

This document represents CP 2 as amended by 10 amendments sponsored by Commissioner McKay and adopted by the F & T Committee on Feb. 13, 2008.

CP0002

07-08

1 Resolution of the Taxation and Budget Reform Commission  
2 A resolution proposing the creation of Section 19 of  
3 Article VII and a new section in Article XII of the State  
4 Constitution to mandate the repeal of exemptions and  
5 exclusions from sales tax and to use those new sources of  
6 revenue to replace revenues from ad valorem taxation to  
7 fund education.

8  
9 Be It Resolved by the Taxation and Budget Reform Commission:

10  
11 That the following creation of Section 19 of Article VII  
12 and a new section in Article XII of the State Constitution is  
13 agreed to and shall be submitted to the electors of this state  
14 for approval or rejection at the next general election or at an  
15 earlier special election specifically authorized by law for that  
16 purpose:

17 ARTICLE VII

18 FINANCE AND TAXATION

19 SECTION 19. Mandated repeal of exemptions and exclusions  
20 from state sales tax to replace the ad valorem property taxes  
21 set by the legislature under the Florida Education Finance  
22 Program.--

23 (a) The legislature shall eliminate, in the budget adopted  
24 for the 2010-2011 fiscal year, the ad valorem property tax set  
25 as the required local effort for all school districts under the  
26 Florida Education Finance Program, or its successor in function,  
27 by the appropriation of sales tax revenues generated solely by a  
28 combination of the following legislative actions:

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29        (1) repeal of sales tax exemptions determined not to  
30 advance or serve a public purpose, except for the current  
31 exemptions for: food; prescription drugs; health services; and  
32 residential rent, electricity and heating fuel, which exemptions  
33 advance tax fairness;

34        (2) taxation of services whose exclusion from sales  
35 taxation is determined not to advance or serve a public purpose;  
36 and

37        (3) a one cent increase in the sales tax rate in existence  
38 on November 4, 2008.

39  
40 Such additional sales tax revenues shall be generated in an  
41 amount not less than the amount appropriated in the General  
42 Appropriations Act as the required local effort for all school  
43 districts in the 2008-2009 fiscal year, as increased by a rate  
44 not less than the average historical growth in the required  
45 local effort during the 2006-2007 and 2007-2008 fiscal years.  
46 Nothing contained herein shall be construed to replace or  
47 eliminate: the ad valorem tax millage dedicated to capital  
48 outlay, school renovation and repair, or for the payment of  
49 lease purchase obligations authorized by general law; voter-  
50 approved millage authorized in the constitution; or  
51 discretionary ad valorem millage for school districts authorized  
52 by law.

53        (b) Commencing in the 2011-2012 fiscal year and each  
54 fiscal year thereafter, the legislature shall be preempted from  
55 requiring the levy of an ad valorem property tax as a required  
56 local funding effort for participation by school districts in

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57 the Florida Education Finance Program.

58 (c) Each law creating a sales tax exemption shall contain  
59 the single subject-matter of a single exemption and a  
60 legislative finding that the exemption advances or serves the  
61 public purpose of: encouraging economic development and  
62 competitiveness; supporting educational, governmental, literary,  
63 scientific, religious, or charitable initiatives or  
64 institutions; or securing tax fairness.

65 (d) For the purpose of complying with the single subject-  
66 matter requirement of subsection (c) of this section, a single  
67 service shall be that rendered by a business, industry or  
68 profession with at least the same first four digits in its NAICS  
69 code number as described by the North American Industry  
70 Classification System code published by the United States Census  
71 Bureau, or its successor in function.

72 (e)(1) The term "sales tax" means the tax on sales, use,  
73 and other transactions levied by the state on November 4, 2008,  
74 except that the term "sales tax" does not include the convention  
75 development tax, the local option food and beverage tax or the  
76 rental car surcharge provided in sections 212.0305, 212.0306, or  
77 212.0606, Florida Statutes, or the taxation of: the sales of  
78 tangible personal property purchased for resale or imported,  
79 produced, or manufactured in this state for export; sales of  
80 real property; sales of intangible personal property; payment of  
81 employee salaries and benefits; or transactions subject to the  
82 communications services tax imposed in chapter 202, Florida  
83 Statutes.

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84       (2) The term "required local effort" means the ad valorem  
85 property taxes set by the Legislature pursuant to section  
86 1011.62(4), Florida Statutes. Such term does not include the  
87 voter-approved millage currently authorized in section 1011.73,  
88 Florida Statutes, or the discretionary ad valorem tax millage  
89 authorized in section 1011.62(5) and 1011.71(1), Florida  
90 Statutes.

## ARTICLE XII

## SCHEDULE

93       Mandated repeal of exemptions and exclusions from state  
94 sales tax to replace the ad valorem property taxes set by the  
95 legislature under the Florida Education Finance Program.--  
96 Section 19 of Article VII, relating to the repeal of sales tax  
97 exemptions and exclusions, shall take effect upon approval by  
98 the electors.

99       BE IT FURTHER RESOLVED that the following statement be  
100 placed on the ballot:

## CONSTITUTIONAL AMENDMENT

## ARTICLE VII, SECTION 19

## ARTICLE XII

104       REPEALING SALES TAX EXEMPTIONS AND EXCLUSIONS TO REPLACE AD  
105 VALOREM TAX FUNDING OF EDUCATION.--Directing legislature to  
106 replace school property taxes required under the Florida  
107 Education Finance Program by repealing sales tax exemptions or  
108 taxing excluded services and by a one cent increase in the sales  
109 tax rate. Excluded from repeal are current exemptions for food;  
110 prescription drugs; health services; and residential rent,  
111 electricity and heating fuel. Each law granting sales tax

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112 | exemptions shall contain a single exemption, declare the public  
113 | purpose advanced and be approved by majority vote.