

**CS/SB 484** by **CM, Braynon (CO-INTRODUCERS) Brandes;** (Similar to CS/CS/H 0343) Rental Car Sales and Use Tax Surcharges

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**CS/SB 534** by **CA, Latvala (CO-INTRODUCERS) Diaz de la Portilla, Soto;** (Compare to H 0257) Tax Exemptions

**SB 626** by **Hays (CO-INTRODUCERS) Simpson, Soto, Thompson;** (Compare to CS/H 0587) Charitable Exemption from Ad Valorem Taxation

873682 D S WD AFT, Altman Delete everything after 04/09 04:09 PM  
476230 A S RCS AFT, Altman Delete everything after 04/09 04:09 PM

**SB 1102** by **Altman;** (Identical to H 0987) Local Government Infrastructure Surtax

376564 A S RCS AFT, Altman Delete L.26 - 39: 04/09 04:09 PM

**CS/SB 1390** by **BI, Brandes;** (Similar to CS/H 0939) Bail Bond Premiums

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

**MEETING DATE:** Wednesday, April 9, 2014  
**TIME:** 1:00 —3:00 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>CS/SB 484</b> Commerce and Tourism / Braynon (Similar CS/CS/H 343)	Rental Car Sales and Use Tax Surcharges; Providing that the surcharge for car-sharing services shall be imposed on an hourly basis rather than a daily basis; defining the term "car-sharing service", etc.  CM 02/10/2014 Fav/CS AFT 04/09/2014 Fav/CS AP	Fav/CS Yeas 10 Nays 0
2	<b>CS/SB 534</b> Community Affairs / Latvala (Compare H 257)	Tax Exemptions; Exempting therapeutic veterinary diets obtainable only from a licensed veterinarian from the state tax on sales, use, and other transactions, etc.  AG 01/13/2014 Favorable CA 03/11/2014 Fav/CS AFT 04/09/2014 Favorable AP	Favorable Yeas 11 Nays 0
3	<b>SB 626</b> Hays (Compare CS/H 587)	Charitable Exemption from Ad Valorem Taxation; Providing that, for purposes of the charitable exemption from ad valorem taxation, property owned by an exempt organization is used for a charitable purpose if the organization has taken affirmative steps to prepare the property for a charitable purpose, etc.  CA 03/05/2014 Favorable AFT 04/09/2014 Fav/CS AP	Fav/CS Yeas 10 Nays 0
4	<b>SB 1102</b> Altman (Identical H 987)	Local Government Infrastructure Surtax; Authorizing the use of the surtax for the restoration or maintenance of natural water bodies for public use, etc.  CA 03/19/2014 Favorable AFT 04/09/2014 Fav/CS AP	Fav/CS Yeas 10 Nays 0

**COMMITTEE MEETING EXPANDED AGENDA**

Appropriations Subcommittee on Finance and Tax  
Wednesday, April 9, 2014, 1:00 —3:00 p.m.

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TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
5	<b>CS/SB 1390</b> Banking and Insurance / Brandes (Similar CS/H 939)	Bail Bond Premiums; Deleting a provision relating to the reporting or payment of specified insurance premium taxes; requiring an insurer to pay to the Department of Revenue a specified amount of the direct written premiums for bail bonds, etc.  BI 03/19/2014 Fav/CS AFT 04/09/2014 Fav/CS AP	Fav/CS Yeas 10 Nays 0
6	Workshop on HB 5601 by House Finance and Tax Subcommittee / Workman - Economic Development		Discussed
Other Related Meeting Documents			

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**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.)

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

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BILL: CS/CS/SB 484

INTRODUCER: Appropriations Subcommittee on Finance and Tax; Commerce and Tourism Committee;  
and Senator Braynon

SUBJECT: Rental Car Sales and Use Tax Surcharges

DATE: April 10, 2014

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Askey</u>	<u>Hrdlicka</u>	<u>CM</u>	<u>Fav/CS</u>
2.	<u>Cote</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<u>Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

Section 212.0606(1), F.S., imposes a surcharge of \$2.00 per day or any part of a day upon the lease or rental of a motor vehicle licensed for hire and designed to carry less than nine passengers.

CS/CS/SB 484 provides that a member of a car-sharing service who uses a motor vehicle for less than 24 hours must pay a surcharge of \$1.00 per usage. A member of a car-sharing service who uses the same motor vehicle for at least 24 consecutive hours must pay a surcharge of \$2.00 per day or any part of a day.

The bill provides that the new hourly surcharge on a car-sharing service does not apply to the lease, rental, or use of a motor vehicle from a location owned, operated, leased by or for the benefit of an airport or airport authority.

The Revenue Estimating Conference has not determined the impact of the bill. Staff estimates that the bill will have an insignificant, negative impact to the General Revenue Fund and a negative, recurring impact of \$0.4 million to trust funds.

## II. Present Situation:

### Rental Car Surcharge

Section 212.0606(1), F.S., imposes a surcharge of \$2.00 per day or any part of a day upon the lease or rental of a motor vehicle licensed for hire and designed to carry less than nine passengers, regardless of whether such vehicle is licensed in Florida. The surcharge is included in the lease or rental price on which sales tax is computed and must be listed separately on the invoice. Businesses that collect the rental car surcharge are required to report surcharge collections by county, attributing the surcharge to the county where the rental agreement was made.

The surcharge applies to only the first 30 days of the term of any lease or rental, whether or not the vehicle is licensed in Florida. If the rental or lease of a vehicle is for longer than 30 days, only the first 30 days are subject to the surcharge. If the lease is renewed, the first 30 days of the renewed lease is subject to the surcharge. If payment for the lease or rental of a motor vehicle is made in Florida, the surcharge applies.

The surcharge is not imposed on leases or rentals to tax-exempt entities.<sup>1</sup> Section 212.0606(4), F.S., exempts from payment of the surcharge a motor vehicle provided at no charge to a person whose motor vehicle is being repaired, adjusted, or serviced by the entity providing the replacement motor vehicle.

After deduction for administrative fees, the rental car surcharge is distributed as follows:

- 80 percent of the surcharge to the State Transportation Trust Fund (STTF);
- 15.75 percent of the surcharge to the Tourism Promotional Trust Fund; and
- 4.25 percent of the surcharge to the Florida International Trade and Promotion Trust Fund.

The proceeds of the rental car surcharge deposited into the STTF are allocated to each Florida Department of Transportation (FDOT) district, except the Turnpike District, for transportation projects based on the amount of proceeds collected in the counties within each respective district.

### For-Hire Vehicles

With limited exception, offering for lease or rent any motor vehicle in the State of Florida qualifies the vehicle as a “for-hire vehicle” under s. 320.01(15)(a), F.S.:

“For-hire vehicle” means any motor vehicle, when used for transporting persons or goods for compensation; let or rented to another for consideration; offered for rent or hire as a means of transportation for compensation; advertised in a newspaper or generally held out as being for rent or hire; used in connection with a travel bureau; or offered or used to provide transportation for persons solicited through personal contact or advertised on a “share-expense” basis. When goods or passengers are transported for compensation in a motor vehicle outside a municipal corporation of this state, or when goods are transported in a motor

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<sup>1</sup> Section 212.08, F.S.; Rule 12A-1.1038, F.A.C.

vehicle not owned by the person owning the goods, such transportation is “for hire.” The carriage of goods and other personal property in a motor vehicle by a corporation or association for its stockholders, shareholders, and members, cooperative or otherwise, is transportation “for hire.”

### **Rental Car Industry**

In recent years there has been a growing sub-industry of rental cars known as “car-sharing” services. Companies, or programs, like “Zipcar”<sup>2</sup>, “car2go”<sup>3</sup>, and “Hertz 24/7”<sup>4</sup> allow members to reserve the use of a car without visiting a rental car location. This model is seen as an alternative to the traditional rental car business model as well as an alternative to owning a car in a major metropolitan area. As a new and developing industry, car-sharing services are facing the challenge of varying regulations and taxes across different local and state governments. The CarSharing Association (CSA) represents several car-sharing companies and “works with shared-use mobility operators to advance industry standards, best practices and public policy advocacy.”<sup>5</sup> Car-sharing services are promoted by some organizations as a form of “collaborative consumption,” which is described as a “shift in consumer values from ownership to access.”<sup>6</sup>

Three major varieties of car-sharing models exist currently:<sup>7</sup>

- Peer to Peer: “A fleet of cars is owned by a community. The marketplace matches owners of cars that are available to other drivers to rent.”
- Business to Consumer: “A company owns a fleet of cars and facilitates the sharing among members.”
- Not-For-Profit or Co-Op: “A local organization or community that facilitates car sharing with the goal of changing driving habits over making a profit.”

A 2006 study conducted by Travelocity<sup>8</sup> (an online travel agency) found that taxes imposed by state and local governments accounted for an average of 28 percent of the total cost of renting a motor vehicle at airport locations and an average of almost 15 percent at neighborhood locations. Many rental companies also charge additional fees for drivers under 25 years of age, additional drivers, airport concession fees, refueling charges, loss and damage waivers, drop-off charges, partial days, mileage limits, frequent flyer fees, child safety seats, and GPS rental.

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<sup>2</sup> Zipcar website, <http://www.zipcar.com/> (last visited February 3, 2014).

<sup>3</sup> car2go website, <https://www.car2go.com/en/austin/> (last visited February 3, 2014).

<sup>4</sup> Hertz website, <https://www.hertz.com/rentacar/productservice/index.jsp?targetPage=hertzondemand.jsp> (last visited February 4, 2014).

<sup>5</sup> CSA website, <http://carsharing.org/> (last visited February 3, 2014).

<sup>6</sup> Collaborative Consumption website, <http://www.collaborativeconsumption.com/> (last visited February 3, 2014).

<sup>7</sup> Collaborative Fund and Hyperakt, *The Bright Future of CarSharing*, <http://futureofcarsharing.com/> (last visited February 3, 2014).

<sup>8</sup> Travelocity, *2006/2007 Study Rates U.S. Airports in Terms of Sticker Shock and Compares Taxes When Renting at On-Airport vs. Neighborhood Locations*, December 12, 2006, <http://news.travelocity.com/phoenix.zhtml?c=75787&p=irol-newsArticle&ID=941259> (last visited February 3, 2014).

## Rental Car Surcharge and Car-Sharing Services

On September 17, 2012, the Department of Revenue (DOR) issued Technical Assistance Advisement 12A-022 which answered the question of whether a member based car-sharing service is subject to the Florida rental car surcharge. The facts presented to DOR were as follows:

Taxpayer [the car-sharing service] offers a member based car-sharing service with a fleet of vehicles available for use by registered members at any time of the day, seven days a week. A member can reserve a vehicle before use, or simply locate one and access it. Each use is labeled as a “trip” and can last up to four consecutive days. A unique feature of Taxpayer’s car-sharing service is members may, and often do, use a car for a much shorter period of time than typical car rentals. According to Taxpayer, the typical trip lasts twenty-five to forty minutes, costing between \$7 and \$10 before taxes. Members are invoiced daily for all trips that occur and Taxpayer adds the rental car surcharge and sales tax to this invoice.<sup>9</sup>

Despite the taxpayer’s assertion that it is not engaged in the “traditional” rental of cars, DOR concluded that the taxpayer is renting cars and, therefore, the rental car surcharge does apply. The DOR further concluded that because the taxpayer’s members may make multiple trips in one day without executing any additional agreement and without any action required of the taxpayer, and because members are charged for every trip within the same 24-hour period on a single daily invoice, the rental car “surcharge is due from Taxpayer’s members once a day, regardless of the number of trips taken by a member in a twenty-four hour period.”<sup>10</sup>

### III. Effect of Proposed Changes:

CS/CS/SB 484 provides that a member of a car-sharing service who uses a motor vehicle for less than 24 hours must pay a surcharge of \$1.00 per usage. A member of a car-sharing service who uses the same motor vehicle for at least 24 consecutive hours must pay a surcharge of \$2.00 per day or any part of a day.

The bill defines a “car-sharing service” as a membership-based organization or business which requires payment of a membership fee and provides the member with access to motor vehicles:

- Only at locations that are not staffed by service personnel employed solely for the purpose of interacting with members;
- Twenty-four hours per day, 7 days per week;
- Only through automated means;
- On an hourly basis or shorter period of time;
- Without a separate fee for refueling the motor vehicle;

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<sup>9</sup> DOR Technical Assistance Advisement 12A-022, [https://revenue.law.state.fl.us/LawLibraryDocuments/2012/09/TAA-111870\\_deleted%20with%20summary%2012A-022.pdf#search="technical assistance advisement 12A-022"](https://revenue.law.state.fl.us/LawLibraryDocuments/2012/09/TAA-111870_deleted%20with%20summary%2012A-022.pdf#search=technical%20assistance%20advisement%2012A-022) (last visited February 3, 2014).

<sup>10</sup> To support its finding, DOR cited Rule Code 12A-16.002(3)(b), F.A.C.: “When the terms of a lease or rental agreement authorize the lessee to extend the lease or rental beyond the initial lease term without executing an additional lease or agreement and without any action on the part of the lessor, the extension period will not be considered a new lease or rental.”

- Without a separate fee for minimum financial responsibility liability insurance; and
- Owned or controlled by the car-sharing service or its affiliates.

The bill provides that the new hourly surcharge does not apply to the lease, rental, or use of a motor vehicle from a location owned, operated, leased by or for the benefit of an airport or airport authority.

The bill provides an effective date of January 1, 2015.

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

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

Subsection (b) of s. 18, Art. VII of the Florida Constitution provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989.

The bill will reduce the amount of the municipalities' and counties' local option sales tax collections, thereby reducing their revenue-raising authority. However, an exemption from the mandates provision may apply because the reduction in local governments' revenue-raising authority may result in an insignificant fiscal impact.

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

None.

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

None.

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

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

The Revenue Estimating Conference has not determined the impact of CS/CS/SB 484. Staff estimates that the bill will have an insignificant, negative impact to the General Revenue Fund and a negative, recurring impact of \$0.4 million to trust funds.

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

Individuals using car-sharing services for less than a 24-hour period will see a reduction in the rental car surcharge that they pay.

C. Government Sector Impact:

The Department of Revenue estimated an insignificant operational impact.<sup>11</sup>

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 212.0606, Florida Statutes.

IX. Additional Information:

- A. Committee Substitute – Statement of Substantial Changes:  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**Recommended CS/CS by Appropriations Subcommittee on Finance and Tax on April 9, 2014:**

The committee substitute provides that a member of a car-sharing service who uses a motor vehicle for less than 24 hours must pay a surcharge of \$1.00 per usage.

**CS by Commerce and Tourism on February 10, 2014**

The committee substitute changes the bill's effective date to January 1, 2015.

- B. Amendments:

None.

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

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<sup>11</sup> Department of Revenue, *Analysis SB 484*, (February 24, 2014).



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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/09/2014	.	
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Appropriations Subcommittee on Finance and Tax (Abruzzo)  
recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Section 212.0606, Florida Statutes, is amended  
to read:

212.0606 Rental car surcharge.—

(1) Except as provided in subsection (2), a surcharge of \$2  
~~\$2.00~~ per day or any part of a day is imposed upon the lease or  
rental of a motor vehicle licensed for hire and designed to



574314

11 carry less than nine passengers regardless of whether the such  
12 motor vehicle is licensed in this state Florida. The surcharge  
13 applies to only the first 30 days of the term of a any lease or  
14 rental. The surcharge is subject to all applicable taxes imposed  
15 by this chapter.

16 (2) A member of a car-sharing service who uses a motor  
17 vehicle as described in subsection (1) for less than 24 hours  
18 pursuant to an agreement with the car-sharing service shall pay  
19 a surcharge of \$1 per usage. A member of a car-sharing service  
20 who uses the same motor vehicle for 24 hours or more shall pay a  
21 surcharge of \$2 per day or any part of a day as provided in  
22 subsection (1). As used in this subsection, the term "car-  
23 sharing service" means a membership-based organization or  
24 business, or division thereof, which requires the payment of an  
25 application or membership fee and provides member access to  
26 motor vehicles:

27 (a) Only at locations that are not staffed by car-sharing  
28 service personnel employed solely for the purpose of interacting  
29 with car-sharing service members;

30 (b) Twenty-four hours per day, 7 days per week;

31 (c) Only through automated means, including, but not  
32 limited to, smartphone applications or electronic membership  
33 cards;

34 (d) On an hourly basis or for a shorter increment of time;

35 (e) Without a separate fee for refueling the motor vehicle;

36 (f) Without a separate fee for minimum financial  
37 responsibility liability insurance; and

38 (g) Owned or controlled by the car-sharing service or its  
39 affiliates.



574314

40  
41 The surcharge imposed under this subsection does not apply to  
42 the lease, rental, or use of a motor vehicle from a location  
43 owned, operated, or leased by or for the benefit of an airport  
44 or airport authority.

45 (3) (a) (2) (a) Notwithstanding s. the provisions of section  
46 212.20, and less the costs of administration, 80 percent of the  
47 proceeds of this surcharge shall be deposited in the State  
48 Transportation Trust Fund, 15.75 percent of the proceeds of this  
49 surcharge shall be deposited in the Tourism Promotional Trust  
50 Fund created in s. 288.122, and 4.25 percent of the proceeds of  
51 this surcharge shall be deposited in the Florida International  
52 Trade and Promotion Trust Fund. For the purposes of this  
53 subsection, "proceeds" of the surcharge means all funds  
54 collected and received by the department under this section,  
55 including interest and penalties on delinquent surcharges. The  
56 department shall provide the Department of Transportation rental  
57 car surcharge revenue information for the previous state fiscal  
58 year by September 1 of each year.

59 (b) Notwithstanding any other provision of law, ~~in fiscal~~  
60 ~~year 2007-2008 and each year thereafter,~~ the proceeds deposited  
61 in the State Transportation Trust Fund shall be allocated on an  
62 annual basis in the Department of Transportation's work program  
63 to each department district, except the Turnpike District. The  
64 amount allocated to ~~for~~ each district shall be based on ~~upon~~ the  
65 amount of proceeds attributed to the counties within each  
66 respective district.

67 (4) (3) (a) Except as provided in this section, the  
68 department shall administer, collect, and enforce the surcharge



574314

69 as provided in this chapter.

70 (a)~~(b)~~ The department shall require dealers to report  
71 surcharge collections according to the county to which the  
72 surcharge was attributed. For purposes of this section, the  
73 surcharge shall be attributed to the county where the rental  
74 agreement was entered into.

75 (b)~~(e)~~ Dealers who collect the rental car surcharge shall  
76 report to the department all surcharge revenues attributed to  
77 the county where the rental agreement was entered into on a  
78 timely filed return for each required reporting period. The  
79 provisions of this chapter which apply to interest and penalties  
80 on delinquent taxes ~~shall~~ apply to the surcharge. The surcharge  
81 may ~~shall~~ not be included in the calculation of estimated taxes  
82 pursuant to s. 212.11. The dealer's credit provided in s. 212.12  
83 does ~~shall~~ not apply to any amount collected under this section.

84 (5)~~(4)~~ The surcharge imposed by this section does not apply  
85 to a motor vehicle provided at no charge to a person whose motor  
86 vehicle is being repaired, adjusted, or serviced by the entity  
87 providing the replacement motor vehicle.

88 Section 2. This act shall take effect January 1, 2015.

89  
90 ===== T I T L E A M E N D M E N T =====

91 And the title is amended as follows:

92 Delete everything before the enacting clause  
93 and insert:

94 A bill to be entitled  
95 An act relating to the rental car surcharge; amending  
96 s. 212.0606, F.S.; providing an alternative surcharge  
97 for use of a motor vehicle pursuant to an agreement



574314

98           with a car-sharing service for less than a specified  
99           number of consecutive hours; defining the term "car-  
100          sharing service"; providing applicability; making  
101          technical changes; providing an effective date.

By the Committee on Commerce and Tourism; and Senators Braynon and Brandes

577-01741-14

2014484c1

1 A bill to be entitled  
 2 An act relating to rental car sales and use tax  
 3 surcharges; amending s. 212.0606, F.S.; providing that  
 4 the surcharge for car-sharing services shall be  
 5 imposed on an hourly basis rather than a daily basis;  
 6 defining the term "car-sharing service"; providing an  
 7 effective date.  
 8  
 9 Be It Enacted by the Legislature of the State of Florida:  
 10  
 11 Section 1. Section 212.0606, Florida Statutes, is amended  
 12 to read:  
 13 212.0606 Rental car surcharge.—  
 14 (1) Except as provided under subsection (2), a surcharge of  
 15 \$2 ~~\$2.00~~ per day or any part of a day is imposed upon the lease  
 16 or rental of a motor vehicle licensed for hire and designed to  
 17 carry less than nine passengers regardless of whether the ~~such~~  
 18 motor vehicle is licensed in this state ~~Florida~~. The surcharge  
 19 applies to only the first 30 days of the term of a any lease or  
 20 rental. The surcharge is subject to all applicable taxes imposed  
 21 under ~~by~~ this chapter.  
 22 (2) A member of a car-sharing service who uses a motor  
 23 vehicle as described in subsection (1) pursuant to an agreement  
 24 with the car-sharing service for less than 24 hours shall pay a  
 25 surcharge of 8 cents per hour of usage, with portions of an hour  
 26 rounded up to the nearest hour. A member of a car-sharing  
 27 service who uses the same motor vehicle for at least 24  
 28 consecutive hours shall pay a surcharge of \$2 per day or any  
 29 part of a day as provided under subsection (1).

