs

---

BILL: SB 330

INTRODUCER: Senator Simmons and others

SUBJECT: Admissions Tax

DATE: March 3, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hrdlicka</u>	<u>Hrdlicka</u>	<u>CM</u>	<b>Favorable</b>
2.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<b>Favorable</b>
3.	<u>Cote</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Favorable</b>
4.	_____	_____	<u>AP</u>	_____

---

**I. Summary:**

SB 330 creates an additional exemption from the sales tax on admissions for Major League Soccer all-star games. The bill also changes the current exemption for events related to the National Basketball Association All-Star weekend.

The Revenue Estimating Conference adopted a zero cash impact estimate in Fiscal Year 2014-2015. The recurring impact is negative, indeterminate due to uncertainty about whether an all-star event will occur in Florida. The estimated impact if an all-star event for either league occurs is negative \$100,000.

**II. Present Situation:**

**State Taxes on Admissions**

Section 212.04, F.S., establishes a taxable privilege for selling or receiving anything of value by way of admissions. Admissions are taxed at 6 percent of the sales price or actual value received.<sup>1</sup> The sales price or actual value of admission is the price remaining after deducting federal taxes, state and local seat surcharges, taxes, or fees imposed upon admission, and ticket office or ticketing service charges.<sup>2</sup>

---

<sup>1</sup> Section 212.02(1), F.S., provides that the term “admissions” includes the net sum of money collected for admitting a person or vehicle or persons to any place of amusement, sport or recreation or for the privilege of entering or staying in any place of amusement. Examples include sales of tickets, gate charges, cover charges, box charges, season passes, membership dues, or entrance fees to places such as theaters, shows, exhibitions, games, races, or private recreation clubs.

<sup>2</sup> *Id.*

Section 212.04(2), F.S., exempts certain events from the sales tax on admissions.<sup>3</sup> Related to professional sporting events, the tax is not levied on admissions to the National Football League championship game; admissions to a Major League Baseball (MLB), National Basketball Association (NBA), or National Hockey League all-star game; admissions to the MLB Home Run Derby; or admissions to the NBA Rookie Challenge, Celebrity Game, 3-Point Shooting Contest, or Slam Dunk Challenge.<sup>4</sup>

### **Local Government Taxes on Admissions**

Sections 212.054 and 212.055, F.S., authorize Florida counties to charge a discretionary sales surtax, in addition to the state tax, on all transactions subject to the state sales and use tax. The maximum discretionary sales surtax that any county can levy depends upon the county's eligibility for the taxes listed in s. 212.055, F.S. Currently, the maximum surtax actually imposed is 1.5 percent in several counties;<sup>5</sup> however, the theoretical maximum rate ranges between 2 percent and 3.5 percent, depending on the specifics of each individual county. In general, the levy of a particular tax is subject to county voter approval.

### **Administration of Taxes**

The Florida Department of Revenue (DOR) is responsible for administering, collecting, and enforcing all sales taxes. Collections of discretionary sales surtaxes received by the DOR are returned monthly to the county imposing the tax. Further, there are several state-shared revenue programs that allocate some portion of the state sales and use tax to local governments. A few revenue sharing programs require as a prerequisite that the county or municipality meet eligibility criteria. While general law restricts the use of some shared revenues, proceeds derived from other shared revenues may be used for the general revenue needs of local governments.<sup>6</sup>

### **Sporting Events – All-Star Games**

The NBA holds an all-star weekend.<sup>7</sup> Events include charity games, a dunk contest, 3-point shot contest, and an all-star game. Since the all-star game was first played in 1951, the game has taken place in Florida only three times – in 1990 in Miami, and in 1992 and 2012 in Orlando. The 2014 NBA all-star weekend will take place in New Orleans, Louisiana. Florida has two NBA teams – the Miami Heat, and the Orlando Magic.

Major League Soccer (MLS) has hosted an all-star game since 1996.<sup>8</sup> The MLS all-star game has only been held in Florida once – in 1998 in Orlando. The 2014 all-star game will be held in Portland, Oregon. Florida has previously been the home to two now-defunct MLS franchises, the Tampa Bay Mutiny (1996 – 2001) and the Miami Fusion F.C. (1998 – 2001).<sup>9</sup> However, in

---

<sup>3</sup> See s. 212.04(2), F.S.

<sup>4</sup> Section 212.04(2)(a)4., F.S.

