

Florida  
**TaxWatch**



# A Closer Look at Florida's Sales Tax Exemptions

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# A Closer Look at Florida's Sales Tax Exemptions

The six percent sales and use tax is Florida state government's largest revenue source by far, currently bringing in approximately \$36 billion annually<sup>1</sup>. When the almost \$6 billion in local option sales tax collections is included with the state tax, the \$42 billion total collections make the sales tax the number one tax source for all Florida governments, topping the \$40 billion local property tax.

Most of the state sales tax (89.7 percent) goes into the General Revenue (GR) Fund, providing three-quarters of total GR funds. Ninety percent of GR goes to education, human services, and public safety. In short, the sales tax is critical to the operation of Florida government.

While the sales tax and use tax is responsible for raising the majority of the state's tax revenue, there are 281 exemptions in law worth billions of dollars more in tax revenue.

One of Florida House Speaker Paul Renner's priorities for the 2023 Session is a review of the sales tax and the sales tax exemptions currently in law. The Speaker asked for Florida TaxWatch's input in this effort. Florida TaxWatch has performed a thorough review of current sales tax exemptions, not to develop a list of specific exemptions that should be repealed, but rather to identify exemptions that must be retained and those that for which the Legislature could further analyze if it wanted to eliminate exemptions. This report highlights exemptions that are necessary to maintain the nature and structure of the sales tax as a tax on the final retail sale of tangible personal property, such as those that avoid pyramiding. It also highlights exemptions that are required by the Constitution or other controlling law, or those that apply to life's necessities (e.g., groceries, prescription drugs, residential utilities, etc.).

For the others, beauty is in the eye of the beholder. Exemptions do not generally fare well when measured against the generally accepted characteristics of good tax policy (neutrality, fairness, simplicity, visibility), although individually they can remediate inequities among subsets of taxpayers and can avoid taxing items that would require an overly complex system for which the cost to administer and collect outweigh the minor amount of revenue raised.

Some view sales tax exemptions as a good way to keep taxes on families and businesses low, promote economic development, and support the good work of Florida's non-profit organizations. Others see them as "loopholes," "giveaways," or lost opportunities to raise revenue for government services.

Past Florida TaxWatch research on sales tax exemptions has shown that most have at least some justification and some are even essential, but a periodic review of tax breaks is a valuable exercise.

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<sup>1</sup>Total final liability for FY 2022-23, General Revenue Consensus Estimating Conference, Comparison Report, August 16, 2022.

In our current review, we considered the following:

1. When was the exemption enacted?
2. Does it avoid pyramiding and multiple taxation?
3. Does it ensure the tax is paid at the final point of purchase or use?
4. Who benefits from the sales tax exemption and to what extent (business, households, or organizations)?
5. Does it exempt one of life's necessities?
6. Is it narrow or broad-based? If it is a specific industry, is it a "target industry"<sup>2</sup> or future growth sector industry?

**A note about taxing services.** Services are not directly subject to Florida's sales and use tax, aside from very few that the statutes specifically tax<sup>3</sup>. This lack of tax on most services is not due solely to exemptions from the tax, but from the fact that the services are not specified as taxable. The Legislature has not exempted medical, dental, engineering, legal, banking, securities, construction and many other services from tax. Purchases of services are simply beyond the reach of a tax which has historically been a tax on the retail sale of tangible personal property.

Only during Florida's brief, and failed<sup>4</sup>, experiment with the taxation of services in 1987 were services generally subjected to Florida sales and use tax and that was accomplished not by the mere repeal of some "exemption" from tax, but by the affirmative imposition of tax on specified service transactions.

While there is nothing which in principle forbids the Legislature from adding services to Florida's sales tax base, the statement that they are currently "exempt" from tax is not an accurate statement of the law. This Florida TaxWatch review does not include services, nor does it recommend taxing them.

## Background: The Florida Sales and Use Tax

The state sales and use tax is a six percent levy on the final retail sales of most tangible personal property, plus admissions, transient lodgings, commercial rentals, service warranties, and very few, specifically enumerated services. The use tax component of the sales tax (also six percent) is levied on taxable items that are purchased outside the state, but used, consumed, distributed, or stored in Florida.

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<sup>2</sup>Generally, target industries more strongly influence the economy than other industries because they have the highest multipliers. Target industries have a strong expectation of growth, are stable, create high wage jobs, should not be dependent on Florida markets or resources, and contribute toward expanding or diversifying the state's or area's economic base. Currently, the Department of Economic Opportunity (DEO) identifies them as: Aviation and Aerospace, Corporate Headquarters, Clean Technology, Defense and Homeland Security, Financial and Professional Services, Global Logistics and Trade, Information Technology, Life Sciences, Manufacturing, and Research and Development. DEO and Enterprise Florida, 2022 Incentives Report.

<sup>3</sup> Detective, burglar protection and other protective services, and nonresidential cleaning and pest control.

<sup>4</sup>The 1987 Florida Legislature passed a new law that specifically applied the sales tax to many services. The services tax was repealed just six months later, in a December 1987 special session.

There are special tax rates for the sale of a few items, including electricity (4.35 percent)<sup>5</sup>, coin-operated amusement machines (4.0 percent), the lease of real property for commercial purposes (5.5 percent),<sup>6</sup> and the newly enacted reduced rate for new mobile homes (3.0 percent).

In addition to the \$36.0 billion generated by the state's 6.0 percent sales tax, Florida counties may levy one or more of the nine local option sales surtaxes authorized by the Legislature. Current tax rates, as well as the maximum a county can levy, vary across the state. Currently, 66 of 67 counties levy at least one local option sales tax, with total rates ranging from 0.5 percent to 1.5 percent. The highest maximum potential rate is 3.5 percent (three counties). The local tax applies to the same items as the state tax, except the local tax only applies to the first \$5,000 of the sales price of a single item.<sup>7</sup> Discretionary sales surtaxes (local options taxes) raise \$6.0 billion annually for local governments.

Virtually every year since the sales tax was enacted in 1949, the Legislature has made some change to the sales tax base or rate. This includes enacting 281 exemptions from the tax for a variety of reasons. The mammoth Chapter 212, Florida Statutes, which governs the sales tax, contains all these exemptions but one.<sup>8</sup>

## How Much are these Exemptions Worth?

The assertion is often made that Florida's sales tax code exempts more than it taxes. This is based on the estimated values of current sales tax exemptions, deductions, and credits contained in the Florida Tax Handbook, produced annually by the Florida Revenue Estimating Conference. Total exemptions are estimated to be worth \$17.633 billion<sup>9</sup>, although it is noted that some exemptions overlap, so repeal of all exemptions would not yield that amount. It also estimates that taxing services would produce another \$35.0 billion.<sup>10</sup> The \$52.6 billion total of repealing exemptions and taxing services is used to support that contention, but that contention is wrong.

As is discussed above, services are not exempt, they are excluded from a traditional sales tax. This leaves \$17.6 billion in exemptions (less exemption overlap). There are also exemptions included that are for transactions that are either not within the purview of Florida's sales tax at all or which the State is barred by the U.S. Constitution or other controlling law from taxing. These structural exemptions total \$3.0 billion. These transactions cannot/should not be taxed.

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<sup>5</sup>Residential electricity is exempt.

<sup>6</sup>Scheduled to be reduced to 2.0 percent when the balance in the Unemployment Compensation Trust Reaches pre-pandemic levels (\$4 billion), currently projected to be June 2024.

<sup>7</sup>The sales tax on commercial leases ("Business Rent Tax") is not subject to this cap.

<sup>8</sup>An exemption that excludes the \$5 per gallon tax from the taxable sales price of perchloroethylene, a dry cleaning fluid. Section 376.75(1), F.S.

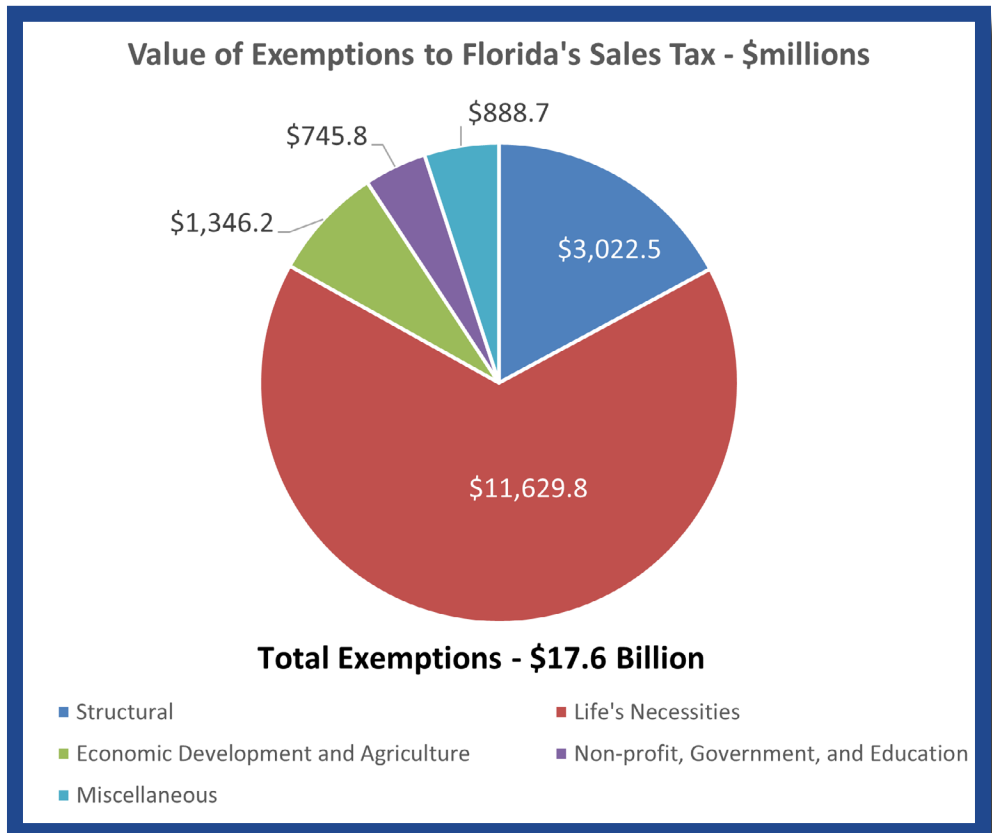
<sup>9</sup>The published 2022 Florida Tax Handbook has a total sales tax exemption value of \$18,060. However, due to a scrivener's error, the wrong number was used for one of the exemptions (bottled water), overstating it by \$475 million. Florida TaxWatch confirmed this with the Department of Revenue, which produces the estimates, and adjusted the number. The Tax Handbook also does not include the new sales tax exemptions passed by the 2022 Legislature. We have added those exemption, using the official estimates of the Revenue Estimating Conference.

<sup>10</sup>Not including items purchased for subsequent resale (\$55.3 billion), intangible personal property (\$38.2 billion), items produced or imported for export (\$7.3 billion), and agricultural products purchased for further processing for resale (\$679 million). Repeal of these exemptions would substantially alter the character of the sales tax and the values are the Tax Handbook does not include them in the exemption total.

There are also exemptions for life's necessities, such as groceries, residential rents, prescription drugs and medical supplies, metered water, and residential power and heating fuels. Exemptions for life's necessities total \$11.6 billion, nearly two-thirds (66.0 percent) of the exemptions.

**While there are 281 sales tax exemptions, most of the \$17.6 billion total value comes from a small number of exemptions.**

Added together, structural and life's necessities exemptions, which largely contain the most justifiable exemptions, comprise 83.3 percent of all exemptions from Florida's sales and use tax (see above chart). Moreover, the eight largest exemptions alone total \$12.8 billion, almost three-fourths of all exemptions (see Table1). All of these are either in the structural or life's necessities categories and have been in place for at least 50 years. Five of the eight were enacted when the sales tax was instituted in 1949.



**Table 1.**

### **Eight Largest Exemptions Account for Nearly 3/4 of Total Exemption Value**

Date Enacted	Exemption	Millions
1949	Groceries purchased for human consumption	\$5,078.6
1972	Rent charges paid by permanent residents	\$2,412.9
1949	Prescription drugs	\$1,563.1
1949	The value of trade-ins or discounts	\$1,089.6
1963	Charges for hospital meals and rooms	\$781.3
1949	Direct purchases by government	\$766.0
1972	Purchases of power & heating fuels by residential households	\$577.7
1949	Metered Water, excluding well	\$557.8
<b>Total - Eight Largest Exemptions</b>		<b>\$12,827.0</b>
<b>Total of All Sales Tax Exemptions</b>		<b>\$17,633.0</b>

# Florida TaxWatch Review of Exemptions to the Sales and Tax Use

This report groups all of state's sales tax exemptions into five categories—Structural, Life's Necessities, Non-Profit/Government/Education, Economic Development, and Miscellaneous. The following is an examination of each for these categories.

## Structural Exemptions

There are a number of exemptions in Florida law that maintain the basic nature, structure, and integrity of the sales tax (see Table 2). Florida TaxWatch has labeled these "structural exemptions." First, there are several large exemptions that without, the very nature (structure) of the sales tax would be altered. There is statutory language that clarifies that the following are not taxable: items purchased for resale, intangible personal property, items imported or produced for export, and purchases of agricultural products for further processing for resale. Even though an "exemption" does exist in Florida law, since the taxation of these items would so fundamentally change the nature of the sales tax, they are not considered exemptions and the Tax Handbook does not include their value in the \$17.6 billion total.

Other Structural exemptions:

- Avoid pyramiding and duplicative taxation;
- Limit the tax to those engaged in business;
- Avoid taxation prohibited by federal or other controlling law; and
- Guard against a tax on a tax.

**Avoiding pyramiding and duplicative taxation.** The Florida sales tax is a one-level tax on the retail sale of tangible personal property to the final consumer. In order to not turn the sales tax into a gross receipts tax, items purchased for resale are not subject to tax. While the Tax Handbook does not include the value of most sales for resale, it does include variants of such transactions.

