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.

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) To assure, to the maximum extent possible, that
all persons and segments of the state economy bear a
fair-share burden of the cost of essential governmental
services, and to foster and preserve the stability and
predictability of available general revenue, all exclusions
and exemptions from the general state sales tax must satisfy
or advance a declared state purpose or policy. Open debate and
full disclosure concerning the declared state purpose or
policy advanced by a proposed exclusion or exemption to the
general state sales tax is fundamental to a determination of
the tax's fairness, to the stability and predictability of the
tax burden on business activity within the state, and to the
assurance of available future revenues to fund the annual
state budget.

(b) A bill considered by the legislature or a law
enacted granting an exclusion or exemption from the general
state sales tax may embrace no subject other than the singular

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exemption or exclusion considered or granted and matters related directly thereto and must declare the state purpose or policy advanced by the enactment of the singular exclusion or exemption and its projected fiscal impact on general state revenue. The subject matter of a singular exclusion or exemption from the general state sales tax may not be combined in any bill with other exclusions or exemptions from the general sales tax or with provisions relating to the general subject of the personal property, the services, or the sale, use, storage, or rental of personal property that constitutes the exercise of a taxable privilege.

(c) On January 1, 2000, the rate of the general sales tax shall be reduced to four and one-half percent, and all exemptions and exclusions, except those existing on the effective date of this section for food, prescription and nonprescription drugs, residential household rent, electricity, and heating fuel for residential household use, shall stand repealed unless reenacted in a law considered and enacted in a manner consistent with the limitations imposed by this section.

(d) Any state revenues collected during state fiscal year 1999-2000, 2000-2001, or 2001-2002 which are in excess of the state revenues collected during the prior fiscal year plus an amount equal to the average annual rate of growth in Florida personal income over the most recent twenty quarters and an adjustment for the fiscal impact of any other amendment to or revision of the constitution approved by the electors in the same election at which the creation of this section is approved shall be appropriated during the ensuing state fiscal year to reduce the ad valorem tax millage for school purposes established in the prior fiscal year for the funding of grades.
1 K through 12 under the established public school funding formula.

(e) SCHEDULE AND INTERPRETATION OF SECTION 19.--

(1) Unless otherwise exempted or excluded under this section, commencing on January 1, 2000, any person, natural or corporate, that engages in the business of selling or using tangible or intangible personal property or services in this state, including the business of making mail order sales that rents or furnishes any real or personal property or services, or that stores for use or consumption in this state any item or article of tangible personal property or leases, licenses, or rents such property or real property in this state shall be deemed to be exercising a taxable privilege subject to the general sales tax. As used in this section, the term "general sales tax" means the tax applied to the taxable privileges provided in section 212.05, Florida Statutes, on the effective date of this section as expanded by this section to include the sale, storage, and use of all intangible and tangible personal property and services and to repeal all existing exclusions and exemptions not reenacted by general law or enumerated in subsection (b).

(2) To implement the repeal of exemptions and exclusions as provided in this section, the legislature shall by general law define those exemptions and exclusions necessary to preserve the character of the general sales tax and shall address, at a minimum, the following issues: the nexus of taxpayers, the situs of taxable transactions, sales for resale, and intercompany sales. A bill defining the character of the general sales tax and addressing the issues identified in this subsection shall constitute a single

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subject notwithstanding the limitations prescribed in subsection (b).

(3) Except as otherwise subsequently provided by general law, commencing on January 1, 2000, all optional local government sales taxes authorized by general law on the effective date of this section shall be levied on the same personal property and services subject to the general sales tax as a direct result of the expansion of the taxable privileges subject to the general sales tax under this section and the enactment, in a manner consistent with the legislative limitations imposed by this section, of any exclusions and exemptions to the general sales tax. Notwithstanding any restriction on use provided by law, a reduction in ad valorem taxes shall be the primary goal of the local governments experiencing an increase in sales tax proceeds resulting from the expansion of the local government sales tax base of taxable personal property and services as a direct result of this section.

(4) For the purpose of subsection (d), the definition of the term "state revenue" and the determination of Florida personal income shall be applied as provided in section 1(e) of Article VII. Upon certification by the governor of a fiscal emergency, state revenue allowed under this subsection for state fiscal years 1999-2000 through 2001-2002, inclusive, may be increased by a two-thirds vote of the membership of each house of the legislature in a separate bill that contains no other subject and that sets forth the dollar amount by which state revenue will be allowed to increase. The legislature shall, by general law, provide procedures necessary to administer this subsection. The limit on state tax revenue in subsection (d) shall be effective for state
fiscal years 1999-2000 through 2001-2002, inclusive,
notwithstanding the provisions of section 1(e) of Article VII.
  (f) This section shall take effect upon approval by
the electors.