<sup>5</sup> See DOR Form DR-15 DSS, Discretionary Sales Surtax Information, *available at* [http://dor.myflorida.com/dor/forms/current/dr15dss\\_1113.pdf](http://dor.myflorida.com/dor/forms/current/dr15dss_1113.pdf) (last visited Feb. 4, 2014).

<sup>6</sup> For more information see Revenue Estimating Conference, *2013 Florida Tax Handbook*.

<sup>7</sup> NBA, All-Star, *available at* <http://www.nba.com/allstar/> (last visited Feb. 4, 2014).

<sup>8</sup> MLS, All-Star Game, *available at* <http://www.mlssoccer.com/all-star/2013> (last visited Feb. 4, 2014).

<sup>9</sup> MLS, Tampa Bay Mutiny, *available at* <http://www.mlssoccer.com/history/club/tampabay>, and Miami Fusion F.C., *available at* <http://www.mlssoccer.com/history/club/miami>, (last visited Feb. 4, 2014).

November 2013, Orlando was granted an expansion team for the MLS, called the Orlando City Soccer Club. It will join the league in 2015.<sup>10</sup> There have also been news reports of a possible expansion team for Miami, with a possible announcement by the MLS in February 2014.<sup>11</sup>

### III. Effect of Proposed Changes:

SB 330 creates an additional exemption from the tax on admissions for Major League Soccer all-star games.

The bill also changes the current exemption for events related to the National Basketball Association All-Star weekend. The bill repeals reference to specific event names, and instead exempts NBA all-star events produced by the NBA and “held at a facility such as an arena, convention center, or municipal facility.”

The bill provides an effective date of July 1, 2014.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

The bill reduces the authority that counties have to raise revenues. However, the bill has been estimated to have an insignificant fiscal impact to local governments. As such, the bill is exempt from the restrictions on the Legislature’s power to enact a mandate under Article VII, s. 18 of the Florida Constitution.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

### V. Fiscal Impact Statement:

#### A. Tax/Fee Issues:

The Revenue Estimating Conference adopted a zero cash impact estimate in Fiscal Year 2014-2015. The recurring impact is negative, indeterminate due to uncertainty about whether an all-star event will occur in Florida. The estimated impact if an all-star event for either league occurs is negative \$100,000.<sup>12</sup>

---

<sup>10</sup> MLS, “Major League Soccer names Orlando City SC as 21<sup>st</sup> franchise, set for 2015 debut,” *available at* <http://www.mlssoccer.com/news/article/2013/11/19/major-league-soccer-names-orlando-city-21st-franchise-set-2015-debut> (last visited Feb. 4, 2014).

<sup>11</sup> For example, see Davis, Craig, Sun-Sentinel, “Miami may be on verge of getting MLS team,” *available at* <http://www.sun-sentinel.com/sports/soccer/fl-mls-decision-miami-february-0117-20140116,0,3028261.story> (last visited Feb. 4, 2014).

<sup>12</sup> Revenue Estimating Conference, Analysis HB 231/SB 330, January 17, 2014, *available at* <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2014/pdf/page70-72.pdf> (last visited 1/27/2014).

**B. Private Sector Impact:**

Individuals attending these sporting events will not have to pay sales tax on the tickets they purchase. Additionally, the venues or teams hosting these events will not need to collect sales tax on the tickets sold to such events.

The existence of a sales tax exemption for these tickets may make a Florida locale vying to bring such an event to Florida more competitive in comparison with other locations.

**C. Government Sector Impact:**

The DOR has indicated that the provisions of the bill would have an insignificant impact on their operations.<sup>13</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill amends section 212.04(2)(a) of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

---

<sup>13</sup> DOR, 2014 Bill Analysis SB 330 (December 31, 2013).

By Senator Simmons

10-00496-14

2014330\_\_

A bill to be entitled

An act relating to the admissions tax; amending s. 212.04, F.S.; revising the professional sporting events that are exempt from the admissions tax; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (a) of subsection (2) of section 212.04, Florida Statutes, is amended to read:

212.04 Admissions tax; rate, procedure, enforcement.—

(2) (a) A tax may not be levied on:

1. ~~No tax shall be levied on~~ Admissions to athletic or other events sponsored by elementary schools, junior high schools, middle schools, high schools, community colleges, public or private colleges and universities, deaf and blind schools, facilities of the youth services programs of the Department of Children and Families ~~Family Services~~, and state correctional institutions ~~if when~~ only student, faculty, or inmate talent is used. However, this exemption does ~~shall~~ not apply to admission to athletic events sponsored by a state university, and the proceeds of the tax collected on such admissions shall be retained and used by each institution to support women's athletics as provided in s. 1006.71(2)(c).

