

**STORAGE NAME:** h0643.ft

**DATE:** April 15, 1999

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
FINANCE AND TAXATION  
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 creates a sales tax exemption for film, photographic paper, dyes used for embossing and engraving, artwork, typography, lithographic plates, and negatives when used by certain printing businesses in the production of graphic matter for sale. The exempt printing businesses are described by Standard Industrial Classification (SIC) Codes, and include the following: 275 - Commercial Printing; 276 - Manifold Business Forms; 277 - Greeting Cards; 278 - Blankbooks and Bookbinding; and, 279 - Printing Trade Services.

The issue of rulemaking is not addressed in the bill.

The estimated fiscal impact upon General Revenue is (\$4.1) million for FY 99-2000 and (\$4.7) million for FY 2000-2001. There will be a negative, but insignificant impact on the Solid Waste Management Trust Fund. The estimated fiscal impact upon local governments is (\$0.7) million for FY 1999-2000 and (\$0.7) for FY2000-2001. The total estimated fiscal impact for this bill is (\$4.8) million for FY 1999-2000 and (\$5.4) million for FY 2000-2001.

The bill provides an effective date of July 1, 1999.

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 212.05(1)(b), F.S., provides for a six percent tax on the cost price of any item of tangible personal property that is not sold but is used in the state.

The printing industry purchases or creates film, photographic paper, dyes used for embossing and engraving, artwork, typography, lithographic plates, and negatives for use in the production of graphic matter for sale. Since these items are used by the industry in the production of graphic matter for sale, and not purchased for resale, the items are subject to sales or use tax.

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 for the printing industry: 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 creates a sales tax exemption for film, photographic paper, dyes used for embossing and engraving, artwork, typography, lithographic plates, and negatives when used by certain printing businesses in the production of graphic matter for sale. The exempt printing businesses are described by Standard Industrial Classification (SIC) Codes, and include the following: 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?

No.

(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.

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

No.

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:

No.

2. Recurring Effects:

	FY 1999-00	FY 2000-01
General Revenue	(\$4.1M)	(\$4.7M)
Trust Fund	(*)	(*)
Local Government	(\$0.7M)	(\$0.7M)

3. Long Run Effects Other Than Normal Growth:

No.

4. Total Revenues and Expenditures:

See III.A.2.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:**

1. Non-recurring Effects:

None.

2. Recurring Effects:

See III.A.2.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

The printing industry will receive a sales and use tax exemption on certain items used to produce graphic matter for sale. The exemption should lower the printers overhead costs.

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

Indeterminate.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Although the bill will reduce the authority of municipalities and counties to raise revenues, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

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

While the bill will reduce the amount of the Local Government Half Cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

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V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

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