

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Higher Education Committee

BILL: SB 2480

INTRODUCER: Senator Posey

SUBJECT: Tax on Rental or License Fees/Skybox

DATE: April 17, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Matthews</u>	<u>HE</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>HI</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides for the repeal of a sales tax exemption for the rental, lease, sublease, or license for a skybox, luxury box, or other box seats for use at a high school or college football game.

The repeal applies to contracts entered into on or after January 1, 2006, and applies in all instances to charges imposed under a contract made as of January 1, 2010, regardless of when the contract was entered.

The sales tax exemption would continue to apply to charges imposed by qualifying nonprofit organizations.

This bill repeals section 212.031(9) of the Florida Statutes.

II. Present Situation:

Sales Tax Exemptions for Real Property

Real property that is rented, leased, let, or licensed in Florida is subject to taxation at the rate of six percent.¹ Section 212.031, F.S., provides sales tax exemptions on real property in certain situations, including:

- Assessments as agricultural property;
- Use exclusively as dwelling units;
- Property subject to tax on parking, docking, or storage spaces;

¹ s. 212.031(1)(c), F.S.

- A public street or road used for transportation purposes;
- Property used at an airport for specified purposes; and
- Property leased, subleased, licensed, or rented for provision of concession services at a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, or performing arts center.

A sales tax exemption is also granted for the rental, lease, sublease, or license for a skybox, luxury box, or other box seats for use at a high school or college football game, by a nonprofit sponsoring organization.²

University Skyboxes

According to the Board of Governors, the following universities have rentable skyboxes in their football stadiums:

- University of Florida;
- Florida State University; and
- University of South Florida.

Additionally, the University of Central Florida and the Florida International University are currently constructing skyboxes at their stadiums.

III. Effect of Proposed Changes:

This bill provides for the repeal of the sales tax exemption for rental, lease, sublease, or license for a skybox, luxury box, or other box seats for use at a high school or college football game.

Nonprofit organizations that rent, lease, sublease, or license these skyboxes or box seats remain eligible for the sales tax exemption.

The repeal of the sales tax exemption does not affect contracts finalized prior to January 1, 2006. However, the sales tax exemption does not continue beyond January 1, 2010. It is unclear whether taxes that have been assessed, but still outstanding, for skybox rentals contracted before January 1, 2006, would be collectable under these provisions.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

² s. 212.031(9), F.S.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Persons who rent, lease, sublease, or license skyboxes, luxury boxes, and other qualifying box seats would now be required to pay a sales tax on the payments.

C. Government Sector Impact:

As this bill has not been analyzed by the Revenue Estimating Conference, the fiscal impact is indeterminate. However, revenue would be generated from the application of sales tax to these transactions.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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