

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

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

BILL: CS/SB 1536

INTRODUCER: Agriculture Committee; and Senator Perry and others

SUBJECT: Agricultural Practices

DATE: April 12, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Akhavein</u>	<u>Becker</u>	<u>AG</u>	<u>Fav/CS</u>
2.	<u>Gross</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<u>Pre-meeting</u>
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1536 addresses issues related to agricultural practices. The bill:

- Increases the portion of a farm trailers' sales price that is exempt from state sales and use tax;
- Exempts specified animal and aquaculture health products from the sales and use tax;
- Exempts from the sales and use tax fencing materials used on a farm to protect animals;
- Exempts oxygen products used in aquaculture production from the sales and use tax;
- Revises eligibility for an agricultural restricted license plate by removing the 150 mile radius of the vehicle's home address restriction, and instead, allowing the vehicle to operate statewide; and
- Eliminates the supplemental fee for each registered brand of pesticide that contains an active ingredient for which the Environmental Protection Agency has established a food tolerance limit.

The Revenue Estimating Conference estimates this bill will reduce General Revenue Fund receipts by \$11.1 million, state trust funds by \$1.7 million, and local government revenues by \$2.7 million in Fiscal Year 2017-2018.

The bill takes effect July 1, 2017, except that the amendments made to the definition of "posted land" take effect October 1, 2017.

II. Present Situation:

Florida levies a six percent state sales and use tax on the sale or rental of most tangible personal property, admissions, rentals of transient accommodations, rentals of commercial real estate, and a limited number of services.¹

Chapter 212, F.S., contains statutory provisions authorizing the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or uses under specified circumstances.

In addition to the state sales and use tax, s. 212.055, F.S., authorizes counties to impose nine local discretionary sales surtaxes.² A surtax applies to all transactions occurring in the county that are subject to the state tax imposed on sales, use, services, rental, admissions, and other transactions by ch. 212, F.S., and on communications services as defined in ch. 202, F.S.³

Sales tax is added to the price of taxable goods or services and the tax is collected from the purchaser at the time of sale.

Agricultural Products

Current law exempts from the sales and use tax certain items used for agricultural purposes and nets used by commercial fisheries.⁴ An exemption is not allowed unless the purchaser or lessee signs a certificate stating that the item to be exempted is for the exclusive use designated in s. 212.08(5)(a), F.S.

Trailers to be used by a farmer exclusively in agricultural production or agricultural transportation, including the moving of farm equipment, are exempt from the sales and use tax on the portion of the sales price below \$20,000. The trailer must weigh 12,000 pounds or less.⁵

Agricultural Restricted License Plate

Current law provides for a restricted license plate for a truck tractor or heavy truck, not operated as a for-hire vehicle, which is engaged exclusively in transporting raw, unprocessed, or non-manufactured agricultural or horticultural products within a 150-mile radius of its home address.⁶ The fees for a restricted license plate are:

- \$87.75 flat, if the vehicle's declared gross vehicle weight is less than 44,000 pounds.
- \$324 flat, if the vehicle's declared gross vehicle weight is 44,000 pounds or more and such vehicle only transports from the point of production to:
 - The point of primary manufacture;
 - The point of assembling the same; or

¹ See ch. 212, F.S.

² The tax rates, duration of the surtaxes, method of imposition, and proceed uses are individually specified in s. 212.055, F.S.

³ Section 212.054, F.S.

⁴ Section. 212.08(5)(a), F.S.

⁵ Section. 212.08(3)(b), F.S.

⁶ Section. 320.08(4)(n), F.S.

- A shipping point by rail, water, or motor transportation company.⁷

Pesticide Registration

Currently, pesticide registrants are required to pay a supplemental biennial registration fee for each registered brand of pesticide that contains an active ingredient for which the United States Environmental Protection Agency has established a food tolerance limit. The supplemental fee is \$630 per brand of pesticide that is subject to the fee. This fee is deposited into the General Inspection Trust Fund and is used by the department for pesticide residue testing for food safety.⁸

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to increase the portion of the sales price exempt from sales and use tax for farm trailers from \$20,000 to \$25,000.

This bill also exempts from the sales and use tax:

- Animal health products which are applied to or consumed by livestock or poultry to relieve pain or sickness;
- Aquaculture health products;
- Hog wire and nylon mesh netting used on a farm for protection from predatory or destructive animals;
- Barbed wire fencing used on a beef or dairy cattle farm, including gates and materials used to construct or repair such fencing; and
- Compressed or liquefied oxygen used in aquaculture production.

Section 2 revises eligibility for an agricultural restricted license plate by removing the 150 mile radius of the vehicle's home address restriction, and instead, allowing the vehicle to operate statewide.

Section 3 amends s. 487.041, F.S., to repeal the supplemental pesticide registration fee that registrants pay for pesticides that contain an active ingredient for which the United States Environmental Protection Agency has established a food tolerance limit. It also amends provisions in this section to conform to the bill's changes and deletes obsolete provisions.

Section 4 amends s. 810.011, F.S., to make technical changes in the definition of "posted land." This section is effective October 1, 2017.

Section 5 provides that except as otherwise expressly provided in the bill, the bill is effective July 1, 2017.

⁷ Section 320.08(4)(n), F.S.

⁸ Section 487.041(1), F.S.

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

Subsection (b) of section 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. However, the mandate requirements do not apply to laws having an insignificant impact, which for Fiscal Year 2017-2018 is \$2 million or less.^{9,10,11}

The Revenue Estimating Conference estimates this bill reduces the authority that counties have to raise revenue from the local option sales tax by \$1.3 million in Fiscal Year 2017-2018 and \$1.4 million in Fiscal Year 2018-2019. Therefore, this bill has an insignificant fiscal impact on local governments and the mandates provision does not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

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

The Revenue Estimating Conference estimates this bill will reduce General Revenue Fund receipts by \$11.1 million, state trust funds by \$1.7 million, and local government revenues by \$2.7 million in Fiscal Year 2017-2018.

B. Private Sector Impact:

None.

⁹ FLA. CONST. art. VII, s. 18(d).

¹⁰ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year times \$0.10. See Florida Senate Committee on Community Affairs, Interim Report 2012-115: Insignificant Impact, (Sept. 2011), available at <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited April 5, 2017).

¹¹ Based on the Demographic Estimating Conference's population adopted on February 13, 2017. The conference packet is available at <http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf> (last visited April 5, 2017).

C. Government Sector Impact:

Eliminating the supplemental pesticide fee will result in deposits to the General Inspection Trust Fund being \$1.7 million lower in Fiscal Year 2017-2018.¹²

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends the following sections of the Florida Statutes: 212.08, 320.08, 487.041, and 801.011.

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

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

CS by Agriculture on March 21, 2017:

The committee substitute:

- Revises the maximum sales price of certain farm trailers exempt from the sales and use tax;
- Exempts certain animal health products and agricultural items from sales and use tax;
- Deletes provisions authorizing the use of international orange paint on trees or posts to indicate posted lands; and
- Deletes Section 5, which narrows the scope of farm products that qualify a property for protection under the Right to Farm Act.

B. Amendments:

None.

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

¹² Office of Economic and Demographic Research, Florida Legislature, *Revenue Estimating Impact Conference, Eliminates a supplemental biennial registration fee on certain pesticides*, (Mar. 24, 2017), available at http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2017/_pdf/page405-407.pdf (last visited April 10, 2017).