Page 1 of 4

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

577-01741-14

2014484c1

30 (a) For purposes of this subsection, a "car-sharing  
 31 service" is a membership-based organization or business, or  
 32 division thereof, which requires the payment of an application  
 33 or membership fee and provides member access to motor vehicles:  
 34 1. Only at locations that are not staffed by car-sharing  
 35 service personnel employed solely for the purpose of interacting  
 36 with members;  
 37 2. Twenty-four hours per day, 7 days per week;  
 38 3. Only through automated means, including, but not limited  
 39 to, smartphone applications and electronic membership cards;  
 40 4. On an hourly basis or for a shorter increment of time;  
 41 5. Without a separate fee for refueling the motor vehicle;  
 42 6. Without a separate fee for minimum financial  
 43 responsibility liability insurance; and  
 44 7. Owned or controlled by the car-sharing service or its  
 45 affiliates.  
 46 (b) The surcharge described in this subsection does not  
 47 apply to the lease, rental, or use of a motor vehicle from a  
 48 location owned, operated, or leased by or for the benefit of an  
 49 airport or airport authority.  
 50 (3)(2)(a) Notwithstanding s. ~~the provisions of section~~  
 51 212.20, and less ~~the~~ costs of administration, 80 percent of the  
 52 proceeds of this surcharge shall be deposited in the State  
 53 Transportation Trust Fund, 15.75 percent of the proceeds of this  
 54 surcharge shall be deposited in the Tourism Promotional Trust  
 55 Fund created in s. 288.122, and 4.25 percent of the proceeds of  
 56 this surcharge shall be deposited in the Florida International  
 57 Trade and Promotion Trust Fund.  
 58 (a) For the purposes of this subsection, "proceeds" of the

Page 2 of 4

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

577-01741-14

2014484c1

59 surcharge means all funds collected and received by the  
60 department under this section, including interest and penalties  
61 on delinquent surcharges. The department shall provide the  
62 Department of Transportation rental car surcharge revenue  
63 information for the previous state fiscal year by September 1 of  
64 each year.

65 (b) Notwithstanding any other provision of law, ~~in fiscal~~  
66 ~~year 2007-2008 and each year thereafter~~, the proceeds deposited  
67 in the State Transportation Trust Fund shall be allocated on an  
68 annual basis in the Department of Transportation's work program  
69 to each department district, except the Turnpike District. The  
70 amount allocated to for each district shall be based on ~~upon~~ the  
71 amount of proceeds attributed to the counties within each  
72 respective district.

73 ~~(4)(3)(a)~~ Except as provided in this section, the  
74 department shall administer, collect, and enforce the surcharge  
75 as provided in this chapter.

76 ~~(a)(b)~~ The department shall require dealers to report  
77 surcharge collections according to the county to which the  
78 surcharge was attributed. For purposes of this section, the  
79 surcharge shall be attributed to the county where the rental  
80 agreement was entered into.

81 ~~(b)(c)~~ Dealers who collect the rental car surcharge shall  
82 report to the department all surcharge revenues attributed to  
83 the county where the rental agreement was entered into on a  
84 timely filed return for each required reporting period. The  
85 provisions of this chapter which apply to interest and penalties  
86 on delinquent taxes ~~shall~~ apply to the surcharge. The surcharge  
87 is ~~shall~~ not be included in the calculation of estimated taxes

Page 3 of 4

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

577-01741-14

2014484c1

88 pursuant to s. 212.11. The dealer's credit provided in s. 212.12  
89 ~~does shall~~ not apply to any amount collected under this section.  
90 (5)(4) The surcharge imposed by this section does not apply  
91 to a motor vehicle provided at no charge to a person whose motor  
92 vehicle is being repaired, adjusted, or serviced by the entity  
93 providing the replacement motor vehicle.

94 Section 2. This act shall take effect January 1, 2015.

Page 4 of 4

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

**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.)

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

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BILL: CS/SB 534

INTRODUCER: Community Affairs Committee; and Senators Latvala and Diaz de la Portilla

SUBJECT: Tax Exemptions

DATE: April 9, 2014

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Weidenbenner</u>	<u>Halley</u>	<u>AG</u>	<b>Favorable</b>
2.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<b>Fav/CS</b>
3.	<u>Cote</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Favorable</b>
4.	_____	_____	<u>AP</u>	_____

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 534 creates an exemption from the sales tax for sales of therapeutic veterinary diets specifically formulated to aid in the management of illness and disease of a diagnosed health disorder in an animal and which are only available from a licensed veterinarian.

The Revenue Estimating Conference determined that the bill will reduce revenues deposited in the General Revenue Fund by \$2.3 million in Fiscal Year 2014-2015, and will have a recurring, negative impact of \$2.5 million to general revenue. In addition, the bill will reduce local government revenue by \$0.5 million in Fiscal Year 2014-2015, and will have a recurring, negative impact of \$0.6 million to local governments.

**II. Present Situation:**

**Sales Tax Exemptions for Veterinarians**

Section 212.08(2)(h), F.S., provides a sales tax exemption for veterinarians' purchases of commonly recognized substances possessing curative or remedial properties that are ordered and dispensed as treatment for a diagnosed health disorder by a prescription. Currently, veterinarians do not pay sales tax when they purchase antiseptics, absorbent cotton, gauze for bandages, lotions, vitamins, and worm remedies.

## **Therapeutic Diet Food for Animals**

Therapeutic diet food is specially formulated for use in the treatment of animals with specific diagnosed illnesses. These foods are sometimes referred to as “prescription diets,” even though they are not required by federal or state law to be dispersed only by a prescription. Therefore, therapeutic diet foods for animals are currently subject to sales tax regardless of naming or labeling.

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

**Section 1** amends s. 212.08(2), F.S., to create a sales tax exemption for sales of therapeutic veterinary diets to aid in the management of illness and disease of a diagnosed health disorder in an animal and which are only available from a licensed veterinarian.

**Section 2** provides that the bill takes effect July 1, 2014.

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

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

Subsection (b) of s. 18, Art. VII of the Florida Constitution provides that “except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989.”

The bill provides a sales tax exemption that will reduce the municipalities’ and counties’ local option sales tax collections, thereby reducing their revenue-raising authority. However, an exemption from the mandates provision may apply because the reduction in local governments’ revenue-raising authority may result in an insignificant fiscal impact.

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

None.

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

None.

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

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

The Revenue Estimating Conference determined that CS/SB 534 will reduce revenues deposited in the General Revenue Fund by \$2.3 million in Fiscal Year 2014-2015, and will have a recurring, negative impact of \$2.5 million to general revenue. In addition, the

bill will reduce local government revenue by \$0.5 million in Fiscal Year 2014-2015, and will have a recurring, negative impact of \$0.6 million to local governments.<sup>1</sup>

**B. Private Sector Impact:**

Animal owners will be relieved of sales taxes on therapeutic veterinary diets for animals.

**C. Government Sector Impact:**

The Department of Revenue estimates that implementation of this bill will result in an insignificant impact to its operations.<sup>2</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 212.08 of the Florida Statutes.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Community Affairs on March 11, 2014:**

Removes the provision that would have extended sales tax exemptions on common household remedies to animals; and clarifies that the proposed sales tax exemption on diet foods for animals applies to therapeutic diets that are only available from a licensed veterinarian.

**B. Amendments:**

None.

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

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<sup>1</sup> Revenue Estimating Conference, *Therapeutic Pet Foods Analysis* (Jan. 17, 2014).

<sup>2</sup> Department of Revenue, *Senate Bill 534 Analysis* (Jan. 2, 2014).

By the Committee on Community Affairs; and Senators Latvala and  
Diaz de la Portilla

578-02454-14

2014534c1

1                                   A bill to be entitled  
2           An act relating to tax exemptions; amending s. 212.08,  
3           F.S.; exempting therapeutic veterinary diets  
4           obtainable only from a licensed veterinarian from the  
5           state tax on sales, use, and other transactions;  
6           providing an effective date.  
7  
8   Be It Enacted by the Legislature of the State of Florida:  
9  
10           Section 1. Paragraphs (i), (j), and (k) of subsection (2)  
11           of section 212.08, Florida Statutes, are redesignated as  
12           paragraphs (j), (k), and (l), respectively, and a new paragraph  
13           (i) is added to that subsection, to read:  
14           212.08 Sales, rental, use, consumption, distribution, and  
15           storage tax; specified exemptions.—The sale at retail, the  
16           rental, the use, the consumption, the distribution, and the  
17           storage to be used or consumed in this state of the following  
18           are hereby specifically exempt from the tax imposed by this  
19           chapter.  
20           (2) EXEMPTIONS; MEDICAL.—  
21           (i) Sales of therapeutic veterinary diets specifically  
22           formulated to aid in the management of illness and disease of a  
23           diagnosed health disorder in an animal and which are only  
24           available from a licensed veterinarian are exempt from the tax  
25           imposed under this chapter.  
26           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.)

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

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BILL: CS/SB 626

INTRODUCER: Appropriations Subcommittee on Finance and Tax; and Senator Hays and others

SUBJECT: Charitable Exemption from Ad Valorem Taxation

DATE: April 10, 2014

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<b>Favorable</b>
2.	<u>Babin</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Fav/CS</b>
3.	_____	_____	<u>AP</u>	_____

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

Florida exempts property used predominantly for educational, literary, scientific, religious or charitable purposes from ad valorem taxes. The exemption also applies to property owned by an exempt organization while the organization is taking “affirmative steps” to prepare the property:

- To provide affordable housing to low-income residents,
- For educational use, or
- For religious use as a house of public worship.

CS/SB 626 expands the “affirmative steps” treatment to all property owned by an exempt organization and being prepared to be used for an educational, literary, scientific, religious or charitable purpose.

The Revenue Estimating Conference has determined that this bill will reduce local property taxes by \$1.2 million beginning in Fiscal Year 2015-2016.

## II. Present Situation:

### Property Tax Assessments

In Florida, local governments have the authority to impose ad valorem taxes; a state-level tax is not permitted.<sup>1</sup> Article VII, section 4 of the Florida Constitution requires that all property be assessed at just value,<sup>2</sup> and the tax rate must be uniform throughout the taxing unit.<sup>3</sup> Just value has been interpreted by the courts to mean fair market value, or what a willing buyer would pay a willing seller for the property in an arm's length transaction.<sup>4</sup> Section 193.011, F.S., requires property appraisers to consider eight factors in determining the property's just valuation.<sup>5</sup>

### Property Entitled to Educational, Charitable, Religious, Scientific, or Literary Exemptions

Florida exempts property used for educational, literary, scientific, religious or charitable purposes from ad valorem tax.<sup>6</sup> In determining whether the use of a property is exempt, the property appraiser must consider the nature and extent of the exempt activity compared to other activities performed by the organization owning the property, and the availability of the property for use by other qualifying entities.<sup>7</sup> Only the portions of the property used predominantly for exempt purposes may be exempt from ad valorem taxation. If the property owned by an exempt entity is used exclusively for exempt purposes, it is totally exempt from ad valorem taxation.

#### Affirmative Steps

*Preparing the Property.* The exemption for some charitable, religious, and educational property also applies before the property is actually being used for an exempt purpose, but only while the property owner is taking "affirmative steps" to prepare the property for the exempt use. This treatment is provided to educational property,<sup>8</sup> the portion of religious property where a public house of worship is being constructed,<sup>9</sup> and charitable property on which affordable housing for low-income residents is being constructed.<sup>10</sup>

*Definition of Affirmative Steps.* The term "affirmative steps" is defined by law to mean:

- Environmental or land use permitting activities,
- Creation of architectural or schematic drawings,
- Land clearing or site preparation,
- Construction or renovation activities, or
- Other similar activities that demonstrate a commitment to an [exempt] use.<sup>11</sup>

<sup>1</sup> FLA. CONST. art. VII, s. 1(a)

<sup>2</sup> FLA. CONST. art. VII, s. 4

<sup>3</sup> FLA. CONST. art. VII, s. 2

<sup>4</sup> See *Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So. 2d 4 (Fla. 1973).

<sup>5</sup> See s. 193.011, F.S.

<sup>6</sup> FLA. CONST. art. VII, s. 3(a). Florida provides other various exemptions. See generally FLA. CONST. art. VII, ss. 3 and 6.

<sup>7</sup> Section 196.196(1)(a)-(b), F.S.

<sup>8</sup> Section 196.198, F.S.

<sup>9</sup> Section 196.196(3), F.S.

<sup>10</sup> Section 196.196(5), F.S.

<sup>11</sup> Sections 196.196(3), 196.196(5), and 196.198, F.S.

*Affordable Housing Limitations.* The affirmative steps provision applicable to affordable housing has two limitations. If the owner 1) transfers the property for a purpose other than providing affordable housing, or 2) is not actually using the property to provide affordable housing within five years, the owner owes the tax that was avoided by claiming affirmative steps treatment, plus a penalty equal to 50 percent of the taxes owed and interest of 15 percent, per year.<sup>12</sup> If the owner fails to pay the required amounts within 30 days, the property appraiser must file liens on the owner's other properties.<sup>13</sup> The property owner may avoid the 5-year limitation by demonstrating that he or she is continuing affirmative steps.<sup>14</sup>

### III. Effect of Proposed Changes:

**Section 1** creates s. 196.1955, F.S., to consolidate the current affirmative steps provisions into a single statute and extends the affirmative steps treatment to all property owned by an exempt organization and being prepared for an exempt educational, literary, scientific, religious, or charitable use.

The bill defines “affirmative steps” as it is defined in current law.

The bill extends the property transfer limitation and 5-year limitation – which currently relate solely to affordable housing – to all property that qualifies for affirmative steps treatment. The property transfer limitation and 5-year limitation are identical to current law, except that the 50 percent penalty does not apply.

**Sections 2 and 3** delete the current affirmative steps provisions in ss. 196.196 and 196.198, F.S.

**Section 4** provides an effective date of July 1, 2014.

### IV. Constitutional Issues:

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

Article VII, section 18(b) of the Florida Constitution states that “[e]xcept upon approval of each house of the legislature by two-thirds of the membership, the legislature may not enact, amend or repeal any general law if the anticipated effect of doing so would be to reduce the authority that the municipalities or counties have to raise revenues in the aggregate, as such authority exists on February 1, 1989.”

Article VII, section 18(d) of the Florida Constitution provides an exemption from the mandates provision for laws having an insignificant fiscal impact. Therefore, the bill may be exempt.

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<sup>12</sup> Section 196.196(5)(b)1., F.S.

<sup>13</sup> Section 196.196(5)(b), F.S.

<sup>14</sup> Section 196.196(5)(b)4., F.S.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

The Revenue Estimating Conference has determined that CS/SB 626 will reduce local property taxes by \$1.2 million annually, beginning in Fiscal Year 2015-2016.

B. Private Sector Impact:

Exempt organizations that own real property and take affirmative steps to prepare that property for an exempt purpose will receive an exemption from ad valorem taxation.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 196.196 and 196.198.

The bill creates section 196.1955 of the Florida Statutes.

**IX. Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

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

**Recommended CS by Appropriations Subcommittee on Finance and Tax on April 9, 2014:**

The committee substitute:

- Expands the affirmative steps treatment to all educational, scientific, literary, religious and charitable property.

- Applies the property transfer limitation and 5-year limitation currently imposed on affordable housing properties using affirmative steps to all educational, scientific, literary, religious and charitable property, except that the 50 percent penalty is not imposed.

B. Amendments:

None.

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

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873682

LEGISLATIVE ACTION

Senate	.	House
Comm: WD	.	
04/09/2014	.	
	.	
	.	
	.	

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

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Section 196.1955, Florida Statutes, is created  
to read:

196.1955 Preparing property for educational, literary,  
scientific, religious, or charitable use.—

(1) Property owned by an exempt organization is used for an  
exempt purpose if the owner has taken affirmative steps to



873682

11 prepare the property for an exempt educational, literary,  
12 scientific, religious, or charitable use and no portion of the  
13 property is being used for a nonexempt purpose. The term  
14 "affirmative steps" means environmental or land use permitting  
15 activities, creation of architectural plans or schematic  
16 drawings, land clearing or site preparation, construction or  
17 renovation activities, or other similar activities that  
18 demonstrate a commitment to prepare the property for an exempt  
19 use.

20 (2) If property owned by an organization granted an  
21 exemption under this section is transferred for a purpose other  
22 than an exempt use or is not in actual exempt use within 5 years  
23 after the date the organization is granted an exemption, the  
24 property appraiser making such determination shall serve upon  
25 the organization that received the exemption a notice of intent  
26 to record in the public records of the county a notice of tax  
27 lien against any property owned by that organization in the  
28 county, and such property must be identified in the notice of  
29 tax lien. The organization owning such property is subject to  
30 the taxes otherwise due and owing as a result of the failure to  
31 use the property in an exempt manner plus 15 percent interest  
32 per annum.

33 (a) The lien, when filed, attaches to any property  
34 identified in the notice of tax lien owned by the organization  
35 that received the exemption. If the organization no longer owns  
36 property in the county but owns property in any other county in  
37 the state, the property appraiser shall record in each such  
38 county a notice of tax lien identifying the property owned by  
39 the organization in each respective county, which shall become a



873682

40 lien against the identified property.

41 (b) Before such lien may be filed, the organization so  
42 notified must be given 30 days to pay the taxes and interest.

43 (c) If an exemption is improperly granted as a result of a  
44 clerical mistake or an omission by the property appraiser, the  
45 organization improperly receiving the exemption may not be  
46 assessed interest.

47 (d) The 5-year limitation specified in this subsection may  
48 be extended if the holder of the exemption continues to take  
49 affirmative steps to develop the property for the purposes  
50 specified in this subsection.

51 Section 2. Subsections (3), (4), and (5) of section  
52 196.196, Florida Statutes, are amended to read:

53 196.196 Determining whether property is entitled to  
54 charitable, religious, scientific, or literary exemption.—

55 ~~(3) Property owned by an exempt organization is used for a~~  
56 ~~religious purpose if the institution has taken affirmative steps~~  
57 ~~to prepare the property for use as a house of public worship.~~  
58 ~~The term "affirmative steps" means environmental or land use~~  
59 ~~permitting activities, creation of architectural plans or~~  
60 ~~schematic drawings, land clearing or site preparation,~~  
61 ~~construction or renovation activities, or other similar~~  
62 ~~activities that demonstrate a commitment of the property to a~~  
63 ~~religious use as a house of public worship. For purposes of this~~  
64 ~~subsection, the term "public worship" means religious worship~~  
65 ~~services and those other activities that are incidental to~~  
66 ~~religious worship services, such as educational activities,~~  
67 ~~parking, recreation, partaking of meals, and fellowship.~~

68 (3)(4) Except as otherwise provided in this section herein,



873682

69 property claimed as exempt for literary, scientific, religious,  
70 or charitable purposes which is used for profitmaking purposes  
71 is ~~shall be~~ subject to ad valorem taxation. Use of property for  
72 functions not requiring a business or occupational license  
73 conducted by the organization at its primary residence, the  
74 revenue of which is used wholly for exempt purposes, is ~~shall~~  
75 not ~~be~~ considered profitmaking ~~profit making~~. In this connection  
76 the playing of bingo on such property is ~~shall~~ not ~~be~~ considered  
77 as using such property in such a manner as would impair its  
78 exempt status.

79 ~~(5)(a) Property owned by an exempt organization qualified~~  
80 ~~as charitable under s. 501(c)(3) of the Internal Revenue Code is~~  
81 ~~used for a charitable purpose if the organization has taken~~  
82 ~~affirmative steps to prepare the property to provide affordable~~  
83 ~~housing to persons or families that meet the extremely-low-~~  
84 ~~income, very-low-income, low-income, or moderate-income limits,~~  
85 ~~as specified in s. 420.0004. The term "affirmative steps" means~~  
86 ~~environmental or land use permitting activities, creation of~~  
87 ~~architectural plans or schematic drawings, land clearing or site~~  
88 ~~preparation, construction or renovation activities, or other~~  
89 ~~similar activities that demonstrate a commitment of the property~~  
90 ~~to providing affordable housing.~~

91 ~~(b)1. If property owned by an organization granted an~~  
92 ~~exemption under this subsection is transferred for a purpose~~  
93 ~~other than directly providing affordable homeownership or rental~~  
94 ~~housing to persons or families who meet the extremely-low-~~  
95 ~~income, very-low-income, low-income, or moderate-income limits,~~  
96 ~~as specified in s. 420.0004, or is not in actual use to provide~~  
97 ~~such affordable housing within 5 years after the date the~~



873682

98 ~~organization is granted the exemption, the property appraiser~~  
99 ~~making such determination shall serve upon the organization that~~  
100 ~~illegally or improperly received the exemption a notice of~~  
101 ~~intent to record in the public records of the county a notice of~~  
102 ~~tax lien against any property owned by that organization in the~~  
103 ~~county, and such property shall be identified in the notice of~~  
104 ~~tax lien. The organization owning such property is subject to~~  
105 ~~the taxes otherwise due and owing as a result of the failure to~~  
106 ~~use the property to provide affordable housing plus 15 percent~~  
107 ~~interest per annum and a penalty of 50 percent of the taxes~~  
108 ~~owed.~~

109 ~~2. Such lien, when filed, attaches to any property~~  
110 ~~identified in the notice of tax lien owned by the organization~~  
111 ~~that illegally or improperly received the exemption. If such~~  
112 ~~organization no longer owns property in the county but owns~~  
113 ~~property in any other county in the state, the property~~  
114 ~~appraiser shall record in each such other county a notice of tax~~  
115 ~~lien identifying the property owned by such organization in such~~  
116 ~~county which shall become a lien against the identified~~  
117 ~~property. Before any such lien may be filed, the organization so~~  
118 ~~notified must be given 30 days to pay the taxes, penalties, and~~  
119 ~~interest.~~

120 ~~3. If an exemption is improperly granted as a result of a~~  
121 ~~clerical mistake or an omission by the property appraiser, the~~  
122 ~~organization improperly receiving the exemption shall not be~~  
123 ~~assessed a penalty or interest.~~

124 ~~4. The 5-year limitation specified in this subsection may~~  
125 ~~be extended if the holder of the exemption continues to take~~  
126 ~~affirmative steps to develop the property for the purposes~~



873682

127 ~~specified in this subsection.~~

128 Section 3. Section 196.198, Florida Statutes, is amended to  
129 read:

130 196.198 Educational property exemption.—

131 (1) Educational institutions within this state and their  
132 property used by them or by any other exempt entity or  
133 educational institution exclusively for educational purposes are  
134 exempt from taxation.