For example, materials used for packaging other items to be sold are not taxable - their cost is included in the price and taxed when sold. There is an exemption for separately billed utility charges to a tenant on which the landlord has already paid sales tax. Without that treatment, the tax would be collected twice, even though the electricity is only used once. There is an exemption for materials and supplies used in fulfillment of a service warranty sold in connection with an item such as a washing machine. The Legislature decided to tax the full amount paid to the issuer of the warranty, rather than to tax parts used in repair. This merely guards against the duplicative taxation of both the service warranty premium and the parts and supplies used to meet the issuer's contract obligations (and has the added benefit of collecting more tax and collecting it sooner). Another example is the exemption for the purchase of fuel by public and private utilities. Consuming businesses pay tax on the final cost of the electricity, defined by the statute as tangible personal property. This exemption avoids taxing both the component cost and the final sale of that electricity.

Limiting the tax to those engaged in business. The Florida sales tax, although collected from consumers by the selling dealer, is a tax imposed upon the “privilege”<sup>11</sup> of engaging in the business of selling or renting tangible personal property. Accordingly, occasional sales and isolated sales (garage and yard sales and transfers of title occurring in connection with business reorganizations (by way of illustration) are not subject to tax.

Taxation prohibited by federal or other controlling law. There is an exemption for the credit allowed against the Florida use tax for sales tax paid in other states. This credit is required by the Commerce Clause of the United States Constitution. Without the credit, an item purchased in another state and used in Florida would be taxed twice, while the same item purchased in Florida would be taxed once. There is also an exemption for sales directly to the federal government, which is immune from taxation by the Supremacy Clause of the United States Constitution, Art. VI, cl. 2. The State (including political subdivisions of the State such as counties) is immune from its own taxes and could not, in any event, raise any revenue by taxing itself. Municipalities could be subjected to state sales tax but are exempted by law.

Florida TaxWatch recommends that these structural exemptions are retained and excluded from consideration of sales tax exemption repeal. The estimated value of these exemptions totals \$3.022 billion.

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<sup>11</sup>Section 212.05 and Section 212.05 (1), Florida Statutes.

## Table 2.

Enactment Date	Florida Statute	Structural Exemptions	FY 2023-24 Value (in \$ m)
1949	212.02(14)(a)	Items purchased for subsequent resale.	55,319.9
1949	212.02(19)	Intangible personal property.	38,187.2
1949	212.06(5)(a)	Tangible personal property imported or produced for export.	7,281.3
1949	212.07(7)	Purchases of ag. products for further processing for resale.	679.1
<i>(repeal of the first four items would substantially alter the character of the sales tax. Florida TaxWatch and the Tax Handbook <u>does not</u> include their value in the total value of sales tax exemptions.)</i>			
<b>FINAL RETAIL SALE/NO PYRAMIDING/MULTIPLE TAXATION</b>			
1949	212.09, 212.02(16)	The value of trade-ins or discounts.	1,089.6
1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities.	209.1
1998	212.0506(10)	Certain materials and supplies used in fulfillment of service warranty	70.6
1998	212.031(7)	Separately billed utility charges paid by tenant to lessor, if lessor has paid tax	40.1
1949	212.02(14)(c)	Materials used for packaging.	35.4
1977	212.031(5)	Convention hall subleases (prime lease subject to tax)	35.7
1999	212.08(2)(f) & (h)	Non-retail pharmacies	14.6
1984	212.06(1)(b)	Electricity consumed or dissipated in transmission of electricity	11.4
1998	212.08(7)(II)	Items sold by PTO's and PTA's, if tax paid at purchase	4.2
2015	212.08(7)(II)	School Concessions, if tax paid at purchase	4.3
1998	212.08(7)(II)	Vending machine items in lunchrooms, if tax paid at purchase	0.6
1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events.	0.3
1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods.	insig.
1998	212.02(14)(c)	Parts incorporated into repair for resale	insig.
1998	212.04(1)(d)	Travel agent mark-up on already taxed admissions or transient rentals	insig.
<b>PROHIBITED BY OTHER CONTROLLING LAW</b>			
1949	212.06(5)(a), 212.081(15)	Any sale exempted by federal law or the U.S. Constitution.	insig.
1949	212.08(6)	Direct purchases by government	766.0
1957	212.08(9)	Railroad equip, motor vehicles & pts. used in interstate commerce	77.7
1949	212.06(7)	Credit for tax paid to other states.	74.4
1957	212.08(8)	Vessels, parts & related items used in interstate commerce (partial).	62.7
1986	212.08(1)(b)	Food purchased with food stamps [not exempt as groceries].	15.6
1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).	5.4
1969	212.06(8)	Imported items if used in another state for 6 months or more.	231.7
1977	212.08(10)	Partial exemption on motor vehicles sold to out-of-state residents.	52.9
1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas.	5.7
<b>LIMITING TAX TO THOSE ENGAGED IN RETAIL SALES OR RENTAL</b>			
1949	212.02(2)	Occasional or isolated sales by businesses and individuals.	21.3
1990	212.02(2)	Leasing of real property between certain affiliated corporations.	9.7
1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies.	0.7
<b>AVOIDING TAXING A TAX</b>			
1998	212.02(16)	Federal excise taxes imposed on retailers	1.5
1949	212.02(1), 212.04(1)b	Federal tax on admissions.	0.9
1998	376.75(1)	Tax on perchloroethylene	0.2
1963	212.04(2)(c), 212.02(2)	Pari-mutuel admissions tax imposed by s. 550.09.	insig.
<b>SERVICES NOT TAXED</b>			
1999	212.08(7)(v v)	Certain advertising services	147.0
1951	212.08(2)(a)	Funerals except for tangible personal property used.	33.2
1987	212.08(6)(a)	Services by radio and TV stations.	insig.
1949/88	212.08(7)(v)	Charges for professional, personal and insurance services	insig.
<b>Total Structural Exemptions</b>			<b>3,022.5</b>

# Life's Necessities Exemptions

Florida exempts a number of items that are often labeled life's necessities (Table 3). These exemptions are provided to help keep taxes low on Florida families and help reduce the regressivity of the state's tax system. A tax system that is heavily reliant on consumption taxes and largely excludes income and wealth taxes, such as Florida's, will be more regressive. A higher portion of lower-income households' income will be devoted to taxes than that of higher-income families. Maintaining exemptions for groceries, rent, residential utilities and medical services, drugs and products will help lessen the level of the sales and use tax's regressivity.

**Groceries** — The largest of life's necessities exemption is for groceries (\$4.6 billion.) Of the 45 states with a sales tax, nearly all give at least some preferential treatment to groceries. Thirty-two states (including Florida) provide a full exemption, six tax groceries at a lower rate, and seven tax at their full rate. All but three of the states that tax groceries, however, provide a grocery tax credit or rebate to low-income families. States' definitions of groceries vary considerably. For example, while all states differentiate between groceries and prepared foods, some states exempt soda and candy, while others (including Florida) do not.

**Medical** — While all states exempt prescription drugs<sup>12</sup>, Florida extends its sales tax exemption wider than most states.<sup>13</sup> Only nine states (and the District of Columbia) exempt over-the-counter drugs<sup>14</sup> and many tax eyeglasses and other medical supplies. The medical exemptions below apply to purchases of these items from providers. There are also limited exemptions for purchases by health care providers (covered elsewhere in this report).

**Residential Rents** — Rent paid by individuals for their permanent or principal place of residence is exempt. Transient (short-term) rentals are taxed, as are the leases of commercial property. There are more limited exemptions for rents that may not be for permanent residences, such as full-time students, military personnel, and migrants labor camps.

These exemptions for life's necessities largely (some entirely) benefit Florida households and individuals. Eliminating these exemptions would increase costs for them, including those with low incomes. There is evidence that grocery exemptions alone do not necessarily promote progressivity and the poorest families experience nine percent higher sales tax liability with a grocery tax exemption than they would if groceries were taxed, and the general rate were reduced commensurately. This is due largely to the federal requirement that food purchased with food stamps be exempt from sales tax and the fact that poorer families buy fewer (and less expensive) groceries and purchase more taxable food (prepared food) than wealthier families. A sales tax credit or refund for low-income families may do a better job of reducing regressivity,<sup>15</sup> however, eliminating the grocery exemption, without a commensurate decrease in the rate, would further burden low-income Floridians.

The estimated value of life's necessities exemptions totals \$11.6 billion.

<sup>12</sup>Illinois taxes prescription drugs at a sales tax rate (1%) that is lower than the general rate (6%). Georgia taxes over-the-counter drug, even if they are dispensed by prescription.

<sup>13</sup>Illinois taxes over-the-counter drugs at a sales tax rate (1%) that is lower than the general rate (6%).

<sup>14</sup>Federation of Tax Administrators, State Sales Tax Rates and Food & Drug Exemptions, January 1, 2023.

<sup>15</sup>Tax Foundation, The Surprising Regressivity of Grocery Tax Exemptions, April 2022.

**Table 3.**

Enactment Date	Florida Statute	Life's Necessities Exemptions	FY 2023-24 Value (in \$ m)
<b>Food &amp; Water</b>			
1949	212.08(1)(a)	Groceries purchased for human consumption.	5,078.6
1949	212.08(4)(a)1.	Metered Water, excluding well.	557.8
<b>Medical</b>			
1949	212.08(2)(a)	Prescription drugs.	1,563.1
1949	212.08(2)(a)	Non-prescription drugs.	182.6
1949	212.08(2)(a)	Eyeglasses and other corrective lenses.	83.8
1963	212.08(7)(i)	Charges for hospital meals and rooms.	781.3
1949	212.08(2)(a)	Medical supplies and products such as syringes and prosthetics.	229.6
1995	212.08(7)(i)	In-facility meals purchased by residents of homes for the aged	63.7
1998	212.08(2)(j)	Special lettering or attachments for prescribed devices for the disabled	5.3
<b>Residential Rent</b>			
1972	212.03(7)(a)	Rent charges paid by permanent residents.	2,412.9
1979	212.03(7)(a)	Rent charges paid by active military personnel.	14.0
1949	212.03(4),212.031(1)(a)2	Rent charges paid by certain long term occupants. (lease longer than 6 mos)	7.1
1972	212.03(7)(c)	Charges for rent in certain mobile home parks.	5.8
1979	212.03(7)(a)	Rent charges paid by certain full-time students.	5.3
1970	212.02(2)	Rent on low income housing.	3.3
1979	212.03(7)(d)	Rent charges for living accommodations in migrant labor camps.	3.1
<b>Residential Power and Heating</b>			
1972	212.08(7)(j)	Purchases of power & heating fuels by residential households.	577.7
<b>Other</b>			
1963	212.08(7)(r)	K-12 schoolbooks and lunches.	54.8
<b>Total Life's Necessities Exemptions</b>			<b>11,629.8</b>

# Non-Profits, Government, Education, and Religious Exemptions

**Non-Profits** — While most non-profits are exempt from income and property taxes, this is not always true for sales taxes. Many states do provide exemptions for non-profits, especially 501(c)(3) organizations, but the application varies considerably. Thirty states exempt purchases by 501(c)(3) organizations, as well as education and religious institutions, but not all do. For example, Georgia does not grant blanket sales or use tax exemption to churches, nor religious, charitable, civic and other nonprofit organizations. These organizations are required to pay the tax on all purchases of tangible personal property and collect tax on retail sales.<sup>16</sup> A limited number of non-profits are specifically exempted in Georgia's statute.

Florida exempts sales or leases to organizations determined by the Internal Revenue Service to be currently exempt from federal income tax pursuant to s. 501(c)(3) of the Internal Revenue Code, if such leases or purchases are used in carrying on their customary nonprofit activities. Several other types of non-profit entities are specifically exempted (see below).

**Government** — The federal government is immune from taxation by the Supremacy Clause of the United States Constitution (see Structural Exemptions). The State (including political subdivisions of the State such as counties) is immune from its own taxes and could not, in any event, raise any net revenue by taxing itself. Municipalities could be subjected to state sales tax but are exempted by law.

**Education** — Tax-supported schools, colleges, and universities are exempt, although some exemptions also apply to private and parochial schools. The direct monetary benefit of the bookstore exemption is to the operator and the art exemption is to the person making the donation.

**Religious** — While not all states exempt churches, Florida provides an exemption for both purchases and sales by religious institutions.<sup>17</sup> Besides churches and other houses of worship, "religious institutions" also includes church governing or administrative offices, nonprofit organizations that provide free transportation to church members or that produce religious audio recordings and distribute them for free. The exemptions also include religious television stations under certain conditions. The exemption for the purchase of religious items includes not only items usually purchased by churches but also items that may be purchased by individuals, such as religious publications and bibles.

The estimated value of the non-profit, government, education, and religious institutions exemptions total \$745.8 billion (Table 4).

