

STORAGE NAME: h1485s1.bdt

DATE: April 4, 1997

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

BILL #: CS/HB 1485

RELATING TO: Air Carriers

SPONSOR(S): Representatives Turnbull and Valdes

STATUTE(S) AFFECTED: s. 206.9825, F.S.

COMPANION BILL(S): SB 1162 (s)

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

- (1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 7 NAYS 0
- (2) FINANCE AND TAXATION
- (3) GENERAL GOVERNMENT APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

This bill provides for a refund or credit for the aviation fuel tax for wholesalers or terminal suppliers that deliver aviation fuel to an air carrier that offers jet passenger service, or maintains or increases scheduled service to the state capital.

The bill directs the Department of Management Services to evaluate the state contract for air carrier service for state employees, undertake a pilot program based on its analysis, and evaluate the pilot program.

This bill has not yet been reviewed by the Revenue Estimating Conference, therefore the fiscal impact is indeterminate at this time.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 206.9825, F.S., deals with the aviation fuel tax. Currently, there is an excise tax of 6.9 cents per gallon of aviation fuel sold in this state, or brought into this state.

Any licensed wholesaler or terminal supplier may receive a credit or refund of the aviation fuel for the 6.9 cents excise tax previously paid if:

- * any licensed wholesaler or terminal supplier delivers aviation fuel to an air carrier offering transcontinental jet service; and
- * increases the air carrier's Florida workforce by more than 1000 percent and by 250 or more full-time equivalent employee positions.

In order to claim the exemption, the air carrier cannot have a facility for fueling highway vehicles from the tank in which the aviation fuel is stored.

The Department of Management Services seeks competition from air carriers serving Tallahassee to establish the contract award for Prop Jet and Jet aircraft.

B. EFFECT OF PROPOSED CHANGES:

The 6.9 cent excise tax credit or refund would now be available to any licensed wholesaler or terminal supplier that delivers aviation fuel to an air carrier that offers jet passenger service, or maintains or increases scheduled passenger service, to the state capital. The refund would be applied only to fuel used for flight segments traveling in or out of the state capital.

The bill directs the Department of Management Services to analyze and evaluate the state contract for air carrier service for state employees to determine how to improve the quality, availability and cost of air service to state employees and other citizens.

Based on the information gathered, the Department of Management Services can suspend or expand the state contract for air carrier service for state employees and include incentives necessary to attract air carriers flying within Florida to the state capital. In implementing any program, the Department of Management Services must take into consideration s. 112.061, F.S. , the section of law dealing with per diem and travel expenses of public officers and employees.

The Department shall evaluate the program and be prepared to report annually to the Speaker of the House of Representatives and the President of the Senate.

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?

The bill requires the Department of Management Services to implement a program and provide feedback to the Legislature.

(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?

Yes. The bill will reduce taxes for those claiming the tax refund or credit, however, the fiscal impact is indeterminate at this time.

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

The fiscal impact of this bill is indeterminate at this time.

- 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?

Yes. The bill will increase options of individuals regarding which air carrier they can choose.

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

No.

5. Family Empowerment:

- a. 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.

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

N/A.

c. 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 RESEARCH:

Section 1. Adds subparagraph 1. to paragraph (b) of subsection (1) of section 206.9825, Florida Statutes, adding a fuel tax refund or credit for wholesalers and suppliers who meet certain criteria. (See Effect of Proposed Changes)

Section 2. Provides that the Department of Management Services shall analyze and evaluate the state contract for air carrier service for state employees. The Department may then suspend or expand the contract and must be ready to report on an annual basis to the Legislature.

Section 3. Provides the act shall take effect July 1, 1997.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

The Revenue Estimating Conference has not yet reviewed this bill, therefore the fiscal impact is indeterminate at this time.

2. Recurring Effects:

Indeterminate at this time.

3. Long Run Effects Other Than Normal Growth:

Indeterminate at this time.

4. Total Revenues and Expenditures:

Indeterminate at this time.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Indeterminate at this time.

2. Recurring Effects:

Indeterminate at this time.

3. Long Run Effects Other Than Normal Growth:

Indeterminate at this time.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

If the bill increases the number of planes flying in and out of the state capital, the private sector may benefit due to an increase in choice of air carrier service.

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

If the number of entities taking advantage of the tax credit or refund increases, then the competition for air service might increase.

D. FISCAL COMMENTS:

The bill has not yet been reviewed by the Revenue Estimating Conference.

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 of municipalities and counties to raise revenues.

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

This bill does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 1, 1997, the House Business Development and International Trade Committee adopted two amendments to the bill. The first amendment, with title amendment, provides that the refund shall be applied, in cases of interstate flights, for those flights travelling in and out of the state capital, and in the case of intrastate flights, for those multiple flight segments connecting to and from the state capital by air carriers headquartered in Florida. It also provides that a wholesaler or supplier must pass the savings on to the air carrier. Amendment number two strikes the word "expansion" as it relates to the actions which DMS may take after its study of air travel.

STORAGE NAME: h1485s1.bdt

DATE: April 4, 1997

PAGE 8

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

Legislative Research Director:

Victoria Minetta

Michael Rubin