135 (a) Sheltered workshops providing rehabilitation and  
136 retraining of individuals who have disabilities and exempted by  
137 a certificate under s. (d) of the federal Fair Labor Standards  
138 Act of 1938, as amended, are declared wholly educational in  
139 purpose and are exempt from certification, accreditation, and  
140 membership requirements set forth in s. 196.012.

141 (b) Those portions of property of college fraternities and  
142 sororities certified by the president of the college or  
143 university to the appropriate property appraiser as being  
144 essential to the educational process are exempt from ad valorem  
145 taxation.

146 (c) The use of property by public fairs and expositions  
147 chartered by chapter 616 is presumed to be an educational use of  
148 such property and is exempt from ad valorem taxation to the  
149 extent of such use.

150 (2) Property used exclusively for educational purposes  
151 shall be deemed owned by an educational institution if the  
152 entity owning 100 percent of the educational institution is  
153 owned by the identical persons who own the property, or if the  
154 entity owning 100 percent of the educational institution and the  
155 entity owning the property are owned by the identical natural



873682

156 persons.

157       (a) Land, buildings, and other improvements to real  
158 property used exclusively for educational purposes shall be  
159 deemed owned by an educational institution if the entity owning  
160 100 percent of the land is a nonprofit entity and the land is  
161 used, under a ground lease or other contractual arrangement, by  
162 an educational institution that owns the buildings and other  
163 improvements to the real property, is a nonprofit entity under  
164 s. 501(c) (3) of the Internal Revenue Code, and provides  
165 education limited to students in prekindergarten through grade  
166 8.

167       (b) If legal title to property is held by a governmental  
168 agency that leases the property to a lessee, the property shall  
169 be deemed to be owned by the governmental agency and used  
170 exclusively for educational purposes if the governmental agency  
171 continues to use such property exclusively for educational  
172 purposes pursuant to a sublease or other contractual agreement  
173 with that lessee.

174       (c) If the title to land is held by the trustee of an  
175 irrevocable inter vivos trust and if the trust grantor owns 100  
176 percent of the entity that owns an educational institution that  
177 is using the land exclusively for educational purposes, the land  
178 is deemed to be property owned by the educational institution  
179 for purposes of this exemption. ~~Property owned by an educational~~  
180 ~~institution shall be deemed to be used for an educational~~  
181 ~~purpose if the institution has taken affirmative steps to~~  
182 ~~prepare the property for educational use. The term "affirmative~~  
183 ~~steps" means environmental or land use permitting activities,~~  
184 ~~creation of architectural plans or schematic drawings, land~~



873682

185 ~~clearing or site preparation, construction or renovation~~  
186 ~~activities, or other similar activities that demonstrate~~  
187 ~~commitment of the property to an educational use.~~

188 Section 4. This act shall take effect July 1, 2014.

189

190 ===== T I T L E A M E N D M E N T =====

191 And the title is amended as follows:

192 Delete everything before the enacting clause  
193 and insert:

194 A bill to be entitled  
195 An act relating to charitable property exempt from ad  
196 valorem taxation; creating s. 196.1955, F.S.;  
197 consolidating provisions relating to obtaining a  
198 charitable ad valorem exemption for property owned by  
199 an exempt organization, including the requirement that  
200 the owner of an exempt organization take affirmative  
201 steps to demonstrate an exempt use; authorizing the  
202 property appraiser to serve a notice of tax lien on  
203 exempt property that is not in actual exempt use after  
204 a certain time; providing that the lien attaches to  
205 any property owned by the organization identified in  
206 the notice of lien; amending s. 196.196, F.S.;  
207 deleting provisions relating to the charitable  
208 exemption as it applies to public worship and  
209 affordable housing and provisions that have been moved  
210 to s. 196.1955, F.S.; amending s. 196.198, F.S.;  
211 deleting provisions relating to property owned by an  
212 educational institution and used for an educational  
213 purpose that is included in s. 196.1955, F.S.;



873682

214

providing an effective date.



476230

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/09/2014	.	
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Appropriations Subcommittee on Finance and Tax (Altman)  
recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Section 196.1955, Florida Statutes, is created  
to read:

196.1955 Preparing property for educational, literary,  
scientific, religious, or charitable use.-

(1) Property owned by an exempt organization is used for an  
exempt purpose if the owner has taken affirmative steps to



476230

11 prepare the property for an exempt educational, literary,  
12 scientific, religious, or charitable use and no portion of the  
13 property is being used for a nonexempt purpose. The term  
14 "affirmative steps" means environmental or land use permitting  
15 activities, creation of architectural plans or schematic  
16 drawings, land clearing or site preparation, construction or  
17 renovation activities, or other similar activities that  
18 demonstrate a commitment to prepare the property for an exempt  
19 use.

20 (2) If property owned by an organization granted an  
21 exemption under this section is transferred for a purpose other  
22 than an exempt use or is not in actual exempt use within 5 years  
23 after the date the organization is granted an exemption, the  
24 property appraiser making such determination shall serve upon  
25 the organization that received the exemption a notice of intent  
26 to record in the public records of the county a notice of tax  
27 lien against any property owned by that organization in the  
28 county, and such property must be identified in the notice of  
29 tax lien. The organization owning such property is subject to  
30 the taxes otherwise due and owing as a result of the failure to  
31 use the property in an exempt manner plus 15 percent interest  
32 per annum.

33 (a) The lien, when filed, attaches to any property  
34 identified in the notice of tax lien owned by the organization  
35 that received the exemption. If the organization no longer owns  
36 property in the county but owns property in any other county in  
37 the state, the property appraiser shall record in each such  
38 county a notice of tax lien identifying the property owned by  
39 the organization in each respective county, which shall become a



476230

40 lien against the identified property.

41 (b) Before such lien may be filed, the organization so  
42 notified must be given 30 days to pay the taxes and interest.

43 (c) If an exemption is improperly granted as a result of a  
44 clerical mistake or an omission by the property appraiser, the  
45 organization improperly receiving the exemption may not be  
46 assessed interest.

47 (d) The 5-year limitation specified in this subsection may  
48 be extended if the holder of the exemption continues to take  
49 affirmative steps to develop the property for the purposes  
50 specified in this subsection.

51 Section 2. Subsections (3), (4), and (5) of section  
52 196.196, Florida Statutes, are amended to read:

53 196.196 Determining whether property is entitled to  
54 charitable, religious, scientific, or literary exemption.—

55 ~~(3) Property owned by an exempt organization is used for a~~  
56 ~~religious purpose if the institution has taken affirmative steps~~  
57 ~~to prepare the property for use as a house of public worship.~~  
58 ~~The term "affirmative steps" means environmental or land use~~  
59 ~~permitting activities, creation of architectural plans or~~  
60 ~~schematic drawings, land clearing or site preparation,~~  
61 ~~construction or renovation activities, or other similar~~  
62 ~~activities that demonstrate a commitment of the property to a~~  
63 ~~religious use as a house of public worship. For purposes of this~~  
64 ~~subsection, the term "public worship" means religious worship~~  
65 ~~services and those other activities that are incidental to~~  
66 ~~religious worship services, such as educational activities,~~  
67 ~~parking, recreation, partaking of meals, and fellowship.~~

68 (3)(4) Except as otherwise provided in this section herein,



476230

69 property claimed as exempt for literary, scientific, religious,  
70 or charitable purposes which is used for profitmaking purposes  
71 is ~~shall be~~ subject to ad valorem taxation. Use of property for  
72 functions not requiring a business or occupational license  
73 conducted by the organization at its primary residence, the  
74 revenue of which is used wholly for exempt purposes, is ~~shall~~  
75 not ~~be~~ considered profitmaking ~~profit-making~~. In this connection  
76 the playing of bingo on such property is ~~shall~~ not ~~be~~ considered  
77 as using such property in such a manner as would impair its  
78 exempt status.

79 ~~(5)(a) Property owned by an exempt organization qualified~~  
80 ~~as charitable under s. 501(c)(3) of the Internal Revenue Code is~~  
81 ~~used for a charitable purpose if the organization has taken~~  
82 ~~affirmative steps to prepare the property to provide affordable~~  
83 ~~housing to persons or families that meet the extremely-low-~~  
84 ~~income, very-low-income, low-income, or moderate-income limits,~~  
85 ~~as specified in s. 420.0004. The term "affirmative steps" means~~  
86 ~~environmental or land use permitting activities, creation of~~  
87 ~~architectural plans or schematic drawings, land clearing or site~~  
88 ~~preparation, construction or renovation activities, or other~~  
89 ~~similar activities that demonstrate a commitment of the property~~  
90 ~~to providing affordable housing.~~

91 ~~(b)1. If property owned by an organization granted an~~  
92 ~~exemption under this subsection is transferred for a purpose~~  
93 ~~other than directly providing affordable homeownership or rental~~  
94 ~~housing to persons or families who meet the extremely-low-~~  
95 ~~income, very-low-income, low-income, or moderate-income limits,~~  
96 ~~as specified in s. 420.0004, or is not in actual use to provide~~  
97 ~~such affordable housing within 5 years after the date the~~



476230

98 ~~organization is granted the exemption, the property appraiser~~  
99 ~~making such determination shall serve upon the organization that~~  
100 ~~illegally or improperly received the exemption a notice of~~  
101 ~~intent to record in the public records of the county a notice of~~  
102 ~~tax lien against any property owned by that organization in the~~  
103 ~~county, and such property shall be identified in the notice of~~  
104 ~~tax lien. The organization owning such property is subject to~~  
105 ~~the taxes otherwise due and owing as a result of the failure to~~  
106 ~~use the property to provide affordable housing plus 15 percent~~  
107 ~~interest per annum and a penalty of 50 percent of the taxes~~  
108 ~~owed.~~

109 ~~2. Such lien, when filed, attaches to any property~~  
110 ~~identified in the notice of tax lien owned by the organization~~  
111 ~~that illegally or improperly received the exemption. If such~~  
112 ~~organization no longer owns property in the county but owns~~  
113 ~~property in any other county in the state, the property~~  
114 ~~appraiser shall record in each such other county a notice of tax~~  
115 ~~lien identifying the property owned by such organization in such~~  
116 ~~county which shall become a lien against the identified~~  
117 ~~property. Before any such lien may be filed, the organization so~~  
118 ~~notified must be given 30 days to pay the taxes, penalties, and~~  
119 ~~interest.~~

120 ~~3. If an exemption is improperly granted as a result of a~~  
121 ~~clerical mistake or an omission by the property appraiser, the~~  
122 ~~organization improperly receiving the exemption shall not be~~  
123 ~~assessed a penalty or interest.~~

124 ~~4. The 5-year limitation specified in this subsection may~~  
125 ~~be extended if the holder of the exemption continues to take~~  
126 ~~affirmative steps to develop the property for the purposes~~



476230

127 ~~specified in this subsection.~~

128 Section 3. Section 196.198, Florida Statutes, is amended to  
129 read:

130 196.198 Educational property exemption.—

131 (1) Educational institutions within this state and their  
132 property used by them or by any other exempt entity or  
133 educational institution exclusively for educational purposes are  
134 exempt from taxation.

135 (a) Sheltered workshops providing rehabilitation and  
136 retraining of individuals who have disabilities and exempted by  
137 a certificate under s. (d) of the federal Fair Labor Standards  
138 Act of 1938, as amended, are declared wholly educational in  
139 purpose and are exempt from certification, accreditation, and  
140 membership requirements set forth in s. 196.012.

141 (b) Those portions of property of college fraternities and  
142 sororities certified by the president of the college or  
143 university to the appropriate property appraiser as being  
144 essential to the educational process are exempt from ad valorem  
145 taxation.

146 (c) The use of property by public fairs and expositions  
147 chartered by chapter 616 is presumed to be an educational use of  
148 such property and is exempt from ad valorem taxation to the  
149 extent of such use.

150 (2) Property used exclusively for educational purposes  
151 shall be deemed owned by an educational institution if the  
152 entity owning 100 percent of the educational institution is  
153 owned by the identical persons who own the property, or if the  
154 entity owning 100 percent of the educational institution and the  
155 entity owning the property are owned by the identical natural



476230

156 persons.

157       (a) Land, buildings, and other improvements to real  
158 property used exclusively for educational purposes shall be  
159 deemed owned by an educational institution if the entity owning  
160 100 percent of the land is a nonprofit entity and the land is  
161 used, under a ground lease or other contractual arrangement, by  
162 an educational institution that owns the buildings and other  
163 improvements to the real property, is a nonprofit entity under  
164 s. 501(c) (3) of the Internal Revenue Code, and provides  
165 education limited to students in prekindergarten through grade  
166 8.

167       (b) If legal title to property is held by a governmental  
168 agency that leases the property to a lessee, the property shall  
169 be deemed to be owned by the governmental agency and used  
170 exclusively for educational purposes if the governmental agency  
171 continues to use such property exclusively for educational  
172 purposes pursuant to a sublease or other contractual agreement  
173 with that lessee.

174       (c) If the title to land is held by the trustee of an  
175 irrevocable inter vivos trust and if the trust grantor owns 100  
176 percent of the entity that owns an educational institution that  
177 is using the land exclusively for educational purposes, the land  
178 is deemed to be property owned by the educational institution  
179 for purposes of this exemption. ~~Property owned by an educational~~  
180 ~~institution shall be deemed to be used for an educational~~  
181 ~~purpose if the institution has taken affirmative steps to~~  
182 ~~prepare the property for educational use. The term "affirmative~~  
183 ~~steps" means environmental or land use permitting activities,~~  
184 ~~creation of architectural plans or schematic drawings, land~~



476230

185 ~~clearing or site preparation, construction or renovation~~  
186 ~~activities, or other similar activities that demonstrate~~  
187 ~~commitment of the property to an educational use.~~

188 Section 4. This act shall take effect July 1, 2014.

189

190 ===== T I T L E A M E N D M E N T =====

191 And the title is amended as follows:

192 Delete everything before the enacting clause  
193 and insert:

194 A bill to be entitled  
195 An act relating to property prepared for a tax-exempt  
196 use; creating s. 196.1955, F.S.; consolidating  
197 provisions relating to obtaining an ad valorem  
198 exemption for property owned by an exempt  
199 organization, including the requirement that the owner  
200 of an exempt organization take affirmative steps to  
201 demonstrate an exempt use; authorizing the property  
202 appraiser to serve a notice of tax lien on exempt  
203 property that is not in actual exempt use after a  
204 certain time; providing that the lien attaches to any  
205 property owned by the organization identified in the  
206 notice of lien; amending s. 196.196, F.S.; deleting  
207 provisions relating to the exemption as it applies to  
208 public worship and affordable housing and provisions  
209 that have been moved to s. 196.1955, F.S.; amending s.  
210 196.198, F.S.; deleting provisions relating to  
211 property owned by an educational institution and used  
212 for an educational purpose that is included in s.  
213 196.1955, F.S.; providing an effective date.

By Senator Hays

11-00900-14

2014626\_\_

1 A bill to be entitled  
 2 An act relating to the charitable exemption from ad  
 3 valorem taxation; amending s. 196.196, F.S.; providing  
 4 that, for purposes of the charitable exemption from ad  
 5 valorem taxation, property owned by an exempt  
 6 organization is used for a charitable purpose if the  
 7 organization has taken affirmative steps to prepare  
 8 the property for a charitable purpose; providing an  
 9 effective date.

10

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

12

13 Section 1. Subsection (3) of section 196.196, Florida  
 14 Statutes, is amended to read:

15 196.196 Determining whether property is entitled to  
 16 charitable, religious, scientific, or literary exemption.—

17 (3) Property owned by an exempt organization is used for a  
 18 religious purpose if the institution has taken affirmative steps  
 19 to prepare the property for use as a house of public worship.

20 Property owned by an exempt organization is used for a  
 21 charitable purpose if the institution has taken affirmative  
 22 steps to prepare the property for a charitable purpose as  
 23 defined in s. 196.012. The term "affirmative steps" means  
 24 environmental or land use permitting activities, creation of  
 25 architectural plans or schematic drawings, land clearing or site  
 26 preparation, construction or renovation activities, or other  
 27 similar activities that demonstrate a commitment of the property  
 28 to a charitable use or a religious use as a house of public  
 29 worship. For purposes of this subsection, the term "public

Page 1 of 2

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

11-00900-14

2014626\_\_

30 worship" means religious worship services and those other  
 31 activities that are incidental to religious worship services,  
 32 such as educational activities, parking, recreation, partaking  
 33 of meals, and fellowship.

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

Page 2 of 2

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

**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.)

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

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BILL: CS/SB 1102

INTRODUCER: Appropriations Subcommittee on Finance and Tax and Senator Altman

SUBJECT: Local Government Infrastructure Surtax

DATE: April 10, 2014

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<b>Favorable</b>
2.	<u>Fournier</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Fav/CS</b>
3.	_____	_____	<u>AP</u>	_____

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**Please see Section IX. for Additional Information:**

PLEASE MAKE SELECTION

---

**I. Summary:**

CS/SB 1102 provides that a county may levy a discretionary sales surtax of 0.5 percent or 1 percent for the purpose of funding capital restoration of natural water bodies for public use, including tributaries, canals, stormwater conveyance systems, and channels connected to natural water bodies. The proceeds from the surtax, or the bonds pledging the surtax, may be used for dredging operations related to ecologically beneficial muck removal. The surtax must be enacted by ordinance and approved by a referendum.

The bill does not increase or decrease government revenue.

**II. Present Situation:**

**Local Discretionary Sales Surtaxes**

In addition to the six percent state sales tax, the Florida Statutes authorize counties to charge discretionary sales surtaxes,<sup>1</sup> which must be specifically designated by statute.<sup>2</sup> Section 212.055, F.S., authorizes counties to impose eight local discretionary sales surtaxes, including the Local Government Infrastructure Surtax.

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<sup>1</sup> A local discretionary sales surtax may also be known as a local option county sales tax. A surtax is an “additional tax imposed on something being taxed or on the primary tax itself.” BLACK’S LAW DICTIONARY 704 (3rd ed. 2006).

<sup>2</sup> Sections 212.054, 212.055, F.S.

A discretionary sales surtax applies to transactions if:

- The selling dealer delivers taxable goods or taxable service in or into a county with a surtax.
- The event for which an admission is charged is located in a county with a surtax. Tax is due at the rate in the county where the event takes place.
- The consumer of electric power or energy is located in a county with a surtax.
- The sale of prepaid calling arrangements occurs in a county with a surtax.
- The location or delivery of tangible personal property covered by a service warranty is within a surtax county. The person receiving consideration for the issuance of a service warranty from the agreement holder must collect surtax at the rate imposed by that county.
- The commercial real property that is leased or rented, or upon which a license for use is granted, is in a county with a surtax.
- The rental of living or sleeping accommodations (transient rentals) occurs in a county with a surtax.
- A registered dealer owing use tax on purchases or leases is located in a county with a surtax.

### **Local Government Infrastructure Surtax**

The Local Government Infrastructure Surtax is one of the surtaxes authorized by s. 212.055, F.S., which may be levied by the governing authority in each county after a favorable vote of the electorate through a local referendum.<sup>3</sup> The surtax may be levied at 0.5 percent or 1.0 percent.<sup>4</sup> Proceeds are distributed to the county and the municipalities within the county according to an interlocal agreement between the county governing authority and the governing bodies of the municipalities representing a majority of the county's municipal population.<sup>5</sup>

The proceeds of the surtax must be expended only to:

- Finance, plan, and construct infrastructure;
- Acquire land for public recreation, conservation, or protection of natural resources;
- Provide loans, grants, or rebates to residential or commercial property owners who make energy efficiency improvements to their residential or commercial property, if a local government ordinance authorizing the use is approved by referendum; or
- Finance the closure of county-owned or municipally owned solid waste landfills that have been closed or are required to be closed by order of the Department of Environmental Protection.<sup>6</sup>

Counties are also authorized to use surtax proceeds for other purposes under certain circumstances. Proceeds and accrued interest may not be used for the operational expenses of infrastructure.<sup>7</sup> The Attorney General (AG) has considered whether land improvement or design expenses could properly be purchased with the proceeds of this surtax. The AG determined that such items as fencing, swings, lumber for bleachers and lighting fixtures, and the materials for

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<sup>3</sup> Section 212.055(2)(a)1., F.S.

<sup>4</sup> However, the Local Government Infrastructure Surtax, Small County Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax are limited to a maximum combined rate of 1 percent. Section 212.055(2)(h), F.S.

<sup>5</sup> Section 212.055(2)(c)1., F.S. The agreement may include a school district with the consent of the county governing authority and the governing bodies of the municipalities.

<sup>6</sup> Section 212.055(2)(d), F.S.

