Sales Tax in Florida

- Tax Rate: 6%, with some exceptions
- 2001-02 Revenues: $16,952.3m
- Local Option Rates: Up to 2.5%
- 2001-02 Local Option Revenues: $960m
- 51 of 67 Counties and School Districts levy rates between .5% and 1.5%.
- .6% average weighted sales tax rate
Sales Tax Dealers

- 580,000 Dealers
  - 350,000 Monthly Filers
  - 130,000 Quarterly Filers
  - 100,000 Semi-annual & annual Filers
- 37,000 (or 6%) dealers use EFT
- 82% of the revenues remitted by EFT
- 24,300 dealers use electronic data imaging

Streamlined Sales Tax Project

- Rounding
- Drinks vs Juices
- Food
- Drugs
- Local Option Taxes
- Different State Rates
Rounding

• Originally Two Options:
  – Mathematical Rounding: 50% rule - adopted
  – Only round up to keep effective rate above statutory rate: still in discussion

• Fiscal Impact in Florida:
  – Looking at effective rates (last 5 years):
    • Grocery Stores: 6.03%
    • Restaurants: 6.04%
    • Department Stores: 6.00%
    • Motor Vehicle Dealers: 6.55%
    • Per .01% on the full base: $27m.

Rounding Cont’d

• Trying to estimate by average taxable transactions per day:
  – Florida Teenage & adults: 2 transactions per day
  – Tourists: 5 transactions per day
  – Loss of $36 million
Juices and Drinks

• Current Florida Law
  – Exempt: 100% Juice, Bottled Water, and Milk
  – Taxable:
    • All Juice-drinks: $23m
    • Soft drinks: $186.2m
    • Sport drinks: $17.4m

• Streamlined STP
  – Exempt: 50%+ Juice
  – Juice:
    • 62% is Pure Juice
    • 38% is Drink
      – Less than 10% of this contains more than 50% juice.
    • Fiscal Impact: ($2.3m)

Food

• Current Florida Law
  – Candy:
    • Taxable
    • Revenues: $80m
      – Chocolate: 55%
      – Non-choc.: 32%
      – Gum: 12%
      – Other: 2%
  – Prepared Foods:
    • Revenues: $1,228m

• Streamlined STP
  – Candy
    • Exempt, if it contains flour - no minimum.
    • Revenue Loss: indet.: change in ingredients?
  – Prepared Foods:
    • Some items mixed by grocery stores may become exempt.
Drugs

- Current Florida Law
  - Exempt:
    - Prescription Drugs
    - Non-prescription Drugs
  - Taxable:
    - Cosmetics
  - Revenues:
    - From CES: $15.9m

- Streamlined STP
  - Exempt:
    - Prescription Drugs
    - Non-prescription Drugs
    - Cosmetics with “Drug Fact” label
  - Taxable:
    - Remaining Cosmetics
  - Revenues Impact:
    - Significant, maybe 10 to 30%: ($1.6m to $4.8m)

Local Option Sales Tax

- Current Florida Law
  - Rates vary between .5% and 1.5%, with potential max. of 2.5%
  - Base is the same as for the general sales tax, except sales amounts over $5,000 are exempt.
    - Exempt Base: 15%

- Streamlined STP
  - 1 rate per jurisdiction
  - 3 month notice for rate changes
  - Uniform Bases, except for cars and planes
  - Capped items:
    - Autos (75%)
    - Construction (25%)
    - Gain to Local Gov’ts: 3.7%
State Rates

- Current Florida Law
  - General Rate: 6%
  - Commercial Electricity: 7%
  - Communications Services: 6.8%
  - Farm Equipment: 2.5%
  - Amusement machines: 4%
  - Vending machines: Various

- Streamlined STP
  - One General Rate
  - 2nd Rate for enumerated products
    - Limitation does not apply to communications services, amusement or vending machines.
    - Farm equipment: partial exemption repeal: $38.9m (but could change to direct pay permits, use exemption)

Other Issues

- Sales Tax Holidays:
  - Allowed with 60 day notice before Quarter
  - Defined terms
  - Caps are allowed ($50, $100, etc)
  - Theme Parks don’t participate.

- Registration
  - One place, one return
  - Registration only does NOT imply Nexus.