

STORAGE NAME: h1071a.bdt

DATE: March 27, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1071

RELATING TO: The tax on sales, use, and other transactions

SPONSOR(S): Rep. Sanderson

STATUTE(S) AFFECTED: S. 212.05, F.S.

COMPANION BILL(S): SB 684

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 8 NAYS 0
- (2) FINANCE AND TAXATION
- (3)
- (4)
- (5)

I. SUMMARY:

Section 212.05 (1)(a)2, F. S., provides a sales tax exemption for nonresident purchasers of qualified boats and allows that the nonresident boat owners may keep their vessels in the state for up to 90 days.

Section 2 of chapter 95-302, L.O.F., requires that on October 1, 1997 the provisions revert back to the statutory language in existence on September 30, 1995. This language allowed nonresident purchasers to keep their vessels in Florida for only 10 days.

This bill repeals Section 2 of chapter 95-302, L. O. F., and continues to allow nonresident boat purchasers to keep their boats in the state for up to 90 days without losing their sales tax exemption.

The Revenue Estimating Conference has not reviewed this bill yet.

This bill does not create or increase the rule making authority of a state agency.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Section 212.05(1)(a)2., F. S., provides that the purchase of a boat or airplane by a nonresident of this state from a registered Florida dealer is exempt from the state's sales, storage, and use tax. The exemption is allowed for:

- purchasers who remove a qualified boat (5 net tons of admeasurement or larger) within 90 days of the date of purchase,
- purchasers who remove a non-qualified boat or airplane within 10 days of the date of purchase,
- purchasers who remove a boat or airplane within 20 days after repairs or alterations are completed, and
- when said purchaser provides proof within 30 days from the date of departure that the boat or airplane is licensed, registered, titled, or documented outside the state of Florida, and
- when the purchaser provides proof to the Department of Revenue within 10 days of removing the boat or airplane from Florida that the boat or airplane has been removed from this state.

Within 5 days of the date of sale, dealers must provide the Department of Revenue with a copy of the sales invoice, closing statement, bill of sale, and the original affidavit signed by the purchaser attesting that he or she has read the provisions of the law concerning the transaction.

Dealers are issued a decal for \$20 which is affixed to a qualified boat and allows the boat owner to keep the boat in this state for 90 days following the purchase, repair, or alteration of the boat.

Section 2 of chapter 95-302, L.O.F., requires that on October 1, 1997, the above provisions revert to the statutory language in existence on September 30, 1995. The 1995 provisions stated that the exemption was allowed if:

- purchasers removed the boat or airplane within 10 days (rather than 90 currently allowable)
- purchasers who remove a boat or airplane within 20 days after repairs or alterations are completed, and
- when said purchaser provides proof within 90 days from the date of departure that the boat or airplane is licensed, registered, titled, or documented outside the state of Florida.

At that time, no provision existed for dealers to purchase a decal which would allow the boat owner to keep the boat in this state for 90 days following the purchase, repair, or alteration of the boat.

B. EFFECT OF PROPOSED CHANGES:

This bill removes the provisions of section 2 of chapter 95-302, L.O.F., which requires the reversion of the language of s. 212.05(1)(a)2., F. S., to the language in existence on September 30, 1995.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

c. Does the bill directly affect the legal rights and obligations between family members?

N/A

d. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Repeals Section 2 of chapter 95-302, Laws of Florida.

Section 2. Provides that this act take effect on July 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

By continuing to allow boat owners to keep their purchases in the state for 90 days owners may outfit and utilize their purchases in Florida. Additionally, tourist related expenditures may be generated such as food, hotels, and car rentals.

3. Effects on Competition, Private Enterprise and Employment Markets:

Employment markets should continue to realize a positive impact from work done on the vessels as well as tourist related expenditures.

D. FISCAL COMMENTS:

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

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VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

Legislative Research Director:

Stacey E. Smelser

Michael L. Rubin