

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 January 1, 2009,
 20 establish a procedure to review, except as provided in
 21 subsection (b), each exemption from the tax on sales, use, and
 22 other transactions codified in chapter 212, Florida Statutes.
 23 The 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 and not become a tool for "social
41 engineering." It should minimize government involvement in
42 investment decisions, making any such involvement explicit, and
43 should minimize pyramiding.

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

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

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

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

58 produced for export, and purchases of agricultural products for
59 further processing for resale.

60 (c) During the 2010 regular session of the legislature,
61 the legislature shall make a roll-call vote on whether to repeal
62 each exemption from the tax on sales, use, and other
63 transactions authorized under chapter 212, Florida Statutes, one
64 exemption at a time.

65 (1) Each exemption presented to a vote of the legislature
66 shall be structured as follows:

67
68 "Shall the exemption from the tax on sales, use, and other
69 transactions for (the subject of exemption) authorized under
70 (the specific section, subsection, paragraph, etc.), Florida
71 Statutes, be repealed?" The exemption shall also be accompanied
72 by an estimate of the revenue impact of repealing the exemption.

73 (2) For purposes of this section, an exemption means a
74 single transaction or an exemption set forth in a section,
75 subsection, or paragraph of chapter 212, Florida Statutes,
76 whichever describes the fewest number of transactions.

77 (3) An exemption that is rejected by both houses of the
78 legislature shall stand repealed.

79 (d) Any additional revenues gained as the result of this
80 section must be used to lower the tax rate on sales, use, and
81 other transactions or to reduce the required local effort
82 component of property taxes.

83 (e) Public testimony on the issues subject to a vote under
84 this section shall be taken by at least two committees of each
85 house of the legislature.

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

87 | BE IT FURTHER RESOLVED that the following statement be
88 | placed on the ballot:

89 | CONSTITUTIONAL AMENDMENT

90 | ARTICLE VII

91 | LEGISLATIVE REVIEW OF EXEMPTIONS FROM THE TAX ON SALES,
92 | USE, AND OTHER TRANSACTIONS.--This amendment to the State
93 | Constitution requires the Legislature to review exemptions from
94 | the tax on sales, use, and other transactions. The Legislature
95 | must vote on whether to repeal each exemption singly. Certain
96 | exemptions, including exemptions for groceries, prescription
97 | drugs, and items that would substantially alter the character of
98 | the tax are not subject to review or vote. New revenues must
99 | lower the tax rate or reduce property taxes. The amendment
100 | repeals January 1, 2011.