

By Commissioner Nabors

1                                   A proposal to create  
2           ARTICLE VII, s. 19, Fla. Const.; providing  
3           limits on the adoption of exemptions and  
4           exclusions from the general state sales tax.

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6 It is proposed by the Florida Constitution Revision Commission  
7 that:

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9           Section 1. Section 19 is added to Article VII of the  
10 Florida Constitution to read:

11                                   ARTICLE VII

12                                   FINANCE AND TAXATION

13           SECTION 19. Limitations on the adoption of exemptions  
14 and exclusions from general state sales tax.--

15           (a) To assure, to the maximum extent possible, that  
16 all persons and segments of the state economy bear a  
17 fair-share burden of the cost of essential governmental  
18 services, and to foster and preserve the stability and  
19 predictability of available general revenue, all exclusions  
20 and exemptions from the general state sales tax must satisfy  
21 or advance a declared state purpose or policy. Open debate and  
22 full disclosure concerning the declared state purpose or  
23 policy advanced by a proposed exclusion or exemption to the  
24 general state sales tax is fundamental to a determination of  
25 the tax's fairness, to the stability and predictability of the  
26 tax burden on business activity within the state, and to the  
27 assurance of available future revenues to fund the annual  
28 state budget.

29           (b) A bill considered by the legislature or a law  
30 enacted granting an exclusion or exemption from the general  
31 state sales tax may embrace no subject other than the singular

1 exemption or exclusion considered or granted and matters  
2 related directly thereto and must declare the state purpose or  
3 policy advanced by the enactment of the singular exclusion or  
4 exemption and its projected fiscal impact on general state  
5 revenue. The subject matter of a singular exclusion or  
6 exemption from the general state sales tax may not be combined  
7 in any bill with other exclusions or exemptions from the  
8 general sales tax or with provisions relating to the general  
9 subject of the personal property, the services, or the sale,  
10 use, storage, or rental of personal property that constitutes  
11 the exercise of a taxable privilege.

12 (c) On January 1, 2000, the rate of the general sales  
13 tax shall be reduced to four and one-half percent, and all  
14 exemptions and exclusions, except those existing on the  
15 effective date of this section for food, prescription and  
16 nonprescription drugs, residential household rent,  
17 electricity, and heating fuel for residential household use,  
18 shall stand repealed unless reenacted in a law considered and  
19 enacted in a manner consistent with the limitations imposed by  
20 this section.

21 (d) Any state revenues collected during state fiscal  
22 year 1999-2000, 2000-2001, or 2001-2002 which are in excess of  
23 the state revenues collected during the prior fiscal year plus  
24 an amount equal to the average annual rate of growth in  
25 Florida personal income over the most recent twenty quarters  
26 and an adjustment for the fiscal impact of any other amendment  
27 to or revision of the constitution approved by the electors in  
28 the same election at which the creation of this section is  
29 approved shall be appropriated during the ensuing state fiscal  
30 year to reduce the ad valorem tax millage for school purposes  
31 established in the prior fiscal year for the funding of grades

1 K through 12 under the established public school funding  
2 formula.

3 (e) SCHEDULE AND INTERPRETATION OF SECTION 19.--

4 (1) Unless otherwise exempted or excluded under this  
5 section, commencing on January 1, 2000, any person, natural or  
6 corporate, that engages in the business of selling or using  
7 tangible or intangible personal property or services in this  
8 state, including the business of making mail order sales that  
9 rents or furnishes any real or personal property or services,  
10 or that stores for use or consumption in this state any item  
11 or article of tangible personal property or leases, licenses,  
12 or rents such property or real property in this state shall be  
13 deemed to be exercising a taxable privilege subject to the  
14 general sales tax. As used in this section, the term "general  
15 sales tax" means the tax applied to the taxable privileges  
16 provided in section 212.05, Florida Statutes, on the effective  
17 date of this section as expanded by this section to include  
18 the sale, storage, and use of all intangible and tangible  
19 personal property and services and to repeal all existing  
20 exclusions and exemptions not reenacted by general law or  
21 enumerated in subsection (b).

22 (2) To implement the repeal of exemptions and  
23 exclusions as provided in this section, the legislature shall  
24 by general law define those exemptions and exclusions  
25 necessary to preserve the character of the general sales tax  
26 and shall address, at a minimum, the following issues: the  
27 nexus of taxpayers, the situs of taxable transactions, sales  
28 for resale, and intercompany sales. A bill defining the  
29 character of the general sales tax and addressing the issues  
30 identified in this subsection shall constitute a single  
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1 subject notwithstanding the limitations prescribed in  
2 subsection (b).

3 (3) Except as otherwise subsequently provided by  
4 general law, commencing on January 1, 2000, all optional local  
5 government sales taxes authorized by general law on the  
6 effective date of this section shall be levied on the same  
7 personal property and services subject to the general sales  
8 tax as a direct result of the expansion of the taxable  
9 privileges subject to the general sales tax under this section  
10 and the enactment, in a manner consistent with the legislative  
11 limitations imposed by this section, of any exclusions and  
12 exemptions to the general sales tax. Notwithstanding any  
13 restriction on use provided by law, a reduction in ad valorem  
14 taxes shall be the primary goal of the local governments  
15 experiencing an increase in sales tax proceeds resulting from  
16 the expansion of the local government sales tax base of  
17 taxable personal property and services as a direct result of  
18 this section.

19 (4) For the purpose of subsection (d), the definition  
20 of the term "state revenue" and the determination of Florida  
21 personal income shall be applied as provided in section 1(e)  
22 of Article VII. Upon certification by the governor of a  
23 fiscal emergency, state revenue allowed under this subsection  
24 for state fiscal years 1999-2000 through 2001-2002, inclusive,  
25 may be increased by a two-thirds vote of the membership of  
26 each house of the legislature in a separate bill that contains  
27 no other subject and that sets forth the dollar amount by  
28 which state revenue will be allowed to increase. The  
29 legislature shall, by general law, provide procedures  
30 necessary to administer this subsection. The limit on state  
31 tax revenue in subsection (d) shall be effective for state

1 fiscal years 1999-2000 through 2001-2002, inclusive,  
2 notwithstanding the provisions of section 1(e) of Article VII.  
3 (f) This section shall take effect upon approval by  
4 the electors.  
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