

Meeting Minutes
Finance and Taxation Committee
Taxation and Budget Reform Commission
301 Senate Office Building
Tallahassee, Florida
Thursday, January 10, 2008
1:00 p.m. – 6:00 p.m.

Committee Members: *Susan Story, Chair; Barney Barnett, Martha Barnett, Julia Johnson, Bruce Kyle, Patricia Levesque, John McKay, Randy Miller, James Scott, Kenneth Wilkinson, Brian Yablonski*

Members Present:

Susan Story, Chair
Barney Barnett
Martha Barnett (by phone)
Julia Johnson
Patricia Levesque
Gwen Margolis, ex-officio (by phone)
John McKay
Randy Miller
James Scott
Kenneth Wilkinson
Brian Yablonski

Other TBRC Members Present:

Les Miller
Nancy Riley

Members Absent:

Bruce Kyle

Chair Susan Story called the Finance and Tax Committee meeting to order at 1:10 p.m. Staff called the roll and announced the presence of a quorum.

Chair Story welcomed the committee and reviewed the schedule for the meeting, including debate and voting on four proposals and a workshop, with no voting, on a fifth proposal. She reminded the public that testimony would be taken for all proposals as the proposals were taken up and that the public should complete an appearance card (provided at the meeting) in order to be heard on any given proposal.

Chair Story then asked staff to give a brief update on the Senate Finance and Tax Committee meeting held earlier on January 10. Staff noted that Senate Finance and Tax Committee Chair (and TBRC member) Mike Haridopolos announced that the Senate committee would take up and review each of the 247 sales tax exemptions described in the Florida Tax Handbook. In addition, Chair Haridopolos announced that the committee

will be taking up legislation by Senate Minority Leader Steve Geller recommending Florida's participation in the Streamlined Sales Tax national pact in mid-February. Chair Haridopolos indicated that the Senate was serious about a complete review of sales tax exemptions and would continue to work on the project throughout the interim and upcoming session.

Chair Story then recognized TBRC General Counsel Thomas Cibula, and TBRC member, ex-officio, Senator Gwen Margolis, to explain the Committee Substitute for Constitutional Proposal CP0004, and the Committee Substitute for Statutory Recommendation SR0005, both by Senator Margolis. Mr. Cibula explained the proposals and then indicated that there was a need for a technical amendment to delete obsolete language from the constitution related to energy efficiency programs. On roll call votes, the committee adopted the technical amendment, and passed both CS/CP004, as amended, and CS/SR0005. Each measure passed by a unanimous vote.

Chair Story called on Commissioner Brian Yablonski to discuss two proposals, CP0015 and CP0016 for consideration and voting. In his opening comments, Commissioner Yablonski reminded members that the current backlog of lands proposed for sale to the state for recreational and conservation purposes is well over \$9 billion. Even in good economic times, such an amount would be hard to obtain, and with the current outlook, it is worthwhile to look at other opportunities to protect important lands from development. CP0015 and CP0016 would both create incentives for private landholders to keep land in conservation easements. The concepts mirror federal programs and the state "greenbelt" laws for agriculture and would apply such tax incentives to lands held for conservation purposes. He noted that other states have similar laws and could serve as models for Florida in implementing such changes. Commissioner Ken Wilkinson noted that greenbelt laws based assessment value on the income production of the land, and if a parcel is taken out of production for conservation purposes, it would be difficult to use the "income method" to determine the appropriate assessed value of the land. Chair Story then asked about the differences in the two proposals and asked how the voters would be able to differentiate between them if both appeared on a ballot.

Commissioner Yablonski noted that CP0015, which would provide for an exemption from taxation for conservation lands, would certainly give the highest benefit to the landholder, but details related to local tax bases would have to be worked out in implementing language by the legislature. CP0016, on the other hand, provides a classification of the land for conservation use and could simply be designated as the lowest tax rate (similar to unimproved land not in a development corridor.) He explained that because the proposals dealt with exemptions and assessments, and those two issues are separately addressed in the constitution, two separate proposals are necessary.

The committee briefly discussed staff prepared amendments to CP0015 that would have clarified the effective date of the proposal and then determined to let Commissioner Yablonski continue to address those issues with staff as the proposals move through the committee process.

The committee heard public testimony from Mr. Preston Robertson, representing the Florida Wildlife Federation; Ms. Jacquie Fauls, representing the Florida Fish and Wildlife Commission; and Mr. Eric Draper, representing Audubon of Florida, in support of the pending proposals. After further discussion by committee members, Commissioner James Scott and Patricia Levesque asked if all members of the committee could be shown as co-sponsors of the proposals.

By unanimous roll call votes, members co-sponsored CP0015 and CP0016 and then voted to favorably recommend both measures.

The committee took a ten minute break prior to the beginning of its workshop on CP0007, relating to sales tax exemption review.

Upon reconvening, Chair Story asked staff to give a brief description of CP0007, along with a description of alternative ideas that could assist in the implementation of the intended review described in CP0007. Commissioners had a lively debate regarding the staff presentation and determined that the committee needed to revise its process relative to this and other proposals related to changes in the tax base. After lengthy discussion, the committee decided to hold off all voting on proposals that were inter-related with property tax issues until after the January 29, 2009 election. This decision will allow for the committee to continue to hold workshops, and take public testimony, on proposals related to sales tax exemptions and exclusions, but will require them to be considered, along with all proposals directly related to property tax issues, after January 29. The committee directed staff to submit the statutory version of CP0007 for workshop consideration at future meetings. (SR0029 has been submitted and referred to the Finance and Tax Committee and the Governmental Procedures and Structure Committee.)

The committee heard public testimony from the following persons:

Vicki Weber, representing the Florida Chamber of Commerce and a coalition of business groups; Nancy Stephens, representing the Florida Manufacturers' Association; David Daniel, representing the Florida Chamber of Commerce; Jennifer Green, representing the Florida Institute of Certified Public Accountants and a coalition of business groups; JaneGale Boyd, representing the Florida Association of Homes and Services for the Aging; and Jose Gonzalez, representing Associated Industries of Florida. The groups indicated that they did not oppose a review of sales tax exemptions, but would not want a sunset process, and did not believe that a constitutional amendment was necessary, as the legislature may already conduct such reviews under today's laws.

Chair Story asked members to review their calendars to determine possible dates for an all-day meeting to hear all sales tax and property tax proposals for voting purposes. The group agreed to continue to workshop the issues at meetings on January 17 and 25 and to have a voting meeting on February 11, 2008. The committee will vote on SR0017 and CP0018, related to the streamlined sales tax issue at its January 17 meeting.

There being no further business before the committee, the meeting was adjourned at 4:30 p.m.