<sup>7</sup> Except in certain circumstances involving landfill maintenance associated with closure, or county bond indebtedness.

landscape design and tree and shrubbery planting would not be appropriate expenditures of surtax proceeds because they are more in the nature of day-to-day operational expenses.<sup>8</sup>

However, land improvement or design expenses that occur in conjunction with a fixed capital expenditure or fixed capital outlay associated with the construction, reconstruction or improvement of public facilities, or an expenditure for such things as materials for landscape design may be purchased with the proceeds of the surtax when a new public facility is being built or an existing public facility is being improved. In 2012, the AG issued an opinion determining that a city would be authorized to use these surtax funds for a beach erosion control project, involving both the construction of fixtures and fixed equipment and also the studies, design, and planning involved in the construction of such capital projects.<sup>9</sup>

While all counties are authorized to levy the surtax, only seventeen counties currently do so. Two counties levy the surtax at the rate of 0.5 percent: Duval and Hillsborough. Fifteen counties levy the surtax at the rate of 1 percent: Charlotte, Clay, Escambia, Glades, Highlands, Indian River, Lake, Leon, Monroe, Osceola, Pasco, Pinellas, Putnam, Sarasota, and Wakulla. During the 2013-2014 fiscal year, these counties received combined county revenues of \$618,621,561. During the 2014-2015 fiscal year, these counties are expected to receive combined county revenues of \$650,171,261.<sup>10</sup> Because the Local Government Infrastructure Surtax, Small County Surtax, Indigent Care and Trauma Center Surtax, and County Public Hospital Surtax are limited to a maximum combined rate of 1 percent, only an additional 23 counties are eligible to levy the surtax.

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

The bill amends s. 212.055, F.S., to provide that a county may levy a discretionary sales surtax of 0.5 percent or 1 percent for the purpose of capital restoration of natural water bodies for public use. Proceeds of the surtax, or bonds backed by the surtax, may be spent for dredging operations related to ecologically beneficial muck removal. The surtax must be enacted by ordinance and approved by a referendum.

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

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

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

None.

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

None.

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<sup>8</sup> Op. Att’y Gen. Fla. 94-79 (1994).

<sup>9</sup> Op. Att’y Gen. Fla. 2012-19 (2012).

<sup>10</sup> Dollar amounts are estimates. Florida Revenue Estimating Conference, *Florida Tax Handbook*, pg. 226 (2014).

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

CS/SB 1102 does not directly increase government revenue, but if all counties currently eligible to levy the surtax were to approve it by referendum, an additional \$1.9 billion in local revenue will be generated for dredging operations related to ecologically beneficial muck removal.

B. Private Sector Impact:

The bill does not directly impact the private sector, but if a county approves the surtax by referendum it will increase the tax rate on transactions in the county.

C. Government Sector Impact:

The bill does not provide additional taxing authority, but allows counties to use surtax proceeds for an additional purpose.

The Department of Revenue has analyzed the bill and determined it has no impact on the department.

**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.)

**Recommended CS by Appropriations Subcommittee on Finance and Tax on April 9, 2014:**

CS/SB 1102 limits use of proceeds of a local infrastructure surtax levied under this paragraph to dredging operations related to ecologically beneficial muck removal.

B. Amendments:

None.

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

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376564

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/09/2014	.	
	.	
	.	
	.	

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

**Senate Amendment (with directory and title amendments)**

Delete lines 26 - 39  
and insert:

(h) Notwithstanding paragraphs (c) and (d), the governing authority in each county may levy a discretionary sales surtax of 0.5 percent or 1 percent for the purpose of funding capital restoration of natural water bodies for public use, including tributaries, canals, stormwater conveyance systems, and channels connected to such natural water bodies. The proceeds from the



376564

11 surtax, or the bonds pledging the surtax for such use, may be  
12 spent for dredging operations related to ecologically beneficial  
13 muck removal. The levy of the surtax shall be pursuant to  
14 ordinance enacted by the county governing authority and approval  
15 by a majority of the electors of the county voting in a  
16 referendum on the surtax.

17  
18 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

19 And the directory clause is amended as follows:

20 Delete lines 10 - 11

21 and insert:

22 Section 1. Present paragraph (h) of subsection (2) of  
23 section 212.055, Florida Statutes, is redesignated as paragraph  
24 (i), and a new paragraph (h) is added to that subsection, to  
25 read:

26  
27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 Delete line 4

30 and insert:

31 of the surtax for funding capital restoration of

By Senator Altman

16-01091A-14

20141102\_\_

1 A bill to be entitled  
2 An act relating to the local government infrastructure  
3 surtax; amending s. 212.055, F.S.; authorizing the use  
4 of the surtax for the restoration or maintenance of  
5 natural water bodies for public use; providing an  
6 effective date.

7  
8 Be It Enacted by the Legislature of the State of Florida:

9  
10 Section 1. Paragraph (i) is added to subsection (2) of  
11 section 212.055, Florida Statutes, to read:

12 212.055 Discretionary sales surtaxes; legislative intent;  
13 authorization and use of proceeds.—It is the legislative intent  
14 that any authorization for imposition of a discretionary sales  
15 surtax shall be published in the Florida Statutes as a  
16 subsection of this section, irrespective of the duration of the  
17 levy. Each enactment shall specify the types of counties  
18 authorized to levy; the rate or rates which may be imposed; the  
19 maximum length of time the surtax may be imposed, if any; the  
20 procedure which must be followed to secure voter approval, if  
21 required; the purpose for which the proceeds may be expended;  
22 and such other requirements as the Legislature may provide.  
23 Taxable transactions and administrative procedures shall be as  
24 provided in s. 212.054.

25 (2) LOCAL GOVERNMENT INFRASTRUCTURE SURTAX.—

26 (i) Notwithstanding paragraph (d), if a countywide  
27 referendum approves the county's exclusive use of the surtax for  
28 a project involving the capital restoration or maintenance of  
29 natural water bodies for public use, including tributaries,

Page 1 of 2

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

16-01091A-14

20141102\_\_

30 canals, stormwater conveyance systems, and channels connected to  
31 such natural water bodies, the proceeds from the surtax, or the  
32 bonds pledging the surtax for such use, may be used for such  
33 purpose. Expenditures may include the cost of planning,  
34 engineering, equipment, improvements required to reduce  
35 pollutant source input, restoration of natural filtration  
36 systems, dredging operations related to economically or  
37 ecologically beneficial muck removal, or any other activities  
38 deemed necessary to implement the county's restoration or  
39 maintenance plan.

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

Page 2 of 2

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

**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.)

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

---

BILL: CS/CS/SB 1390

INTRODUCER: Appropriations Subcommittee on Finance and Tax; Banking and Insurance Committee;  
and Senator Brandes

SUBJECT: Bail Bond Premiums

DATE: April 10, 2014

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Knudson</u>	<u>Knudson</u>	<u>BI</u>	<u>Fav/CS</u>
2.	<u>Fournier</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<u>Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Technical Changes

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**I. Summary:**

CS/CS/SB 1390 reduces the insurance premium tax on bail bond premiums by excluding any amounts retained by licensed bail bond agents or licensed managing general agents from the amount of direct written premiums for bail bonds that is subject to tax.

The fiscal impact of this bill has been estimated to be -\$0.7 million to the General Revenue Fund on a recurring basis.

**II. Present Situation:**

**Bail Bonds**

The state requires that a bond for which fees or premiums are charged in connection with the pretrial or appellate release of a criminal defendant must be executed by a licensed bail bond agent.<sup>1</sup> An agent issuing such a bond is obligated to ensure that the defendant appears at all subsequent criminal proceedings.

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<sup>1</sup> Bail bond agents are regulated under ch. 648, F.S., and bail bond rates are subject to the provisions of part 1 of ch. 627, F.S.

### **Bail Bond Premiums**

Under s. 624.4094(1), F.S., the direct written premium retained by a bail bond insurer may not be less than 6.5 percent of the total payment for the bail bond; licensed bail bond agents or licensed managing general agents retain up to 93.5 percent of the premium. Section 624.4094(5), F.S., provides that the reporting and payment of insurance premium taxes and related excise taxes under ss. 624.509, 624.5091, and 624.5092, F.S., is calculated using gross bail bond premiums and that insurance premium tax and related excise taxes are calculated using gross bail bond premiums.

### **Premium Tax**

Section 624.509, F.S., requires insurers to pay a premium tax on premiums received during the preceding calendar year. The tax is 1.75 percent of the gross amount of premium.<sup>2</sup> Sections 624.509(4)-(7), F.S., provide various credits and deductions that reduce the premium tax.

Section 642.5091, F.S., provides for a **retaliatory tax** on a foreign insurer—an insurer based in another state or country—if the foreign insurer’s home state or country levies certain taxes or fees, including insurance premium tax, on Florida insurers in excess of the taxes and fees levied by Florida on the foreign insurer. The retaliatory tax ensures that foreign insurers are taxed using the same tax and fee structure that a similar Florida insurer operating in their respective home state or country would face.

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

The bill excludes the portion of bail bond premium retained by bail bond agents from the premium tax in s. 624.509, F.S., and amends s. 624.4094, F.S., to delete the provision that the insurance premium tax and related taxes are calculated using gross bail bond premiums.

#### **Effective Date:**

This act shall take effect January 1, 2015.

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

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

None.

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

None.

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

None.

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<sup>2</sup> See s. 624.509(1)(a), F.S.

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

The Revenue Estimating Conference has estimated the fiscal impact of CS/CS/SB 1390 to be a recurring \$0.7 million reduction in General Revenue. This reduction is the net effect of a decrease in premium tax of \$1,357,249 and an increase in retaliatory tax of \$621,848.

**B. Private Sector Impact:**

Bail bond insurers should see a substantial reduction in their premium tax payable to the state. Additionally, many Florida-domiciled bail bond insurers will pay lower taxes under the retaliatory premium taxes levied by other states. The reduction in premium tax is offset to some extent by an increase in retaliatory tax for some foreign insurers, since the tax on bail bonds in their home state or country is higher than the tax imposed in Florida.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

If the home states or countries of foreign insurers doing business in Florida enact similar changes to their premium tax on bail bonds, Florida will experience a loss of retaliatory tax revenue, potentially doubling the impact of the bill.

**VIII. Statutes Affected:**

This bill substantially amends sections the following sections of the Florida Statutes: 624.4094 and 624.509

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

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

**Recommended CS/CS by Appropriations Subcommittee on Finance and Tax:**

The committee substitute changes the effective date to January 1, 2015.

**CS by Banking and Insurance on March 19, 2014:**

CS/SB 1390 provides technical, clarifying changes.

B. Amendments:

None.

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

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440072

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/09/2014	.	
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	.	
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Appropriations Subcommittee on Finance and Tax (Brandes)  
recommended the following:

**Senate Amendment**

Delete line 57  
and insert:  
Section 3. This act shall take effect January 1, 2015.

By the Committee on Banking and Insurance; and Senator Brandes

597-02849-14

20141390c1

1 A bill to be entitled  
 2 An act relating to bail bond premiums; amending s.  
 3 624.4094, F.S.; deleting a provision relating to the  
 4 reporting or payment of specified insurance premium  
 5 taxes; amending s. 624.509, F.S.; requiring an insurer  
 6 to pay to the Department of Revenue a specified amount  
 7 of the direct written premiums for bail bonds;  
 8 providing an effective date.  
 9  
 10 Be It Enacted by the Legislature of the State of Florida:  
 11  
 12 Section 1. Subsection (5) of section 624.4094, Florida  
 13 Statutes, is amended to read:  
 14 624.4094 Bail bond premiums.—  
 15 ~~(5) This section does not affect the reporting or payment~~  
 16 ~~of insurance premium taxes under ss. 624.509, 624.5091, and~~  
 17 ~~624.5092, and the insurance premium tax and related excise taxes~~  
 18 ~~shall continue to be calculated using gross bail bond premiums.~~  
 19 Section 2. Subsection (1) of section 624.509, Florida  
 20 Statutes, is amended to read:  
 21 624.509 Premium tax; rate and computation.—  
 22 (1) In addition to the license taxes provided for in this  
 23 chapter, each insurer shall also annually, and on or before  
 24 March 1 in each year, except as to wet marine and transportation  
 25 insurance taxed under s. 624.510, pay to the Department of  
 26 Revenue a tax on insurance premiums, premiums for title  
 27 insurance, or assessments, including membership fees and policy  
 28 fees and gross deposits received from subscribers to reciprocal  
 29 or interinsurance agreements, and on annuity premiums or

Page 1 of 2

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

597-02849-14

20141390c1

30 considerations, received during the preceding calendar year, the  
 31 amounts thereof to be determined as set forth in this section,  
 32 to wit:  
 33 (a) An amount equal to 1.75 percent of the gross amount of  
 34 such receipts on account of life and health insurance policies  
 35 covering persons resident in this state and on account of all  
 36 other types of policies and contracts, ~~except annuity policies~~  
 37 ~~or contracts taxable under paragraph (b) and bail bond policies~~  
 38 or contracts taxable under paragraph (c), covering property,  
 39 subjects, or risks located, resident, or to be performed in this  
 40 state, omitting premiums on reinsurance accepted, and less  
 41 return premiums or assessments, but without deductions:  
 42 1. For reinsurance ceded to other insurers;  
 43 2. For moneys paid upon surrender of policies or  
 44 certificates for cash surrender value;  
 45 3. For discounts or refunds for direct or prompt payment of  
 46 premiums or assessments; and  
 47 4. On account of dividends of any nature or amount paid and  
 48 credited or allowed to holders of insurance policies;  
 49 certificates; or surety, indemnity, reciprocal, or  
 50 interinsurance contracts or agreements; ~~and~~  
 51 (b) An amount equal to 1 percent of the gross receipts on  
 52 annuity policies or contracts paid by holders thereof in this  
 53 state; ~~and~~—  
 54 (c) An amount equal to 1.75 percent of the direct written  
 55 premiums for bail bonds, excluding any amounts retained by  
 56 licensed bail bond agents or licensed managing general agents.  
 57 Section 3. This act shall take effect upon becoming a law.

Page 2 of 2

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

**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.)

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: HB 5601

INTRODUCER: House Finance and Tax Committee and Rep. Workman

SUBJECT: Economic Development

DATE: April 9, 2014

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

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ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Diez-Arguelles			<b>Workshop Analysis</b>

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**I. Summary:**

HB 5601 makes the following changes:

- Creates four temporary “tax holiday” periods where sales of certain goods will be exempt from the sales tax – a “back to school” holiday, a hurricane supplies holiday, a physical fitness admissions holiday and an energy efficient products holiday.
- Creates a temporary sales tax exemption for cement mixing drums.
- Creates a permanent sales tax exemption for child restraint systems and booster seats for use in motor vehicles.
- Creates a permanent sales tax exemption for bicycle helmets marketed for use by youth.
- Increases the corporate income tax exemption from the first \$50,000 of income to the first \$75,000 of income.
- Expands the amount of credits available under the New Markets Tax Credit program from \$178.8 million to \$227.55 million.
- Delays the repeal of the Community Contributions Tax Credit program.
- Creates a \$20 million revolving loan program to encourage the production of television programs in Florida.
- Amends the statutory definition of “prepaid calling arrangement” to provide that certain prepaid mobile communications services are subject to state and local sales taxes instead of state and local communications services taxes.
- Reduces the sales tax rate for electricity purchases.
- Increases the Gross Receipts Tax on sales of electricity to end users whose purchases are subject to the sales tax on electricity.
- Transfers \$100 million in recurring state sales tax revenue, currently deposited in the General Revenue Fund, to the State Transportation Trust Fund.

The bill has a significant, negative fiscal impact on state and local government revenues. See the table in Section V.A. for the fiscal impact of the bill.

The mandates constitutional provision may apply to this bill, requiring a two-thirds vote of the membership of each house for passage. See Section IV.A. of the analysis.

## II. Present Situation:

The present situation for each issue in the bill is discussed below in Section III, Effect of Proposed Changes.

## III. Effect of Proposed Changes:

### Prepaid Calling Arrangements – Sections 1, 2, 4, and 5

Present situation: The communication services tax (CST) is applied to the sales price of each communications service which originates and terminates in this state, or originates or terminates in this state and is charged to a service address in this state.<sup>1</sup> However, the definition of the term “sales price” expressly excludes the “sale or recharge of a prepaid calling arrangement,” so CST is not collected on the sale of a prepaid calling arrangement.<sup>2</sup>

The term “prepaid calling arrangement” is defined to mean “the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in predetermined units or dollars of which the number declines with use in a known amount.”<sup>3</sup>

Chapter 212, F.S., provides for the application of the sales tax to the sale of tangible personal property and some services. The sales tax rate of 6 percent is applicable to charges for prepaid calling arrangements.<sup>4</sup> The term “prepaid calling arrangement” as defined in ch. 212, F.S., means “the separately stated retail sale by advance payment of communications services that consist exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered and that are sold in predetermined units or dollars whose number declines with use in a known amount.”<sup>5</sup> The definition of “prepaid calling arrangement” in ch. 202, F.S. is virtually identical to the definition in ch. 212, F.S.

When the definition of prepaid calling arrangement was placed in the statute<sup>6</sup>, prepaid calling arrangements typically consisted of prepaid calling cards purchased in advance and limited to telephone calls. However, since then the telecommunications industry has developed to offer more prepaid plans compatible with the texting, data, video, and other capabilities of today’s modern smartphones. This has led to increased utilization of prepaid mobile services. As markets

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<sup>1</sup> Section 202.12, F.S.

<sup>2</sup> Section 202.11(13)(b)4., F.S.

<sup>3</sup> Section 202.11(9), F.S.

<sup>4</sup> Section 212.05(1)(e)1., F.S.

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

<sup>6</sup> Chapter 2000-260, Laws of Florida.

and technology have evolved, the statutory definition has become increasingly incompatible and inconsistent with industry practice and the ability to collect communication services taxes.

As technology evolved, most communications service providers and other prepaid phone retailers continued to apply the sales tax to all prepaid mobile phone plans, even though the plans did not meet the strict definition of a “prepaid calling arrangement.” This practice continues today for all prepaid plans.

Proposed change: The bill amends subsection 202.11(9), F.S., to revise the definition of the term “prepaid calling arrangement.” For other than mobile communications services, the term includes a right to use communications services “for which a separately stated price must be paid in advance, which is sold at retail in predetermined units that decline in number with use on a predetermined basis, and which consists exclusively of telephone calls originated by using an access number, authorization code, or other means that may be manually, electronically, or otherwise entered.”

For mobile communications services, the term includes “a right to use mobile communications services that must be paid for in advance and is sold at retail in predetermined units that expire or decline in number on a predetermined basis if:

1. The purchaser’s right to use mobile communications services terminates upon all purchased units expiring or being exhausted unless the purchaser pays for additional units;
2. The purchaser is not required to purchase additional units; and
3. Any right of the purchaser to use units to obtain communications services other than mobile communications services is limited to services that are provided to or through the same handset or other electronic device that is used by the purchaser to access mobile communications services.”

Predetermined units may be quantified as amounts of usage, time, money, or a combination of these or other means of measurement.

The bill expands the definition of “prepaid calling arrangement” to include prepaid communication services other than those that consist exclusively of telephone calls. The changes recognize that under current industry practices prepaid services may include services other than telephone calls, such as text messaging, web access, and email.

In addition, the bill provides that the purchaser of prepaid units may use the units to purchase other communication services other than mobile communication services if the other services are provided to or through the same handset or other electronic device the purchaser uses to access mobile communication services. This provision may result in communication services currently subject to CST tax rates being subject to only sales tax in the future if they are sold as part of a prepaid calling arrangement.

These changes are remedial in nature and apply retroactively, but do not create the right to a refund or credit of any tax paid.

### **Electrical Energy or Power Provided to a Retail Customer – Sections 3, 6, and 7**

Present situation: The sale of electric power or energy by an electric utility is subject to the state sales tax at the rate of 7 percent,<sup>7</sup> subject to numerous exemptions. The exemptions include sales for use in residential households, sales for certain agricultural purposes, sales for use in operating manufacturing machinery and equipment in a fixed location, and sales in enterprise zones. The distribution for sales and use tax receipts is governed by s. 212.20, F.S., with roughly 89% of the proceeds being deposited in the General Revenue Fund, and most of the remainder shared with counties and municipalities.

Chapter 203 imposes, at the rate of two and one-half percent, a tax on gross receipts from the sale, delivery, or transportation of natural gas, manufactured gas, or electricity to a retail consumer in Florida. All revenue received pursuant to this tax is deposited in the Public Education Capital Outlay and Debt Service (“PECO”) Trust Fund. The use of such funds is limited to paying the principal and interest on bonds to finance capital projects for institutions of higher learning, community colleges, vocational technical schools, or public schools; the cost of any public educational facility capital project; and the cost of maintenance and repairs.

Proposed change: The bill decreases the sales tax rate on sales of electricity from seven to four percent and increases the gross receipts tax rate on electrical power or energy delivered to a non-exempt retail consumer from two and one-half to five and one-half percent. The new gross receipts tax additional rate will incorporate the existing exemptions from the sales tax in order to make this change revenue neutral to both the state and to taxpayers. These changes will result in an increase in the amount of revenue deposited in the PECO Trust Fund.

### **Cement Mixers – Section 6**

Present situation: Chapter 212, F.S., levies a six percent state sales and use tax on most items of tangible personal property. Also, local governments are authorized to levy several types of local discretionary sales surtaxes pursuant to s. 212.055, F.S. Rates currently range from one-half percent to one and one-half percent. The surtax does not apply to any sales amount about \$5,000 on any item of tangible personal property.<sup>8</sup> Section 212.08, F.S., provides a variety of exemptions from these taxes.

In 2013, the legislature passed an exemption for machinery and equipment used at a fixed location within Florida to manufacture, process, compound, or produce tangible goods for sale. This sales tax exemption is available for three years, from April 30, 2014 until April 30, 2017<sup>9</sup>.

Proposed change: The bill adds cement mixer drums that are affixed to mixer trucks, as well as the parts and labor necessary to affix the drums to mixer trucks, to the sales tax exemption for manufacturing machinery and equipment that will sunset on April 20, 2017.

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<sup>7</sup> Section 212.05(1)(e)1.c., F.S.

<sup>8</sup> Section 212.054(2)(b)1., F.S.

