

STORAGE NAME: h0031s1.grr

DATE: February 26, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GOVERNMENTAL RULES AND REGULATIONS
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 31

RELATING TO: Tax on Sales, Use, and Other Transactions

SPONSOR(S): Committee on Governmental Rules & Regulations and Rep. Greene

STATUTE(S) AFFECTED: ss. 212.11 and 212.12

COMPANION BILL(S):

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

- (1) GOVERNMENTAL RULES & REGULATIONS YEAS 4 NAYS 0
- (2) FINANCE & TAXATION
- (3)
- (4)
- (5)

I. SUMMARY:

Most county tax collectors remit their sales tax collections on a weekly basis. However, the branch offices of the county tax collectors must estimate the tax to be collected if they remitted taxes equal to or greater than \$100,000 the preceding year. The estimated tax is due and must be remitted by the 20th day of the month for which it is estimated.

Specific persons are currently authorized to receive a credit or collection allowance as compensation for record keeping and remitting of sales tax. The allowance is 2.5 percent of the first \$1,200 of tax remitted during a reporting period. No allowance is authorized on taxes collected and remitted above \$1,200.

CS/HB 31 authorizes branch offices of the county tax collector (i.e. private automobile tag agencies) to collect and remit the actual amount of sales taxes to the Department of Revenue by the 20th day of the month after the tax is collected.

This bill authorizes dealers that collect and remit sales tax for the state to retain 0.83 percent of the taxes collected in excess of \$1,200.

The bill is estimated to reduce the General Revenue Fund by (\$50.4) million in FY 1997-98 and (\$52.6) million in FY 1998-99. The Solid Waste Management Trust Fund would be reduced by (\$0.1) million in FY 1997-98 and (\$0.1) million in 1998-99. The Local Government Half-cent Trust Fund would be reduced by (\$4.6) million in FY 1997-98 and (\$4.9) million in FY 1998-99.

The total impact would be a reduction of (\$55.2) million in FY 1997-98 and (\$57.6) million in FY 1998-99.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Chapter 212, Florida Statutes, provides for the tax on sales, use, and other transactions. Part I of this chapter provides for the tax on the sale or use of tangible personal property, admissions, rentals, and services. In order to compensate persons for keeping the prescribed records and proper remitting and accounting of sales tax collected to the Department of Revenue, section 212.12(1), Florida Statutes, authorizes a deduction or allowance of 2.5 percent of the amount of the tax due, accounted for, and remitted to the Department of Revenue up to a maximum of \$1,200 for each reporting period (this would be a maximum of \$30). The persons authorized the allowance include the following:

- * persons granting licenses for real and personal property taxed under this chapter;
- * lessors of real and personal property taxed under this chapter;
- * dealers in tangible personal property;
- * dealers providing communication services and taxable services;
- * owners of places where admissions are collected; and
- * remitters of any taxes or fees reported on the same documents utilized for the sales and use tax.

According to the Department of Revenue, tax collectors are designated agents for the department, pursuant to section 212.06(10), Florida Statutes, for collecting sales tax on the occasional or isolated sale of boats, mobile homes, and motor vehicles. Tax collectors are defined in section 192.001(4), Florida Statutes, as:

. . . the county officer charged with the collection of ad valorem taxes levied by the county, the school board, any special taxing districts within the county, and all municipalities within the county.

Tax collectors are granted the collection allowance of 2.5 percent for the first \$1,200 of the tax collected and remitted to the department.

The allowance under section 212.12, Florida Statutes, does not apply to amounts in excess of \$1,200 or when the tax is not remitted on time. The department is also authorized to reduce the collection allowance by 10 percent of \$50, whichever is less, if an incomplete tax return is filed.

Prior to 1992, dealers in tangible property were allowed an allowance of 0.83 percent on the amount of tax collected and remitted that exceeded \$1,200. This was eliminated by section 14, chapter 92-319, Laws of Florida, effective August 1, 1992.