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<sup>16</sup>Georgia Department of Revenue, Tax Exempt Non-Profit Organizations. Last accessed October 4, 2022. <https://dor.georgia.gov/taxes/business-taxes/sales-use-tax/tax-exempt-nonprofit-organizations>

<sup>17</sup>Sales or leases directly to religious institutions are exempt "when used in carrying on their customary nonprofit religious activities." Section 212.08(7)(m), Florida Statutes

**Table 4.**

Enactment Date	Florida Statute	Non-Profit, Government, Education and Religious Exemptions	FY 2023-24 Value (in \$ m)
<b>Non-Profits</b>			
1949/00	212.08(7)(p)1.	Section 501(c)(3) organizations	486.3
1978	212.08(7)(k)	Charges for certain meals provided by non-profit orgs.	45.1
1978	212.04(2)(a)2.a.	Dues, fees, and admissions charged by non-profit entities.	37.5
1983	212.08(7)(l)	Purchases by orgs. providing certain benefits to minors.	14.1
1983	212.08(7)(m)1.	Items purchased or leased by certain non-profit organizations.	10.0
2016	212.08(7)(n)1.	Certain Food or Drink sold by Qualified Veterans Organizations	3.7
1997	212.08(7)(kk)	PRIDE (inmate job training organization)	3.4
1999/00	212.08(7)(tt)	Non-profit water systems	1.7
1978/99	212.08(7)(n)1.	Items purchased or leased by qualified veterans organizations.	1.4
1998	212.08(7)(pp)	Food or beverages donated to non-profit organizations.	0.9
1988	212.08(7)(m)2.	Purchases by religious 501(c)(3) non-profit TV stations.	0.8
1969	212.08(7)(u)	Purchases of fire-fighting equipment by volunteer fire depts.	0.5
1997	212.08(7)(ii)	Nonprofit cooperative hospital laundries	0.2
1995	212.08(7)(m)2.	Purchases by certain orgs. supporting charitable service providers	0.2
1999	212.08(7)(uu)	Library co-operatives	0.2
1992	212.08(7)(bb)	Community cemeteries - 501(c)(13).	0.2
2019	212.08(7)(p)2.	Items purchased for resale donated to Section 501(c)(3) organizations	0.0
2000	212.08(7)(aaa)	Florida Fire and Emergency Services	insig.
1982	212.08(7)(g)	Supplies & equipment by the Fla. Retired Educators' Assn.	insig.
1988	212.08(7)(z)	Certain candy sold in vending machines by non-profit orgs.	insig.
1984	212.0821(3)	Items bought by certain library fund raising groups.	insig.
<b>Government</b>			
1994	212.04(2)(a)6.	Governmental sponsorship fees for athletic or recreational events	25.4
1999/2016	212.06(1)(c)	Partial exemption for asphalt sold to governments	4.2
2000	212.08(7)(zz)	People Mover Systems that become publicly owned	0.6
1978	212.08(7)(q)	Purchases of "resource recovery equipment" by local govts.	0.3
1984	212.0821(2)	Items bought by certain community groups through local govts.	insig.
<b>Education</b>			
1980	212.04(2)(a)3.	Admissions paid by students for required sports or recreation.	17.3
1992/99	212.08(7)(cc)	Works of art provided to an educational institution.	18.8
1984	212.0821(1)	Items bought by Parent-Teacher Orgs. through school districts.	9.5
1998	212.08(7)(r)	School yearbooks, magazines, newspapers, and bulletins	4.8
2007	212.08(7)(eee)	Bookstore operations at a postsecondary education institution	1.7
1949	212.04(2)(a)1.	Admissions to certain school and state events.	2.5
1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials	0.5
<b>Religious</b>			
1949	212.06(9)	Sales of religious items.	28.6
1949	212.08(7)(m)1.	Sales or leases to churches.	23.5
1998	212.08(7)(m)2.	Organizations w/o permanent location conducting religious services	1.5
1984	212.08(7)(m)2.	Non-profit orgs. providing free transportation to church members.	0.2
1998	212.08(7)(m)2.	Organizations that make religious tapes for the blind	0.2
1995	212.08(7)(m)2.	Purchases by orgs. providing religious services to state prisoners	0.0
<b>Total Non-Profit, Government, and Education Exemptions</b>			<b>745.8</b>

# Economic Development and Agriculture Exemptions

Florida's tax incentives that are designed to encourage economic development and job growth have come under scrutiny in recent years. Two programs found to be beneficial by Florida TaxWatch research<sup>18</sup> have been eliminated by the Legislature and economic development sales tax exemptions are often cited by those promoting repeal of exemptions.

Florida TaxWatch believes it is critical to employ a tax system that maximizes economic growth and generates revenue from that growth. In other words, Florida's tax structure should encourage productivity – not tax it – while generating revenue from consumption. These exemptions can help Florida businesses compete with those in other states and nations. Some are specific to individual industries or businesses while others help to reduce the tax on business inputs for manufacturers.

Agriculture and manufacturing account for one-half of the value of all economic development exemptions.

## Manufacturing

Manufacturing is a target industry for the state's economic development efforts, especially advanced and clean manufacturing. Across the state, there are about 23,730 establishments conducting manufacturing operations.<sup>19</sup> The wages of the manufacturing industry are higher than the state average, averaging \$69,997,<sup>20</sup> and provide about \$6.5 billion in wages for the state.<sup>21</sup> Manufacturing helps stimulate the economy. In 2021, the industry was responsible for \$64.3 billion of Florida GDP.<sup>22</sup> Every \$1 in manufactured goods produces \$3.60 in other sectors.<sup>23</sup>

Florida's manufacturing sector had been on the decline since 2004 and hit a low point in 2010 after the Great Recession. Manufacturing employment began growing from a low of 307,689 jobs in 2010 to 387,951 manufacturing jobs in 2021.

Before the pandemic, between 2015 and 2019, Florida was the third most successful state at adding manufacturing jobs, adding jobs nearly three times faster than the national rate.<sup>24</sup> Still, Florida is lagging behind other states. Florida's 387,951 jobs ranks 12th nationally, with our northern neighbor Georgia outpacing our employment by about 10,000 jobs. California and Texas, the only states larger than Florida, employ 1.3 million people and 856,000 people, respectively, in manufacturing jobs.<sup>25</sup>

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<sup>18</sup>The Qualified Target Industry Tax Refund Program and the Entertainment Industry Financial Incentive (Tax Credit) Program.

<sup>19</sup>Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Quarter 1 2022.

<sup>20</sup>Bureau of Workforce Statistics and Economic Research (WSER), Florida Manufacturing, August 2022 Labor Statistical Data.

<sup>21</sup>Enterprise Florida, "Manufacturing," retrieved from <https://www.enterpriseflorida.com/industries/manufacturing/>, accessed on September 30, 2022.

<sup>22</sup>Bureau of Economic Analysis, Regional Data GDP and Personal Income, accessed September 30, 2022.

<sup>23</sup>FloridaMakes, "Why Manufacturing?" February 2020.

<sup>24</sup>Florida Trend, "COVID-19's impact on Florida's manufacturing sector," April 2020.

<sup>25</sup>[https://www.bls.gov/oes/2021/may/oes\\_research\\_estimates.htm](https://www.bls.gov/oes/2021/may/oes_research_estimates.htm)

The Florida Legislature has tried to help spur this growth over the years by enacting a number of manufacturing exemptions, most notably machinery and equipment (M&E) and energy used in production. **Florida TaxWatch research has been very supportive of these exemptions.**

Most of the exemptions apply broadly to manufacturing, requiring that it is used in “producing for sale items of tangible personal property at a fixed location.” The main exemptions for manufacturing M&E apply to all industries with a manufacturing SIC code and adds finfish farming, fish hatcheries, and scrap metal recyclers. The exemptions for electricity used in manufacturing and shipping and parts for repair of M&E exempt all industries with a manufacturing NAICS code, with the exception of tobacco products (cigars are included in the exemption). The electricity exemption also includes metal recyclers.

Many of the manufacturing exemptions listed also apply to some industries outside the manufacturing sector, as categorized by SIC and NAICS, such as M&E for new and expanding business,<sup>26</sup> research and development (R&D) M&E, and pollution control devices.

The exemption for M&E used to produce energy using boiler fuels for use in manufacturing tangible personal property (TPP) is used primarily by utilities (electricity is considered TPP for sales tax purposes). However, utilities would not benefit from the main exemption for manufacturing M&E because they are not under the manufacturing NAICS codes.

Special application of these manufacturing exemptions includes spaceports (new and expanding business), semiconductor, defense, and space technology (industrial M&E and other items), semiconductor clean rooms (building materials), gas turbine manufacturing (expanded M&E, including chemicals and other items), and finfish farming and cigar manufacturing (manufacturing M&E), and scrap metal recyclers added to the exemptions for M&E and electricity used in manufacturing.

**Semiconductor, defense, or space technology production** — The definition of exempt “industrial machinery and equipment” for these industries is broader than the standard definition for other M&E exemptions. It includes “molds, dies, machine tooling, other appurtenances or accessories to machinery and equipment, testing equipment, test beds, computers, and software.”<sup>27</sup> The definition also includes M&E purchased or self-fabricated, and if self-fabricated, includes materials and labor for design, fabrication, and assembly. For defense and space technology, in addition to M&E used to manufacture, process, compound, or produce products, the definition also includes M&E used to design and assemble products.

**Pollution Control** — The exemption for M&E for the abatement or control of pollution is for businesses producing TPP for sale, but its application is not limited by the NAICS or SIC manufacturing codes. It is further applied to privately owned or operated landfills or construction and demolition debris disposal facilities. The exemption also includes structures and other materials, such as specialty chemicals and bioaugmentation products.<sup>28</sup>

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<sup>26</sup>Expanding businesses must show a 5 percent increase in productive output.

<sup>27</sup>Section 212.05 (j) 5.a., Florida Statutes

<sup>28</sup>Specialty chemicals” are used to treat wastewater, such as defoamers, nutrients, and polymers. “Bioaugmentation products” are microorganisms used in waste treatment plants to break down solids and consume organic matter. Section 212.051 (3), Florida Statutes.

## Agriculture

Agriculture is an important part of Florida's economy. The Legislature has consistently looked for ways to reduce the sales tax (and property tax) burden on farmers. Florida statutes include a very broad definition of agriculture:

*"Agricultural production" means the production of plants and animals useful to humans, including the preparation, planting, cultivating, or harvesting of these products or any other practices necessary to accomplish production through the harvest phase, including storage of raw products on a farm. The term includes aquaculture, horticulture, floriculture, viticulture, forestry, dairy, livestock, poultry, bees, and any and all forms of farm products and farm production.<sup>29</sup>*

Several larger exemptions have been in place since the sales tax was first created in 1949, including the purchase of items used in agriculture (such as seeds, fertilizer, and pesticides), livestock feed, products used on the farm, and products sold directly by the producer.

Items have been added over the years and recent Legislatures have been particularly active in this area. Exemptions for parts and repair for farm equipment, hog wire and barbed wire fencing (including gates and materials), irrigation equipment, animal health products, trailers, stakes, and equipment for raw storage of products were all enacted since 2015. In 2016, post-harvest machinery and equipment was added to the manufacturing M&E exemption.

## Motion Picture, Television, Music Production

Despite the sunset of Florida's major movie and television incentive program – the Entertainment Industry Financial Incentive (Tax Credit) Program – in 2016, the state still has some tools to attract productions. Any qualified company engaged in the production of motion pictures, television series or movies, commercial advertising, music videos, or sound is eligible for an exemption from sales and use tax on the purchase or lease of certain items used exclusively as an integral part of the production in Florida. The production company must apply for a certificate of exemption to be presented when making purchases and renting qualified production equipment. Exemptions exist for:

- Motion picture, video, and sound recording equipment that is purchased or leased for entertainment production activities;
- Sales of master tapes, records, films, or video tapes is taxable only on the value of the tangible blank medium. The value of all the major cost components of making a master, such as artistic services, processing, and copyrights or royalties, is not taxable.
- Rentals of real property used as an integral part of qualified motion picture production service; and
- Fabrication labor used in set design and construction for qualified motion pictures.

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<sup>29</sup>Section 212.08(32), Florida Statutes.

Florida TaxWatch supports well-though out incentives for the film and television industry.<sup>30</sup> A sound incentive program that guarantees Florida receives sufficient benefit from productions before sales tax refunds are issues, could be a better alternative than exemptions. Such programs have been considered by the Legislature in recent sessions.

## Aircraft and Boats

A number of exemptions have been granted to aircraft and boats in an attempt to develop these industries in Florida. Several have been enacted under the belief that without it, at least most of the taxable activity would be done out of state and Florida would not receive any tax revenue.

The sale or lease of airplanes used by a common carrier and that have a takeoff weight of more than 15,000 pounds is exempt. The sales of equipment and the charge for labor associated with maintenance and repair labor is also exempt for these planes, as well as helicopters. Although not exempt, there are maximum tax caps on sales (\$18,000) and repair (\$60,000 per repair) of boats.

For aircraft purchased out of state, the tax is charged when an aircraft enters Florida within six months of purchase. An exemption is provided for aircraft that stays in Florida for no more than 20 days or is in Florida exclusively for flight training, repairs, alterations, refitting, or modifications. Florida allows a credit for sales or use taxes paid to another state (but not another county) if the aircraft becomes subject to Florida tax.

Any aircraft or a boat with internal capacity of less than five tons, purchased in Florida by a non-resident, is exempt if the buyer removes it from the state within ten days. If it needs repairs, alterations, or additions, the purchase is still exempt if the buyer immediately places the aircraft in a repair facility and removes it from Florida within 20 days from the date the work is complete. A boat can stay up to 180 days if special decals are obtained from the Florida Department of Revenue.

A boat purchased out-of-state and brought into Florida within six months of purchase is subject to the use tax.

The Sales Tax Exemption Study Commission , which recommended the repeal of many sales tax exemptions and the enactment of a services tax, also recommended that the partial exemption for aircraft sold to a nonresident and the exemption for boat repair, which were scheduled for repeal, be reinstated in order to “sustain the competitive position” of these industries.<sup>31</sup>

There are other, more narrow exemptions, such as fractional aircraft, fleets of at least 25 on-demand small jets, and partial exemption for air carriers’ maintenance bases. The exemptions are currently little used, or not used at all. The exemption for fleets of small on-demand jets was put in for DayJet, which began operations in Florida in 2007 and ceased operations less than a year later.

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<sup>30</sup>Florida TaxWatch, Is the Sun Setting on Film in Florida, November 2018.

<https://floridatxwatch.org/Research/Full-Library/is-the-sun-setting-on-film-in-florida>

<sup>31</sup>Sales Tax Exemption Study Commission, Report and Recommendations, April 1987.

## Miscellaneous Economic Development

**Commercial leases (Business Rent Tax)** — The tax rate has been reduced three times since 2017, lowering it from 6.0 percent to 5.5 percent. It is scheduled to be reduced to 2 percent in 2024. The reduction, and eventual repeal, has been a research priority of Florida TaxWatch and there is broad support for it, as Florida is the only state in the nation with such a tax.<sup>32</sup> This exemption should be retained and the tax should be eliminated.

**Machinery and equipment related to green hydrogen** — This is a new exemption (2022). Green hydrogen is a promising emerging green energy technology that can produce zero greenhouse emissions. The production is capital intensive, and it is thought that the cost must come down to be competitive with other energy production.

**Data Centers** — The 2017 Legislature created an exemption for anything purchased, rented, or leased by data center owners, provided the center makes accumulative capital investment of \$150 million by June 30, 2022, and meets other requirements. Since no company had claimed the exemption by the April 2021 deadline, the 2021 Legislature extended the deadline to June 30, 2027. The exemption was narrowly written and does not help the 131 data center that were in Florida when the exemption was enacted.