2. ~~a. No tax shall be levied on~~ Dues, membership fees, and admission charges imposed by not-for-profit sponsoring organizations. To receive this exemption, the sponsoring organization must qualify as a not-for-profit entity under ~~the provisions of~~ s. 501(c)(3) of the Internal Revenue Code of 1954,

Page 1 of 5

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

10-00496-14

2014330\_\_

as amended.

~~3.b. No tax shall be levied on~~ Admission charges to an event sponsored by a governmental entity, sports authority, or sports commission ~~if when~~ held in a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility and ~~if when~~ 100 percent of the risk of success or failure lies with the sponsor of the event and 100 percent of the funds at risk for the event belong to the sponsor, and student or faculty talent is not exclusively used. As used in this subparagraph ~~sub-subparagraph~~, the terms "sports authority" and "sports commission" mean a nonprofit organization that is exempt from federal income tax under s. 501(c)(3) of the Internal Revenue Code and that contracts with a county or municipal government for the purpose of promoting and attracting sports-tourism events to the community with which it contracts.

~~4.3. No tax shall be levied on~~ An admission paid by a student, or on the student's behalf, to any required place of sport or recreation if the student's participation in the sport or recreational activity is required as a part of a program or activity sponsored by, and under the jurisdiction of, the student's educational institution ~~if, provided~~ his or her attendance is as a participant and not as a spectator.

~~5.4. No tax shall be levied on~~ Admissions to the National Football League championship game or Pro Bowl; ~~on~~ admissions to any semifinal game or championship game of a national collegiate tournament; ~~on~~ admissions to a Major League Baseball, Major League Soccer, National Basketball Association, or National Hockey League all-star game; ~~on~~ admissions to the Major League

Page 2 of 5

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

10-00496-14

2014330\_\_

59 Baseball Home Run Derby held before the Major League Baseball  
60 All-Star Game; or ~~on~~ admissions to ~~the~~ National Basketball  
61 Association all-star events produced by the National Basketball  
62 Association and held at a facility such as an arena, convention  
63 center, or municipal facility ~~Rookie Challenge, Celebrity Game,~~  
64 ~~3-Point Shooting Contest, or Slam Dunk Challenge.~~

65 ~~6.5-~~ A participation fee or sponsorship fee imposed by a  
66 governmental entity as described in s. 212.08(6) for an athletic  
67 or recreational program if is exempt when the governmental  
68 entity by itself, or in conjunction with an organization exempt  
69 under s. 501(c)(3) of the Internal Revenue Code of 1954, as  
70 amended, sponsors, administers, plans, supervises, directs, and  
71 controls the athletic or recreational program.

72 ~~7.6. Also exempt from the tax imposed by this section to~~  
73 ~~the extent provided in this subparagraph~~ are Admissions to live  
74 theater, live opera, or live ballet productions in this state  
75 which are sponsored by an organization that has received a  
76 determination from the Internal Revenue Service that the  
77 organization is exempt from federal income tax under s.  
78 501(c)(3) of the Internal Revenue Code of 1954, as amended, if  
79 the organization actively participates in planning and  
80 conducting the event, is responsible for the safety and success  
81 of the event, is organized for the purpose of sponsoring live  
82 theater, live opera, or live ballet productions in this state,  
83 has more than 10,000 subscribing members and has among the  
84 stated purposes in its charter the promotion of arts education  
85 in the communities ~~which~~ it serves, and will receive at least 20  
86 percent of the net profits, if any, of the events ~~which~~ the  
87 organization sponsors and will bear the risk of at least 20

