

1 Resolution of the Taxation and Budget Reform Commission
 2 A resolution proposing the creation of a new section in
 3 Article VII of the State Constitution to require the
 4 Legislature to review certain exemptions from the tax on
 5 sales, use, and other transactions and to vote on whether
 6 to retain exemptions.

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 8 Be It Resolved by the Taxation and Budget Reform Commission:
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10 That the following creation of a new section in Article VII
 11 of the State Constitution is agreed to and shall be submitted to
 12 the electors of this state for approval or rejection at the next
 13 general election or at an earlier special election specifically
 14 authorized by law for that purpose:

15 ARTICLE VII

16 FINANCE AND TAXATION

17 Legislative review of exemptions from the tax on sales,
 18 use, and other transactions.--

19 (a) The legislature shall, prior to May 1, 2009, establish
 20 a procedure to review, except as provided in subsection (b),
 21 each exemption from the tax on sales, use, and other
 22 transactions codified in chapter 212, Florida Statutes. The
 23 legislature shall consider as part of the review whether an
 24 exemption complies with the following principles of taxation:

25 (1) Equity.--The Florida tax system should treat
 26 individuals equitably. It should impose similar tax burdens on
 27 people in similar circumstances and should minimize
 28 regressivity.

29 (2) Compliance.--The Florida tax system should facilitate
 30 taxpayer compliance. It should be simple and easy to understand

31 so as to minimize compliance costs and increase the visibility
32 and awareness of the taxes being paid. Enforcement and
33 collection of tax revenues should be done in a fair, consistent,
34 professional, predictable, and cost-effective manner.

35 (3) Pro-competitiveness.--The Florida tax system should be
36 responsive to interstate and international competition in order
37 to encourage savings and investment in plant, equipment, people,
38 and technology in Florida.

39 (4) Neutrality.--The Florida tax system should affect
40 competitors uniformly. It should minimize government involvement
41 in investment decisions, making any such involvement explicit,
42 and should minimize pyramiding.

43 (5) Stability.--The Florida tax system should produce
44 revenues in a stable and reliable manner that is sufficient to
45 fund appropriate governmental functions and expenditures.

46 (6) Integration.--The Florida tax system should balance
47 the need for integration of federal, state, and local taxation.

48 (7) Public purpose.--Sales and use tax exemptions for
49 businesses should promote an important state interest in
50 economic development, job creation and retention, economic
51 diversification, or community revitalization.

52 (b) The review and vote mandated by this section shall not
53 include a review of exemptions for sales of groceries, health
54 services, prescription drugs, residential rent, electricity and
55 heating fuel, items purchased for subsequent resale, intangible
56 personal property, tangible personal property imported or
57 produced for export, and purchases of agricultural products for
58 further processing for resale.

59 (c) During the 2010 regular session, both houses of the
60 legislature shall vote on bills to repeal each exemption from

61 the tax on sales, use, and other transactions codified in
62 ch. 212, F.S., as of November 4, 2008. Each bill must address
63 the single subject-matter of a single exemption.

64 (d) For purposes of this section, an exemption means a
65 single transaction or an exemption set forth in a section,
66 subsection, or paragraph of chapter 212, Florida Statutes,
67 whichever describes the fewest number of transactions.

68 (e) Any additional state revenues gained as the result of
69 this section must be used to lower the tax rate on sales, use,
70 and other transactions or to reduce the required local effort
71 component of property taxes.

72 (f) This section expires January 1, 2011.

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74 BE IT FURTHER RESOLVED that the following statement be
75 placed on the ballot:

76 CONSTITUTIONAL AMENDMENT

77 ARTICLE VII

78 LEGISLATIVE REVIEW OF EXEMPTIONS FROM THE TAX ON SALES,
79 USE, AND OTHER TRANSACTIONS.--This amendment to the State
80 Constitution requires the Legislature to review exemptions from
81 the tax on sales, use, and other transactions. The Legislature
82 must vote on whether to repeal each exemption singly. Certain
83 exemptions, including exemptions for groceries, prescription
84 drugs, and items that would substantially alter the character of
85 the tax are not subject to review or vote. New revenues must
86 lower the tax rate or reduce property taxes. The amendment
87 repeals January 1, 2011.