Most tax collectors remit their sales tax collections on a weekly basis and the tax collectors are not billed for underpayment of estimated taxes. However, the branch offices of the county tax collectors must estimate the tax to be collected if they remitted taxes equal to or greater than \$100,000 the preceding year. The estimated tax is due and must be remitted by the 20th day of the month for which it is estimated.

B. EFFECT OF PROPOSED CHANGES:

The bill provides that branch offices of the county tax collector are exempt from the calculation and payment of estimated taxes. The branch offices are now required to pay the actual amount of the tax collected and due by the branch offices. It is due and payable by the first day of each month and is to be remitted by electronic transfer by the 20th of that month.

The bill authorizes an allowance for dealers for all amounts remitted to the department over \$1,200. The authorized allowance would be 0.83 percent on amounts in excess of \$1,200 for taxes collected and timely remitted to the Department of Revenue for each reporting period.

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?

N/A

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

N/A

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

N/A

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 would reduce the amount of revenue that the Department of Revenue would receive from dealers who collect and remit taxes to the department.

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?

The bill authorizes an increase in the amount of deduction or allowance that dealers, which includes county tax collectors, can retain for collecting certain taxes for the Department of Revenue.

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:

- 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 ANALYSIS:

Please see Effect of Proposed Changes section above.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

A one-time impact will occur in FY 1997-98 when the June 1998 tax collections will not be paid by the county tax collector branch offices until July 1998.

<u>Revenues:</u>	<u>1997-98</u>
General Revenue Fund	(\$0.8)M
Solid Waste Management Trust Fund	(Insignif.)

2. Recurring Effects:

The revenue to the state would be reduced by the following amounts.

<u>Revenues:</u>	<u>1997-98</u>	<u>1998-99</u>
General Revenue Fund	(\$49.6)M	(\$52.6)M
Solid Waste Management Trust Fund	(\$0.1)M	(\$0.1)M

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

<u>Revenues:</u>	<u>1997-98</u>	<u>1998-99</u>
General Revenue Fund	(\$50.4)M	(\$52.6)M
Solid Waste Management Trust Fund	(\$0.1)M	(\$0.1)M
Total	(\$50.5)M	(\$52.7)M

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

A one-time impact will occur in FY 1997-98 when the June 1998 tax collections will not be paid by the county tax collector branch offices until July 1998.

<u>Revenues:</u>	<u>1997-98</u>
Local Government Half-Cent Trust Fund	(\$0.1)M

2. Recurring Effects:

<u>Revenues:</u>	<u>1997-98</u>	<u>1998-99</u>
Local Government Half-Cent Trust Fund	(\$4.6)M	(\$4.9)M
County Tax Collectors	\$1.1M	\$1.2M

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:

Dealers who currently collect and remit sales taxes to the state would be able to retain 0.83 percent on all amounts remitted over \$1,200 for each reporting period.

	<u>1997-98</u>	<u>1998-99</u>
Estimated Dealer Allowance	\$53.2M	\$56.4M

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

None.

D. FISCAL COMMENTS:

Sales and use tax revenues are distributed into the Solid Waste Management Trust Fund at a rate of 0.2% of total sales tax collections. The Local Government Half-cent Sales Tax Clearing Trust Fund receives a 9.653% distribution. The FY 1998-99 estimates assume a 6% growth from FY 1997-98.

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 or 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 counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The committee substitute includes two amendments to the original bill.

Amendment # 1 by Representative Wallace provided that all dealers, not just county tax collectors, would be eligible for the 0.83 percent collection allowance for all amounts collected over \$1,200.

Amendment # 2 by Representative Greene provided that the branch office of the county tax collectors were exempt from estimating the amounts of taxes to be remitted to the state and would be required to pay the actual amount of tax to be due on the first day of the month following collection and remitted by electronic transfer by the 20th day of that month.

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VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL RULES AND REGULATIONS

Prepared by:

Legislative Research Director:

Patrick L. "Booter" Imhof

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