

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 Children, Families, and Elder Affairs

BILL: SB 192

INTRODUCER: Senators Berman and Cruz

SUBJECT: Sales Tax Exemption/Independent Living

DATE: October 21, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hendon	Hendon	CF	Favorable
2.	_____	_____	FT	_____
3.	_____	_____	AP	_____

I. Summary:

SB 192 exempts from the sales and use tax the purchase of certain items that assist individuals in living and aging independently in their homes. Specifically, bed transfer handles, bed rails, grab bars, and shower seats are covered by the exemption.

The Revenue Estimating Conference estimated the cost of a similar bill for the 2019 session and found it would reduce General Revenue Fund receipts by \$1.1 million for the first year, with a recurring loss of \$2.7 million. Additionally, the conference estimated local government revenues will reduce by approximately \$300,000 for Fiscal Year 2019-2020, with a recurring loss of \$700,000.

The bill has an effective date of January 1, 2021.

II. Present Situation:

Florida Sales and Use Tax

Florida levies a six percent sales and use tax on the sale or rental of most tangible personal property, admissions,¹ transient rentals,² rental of commercial real estate,³ and a limited number of services. Chapter 212, F.S., contains 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. There are currently more than 260 exemptions, exclusions,

¹ Section 212.04, F.S.

² Section 212.03, F.S.

³ Section 212.031, F.S.

deductions, and credits from the sales and use tax.⁴ Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.

In addition to the state tax, s. 212.055, F.S., authorizes counties to impose nine local discretionary sales surtaxes. A surtax applies to “all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rental, admissions, and other transactions by [ch. 212, F.S.], and communications services as defined in ch. 202, F.S.”⁵ The discretionary sales surtax is based on the tax rate imposed by the county where the taxable goods or services are sold, or are delivered into. Discretionary sales surtax rates currently levied vary by county in a range from 0.5 percent to 2.5.⁶

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to exempt from the sales and use tax the following items when purchased for noncommercial home or personal use:

- A bed transfer handle selling for \$60 or less.
- A bed rail selling for \$110 or less.
- A grab bar selling for \$100 or less.
- A shower seat selling for \$100 or less.

The exemption does not apply to purchases made by a business, including, but not limited to, a medical institution or an assisted living facility.

Section 2 provides an effective date of January 1, 2021.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18 of the Florida Constitution governs laws that require counties and municipalities to spend funds or that limit their ability to raise revenue or receive state tax revenues.

Subsection (b) of s. 18, Art. VII, Florida Constitution, provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact, which for Fiscal Year 2019-2020, is \$2.1 million or less.

⁴ See Office of Economic and Demographic Research, The Florida Legislature, *Florida Tax Handbook*, 155-168 (2018), available at <http://edr.state.fl.us/content/revenues/reports/tax-handbook/taxhandbook2018.pdf> (last visited Oct. 17, 2019).

⁵ Section 212.054, F.S.

⁶ See Office of Economic and Demographic Research, The Florida Legislature, *County Tax Rates: CY 2007-2019*, available at <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-l.cfm> (last visited Oct. 17, 2019).

The Revenue Estimating Conference estimated the cost of a similar bill for the 2019 session and found it would reduce local government revenues by approximately \$700,000, recurring. Therefore, this bill has an insignificant impact on local governments and the mandate provision does not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference estimated the cost a similar bill for the 2019 session (SB 176) and found it would reduce General Revenue Fund receipts by \$1.1 million for the first year, with a recurring loss of \$2.7 million. Additionally, the conference estimated local government revenue will reduce by \$300,000 for Fiscal Year 2019-2020, with a recurring loss of \$700,000.

B. Private Sector Impact:

Certain devices would be tax exempt and could result in higher sales.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 212.08 of the Florida Statutes.

IX. Additional Information:

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

None.

- B. **Amendments:**

None.

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