10-00496-14

2014330\_\_

88 percent of the losses, if any, from the events ~~which~~ it sponsors  
89 if the organization employs other persons as agents to provide  
90 services in connection with a sponsored event. ~~Before~~ Prior to  
91 March 1 of each year, such organization may apply to the  
92 department for a certificate of exemption for admissions to such  
93 events sponsored in this state by the organization during the  
94 immediately following state fiscal year. The application must  
95 ~~shall~~ state the total dollar amount of admissions receipts  
96 collected by the organization or its agents from such events in  
97 this state sponsored by the organization or its agents in the  
98 year immediately preceding the year in which the organization  
99 applies for the exemption. Such organization shall receive the  
100 exemption only to the extent of \$1.5 million multiplied by the  
101 ratio that such receipts bear to the total of such receipts of  
102 all organizations applying for the exemption in such year;  
103 however, ~~in no event shall~~ such exemption granted to any  
104 organization may not exceed 6 percent of such admissions  
105 receipts collected by the organization or its agents in the year  
106 immediately preceding the year in which the organization applies  
107 for the exemption. Each organization receiving the exemption  
108 shall report each month to the department the total admissions  
109 receipts collected from such events sponsored by the  
110 organization during the preceding month and shall remit to the  
111 department an amount equal to 6 percent of such receipts reduced  
112 by any amount remaining under the exemption. Tickets for such  
113 events sold by such organizations may shall not reflect the tax  
114 otherwise imposed under this section.

115 ~~8.7. Also exempt from the tax imposed by this section are~~  
116 Entry fees for participation in freshwater fishing tournaments.

10-00496-14

2014330

117 ~~9.8. Also exempt from the tax imposed by this section are~~  
118 Participation or entry fees charged to participants in a game,  
119 race, or other sport or recreational event if spectators are  
120 charged a taxable admission to such event.

121 ~~10.9. No tax shall be levied on~~ Admissions to any  
122 postseason collegiate football game sanctioned by the National  
123 Collegiate Athletic Association.

124 Section 2. This act shall take effect July 1, 2014.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

---

BILL: SB 134

INTRODUCER: Senator Hukill

SUBJECT: Tax-exempt Income

DATE: March 3, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matiyow</u>	<u>Knudson</u>	<u>BI</u>	<b>Favorable</b>
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Pre-meeting</b>
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	<u>RC</u>	_____

---

**I. Summary:**

SB 134 increases the level of income that is exempt from the Florida corporate income tax. Florida imposes a 5.5 percent tax on the net income of corporations doing business in Florida. Currently, however, the first \$50,000 of a corporation's income that is subject to Florida tax is exempt from the corporate income tax. This bill increases the exemption from \$50,000 to \$75,000.

The Revenue Estimating Conference (REC) estimates that this bill will reduce general revenue receipts by \$8.8 million Fiscal Year 2014-15, with a recurring impact of \$21.6 million.

**II. Present Situation:**

Florida began imposing an income tax on corporations in 1972.<sup>1</sup> The initial tax rate was 5 percent, but that rate was increased to 5.5 percent in 1984.<sup>2</sup>

Currently, Florida's corporate income tax is comprised of two separate 5.5 percent taxes and a 3.3 percent alternative minimum tax.<sup>3</sup> The primary component of the tax is the 5.5 percent tax that applies to "corporations," as defined by s. 220.03, Florida Statutes.<sup>4</sup> The second 5.5 percent

---

<sup>1</sup> See Chapter 71-984, Laws of Florida (L.O.F.). Florida began imposing a corporate income tax after a constitutional amendment was adopted in 1971. Currently, the Florida Constitution does not permit an income tax on natural persons. See Article VII, Section 5, Florida Constitution (Fla. Const.).

<sup>2</sup> See s. 21, 84-549, L.O.F. The Florida Constitution requires a 3/5 vote of the membership of each house of the Legislature in order to impose a tax in excess of 5 percent. See Art. VII, Sec. 5, Fla. Const.

<sup>3</sup> Only 1 of these 3 tax components can apply to a taxpayer in a given year.

<sup>4</sup> This component of the tax is imposed by s. 220.11(1), F.S. Only a fraction of total Florida businesses are considered "corporations" subject to the Florida corporate income tax. Sole proprietorships, partnerships, limited liability companies, and S corporations are not subject to the tax except under limited circumstances. See s. 220.03(1)(e), F.S.

tax is referred to as the “franchise tax” and is imposed on Florida banks and savings institutions, as defined in s. 220.62, F.S.<sup>5</sup>

Regardless of which 5.5 percent tax applies to a taxpayer, if the taxpayer is subject to the federal alternative minimum tax (AMT), then the taxpayer could be subject to Florida’s AMT.<sup>6</sup> If so, the taxpayer must pay the greater of the 5.5 percent tax or the 3.3 percent AMT.<sup>7</sup>

Florida’s corporate income tax is imposed on a taxpayer’s “net income.” Net income<sup>8</sup> is determined through the following process:

