STORAGE NAME: h0915.gg
DATE: April 16, 1997

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

BILL #: HB 915

RELATING TO: Estimated Tax Payments/Dealers

SPONSOR(S): Representative Fuller

STATUTE(S) AFFECTED: Section 212.11, F.S.

COMPANION BILL(S): SB 1678 (identical) HB 529 (similar) SB 1694 (similar)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE YEAS 8 NAYS 0
(2) FINANCE AND TAXATION (W/D)
(3) GENERAL GOVERNMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

Presently, sales tax dealers who remitted $100,000 or more in sales tax in the prior year must make estimated tax payments which are due by the 20th day of the month for which the tax is estimated.

Instead of making estimated payments, sales tax dealers who sell boats, motor vehicles, or aircraft, will have the option of remitting the tax on sales of $100,000 or more at the time of the sale.

This bill has not yet gone to the Revenue Estimating Conference. The bill will not reduce the overall amount of sales tax revenue; however, the bill may have a negative impact during fiscal year 1997/98 because the state will receive sales and use taxes on these items one month later during that fiscal year.

II. SUBSTANTIVE RESEARCHS:

A. PRESENT SITUATION:

Section 212.11(1)(a), F.S. (1996 Supplement), read in conjunction with Section 212.11(4)(a), F.S. (1996 Supplement), requires a sales tax dealer who in the preceding state fiscal year paid sales/use tax in an amount equal to or greater than $100,000 to pay an estimated tax liability. The sales tax dealer must use one of the following methods to calculate the estimated tax liability:

1. 66% of the current month's liability pursuant to this part as shown on the tax return.

2. 66% of the tax reported on the tax return pursuant to this party by a dealer for the taxable transactions occurring during the corresponding month of the preceding calendar year; or

3. 66% of the average tax liability pursuant to this part for those months during the preceding calendar year in which the dealer reported taxable transactions.

The difference between the estimated tax paid and the actual amount of tax collected is due by the 1st of the month after it is collected and must be remitted by the 20th day of the month after the tax is collected.

If the dealer paid less than $100,00 in sales tax in the preceding state fiscal year, no estimated tax is due. Sales tax collected is due by the 1st of the month after it is collected and must be remitted by the 20th day of the month after the tax is collected.

Under present law a sales tax dealer who paid $100,000 or more in sales tax and who is engaged in the business of selling boats, motor vehicles, or aircraft must pay estimated sales tax using one of the methods described above.

B. EFFECT OF PROPOSED CHANGES:

Instead of making estimated payments, sales tax dealers who sell boats, motor vehicles, or aircraft, will have the option of paying estimated tax under Section 212.11(1), F.S., or remitting the sales tax on the sale of a vehicle with a sales price of $100,000 at the time of the transaction.

The tax shall be remitted either by electronic funds transfer on the date of the sale or on a form prescribed by the department and postmarked on the date of the sale.

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?

No.

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?

No.

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:

See Effect of Proposed Changes.

III. <u>FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

The bill will not reduce the overall amount of sales tax revenue; however, the bill may have a negative impact during fiscal year 1997/98 because the state will receive sales and use taxes on these items one month later during that fiscal year.

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:

   The bill will not reduce the overall amount of local sales tax revenue; however the bill may have a negative impact during fiscal year 1997/98 because the state will receive sales and use taxes on these items one month later during that fiscal year.

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:

   Sales tax dealers will be relieved of the bookkeeping requirement of paying estimated taxes. Presumably, the dealers will be able to otherwise use funds submitted as estimated tax payments for an additional month prior to sending the funds to the state.

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

   None.

D. FISCAL COMMENTS:

IV. <u>CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION</u>:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the revenue raising authority of counties or municipalities.

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

While this bill will reduce the amount of Local Government Half Cent Sales Tax shared with municipalities and counties, it 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. <u>COMMENTS</u>:

VI. <u>AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES</u>:

VII. <u>SIGNATURES</u>:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

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AS FURTHER REVISED BY THE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS:

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