

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 948

SPONSOR: Senator Horne

SUBJECT: Collection of Taxes on Sales, Use and Other Transactions

DATE: March 17, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable</u>
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill reduces the estimated sales tax liability rate paid by sales tax dealers who in the preceding state fiscal year paid sales or use tax in an amount equal to or greater than \$100,000, from 66 percent to 50 percent.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 212.11

II. Present Situation:

Section 212.11(1)(a), F.S., read in conjunction with s. 212.11(4)(a), F. S., requires a sales tax dealer who in the preceding state fiscal year paid sales or 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. Sixty-six percent of the current month's liability pursuant to chapter 212 as shown on the tax return.
2. Sixty-six percent of the tax reported on the tax return pursuant to chapter 212 by a dealer for the taxable transactions occurring during the corresponding month of the preceding calendar year; or
3. Sixty-six percent of the average tax liability pursuant to chapter 212 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.

Section 212.11(4), F.S., also provides that, in lieu of making estimated tax payments based on all sales, a dealer in the business of selling boats, motor vehicles, or aircraft may elect to pay the tax at the time of the sale with respect to each sale of a boat, motor vehicle, or aircraft for \$100,000 or more, while making estimated tax payments based on its other sales.

To qualify for this option, the dealer must:

- have made at least one sale of a boat, motor vehicle, or aircraft with a sales price of \$100,000 or greater in the previous state fiscal year;
- apply annually to the Department of Revenue prior to October 1;
- pay estimated tax on 66 percent of the average liability for all sales -- excluding the sale of each boat, motor vehicle, or aircraft with a sales price of \$100,000 or greater -- for those months during the state fiscal year ending the year in which the dealer applies to the Department; and
- remit the sales tax for each sale of a boat, motor vehicle, or aircraft with a sales price of \$100,000 or greater by electronic funds transfer within three business days after the sale or on a form prescribed by the department and postmarked within three business days of the sale.

III. Effect of Proposed Changes:

The bill amends s. 212.11(1)(a), F.S., reducing the estimated tax payment rate from sixty-six percent to fifty percent, effective January 1, 2000.

The bill will take effect January 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

While the bill will reduce the amount of the Local Government Half-cent Sales Tax shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities or counties. Therefore, Article VII, Section 18(b), Florida Constitution, does not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The reduction in the estimated sales tax rate from 66% to 50% is estimated to result in a nonrecurring loss to the General Revenue Fund in fiscal year 1999-2000 of \$127.1 million with a nonrecurring loss to local governments in fiscal year 1999-2000 of \$11.7 million in Local Government Half-cent Sales Tax.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Reduction in Estimated Tax Payment Rate	(127.1)	(4.2)	(0.3)	(*)	(11.7)	(0.4)	(139.1)	(4.6)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Sales tax dealers required to pay estimated sales tax, will realize a one month savings of 16% of the estimated tax due.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.