MAJOR TAX REDUCTION PACKAGE

HB 21 — Intangibles Tax and Other Tax Issues

by Reps. Fasano, Kyle, and others (CS/SB 128 & 1598 by Finance & Taxation Committee and Senators Lee, King, Cowin, Crist, and Peaden)

This bill increases the intangibles tax exemptions for individuals and married couples to $250,000 and $500,000, respectively, and provides a new exemption for businesses of $250,000, effective January 1,2002.

It creates s. 220.187, F.S., to provide a 100 percent corporate income tax credit for monetary donations to a nonprofit scholarship funding organization (SFO). The credit may not exceed 75 percent of a taxpayer's total liability after all other credits are taken, and the total amount of credit granted in a year is capped at $50 million. These provisions take effect January 1, 2002, and apply to tax years beginning on or after that date.

The bill creates s. 213.256, F.S., the "Simplified Sales and Use Tax Administration Act," authorizing Florida to participate in the next phase of discussions with other states for the purpose of developing a multi-state, voluntary, streamlined system for the collection and administration of state and local sales and use taxes. The act:

- Clarifies certain terms used throughout the model legislation.
- Outlines the major simplifications to be adopted.
- Provides that Florida will have three representatives at the multi-state discussions of the next phase of the Streamline Sales Tax Project.
- Clarifies that the Agreement cannot preempt, amend or modify any provision of Florida law.
- Maintains that any relationship between states in furtherance of streamlining their sales and use tax collections systems is voluntary for each state.
- Ensures that if Florida complies with the provisions of the Agreement, the Agreement cannot be used to challenge existing state laws or statutes.

Subsection (3) of s. 215.20, F.S., imposes a general revenue service charge of 0.3 percent on the income of a revenue nature deposited in certain trust funds. Chapter 90-110, L.O.F., provided that the 0.3 percent general revenue service charge is to expire October 1, 2001, and is subject to legislative review. Effective July 1, 2001, the bill provides that subsection (3) of s. 215.20, F.S., shall not expire on October 1, 2001, as scheduled by s. 10 of ch. 90-110, L.O.F., but subsection (3) of s. 215.20, F.S., is revived and readopted.

Under current law, the sale of drinking water in bottles, cans, or other containers, including water that contains minerals in its natural state or water to which minerals have been added at a water treatment facility regulated by the Department of Environmental Protection (DEP), is exempt from sales tax. The bill amends s. 212.08(4)(a)1., F.S., to provide that the sale of drinking water to which minerals have been added at a water treatment facility regulated by the Department of Health (not just DEP), is exempt and that water that has been "enhanced" by the addition of minerals is exempt, if such water does not contain any added carbonation or flavorings.

If approved by the Governor, these provisions take effect July 1, 2001, except as otherwise expressly provided.
Vote: Senate 25-14; House 72-44

HB 251 — Sales Tax Holiday

by Rep. Kilmer and others (CS/SB 156 by Finance & Taxation Committee and Senator Cowin)

This bill creates the "Florida Residents' Tax Relief Act," which provides that no sales and use tax will be collected on sales of clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags, having a selling price of $50 or less during the period from 12:01 a.m. on Saturday, July 28, 2001, through midnight on Sunday, August 5, 2001.

The term "clothing" means any article of wearing apparel, including all footwear, except skis, swim fins, roller blades, and skates, intended to be worn on or about the human body, but excludes watches, watchbands, jewelry, umbrellas, and handkerchiefs.

The exemption does not apply to sales within a theme park, entertainment complex, public lodging establishment, or airport.

This bill also provides that no sales and use tax may be collected on sales of school supplies having a selling price of $10 per item or less during the period from 12:01 a.m. on Saturday, July 28, 2001, through midnight on Sunday, August 5, 2001. The term "school supplies" includes pens, pencils, erasers, crayons, notebooks, notebook filler paper, legal pads, composition books, poster paper, scissors, cellophane tape, glue or paste, rulers, protractors, compasses, and calculators.

The Department of Revenue may adopt rules to administer these provisions and is appropriated $200,000 from the General Revenue Fund for the purpose of administering this bill.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 26-8; House 99-12

MAJOR TAX POLICY

CS/CS/SB 1878 — Communications Services Tax Bill

by Appropriations Committee; Finance & Taxation Committee; and Senators Horne, Carlton, Sanderson, Peaden, Pruitt, Geller, Latvala, Campbell, Posey, Villalobos, Diaz de la Portilla, Bronson, Silver, Meek, Garcia, Burt, and Klein

This bill amends various sections of ch. 202, F.S., relating to taxes on communications services. It provides revenue-neutral state and local tax rates for communications services, as required by ch. 2000-260, L.O.F. It provides changes with regard to private communication services and mobile communication services It allows a local government to audit dealers of communications services, if those dealers operate solely in that local government's jurisdiction. It also amends s. 337.401, F.S., relating to local government cable franchises and the choice by local governments of whether or not to levy permit fees. It repeals the repeal of most of the changes that were in ch. 2000-260, L.O.F., which created the communications services tax, that were to become effective on June 30, 2001.

If approved by the Governor, these provisions take effect October 1, 2001.
Vote: Senate 39-0; House 99-15

CS/SB 1576 — Property Tax Administration

by Finance & Taxation Committee and Senator Carlton

This bill addresses several issues identified by the Auditor General's Performance Audit of the Administration of the Ad Valorem Program of the Department of Revenue. It requires the documentation and retention of records of the measures of representativeness and statistical reliability in in-depth studies; it requires, to the greatest extent practicable, substratification of assessment roll data by value group or market area to enhance the representativeness of ratio sample studies.

The bill authorizes the tax collector to contract with a title company or an abstract company to provide a list of legal title holders and lienholders of record of property on which a tax deed application is made. It modifies the notice of proposed property taxes and non-ad valorem assessments to allow independent special districts to be listed separately, and provides that delinquent tax notices shall be sent out on April 30 instead of April 10.

It allows a county commission, at the request of the tax collector, to raise the minimum tax bill to an amount not greater than $30. The county can choose any minimum amount that does not exceed $30. Any parcel that would receive a tax bill less than the minimum tax will not be billed for such tax. This promotes efficiency, by removing very small-value parcels from the tax roll.

It clarifies and confirms the tax exempt status of certain non-profit homes for the aged, and it allows property appraisers to correct material mistakes of fact on assessments of homesteads.

The bill creates an advisory committee on property taxation, to study taxation of airport and seaport property. The committee may study taxation of other public facilities and issues relating to special districts. The committee must make a report to the President of the Senate and Speaker of the House by October 1, 2001. There is an appropriation of $100,000 for the committee.

It creates the Property Tax Administration Task Force for the purpose of serving as a forum for bringing issues in property tax administration to the Department of Revenue, of providing and evaluating suggestions for improving the property tax administration process, and of promoting greater understanding of property tax administration issues.

If approved by the Governor, these provisions take effect July 1, 2001.
Vote: Senate 37-0; House 110-3

SB 1564 — Corporate Income Tax
by Senator Carlton

This bill updates the Florida Income Tax Code to reflect the changes Congress has made to the U.S. Internal Revenue Code of 1986. The definition of AInternal Revenue Code@ is updated to include those provisions of the 1986 Code, as amended, in effect on January 1, 2001. This definition provides for Apiggybacking@ each change made during 2000 in the U.S. Internal Revenue Code. The bill shall take effect upon becoming a law and shall operate retroactively to January 1, 2001.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 38-0; House 117-0