

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Agriculture Committee

BILL: CS/SB 394

INTRODUCER: Senator Atwater

SUBJECT: Sales Tax/Agricultural and Farm Equipment

DATE: February 21, 2008 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Robinson	Poole	AG	Fav/CS
2.			FT	
3.			GA	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This committee substitute provides that electricity used directly or indirectly for packing of agricultural products on a farm or in a packinghouse is exempt from the tax imposed by chapter 212, F.S. The term packinghouse means any building or structure where fruits and vegetables are packed or prepared for market or shipment in fresh form for wholesale distribution. The exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail.

This bill amends section 212.08 of the Florida Statutes.

II. Present Situation:

Section 212.08(5) (e), F.S., exempts from sales tax certain items in agricultural use. Currently, electricity used directly or indirectly for packing of agricultural products on the farm, or used directly or indirectly in a packinghouse, is not exempt from sales tax.

III. Effect of Proposed Changes:

Section 1 amends s. 212.08(5) (e), F.S., to provide that electricity used directly or indirectly for packing of agricultural products on the farm or in a packinghouse is exempt from the tax imposed by this chapter. The term packinghouse means any building or structure where fruits and vegetables are packed or otherwise prepared for market or shipment in fresh form for wholesale distribution. The exemption does not apply to electricity used in buildings or structures where agricultural products are sold at retail.

Section 2 provides that this act shall take effect July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

See section C.

B. Private Sector Impact:

The financial savings to the private sector are estimated to be equal in amount to the decline in revenue to the state.

C. Government Sector Impact:

The 2008 Revenue Estimating Conference estimates that this legislation will result in the following negative fiscal impact (amounts are in the millions):

	FY 2008-09 Annualized	FY 2008-09 Cash
General Revenue Total State Impact	(\$1.0)	(\$0.9)
Total Local Impact	(\$0.2)	(\$0.2)
Total State & Local Impact	(\$1.2)	(\$1.1)

The annualized amount reflects the ongoing impact, or the impact "as if" the tax exemption were fully implemented and in effect for the full fiscal year. The cash impact is lower because in the first year the effect on actual tax collections is lagged by a month.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

The Committee Substitute differs from the bill in that the Committee Substitute provides for a tax exemption for fresh fruit and vegetable packinghouses. The bill provided that purchases of "low-volume irrigation" or "microirrigation" equipment for use in agricultural practices would be exempt from the sales and use tax.

B. Amendments:

None.