<sup>9</sup> Chapter 2013-39, L.O.F.

### **Motor Vehicle Child Restraints – Section 6**

Proposed change: The bill adds a permanent exemption from the sales tax for child restraint systems and booster seats used in motor vehicles.

### **Youth Bicycle Helmets – Section 6**

Proposed change: The bill adds a permanent exemption from the sales tax for bicycle helmets marketed for use by youth.

### **State Transportation Trust Fund Distribution – Sections 8 and 16**

Present situation: The State Transportation Trust Fund (STTF) is currently funded by a variety of tax sources, including portions of the revenue received from the tax on motor and aviation fuels imposed by ch. 206, F.S., motor vehicle fees imposed by ch. 320, F.S., the rental car surcharge imposed by s. 212.0606, F.S., and the documentary stamp tax imposed by ch. 201, F.S. The funds deposited in the trust fund are used for transportation purposes, as provided by law.<sup>10</sup>

Proposed change: The bill will transfer \$100 million annually from sales and use tax revenue that would otherwise be deposited into the General Revenue Fund to the STTF. Newly created s. 339.0803, F.S., directs that, of those funds, \$85 million will be used annually for transportation projects that connect major markets within this state or between this state and other states, and which increase Florida's viability in national and global markets. The remaining \$15 million will be used annually for regionally-significant transportation projects that provide connectivity to and through rural areas. To be eligible for the regional funding, projects must be production ready in the five-year work program. State funds can be used to provide up to 75 percent of project costs. Preference will be given to projects identified as regionally significant, according to current law, and that have an increased level of non-state match.

### **Corporate Income Tax Exemption – Sections 9, 10, 12, and 13**

Present situation: Florida levies an income tax of five and one-half percent on corporations,<sup>11</sup> banks, and savings associations.<sup>12</sup>

Florida's corporate income tax is imposed on a taxpayer's "net income." Net income is calculated by starting with the taxpayer's federal taxable income, making certain statutory adjustments, apportioning income attributable to Florida, and applying the statutory exemption.<sup>13</sup> Currently, the statutory exemption is \$50,000.<sup>14</sup>

Proposed change: The bill increases the statutory exemption from \$50,000 to \$75,000.

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<sup>10</sup> Section 206.46(1), F.S.

<sup>11</sup> "Corporation" is defined in s. 220.03(1)(e), F.S. Tax is imposed by s. 220.11, F.S. Only some Florida businesses are considered corporations subject to the Florida corporate income tax. Sole proprietorships, limited liability companies, and S corporations are not subject to the tax, except under limited circumstances. See s. 220.03(1)(e), F.S.

<sup>12</sup> "Bank" and "savings association" are defined in s. 220.62, F.S., and tax is imposed by s. 220.63, F.S.

<sup>13</sup> Section 220.12, F.S.

<sup>14</sup> Section 220.14, F.S.

## **Community Contribution Tax Credits – Sections 11 and 17**

Present situation: The Community Contribution Tax Credit Program provides a 50 percent tax credit or refund for eligible donations made by Florida businesses to community development projects and housing projects for low-income persons sponsored by organizations that have been approved by the Department of Economic Opportunity to participate in the program.

The total amount of tax credits which may be granted for the Community Contribution Tax Credit Program is \$10.5 million annually for projects that provide homeownership opportunities for low-income and very-low-income households and \$3.5 million for all other projects.<sup>15</sup> During Fiscal Year 2012-2013, 345 tax credit applications in 36 local governments were approved by the DEO.<sup>16</sup>

A business that makes a donation to an eligible sponsor must apply for a tax credit during the first 10 business days of the fiscal year after the donation is made. Each business is eligible to receive credits of up to a maximum of \$200,000 per tax year.

Businesses may take the credit against corporate income tax pursuant to s. 220.183, F.S., insurance premium tax pursuant to s. 624.5105, F.S., or as a refund on sales tax collected pursuant to s. 212.08(5)(p), F.S. If requests for tax credits within the first 10 business days of a fiscal year exceed the tax credit allocation, tax credit applications will be approved on a pro rata basis. If they do not exceed that allocation, they will be approved on a first-come, first-served basis.

The Community Contribution Tax Credit Program expires on June 30, 2015.

Proposed change: The bill delays the expiration date of the program by one year from June 30, 2015 to June 30, 2016.

## **Qualified Television Loan Fund – Sections 14 and 22**

Present situation: Florida does not provide a loan program for television program production.

Proposed change:

*The Fund.* The bill creates the Qualified Television Loan Fund (QTV fund) – a \$20 million revolving loan fund – within the Department of Economic Opportunity (DEO). The QTV fund will make loans to companies that produce television shows in Florida. As the loans are repaid, the principal and interest will be returned to the fund and loaned to additional production companies.

*The Fund Administrator.* The DEO will contract with a private organization (fund administrator) to administer the QTV fund. The fund administrator will be selected based on the following qualifications:

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<sup>15</sup> Sections 212.08(5)(p)1.e., F.S.; 220.183(1)(c), F.S.; and 624.5105(1)(c), F.S.

<sup>16</sup> Department of Economic Opportunity, *supra* note 8.

- A track record of managing private sector equity or debt funds in the entertainment industry;
- Having a partnership with a qualified lending partner capable of providing at least two and one-half times the capital amount in the QTV fund; and
- Experience managing economic development or job creation-related funds.

The DEO will give preference to applicants headquartered in Florida.

*Additional Capital.* The fund administrator must partner with a qualified lending partner, who will invest its own capital along with funds from the QTV fund in qualifying projects. The fund administrator may also partner with other companies who provide equity financing, mezzanine financing, or other types of financing. Capital provided by private entities, including the qualified lending partner, must be kept in separate accounts, and such entities are responsible for paying their own management fees.

*The Loans.* The QTV fund and the qualified lending partner will make joint loans to production companies in order to fund production or improve the credit profile of the production's structured financial transactions. Loans from the QTV fund may not exceed 30 percent of the total production funding cost for the project and may not have a term exceeding 36 months, unless the fund administrator approves a longer period. The loan issued by the qualified lending partner will have a senior position to the loan issued by the QTV fund. Loans from private capital may not be made at more favorable terms and conditions than loans from the QTV fund.

All loans made by the QTV fund must be secured. The security may consist of domestic and international broadcaster license agreements, tax credits, or other revenues. Additionally, if the production cost per episode exceeds \$1 million, the project must be bonded and secured by an industry-approved completion guarantor. With the exception of appropriated funds, the credit of the state may not be pledged. The state is not liable or obligated in any way for claims against the QTV fund or against the qualified lending partner.

The fund administrator is required to evaluate loan applications based on:

- Eligible collateral;
- The project's creditworthiness;
- The producer's track record;
- The possibility that the project will encourage economic benefits; and
- The extent to which the loan will attract private debt or equity investment.

*Qualifying Productions.* The production company is required to have an agreement with a major network for broadcasting on a major network, cable or streaming channel. If the production content is a series, at least 13 episodes must be ordered, unless a lesser number is approved by the fund administrator. The production must spend at least 80 percent of the production budget in Florida, unless the fund administrator approves a lesser percentage.

*Reporting.* Each year by February 28, the fund administrator is required to submit audited financial statements to the DEO, along with a fund annual report. The annual report must detail, for each loan:

- The name of the television program;

- The counties in which production occurred;
- The number of jobs created or retained because of the production;
- The loan amounts (including private loans made in association with the QTV loan);
- The loan repayment status;
- Details on any past due loans;
- Details on any loans in default;
- A description of assets securing the loans; and
- Any other information required by the department.

*Management Fee.* The fund administrator will be paid a fee equal to five percent of the assets under management for the first five years, and three percent of the assets under management every year thereafter until the end of the contract. After the first year, the fee may not exceed the investment proceeds earned from the fund's completed loans. Additionally, the fund administrator may receive 20 percent of the fund's net income on an annual basis. This amount may not be paid from the fund's principal.

*Expiration.* The program is repealed on December 31, 2024, and all funds remaining in the QTV fund at that point revert to the General Revenue Fund.

*Appropriation.* The bill appropriates \$20 million in nonrecurring general revenue to the DEO to fund the Qualified Television Loan Fund program.

### **New Markets Tax Credit Program – Section 15**

Present situation: Florida created the New Markets Development Program in 2009<sup>17</sup> to encourage capital investment in rural and low-income communities.<sup>18</sup> Under the program, the state grants tax credits in return for investments in low-income community businesses.<sup>19</sup> The Florida program is based on a similar federal program, created in 2000.<sup>20</sup>

The program involves two “investments”: a taxpayer interested in tax credits makes a “qualified investment”<sup>21</sup> (a cash payment) to a qualified community development entity (CDE) in return for the tax credits. The CDE then makes a “qualified low-income community investment”<sup>22</sup> (either a cash loan or an equity investment) to a qualifying low-income community business.<sup>23</sup>

Prior to either investment taking place, the CDE applies to the DEO for a determination of whether its qualified low-income community investment qualifies under the program.<sup>24</sup> Upon

<sup>17</sup> Chapter 2009-50, L.O.F. See ss. 288.991, F.S. – 288.9922, F.S.

<sup>18</sup> Section 288.9912, F.S.

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

<sup>20</sup> The Federal New Markets Tax Credit Program was enacted as P.L. 106-554, Community Tax Relief Act of 2000 and signed into law on December 21, 2000. For an overview of the federal program, see Overview, [http://cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=5](http://cdfifund.gov/what_we_do/programs_id.asp?programID=5) (last visited April 5, 2013).

<sup>21</sup> Section 288.9913(7), F.S.

<sup>22</sup> Section 288.9913(8), F.S.

<sup>23</sup> Section 288.9913(5), F.S.

<sup>24</sup> Section 288.9914(2), F.S.

approval, the DEO awards a tax credit equal to 39 percent of the CDE's qualifying low-income community investment.

The tax credits may not be claimed for two years. After the second year, the taxpayer may claim the credits over the next five years.<sup>25</sup>

When the program was created in 2009, the total tax credits that could be issued were limited to \$97.5 million.<sup>26</sup> The limit was increased to \$163.8 million (a \$66.3 million increase) in 2012<sup>27</sup> and to \$178.8 million (a \$15 million increase) in 2013<sup>28</sup>.

Proposed change: The bill increases the total amount of tax credits available from \$178.8 million to \$227.55 million (a \$50 million increase).

### **Energy Star and WaterSense Sales Tax Holiday – Sections 18 and 22**

Present situation: In 2006, the Legislature approved a sales tax holiday for energy-efficient products priced under \$1,500 and that met or exceeded the requirements of the federal ENERGY STAR program<sup>29</sup>. The holiday ran from October 5 through October 11, 2006. The following items were exempted:

- Refrigerators.
- Dishwashers.
- Clothes washers.
- Air conditioners.
- Ceiling fans.
- Light bulbs.
- Dehumidifiers.
- Thermostats.

Proposed change: The bill provides that no sales tax will be collected on the first \$1,500 of the sales price for a new ENERGY STAR product or WaterSense product<sup>30</sup> during the period beginning on September 19, 2014, and ending on September 21, 2014.

ENERGY STAR products eligible for this holiday are:

- Room air conditioners.
- Air purifiers.
- Ceiling fans.
- Clothes washers.
- Clothes dryers.

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<sup>25</sup> Section 288.9916(1), F.S.

<sup>26</sup> Section 7, 2009-50, L.O.F.

<sup>27</sup> Section 16, 2012-32, L.O.F.

<sup>28</sup> Section 36, 2013-42, L.O.F.

<sup>29</sup> ENERGY STAR products must meet energy efficiency standards established by the U.S. Environmental Protection Agency.

<sup>30</sup> WaterSense labeled products and meet the US Environmental Protection Agency specifications for water efficiency and performance.

- Dehumidifiers.
- Dishwashers.
- Freezers.
- Refrigerators.
- Water heaters.
- Swimming pool pumps.
- Light bulbs.

WaterSense products eligible for this holiday are:

- Bathroom sink faucets.
- Faucet accessories.
- High-efficiency toilets and urinals.
- Showerheads.
- Weather or sensor-based irrigation controllers.

A person is limited to a single purchase for each specific type of item listed above with a sales price over \$500 during the holiday, and a second purchase of the same type of product will be subject to tax on the entire price.

The bill contains a nonrecurring appropriations from the General Revenue Fund to the Department of Revenue of \$43,941 to implement the Energy Efficient Appliances Sales Tax Holiday.

### **Physical Fitness Admissions Tax Holiday – Section 19**

Present situation: Section 212.04, F.S., establishes a six percent state sales and use tax on admissions.

Proposed change: The bill provides that the sales and use tax levied on admissions will not be collected during the period beginning September 1, 2014, and ending September 8, 2014, on the sale of athletic, exercise, and physical fitness facility memberships. To participate in the holiday, a facility must be registered as a health studio with the Department of Agriculture and Consumer Services under ss. 501.012 through 501.019, F.S.

### **Back-to-School Sales Tax Holiday – Sections 20 and 22**

Present situation: The Legislature has approved back-to-school sales tax holidays in eight of the past ten years. The length of the exemption period has varied from three to 10 days. The type and value of exempt items has also varied. The holiday is typically offered just prior to the start of a new school year.

Proposed change: The bill provides for a three-day sales tax holiday beginning August 1, 2014, and ending August 3, 2013. During the holiday, the following items that cost \$100 or less are exempt from the state sales tax and county discretionary sales surtaxes:

- Clothing (defined as an “article of wearing apparel intended to be worn on or about the human body,” but excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs);

- Footwear (excluding skis, swim fins, roller blades, and skates);
- Wallets; and
- Bags (including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags).

The bill also exempts “school supplies” that cost \$15 or less per item. Also exempt will be the first \$750 of the sales price for personal computers and related accessories purchased for noncommercial home or personal use, including tablets, laptops, monitors, input devices, and non-recreational software. Cell phones, furniture and devices or software intended primarily for recreational use are not exempt.

The bill contains a nonrecurring appropriation from the General Revenue Fund to the Department of Revenue of \$223,048 to implement the Back to School Sales Tax Holiday (this appropriation occurs during the 2013-14 fiscal year and carries forward into 2014-15).

### **Hurricane Preparedness Sales Tax Holiday – Sections 21 and 22**

Present situation: The Legislature has approved sales tax holidays for hurricane preparedness in the past. In 2005, 2006, and 2007 the state established 12-day periods where items below certain thresholds were exempt from tax. The type and value of exempt items has also varied. In 2005 and 2007, the hurricane preparedness holidays ran from June 1 through June 12, and in 2006 the holiday was from May 21 through June 1.

Proposed change: The bill proposes a sales tax exemption for the following items for the period beginning on June 1, 2014, and ending on June 12, 2014:

- A portable self-powered light source selling for \$20 or less.
- A portable self-powered radio, two-way radio, or weather band radio selling for \$50 or less.
- A tarpaulin or other flexible waterproof sheeting selling for \$50 or less.
- A self-contained first-aid kit selling for \$30 or less.
- A ground anchor system or tie-down kit selling for \$50 or less.
- A gas or diesel fuel tank selling for \$25 or less.
- A package of AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, selling for \$30 or less.
- A nonelectric food storage cooler selling for \$30 or less.
- A portable generator selling for \$750 or less.
- Reusable ice selling for \$10 or less.

The bill contains a nonrecurring appropriation from the General Revenue Fund to the Department of Revenue of \$280,912 to implement the Hurricane Preparedness Sales Tax Holiday (this appropriation occurs during the 2013-2014 fiscal year and carries forward into the 2014-2015 fiscal year).

### **Effective Date – Section 23**

The bill has an effective date of July 1, 2104, except as otherwise expressly provided.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

Subsection (b) of s. 18, Art. VII of the Florida Constitution provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989.

This mandates provision may apply because the bill provides numerous sales tax exemptions that will reduce municipalities' and counties' local option sales tax collections, thereby reducing their revenue-raising authority. In addition, the bill redefines the types of services to which local Communication Services tax rates apply, thereby potentially reducing the authority of municipalities to raise revenue.

Subsection (c) of s. 18, Art. VII of the Florida Constitution provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the Legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the percentage of a state tax shared with counties and municipalities as an aggregate on February 1, 1989.

This mandates provision may apply to the reduction in the sales tax rate for electricity, since counties and municipalities receive a share of sales tax revenue through distributions to the Local Government Half-Cent Sales Tax Clearing Trust Fund, the County Revenue Sharing Trust Fund, and the Municipal Revenue Sharing Trust Fund.

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

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:**

**A. Tax/Fee Issues:**

HB 5601 has the following estimated fiscal impacts:

Fiscal Year 2014-2015 Estimated Fiscal Impacts (millions of \$)								
Issue	General Revenue		State Trust Funds		Local		Total	
	Cash	Recur.	Cash	Recur.	Cash	Recur.	Cash	Recur.
Sales Tax: Physical Fitness Holiday (ss. 19, 22)	(4.1)	-	(*)	-	(0.9)	-	(5.0)	0.0
Sales Tax: Back to School Holiday (ss. 20, 22)	(32.3)	-	(*)	-	(7.3)	-	(39.6)	0.0
Sales Tax: Energy Efficient Holiday (ss. 18, 22)	(1.7)	-	(*)	-	(0.3)	-	(2.0)	0.0
Sales Tax: Hurricane Prep. Holiday (ss. 21, 22)	(3.0)	-	(*)	-	(0.7)	-	(3.7)	0.0
Sales Tax: Car Seats (s. 6)	(2.0)	(2.2)	(*)	(*)	(0.5)	(0.5)	(2.5)	(2.7)
Sales Tax: Youth Bicycle Helmets (s. 6)	(0.2)	(0.2)	(*)	(*)	(*)	(*)	(0.2)	(0.2)
Sales Tax: Cement Mixers (s. 6)	(3.3)	-	(*)	-	(0.4)	-	(3.7)	0.0
Sales Tax/Gross Receipts: Electricity (ss. 3, 4)	(143.0)	(171.6)	161.3	193.6	(18.3)	(22.0)	0.0	0.0
Corp Income Tax: Income Exemption (ss. 9, 12)	(8.8)	(21.6)	-	-	-	-	(8.8)	(21.6)
QTV Fund (ss. 14, 22)	(20.0)	-	--	-	-	-	(20.0)	0.0
New Markets Credits (s. 15)	-	(10.0)	-	-	-	-	0.0	(10.0)
Transportation Funding (ss. 8, 16)	(100.0)	(100.0)	100.0	100.0	-	-	0.0	0.0
Prepaid Calling Definition** (ss. 1, 4)	-	(1.4)	-	(5.7)	-	(11.2)	0.0	(18.3)
Tax Holiday Appropriations***	(0.54)	-	-	-	-	-	(0.54)	0.0
<b>FY 2014-2015 Total</b>	<b>(318.9)</b>	<b>(307.0)</b>	<b>261.3</b>	<b>287.9</b>	<b>(28.4)</b>	<b>(33.7)</b>	<b>(86.0)</b>	<b>(52.8)</b>
Community Contribution Tax Credits (ss. 6, 11, 17) (FY 2015-2016)	(12.6)	-	(*)	-	(1.4)	-	(14.0)	0.0
<b>Bill Total</b>	<b>(331.5)</b>	<b>(307.0)</b>	<b>261.3</b>	<b>287.9</b>	<b>(29.8)</b>	<b>(33.7)</b>	<b>(100.0)</b>	<b>(52.8)</b>

**\*\*Estimates reflect minimums. See paragraph below for further potential impacts.**

**\*\*\* The appropriations for the Hurricane Preparedness and Back-to-School Holidays are for FY 2013-2014, with carry over into 2014-2015.**

In addition to the fiscal impact shown on the table above for the Prepaid Calling Definition issue, a loss of up to \$600 million in audit recoveries may occur if the Department of Revenue were to successfully enforce the strict definition of “prepaid calling arrangement,” with a potential loss of up to \$200 million annually on a going-forward basis. These amounts reflect the estimate of what Communications Services Tax (CST) tax collections would have been in the past and would be in the future if CST tax, instead of sales tax, were collected on prepaid calling arrangements. However, because current industry practice is to collect sales tax on prepaid mobile communications services, and the timing of any successful Department of Revenue action is unknown, it is uncertain if and when these losses would be realized.

**B. Private Sector Impact:**

The bill provides a number of tax exemptions that will benefit the purchasers of the exempt items.

Increasing the corporate income tax exemption from \$50,000 to \$75,000 will reduce corporate income taxes on all taxpayers that currently pay the tax; it is estimated to eliminate all corporate income tax liability for approximately 2,100 taxpayers.

**C. Government Sector Impact:**

Impacts to state government that are not tax-related are also included in the table in Section V.A.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

The bill substantially amends the following sections of the Florida Statutes: 202.11, 203.01, 212.05, 212.08, 212.12, 212.20, 220.14, 220.183, 220.63, 288.9914, and 624.5105.

The bill creates the following sections of the Florida Statutes: 288.127 and 339.0803.

The bill creates undesignated sections of Florida law.

**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.

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

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1 A bill to be entitled

2 An act relating to economic development; amending s.  
3 202.11, F.S.; revising the definition of "prepaid  
4 calling arrangement"; providing for retroactive  
5 applicability and construction; amending s. 203.01,  
6 F.S.; imposing an additional rate on gross receipts  
7 for electrical power or energy; revising exemptions  
8 from the tax on gross receipts for utility and  
9 communications services; providing exemptions from the  
10 additional tax on gross receipts from electrical power  
11 or energy; requiring the additional tax to be excluded  
12 from the taxable base on which gross receipts are  
13 calculated under certain circumstances; amending s.  
14 212.05, F.S.; revising the definition of "prepaid  
15 calling arrangement" to clarify and update which  
16 services are included under the definition and subject  
17 to sales tax; reducing the sales tax rate for charges  
18 for electrical power or energy; providing for  
19 retroactive applicability and construction; amending  
20 s. 212.08, F.S.; extending the expiration date  
21 applicable to the granting of community contribution  
22 tax credits against the sales and use tax for  
23 contributions to eligible sponsors of community  
24 projects approved by the Department of Economic  
25 Opportunity; revising a provision exempting certain  
26 machinery and equipment from the sales and use tax to

27 exempt certain mixer drums and parts and labor  
28 required to affix certain mixer drums to mixer trucks  
29 from the sales and use tax; exempting sales of child  
30 restraint systems and booster seats for use in motor  
31 vehicles and youth bicycle helmets from the sales and  
32 use tax; amending s. 212.12, F.S.; conforming a  
33 provision to a change made by the act; amending s.  
34 212.20, F.S.; requiring the Department of Revenue to  
35 distribute funds to the State Transportation Trust  
36 Fund for strategic and regionally significant  
37 transportation projects; amending s. 220.14, F.S.;  
38 increasing the amount of income that is exempt from  
39 the corporate income tax; providing applicability;  
40 amending s. 220.183, F.S.; extending the expiration  
41 date applicable to the granting of community  
42 contribution tax credits against the corporate income  
43 tax for contributions to eligible sponsors of  
44 community projects approved by the Department of  
45 Economic Opportunity; amending s. 220.63, F.S.;  
46 increasing the amount of income that is exempt from  
47 the franchise tax imposed on banks and savings  
48 associations; providing applicability; creating s.  
49 288.127, F.S.; providing definitions; providing a  
50 purpose; creating the Qualified Television Loan Fund;  
51 requiring the Department of Economic Opportunity to  
52 contract with a fund administrator; providing fund

53 administrator qualifications; providing for the fund  
54 administrator's compensation and removal; specifying  
55 the fund administrator powers and duties; providing  
56 the structure of the loans; providing qualified  
57 television content criteria; requiring the Auditor  
58 General to conduct an operational audit of the fund  
59 and the fund administrator; authorizing the department  
60 to adopt rules; providing for expiration of the act;  
61 providing emergency rulemaking authority; amending s.  
62 288.9914, F.S.; revising limits on tax credits that  
63 may be approved by the Department of Economic  
64 Opportunity under the New Markets Development Program;  
65 creating s. 339.0803, F.S.; requiring a specified  
66 amount of funds deposited into the State  
67 Transportation Trust Fund to be used annually for  
68 strategic and regionally significant transportation  
69 projects; amending s. 624.5105, F.S.; extending the  
70 expiration date applicable to the granting of  
71 community contribution tax credits against the  
72 insurance premium tax for contributions to eligible  
73 sponsors of community projects approved by the  
74 Department of Economic Opportunity; providing for a  
75 sales tax holiday for certain Energy Star and  
76 WaterSense products; providing restrictions; providing  
77 definitions; authorizing the Department of Revenue to  
78 adopt emergency rules; providing that the admissions

79 tax may not be levied on the sale of athletic,  
 80 exercise, and physical fitness facility memberships by  
 81 certain health studios during a specified period;  
 82 authorizing the Department of Revenue to adopt  
 83 emergency rules; specifying a period during which the  
 84 sale of clothing, wallets, bags, school supplies,  
 85 personal computers, and personal computer-related  
 86 accessories are exempt from the sales tax; providing  
 87 definitions; providing exceptions; authorizing the  
 88 Department of Revenue to adopt emergency rules;  
 89 providing an exemption from the sales and use tax for  
 90 sales during a specified period of certain tangible  
 91 personal property related to hurricane preparedness;  
 92 authorizing the Department of Revenue to adopt  
 93 emergency rules; providing appropriations; providing  
 94 an effective date.

95  
 96 Be It Enacted by the Legislature of the State of Florida:

97  
 98 Section 1. Subsection (9) of section 202.11, Florida  
 99 Statutes, is amended to read:

100 202.11 Definitions.—As used in this chapter, the term:

101 (9) "Prepaid calling arrangement" means: the ~~separately~~  
 102 ~~stated retail sale by advance payment of~~

103 (a) A right to use communications services, other than  
 104 mobile communications services, for which a separately stated

105 price must be paid in advance, which is sold at retail in  
106 predetermined units that decline in number with use on a  
107 predetermined basis, and which ~~that~~ consist exclusively of  
108 telephone calls originated by using an access number,  
109 authorization code, or other means that may be manually,  
110 electronically, or otherwise entered; or ~~and that are sold in~~  
111 ~~predetermined units or dollars of which the number declines with~~  
112 ~~use in a known amount.~~

113 (b) A right to use mobile communications services that  
114 must be paid for in advance and is sold at retail in  
115 predetermined units that expire or decline in number on a  
116 predetermined basis if:

117 1. The purchaser's right to use mobile communications  
118 services terminates upon all purchased units expiring or being  
119 exhausted unless the purchaser pays for additional units;

120 2. The purchaser is not required to purchase additional  
121 units; and

122 3. Any right of the purchaser to use units to obtain  
123 communications services other than mobile communications  
124 services is limited to services that are provided to or through  
125 the same handset or other electronic device that is used by the  
126 purchaser to access mobile communications services.

127  
128 Predetermined units described in this subsection may be  
129 quantified as amounts of usage, time, money, or a combination of  
130 these or other means of measurement.

131           Section 2. The amendments made by this act to s. 202.11,  
 132 Florida Statutes, are intended to be remedial in nature and  
 133 apply retroactively, but do not provide a basis for an  
 134 assessment of any tax not paid or create a right to a refund or  
 135 credit of any tax paid before the effective date of this act.

136           Section 3. Subsections (5) through (9) of section 203.01,  
 137 Florida Statutes, are renumbered as subsections (6) through  
 138 (10), respectively, paragraph (b) of subsection (1), paragraph  
 139 (d) of subsection (3), and present subsections (4) and (8) are  
 140 amended, and a new subsection (4) is added to that section, to  
 141 read:

142           203.01 Tax on gross receipts for utility and  
 143 communications services.—

144           (1)

145           (b)1. The rate applied to utility services shall be 2.5  
 146 percent.

147           2. The rate applied to communications services shall be  
 148 2.37 percent.

149           3. There shall be an additional rate of 0.15 percent  
 150 applied to communication services subject to the tax levied  
 151 pursuant to s. 202.12(1)(a), (c), and (d). The exemption  
 152 provided in s. 202.125(1) applies to the tax levied pursuant to  
 153 this subparagraph.

154           4. There shall be an additional rate of 3 percent applied  
 155 to the gross receipts for electrical power or energy delivered  
 156 to a retail consumer in this state. Notwithstanding s. 203.0111,

157 any increase in the gross receipts tax provided by this  
 158 subparagraph applies to charges for electrical power or energy  
 159 on any bill dated on or after the date upon which the increase  
 160 takes effect.

161 (3) The tax imposed by subsection (1) does not apply to:

162 (d) The sale or transportation ~~to, or use of,~~ natural gas  
 163 or manufactured gas to, or the use of natural gas or  
 164 manufactured gas by, a person eligible for an exemption under s.  
 165 212.08(7)(ff)2. for use as an energy source or a raw material.  
 166 Possession by a seller of natural or manufactured gas or by any  
 167 person providing transportation or delivery of natural or  
 168 manufactured gas of a written certification by the purchaser,  
 169 certifying the purchaser's entitlement to the exclusion  
 170 permitted by this paragraph, relieves the seller or person  
 171 providing transportation or delivery from the responsibility of  
 172 remitting tax on the nontaxable amounts, and the department  
 173 shall look solely to the purchaser for recovery of such tax if  
 174 the department determines that the purchaser was not entitled to  
 175 the exclusion. The certification must include an acknowledgment  
 176 by the purchaser that it will be liable for tax pursuant to  
 177 paragraph (1)(f) if the requirements for exclusion are not met.

178 (4) The additional rate imposed by subparagraph (1)(b)4.  
 179 does not apply to:

180 (a) The sale of electrical power or energy to a person  
 181 eligible for an exemption under s. 212.08(7)(ff) for use in  
 182 operating machinery and equipment at a fixed location in this

183 state;

184 (b) The sale or transportation of electrical power or  
 185 energy to, or the use of electrical power or energy by, a person  
 186 eligible for an exemption under s. 212.08(5)(e) for certain  
 187 agricultural purposes;

188 (c) The sale or transportation of electrical power or  
 189 energy to, or the use of electrical power or energy by, a person  
 190 eligible for an exemption under s. 212.08(7)(j) for use as a  
 191 household fuel;

192 (d) The sale or transportation of electrical power or  
 193 energy to, or the use of electrical power or energy by, a person  
 194 eligible for an exemption under s. 212.08(15)(a) for use in an  
 195 enterprise zone;

196 (e) The sale or transportation of electrical power or  
 197 energy to, or the use of electrical power or energy by, a person  
 198 who holds a valid Consumer's Certificate of Exemption issued by  
 199 the Department of Revenue;

200 (f) The sale or transportation of electrical power or  
 201 energy to, or the use of electrical power or energy by, foreign  
 202 diplomats and consular personnel who hold a tax exemption card  
 203 issued by the United States Department of State; or

204 (g) The sale or transportation of electrical power or  
 205 energy to, or the use of electrical power or energy by, the  
 206 Federal Government or any federal department, commission,  
 207 agency, or other instrumentality thereof.

208 (5)-(4) The taxes ~~tax~~ imposed pursuant to this chapter

209 relating to the provision of any utility services at the option  
 210 of the person supplying the taxable services may be separately  
 211 stated as Florida gross receipts taxes ~~tax~~ on the total amount  
 212 of any bill, invoice, or other tangible evidence of the  
 213 provision of such taxable services and may be added as a  
 214 component part of the total charge. Whenever a provider of  
 215 taxable services elects to separately state such taxes ~~tax~~ as a  
 216 component of the charge for the provision of such taxable  
 217 services, every person, including all governmental units, shall  
 218 remit the taxes ~~tax~~ to the person who provides such taxable  
 219 services as a part of the total bill, and the taxes are ~~tax is~~ a  
 220 component part of the debt of the purchaser to the person who  
 221 provides such taxable services until paid and, if unpaid, are ~~is~~  
 222 recoverable at law in the same manner as any other part of the  
 223 charge for such taxable services. If a utility provider elects  
 224 to separately state the additional rate imposed by subparagraph  
 225 (1)(b)4. on any bill, invoice, or other tangible evidence of the  
 226 provision of such taxable service, the additional tax shall not  
 227 be included as part of the taxable base on which the gross  
 228 receipts tax is calculated. For a utility, the decision to  
 229 separately state any increase in the rate of tax imposed by this  
 230 chapter which is effective after December 31, 1989, and the  
 231 ability to recover the increased charge from the customer shall  
 232 not be subject to regulatory approval.

233 ~~(9)-(8)~~ Notwithstanding ~~the provisions of~~ subsection (5)  
 234 ~~(4)~~ and s. 212.07(2), sums that were charged or billed as taxes

235 under this section and chapter 212 and that were remitted to the  
 236 state in full as taxes shall not be subject to refund by the  
 237 state or by the utility or other person that remitted the sums,  
 238 when the amount remitted was not in excess of the amount of tax  
 239 imposed by chapter 212 and this section.

240 Section 4. Paragraph (e) of subsection (1) of section  
 241 212.05, Florida Statutes, is amended to read:

242 212.05 Sales, storage, use tax.—It is hereby declared to  
 243 be the legislative intent that every person is exercising a  
 244 taxable privilege who engages in the business of selling  
 245 tangible personal property at retail in this state, including  
 246 the business of making mail order sales, or who rents or  
 247 furnishes any of the things or services taxable under this  
 248 chapter, or who stores for use or consumption in this state any  
 249 item or article of tangible personal property as defined herein  
 250 and who leases or rents such property within the state.

251 (1) For the exercise of such privilege, a tax is levied on  
 252 each taxable transaction or incident, which tax is due and  
 253 payable as follows:

254 (e)1. At the rate of 6 percent on charges for:

255 a. Prepaid calling arrangements. The tax on charges for  
 256 prepaid calling arrangements shall be collected at the time of  
 257 sale and remitted by the selling dealer.

258 (I) "Prepaid calling arrangement" has the same meaning as  
 259 provided in s. 202.11 ~~means the separately stated retail sale by~~  
 260 ~~advance payment of communications services that consist~~

261 ~~exclusively of telephone calls originated by using an access~~  
262 ~~number, authorization code, or other means that may be manually,~~  
263 ~~electronically, or otherwise entered and that are sold in~~  
264 ~~predetermined units or dollars whose number declines with use in~~  
265 ~~a known amount.~~

266 (II) If the sale or recharge of the prepaid calling  
267 arrangement does not take place at the dealer's place of  
268 business, it shall be deemed to have taken ~~take~~ place at the  
269 customer's shipping address or, if no item is shipped, at the  
270 customer's address or the location associated with the  
271 customer's mobile telephone number.

272 (III) The sale or recharge of a prepaid calling  
273 arrangement shall be treated as a sale of tangible personal  
274 property for purposes of this chapter, whether or not a tangible  
275 item evidencing such arrangement is furnished to the purchaser,  
276 and such sale within this state subjects the selling dealer to  
277 the jurisdiction of this state for purposes of this subsection.

278 (IV) No additional tax under this chapter or chapter 202  
279 is due or payable if a purchaser of a prepaid calling  
280 arrangement, who has paid tax under this chapter on the sale or  
281 recharge of such arrangement, applies one or more units of the  
282 prepaid calling arrangement to obtain communications services as  
283 described in s. 202.11(9)(b)3., other services that are not  
284 communications services, or products.

285 b. The installation of telecommunication and telegraphic  
286 equipment.

HB 5601

2014

287 c. Electrical power or energy, except that the tax rate  
288 for charges for electrical power or energy is 4 7 percent.

289 2. The provisions of s. 212.17(3)~~7~~ regarding credit for  
290 tax paid on charges subsequently found to be worthless are~~7~~  
291 ~~shall be~~ equally applicable to any tax paid under ~~the provisions~~  
292 ~~of~~ this section on charges for prepaid calling arrangements,  
293 telecommunication or telegraph services, or electric power  
294 subsequently found to be uncollectible. The term ~~word~~ "charges"  
295 under ~~in~~ this paragraph does not include any excise or similar  
296 tax levied by the Federal Government, any political subdivision  
297 of this ~~the~~ state, or any municipality upon the purchase, sale,  
298 or recharge of prepaid calling arrangements or upon the purchase  
299 or sale of telecommunication, television system program, or  
300 telegraph service or electric power, which tax is collected by  
301 the seller from the purchaser.

302 Section 5. The amendments made by this act to s.  
303 212.05(1)(e)1.a., Florida Statutes, are intended to be remedial  
304 in nature and apply retroactively, but do not provide a basis  
305 for an assessment of any tax not paid or create a right to a  
306 refund or credit of any tax paid before the effective date of  
307 this act.

308 Section 6. Paragraph (p) of subsection (5) and paragraph  
309 (j) of subsection (7) of section 212.08, Florida Statutes, are  
310 amended, paragraph (kkk) of subsection (7), as created by  
311 chapter 2013-39, Laws of Florida, is amended, and paragraphs  
312 (lll) and (mmm) are added to subsection (7) of that section, to

313 read:

314 212.08 Sales, rental, use, consumption, distribution, and  
315 storage tax; specified exemptions.—The sale at retail, the  
316 rental, the use, the consumption, the distribution, and the  
317 storage to be used or consumed in this state of the following  
318 are hereby specifically exempt from the tax imposed by this  
319 chapter.

320 (5) EXEMPTIONS; ACCOUNT OF USE.—

321 (p) Community contribution tax credit for donations.—

322 1. Authorization.—Persons who are registered with the  
323 department under s. 212.18 to collect or remit sales or use tax  
324 and who make donations to eligible sponsors are eligible for tax  
325 credits against their state sales and use tax liabilities as  
326 provided in this paragraph:

327 a. The credit shall be computed as 50 percent of the  
328 person's approved annual community contribution.

329 b. The credit shall be granted as a refund against state  
330 sales and use taxes reported on returns and remitted in the 12  
331 months preceding the date of application to the department for  
332 the credit as required in sub-subparagraph 3.c. If the annual  
333 credit is not fully used through such refund because of  
334 insufficient tax payments during the applicable 12-month period,  
335 the unused amount may be included in an application for a refund  
336 made pursuant to sub-subparagraph 3.c. in subsequent years  
337 against the total tax payments made for such year. Carryover  
338 credits may be applied for a 3-year period without regard to any

339 time limitation that would otherwise apply under s. 215.26.

340 c. A person may not receive more than \$200,000 in annual  
 341 tax credits for all approved community contributions made in any  
 342 one year.

343 d. All proposals for the granting of the tax credit  
 344 require the prior approval of the Department of Economic  
 345 Opportunity.

346 e. The total amount of tax credits which may be granted  
 347 for all programs approved under this paragraph, s. 220.183, and  
 348 s. 624.5105 is \$10.5 million annually for projects that provide  
 349 homeownership opportunities for low-income or very-low-income  
 350 households as defined in s. 420.9071(19) and (28) and \$3.5  
 351 million annually for all other projects.

352 f. A person who is eligible to receive the credit provided  
 353 for in this paragraph, s. 220.183, or s. 624.5105 may receive  
 354 the credit only under the one section of the person's choice.

355 2. Eligibility requirements.—

356 a. A community contribution by a person must be in the  
 357 following form:

358 (I) Cash or other liquid assets;

359 (II) Real property;

360 (III) Goods or inventory; or

361 (IV) Other physical resources as identified by the  
 362 Department of Economic Opportunity.

363 b. All community contributions must be reserved  
 364 exclusively for use in a project. As used in this sub-

365 subparagraph, the term "project" means any activity undertaken  
366 by an eligible sponsor which is designed to construct, improve,  
367 or substantially rehabilitate housing that is affordable to low-  
368 income or very-low-income households as defined in s.  
369 420.9071(19) and (28); designed to provide commercial,  
370 industrial, or public resources and facilities; or designed to  
371 improve entrepreneurial and job-development opportunities for  
372 low-income persons. A project may be the investment necessary to  
373 increase access to high-speed broadband capability in rural  
374 communities with enterprise zones, including projects that  
375 result in improvements to communications assets that are owned  
376 by a business. A project may include the provision of museum  
377 educational programs and materials that are directly related to  
378 any project approved between January 1, 1996, and December 31,  
379 1999, and located in an enterprise zone designated pursuant to  
380 s. 290.0065. This paragraph does not preclude projects that  
381 propose to construct or rehabilitate housing for low-income or  
382 very-low-income households on scattered sites. With respect to  
383 housing, contributions may be used to pay the following eligible  
384 low-income and very-low-income housing-related activities:

385 (I) Project development impact and management fees for  
386 low-income or very-low-income housing projects;

387 (II) Down payment and closing costs for eligible persons,  
388 as defined in s. 420.9071(19) and (28);

389 (III) Administrative costs, including housing counseling  
390 and marketing fees, not to exceed 10 percent of the community

391 contribution, directly related to low-income or very-low-income  
 392 projects; and

393 (IV) Removal of liens recorded against residential  
 394 property by municipal, county, or special district local  
 395 governments when satisfaction of the lien is a necessary  
 396 precedent to the transfer of the property to an eligible person,  
 397 as defined in s. 420.9071(19) and (28), for the purpose of  
 398 promoting home ownership. Contributions for lien removal must be  
 399 received from a nonrelated third party.

400 c. The project must be undertaken by an "eligible  
 401 sponsor," which includes:

402 (I) A community action program;

403 (II) A nonprofit community-based development organization  
 404 whose mission is the provision of housing for low-income or  
 405 very-low-income households or increasing entrepreneurial and  
 406 job-development opportunities for low-income persons;

407 (III) A neighborhood housing services corporation;

408 (IV) A local housing authority created under chapter 421;

409 (V) A community redevelopment agency created under s.  
 410 163.356;

411 (VI) A historic preservation district agency or  
 412 organization;

413 (VII) A regional workforce board;

414 (VIII) A direct-support organization as provided in s.  
 415 1009.983;

416 (IX) An enterprise zone development agency created under

417 s. 290.0056;

418 (X) A community-based organization incorporated under  
419 chapter 617 which is recognized as educational, charitable, or  
420 scientific pursuant to s. 501(c)(3) of the Internal Revenue Code  
421 and whose bylaws and articles of incorporation include  
422 affordable housing, economic development, or community  
423 development as the primary mission of the corporation;

424 (XI) Units of local government;

425 (XII) Units of state government; or

426 (XIII) Any other agency that the Department of Economic  
427 Opportunity designates by rule.

428

429 In no event may a contributing person have a financial interest  
430 in the eligible sponsor.

431 d. The project must be located in an area designated an  
432 enterprise zone or a Front Porch Florida Community, unless the  
433 project increases access to high-speed broadband capability for  
434 rural communities with enterprise zones but is physically  
435 located outside the designated rural zone boundaries. Any  
436 project designed to construct or rehabilitate housing for low-  
437 income or very-low-income households as defined in s.  
438 420.9071(19) and (28) is exempt from the area requirement of  
439 this sub-subparagraph.

440 e.(I) If, during the first 10 business days of the state  
441 fiscal year, eligible tax credit applications for projects that  
442 provide homeownership opportunities for low-income or very-low-

443 income households as defined in s. 420.9071(19) and (28) are  
444 received for less than the annual tax credits available for  
445 those projects, the Department of Economic Opportunity shall  
446 grant tax credits for those applications and shall grant  
447 remaining tax credits on a first-come, first-served basis for  
448 any subsequent eligible applications received before the end of  
449 the state fiscal year. If, during the first 10 business days of  
450 the state fiscal year, eligible tax credit applications for  
451 projects that provide homeownership opportunities for low-income  
452 or very-low-income households as defined in s. 420.9071(19) and  
453 (28) are received for more than the annual tax credits available  
454 for those projects, the Department of Economic Opportunity shall  
455 grant the tax credits for those applications as follows:

456 (A) If tax credit applications submitted for approved  
457 projects of an eligible sponsor do not exceed \$200,000 in total,  
458 the credits shall be granted in full if the tax credit  
459 applications are approved.