1. **Begin with Federal Taxable Income.** Rather than requiring the taxpayer to fully recalculate all of its income and deductions for Florida purposes, Florida taxpayers use their federal taxable income as the starting point for determining how much tax is owed Florida.
2. **Make Certain Statutory Adjustments.** These adjustments are generally known as “additions and subtractions,”<sup>9</sup> and they relate to various items that Florida treats differently than the federal government. The income remaining after these additions and subtractions is known as “adjusted federal income.”
3. **Apportion and Allocate.** Multi-state taxpayers must determine what portion of their adjusted federal income is properly taxable in Florida – a process generally referred to as “apportionment.” Within this process, the taxpayer first determines what portion of its income is from business operations and what portion of its income is from nonbusiness activities.<sup>10</sup> Its business income is then “apportioned”<sup>11</sup> among the states where it does business and its nonbusiness income “allocated” to the state where the transactions or activities that gave rise to the nonbusiness income occurred.<sup>12</sup>

Florida generally uses a three-factor apportionment formula determined by the taxpayer’s payroll, property, and sales. The formula compares the taxpayer’s total payroll, sales and property in all states with the taxpayer’s payroll, sales and property in Florida. The ultimate result of this calculation will be a fraction. A multi-state taxpayer’s business income is then apportioned to Florida based upon that fraction.

4. **Subtract the Exemption.** Lastly, Florida grants an exemption for the first \$50,000 of income that would otherwise be taxable in Florida.<sup>13</sup> Accordingly, after apportionment and allocation

---

<sup>5</sup> The franchise tax is imposed by s. 220.63(1), F.S.

<sup>6</sup> More information about the AMT for corporations is available from many sources, but a concise explanation was prepared by the nonpartisan Tax Policy Center, an affiliate of The Brookings Institute. The article is available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=1000515>. (Last visited February 6, 2014.)

<sup>7</sup> See s. 220.11(4), F.S. Although the AMT is a lower nominal rate compared to the 5.5 percent tax, the AMT can result in a higher tax due because it uses a different definition of “taxable income.”

<sup>8</sup> See s. 220.12, F.S.

<sup>9</sup> See generally s. 220.13, F.S.

<sup>10</sup> Nonbusiness income is certain income that does not arise from transactions and activities in the regular course of the taxpayer’s trade or business. See s. 220.03(1)(r), F.S.

<sup>11</sup> See generally s. 220.15, F.S.

<sup>12</sup> See generally s. 220.16, F.S.

<sup>13</sup> The Florida Constitution requires an exemption of at least \$5,000. See Art. VII, Sec. 5, Fla. Const.

are applied to determine a taxpayer's income that is properly taxable in Florida, the taxpayer subtracts \$50,000 before applying the tax rate. The amount of income remaining after subtraction of the \$50,000 exemption is known as "net income" and is the amount subject to Florida corporate income tax.

### **III. Effect of Proposed Changes:**

For taxable years beginning on or after January 1, 2015, the bill increases the \$50,000 exemption to \$75,000.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

The Revenue Estimating Conference (REC) estimates that this bill will reduce general revenue receipts by \$8.8 million Fiscal Year 2014-2015, with a recurring impact of \$21.6 million.<sup>14</sup>

#### **B. Private Sector Impact:**

There are approximately 11,501 corporate income taxpayers in Florida that have a net income over the current \$50,000 exemption. The bill will completely exempt from the tax 2,163 of these taxpayers and provide a tax reduction for the remaining 9,338 taxpayers.

#### **C. Government Sector Impact:**

None.

### **VI. Technical Deficiencies:**

None.

---

<sup>14</sup> Revenue Estimating Conference Impact Conference Results from January 9, 2014, which can be found at: <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2014/pdf/page6-7.pdf>. (Last visited February 25, 2014.)

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 220.14, 220.63.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---



978618

LEGISLATIVE ACTION

Senate

.  
. .  
. .  
. .  
. .

House

---

Appropriations Subcommittee on Finance and Tax (Hukill)  
recommended the following:

**Senate Amendment**

Delete line 32

and insert:

Section 3. This act applies to taxable years beginning on  
or

By Senator Hukill

8-00216-14

2014134\_\_

1 A bill to be entitled  
 2 An act relating to tax-exempt income; amending s.  
 3 220.14, F.S.; increasing the amount of income that is  
 4 exempt from the corporate income tax; amending s.  
 5 220.63, F.S.; increasing the amount of income that is  
 6 exempt from the franchise tax imposed on banks and  
 7 savings associations; providing applicability;  
 8 providing an effective date.

