

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 Committee on Agriculture

BILL: CS/SB 1536

INTRODUCER: Agriculture Committee, Senator Perry and others

SUBJECT: Agricultural Practices

DATE: March 22, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Akhavein	Becker	AG	Fav/CS
2.			AFT	
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1536 addresses issues related to agricultural practices. The bill:

- Increases the portion of the sales price for farm trailers that is exempt from state sales and use tax;
- Exempts specified animal and aquaculture health products from state sales and use tax;
- Exempts fencing materials used on a farm to protect animals and oxygen products used in aquaculture production from state sales and use tax;
- Revises eligibility for an agricultural restricted license plate by removing the 150 mile radius of the vehicle's home address restriction, and instead, allowing the vehicle to operate statewide; and
- Eliminates the supplemental fee for each registered brand of pesticide that contains an active ingredient for which the Environmental Protection Agency has established a food tolerance limit.

The Revenue Estimating Conference has not yet estimated the impacts of the bill.

II. Present Situation:

Chapter 212, F.S., contains the statutory provisions authorizing the levy and collection of Florida's sales and use tax, as well as the exemptions and credits applicable to certain items or

uses under specified circumstances. A six percent sales and use tax is levied on sales or rentals of most tangible personal property,¹ admissions,² storage,³ rentals of transient accommodations,⁴ rentals of commercial real estate,⁵ and a limited number of services. Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.⁶ The Florida Department of Revenue is responsible for administering, collecting, and enforcing all sales and use taxes.

Current law exempts specified items for agricultural use and certain nets from the sales and use tax.⁷ These items include the following:

- Nets designed and used exclusively by commercial fisheries;
- Disinfectants, fertilizers, insecticides, pesticides, herbicides, fungicides, and weed killers used for application on crops or groves, including commercial nurseries and home vegetable gardens, used in dairy barns or on poultry farms for the purpose of protecting poultry or livestock, or used directly on poultry or livestock;
- Portable containers or movable receptacles in which portable containers are placed, used for processing farm products;
- Field and garden seeds, including flower seeds;
- Nursery stock, seedlings, cuttings, or other propagative material purchased for growing stock;
- Seeds, seedlings, cuttings, and plants used to produce food for human consumption;
- Cloth, plastic, and other similar materials used for shade, mulch, or protection from frost or insects on a farm;
- Stakes used by a farmer to support plants during agricultural production;
- Generators used on poultry farms; and
- Liquefied petroleum gas or other fuel used to heat a structure in which started pullets or broilers are raised.⁸

These exemptions are not allowed unless the purchaser or lessee signs a certificate stating that the item to be exempted is for the exclusive use designated herein.⁹

Agricultural Restricted License Plate

Current law provides a restricted license plate for an eligible truck tractor or heavy truck, not operated as a for-hire vehicle, which is engaged exclusively in transporting raw, unprocessed, or non-manufactured agricultural or horticultural products, within a 150-mile radius of its home address.¹⁰ Below are the fees for the license plates:

- \$87.75 flat, if the vehicle's declared gross vehicle weight is less than 44,000 pounds.

¹ s. 212.05, F.S.

² s. 212.04, F.S.

³ s. 212.06, F.S.

⁴ s. 212.03, F.S.

⁵ s. 212.031, F.S.

⁶ s. 212.06(3)(a), F.S.

⁷ s. 212.08(5)(a), F.S.

⁸ s. *Id.*

⁹ s. *Id.*

¹⁰ s. 320.08(4)(n), F.S.