**Enterprise Zones** — The state's Enterprise Zone program has been repealed. The five exemptions for projects in Enterprise Zones that are still in statute no longer apply.

The estimated value of the economic development and agriculture exemptions total \$1.346 billion (Table 5).

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<sup>32</sup>Florida TaxWatch, Now is the Time to Eliminate the Business Rent Tax, April 2017. <https://floridataxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/15643/Now-is-the-Time-to-Eliminate-the-Business-Rent-Tax#section1>

**Table 5.**

Enactment Date	Florida Statute	Economic Development and Agricultural Exemptions	FY 2023-24 Value (in \$ m)
<b>Agriculture</b>			
1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc.)	86.2
63/98/05	212.08(3)	Farm equipment.	60.7
1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches.	33.8
2022	212.08(5)(a)	Hog wire and barbed wire fencing, including gates and materials	11.5
2015	212.08(3)(a)	Power Farm Equipment - Parts and Repairs	10.3
1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural.	7.5
2015	212.08(3)(a)	Irrigation Equipment used in Agricultural production	4.4
1949	212.07(5)	Sales of farm products sold directly by the producer.	3.0
2005	212.08(3)	Agricultural diesel engines and irrigators.	4.3
2017	212.08(5)(a)	Animal Health Products	3.7
2015 2022	212.08(3)(b)	Trailers purchased and used by a farmer (2022-Full exemption)	2.4
1988	212.08(5)(e)1.	Butane and other gases (except natural) used for agricultural purposes.	1.7
2016	212.08(7)(jjj)	Post Harvest Machinery and Equipment	1.6
2012	212.08(5)(e)2.	Electricity used in packing houses for meat of cattle and hogs	1.3
2015	212.08(5)(a)	Stakes used in Agricultural production	1.2
2006/07	212.08(5)(e)2.	Diesel fuel/electricity used in farming	1.2
1993	212.08(5)(e)1.	Natural gas used for agricultural purposes.	1.1
2012	212.08(5)(e)2.	Electricity used in packing houses for fruits and vegetables	1.1
2015	212.08(32)	Power Farm Equipment - Raw Storage	0.3
1998	212.08(5)(a)	Poultry structure generators	0.4
1978	212.08(5)(a)	Fuels used to heat poultry structures.	0.2
1949	212.07(6)	Agricultural products consumed on the farm.	insig.
<b>Aquaculture</b>			
1998	212.02(28) &	Fish breeding	0.2
2018	212.08(5)/(5)(t)	Aquaculture Exemption (off-road fuel/electricity)	0.3
2015	212.08(29)	Aquaculture (added to definition of livestock, multiple exemptions)	insig.
<b>Manufacturing</b>			
2013/2016	212.08(7)(jjj)	Manufacturing Machinery and Equipment (M&E)	92.0
2006	212.08(18)	Machinery and Equipment used for R&D at least 50%	60.6
1980	212.08(5)(c)1.	M&E used to produce energy by burning hydrogen or nonresidual fuel	18.8
1978	212.08(5)(b)1.	M&E purchased by new businesses (manufacturing and spaceports)	18.1
78/89/06/12	212.08(5)(b)2.	M&E purchased by expanding businesses (manufacturing and spaceports)	9.7
1997	212.08(5)(j)	M&E used in semiconductor, defense or space technology	4.0
2000	212.08(5)(c)1	M&E used to create energy by burning boiler fuels	0.7
1997	212.08(5)(c)2	M&E using both nonresidual and residual fuels (prorated)	insig.
1983	212.08(5)(d)	M&E purchased pursuant to federal contract by an expanding business	insig.
1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing	84.4
1982/2006	212.052	Items fabricated for use in research and development activities	50.3
1996	212.08(7)(ff)	Electricity used in manufacturing	40.9
1998	212.051(1)	Pollution control equipment used in manufacturing	19.8
1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy	13.7
1999/00	212.08(7)(xx)	Shipping and parts and labor for repair of machinery and equip	13.9
2012	212.08(7)(hhh)	Turbine engine manufacturing - M&E and more	2.5
2000	212.08(5)(j)	Building material for semi-conductor clean rooms	0.2
<b>Airplanes and Boats</b>			
1976	212.05(1)(a)2.	Sales of boats or airplanes removed from the state	93.6

**Table 5.**

<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Economic Development and Agricultural Exemptions</b>	<b>FY 2023-24 Value (in \$ m)</b>
1988	212.08(5)(i)	Certain aircraft modification services	54.0
1949	212.06(5)(a)	Aircraft being exported outside the U.S.	34.1
1998	212.08(7)(rr)	Parts used in aircraft maintenance or repair for aircraft > 15,000 lbs	13.7
2012	212.08(7)(rr)	Parts used in maintenance or repair for aircraft >2K lbs and < 15k lbs	15.1
2012	212.08(7)(ee)	Repair and maintenance labor charges for aircraft > 2K lbs and < 15K lbs	5.1
1994/98	212.08(7)(ee)	Aircraft repair and maintenance labor charges for aircraft > 15,000 lbs	4.3
1998	212.08(7)(ss)	Aircraft leases and sales by common carriers, if in excess of 15,000 lbs	9.6
1998	212.08(11)	Aircraft temporarily located in Fla for repairs	2.9
1978	212.08(11)	"Flyable aircraft" sold by a Fla. mfgr. to out-of-state resident (partial).	2.4
1998	212.08(7)(ee)	Aircraft repair and maintenance labor charges for helicopters > 10,000 lbs	0.3
2010	212.08(7)(ggg)	Fractional Aircraft	insig.
1987	212.060	Partial exemption for air carriers' maintenance bases.	insig.
2010	212.08(7)(fff)	Aircraft temporarily in the state	insig.
2006	212.02(33)	Small private aircraft fleet of more than 25 planes	0.0
2010	212.05(5)	\$18,000 cap of sales tax on boats	8.2
2015	212.05(5)	\$60,000 cap of sales tax on boat repairs	6.0
1986	212.08(7)(t)	Boats temporarily docked in Florida.	3.1
<b>Motion Picture and Sound Production</b>			
2000	212.08(5)(f)	Motion picture and television video and sound recording equipment	38.5
1984	212.08(12)	Master tapes, records, films or video tapes (partial)	14.8
1987	212.031(1)(a)9.	Leases/rentals of certain property used for movie productions	10.9
1969	212.06(1)(b)	Fabrication labor used in the production of qualified motion pictures.	0.5
<b>Ports &amp; Airports</b>			
1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading.	64.5
1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships	20.7
1997	212.031(1)(a)8.	Wharfage guarantees	0.6
<b>Space/Satellite</b>			
1989	212.08(16)(a)1.	The sale or use of satellites or other space vehicles	51.6
1999	212.08(17)	Overhead items purchased by government contractors (defense/space)	16.8
1978	212.08(5)(b)1.&2.	M&E purchased by new/expanding spaceports (*\$ value included elsewhere)	*
2000	212.031(1)(a)12.	Commercial Leases/Space Flight	1.3
1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on satellites.	insig.
<b>Miscellaneous</b>			
17/18/19	212.031(1)(c)	Commercial Rent Sales Tax Rate of 5.5%	173.5
2016	212.08(7)(jjj)	Metal recyclers machinery and equipment	3.3
2017	212.08(5)(s)	Data Centers	2.7
2022	212.08(7)(ppp)	Machinery & equipment used to produce green hydrogen	0.2
<b>Enterprise Zones, RAOs, Tax Credits</b>			
2017	212.08(5)(r)	New Construction Building Materials in Rural Areas of Opportunity	9.2
1984	212.08(15)	Certain electrical energy used in an enterprise zone	0.9
1984/2015	212.08(5)(h)	Certain depreciable business equip. used in an enterprise zone; refund.	0.7
2000	212.08(5)(n)	Materials for construction of single-family homes in EZ	0.0
1984/2015	212.096	Credit for job creation in enterprise zones.	0.0
1984/2015	212.08(5)(g)	Certain building materials used in an enterprise zone.	insig.
01/05/06/15/17	212.08(5)(p)	Community Contribution Credit	14.5
1997	212.098	Rural job tax credit	0.1
1997/2012	212.097	Urban High-crime area job tax credit	0.5
<b>Total Economic Development and Agriculture Exemptions</b>			<b>1,346.2</b>

This category of exemptions includes all the exemptions that do not fit squarely in the other four categories.

### Business Purchases

**Businesses operating municipally owned golf course** — Government purchases are exempt “when payment is made directly to the dealer by the governmental entity.” A 2017 law broadened that qualification to include situations in which a business under contract with a municipality operates a municipally owned golf course pays for a purchase or lease of that golf course using golf course revenues or other city funds. The exemption is limited to courses located in a county with a population of at least 2 million residents that delivers youth education programs. Only Miami-Dade courses qualify, and only five of seven (at time of passage) fully qualify. Broward County is just under the population requirement and will likely qualify in the next couple years.

**Purchases of private cinematography school, including leases** — Any licensed<sup>33</sup> private post-secondary school that is primarily engaged in teaching students to perform any motion picture production activities and that has at least 500 enrolled students is exempt from paying sales tax on its purchase or lease of materials, equipment, and other items used for education or demonstration of the school’s curriculum, including supporting operations.

**Mobile home lot improvement** — Items purchased by developers for making improvements to a mobile home lot owned by the developer are tax-exempt as a sale for resale if made pursuant to a contract that requires the developer to sell a mobile home to a purchaser, place the mobile home on the lot, and make the improvements to the lot for a single lump-sum price. The developer must collect and remit sales tax on the entire lump-sum price.

**Television and radio stations** — License fees and direct charges for films, videotapes, and transcriptions used by television or radio stations or networks are exempt. Charges for services rendered by radio and television stations, including line charges, talent fees, or license fees and charges for films, videotapes, and transcriptions used in producing radio or television broadcasts are also exempt.

**Items Awarded as Prizes** — Game concession operators who customarily award tangible personal property as prizes may, in lieu of paying tax on the cost price of such property, pay tax on 25 percent of the gross receipts from such concession activity.

**Contact lens molds** — Items intended for one-time use which transfer essential optical characteristics to contact lenses are exempt after a taxpayer has paid tax on \$100,000 of these purchases in a calendar year. While Florida exempts many healthcare items purchased by individuals, most purchases of medical equipment by providers are taxable.

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<sup>33</sup>Under Chapter 1005, Florida Statutes (Non-Public Post-Secondary Education).

**Lithotripters** — Machines used to break up kidney stones with sound waves are exempt. While Florida exempts many healthcare items purchased by individuals, most purchases of medical equipment by providers is taxable.

**Purchase of commercial fishing nets** — Nets designed and used by commercial fishing are included in the agricultural “account of use” exemption.

**Purchases of bait by commercial crab fishers** — The exemption only applies to bait intended solely for blue crabs and stone crabs.

## Other Business Exemptions

**Dealer Collection Allowance** — This is not really an exemption but rather compensation to allow the dealer to defray some of the cost of collecting and remitting the sales for the state. The allowance is 2.5 percent of tax due each month, but it is limited to the first \$1,200 of tax due, meaning the most a dealer may keep is \$30 per month. Only dealers that electronically file their returns may take the allowance.

**Renting Space to Sell Concessions** — Prior to 1999, the leasing of space to provide food and drink concessions in a movie theater, pari-mutuel facility, or publicly owned arena, sports stadium, convention hall, exhibition hall, auditorium, or recreational facility was exempt. In 1999, this exemption was extended to private facilities and added civic centers, performing arts centers, and recreational facilities. The statute was subsequently amended to remove private recreational facilities but the other private exemptions remain. The exemption for movie theaters accounts for the vast majority of this exemption (\$42.4 million).

**Law Enforcement Officers Protection Services** — Even though this is a service, this is listed here (as opposed to under Structural Exemptions) because protection services are one of the few services subject to the sales tax. The statute that taxes these services provides an exemption for law enforcement officers even when characterized as “extra duty,” “off-duty,” or “secondary employment,” and paid by an outside source.

## Admissions

**Sporting Events** — A number of exemptions exist for tickets to sporting events held in Florida:

- NFL Super Bowl and Pro Bowl;
- Major League Baseball, Major League Soccer, National Basketball Association, or National Hockey League all-star games;
- MLB Home Run Derby;
- Soccer World Cup Matches sanctioned by FIFA (enacted in 2022);
- Formula One Grand Prix races, including qualifying or support races;
- Daytona 500 races, including qualifying or support races (enacted in 2022); and
- College football postseason games sanctioned by NCAA (enacted in 2022).

**Participation Fees** — Participation or entry fees charged to participants in a game, race, or other sport or recreational event if spectators are charged a taxable admission to such event.

**Tickets for certain non-profit theater, opera or ballet events** — This exemption is narrowly written. Organization must be 501(c)(3); be responsible for the safety and success of the event; be organized for the purpose of sponsoring live theater, live opera, or live ballet productions in this state; have more than 10,000 subscribing members and has among the stated purposes in its charter the promotion of arts education in the communities it serves.

**Ticket Service Charges** — The taxable sale price or actual value does not include separately stated ticket service charges that are imposed by a facility ticket office or a ticketing service and added to a separately stated, established ticket price.

**Hospital Physical Fitness Facilities** — All memberships providing recreational or physical fitness facilities are taxable, except physical fitness facilities owned or operated by any licensed public or private hospital.

**Admission Resales** — Admission resales are explicitly excluded from Florida's sale for resale exemption, but if a purchaser of an admission subsequently resells it for more than the amount paid, the purchaser shall collect tax on the full sales price and may take credit for the amount of tax previously paid.

## Rental or Use of Real Property

Florida taxes the rental or license fee for use of real property, with exceptions for agricultural property, and property used exclusively for dwelling purposes, meaning commercial leases and rents are taxable. Commercial leases are taxable at the lower rate of 5.5 percent (see Economic Development section). More limited exemptions are also provided.

**High School and college teams' stadium skyboxes** — The rental or license to use a skybox, luxury box, or other box seats for use during a high school or college football game is exempt when the charge is imposed by a 501(c)(3) nonprofit sponsoring organization. While this exemption may help non-profits rent the boxes, the tax is paid by those renting them.