9  
 10 Be It Enacted by the Legislature of the State of Florida:

11  
 12 Section 1. Subsection (1) of section 220.14, Florida  
 13 Statutes, is amended to read:

14 220.14 Exemption.—

15 (1) In computing a taxpayer's liability for tax under this  
 16 code, \$75,000 ~~there shall be exempt from the tax \$50,000~~ of net  
 17 income as defined in s. 220.12 is exempt from the tax or such  
 18 lesser amount as will, without increasing the taxpayer's federal  
 19 income tax liability, provide the state with an amount under  
 20 this code which is equal to the maximum federal income tax  
 21 credit which may be available from time to time under federal  
 22 law.

23 Section 2. Subsection (3) of section 220.63, Florida  
 24 Statutes, is amended to read:

25 220.63 Franchise tax imposed on banks and savings  
 26 associations.—

27 (3) For purposes of this part, the franchise tax base is  
 28 ~~shall be~~ adjusted federal income, as defined in s. 220.13,  
 29 apportioned to this state, plus nonbusiness income allocated to

Page 1 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

8-00216-14

2014134\_\_

30 this state pursuant to s. 220.16, less the deduction allowed in  
 31 subsection (5) and less \$75,000 ~~\$50,000~~.

32 Section 3. This act applies to tax years beginning on or  
 33 after January 1, 2015.

34 Section 4. This act shall take effect January 1, 2015.

Page 2 of 2

**CODING:** Words ~~stricken~~ are deletions; words underlined are additions.

593-01918-14

1                                   A bill to be entitled  
2           An act relating to the Internal Revenue Code; amending  
3           s. 220.03, F.S.; adopting the 2014 version of the  
4           code; providing an effective date.

5  
6 Be It Enacted by the Legislature of the State of Florida:

7  
8           Section 1. Paragraph (n) of subsection (1) and paragraph  
9           (c) of subsection (2) of section 220.03, Florida Statutes, are  
10          amended to read:

11           220.03 Definitions.—

12           (1) SPECIFIC TERMS.—When used in this code, and when not  
13          otherwise distinctly expressed or manifestly incompatible with  
14          the intent thereof, the following terms shall have the following  
15          meanings:

16           (n) "Internal Revenue Code" means the United States  
17          Internal Revenue Code of 1986, as amended and in effect on  
18          January 1, 2014 ~~2013~~, except as provided in subsection (3).

19           (2) DEFINITIONAL RULES.—When used in this code and neither  
20          otherwise distinctly expressed nor manifestly incompatible with  
21          the intent thereof:

22           (c) Any term used in this code has the same meaning as when  
23          used in a comparable context in the Internal Revenue Code and  
24          other statutes of the United States relating to federal income  
25          taxes, as such code and statutes are in effect on January 1,  
26          2014 ~~2013~~. However, if subsection (3) is implemented, the  
27          meaning of a term shall be taken at the time the term is applied  
28          under this code.

29           Section 2. This act shall take effect upon becoming a law

593-01918-14

30

and operate retroactively to January 1, 2014.

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

---

BILL: Proposed Draft Legislation

INTRODUCER: Appropriations Subcommittee on Finance and Tax

SUBJECT: Internal Revenue Code

DATE: March 4, 2014

REVISED: \_\_\_\_\_

---

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Babin</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Motion to recommend as PCB</b>

---

**I. Summary:**

This draft legislation updates Florida's corporate Income Tax Code by adopting the Internal Revenue Code as in effect on January 1, 2014.

The Revenue Estimating Conference (REC) estimates that this draft legislation will not have a fiscal impact.

The draft legislation substantially amends section 220.03, Florida Statutes.

**II. Present Situation:**

Florida imposes a 5.5 percent tax on the taxable income of corporations and financial institutions doing business in Florida. The determination of taxable income for Florida tax purposes begins with the taxable income used for federal income tax purposes. This means that a corporation paying taxes in Florida receives the same treatment in Florida as is allowed in determining its federal taxable income.

Florida maintains this relationship with the federal Internal Revenue Code by each year adopting the federal Internal Revenue Code as it exists on January 1 of the year. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income.

