

SALES TAX REFORM UPDATE

The Florida Legislature is currently considering a proposal to radically change our state's tax structure. The proposal would reduce the sales tax rate from 6% to 4.5% and apply the tax to a much broader range of things, including services (which are not currently taxed).

These changes would affect you both as a tax-paying citizen and as a small business owner. The sales tax you pay on goods would decrease by 2%, but you would be paying the tax on many more things. For example, if this proposal becomes law, you will have to pay sales tax on services like accounting/bookkeeping/tax preparation; painting/plumbing/building repairs; drycleaning; package deliveries; car repairs; and lawn care/landscaping services. If your business provides services like these, you will have to start collecting the sales tax each month on the services you provide and sending it to the state. You will have to keep much more detailed records, and the Department of Revenue will be able to come in your business and audit your books to make sure you are doing it correctly. If not, you will be subject to fines and penalties, in addition to the back taxes you will owe.

Some of the services that will be taxed under the proposal include:

- Automobile purchases
- Automotive repairs
- Bank services
- Construction services (taxed at 1.5%)
- Laundry services/dry cleaning
- Linen supply
- Alternations
- Photography services
- Spa services like manicures, pedicures, etc.
- Shoe repairs
- Tax preparation services
- Accounting and bookkeeping services
- Pet sitting services
- Tanning salons
- Collection agencies/services
- Express delivery/air courier services (i.e., all package deliveries)
- Court Reporting
- Telephone answering services
- Interior Design services
- Cleaning services (residential and commercial)
- Appraisal services
- Legal services
- Professional organization memberships
- Title Searches
- Engineering, architectural and surveying services
- Public Relations

This bill, Senate Bill 1106, sponsored by Senator Ken Pruitt (R-Port St. Lucie), has the backing of Senate President John McKay (R-Bradenton) and has already been approved by the full Senate. The bill will next travel to the House of Representatives to be voted on. The House has been holding hearings on the sales tax reform plan, and FUBA has let House members know our members' concerns about the proposal.

The House of Representatives has not been too enthusiastic about this proposal, and numerous

members have stated that they will not support it. We expect the House to vote on the measure before the end of the month.

If you have not already done so, please contact your local Representative and express your opinion about the tax plan. If you need help identifying who to call, please call the FUBA offices.

PROPOSED LEGISLATION IMPORTANT TO SMALL BUSINESSES

The 2002 Session of the Florida Legislature convened on Tuesday, January 22nd and will last for at least 60 days. This Session is notable because lawmakers must re-draw district lines for all Congressional and State legislative districts. This is called reapportionment and it happens every 10 years following the Census and is always a very contentious issue. Reapportionment will probably consume much of the legislators' time this Session, along with the debate on sales tax reform (see previous article), leaving little time for consideration of other issues.

The following bills have been filed for consideration during the Session. If you have any questions about them, please call the FUBA offices. We will continue to track these and other business-related bills as they move through the Legislature and will keep you informed of their progress.

Taxes:

- **Senate Bill 96** (by Senator Ron Silver) would give businesses a credit against their corporate income tax for providing long-term care insurance coverage for their employees.
- **Senate Bill 214** (by Senator Anna Cowin) and **Senate Bill 2186** (by Senator Steve Wise) are the "Happy Shopper" act which would exempt certain clothing items and school supplies from sales tax.
- **House Bill 381** (by Representative Rob Wallace) would give tax credits to small businesses that create jobs.
- **Senate Joint Resolution 938** (by Senator Ken Pruitt) would amend the Florida Constitution to lower the state sales tax rate yet apply it to services (see above article).

Employment Issues:

- **Senate Bill 202** (by Senator Debbie Wasserman

Schultz) would allow workers to collect unemployment benefits when they leave work for the birth or adoption of a child.

- **Senate Bill 310** (by Senator Mandy Dawson) would create the Equal Pay Commission Act to study whether women and men receive equal pay for equal work in Florida.
- **Senate Bill 1220** (by Senator Debbie Wasserman Schultz) would extend the time people can receive unemployment benefits and would increase the weekly unemployment benefit amount.
- **Senate Bill 1902** (by Senator Durell Peaden) would prohibit a city or county from enforcing a local minimum wage.

Miscellaneous Regulation:

- **Senate Bill 1894** (by Senator Steve Wise) would limit the credit card information that could be printed on customer receipts.
- **Senate Bill 2280** (by Senator Bill Posey) would prohibit unsolicited e-mail advertising.

FUBA'S LEGISLATIVE ACTION TEAM NEEDS YOUR INPUT

During each legislative Session, FUBA sends out updates to our members who are interested in keeping up with actions taken by the Florida Legislature on business-related bills. In addition, we occasionally ask these members to give us their input on various issues so that we can relay that information to lawmakers voting on those issues.

To be a member of our Legislative Action Team, all you need is an e-mail address and an opinion. To sign up, please send us an email at fuba@fuba.org. Please include your name, your business name, and your city.