**A public street or road which is used for transportation purposes** — This covers tolls and parking meter charges.

**Streets and right-of-way used by utilities** — Including poles, conduits, fixtures, and similar improvements located on such property used by a utility or communications services provider and property on which the towers, antennas, cables, accessory structures, or equipment, not including switching equipment are placed and used in the provision of mobile communications services.

**Airport Concession Fees** — Privilege, franchise, or concession fees, or fees for a license to do business, paid to an airport are not considered payments for renting or granting a license for the use of real property and are not subject to sales tax.

**Recreational or common condominium property** — The exemption applies when subject to a lease between the developer or owner and the condominium association.

## Rental of Tangible Personal Property

**Taxicab leases** — The lease of, or license to use, a taxicab or related equipment and services provided by a taxicab company to an independent taxicab operator are exempt if sales or use tax has been paid on the acquisition of the taxicab and its related equipment.

**Film rentals** — Film rentals are exempt when an admission is charged for viewing the film.

**Long-term commercial vehicles rentals** — The lease or rental of a commercial motor vehicle to one lessee for 12 months or more is exempt if tax was paid on the purchase price by the lessor. To qualify, the vehicle must either weigh at least 10,000 pounds; be designed to transport 15 passengers, including the driver; or be used to transport hazardous materials.

**Fair associations** — These exemptions apply to fair associations:

- the sale, use, lease, rental, or license to use, made directly to, or by, a fair association, of real or tangible personal property;
- any charge made by a fair association, or its agents, for parking, admissions, or for temporary parking of vehicles used for sleeping quarters;
- rentals, subleases, and sublicenses of real or tangible personal property between the owner of the central amusement attraction and any owner of an amusement ride; and
- other transactions which are incurred directly by the fair association in the financing, construction, and operation of a fair, exposition, or other event or facility.

“Fair associations” are defined by Florida law as non-profit<sup>34</sup>. This exemption does not apply to the sale of tangible personal property made by a fair association through an agent or independent contractor; sales of admissions and tangible personal property by a concessionaire, vendor, exhibitor, or licensee; or rentals and subleases of tangible personal property or real property between the owner of the central amusement attraction and a concessionaire, vendor, exhibitor, or licensee, except for the furnishing of amusement rides, which are exempt.

## Veterans

**Importation of motor vehicles by active military** — The importation of a vehicle purchased and used for six months or more in a foreign country by an active member of the United States Armed Forces or his or her spouse is also exempt from the tax when the vehicle is imported, registered, or titled in this state for personal use.

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<sup>34</sup>Section 616.001 (11), Florida Statutes.

**Partial exemption for purchases by a disabled veteran of an aircraft, boat, mobile home, motor vehicle, or other vehicle** — When a veteran buys a vehicle under the federal assistance program under 38 U.S.C. s. 3902(a), the amount paid by the United States Department of Veterans Affairs is not taxable. However, any portion of the purchase price which is paid by the veteran is taxable.

**Artificial commemorative flowers** —The sale of such flowers by bona fide nationally chartered veterans' organizations is exempt.

## Purchases Made Largely by Individuals or Households

**Bottled Water** — Drinking water in bottles, cans, or other containers, including those with added minerals, are exempt. Water with added carbonation or flavorings is taxable. While water is surely one of life's necessities, metered and well water are exempt. Some states tax bottled water and/or, due to the environmental impact of water bottle, have bottle or container fees, which Florida does not have. Based on the price of bottled water, it seems consumers are not paying for water, as much as for the container and convenience, or whatever minerals may be added. Those without access to clean water or those impacted by disasters affecting the availability of public water should be considered, but water purchased by or donated to non-profits for distribution in such emergencies would likely be exempt under current law. If this exemption were to be repealed, one gallon or larger water containers should remain exempt.

**Pet Health** — The purchase by a veterinarian of commonly recognized substances which are applied to or consumed by animals for alleviation of pain or the cure or prevention of sickness, disease, or suffering is exempt. Also exempt is the purchase by a veterinarian of antiseptics, absorbent cotton, gauze for bandages, lotions, vitamins, and worm remedies.

**Therapeutic animal diets** that are only available from a licensed veterinarian was exempted in 2014.

**Bullion** — The sale of gold, silver, or platinum bullion, or any combination thereof, in a single transaction is exempt if the sales price exceeds \$500. This was enacted to remove the incentive for purchasers to go to a state with an exemption to purchase the bullion.

**Coins and Currency** — Legal tender is exempt if sold at face value. Coins and currency that is not legal tender, legal tender sold above face value, or coins sold based on the precious metal content are taxable. However, these generally taxable coins and currency are exempt if the sale is more than \$500.

**Certain homeowner warranties** — Warranties are generally taxable; however, businesses, other than authorized insurers, which issue home warranties, must pay a two percent tax on total warranty premiums<sup>35</sup>. Such warranties are exempt from the sales tax.

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<sup>35</sup>Section 634.313(1), Florida Statutes.

**Furniture and appliance delivery charges** — Separately stated charges that can be avoided at the option of the purchaser for the delivery, inspection, placement, or removal from packaging of furniture or appliances by the seller at the premises of the purchaser or the removal of similar items from the premises of the purchaser are exempt. If these charges include the modification, assembly, or construction of the item, then all of the charges are taxable.

Other miscellaneous exemptions for items purchased by families or individuals:

- Solar energy systems, including components
- Feminine hygiene products used to absorb menstrual flow
- Child car seats
- Youth bicycle helmets
- Prepaid college meal plans
- Sales of U.S. and State flags
- Purchases and rental of guide dogs for the blind, including food and other items

## Free Items

Several exemptions exist for complimentary items given away by businesses for free.

- Alcoholic beverages provided by distributors or vendors and used for wine or spiritous beverage tastings. (Beer or malt beverages do not seem to be exempt.)
- Complimentary meals served by hotels & motels if a separate charge or specific amount for the food or drinks is not shown. Such food or drinks are considered to be sold at retail as part of the total charge for the transient living accommodations.
- Paint color card samples, flooring and wall samples, fabric swatch samples, window covering samples, and similar samples, when they serve no useful purpose other than as a comparison of color, texture, or design; are provided by the manufacturer to a dealer or ultimate consumer for no charge; and are given away by the dealer to the ultimate consumer for no charge.
- Complimentary food items — Any food or drink, whether or not cooked or prepared on the premises, provided without charge as a sample or for the convenience of customers by a dealer that primarily sells food product items at retail.
- Any item given to a customer as part of a price guarantee plan related to point-of-sale errors by a dealer that primarily sells food products at retail. This does not apply to restaurants and bars.
- Automobiles loaned to high school driver education and safety programs.
- Vehicles loaned at no charge by a car dealer while being repaired or serviced. Other no charge loans of a vehicles by dealer accrue use tax based on the annual lease value.

The estimated value of the miscellaneous exemptions totals \$1.364 billion (Table 6).

Table 6.

Enactment Date	Florida Statute	Miscellaneous Exemptions	FY 2023-24 Value (in \$ m)
<b>Business Purchases</b>			
1990	212.08(2)(a)	Contact lens molds cost in excess of \$100,000	10.0
1998	212.051(2)	Solid waste management equipment	5.5
1997/99	212.060	Purchases of cinematography school, including leases	2.4
2018	212.08(7)(ooo)	Recycling roll off containers	1.5
1974	212.08(7)(c)	Purchases of crab bait by commercial fishers	0.8
1998	212.08(2)(d)	Lithotripters	0.5
1998	212.08(5)(l)	Cattle growth enhancers	0.6
1949	212.08(5)(a)	Purchase of commercial fishing nets	insig.
1998	212.08(2)(e)	Human organs	insig.
<b>Miscellaneous Business Exemptions</b>			
1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first \$1,200 of tax per return	71.7
1983	212.031(1)(a)10.	Movie theater concession rent	42.4
1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airports	32.3
1991/06	212.20(6)(d)6.b. & e.	Up to \$2.0 m annual subsidy for certain professional sports teams	26.5
2014	212	Private Label Credit Cards - Credits for Bad Debt	14.4
1949	212.08(7)(e)	Film rentals, when admissions are charged	11.6
1987	212.08(4)(a)3.	Wheeling or transmission of electricity	10.2
1998	212.031(8)	Certain lease termination payments	9.1
1989	212.0506(3)	Certain service warranties relating to real property fixtures	7.2
1994	212.05(1)(h)1.	2% rate abatement for coin-operated amusement machines	5.4
1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters	7.5
1993	212.05(1)(k)	Law enforcement officers' protection services	3.9
1971	212.05(1)(c)	Long-term commercial vehicle leases if tax paid when purchased by lessor.	3.1
1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use	3.0
1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used by dealer	2.3
1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars	2.3
1987	212.060	Partial exemption from use tax for motor vehicle dealers	1.2
2000	212.08(7)(bbb)	Railroad bed materials	1.3
1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on mark-up	1.0
1996	212.08(7)(j)	Purchases of power & heating fuels by licensed day care homes	0.7
1998	212.05(1)(m)	When TPP prizes are awarded, operator can pay tax on 25% of receipts	0.7
2012	212.08(7)(iii)	Taxicabs, sale or lease of accessible vehicles	0.5
1980	212.08(7)(j)	Utilities purchased for use in a residential model home	0.5
2017	212.08(6)(d)	Purchases of businesses operating a municipally-owned golf course	0.4
1998	212.08(7)(qq)	Racing dogs by breeders	0.2
1982	212.06(1)(b)	Portion of price of factory built building attributable to labor costs.	insig.
1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged	insig.
1988	212.06(1)(c)	Use tax on asphalt; special calculations.	insig.
1998	212.06(1)(d)	Cost price calculation for certain industries	insig.
2000	212.06(15)(a)	Fill Dirt	insig.
1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS table	insig.
1998	212.08(7)(mm)	Mobile home lot improvements	insig.
<b>Printing, Newspaper, Magazines</b>			
1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail	24.8
1992	212.06(2)(d),5(c), 212.0596(2)(c),(j)	Printing for out-of-state customer, when customer provides the paper	19.7
1999	212.08(7)(yy)	Film and printing supplies for certain businesses	13.5
1998	212.05(1)(g)	Newspaper and magazine inserts	9.5
1992	212.06(11)	Certain magazine promotional materials, if exported	7.5
1990	212.08(7)(w)	Free advertising publications	4.1
2006	212.08(7)(ccc)	Advertising materials distributed free by mail in an envelope	1.9
2000	212.06(3)(b)	Certain Printed Materials (delivered to USPS for out of state delivery)	0.6
<b>Admissions</b>			
2022	212.04(2)(a)5.	Daytona 500 tickets, including qualifying and support races	4.6
2022	212.04(2)(a)5.	Formula One Grand Prix tickets, including qualifying and support races	4.5

**Table 6.**

<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Miscellaneous Exemptions</b>	<b>FY 2023-24 Value (in \$ m)</b>
1981	212.04(2)(a)5.	Super Bowl football tickets (impact only when held in Florida)	4.4
2022	212.04(2)(a)5.	FIFA World Cup soccer match tickets (impact only when held in Florida)	4.3
NA	212.04(2)10	NCAA college football bowl games	NA
2015	212.04(2)(a)11.	Gun Club Memberships	2.9
NA	212.04(2)8	Entry to freshwater fishing tournaments	NA
1989	212.04(2)(a)7.	Tickets for certain non-profit theater, opera or ballet events	5.2
1990	212.02(1)	Hospital physical fitness facility charges	5.4
2017	212.04(1)(c)	Admissions Resale	6.9
2006	212.04(1)(b)	Ticket services charges and locally imposed seat surcharges, taxes or fees	3.6
1998	212.04(2)(a)9.	Particip. fees to athletic events where spectators are charged admission	insig.
<b>Rental of Real Property</b>			
1987	212.031(1)(a)6.	Toll road charges	104.6
1987	212.031(1)(a)5.	Streets used by a utility for utility purposes	65.1
1994	212.08(7)(dd)	Lease or license to use taxicab equipment	33.8
1999	212.031(1)(a)5.	Cell phone towers & co-located equipment	23.3
1985	212.031(1)(a)4.	Condominium recreational leases	12.3
1987	212.031(1)(a)6.	Street parking meter charges	4.2
1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property	2.3
1978	212.031(6)	Leases by agricultural fair associations to promoters or attraction operators	insig.
1999	212.031(9)	Highschool and college team stadium skyboxes (when charged by nonprofits)	2.1
1999	212.031(1)(a)10.	Rents in recr. or sports arenas, civic centers, etc (concession space)	1.3
<b>Purchases by Households and Individuals</b>			
1949	212.08(4)(a)1.	Bottled Water (except carbonated or flavored)	82.9
2014	212.08(7)(r)	Prepaid college meal plans	35.9
1988	212.08(7)(y)	Charter fishing boats	20.2
2017	212.08(7)(nnn)	Feminine hygiene products	18.9
2022	212.05(1)(n)	New Mobile Homes taxed at 3 percent	15.2
1998	212.08(2)(f) & (h)	Veterinary medicines	14.6
2014	212.08(7)(kkk)	Child car seats	5.3
1989	212.0506(7)	Homeowner warranties on which insurance premium tax is due	5.1
2014	212.08(2)(i)	Therapeutic veterinary diets	4.4
1974	212.08(7)(f)	Sales of U.S. and State flags	4.4
2021	212.05(u)	Items that assist in independent living	2.9
1997/05	212.08(7)(hh)	Solar energy systems	2.8
2006	212.08(7)(ddd)	Certain Delivery Charges	1.9
2015	212.08(7)(mmm)	Importation of Motor Vehicles by Deployed Military or Spouse	1.1
1999	212.05(1)(k)	US legal coins and coins in excess of \$500	0.7
1998	212.08(7)(nn)	Portions of purchase price of boats, cars, planes paid by Veterans' Org.	0.3
2014	212.08(7)(lll)	Youth bicycle helmets	0.4
1978	212.08(7)(a)	Sales of artificial commemorative flowers by V.A.	insig.
1971	212.08(7)(h)	Purchases of, and supplies for, guide dogs for the blind	insig.
1999	212.08(7)(ww)	Gold, silver, platinum bullion in excess of \$500	insig.
2000	212.08(5)(o)	Building materials in redevelopment projects (refund to owner)	0.0
<b>Free Items</b>			
1998	212.02(20)	Automobiles loaned to high school driver education and safety programs	insig.
1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting	4.9
1997	212.08(7)(jj)	Complimentary meals served by hotels & motels	10.5
1998	212.08(5)(k)	Paint color cards and samples	0.6
1998	212.08(7)(oo)	Complimentary food items	2.1
1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made.	0.5
<b>Total Miscellaneous Exemptions</b>			<b>888.7</b>

## The Advent of the “Tax Package” Means Exemptions Often Pass with Limited Debate

One reason it is important to review sales tax exemptions after they are enacted is that they often do not get a thorough review by the Legislature. This has become a glaring issue in the recent years, following the rise of the “tax package” and the way those bills (and the sales tax exemptions that are in them) are developed and passed.

