

STORAGE NAME: h0643a.bdt

DATE: March 3, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 643

RELATING TO: Taxes/Photographic/Printing Supplies

SPONSOR(S): Representative Dockery and others

COMPANION BILL(S): SB 952(i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 9 NAYS 0
 - (2) FINANCE AND TAXATION
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

This bill provides a sales tax exemption for film and other printing supplies. When used by certain businesses in the production of graphic matter for sale, the following items are exempt from the sales tax imposed by chapter 212, Florida Statutes: film, photographic paper, dyes used for embossing and engraving, artwork, typography, lithographic plates, and negatives .

The businesses in the following Standard Industrial Classification (SIC) Codes are affected by the bill: 275 - Commercial Printing; 276 - Manifold Business Forms; 277 - Greeting Cards; 278 - Blankbooks and Bookbinding; and, 279 - Printing Trade Services. The bill provides an effective date of July 1, 1999.

The issue of rulemaking is not addressed in the bill.

The revenue estimating conference has not yet addressed this bill.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 212, Florida Statutes, provides for the tax on sales, use and other transactions. Section 212.05, F.S., provides that every person who engages in the business of selling tangible personal property at retail in this state, including the business of making mail order sales, or who rents or furnishes any of the things or services taxable under chapter 212, F.S., or who stores for use or consumption any item or article of tangible personal property and who leases or rents such property is exercising a taxable privilege. Section 212.05(1)(a)1.a., F.S., provides for a six percent tax rate on the retail price of each item or article of tangible personal property when sold at retail in this state.

Section 212.08, F.S., provides for specific exemptions from the sales tax imposed by this chapter. Miscellaneous exemptions from the state sales tax can be found in s. 212.08(7), F.S.

Certain industries are classified under the Standard Industrial Classification (SIC) Manual, 1987, published by the Office of Management and Budget, Executive Office of the President. The following are the SIC codes with their corresponding industry descriptions affected by this bill: 275 - Commercial Printing; 276 - Manifold Business Forms; 277 - Greeting Cards; 278 - Blankbooks and Bookbinding; and, 279 - Printing Trade Services.

B. EFFECT OF PROPOSED CHANGES:

This bill would exempt film, photographic paper, dyes used for embossing and engraving, artwork, typography, lithographic plates, and negatives from taxation under s. 212.08, F.S., for businesses classified under specified SIC codes. Those codes and their corresponding industry descriptions include: 275 - Commercial Printing; 276 - Manifold Business Forms; 277 - Greeting Cards; 278 - Blankbooks and Bookbinding; and, 279 - Printing Trade Services.

The effective date of the bill is July 1, 1999.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The issue of rulemaking is not addressed in the bill.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Possibly, only to the extent the provisions of the bill are effectuated.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

Yes. The revenue estimating conference has not yet reviewed this bill.

d. Does the bill reduce total fees, both rates and revenues?

Yes. The revenue estimating conference has not yet reviewed this bill.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 212.08(7), F.S.

E. SECTION-BY-SECTION ANALYSIS:

See section II. B., Effect of Proposed Changes.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

The revenue estimating conference has not yet addressed this bill.

2. Recurring Effects:

The revenue estimating conference has not yet addressed this bill.

3. Long Run Effects Other Than Normal Growth:

The revenue estimating conference has not yet addressed this bill.

4. Total Revenues and Expenditures:

The revenue estimating conference has not yet addressed this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

The revenue estimating conference has not yet addressed this bill.

2. Recurring Effects:

The revenue estimating conference has not yet addressed this bill.

3. Long Run Effects Other Than Normal Growth:

The revenue estimating conference has not yet addressed this bill.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

The revenue estimating conference has not yet addressed this bill.

2. Direct Private Sector Benefits:

Those businesses in specific SIC codes will not have to pay taxes on certain items.

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The revenue estimating conference has not yet addressed this bill.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The revenue estimating conference has not yet addressed this bill.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The revenue estimating conference has not yet addressed this bill.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

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VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

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