

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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TAXATION

Two of the Governor's main tax initiatives for 2005 were passed on the House floor today. One received bi-partisan support and the other faced harsh criticism from Democratic members.

HB 101 Relating to Sales Tax Holliday for School Supplies by Representative Ray Sansom (R-Ft. Walton Beach) passed on a vote of 112-1. This bill would prohibit the collection of sales and use tax on the sale of books, clothing, wallets, and bags priced under \$50 dollars and on the sale of schools supplies priced under \$10 dollars during the nine-day period starting on July 23rd and ending on July 31st of 2005. Passage of this bill represents a one-time savings of \$35.5 million dollars for Floridians.

Similar bills have been filed during in recent years. Last year the same proposal was passed and signed into law by Governor Bush. It is expected that the Governor will approve this proposal if it reaches his desk. A Senate version of the bill has not been heard as of this date.

AIF supports increasing business activity by allowing Floridians to purchase essential school supplies without having to pay sales tax.

HB 963 Relating to Intangible Personal Property Tax by Representative Fred Brummer (R-Apopka) passed the House on a strict party line vote of 85-30. Currently the state of Florida imposes two different intangible personal property taxes: an annual (or recurring) tax is imposed at the rate of 1 mill on the value of stocks, bonds, notes, and other intangible personal property; as well as a non-recurring tax on obligations secured by liens on Florida realty at the rate of 2 mills. HB 963 repeals the 1 mill recurring tax but does not make any changes to the non-recurring tax.

Florida is at a disadvantage by having an intangible tax since only three other states have a similar tax. If this legislation is passed approximately 320,000 taxpayers will be removed from the tax rolls representing a recurring tax savings of \$293.8 million dollars.

A strike-everything amendment offered by Representative Ken Gottlieb (R-Delray Beach) which would require that all the revenue collected by continuing the intangible property tax be applied to reduce the amount of property tax paid by local schools was defeated on the floor.

It is now up to the Senate to determine whether any significant change to Florida's intangible property tax will be achieved this session.

AIF supports the repeal of the intangible tax. It is wrong to penalize businesses and individuals who save or invest their money. We need to make Florida competitive with other states and by removing this bad tax.

OTHER BILLS OF INTEREST:

Environment

The Senate Environmental Preservation Committee defeated SB 98 by Senator Burt Saunders (R-Naples) by a 3-4 margin. This bill would have created the 2020 Water Study Commission comprised of 17 appointees by the Governor, 5 appointees by the Senate President and 5 appointees by the Speaker of the House. Appointees were to come from a balanced panel of representatives from business, agriculture, environment, community, local and regional governments as well as water resources management and planning specialist.

Currently, water policies are set by regional water management districts; this bill would have laid the groundwork for replacing the regional districts with a state wide commission. This change is not supported by most members of the business community.

Ethics and Elections

The Senate Ethics and Elections Committee unanimously passed SB 2022 Relating to Elections by Senator Bill Posey (R-Rockledge). This is the implementing bill for Amendment # 2 to the Florida Constitution which was passed by voters during last November's general election.

Amendment # 2 requires that the sponsor of a constitutional amendment proposed by citizen initiative file the initiative petition with the Secretary of State by February 1 of the year of a general election in order to have the measure submitted to the electors for approval or rejection at the following November's general election. It also requires the Florida Supreme Court to render an advisory opinion addressing the validity of an initiative petition by April 1 of the year in which the amendment is to be submitted to the electors.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.