

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 120

SPONSOR: Senator Grant

SUBJECT: Library Cooperatives

DATE: February 24, 1999

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill requires the Division of Library and Information Services of the Department of State to issue a certificate to each library cooperative that meets certain standards and rules. The bill provides an exemption from the sales and use tax, retroactive to July 1, 1997, for certified library cooperatives.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 257.41 and 212.08(7).

II. Present Situation:

Section 257.41, F.S., requires the Division of Library and Information Services of the Department of State to establish operating standards and rules under which a library cooperative is eligible to receive state moneys.

Six nonprofit library cooperatives have been established in Florida for the purpose of sharing resources and providing training. According to the Florida Library Association, at least 95 percent of the funding of the six library cooperatives is derived largely from state and local tax revenues. The library cooperatives must generate a 10 percent match from local sources to receive a state general revenue grant of \$200,000. In addition, the library cooperatives receive federal grant moneys.

Also according to the Florida Library Association, library cooperatives have been exempt from state sales and use tax since 1989. The Department of Revenues reviews non-profit tax-exempt status every five years. Two of the state's library cooperatives lost their tax exempt status in 1997-98 as a result of review by the department.

Florida's sales and use tax is a tax of general applicability which applies to receipts from the sales, storage and use of all tangible personal property unless specifically exempted. Section 212.08(7),

F.S., enumerates 51 miscellaneous sales tax exemptions ranging from artificial commemorative flowers to charter fishing vessels.

III. Effect of Proposed Changes:

The bill amends s. 257.41(2), F.S., requiring the Division of Library and Information Services of the Department of State to issue a certificate to each library cooperative that meets operating standards and rules under which a library cooperative is eligible to receive state moneys.

The bill also amends s. 212.08(7), F.S., adding a new subsection (zz) providing a sales and use tax exemption to library cooperatives certified under s. 257.41(2), F.S. The exemption is retroactive to July 1, 1997.

The bill shall take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill initially falls under subsection (b) of section 18 of Article VII, Florida Constitution. Subsection (b) requires a two-thirds vote of the membership of each house in order to enact a general law reducing the authority that municipalities and counties had on February 1, 1989 to raise revenues in the aggregate. By adding an exemption to the state sales tax, the bill has the effect of adding an exemption to the local option county sales surtax. Since the annual local revenue loss is estimated to be less than \$1.4 million, the bill will be exempt from the requirements of subsection (b) due to the insignificant negative fiscal impact as permitted under subsection (d) of section 18 of Article VII. (See subsection (d) of s. 18, Art. VII, Florida Constitution, for various types of general laws, including those with insignificant fiscal impact.)

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The retroactive sales tax exemption for certified library cooperatives will result in a \$0.1 million loss in General Revenue in fiscal year 1999-00, with an insignificant recurring General Revenue loss.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring	1st Year	Recurring
Library Cooperatives.	\$ (0.1)	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (0.1)	\$ (*)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Certified library cooperatives will not have to pay sales and use tax on purchases of tangible personal property and on the rental or lease of real property pursuant to chapter 212.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