460 (B) If tax credit applications submitted for approved  
461 projects of an eligible sponsor exceed \$200,000 in total, the  
462 amount of tax credits granted pursuant to sub-sub-sub-  
463 subparagraph (A) shall be subtracted from the amount of  
464 available tax credits, and the remaining credits shall be  
465 granted to each approved tax credit application on a pro rata  
466 basis.

467 (II) If, during the first 10 business days of the state  
468 fiscal year, eligible tax credit applications for projects other

469 than those that provide homeownership opportunities for low-  
470 income or very-low-income households as defined in s.  
471 420.9071(19) and (28) are received for less than the annual tax  
472 credits available for those projects, the Department of Economic  
473 Opportunity shall grant tax credits for those applications and  
474 shall grant remaining tax credits on a first-come, first-served  
475 basis for any subsequent eligible applications received before  
476 the end of the state fiscal year. If, during the first 10  
477 business days of the state fiscal year, eligible tax credit  
478 applications for projects other than those that provide  
479 homeownership opportunities for low-income or very-low-income  
480 households as defined in s. 420.9071(19) and (28) are received  
481 for more than the annual tax credits available for those  
482 projects, the Department of Economic Opportunity shall grant the  
483 tax credits for those applications on a pro rata basis.

484 3. Application requirements.—

485 a. Any eligible sponsor seeking to participate in this  
486 program must submit a proposal to the Department of Economic  
487 Opportunity which sets forth the name of the sponsor, a  
488 description of the project, and the area in which the project is  
489 located, together with such supporting information as is  
490 prescribed by rule. The proposal must also contain a resolution  
491 from the local governmental unit in which the project is located  
492 certifying that the project is consistent with local plans and  
493 regulations.

494 b. Any person seeking to participate in this program must

495 submit an application for tax credit to the Department of  
496 Economic Opportunity which sets forth the name of the sponsor, a  
497 description of the project, and the type, value, and purpose of  
498 the contribution. The sponsor shall verify the terms of the  
499 application and indicate its receipt of the contribution, which  
500 verification must be in writing and accompany the application  
501 for tax credit. The person must submit a separate tax credit  
502 application to the Department of Economic Opportunity for each  
503 individual contribution that it makes to each individual  
504 project.

505 c. Any person who has received notification from the  
506 Department of Economic Opportunity that a tax credit has been  
507 approved must apply to the department to receive the refund.  
508 Application must be made on the form prescribed for claiming  
509 refunds of sales and use taxes and be accompanied by a copy of  
510 the notification. A person may submit only one application for  
511 refund to the department within any 12-month period.

512 4. Administration.—

513 a. The Department of Economic Opportunity may adopt rules  
514 pursuant to ss. 120.536(1) and 120.54 necessary to administer  
515 this paragraph, including rules for the approval or disapproval  
516 of proposals by a person.

517 b. The decision of the Department of Economic Opportunity  
518 must be in writing, and, if approved, the notification shall  
519 state the maximum credit allowable to the person. Upon approval,  
520 the Department of Economic Opportunity shall transmit a copy of

521 the decision to the Department of Revenue.

522 c. The Department of Economic Opportunity shall  
523 periodically monitor all projects in a manner consistent with  
524 available resources to ensure that resources are used in  
525 accordance with this paragraph; however, each project must be  
526 reviewed at least once every 2 years.

527 d. The Department of Economic Opportunity shall, in  
528 consultation with the statewide and regional housing and  
529 financial intermediaries, market the availability of the  
530 community contribution tax credit program to community-based  
531 organizations.

532 5. Expiration.—This paragraph expires June 30, 2016 ~~2015~~;  
533 however, any accrued credit carryover that is unused on that  
534 date may be used until the expiration of the 3-year carryover  
535 period for such credit.

536 (7) MISCELLANEOUS EXEMPTIONS.—Exemptions provided to any  
537 entity by this chapter do not inure to any transaction that is  
538 otherwise taxable under this chapter when payment is made by a  
539 representative or employee of the entity by any means,  
540 including, but not limited to, cash, check, or credit card, even  
541 when that representative or employee is subsequently reimbursed  
542 by the entity. In addition, exemptions provided to any entity by  
543 this subsection do not inure to any transaction that is  
544 otherwise taxable under this chapter unless the entity has  
545 obtained a sales tax exemption certificate from the department  
546 or the entity obtains or provides other documentation as

547 required by the department. Eligible purchases or leases made  
548 with such a certificate must be in strict compliance with this  
549 subsection and departmental rules, and any person who makes an  
550 exempt purchase with a certificate that is not in strict  
551 compliance with this subsection and the rules is liable for and  
552 shall pay the tax. The department may adopt rules to administer  
553 this subsection.

554 (j) Household fuels.—Also exempt from payment of the tax  
555 imposed by this chapter are sales of utilities to residential  
556 households or owners of residential models in this state by  
557 utility companies who pay the gross receipts tax imposed under  
558 s. 203.01(1)(b)1. ~~203.01~~, and sales of fuel to residential  
559 households or owners of residential models, including oil,  
560 kerosene, liquefied petroleum gas, coal, wood, and other fuel  
561 products used in the household or residential model for the  
562 purposes of heating, cooking, lighting, and refrigeration,  
563 regardless of whether such sales of utilities and fuels are  
564 separately metered and billed direct to the residents or are  
565 metered and billed to the landlord. If any part of the utility  
566 or fuel is used for a nonexempt purpose, the entire sale is  
567 taxable. The landlord shall provide a separate meter for  
568 nonexempt utility or fuel consumption. For the purposes of this  
569 paragraph, licensed family day care homes shall also be exempt.

570 (kkk) Certain machinery and equipment.—

571 1. Industrial machinery and equipment purchased by  
572 eligible manufacturing businesses which is used at a fixed

573 | location within this state, or a mixer drum affixed to a mixer  
574 | truck, used at any location within this state to mix, agitate,  
575 | and transport freshly mixed concrete in a plastic state, for the  
576 | manufacture, processing, compounding, or production of items of  
577 | tangible personal property for sale shall be exempt from the tax  
578 | imposed by this chapter. Parts and labor required to affix a  
579 | mixer drum exempt under this paragraph to a mixer truck shall  
580 | also be exempt. If at the time of purchase the purchaser  
581 | furnishes the seller with a signed certificate certifying the  
582 | purchaser's entitlement to exemption pursuant to this paragraph,  
583 | the seller is relieved of the responsibility for collecting the  
584 | tax on the sale of such items, and the department shall look  
585 | solely to the purchaser for recovery of the tax if it determines  
586 | that the purchaser was not entitled to the exemption.

587 |       2. For purposes of this paragraph, the term:

588 |       a. "Eligible manufacturing business" means any business  
589 | whose primary business activity at the location where the  
590 | industrial machinery and equipment is located is within the  
591 | industries classified under NAICS codes 31, 32, and 33. As used  
592 | in this subparagraph, "NAICS" means those classifications  
593 | contained in the North American Industry Classification System,  
594 | as published in 2007 by the Office of Management and Budget,  
595 | Executive Office of the President.

596 |       b. "Primary business activity" means an activity  
597 | representing more than fifty percent of the activities conducted  
598 | at the location where the industrial machinery and equipment is

599 | located.

600 |       c. "Industrial machinery and equipment" means tangible  
 601 | personal property or other property that has a depreciable life  
 602 | of 3 years or more and that is used as an integral part in the  
 603 | manufacturing, processing, compounding, or production of  
 604 | tangible personal property for sale. A building and its  
 605 | structural components are not industrial machinery and equipment  
 606 | unless the building or structural component is so closely  
 607 | related to the industrial machinery and equipment that it houses  
 608 | or supports that the building or structural component can be  
 609 | expected to be replaced when the machinery and equipment are  
 610 | replaced. Heating and air conditioning systems are not  
 611 | industrial machinery and equipment unless the sole justification  
 612 | for their installation is to meet the requirements of the  
 613 | production process, even though the system may provide  
 614 | incidental comfort to employees or serve, to an insubstantial  
 615 | degree, nonproduction activities. The term includes parts and  
 616 | accessories for industrial machinery and equipment only to the  
 617 | extent that the parts and accessories are purchased prior to the  
 618 | date the machinery and equipment are placed in service.

619 |       3. This paragraph is repealed April 30, 2017.

620 |       (lll) Motor vehicle child restraint.—The sale of a child  
 621 | restraint system or booster seat for use in a motor vehicle is  
 622 | exempt from the tax imposed by this chapter.

623 |       (mmm) Youth bicycle helmets.—The sale of a bicycle helmet  
 624 | marketed for use by youth is exempt from the tax imposed by this

625 chapter.

626 Section 7. Subsection (11) of section 212.12, Florida  
 627 Statutes, is amended to read:

628 212.12 Dealer's credit for collecting tax; penalties for  
 629 noncompliance; powers of Department of Revenue in dealing with  
 630 delinquents; brackets applicable to taxable transactions;  
 631 records required.—

632 (11) The department shall make available in an electronic  
 633 format or otherwise the tax amounts and brackets applicable to  
 634 all taxable transactions that occur in counties that have a  
 635 surtax at a rate other than 1 percent which transactions would  
 636 otherwise have been transactions taxable at the rate of 6  
 637 percent. Likewise, the department shall make available in an  
 638 electronic format or otherwise the tax amounts and brackets  
 639 applicable to transactions taxable at 4 7 percent pursuant to s.  
 640 212.05(1)(e) ~~1.c. 212.05(1)(e)~~ and on transactions which would  
 641 otherwise have been so taxable in counties which have adopted a  
 642 discretionary sales surtax.

643 Section 8. Paragraph (d) of subsection (6) of section  
 644 212.20, Florida Statutes, is amended to read:

645 212.20 Funds collected, disposition; additional powers of  
 646 department; operational expense; refund of taxes adjudicated  
 647 unconstitutionally collected.—

648 (6) Distribution of all proceeds under this chapter and s.  
 649 202.18(1)(b) and (2)(b) shall be as follows:

650 (d) The proceeds of all other taxes and fees imposed

651 pursuant to this chapter or remitted pursuant to s. 202.18(1)(b)  
652 and (2)(b) shall be distributed as follows:

653 1. In any fiscal year, the greater of \$500 million, minus  
654 an amount equal to 4.6 percent of the proceeds of the taxes  
655 collected pursuant to chapter 201, or 5.2 percent of all other  
656 taxes and fees imposed pursuant to this chapter or remitted  
657 pursuant to s. 202.18(1)(b) and (2)(b) shall be deposited in  
658 monthly installments into the General Revenue Fund.

659 2. After the distribution under subparagraph 1., 8.814  
660 percent of the amount remitted by a sales tax dealer located  
661 within a participating county pursuant to s. 218.61 shall be  
662 transferred into the Local Government Half-cent Sales Tax  
663 Clearing Trust Fund. Beginning July 1, 2003, the amount to be  
664 transferred shall be reduced by 0.1 percent, and the department  
665 shall distribute this amount to the Public Employees Relations  
666 Commission Trust Fund less \$5,000 each month, which shall be  
667 added to the amount calculated in subparagraph 3. and  
668 distributed accordingly.

669 3. After the distribution under subparagraphs 1. and 2.,  
670 0.095 percent shall be transferred to the Local Government Half-  
671 cent Sales Tax Clearing Trust Fund and distributed pursuant to  
672 s. 218.65.

673 4. After the distributions under subparagraphs 1., 2., and  
674 3., 2.0440 percent of the available proceeds shall be  
675 transferred monthly to the Revenue Sharing Trust Fund for  
676 Counties pursuant to s. 218.215.

677           5. After the distributions under subparagraphs 1., 2., and  
678 3., 1.3409 percent of the available proceeds shall be  
679 transferred monthly to the Revenue Sharing Trust Fund for  
680 Municipalities pursuant to s. 218.215. If the total revenue to  
681 be distributed pursuant to this subparagraph is at least as  
682 great as the amount due from the Revenue Sharing Trust Fund for  
683 Municipalities and the former Municipal Financial Assistance  
684 Trust Fund in state fiscal year 1999-2000, no municipality shall  
685 receive less than the amount due from the Revenue Sharing Trust  
686 Fund for Municipalities and the former Municipal Financial  
687 Assistance Trust Fund in state fiscal year 1999-2000. If the  
688 total proceeds to be distributed are less than the amount  
689 received in combination from the Revenue Sharing Trust Fund for  
690 Municipalities and the former Municipal Financial Assistance  
691 Trust Fund in state fiscal year 1999-2000, each municipality  
692 shall receive an amount proportionate to the amount it was due  
693 in state fiscal year 1999-2000.

694           6. Of the remaining proceeds:

695           a. In each fiscal year, the sum of \$29,915,500 shall be  
696 divided into as many equal parts as there are counties in the  
697 state, and one part shall be distributed to each county. The  
698 distribution among the several counties must begin each fiscal  
699 year on or before January 5th and continue monthly for a total  
700 of 4 months. If a local or special law required that any moneys  
701 accruing to a county in fiscal year 1999-2000 under the then-  
702 existing provisions of s. 550.135 be paid directly to the

703 district school board, special district, or a municipal  
704 government, such payment must continue until the local or  
705 special law is amended or repealed. The state covenants with  
706 holders of bonds or other instruments of indebtedness issued by  
707 local governments, special districts, or district school boards  
708 before July 1, 2000, that it is not the intent of this  
709 subparagraph to adversely affect the rights of those holders or  
710 relieve local governments, special districts, or district school  
711 boards of the duty to meet their obligations as a result of  
712 previous pledges or assignments or trusts entered into which  
713 obligated funds received from the distribution to county  
714 governments under then-existing s. 550.135. This distribution  
715 specifically is in lieu of funds distributed under s. 550.135  
716 before July 1, 2000.

717       b. The department shall distribute \$166,667 monthly  
718 pursuant to s. 288.1162 to each applicant certified as a  
719 facility for a new or retained professional sports franchise  
720 pursuant to s. 288.1162. Up to \$41,667 shall be distributed  
721 monthly by the department to each certified applicant as defined  
722 in s. 288.11621 for a facility for a spring training franchise.  
723 However, not more than \$416,670 may be distributed monthly in  
724 the aggregate to all certified applicants for facilities for  
725 spring training franchises. Distributions begin 60 days after  
726 such certification and continue for not more than 30 years,  
727 except as otherwise provided in s. 288.11621. A certified  
728 applicant identified in this sub-subparagraph may not receive

729 more in distributions than expended by the applicant for the  
730 public purposes provided for in s. 288.1162(5) or s.  
731 288.11621(3).

732 c. Beginning 30 days after notice by the Department of  
733 Economic Opportunity to the Department of Revenue that an  
734 applicant has been certified as the professional golf hall of  
735 fame pursuant to s. 288.1168 and is open to the public, \$166,667  
736 shall be distributed monthly, for up to 300 months, to the  
737 applicant.

738 d. Beginning 30 days after notice by the Department of  
739 Economic Opportunity to the Department of Revenue that the  
740 applicant has been certified as the International Game Fish  
741 Association World Center facility pursuant to s. 288.1169, and  
742 the facility is open to the public, \$83,333 shall be distributed  
743 monthly, for up to 168 months, to the applicant. This  
744 distribution is subject to reduction pursuant to s. 288.1169. A  
745 lump sum payment of \$999,996 shall be made, after certification  
746 and before July 1, 2000.

747 e. The department shall distribute up to \$55,555 monthly  
748 to each certified applicant as defined in s. 288.11631 for a  
749 facility used by a single spring training franchise, or up to  
750 \$111,110 monthly to each certified applicant as defined in s.  
751 288.11631 for a facility used by more than one spring training  
752 franchise. Monthly distributions begin 60 days after such  
753 certification or July 1, 2016, whichever is later, and continue  
754 for not more than 30 years, except as otherwise provided in s.

755 288.11631. A certified applicant identified in this sub-  
 756 subparagraph may not receive more in distributions than expended  
 757 by the applicant for the public purposes provided in s.  
 758 288.11631(3).

759 f. The department shall distribute \$20 million by August 1  
 760 of each fiscal year and \$8 million on the first day of each  
 761 subsequent month for the remainder of the fiscal year to the  
 762 State Transportation Trust Fund to be used as directed by s.  
 763 339.0803.

764 7. All other proceeds must remain in the General Revenue  
 765 Fund.

766 Section 9. Subsection (1) of section 220.14, Florida  
 767 Statutes, is amended to read:

768 220.14 Exemption.—

769 (1) In computing a taxpayer's liability for tax under this  
 770 code, \$75,000 ~~there shall be exempt from the tax \$50,000~~ of net  
 771 income as defined in s. 220.12 is exempt from the tax or such  
 772 lesser amount as will, without increasing the taxpayer's federal  
 773 income tax liability, provide the state with an amount under  
 774 this code which is equal to the maximum federal income tax  
 775 credit which may be available from time to time under federal  
 776 law.

777 Section 10. The amendments made by this act to s. 220.14,  
 778 Florida Statutes, apply to taxable years beginning on or after  
 779 January 1, 2015.

780 Section 11. Subsection (5) of section 220.183, Florida

781 Statutes, is amended to read:

782 220.183 Community contribution tax credit.—

783 (5) EXPIRATION.—The provisions of this section, except  
 784 paragraph (1)(e), shall expire and be void on June 30, 2016  
 785 ~~2015~~.

786 Section 12. Subsection (3) of section 220.63, Florida  
 787 Statutes, is amended to read:

788 220.63 Franchise tax imposed on banks and savings  
 789 associations.—

790 (3) For purposes of this part, the franchise tax base is  
 791 ~~shall be~~ adjusted federal income, as defined in s. 220.13,  
 792 apportioned to this state, plus nonbusiness income allocated to  
 793 this state pursuant to s. 220.16, less the deduction allowed in  
 794 subsection (5) and less \$75,000 ~~\$50,000~~.

795 Section 13. The amendments made by this act to s. 220.63,  
 796 Florida Statutes, apply to taxable years beginning on or after  
 797 January 1, 2015.

798 Section 14. Section 288.127, Florida Statutes, is created  
 799 to read:

800 288.127 Qualified Television Loan Fund (QTV Fund).—

801 (1) DEFINITIONS.—As used in this section, the term:

802 (a) "Fund administrator" means a private sector  
 803 organization under contract with the department to manage and  
 804 administer the QTV Fund.

805 (b) "Major broadcaster" means broadcasting organizations  
 806 that include, but are not limited to, television broadcasting

807 networks, cable television, direct broadcast satellite,  
808 telecommunications companies, and internet streaming or other  
809 digital media platforms.

810 (c) "Private investment capital" means capital from  
811 private, nongovernmental funding sources that will be coinvested  
812 with the QTV Fund in segregated accounts.

813 (d) "Qualified lending partner" means a financial  
814 institution, as defined in s. 655.005, selected by a fund  
815 administrator with demonstrated capability in providing  
816 financing to television production and specialized expertise in  
817 intellectual property, tax credit programs, customary broadcast  
818 license agreements, advertising inventories, and ancillary  
819 revenue sources, with a combined portfolio in film, television,  
820 and entertainment media of at least \$500 million.

821 (e) "Qualified television content" means series, mini-  
822 series, or made-for-TV content produced by a qualified  
823 production company that has in place a distribution contract  
824 with a major broadcaster, under a customary broadcast license  
825 agreement. The term does not include a production that contains  
826 content that is obscene, as defined in s. 847.001.

827 (2) PURPOSE.—The purpose of the QTV Fund is to create a  
828 public-private partnership in the form of a revolving loan fund  
829 to administer a loan program for television production. The QTV  
830 Fund shall be privately managed under state oversight to  
831 incentivize the use of this state as a site for producing  
832 qualified television content and to develop and sustain the

833 workforce and infrastructure for television content production.

834 (3) CREATION.—The Qualified Television Loan Fund is  
835 created within the department. The QTV Fund shall be a public  
836 fund that is privately managed by the fund administrator under  
837 contract entered into with the department. The department shall  
838 disburse the funds appropriated for this program to the fund  
839 administrator to invest in the QTV Fund during the existence of  
840 the program pursuant to this section and the contract entered  
841 into between the fund administrator and the department. State  
842 funds in the QTV Fund may be used only to enter into loan  
843 agreements and to pay any administrative costs or other  
844 authorized fees under this section.

845 (a) The QTV Fund shall be a revolving loan fund that shall  
846 invest and reinvest the principal and interest of the fund in  
847 accordance with s. 617.2104, in such a manner as to not subject  
848 the funds to state or federal taxes and to be consistent with  
849 the investment policy statement adopted by the fund  
850 administrator. As the production companies repay the principal  
851 and interest for the QTV Fund, the state funds shall be  
852 returned, less any QTV Fund expenses, to the account to be lent  
853 to subsequent borrowers.

854 (b) Funds from the QTV Fund shall be disbursed by the fund  
855 administrator through a lending vehicle to make short-term loans  
856 pursuant to this section.

857 (4) FUND ADMINISTRATOR.—

858 (a) The department shall contract with a fund

859 administrator by September 1, 2014, and award the contract in  
860 accordance with the competitive bidding requirements in s.  
861 287.057.