Sales tax exemptions and other tax relief measures used to generally be contained in narrow bills with a single exemption, or sometimes a couple of related exemptions. These bills would go through the normal committee process and then floor votes, standing on their own. Often, similar bills would move through both chambers, so by the time they reached the floor many legislators in both chambers had seen and voted on them. In 2000, the Legislature passed approximately 20 exemptions spread out over 13 different bills, including eight bills that contained a single exemption. This trend continued through 2008, except not as many new exemptions passed in one session as there was in 2000. From 2006-2008, there were 24 sales tax exemptions passed in 20 bills.

Following 2009—the last session the Legislature did not pass a tax cut—a bill titled “Economic Development” passed in 2010 that contained 12 exemptions. SB 1752 was referred to only one committee—Senate Policy and Steering Committee on Ways & Means—and then went to the floor. After some back and forth (and amendments) with the House, the bill passed.

2014 began what has become the regular tax package process. Now, usually well into the session, the House Ways & Means Committee (Finance & Tax before 2017) develops a proposed committee bill with sales tax exemptions and other tax relief measures, including local property tax relief (except for proposed constitutional amendments). The bill can also include tax administration provisions. After Ways & Means approves the proposed committee bill and it is filed, the tax package usually goes straight to the House floor, although sometimes it gets one more committee stop (the House Appropriations Committee). It may be amended before it is passed by the House and then it goes to the Senate, which adds its own provisions. The Senate does not develop a tax package but instead hears different tax cut bills in committee (they usually don’t make it all the way to the floor). The final tax package often contains added exemptions or other tax relief measures that did not go through the normal committee process or were not in any other bill. If the bill goes to a conference committee, new or expanded exemptions are sometimes added there, even ones that were in no other bill.

During the 2022 Florida TaxWatch Spring Meeting, then Speaker-designate Paul Renner asked if anyone had reviewed sales tax exemptions for those that did not go through the normal committee review process, in the same fashion that Florida TaxWatch reviews budget items for “turkeys.” His comments inspired us to conduct this analysis.

Our examination of sales tax exemptions passed since 2012 identified ones that:

- Were added on the floor or in conference and were not contained in a bill that was approved by all committees of reference;
- Were added to the House package in Senate committee and were not in a bill heard in at least one other committee; and
- Were in the original PCB but were not in any other filed bill.

Being listed below does not necessarily mean these exemptions are unjustified, it just means they were not subjected to normal committee review. If an exemption was added to the tax package that was contained in another bill but not heard in a committee or was not in another bill at all, it usually was not considered by any committee.

## **2022 - HB 7071**

Three new exemptions for admissions to sporting events were added, none of which were in other bills:

- Formula One – was in original PCB, but no other bill
- FIFA World Cup – added in House Appropriations, no other bill
- Daytona 500 – added in conference, no other bill

Two other agricultural exemptions were added in conference that were contained in no other bill:

- All trailers used use in agricultural production or to transport farm products (expansion of existing exemption for the first \$20,000 for trailers weighing 12,000 pounds or less.)
- Hog wire and barbed wire fencing, including gates and materials used to construct or repair such fencing.

## **2019 - HB 7123**

Three exemptions/refunds added on the Senate floor that were not in a bill:

- Items donated to 501(c)(3) that were purchased for resale
- Hurricane Michael - Agricultural fencing materials (temporary, made permanent in 2022)
- Hurricane Michael - Building materials used to replace or repair nonresidential farm buildings (temporary)

## **2018 – HB 7087**

- Aquaculture: no bill
  - o gas used in any tractor, vehicle, or other farm equipment
  - o electricity used directly or indirectly for the raising of aquaculture products or used in a fish packinghouse
  - o certain machinery and equipment purchased for use in aquacultural activities
- Recyclable Material Merchant Wholesalers - electricity or steam used to operate machinery and equipment – (Added to SB 620 in last committee)
- Recyclers roll-off containers – (Added to SB 620 in last committee)

## **2017 – HB 7109 (House PCB went straight to calendar)**

- Purchases by private contractors operating city-owned golf course (Miami-Dade only) – Added in House, was not contained in another bill
- Building materials in Rural Areas of Opportunity – Added in Senate Appropriations (no bill)
- Data Centers – Senate Appropriations (no Senate bill, House bill not heard)
- Admissions resales – in House PCB, no other bill

## **2016 – HB 7099 (House PCB went straight to calendar)**

These exemptions were in the House PCB but no other bill:

- Machinery & Equipment – fruit & vegetable packinghouses
- Machinery & Equipment – metal recyclers
- Veteran Service Organization – food and drink
- Aircraft removed to foreign jurisdictions

## **2015A (Special Session) – HB 33 (House PCB went straight to calendar)**

- Gun club memberships or admissions – was in PCB in regular session, no other bill in special or regular session.
- Boat repairs exceeding the first \$60,000 in tax – added in Senate Appropriations, not in PCB or any bill in regular or special session.

## 2014 – HB 5601 (House PCB went straight to calendar)

- College meal plans – added on Senate floor, no other bill.
- Therapeutic pet food - added on Senate floor, original bill did not clear all its committees of reference.
- Cement mixer drums – was in PCB, no other bill (exemption expired in 2017).
- Child car seats – was in PCB, no other bill.
- Youth bicycle helmets – was in PCB, no other bill.

## Final Thoughts

The review of sales tax exemptions is a complex undertaking. There have been several attempts tried in Florida over the years with each resulting in little lasting benefit. The most formal review occurred in 1986 and 1987 when the Legislature passed a bill that called for a tax on services, sunset 44 non-service sales tax exemptions, and created the Sales Tax Exemption Review Commission. The resulting service tax created quite a backlash and was repealed just months later. As for the 44 sales tax exemptions, the Commission recommended some be reinstated, and the bills enacting and repealing the services both reinstated some more. In fact, the 1987 bill that enacted a services tax and repealed many regular sales tax exemptions also created several new exemptions. More of the repealed exemptions have been added back since (along with nearly 200 new or expanded ones).

This highlights the fact that almost all, if not all, current exemptions have at least some justification. The debate centers around whether an exemption is “worth” the revenue it costs.

The initial focus of Florida TaxWatch’s review of sales tax exemptions was to identify those that are important enough to be excluded from any consideration for repeal.

This review groups Florida’s 281 exemptions into five categories:

- Structural
- Life’s Necessities
- Non-Profit, Government, Education, Religious
- Economic Development
- Miscellaneous

“Structural” exemptions help retain the nature of the sales tax as a tax on the final sale (or rent) of tangible personal property, including no pyramiding, limiting the tax to those engaged in business, and not taxing services. They also include exemptions that avoid multiple taxation and taxing a tax, as well as ones that are governed by another controlling law. These exemptions must be retained.

Exemptions for “Life’s Necessities” help keep taxes down for families and individuals. These includes groceries, residential rent and utilities, and medicines and other health care purchases. These should also be retained, although there is some justification for taxing some of these items if accompanied by at least a commensurate reduction in the sales tax rate in a way that decreases the regressivity of the sales tax.

Together, these two categories comprise 83.3 percent of the total value of all sales tax exemptions.

Exemptions for purchases of, and donations to non-profits, public schools, governments should also be retained. Without the exemption for purchases, the non-profit would pay tax on taxable items they buy. However, any exemptions for items or admissions sold by these entities could be examined for potential repeal or modification. The sales tax would be paid by the person buying the item, not the non-profit organizations.

Things get hazier when examining “Economic Development” exemptions. Many of these are considered “special interest” exemptions by some. In truth, all sales tax exemptions are for a special interest, whomever and whatever that may be. Florida TaxWatch research has shown that sales tax exemptions have a place in a state’s economic development efforts. Exemptions can lower the cost of doing business, and if this results in lower prices for consumers or expansion of a business (producing jobs and more tax revenue from business purchases), that is a good thing. However, this is very difficult to determine with certainty. There is also evidence that some of the exemptions or tax caps for airplane and boat purchases and repair can aid the development of the industries in Florida and also capture tax on sales that would otherwise be made in another state with no/lower taxes on these large purchases.

Exemptions for manufacturing and agriculture make up more than half of the value of economic development exemptions. Both of these industries are important to Florida and manufacturing is a focus of the state’s economic development efforts. Exemptions for these industries and other “target” or future growth industries should be retained.

The exemptions for non-profit organizations’ purchases and memberships should also be retained. However, items or admissions sold by non-profits, and paid by others, could be examined. The Sales Tax Exemption Study Commission concluded that taxing admissions to cultural events provided by non-profits would not burden them to a consequential degree.<sup>36</sup>

The exemptions in the “Miscellaneous” category do not fit squarely into the other categories, although an argument could be made that some have a place. While being included in this category does not mean the exemption serves no legitimate purpose, if the purpose of a review of sales tax exemptions is to identify those with limited justification or narrow application, these exemptions could be examined.

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<sup>36</sup>Sales Tax Exemption Study Commission, Report and Recommendations, April 1987.

Table 7 is a list of all exemptions from Florida’s sales and use tax. It is arranged in statute citation order, as they appear in the 2022 Florida Tax Handbook. It totals \$17.626 billion, which differs from the Handbook because of an error that significantly overstates one of the exemptions. In addition, the Handbook does not include several exemptions passed by the 2022 Legislature. The tables in this report do include the new exemptions and a few more that are not listed in the Handbook<sup>37</sup>.

The table has six characteristics of sales tax exemptions and identifies which ones, if any, fit each exemption. Three of the categories are explained and examined in detail in this report: **Structural, Life’s Necessities, and Non-Profit, Religious, Education.**

There are also categories for **Target Industries** and **Agriculture**. Target industries, as identified by the Florida Department of Economic Opportunity and Enterprise Florida include Aviation and Aerospace, Corporate Headquarters, Clean Technology, Defense and Homeland Security, Financial and Professional Services, Global Logistics and Trade, Information Technology, Life Sciences, Manufacturing, and Research and Development.<sup>38</sup> This helps identify which economic development exemptions benefit those industries that are a focus of Florida’s economic strategy. Manufacturing and Agriculture account for half of the value of all economic development exemptions.

There is also a category for **Family Friendly** exemptions. This identifies exemptions that may not be considered a traditional life’s necessity but do significantly benefit Florida households and are not disproportionately enjoyed by those at the higher end of the income scale. Reducing the tax burden on the “average Florida family” has been a recent focus of the Legislature. In addition, Governor DeSantis’s new budget recommendations for FY 2022-23 includes a \$1.4 billion tax relief package that is almost exclusively made up of permanent and temporary sales tax exemptions and sales tax holidays targeted at Florida families. This includes exemptions for baby and toddler necessities, cribs and strollers, pet food medications, gas stoves, cosmetic and toilet articles, oral hygiene products, household items,<sup>39</sup> and children’s toys, books, and athletic equipment.

This table should not be construed as a Florida TaxWatch recommendation to repeal any particular sales tax exemption. It provides a look at the overriding reasons that many exemptions were enacted. Together with the more detailed information in this report, it provides a guide for anyone who undertakes their own review of exemptions.

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<sup>37</sup>They may be included in other exemptions listed in the Handbook, but they have a specific exemption in statute.

<sup>38</sup>Florida Department of Economic Opportunity and Enterprise Florida, 2022 Incentives report.

<sup>39</sup>Laundry detergent, toilet paper, paper towels, hand soap, dish soap, disinfecting wipes and spray, hand sanitizer, trash bags, facial tissue, sponges, and similar items priced under \$25.

