

# 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 1000

SPONSOR: Senator Clary

SUBJECT: Motor and Other Fuel Taxes

DATE: April 14, 2000 REVISED: \_\_\_\_\_

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

## I. Summary:

The bill includes special fire control districts in the definition of the term “local government users of diesel fuel”, thereby allowing special fire control districts to be licensed to use untaxed diesel fuel in motor vehicles.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 206.86

## II. Present Situation:

Chapter 206, F.S., imposes fuel taxes on each gallon of taxable fuel sold in Florida. These fuel taxes are administered by the Department of Revenue (DOR). The current fuel tax rates for diesel and uses of tax revenue are as follows:

- ▶ 2.00 cents -Constitutional Fuel Tax - Local government transportation needs.
- ▶ 1.00 cent - County Fuel Tax - Local government transportation needs.
- ▶ 1.00 cent - Municipal Fuel Tax - Local government transportation needs.
- ▶ 7.00 cents - Local Option & Ninth-Cent Fuel Taxes\* - Local government transportation needs.
- ▶ 5.03 cents - State Comprehensive Enhanced Transportation System (SCETS) Tax - State transportation needs in the county of collection.
- ▶ 9.17 cents - Fuel Sales Tax - State transportation needs.

(\*As of 1994 the tax rates for both the Local Option Fuel Tax ant the Ninth-Cent Fuel Tax were equalized statewide at a total of 7 cents per gallon for diesel fuel.)

Section 206.86, F.S., provides definitions for the taxation of diesel fuel. Subsection (11) defines “local government user of diesel fuel” to mean any county, municipality, or school district licensed by the DOR to use untaxed diesel fuel in motor vehicles. Untaxed diesel fuel is dyed diesel fuel

which means diesel fuel that is dyed according with the United States Environmental Protection Agency or Internal Revenue Service requirements for high sulfur diesel fuel or low sulfur diesel fuel.

Section 206.874, F.S., provides for exemptions from diesel fuel taxes pursuant to s. 206.87. Subsection (3) provides that dyed diesel fuel may be purchased and used only for the following purposes:

- use on a farm for farming purposes
- exclusive use of a local government
- use in a vehicle owned by an aircraft museum
- exclusive use of the American Red Cross
- use in a vessel employed in the business of commercial transportation of persons or property or in commercial fishing
- use in a bus engaged in the transportation of students and employees of schools
- use in a local bus service that is open to the public and travels regular routes
- exclusive use of a nonprofit educational facility
- use in a motor vehicle owned by the United States Government that is not used on a highway
- use in a vessel of war
- use of diesel fuel for home heating
- use in self-propelled off road equipment or stationary equipment subject to tax under s. 212.0501.
- use by a noncommercial vessel

In order to qualify to use dyed or otherwise untaxed diesel fuel in motor vehicles, each county, municipality, and school district must first register with the DOR as a “local government users of diesel fuel”.

Chapter 191, F.S., provides for the creation and governance of independent special fire control districts.

### **III. Effect of Proposed Changes:**

The bill amends s. 206.86(11), F.S., including in the definition of the term “local government users of diesel fuel”, special fire control districts authorized under ch. 191 or created by special act of the Legislature, thereby allowing special fire control districts to be licensed to use untaxed diesel fuel in motor vehicles.

The bill takes effect July 1, 2000.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

There are currently 66 special fire control districts in Florida, 12 are dependent and 54 are independent. Under current law, the dependent districts are exempt from the diesel fuel tax through a refund. Based on information obtained from the 12 dependent districts on the number of motor vehicles they own and total gallons of fuel used annually, the Revenue Estimating Conference estimates that the State Transportation Trust Fund will lose \$0.1 million annually in fuel tax revenues as a result of authorizing independent special fire control districts to purchase untaxed diesel fuel.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Special Fire Control Districts/Untaxed Diesel Fuel	(*)	(*)	(0.1)	(0.1)	(*)	(*)	(0.1)	(0.1)

\* Insignificant  
 \*\* Indeterminate

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Department of Revenue will have to incur the cost of issuing a Taxpayer Information Publication (TIP) to be sent to specific registered businesses that would be impacted by this bill.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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