**III. Effect of Proposed Changes:**

The bill updates Florida's corporate Income Tax Code to reflect changes in the federal Internal Revenue Code.

The bill takes effect upon becoming a law and operates retroactively to January 1, 2014.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

By adopting recent changes to the Internal Revenue Code, Florida provides ease of administration for Florida corporate taxpayers.

## C. Government Sector Impact:

The REC estimates that this bill will have no fiscal impact.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 220.03 of the Florida Statutes.

**IX. Additional Information:**

## A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

---

Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

---

BILL: Proposed Draft Legislation

INTRODUCER: Appropriations Subcommittee on Finance and Tax

SUBJECT: Internal Revenue Code

DATE: March 3, 2014

REVISED: \_\_\_\_\_

---

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Babin</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b><u>Pre-meeting</u></b>

---

**I. Summary:**

This draft legislation updates Florida's corporate Income Tax Code by adopting the Internal Revenue Code as in effect on January 1, 2014.

The Revenue Estimating Conference (REC) estimates that this draft legislation will not have a fiscal impact.

The draft legislation substantially amends section 220.03, Florida Statutes.

**II. Present Situation:**

Florida imposes a 5.5 percent tax on the taxable income of corporations and financial institutions doing business in Florida. The determination of taxable income for Florida tax purposes begins with the taxable income used for federal income tax purposes. This means that a corporation paying taxes in Florida receives the same treatment in Florida as is allowed in determining its federal taxable income.

Florida maintains this relationship with the federal Internal Revenue Code by each year adopting the federal Internal Revenue Code as it exists on January 1 of the year. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income.

**III. Effect of Proposed Changes:**

The bill updates Florida's corporate Income Tax Code to reflect changes in the federal Internal Revenue Code.

The bill takes effect upon becoming a law and operates retroactively to January 1, 2014.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

By adopting recent changes to the Internal Revenue Code, Florida provides ease of administration for Florida corporate taxpayers.

C. Government Sector Impact:

The REC estimates that this bill will have no fiscal impact.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 220.03 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

2/18/14

*Meeting Date*

Topic NBA All Star Sales Tax Exemption Bill Number SB 330  
*(if applicable)*

Name Chris Carmody Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Government Consultant

Address 301 S. Bronough St. Phone 407-843-8880  
*Street*

Tallahassee FL 32301  
*City State Zip*

E-mail chris.carmody@gray-robinson.com

Speaking:  For  Against  Information

Representing City of Orlando

Appearing at request of Chair:  Yes  No Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

***This form is part of the public record for this meeting.***

S-001 (10/20/11)



# THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**SENATOR ANDY GARDINER**  
13th District

**COMMITTEES:**  
Appropriations Subcommittee on Transportation,  
Tourism, and Economic Development, *Chair*  
Appropriations  
Appropriations Subcommittee on Finance and Tax  
Environmental Preservation and Conservation  
Ethics and Elections  
Gaming  
Judiciary  
Military Affairs, Space, and Domestic Security  
Rules

**JOINT COMMITTEE:**  
Joint Legislative Budget Commission

March 5, 2014

The Honorable Dorothy Hukill, Chair  
Appropriations Subcommittee on Finance and Tax  
201 The Capitol  
404 South Monroe Street  
Tallahassee, FL 32399

Dear Chair Hukill:

I am writing to respectfully request that I be excused from the Appropriations Subcommittee on Finance and Tax meeting scheduled for Wednesday, March 5. An immediate issue arose which needed my attention.

If you have any questions regarding this request, please do not hesitate to call my office. Thank you for your time and consideration of this matter.

Sincerely,

Senator Andy Gardiner

AG:gh

Cc: Jose Diaz-Arguelles  
Cheryl Dewees, Administrative Assistant

**REPLY TO:**

- 1013 East Michigan Street, Orlando, Florida 32806 (407) 428-5800
- 420 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5013

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**COMMITTEES:**  
Governmental Oversight and Accountability, *Chair*  
Appropriations Subcommittee on Finance and  
Tax, *Vice Chair*  
Appropriations  
Appropriations Subcommittee on Transportation,  
Tourism, and Economic Development  
Banking and Insurance  
Commerce and Tourism  
Judiciary  
Rules

**JOINT COMMITTEES:**  
Joint Legislative Auditing Committee  
Joint Select Committee on Collective Bargaining

**SENATOR JEREMY RING**  
29th District

March 5, 2014

Senator Dorothy Hukill  
210 Senate Office Building  
404 S. Monroe Street  
Tallahassee, FL 32399-1100

Dear Chairwoman Hukill,

I am requesting to be excused from the Senate Finance and Tax Committee scheduled for March 5<sup>th</sup> due to conflicts of presenting a bill in General Government Appropriations at the same time.