862 (b) The department shall select as fund administrator a  
863 private sector entity that demonstrates the ability to implement  
864 the program under this section and that meets the requirements  
865 set forth in this section. Preference shall be given to  
866 applicants that are headquartered in this state. Additional  
867 consideration may be given to applicants with experience in the  
868 management of economic development or job creation-related  
869 funds. The qualifications for the fund administrator must  
870 include, but are not limited to, the following:

871 1. A demonstrated track record of managing private sector  
872 equity or debt funds in the entertainment and media industries.

873 2. The ability to demonstrate through a partnership  
874 agreement that a qualified lending partner is in place, with the  
875 capability of providing leverage of a minimum of 2.5 times the  
876 capital amount of the QTV Fund, for financing the production  
877 cost of qualified television content in the form of senior debt.

878 (c) For overseeing and administering the QTV Fund, the  
879 fund administrator shall be paid an annual management fee equal  
880 to 5 percent of the assets under management during the first 5  
881 years and 3 percent of the assets under management after the  
882 fifth year and for the remaining duration of the contract.  
883 However, after the first year of the QTV Fund, the annual  
884 management fee may not exceed the investment proceeds earned

885 from the fund's completed loans. The annual management fee shall  
886 be paid from state funds in the QTV Fund and shall be paid in  
887 advance, in equal quarterly installments. Any additional private  
888 investment capital in the segregated accounts is responsible for  
889 its own management fees. In addition, the fund administrator may  
890 receive income or profit distribution equal to 20 percent of the  
891 net income of the QTV Fund on an annual basis. Such distribution  
892 may not be made from any principal funds from the original  
893 appropriation.

894 (d) The fund administrator shall provide services defined  
895 under this section for the duration of the QTV Fund term unless  
896 removed for cause. Cause shall be further defined under the  
897 contract with the fund administrator and must include, but is  
898 not limited to, the engagement in fraud or other criminal acts  
899 by board members, incapacity, unfitness, neglect of duty,  
900 official incompetence and irresponsibility, misfeasance,  
901 malfeasance, nonfeasance, or lack of performance.

902 (5) FUND ADMINISTRATOR POWERS AND DUTIES.-

903 (a) Authority to contract.-The fund administrator may  
904 enter into agreements with qualified lending partners for  
905 concurrent lending through the QTV Fund. A loan made by the  
906 qualified lending partner must be accounted for separately from  
907 the state funds or any other private investment capital. Such  
908 loan shall be made as senior debt. The fund administrator may  
909 raise private investment capital for mezzanine equity and other  
910 equity or raise junior capital for concurrent lending through

911 the QTV Fund. However, loans from private investment capital may  
912 not be made at more favorable terms and conditions than the  
913 terms and conditions of the state funds in the QTV Fund. The  
914 state appropriation must be maintained in a separate account  
915 from any private investment capital and administered in a  
916 separate legal investment entity or entities. Private investment  
917 capital and loans shall be segregated from each other, and funds  
918 may not be commingled.

919 (b) General duties.—The fund administrator:

920 1. Shall prudently manage the funds in the QTV Fund as a  
921 revolving loan fund.

922 2. Shall contract with one or more qualified lending  
923 partners.

924 3. Shall provide improvement of the credit profile of a  
925 structured financial transaction for qualified production  
926 companies that produce qualified television content meeting the  
927 criteria in subsection (7).

928 4. May raise additional private investment capital to be  
929 held in separate accounts, in addition to the leverage provided  
930 by the qualified lending partner.

931 5. Shall administer the QTV Fund in accordance with this  
932 part.

933 6. Shall agree to maintain the recipient's books and  
934 records relating to funds received from the department according  
935 to generally accepted accounting principles and in accordance  
936 with the requirements of s. 215.97(7) and to make those books

937 and records available to the department for inspection upon  
938 reasonable notice. The books and records must be maintained with  
939 detailed records showing the use of proceeds from loans to fund  
940 qualified television content.

941 7. Shall maintain its registered office in this state  
942 throughout the duration of the contract.

943 (c) Financial reporting.—The fund administrator shall  
944 submit to the department by February 28 each year audited  
945 financial statements for the preceding tax year which are  
946 audited by an independent certified public accountant after the  
947 end of each year in which the fund administrator is under  
948 contract with the department. In addition to providing an  
949 independent opinion on the annual financial statements, such  
950 audit provides a basis to verify the segregation of state funds  
951 from those of any private investment capital.

952 (d) Program reporting.—The fund administrator shall submit  
953 an annual report to the department by February 28 after the end  
954 of each year in which the fund administrator is under contract  
955 with the department. The report must include information on the  
956 loans made in the preceding calendar year and must include, but  
957 need not be limited to, the following:

958 1. The name of the qualified television content.

959 2. The names of the counties in which the production  
960 occurred.

961 3. The number of jobs created and retained as a result of  
962 the production.

963       4. The loan amounts, including the amount of private  
964 investment capital and funds provided by a qualified lending  
965 partner.

966       5. The loan repayment status for each loan.

967       6. The number, and amounts, of any loans with payments  
968 past due.

969       7. The number, and amounts, of any loans in default.

970       8. A description of the assets securing the loans.

971       9. Other information and documentation required by the  
972 department.

973       (e) Plan of accountability.—The fund administrator shall  
974 submit an annual plan of accountability of economic development,  
975 including a report detailing the job creation resulting from the  
976 QTV Fund loans made during the current year and cumulatively  
977 since the inception of the program. The fund administrator shall  
978 also provide any additional information requested by the  
979 department pertaining to economic development and job creation  
980 in the state.

981       (f) Conflict-of-interest statement.—The fund administrator  
982 shall provide a conflict-of-interest statement from its  
983 governing board certifying that no board member, director,  
984 employee, agent, or other person connected to or affiliated with  
985 the fund administrator is receiving or will receive any type of  
986 compensation or remuneration from a production company that has  
987 received or will receive funds from the loan program or from a  
988 qualified lending partner. The department may waive this

989 requirement for good cause shown.

990 (6) LOAN STRUCTURE.—

991 (a) The QTV Fund may make loans to production companies to  
992 fund production costs or provide improvement of the credit  
993 profile of a structured financial transaction for qualified  
994 television content that meets the criteria requirements of  
995 subsection (7). To make a loan, the fund administrator shall  
996 take into consideration the types of eligible collateral, the  
997 credit worthiness of the project, the producer's track record,  
998 the possibility that the project will encourage, enhance, or  
999 create economic benefits, and the extent to which assistance  
1000 would foster innovative public-private partnerships and attract  
1001 private debt or equity investment.

1002 (b) The QTV Fund loan package shall be secured by  
1003 contractual and predictable sources of repayment such as  
1004 domestic and international broadcaster license agreements, tax  
1005 credits, and other ancillary revenues that are derived from  
1006 media content rights. Unsecured loans may not be made.

1007 (c) The loans shall be made on the basis of a second lien  
1008 or primary security rights on the media assets listed in  
1009 paragraph (b).

1010 (d) The QTV Fund shall provide funding only in conjunction  
1011 with senior loans provided by a qualified lending partner. Loans  
1012 from the QTV Fund may be subordinated to senior debt from the  
1013 qualified lending partner and may not exceed 30 percent of the  
1014 total production funding cost of any particular project.

HB 5601

2014

1015 (e) The production company's repayment of any loan shall  
1016 be in accordance with the broadcast license agreement and the  
1017 delivery of qualified television content to the major  
1018 broadcaster and shall be within 60 days after such delivery.

1019 (f) Loans made by the QTV Fund may not exceed 36 months in  
1020 duration, except for extenuating circumstances for which the  
1021 fund administrator may grant an extension upon making written  
1022 findings to the department specifying the conditions requiring  
1023 the extension.

1024 (g) With the exception of funds appropriated to the  
1025 department for the loan program, the credit of the state may not  
1026 be pledged. The state shall not be liable or obligated in any  
1027 way for claims against the QTV Fund or against the qualified  
1028 lending partner.

1029 (7) QUALIFIED TELEVISION CONTENT CRITERIA.—The fund  
1030 administrator must consider at a minimum the following criteria  
1031 for evaluating the qualifying television content:

1032 (a) The content is intended for broadcast by a major  
1033 broadcaster on a major network, cable, or streaming channel.

1034 (b) The content is produced in this state, or a minimum of  
1035 80 percent of the production budget must be spent in this state.  
1036 This requirement may be amended by the fund administrator upon  
1037 notice to the department. Such notice must include a specific  
1038 justification for the change and must be transmitted to the  
1039 department in writing. The department has 10 business days to  
1040 object to the change. If the department does not object to the

1041 change within 10 business days, the change is deemed acceptable  
1042 by the department, and the fund administrator may grant the  
1043 amendment to the requirement in this paragraph.

1044 (c) If the content is a series, there is a programming  
1045 order for at least 13 episodes. This requirement may be amended  
1046 by the fund administrator upon notice to the department. Such  
1047 notice must include a specific justification for the change and  
1048 must be transmitted to the department in writing. The department  
1049 has 10 business days to object to the change. If the department  
1050 does not object to the change within 10 business days, the  
1051 change is deemed acceptable by the department, and the fund  
1052 administrator may grant the amendment to the requirement in this  
1053 paragraph.

1054 (d) The producer must have a contract in place with a  
1055 major broadcaster to acquire content programming under a  
1056 customary broadcast license agreement and the contract must  
1057 cover at least 60 percent of the budget.

1058 (e) The producer must retain a foreign sales agent and  
1059 must be able to provide the fund administrator with the foreign  
1060 sales agent's official estimates of foreign and ancillary sales.

1061 (f) The project must be bonded and secured by an industry-  
1062 approved completion guarantor if the production cost per episode  
1063 exceeds \$1 million. This requirement may be waived if the loan  
1064 applicant provides the fund administrator with evidence of  
1065 adequate structure to protect the state's funds.

1066 (8) AUDITOR GENERAL REPORT.—The Auditor General shall

1067 conduct an operational audit, as defined in s. 11.45, of the QTV  
 1068 Fund and fund administrator. The scope of review must include,  
 1069 but is not limited to, internal controls evaluations, internal  
 1070 audit functions, reporting and performance requirements for the  
 1071 use of the funds, and compliance with state and federal law. The  
 1072 fund administrator shall provide to the Auditor General any  
 1073 detail or supplemental data required.

1074 (9) RULEMAKING AUTHORITY.—The department may adopt rules  
 1075 to administer this section.

1076 (10) EXPIRATION.—This section expires December 31, 2024,  
 1077 at which point all funds remaining in the QTV Fund shall revert  
 1078 to the General Revenue Fund.

1079 (11) EMERGENCY RULES.—

1080 (a) The executive director of the department is  
 1081 authorized, and all conditions are deemed met, to adopt  
 1082 emergency rules pursuant to ss. 120.536(1) and 120.54(4) for the  
 1083 purpose of implementing this section.

1084 (b) Notwithstanding any other law, the emergency rules  
 1085 adopted pursuant to paragraph (a) remain in effect for 6 months  
 1086 after adoption and may be renewed during the pendency of  
 1087 procedures to adopt permanent rules addressing the subject of  
 1088 the emergency rules.

1089 (c) This subsection expires October 1, 2015.

1090 Section 15. Paragraph (c) of subsection (3) of section  
 1091 288.9914, Florida Statutes, is amended to read:

1092 288.9914 Certification of qualified investments;

1093 investment issuance reporting.—

1094 (3) REVIEW.—

1095 (c) The department may not approve a cumulative amount of  
 1096 qualified investments that may result in the claim of more than  
 1097 \$227.55 ~~\$178.8~~ million in tax credits during the existence of  
 1098 the program or more than \$36.6 million in tax credits in a  
 1099 single state fiscal year. However, the potential for a taxpayer  
 1100 to carry forward an unused tax credit may not be considered in  
 1101 calculating the annual limit.

1102 Section 16. Section 339.0803, Florida Statutes, is created  
 1103 to read:

1104 339.0803 Funding for strategic and regionally significant  
 1105 transportation projects.—Funds deposited into the State  
 1106 Transportation Trust Fund pursuant to s. 212.20(6)(d)6.f. must  
 1107 be used annually, first as set forth in subsection (1), and then  
 1108 as set forth in subsection (2), notwithstanding any other  
 1109 provision of law.

1110 (1) Beginning in the 2014-2015 fiscal year and in each  
 1111 fiscal year thereafter, \$85 million shall be used annually for  
 1112 transportation projects within this state for existing or  
 1113 planned strategic transportation projects that connect major  
 1114 markets within this state or between this state and other  
 1115 states, focus on job creation, and increase this state's  
 1116 viability in the national and global markets.

1117 (2) Beginning in the 2014-2015 fiscal year and in each  
 1118 fiscal year thereafter, \$15 million shall be used annually for

1119 regionally significant transportation projects that support this  
 1120 state's economic regions and provide connectivity to and through  
 1121 rural areas. To be eligible for funding under this subsection,  
 1122 projects must be production-ready in the 5-year work program  
 1123 developed pursuant to s. 339.135. Funds required to be used  
 1124 under this subsection may be used to provide up to 75 percent of  
 1125 project costs for eligible projects. Preference shall be given  
 1126 to projects that have been identified as regionally significant  
 1127 in accordance with s. 339.155(4) (c), (d), and (e) and that have  
 1128 provided an increased level of non-state match.

1129 Section 17. Subsection (6) of section 624.5105, Florida  
 1130 Statutes, is amended to read:

1131 624.5105 Community contribution tax credit; authorization;  
 1132 limitations; eligibility and application requirements;  
 1133 administration; definitions; expiration.—

1134 (6) EXPIRATION.—The provisions of this section, except  
 1135 paragraph (1) (e), shall expire and be void on June 30, 2016  
 1136 2015.

1137 Section 18. Sales tax holiday for Energy Star and  
 1138 WaterSense products.—

1139 (1) The tax levied under chapter 212, Florida Statutes,  
 1140 may not be collected during the period from 12:01 a.m. on  
 1141 September 19, 2014, through 11:59 p.m. on September 21, 2014, on  
 1142 the first \$1,500 of the sale price of a new Energy Star product  
 1143 or WaterSense product. However, a person is limited to one  
 1144 purchase of each specific type of Energy Star or WaterSense

HB 5601

2014

1145 product listed in paragraph (2) (a) or paragraph (2) (b) with a  
1146 sales price of \$500 or more. A second or subsequent purchase of  
1147 a specific type of Energy Star product or WaterSense product  
1148 with a sales price of \$500 or more is subject to tax.

1149 (2) As used in this section, the term:

1150 (a) "Energy Star product" means a room air conditioner,  
1151 air purifier, ceiling fan, clothes washer, clothes dryer,  
1152 dehumidifier, dishwasher, freezer, refrigerator, water heater,  
1153 swimming pool pump, or package of light bulbs that is designated  
1154 by the United States Environmental Protection Agency and the  
1155 United States Department of Energy as meeting or exceeding each  
1156 agency's requirements under the Energy Star program and that is  
1157 affixed with an Energy Star label.

1158 (b) "WaterSense product" means a bathroom sink faucet,  
1159 faucet accessory, high-efficiency toilet or urinal, showerhead,  
1160 or weather or sensor-based irrigation controller that is  
1161 recognized as water efficient by the WaterSense program  
1162 sponsored by the United States Environmental Protection Agency  
1163 and that is affixed with a WaterSense label.

1164 (3) The Department of Revenue may, and all conditions are  
1165 deemed met to, adopt emergency rules pursuant to ss. 120.536(1)  
1166 and 120.54, Florida Statutes, to administer this section.

1167 Section 19. Physical fitness admissions tax suspension.—

1168 (1) The tax levied under s. 212.04, Florida Statutes, may  
1169 not be collected during the period from 12:01 a.m. on September  
1170 1, 2014, through 11:59 p.m. on September 8, 2014, on the sale of

1171 athletic, exercise, and physical fitness facility memberships by  
1172 a health studio registered under ss. 501.012-501.019, Florida  
1173 Statutes.

1174 (2) The Department of Revenue may, and all conditions are  
1175 deemed met to, adopt emergency rules pursuant to ss. 120.536(1)  
1176 and 120.54, Florida Statutes, to administer this section.

1177 Section 20. (1) The tax levied under chapter 212, Florida  
1178 Statutes, may not be collected during the period from 12:01 a.m.  
1179 on August 1, 2014, through 11:59 p.m. on August 3, 2014, on the  
1180 sale of:

1181 (a) Clothing, wallets, or bags, including handbags,  
1182 backpacks, fanny packs, and diaper bags, but excluding  
1183 briefcases, suitcases, and other garment bags, having a sales  
1184 price of \$100 or less per item. As used in this paragraph, the  
1185 term "clothing" means:

1186 1. Any article of wearing apparel intended to be worn on  
1187 or about the human body, excluding watches, watchbands, jewelry,  
1188 umbrellas, and handkerchiefs; and

1189 2. All footwear, excluding skis, swim fins, roller blades,  
1190 and skates.

1191 (b) School supplies having a sales price of \$15 or less  
1192 per item. As used in this paragraph, the term "school supplies"  
1193 means pens, pencils, erasers, crayons, notebooks, notebook  
1194 filler paper, legal pads, binders, lunch boxes, construction  
1195 paper, markers, folders, poster board, composition books, poster  
1196 paper, scissors, cellophane tape, glue or paste, rulers,

1197 computer disks, protractors, compasses, and calculators.

1198 (2) The tax levied under chapter 212, Florida Statutes,  
1199 may not be collected during the period from 12:01 a.m. on August  
1200 1, 2014, through 11:59 p.m. on August 3, 2014, on the first \$750  
1201 of the sales price of personal computers or personal computer-  
1202 related accessories purchased for noncommercial home or personal  
1203 use. As used in this subsection, the term:

1204 (a) "Personal computers" includes electronic book readers,  
1205 laptops, desktops, handhelds, tablets, and tower computers. The  
1206 term does not include cellular telephones, video game consoles,  
1207 digital media receivers, or devices that are not primarily  
1208 designed to process data.

1209 (b) "Personal computer-related accessories" includes  
1210 keyboards, mice, personal digital assistants, monitors, other  
1211 peripheral devices, modems, routers, and nonrecreational  
1212 software, regardless of whether the accessories are used in  
1213 association with a personal computer base unit. The term does  
1214 not include furniture or systems, devices, software, or  
1215 peripherals designed or intended primarily for recreational use.

1216 (c) "Monitors" does not include devices that have a  
1217 television tuner.

1218 (3) The tax exemptions provided in this section do not  
1219 apply to sales within a theme park or entertainment complex as  
1220 defined in s. 509.013(9), Florida Statutes, within a public  
1221 lodging establishment as defined in s. 509.013(4), Florida  
1222 Statutes, or within an airport as defined in s. 330.27(2),

1223 Florida Statutes.

1224 (4) The Department of Revenue may, and all conditions are  
 1225 deemed met to, adopt emergency rules pursuant to ss. 120.536(1)  
 1226 and 120.54, Florida Statutes, to administer this section.

1227 Section 21. (1) The tax levied under chapter 212, Florida  
 1228 Statutes, may not be collected during the period from 12:01 a.m.  
 1229 on June 1, 2014, through 11:59 p.m. on June 12, 2014, on the  
 1230 sale of:

1231 (a) A portable self-powered light source selling for \$20  
 1232 or less.

1233 (b) A portable self-powered radio, two-way radio, or  
 1234 weatherband radio selling for \$50 or less.

1235 (c) A tarpaulin or other flexible waterproof sheeting  
 1236 selling for \$50 or less.

1237 (d) A self-contained first-aid kit selling for \$30 or  
 1238 less.

1239 (e) A ground anchor system or tie-down kit selling for \$50  
 1240 or less.

1241 (f) A gas or diesel fuel tank selling for \$25 or less.

1242 (g) A package of AA-cell, C-cell, D-cell, 6-volt, or 9-  
 1243 volt batteries, excluding automobile and boat batteries, selling  
 1244 for \$30 or less.

1245 (h) A nonelectric food storage cooler selling for \$30 or  
 1246 less.

1247 (i) A portable generator used to provide light or  
 1248 communications or preserve food in the event of a power outage

1249 selling for \$750 or less.

1250 (j) Reusable ice selling for \$10 or less.

1251 (2) The Department of Revenue may, and all conditions are  
 1252 deemed met to, adopt emergency rules pursuant to ss. 120.536(1)  
 1253 and 120.54, Florida Statutes, to administer this section.

1254 Section 22. (1) For fiscal year 2014-2015, the sum of \$20  
 1255 million of nonrecurring funds is appropriated from the General  
 1256 Revenue Fund to the Economic Development Trust Fund of the  
 1257 Department of Economic Opportunity for the purpose of making  
 1258 disbursements in accordance with s. 288.127(3), Florida  
 1259 Statutes.

1260 (2) For fiscal year 2014-2015, the sum of \$43,941 of  
 1261 nonrecurring funds is appropriated from the General Revenue Fund  
 1262 to the Department of Revenue for the purpose of administering  
 1263 section 18 of this act.

1264 (3) For fiscal year 2013-2014, the sum of \$223,048 of  
 1265 nonrecurring funds is appropriated from the General Revenue Fund  
 1266 to the Department of Revenue for the purpose of administering  
 1267 section 20 of this act. On June 30, 2014, the unexpended balance  
 1268 of this appropriation shall revert to the General Revenue Fund  
 1269 and be reappropriated for the same purpose for fiscal year 2014-  
 1270 2015.

1271 (4) For fiscal year 2013-2014, the sum of \$280,912 of  
 1272 nonrecurring funds is appropriated from the General Revenue Fund  
 1273 to the Department of Revenue for the purpose of administering  
 1274 section 21 of this act. On June 30, 2014, the unexpended balance

HB 5601

2014

1275 of this appropriation shall revert to the General Revenue Fund  
1276 and be reappropriated for the same purpose for fiscal year 2014-  
1277 2015.

1278 Section 23. Except as otherwise expressly provided in this  
1279 act, this act shall take effect July 1, 2014.