

STORAGE NAME: h4407s2.gg

DATE: April 23, 1998

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
GENERAL GOVERNMENT APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/HB 4407

RELATING TO: Tax relief for Florida's families

SPONSOR(S): Committees on Finance and Taxation, Governmental Operations, Representative Byrd and others

COMPANION BILL(S): None

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

- (1) GOVERNMENTAL OPERATIONS YEAS 5 NAYS 0 YEAS
 - (2) FINANCE AND TAXATION YEAS 13 NAYS 2
 - (3) GENERAL GOVERNMENT APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

This committee substitute creates the Florida Family Tax Relief Act and reduces certain sales taxes.

The committee substitute provides that no sales tax will be collected on the sale of clothing having a taxable value of \$50 or less during the following periods: 12:01 a.m., August 15, 1998 through midnight, August 21, 1998 and 12:01 a.m., January 15, 1999 through midnight January 17, 1999. It also provides a definition for clothing.

The committee substitute is expected to decrease General Revenue receipts by (\$21.7) million and local government receipts by (\$3.5) million. The bill has an insignificant impact to the Solid Waste Management Trust Fund.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 212.08, F.S., provides an exemption for general groceries and provides parameters for determining when such groceries are exempt. Candy, food prepared for immediate consumption on or off the seller's premises (with certain exceptions), and soft drinks are taxable. The statute also provides a definition of the seller's premises. Purchases of food that might otherwise be taxable in this section are exempt if purchased with food stamps (with certain exceptions).

Currently, all clothing is subject to tax.

B. EFFECT OF PROPOSED CHANGES:

Section 1 - Provides the title "Florida Family Tax Relief Act of 1998" as the short title of the act.

Section 2 - Provides that no sales tax will be collected on the sale of clothing having a taxable value of \$50 or less during the following periods: 12:01 a.m., August 15, 1998 through midnight, August 21, 1998 and 12:01 a.m., January 15, 1999 through midnight January 17, 1999.

Clothing in this section means any article of wearing apparel, including footwear, intended to be worn on or about the human body and does not include watches, watchbands, jewelry, handbags, handkerchiefs, umbrellas, scarves, ties, headbands, or belt buckles.

Section 3 - Provides the act shall take effect upon becoming a law.

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:

Not applicable.

(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. Sales tax on clothing is affected.

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?

No.

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

No.

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?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

Not applicable.

- (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:

Not applicable.

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

None.

E. SECTION-BY-SECTION RESEARCH:

See BILL RESEARCH SECTION IIB., EFFECT OF PROPOSED CHANGES.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

<u>Revenues (in millions):</u>		<u>FY 1998-99</u>	<u>FY 1999-2000</u>
General Revenue Funds			
Clothing		(\$21.7)	\$0

Solid Waste Management TF: (insignificant) 0

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Revenues (in millions):	FY 1998-99	FY 199
General Revenue Fund:	(\$21.7)	\$0
Solid Waste Management TF:	(insignificant)	0
Total state impact:	\$21.7	\$0

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Revenues (in millions):		
Local Government Half Cent	(\$2.1)	(\$0)
Local Option Sales Tax	<u>(\$1.4)</u>	<u>(0)</u>
Total local government impact:	(\$3.5)	(0)

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:

Private citizens will have reduced taxes for a specified period.

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

None that are evident.

D. FISCAL COMMENTS:

None.

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:

The 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 authority that counties or municipalities have to raise revenues in the aggregate.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

At its meeting on April 15, 1998, the Committee on Governmental Operations adopted three amendments.

The first amendment provides an exemption from intangible property tax, short-term notes of 10 days' duration or less, taken by a motor vehicle dealer, as part of a deferred down payment on the purchase of a motor vehicle.

The second amendment exempts from taxes, other than the annual use tax found in s. 121.0601, motor vehicles used by employees of motor vehicle dealers as a condition of employment.

The third amendment exempts from sales tax, clothing with a taxable value of \$50 or less, during a seven day period in August, 1998 (before the beginning of the public school year), and a three day period in January, 1999 (just after Christmas).

The bill was reported out as a committee substitute.

On April 23, 1998, the Committee on Finance and Tax adopted a strike everything amendment as described in this research and made the bill a committee substitute.

STORAGE NAME: h4407s2.gg

DATE: April 23, 1998

PAGE 8

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Legislative Research Director:

Russell J. Cyphers, Jr.

Jimmy O. Helms

AS REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

Prepared by:

Legislative Research Director:

Carol L. Dickson-Carr

Keith G. Baker, Ph.D.

AS FURTHER REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT
APPROPRIATIONS:

Prepared by:

Legislative Research Director:

Jenny Underwood Dietzel

Cynthia P. Kelly