**Table 7.**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
1	1949	212.02(1),212.04(1)(b)	Federal tax on admissions.
2	1990	212.02(1)	Hospital physical fitness facility charges.
3	1949	212.02(2)	Occasional or isolated sales by businesses and individuals. (*1)
4	1970	212.02(2)	Rent on low income housing.
5	1990	212.02(2)	Leasing of real property between certain corporations.
6	1979	212.02(10)(g)	Per diem and mileage charges paid to owners of railroad cars.
7	1995	212.02(10)(j)	Privilege, franchise and other fees paid to do business at airports
8	1949	212.02(14)(a)	Items purchased for subsequent resale. (*2)
9	1949	212.02(14)(c)	Materials used for packaging.
10	1949	212.02(14)(c)	Components or ingredients of processed or manufactured goods. (*3)
11	1998	212.02(14)(c)	Parts incorporated into repair for resale
12	1998	212.02(16)	Federal excise taxes imposed on retailers
13	1949	212.02(19)	Intangible personal property.
14	1998	212.02(20)	Automobiles loaned to driver education and safety programs
15	1998	212.02(28) & (29)	Fish breeding
16	2015	212.08(29)	Aquaculture
17	2015	212.08(32)	Power Farm Equipment - Raw Storage
18	2006	212.02(33)	Small private aircraft fleet of more than 25 planes
19	1949	212.03(4),212.031(1)(a)2.	Rent charges paid by certain long term occupants.
20	1979	212.03(7)(a)	Rent charges paid by full-time postsecondary students.
21	1979	212.03(7)(a)	Rent charges paid by active military personnel.
22	1972	212.03(7)(a)	Rent charges paid by permanent residents.
23	1972	212.03(7)(c)	Charges for rent in certain mobile home parks.
24	1979	212.03(7)(d)	Rent charges for living accommodations in migrant labor camps.
25	1969	212.031(1)(a)1.	Charges for renting property assessed as agricultural.
26	1985	212.031(1)(a)4.	Condominium recreational leases.
27	1987	212.031(1)(a)5.	Streets used by a utility for utility purposes.
28	1999	212.031(1)(a)5.	Cell phone towers & co-located equipment
29	1987	212.031(1)(a)6.	Street parking meter charges.
30	1987	212.031(1)(a)6.	Toll road charges.
31	1987	212.031(1)(a)7.	Airport property used for landing, taxiing, or loading.
32	1987	212.031(1)(a)8.	Port property used for moving, loading or fueling of ships.
33	1997	212.031(1)(a)8.	Wharfage guarantees
34	1987	212.031(1)(a)9.	Leases/rentals of certain property used for movie productions
35	1983	212.031(1)(a)10.	Movie theater concession rent.
36	1999	212.031(1)(a)10.	Rents, subleases, or licenses in recr. or sports arenas, civic centers (concessions)
37	2006	212.031(1)(a)12.	Rents, based on sales, from Souvenirs' leases in civic centers, (expired 2009)
38	2000	212.031(1)(a)13.	Commercial Leases/Space Flight
39	1998	212.031(1)(b)	Pro-rated exemption for for-profit homes for the aged
40	17/18/19	212.031(1)(c)	Commercial Rent Sales Tax Rate of 5.5%
41	1977	212.031(5)	Convention hall subleases.
42	1978	212.031(6)	Leases by agricultural fair associations. (*4)
43	1998	212.031(7)	Utility charges paid by tenant to landlord if separately billed and tax already paid
44	1998	212.031(8)	Certain lease termination payments
45	1999	212.031(9)	Highschool and college teams' stadium skyboxes
46	2017	212.04(1)(c)	Admissions Resale
47	1949	212.04(2)(a)1.	Admissions to certain school and state events.
48	2006	212.04(1)(b)	Local seat taxes, surcharges, service charges

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**

**In Statutory Order**

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
0.9	x					
5.4						
21.3	x		x			
3.3		x	x			
9.7	x					
2.3						
32.3						
55,319.9*	x					
35.4	x					
insig.	x					
insig.	x					
1.5	x					
38,187.2*	x					
insig.						
0.2						x
insig.						x
0.3						x
0.0						
7.1		x	x			
5.3		x	x			
14.0		x	x			
2,412.9		x	x			
5.8		x	x			
3.1		x	x			
7.5						x
12.3						
65.1						
23.3				x		
4.2			x			
104.6			x			
64.5						
20.7						
0.6						
10.9						
42.4						
1.3						
0.0						
1.3				x		
insig.						
173.5						
35.7	x					
insig.					x	
40.1	x					
9.1						
2.1						
6.9						
2.5					x	
3.6						

**Table 7. (continued)**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
49	1998	212.04(1)(d)	Travel agent mark-up on taxed admissions or transient rentals
50	1978	212.04(2)(a)2.a.	Dues, fees, and admissions charged by non-profit entities.
51	1980	212.04(2)(a)3.	Admissions paid by students for required sports or recreation.
52	1981	212.04(2)(a)4.	Super Bowl football tickets (impact only when held in Florida).
NA	2022	212.04(2)(a)5.	Daytona 500 tickets, including qualifying and support races
NA	2022	212.04(2)(a)5.	Formula One Grand Prix tickets, including qualifying and support races
NA	2022	212.04(2)(a)5.	FIFA World Cup soccer match tickets
NA	NA	212.04(2)10	NCAA college football bowl games
53	1994	212.04(2)(a)5.	Governmental participation or sponsorship fees
54	1989	212.04(2)(a)6.	Tickets for certain non-profit theater, opera or ballet events.
NA	NA	212.04(2)(a)8.	Entry fees for freshwater fishing tournaments
55	1998	212.04(2)(a)9.	Particip. fees to athletic events where spectators are charged admission
56	2015	212.04(2)(a)11.	Gun Club Memberships
57	1963	212.04(2)(c), 212.02(20)	Pari-mutuel admissions tax imposed by s. 550.09.
58	1976	212.05(1)(a)2.	Sales of boats or airplanes removed from the state.
59	1971	212.05(1)(c)	Long term vehicle leases if tax paid when purchased by lessor.
60	1998	212.05(1)(g)	Newspaper and magazine inserts
61	1994	212.05(1)(h)1.	2% rate abatement for coin-operated amusement machines
62	1999	212.05(1)(k)	US legal coins and coins in excess of \$500
63	1993	212.05(1)(k)	Law enforcement officers' protection services.
64	1998	212.05(1)(m)	When TPP prizes are awarded, operator can pay tax on 25% of receipts
NA	2022	212.05(1)(n)	New Mobile Homes taxed at 3 percent
65	2010	212.05(5)	\$18,000 cap of sales tax on boats
66	2015	212.05(5)	\$60,000 cap of sales tax on Boat Repairs
67	1989	212.0506(3)	Certain service warranties relating to real property fixtures.
68	1989	212.0506(7)	Service warranties on which ins. prem. tax is due (homeowner warr.).
69	1998	212.0506(10)	Certain materials and supplies used in fulfillment of service warranty
70	1998	212.051(1)	Pollution control equipment used in manufacturing
71	1998	212.051(2)	Solid waste management equipment
72	1982/2006	212.052	Items fabricated for use in research and development activities.
73	1987	212.0598	Partial exemption for air carriers' maintenance bases. (*5)
74	1984	212.06(1)(b)	Partial exemption for production cost of cogenerated energy. (*6)
75	1969	212.06(1)(b)	Fabrication labor used in the production of qualified motion pictures.
76	1982	212.06(1)(b)	Portion of price of factory built building attributable to labor costs.
77	1984	212.06(1)(b)	Electricity consumed or dissipated in transmission of electricity (*6)
78	'1999/2016	212.06(1)(c)	Partial exemption for asphalt sold to governments
79	1988	212.06(1)(c)	Use tax on asphalt; special calculations.
80	1998	212.06(1)(d)	Cost price calculation for certain industries
81	1992	212.06(2)(d),5(c),212. 0596(2)(c),(j)	Printing for out-of-state customer, when he provides the paper.
82	2000	212.06(3)(b)	Certain Printed Materials
83	1949	212.06(5)(a)	<i>Tangible personal property imported or produced for export.</i>
84	1949	212.06(5)(a)	Aircraft being exported outside the U.S.
85	1949	212.06(5)(a), 212.081(5)	Any sale exempted by federal law or the U.S. Constitution.
86	1983	212.06(5)(b)	Non-resident dealers purchasing items for resale overseas.
87	1949	212.06(7)	Credit for tax paid to other states.

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**

In Statutory Order

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
insig.	x					
37.5					x	
17.3			x		x	
4.4						
4.6						
4.5						
4.3						
NA						
25.4					x	
5.2						
NA						
insig.						
2.9						
insig.	x					
93.6				x		
3.1						
9.5						
5.4						
0.7						
3.9						
0.7						
15.2			x			
8.2						
6.0						
7.2						
5.1						
70.6	x					
19.8				x		
5.5						
50.3				x		
insig.						
13.7				x		
0.5						
insig.						
11.4	x					
4.2					x	
insig.						
insig.						
19.7						
0.6						
7,281.3*						
34.1				x		
insig.	x					
5.7	x					
74.4	x					

**Table 7. (continued)**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
88	1969	212.06(8)	Imported items if used in another state for 6 months or more.
89	1949	212.06(9)	Sales of religious items.
90	1992	212.06(11)	Certain magazine promotional materials, if exported.
91	1998	212.06(13)	1% tax rate/month for airplanes purchased for resale but used by dealer
92	1998	212.06(14)	Mobile home lot improvements
93	1998	212.06(15)	Contractors' use of rock, shell, fill dirt for own use
94	2000	212.06(15)(a)	Fill Dirt
95	1987	212.0601	Partial exemption from use tax for motor vehicle dealers.
96	1998	212.0601(3)	Vehicles loaned by car dealer at no charge: calc. based on IRS table
97	1998	212.0601(4)	Vehicles loaned by car dealer while repairs are made.
98	1997/99	212.0602	Purchases of cinematography school, including leases
99	1949	212.07(5)	Sales of farm products sold directly by the producer.
100	1998	212.07(5)(b)	Horses sold at claiming races are taxed on first sale; then on mark-up
101	1949	212.07(6)	Agricultural products consumed on the farm.
102	1949	212.07(7)	<i>Purchases of ag. products for further processing for resale.</i>
103	1949	212.08(1)(a)	Groceries purchased for human consumption.
104	1986	212.08(1)(b)	Food purchased with food stamps [not exempt under s. 212.08(1)(a)].
105	1949	212.08(2)(a)	Prescription drugs.
106	1949	212.08(2)(a)	Medical supplies and products such as syringes and prosthetics.
107	1951	212.08(2)(a)	Funerals except for tangible personal property used. (*7)
108	1990	212.08(2)(a)	Contact lens molds cost in excess of \$100,000.
109	1949	212.08(2)(a)	Non-prescription drugs.
110	1949	212.08(2)(a)	Eyeglasses and other corrective lenses.
111	1998	212.08(2)(d)	Lithotripters
112	1998	212.08(2)(e)	Human organs
113	1998	212.08(2)(f) & (h)	Veterinary medicines
114	1999	212.08(2)(f) & (h)	Non-retail pharmacies
115	2014	212.08(2)(i)	Therapeutic veterinary diets
116	1998	212.08(2)(j)	Special lettering or similar attachments used to aid handicapped persons
117	63/98/05	212.08(3)	Farm equipment.
118	2005	212.08(3)	Agricultural diesel engines and irrigators.
119	2015	212.08(3)(a)	Irrigation Equipment used in Agricultural production
120	2015	212.08(3)(a)	Power Farm Equipment - Parts and Repairs
121	2015-2002	212.08(3)(b)	Trailers purchased and used by a farmer (2022 full exemption)
122	1949	212.08(4)(a)1.	Metered Water, excluding well.
123	1949	212.08(4)(a)1.	Bottled (except carbonated) Water
124	1969	212.08(4)(a)2.	Purchases of fuel by public and private utilities.
125	1963	212.08(4)(a)2.	Fuel for vehicles and vessels in interstate commerce (partial).
126	1987	212.08(4)(a)3.	Wheeling or transmission of electricity at 4.35% rate. (*6)
127	1949	212.08(5)(a)	Purchase of commercial fishing nets.
128	1949/98	212.08(5)(a)	Purchase of agricultural items (pesticides, seeds, fertilizers, etc.)
129	1978	212.08(5)(a)	Fuels used to heat poultry structures.
130	1998	212.08(5)(a)	Poultry structure generators
131	2015	212.08(5)(a)	Stakes used in Agricultural production
132	2017	212.08(5)(a)	Animal Health Products
NA	2022	212.08(5)(a)	Hog wire and barbed wire fencing, including gates and materials
133	1978	212.08(5)(b)1.	Purchases of machinery and equipment by new businesses.
134	78/89/06/12	212.08(5)(b)	M&E purchased by expanding businesses or for spaceports

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**

In Statutory Order

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
231.7	x					
28.6			x			
7.5						
2.3						
insig.						
3.0						
insig.						
1.2						
insig.						
0.5						
2.4						
3.0						x
1.0	x					
insig.						x
671.9*	x					
5,078.6		x	x			
15.6	x	x	x			
1,563.1		x	x			
229.6		x	x			
33.2	x					
10.0						
182.6		x	x			
83.8		x	x			
0.5						
insig.	x					
14.6			x			
14.6	x					
4.4			x			
5.3		x				
60.7						x
4.3						x
4.4						x
10.3						x
2.4						x
557.8		x	x			
82.9			x			
209.1	x					
5.4	x					
10.2	x					
insig.						
86.2						x
0.2						x
0.4						x
1.2						x
3.7						x
11.5						x
18.1				x		
9.7				x		

**Table 7. (continued)**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
135	1980	212.08(5)(c)1.	Certain M&E used to produce energy.
136	2000	212.08(5)(c)1. & 2.	Boiler Fuels
137	1997	212.08(5)(c)2.	Proration of M&E using nonresidual fuels
138	1983	212.08(5)(d)	Certain M&E purchased pursuant to federal contract.
139	1988	212.08(5)(e)1.	Butane and other gases (except natural) used for agricultural purposes.
140	1993	212.08(5)(e)1.	Natural gas used for agricultural purposes.
141	2018	212.08(5)(e) and (u) (5)(t)	Aquaculture Exemption (fuel, electricity)
142	2012	212.08(5)(e)2.	Electricity used in packing houses for fruits and vegetables at 4.35% rate
143	2012	212.08(5)(e)2.	Electricity used in packing houses for meat of cattle and hog at 4.35% rate
144	2006/07	212.08(5)(e)2.	Diesel fuel/electricity used in farming at 4.35% rate
145	2000	212.08(5)(f)	Motion Picture Video Equipment
146	2000	212.08(5)(f)	Additional Movie Exemptions
147	'1984/2015	212.08(5)(g)	Certain building materials used in an enterprise zone.
148	'1984/2015	212.08(5)(h)	Certain depreciable business equip. used in an enterprise zone; refund.
149	1988	212.08(5)(i)	Certain aircraft modification services.
150	2000	212.08(5)(j)	Semi-conductor clean rooms
151	1997	212.08(5)(j)	M & E used in semiconductor, defense or space technology
152	1998	212.08(5)(k)	Paint color cards and samples
153	1998	212.08(5)(l)	Cattle growth enhancers
154	1999	212.08(5)(m)	Gold Seal child care facilities' purchases of educational materials
155	2000	212.08(5)(n)	Materials for construction of single-family homes in EZ
156	2000	212.08(5)(o)	Building materials in redevelopment projects
157	01/05/06/ 15/17	212.08(5)(p)	Community Contribution Credit
158	2017	212.08(5)(r)	New Construction Building Materials in Rural Areas of Opportunity
159	2017 2021	212.08(5)(s)	Data Centers
NA	2021	212.08(5)(u)	Items that assist in independent living
160	1949	212.08(6)	Direct purchases by government (*8)
161	1987	212.08(6)(a)	Services by radio and TV stations.
162	2017	212.08(6)(d)	Purchases of businesses operating a municipally-owned golf course
163	1978	212.08(7)(a)	Sales of artificial commemorative flowers by V.A.
164	1978	212.08(7)(b)	Purchases of boiler fuels for use in industrial manufacturing.
165	1974	212.08(7)(c)	Purchases of crab bait by commercial fishermen.
166	1949	212.08(7)(d)	Feed for poultry and livestock, including racehorses, and ostriches.
167	1949	212.08(7)(e)	Film rentals, when admissions are charged.
168	1970	212.08(7)(e)	License fee charges for films & tapes used by broadcasters.
169	1974	212.08(7)(f)	Sales of U.S. and State flags.
170	1982	212.08(7)(g)	Supplies & equipment by the Fla. Retired Educators' Assn.
171	1971	212.08(7)(h)	Purchases of, and supplies for, guide dogs for the blind.
172	1963	212.08(7)(i)	Charges for hospital meals and rooms.
173	1995	212.08(7)(i)	In-facility meals purchased by residents of homes for the aged
174	1972	212.08(7)(j)	Purchases of power & heating fuels by residential households. (*6)
175	1980	212.08(7)(j)	Utilities purchased for use in a residential model home. (*6)
176	1996	212.08(7)(j)	Purchases of power & heating fuels by licensed day care homes (*6)
177	1978	212.08(7)(k)	Charges for certain meals provided by non-profit orgs.
178	1983	212.08(7)(l)	Purchases by orgs. providing certain benefits to minors.
179	1949	212.08(7)(m)1.	Sales or leases to churches.

## EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX

### In Statutory Order

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
18.8				X		
0.7				X		
insig.				X		
insig.				X		
1.7						X
1.1						X
0.3						
1.1						X
1.3						X
1.2						X
14.5				X		
24.0				X		
insig.						
0.7						
54.0				X		
0.2				X		
4.0				X		
0.6						
0.6						X
0.5					X	
0.0		X	X			
0.0						
14.5						
9.2						
2.7				X		
2.9						
766.0	X					
insig.	X					
0.4						
insig.						
84.4				X		
0.8						
33.8					X	
11.6	X					
7.5						
4.4						
insig.					X	
insig.		X				
781.3		X	X			
63.7		X	X			
577.7		X	X			
0.5						
0.7		X	X			
45.1					X	
14.1					X	
23.5					X	

**Table 7. (continued)**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
180	1983	212.08(7)(m)1.	Items purchased or leased by certain non-profit organizations.
181	1984	212.08(7)(m)2.	Non-profit orgs. providing free transportation to church members.
182	1988	212.08(7)(m)2.	Purchases by religious non-profit TV stations.
183	1995	212.08(7)(m)2.	Purchases by orgs. providing religious services to state prisoners
184	1995	212.08(7)(m)2.	Purchases by certain orgs. supporting charitable service providers
185	1998	212.08(7)(m)2.	Religious tapes for the blind
186	1998	212.08(7)(m)2.	Organizations w/o permanent location conducting religious services
187	1978/99	212.08(7)(n)1.	Items purchased or leased by qualified veterans organizations.
188	2016	212.08(7)(n)1.	Certain Food or Drink sold by Qualified Vetarans Organizations
189	1949/00	212.08(7)(p)1.	Section 501(c)(3) organizations
190	2019	212.08(7)(p)2.	Items purchased for resale donated to Section 501(c)(3) organizations
191	1978	212.08(7)(q)	Purchases of "resource recovery equipment" by local govts.
192	1963	212.08(7)(r)	K-12 schoolbooks and lunches.
193	1998	212.08(7)(r)	School yearbooks, magazines, newspapers, and bulletins
194	2014	212.08(7)(r)	College Meal Plans
195	1987	212.08(7)(s)	Alcoholic beverages used by businesses for tasting.
196	1986	212.08(7)(t)	Boats temporarily docked in Florida.
197	1969	212.08(7)(u)	Purchases of fire-fighting equipment by volunteer fire depts.
198	1949/88	212.08(7)(v)	Charges for professional, personal and insurance services:
199	1990	212.08(7)(w)	Free advertising publications.
200	1996	212.08(7)(w)	Subscription newspapers, newsletters & magazines delivered by mail
201	1987	212.08(7)(x)	Sporting equipment brought to Florida for certain events.
202	1988	212.08(7)(y)	Charter fishing boats (charge for chartering)
203	1988	212.08(7)(z)	Certain candy sold in vending machines by non-profit orgs.
204	1988	212.08(7)(aa)	Commercial trucks sold between commonly owned companies.
205	1992	212.08(7)(bb)	Community cemeteries.
206	1992/99	212.08(7)(cc)	Works of art provided to an educational institution.
207	1994	212.08(7)(dd)	Lease or license to use taxicab equipment
208	1994/98	212.08(7)(ee)	Aircraft repair and maintenance labor charges for aircraft > 15,000 lbs
209	1998	212.08(7)(ee)	Aircraft repair and maintenance labor charges for helicopters > 10,000 lbs
210	2012	212.08(7)(ee)	Aircraft repair & maintenance labor charges for aircraft > 2K lbs and < 15K lbs
211	1996	212.08(7)(ff)	Electricity used in Manufacturing at 4.35% rate (*6)
212	1996	212.08(7)(gg)	Leases to or by fair associations for real or tangible personal property
213	1997/05	212.08(7)(hh)	Solar energy systems
214	1997	212.08(7)(ii)	Nonprofit cooperative hospital laundries
215	1997	212.08(7)(jj)	Complimentary meals served by hotels & motels
216	1997	212.08(7)(kk)	PRIDE
217	1998	212.08(7)(ll)	Items sold by PTO's and PTA's, if tax paid at purchase
218	1998	212.08(7)(ll)	Vending machine items in lunchrooms, if tax paid at purchase
219	2015	212.08(7)(ll)	School Concessions, if tax paid at purchase
220	1998	212.08(7)(nn)	Portions of purchase price of boats, cars, planes paid by Veterans' Org.
221	1998	212.08(7)(oo)	Complimentary food items
222	1998	212.08(7)(pp)	Food or beverages donated to non-profit organizations.
223	1998	212.08(7)(qq)	Racing dogs by breeders
224	1998	212.08(7)(rr)	Parts used in aircraft maintenance or repair for aircraft > 15,000 lbs
225	2012	212.08(7)(rr)	Parts used in aircraft maintenance or repair for aircraft >2K lbs and < 15k lbs
226	1998	212.08(7)(ss)	Aircraft leases and sales by common carriers, if in excess of 15,000 lbs
227	1999/00	212.08(7)(tt)	Non-profit water systems

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**

In Statutory Order

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
10.0					X	
0.2					X	
0.8					X	
0.0					X	
0.2					X	
0.2					X	
1.5					X	
1.4					X	
3.7					X	
486.3					X	
0.0					X	
0.3					X	
54.8		X	X			
4.8			X			
35.9			X			
4.9						
3.1						
0.5					X	
insig.	X					
4.1						
24.8						
0.3	X					
20.2						
insig.					X	
0.7	X					
0.2					X	
18.8					X	
33.8						
4.3				X		
0.3				X		
5.1				X		
40.9				X		
2.3					X	
2.8				X		
0.2					X	
10.5						
3.4					X	
4.2	X					
0.6	X					
4.3	X					
0.3					X	
2.1						
0.9					X	
0.2						
13.7				X		
15.1				X		
9.6				X		
1.7					X	

**Table 7. (continued)**

<b>EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES &amp; USE TAX</b>			
<b>In Statutory Order</b>			
<b>Line No.</b>	<b>Enactment Date</b>	<b>Florida Statute</b>	<b>Exemption</b>
228	1999	212.08(7)(uu)	Library co-operatives
229	1999	212.08(7)(v v)	Certain advertising services
230	1999	212.08(7)(ww)	Gold, silver, platinum bullion in excess of \$500
231	1999/00	212.08(7)(xx)	Shipping and parts and labor for repair of machinery and equip.
232	1999	212.08(7)(yy)	Film and printing supplies
233	2000	212.08(7)(zz)	People Mover Systems
234	2000	212.08(7)(aaa)	Florida Fire and Emergency Services
235	2000	212.08(7)(bbb)	Railroad Bed Materials
236	2006	212.08(7)(ccc)	Advertising materials distributed free by mail in an envelope
237	2006	212.08(7)(ddd)	Certain Delivery Charges (furniture and appliances without assembly)
238	2007	212.08(7)(eee)	Bookstore operations at a postsecondary education institution
239	2010	212.08(7)(fff)	Aircraft temporarily in the state
240	2010	212.08(7)(ggg)	Fractional Aircraft
241	2012	212.08(7)(hhh)	Turbine Engine Manufacturing
242	2012	212.08(7)(iii)	Taxicabs, sale or lease of accessible vehicles
243	'2013/2016	212.08(7)(iii)	Manufacturing Machinery and Equipment (M&E)
244	2016	212.08(7)(iii)	Metal Recyclers Machinery and Equipment Exemption
245	2016	212.08(7)(iii)	Post Harvest Machinery and Equipment
246	2014	212.08(7)(kkk)	Child car Seats
247	2014	212.08(7)(lll)	Youth Bicycle Helmets
248	2015	212.08(7)(mmm)	Importation of Motor Vehicles by Deployed Military or Spouse
249	2017	212.08(7)(nnn)	Feminine Hygiene Products
250	2018	212.08(7)(ooo)	Recycling roll off containers
NA	2022	212.08(7)(ppp)	Machinery & equipment used to produce green hydrogen
251	1957	212.08(8)	Vessels, parts & related items used in interstate commerce (partial).
252	1957	212.08(9)	RR equip, MV & pts. used in interstate commerce (*9)
253	1977	212.08(10)	Partial exemption on motor vehicles sold to out-of-state residents.
254	1978	212.08(11)	"Flyable aircraft" sold by a Fla. mfr. to out-of-state resident (partial).
255	1998	212.08(11)	Aircraft temporarily located in Fla for repairs.
256	1984	212.08(12)	Master tapes, records, films or video tapes (partial).
257	1984	212.08(15)	Certain electrical energy used in an enterprise zone. (*6)
258	1989	212.08(16)(a)1.	The sale or use of satellites or other space vehicles.
259	1989	212.08(16)(a)2.	The sale or use of tangible personal property placed on satellites.
260	1999	212.08(17)	Overhead items purchased by certain gov't contractors (Space and Defense)
261	2006	212.08(18)	Machinery and Equipment used for R&D at least 50%
262	1984	212.0821(1)	Items bought by Parent-Teacher Orgs. through school districts.
263	1984	212.0821(2)	Items bought by certain community groups through local govts.
264	1984	212.0821(3)	Items bought by certain library fund raising groups.
265	1949	212.09, 212.02(16)	The value of trade-ins or discounts.
266	'1984/2015	212.096	Credit for job creation in enterprise zones.
267	1997/2012	212.097	Urban High-crime area job tax credit
268	1997	212.098	Rural job tax credit
269	1949	212.12(1), 212.04(5)	Collection allowance of 2.5% for the first \$1,190 of tax per return.
270	2014	212	Private Label Credit Cards - Credits for Bad Debt
271	1991/06	212.20(6)(d)6.b. & e.	Up to \$2 million annual subsidy for certain professional sports teams.
272	1998	376.75(1)	Tax on perchloroethylene

**GRAND TOTAL – 281 Exceptions**

**EXCLUSIONS, EXEMPTIONS, DEDUCTIONS AND CREDITS FROM THE SALES & USE TAX**

In Statutory Order

Estimated Revenue FY 2023-24 (\$ million)	Structural	Life's Necessities	Family Friendly	Future or Target Industry	Non-Profit, Religious, Education	Agriculture
0.2					X	
147.0	X					
insig.						
13.9				X		
13.5						
0.6					X	
insig.					X	
1.3						
1.9						
1.9			X			
1.7						
insig.						
insig.						
2.5				X		
0.5						
92.0				X		
3.3						
1.6						X
5.3			X			
0.4			X			
1.1			X			
18.9			X			
1.5						
0.2				X		
62.7	X					
77.7	X					
52.9	X					
2.4				X		
2.9				X		
14.8						
0.9						
51.6				X		
insig.				X		
16.8				X		
60.6				X		
9.5			X		X	
insig.					X	
insig.					X	
1,089.6	X					
0.0						
0.5						
0.1						
71.7						
14.4						
26.5						
0.2	X					

**\$17,633.00**

## Table 7. (continued)

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Not included in these exemptions are four temporary sales tax exemptions passed by the 2022 Legislature:

Two-year exemption - ends June 30, 2024

- Impact-Resistant Windows, Doors, and Garage Doors – \$462.6 million over two years.

One-year sales tax exemption – ends June 30, 2023

- Children’s Clothing and Shoes (5 years of age or younger) - \$74.7 million
- Children’s Diapers - \$36.7 million
- Energy Efficient (Energy Star) Appliances – refrigerators/freezers (selling for \$3,000 or less) and water heaters and clothes washers or dryers selling for \$1,500 or less - \$72.0 million

A three-month exemption for Children’s Books was also passed in 2022, it expired August 14, 2022.

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(\*) Items (#8,#13,#83,#102) shown in italics are NOT included in the grand total for all exemptions. Repeal of items shown in italics would substantially alter the character of the tax.

- 1 Estimate reflects only sales by businesses.
  - 2 Estimate excludes items exempt under other provisions as well. Not included in grand total.
  - 3 Impact included in estimate for item #8.
  - 4 Impact included in estimate for #210
  - 5 No evidence exists that any taxpayers currently avail themselves of this exemption.
  - 6 The statutory tax rate for electricity is 4.35%.
  - 7 Estimate reflects entire charge for funeral and crematory services. Net revenue from repeal may be reduced by value of caskets, depending on the billing procedures of each business.
  - 8 Excludes tax on federal purchases. Taxation would require congressional authorization.
  - 9 Estimate assumes other supporting statutory changes in addition to exemption repeal.
- 

Source: Florida Revenue Estimating Conference, 2022 Florida Tax Handbook, November 4, 2022, with modifications by Florida TaxWatch, February 2023.

Grand total differs from total in the Handbook, due to an error in the Handbook, which is corrected here, and inclusion of exemptions passed in 2022 in this table.

NA - not included in the Handbook.

## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

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