Committee Substitute for Proposal No. 6

By the Committee on Finance and Taxation and Commissioner Nabors

A proposal to create

ARTICLE VII, s. 19, Fla. Const.; providing
limits on the adoption of exemptions and
exclusions from the general state sales tax;
reducing the rate of the general sales tax to 5
percent.

It is proposed by the Florida Constitution Revision Commission
that:

Section 1. Section 19 is added to Article VII of the
Florida Constitution to read:

ARTICLE VII

FINANCE AND TAXATION

SECTION 19. Limitations on the adoption of exemptions
and exclusions from general state sales tax.--

(a) Each exemption to and exclusion from the general
state sales tax shall satisfy or advance the state public
purposes of encouraging economic development and
competitiveness; supporting educational, governmental,
religious, or charitable initiatives or institutions; or
securing tax fairness by the reduction or elimination of
regressive tax burdens. To implement this tax reform, the
legislature shall reduce the rate of the general state sales
tax to a rate not greater than five percent for state fiscal
year 2000-2001 and maintain revenue neutrality by taxing all
exempted goods and excluded services if the exemption or
exclusion fails to satisfy or advance a state public policy.

However, the existing general state sales tax exemptions for
food, prescription and nonprescription drugs, medical
services, residential household rent, electricity, and heating

CODING: Words stricken are deletions; words underlined are additions.
fuel shall not be repealed in the implementation of this tax reform initiative.

(b) All exemptions and exclusions granted by the legislature after the effective date of this amendment shall be adopted in a general law that shall embrace no subject matter other than the singular exemption or exclusion granted and that shall declare the state public policy advanced or satisfied by the exemption or exclusion.

(c) SCHEDULE AND INTERPRETATION OF SECTION 19.

(1) Revenue neutrality guarantee.--The general state sales tax revenues estimated by the legislature in general appropriation bills for state fiscal year 2000-2001 shall not be less than the general state sales tax revenues collected during the prior fiscal year, as adjusted by an amount for growth equal to the average annual rate of growth in general state sales tax revenues over the most recent twenty quarters times the general state sales tax revenues collected during the prior fiscal year.

(2) State revenue limitation.--General state sales tax revenues collected for state fiscal years 2001-2002, 2002-2003, or 2003-2004 which are in excess of the amount of general state sales tax revenues collected during the prior fiscal year, as adjusted by an amount for growth equal to the average annual rate of growth in Florida personal income over the most recent twenty quarters times the general state sales tax revenues collected during the prior fiscal year, shall be appropriated to reduce the ad valorem tax millage for school purposes established in the prior fiscal year for the funding of grades K through 12 under the established public school funding formula. In the event that this provision conflicts with section 1(e) of Article VII, this provision shall prevail.
except that the restrictions on the appropriation of general state sales tax revenues in this subsection shall not apply except upon approval of each house of the legislature by two-thirds of the membership to exceed the state revenue limitation of section 1(e) of Article VII in the manner provided therein.