

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB FTC 10-01
SPONSOR(S): Finance & Tax Council

Deleting obsolete provisions of the Florida Statutes

TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Finance & Tax Council		Wilson	Langston
1)				
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

This bill contains recommendations for the removal of obsolete or unnecessary language found in the Florida Statutes. The removal of the provisions will help to reduce administrative burdens and increase efficiency within both state and local governments.

The bill repeals the following current law requirements of the Department of Revenue:

- Maintaining an approved state bidder list and providing standard contracts for property assessment services to various local government entities.
- Providing an annual report to the Chief Financial Officer that discloses certain information of taxpayers that utilize corporate income tax deductions for international banking facilities.
- Requiring that a tax collection service provider may only grant an unemployment tax contribution and/or reimbursement waiver from electronic reporting if an employer timely files an Employers Quarterly Report by telefile.

This bill also eliminates the “qualified aircraft” exemption in s. 212.0801, F.S., and subsequent references to “qualified aircraft” found in s. 212.02 and s. 212.08, F.S.

This bill will not have an impact on the state or local government revenue.

This bill will take effect upon becoming a law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Law:

Approved Bidder List; Standard Contracts

Chapter 195, F.S., describes the administrative and regulatory duties of the state regarding just valuation for ad valorem tax purposes.

Under s. 195.095, F.S., the Department of Revenue (Department) is required to maintain an approved state bidder list. This list is a directory of approved vendors that perform property assessment services or provide assessment related technologies that can be utilized by Florida property appraisers, tax collectors, and county commissioners. The Department is also required to promulgate a standard contract that contains the minimum requirements for all contracts entered into with the approved vendors.

The Department has found that these requirements are no longer necessary due to technological advancements in computer assisted mass appraisal systems utilized by local governments.

Qualified Aircraft Exemption

Chapter 212, F.S., establishes Florida's Sales and Use Tax on retail sales of certain tangible personal property, admissions, transient lodgings, commercial rentals, and motor vehicles. Also included in Chapter 212, F.S., are a number of specific exemptions to the Sales and Use Tax.

In s. 212.08(7), F.S, an exemption for "qualified aircraft", as defined in s. 212.02(33), F.S., is provided for sales or leases of qualified aircraft¹, for labor charges for the repair and maintenance of the qualified aircraft², and for replacement engines, parts, and equipment used in the repair or maintenance of qualified aircraft³. In order to be eligible for any of these exemptions, a purchaser or lessee of a qualified aircraft must offer, in writing, to participate in a flight training and research program pursuant to s. 212.0801, F.S. Section 212.02(33), F.S., defines the term "qualified aircraft" to include certain aircraft

¹ Section 212.08(7)(ss), F.S.

² Section 212.08(7)(ee), F.S.

³ Section 212.08(7)(rr), F.S.

with twin turbofan engines that are used by a business operating as an on-demand air carrier that owns or leases and operates a fleet of at least 25 of such aircraft in Florida.

Currently, the Department is unaware of any entity being a “qualified aircraft” exemption certificate holder and there is no record of a “qualified aircraft” exemption certificate ever being utilized.

Persons Claiming Tax Exemptions or Deductions; Annual Report

Chapter 213, F.S., provides general provisions of the state’s revenue laws. Among these are provisions that outline the privacy and confidentiality requirements placed upon the Department for the taxes it administers. However, circumstances allow for certain taxpayer information to be shared with specified entities⁴.

Under s. 213.054, F.S., the Department is directed to monitor the utilization of corporate income tax deductions by international banking facilities⁵. Also, an annual report containing the names and addresses of taxpayers who have claimed these deductions is provided to the Chief Financial Officer (CFO) by the Department. Taxpayer information sharing for international banking facilities, between the CFO and the Department, is authorized under s. 213.053(5), F.S. Both the Department and the CFO’s office have found this annual report to be unnecessary.

Telefile

Chapter 443, F.S., sets forth provisions for the funding and administration of the state’s unemployment insurance system. The Agency for Workforce Innovation, working alongside the United States Department of Labor, regulates the state’s unemployment compensation plans, policies, and procedures.

Section 443.163(3), F.S., provides that the Department of Revenue, as the tax collection service provider for the Agency for Workforce Innovation, may grant a waiver from electronic reporting if the employer timely files by “telefile”. However, telefile no longer exists for purposes of filing unemployment tax returns.

Effect of Proposed Changes:

This bill repeals s. 195.095, F.S., thereby removing the requirements of the Department to maintain an approved state bidder list and promulgate standard contracts for local governments working with vendors that provide property assessment services and technologies.

The bill also repeals s. 212.0801, F.S., the qualified aircraft exemption. In addition, s. 212.02(33), s. 212.08(7)(ee), 212.08(7)(rr), and 212.08(7)(ss), F.S., are amended to remove the definition and the subsequent references to “qualified aircraft” within current sales tax exemptions related to the sale or lease, repair and maintenance, and replacement engines, parts, and equipment used in the repair or maintenance of aircraft in Florida.

This bill repeals s. 213.054, F.S., to remove the requirement that the Department provide an annual report to the Chief Financial Officer related to the utilization of corporate income tax deductions by international banking facilities. Also, s. 213.053(5), F.S., is amended to remove the permission to disclose certain taxpayer information between the Department and the CFO related to corporate income tax deductions taken by international banking facilities.

This bill amends 443.163(3), F.S., removing the reference to telefile for purposes of filing unemployment returns.

⁴ These confidentiality and information sharing provisions are found in 213.053, F.S.

⁵ Corporate income tax deductions for international banking facilities are authorized pursuant to chapter 81-179, L.O.F.

This bill will take effect upon becoming a law.

B. SECTION DIRECTORY:

Section 1: Repeals s. 195.095, F.S., related to the approved state bidder list and standard contracts for property assessment services, s. 212.0801, F.S., removing the qualified aircraft exemption, and s. 213.054, F.S., related to the annual report provided by the Department for the utilization of corporate income tax deductions for international banking facilities.

Section 2: Amends s. 212.02(33), F.S., removing the definition of “qualified aircraft”.

Section 3: Amends s. 212.08(7)(ee), 212.08(7)(rr), and 212.08(7)(ss), F.S., related to qualified aircraft.

Section 4: Amends s. 213.053, F.S., related to the disclosure of taxpayer information to the Chief Financial Officer by the Department.

Section 5: Amends s. 443.163(3)(c), removing the reference to telefile.

Section 6: Provides that the bill will take effect upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES