

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: CS/SB 952

SPONSOR: Fiscal Resource Committee, Senator Bronson and others

SUBJECT: Photographic & Printing Supplies

DATE: April 14, 1999 REVISED: _____

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

I. Summary:

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

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

II. Present Situation:

Chapter 212, F.S., 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. The statutes currently provide more than 150 exemptions from the sales tax. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(7), F.S., provides for over 50 miscellaneous exemptions.

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 - Blank books and Bookbinding; and 279 - Printing Trade Services.

III. Effect of Proposed Changes:

This bill adds a new paragraph (zz) to s. 212.08(7), F.S., to 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 when such materials are purchased, produced, or created by such businesses in producing graphic matter for sale. Those codes and their corresponding industry descriptions include: 275 - Commercial Printing; 276 - Manifold Business Forms; 277 - Greeting Cards; 278 - Blank books and Bookbinding; and 279 - Printing Trade Services.

The bill defines the term "SIC" to mean those classifications contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President.

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

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 Revenue Estimating Conference estimates that the sales and use tax exemption for materials used by the printing industry will result in a recurring loss to the General Revenue Fund of \$4.5 million and a recurring loss to local governments of \$0.7 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Sales Tax Exemption for Printing Supplies	(4.1)	(4.5)	(*)	(*)	(0.7)	(0.7)	(4.8)	(5.2)

- * Insignificant
- ** Indeterminate

B. Private Sector Impact:

Businesses with SIC codes of 275, 276, 277, 278, or 279 will not have to pay sales and use tax on the materials they purchase for the production of graphic matter for sale.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

HB 643 is similar to CS/SB 952.

VIII. Amendments:

None.