Thank you in advance for considering this request to be excused from the Finance and Tax Committee on the 5th due to this conflict. Please do not hesitate to contact me if you have any questions.

Sincerely,

Handwritten signature of Jeremy Ring in cursive.

Jeremy Ring  
Senator District 29

CC: Jose Diez-Arguelles, Staff Director

Handwritten signature of Dorothy L. Hukill in cursive.

**REPLY TO:**

- 5790 Margate Boulevard, Margate, Florida 33063 (954) 917-1392 FAX: (954) 917-1394
- 405 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5029

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:  
Appropriations Subcommittee on Criminal and  
Civil Justice  
Appropriations Subcommittee on Finance and Tax  
Banking and Insurance  
Children, Families, and Elder Affairs  
Ethics and Elections  
Rules  
Transportation

JOINT COMMITTEE:  
Joint Committee on Administrative Procedures

**SENATOR MIGUEL DIAZ de la PORTILLA**  
40th District

March 4, 2014

The Honorable Dorothy Hukill  
Chair  
Appropriations Subcommittee on Finance & Tax

Via email

Dear Chair Hukill;

I need to handle a hearing this Wednesday before the City of Miami, and have booked a noon departure flight. I respectfully request that I be excused from the Committee meeting at 11:00 a.m. Wednesday morning.

Your consideration is greatly appreciated.

Sincerely,

Miguel Diaz de la Portilla  
Senator, District 40

Cc: Mr. Jose Diez-Arguelles, Staff Director;  
Ms. Cheryl DeWees, Committee Administrative Assistant

A handwritten signature in cursive script, appearing to read "Dorothy Hukill".

REPLY TO:

- 2100 Coral Way, Suite 505, Miami, Florida 33145 (305) 643-7200
- 312 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5040

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**DON GAETZ**  
President of the Senate

**GARRETT RICHTER**  
President Pro Tempore

# CourtSmart Tag Report

**Room:** LL 37

**Case:**

**Type:**

**Caption:** Senate Appropriations Subcommittee on Finance and Tax

**Judge:**

**Started:** 3/5/2014 11:02:53 AM

**Ends:** 3/5/2014 11:12:26 AM

**Length:** 00:09:34

11:02:55 AM Sen. Hukill (chair)  
11:03:32 AM Roll Call  
11:04:02 AM Sen. Hukill  
11:04:24 AM S 134 (Tab 3 - temporarily postponed)  
11:05:02 AM S 66  
11:05:09 AM Sen. Flores  
11:05:28 AM Sen. Hukill  
11:05:35 AM Sen. Altman  
11:05:45 AM Sen. Flores  
11:05:48 AM Sen. Altman  
11:05:51 AM Sen. Hukill  
11:06:12 AM Vote  
11:06:41 AM S 330  
11:06:52 AM Sen. Simmons  
11:07:32 AM Sen. Hukill  
11:07:35 AM Jean Van Smith, Legislative Aide to Sen. Simmons  
11:07:40 AM Sen. Hukill  
11:07:41 AM J. Van Smith  
11:08:24 AM Sen. Hukill  
11:08:30 AM Sen. Clemens  
11:08:36 AM Sen. Hukill  
11:08:37 AM J. Van Smith  
11:08:42 AM Sen. Hukill  
11:08:48 AM Chris Carmody, Government Consultant, City of Orlando & Orlando Magic (waives in support)  
11:08:56 AM Sen. Hukill  
11:09:05 AM Sen. Sachs  
11:09:29 AM J. Van Smith  
11:09:33 AM Sen. Hukill  
11:09:39 AM J. Van Smith  
11:09:41 AM Sen. Hukill  
11:09:48 AM Vote  
11:10:32 AM Tab 4 - Consideration of Proposed Draft Legislation relating to Internal Revenue Code  
11:10:36 AM Robert Babin, Attorney, Finance and Tax  
11:10:51 AM Sen. Hukill  
11:11:22 AM Vote  
11:11:51 AM Sen. Hukill  
11:12:01 AM Sen. Abruzzo (vote after roll call)  
11:12:17 AM Sen. Hukill