

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 135 Exemptions from the Tax on Sales, Use, and Other Transactions
SPONSOR(S): Troutman
TIED BILLS: IDEN./SIM. BILLS:

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: Committee on Agribusiness, 8 Y, 0 N, Kaiser, Reese. Row 2: Environment & Natural Resources Council, Kaiser / Smith, Dixon / Hamby.

SUMMARY ANALYSIS

This bill provides a sales tax exemption for purchases of low-volume irrigation or microirrigation equipment or components that are used exclusively in agricultural production. The bill also provides definitions for low-volume irrigation, microirrigation, and their related components. The bill provides for the exemption to be repealed on June 30, 2009, unless reenacted by the Legislature.

The bill deletes sales tax exemptions for generators used on poultry farms and for liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised. These exemptions are addressed elsewhere in the statutes.

In 2007, the Revenue Estimating Conference estimated the provisions of this legislation would result in a negative fiscal impact of \$3.4 million to state and local governments in FY 2007-2008. The Revenue Estimating Conference has not met this year to review the fiscal impact of this legislation. The effective date of this legislation is July 1, 2008.

HB 135 has one strike-all amendment traveling with the bill. For an explanation of this amendment, please refer to Section IV. (Amendments/Council Substitute Changes).

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: This legislation provides a sales tax exemption for the purchase of low-volume irrigation, or microirrigation equipment, or components that are used exclusively in agricultural production.

B. EFFECT OF PROPOSED CHANGES:

The bill provides a sales tax exemption for the purchase of low-volume irrigation or microirrigation equipment or components that are used exclusively in agricultural production. Unless reenacted by the Legislature, this exemption will be repealed on June 30, 2009.

The bill also provides definitions for low-volume irrigation and microirrigation; these were not previously defined in statute. These irrigation systems are designed to deliver water at a rate of 45 gallons per hour or less per exit point. System components include pumps, pumping stations, control stations, filtration equipment pressure regulators, piping, tubing, emitters, valves, fittings, gauges, sensors, sprinklers, and safety devices.

The bill deletes the exemption in s. 212.08(5)(a), F.S., for liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised. This exemption still remains under the provisions of s. 212.08(5)(e), F.S.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.02, F.S., creating a definition for low-volume irrigation and microirrigation.

Section 2: Amends s. 212.02, F.S., effective July 1, 2009, deleting the definition for low-volume irrigation and microirrigation.

Section 3: Amends s. 212.08, F.S., providing an exemption for low-volume irrigation or microirrigation; and, removing exemptions for generators used in poultry farms and liquefied petroleum gas or other fuels used to heat structures in which started pullets or boilers are raised.

Section 4: Amends s. 212.08, F.S., effective July 1, 2009, suspending the sales tax exemption for low-volume irrigation and microirrigation.

Section 5: Provides an effective date of July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
See Fiscal Comments.
2. Expenditures:
None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
See Fiscal Comments.
2. Expenditures:
None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons purchasing low-volume irrigation, or microirrigation equipment, or their components for use in agricultural production will no longer be required to pay the applicable sales tax on these products.

D. FISCAL COMMENTS:

The Revenue Estimating Conference has not met as of the completion of this analysis; therefore, the fiscal comments are those of last year's bill, HB 245, which was identical to this year's bill, HB 135. In 2007, the Revenue Estimating Conference estimated the provisions of identical legislation (HB 245) would result in a negative fiscal impact of \$3.4 million to state and local governments in FY 2007-2008.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:
The mandates provision appears to apply because the bill reduces the authority that counties have to raise revenues through local option sales taxes; however, the amount of the reduction is insignificant and an exemption applies. Accordingly, the bill does not require a two-thirds vote of the membership of the House.
2. Other:
None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On February 20, 2008, the Committee on Agribusiness adopted a strike-all amendment to HB 135. The strike-all amendment provides a sales tax exemption for electricity used in packing houses that are not located on a farm. The Revenue Estimating Conference estimated the fiscal impact of this legislation to state and local government to be approximately \$800,000.