- \$324 flat, if the vehicle's declared gross vehicle weight is 44,000 pounds or more and such vehicle only transports from the point of production to:
 - The point of primary manufacture;
 - The point of assembling the same; or
 - A shipping point by rail, water, or motor transportation company.¹¹

Pesticide Registration

Currently, pesticide registrants are required to pay a supplemental biennial registration fee for each registered brand of pesticide that contains an active ingredient for which the United States Environmental Protection Agency has established a food tolerance limit. The supplemental fee is \$630 per brand of pesticide that is subject to the fee per two-year period. This fee is deposited into the General Inspection Trust Fund and is used by the department for pesticide residue testing for food safety.¹²

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to increase the portion of the sales price for farm trailers that is exempt from state sales and use tax. Currently tax is not imposed on the first \$20,000 of the cost of the trailer, and the bill increases that amount to \$25,000. It also exempts the following items that are used by farmers from the state sales and use tax:

- Animal health products which are applied to or consumed by livestock or poultry to relieve pain or sickness;
- Aquaculture health products;
- Hog wire and nylon mesh netting used for protection from predatory or destructive animals;
- Barbed wire fencing used on a beef or dairy cattle farm, including gates and materials used to construct or repair such fencing; and
- Compressed or liquefied oxygen used in aquaculture production.

Section 2 amends s. 320.08, F.S., to extend the distance a tractor-trailer truck or heavy truck with a restricted agricultural license plate can travel in the state of Florida.

Section 3 amends s. 487.041, F.S., to repeal the supplemental pesticide registration fee that registrants pay for pesticides that contain an active ingredient for which the United States Environmental Protection Agency has established a food tolerance limit. It also amends provisions in this section to conform to the bill's changes and deletes obsolete provisions.

Section 4 amends s. 810.011, F.S., to delete an obsolete provision and to make technical changes.

Section 5 provides that except as otherwise expressly provided in this act, the act shall take effect July 1, 2017.

¹¹ s. 320.08(4)(n), F.S.

¹² s. 487.041(1), F.S.

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:

The Revenue Estimating Conference has not yet estimated the following impacts of this bill:

Section 1 increases from \$20,000 to \$25,000 the portion of the sales price for farm trailers that is exempt from state sales and use tax. It also exempts:

- Animal health products which are applied to or consumed by livestock or poultry to relieve pain or sickness;
- Aquaculture health products;
- Hog wire and nylon mesh netting used for protection from predatory or destructive animals;
- Barbed wire fencing used on a beef or dairy cattle farm, including gates and materials used to construct or repair such fencing; and
- Compressed or liquefied oxygen used in aquaculture production.

Section 2 removes the distance restriction on agricultural restricted license plates, thereby authorizing truck tractors or heavy trucks to travel statewide. This may cause an increase in the amount of registrations of these plates, thereby creating a positive fiscal impact on state funds. Currently, a portion of each plate fee is deposited into the General Revenue Fund. For the \$87.75 fee, \$22.75 is deposited, and for the \$324 fee, \$84 is deposited.

In addition, expanding the distance that the agricultural restricted license plates are authorized to travel may eliminate the costs associated with shipping agricultural products outside of the 150 mile radius, resulting in reduced expenditures for the agricultural industry, and a reduction in revenue for the shipping industry.

Section 3 eliminates the supplemental pesticide fee. According to the department, this will result in an average recurring decrease in funding of \$1.9 million to the General Inspection Trust Fund. However, the loss in revenue for the department to administer pesticide testing for food safety will be offset by funding from the General Revenue Fund

as a result of budgetary changes during the 2016 Legislative Session. For the 1,478 pesticide registrants, this will produce an average recurring savings of \$1,919,337.84.

B. Private Sector Impact:

Refer to Tax/Fee Issues

C. Government Sector Impact:

Refer to Tax/Fee Issues

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends the following sections of the Florida Statutes: 212.08, 320.08, 487.041, and 801.011.

IX. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Agriculture on March 21, 2017:

The committee substitute:

- Revises the maximum sales price of certain farm trailers exempt from the sales and use tax;
- Exempts certain animal health products and agricultural items from sales and use tax;
- Deletes provisions authorizing the use of international orange paint on trees or posts to indicate posted lands; and
- Deletes Section 5, which narrows the scope of farm products that qualify a property for protection under the Right to Farm Act.

B. Amendments:

None.