

As of March, 2005, 58 counties levied at least one discretionary sales surtax with 10 counties levying two.

The Florida Office of Insurance Regulation estimated the expected gross loss for the four major hurricanes that struck Florida in 2004 to be \$21.5 billion.¹ While it is impossible to estimate how much additional damage was averted by citizens' hurricane preparations during the 2004 hurricane season, the Division of Emergency Management routinely recommends procuring materials to protect structures and for use in making emergency repairs. The division also recommends having such items as portable radios, flashlights, sufficient batteries to power them for two weeks, first aid kits, and containers for drinking water on hand for storm events.

The 2004 hurricane season also had a significant impact on state revenue collections. The General Revenue Consensus Estimating Conference estimated that spending on repair and replacement of property destroyed by the four hurricanes would result in \$752 million in additional revenue through June of 2006.²

III. Effect of Proposed Changes:

This bill establishes a tax exemption for specified items levied under chapter 212, F.S., during the period from June 1, 2005 through June 12, 2005. The specified items are:

- any portable, self-powered light source having a selling price of \$20 or less
- any portable self-powered radio, two-way radio, or weather-band radio having a selling price of \$50 or less
- any tarpaulin or flexible waterproof sheeting selling for \$50 or less
- any self-contained first-aid kit selling for \$30 or less
- any ground anchor system or tie-down kit selling for \$50 or less
- any gas or diesel fuel tank selling for \$25 or less
- any package of AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile or boat batteries, selling for \$30 or less
- any non-electrical food-storage cooler selling for \$30 or less
- any portable generator selling for \$500 or less to be used to provide light, communications, or food preservation in the event of a power outage due to a hurricane or tropical storm

This committee substitute authorizes the Department of Revenue to adopt rules under sections 120.536 (1) and 120.54, Florida Statutes, and provides for an appropriation of \$421,400 from the General Revenue Fund to the department for administration of the tax exemption.

This bill provides for an effective date upon becoming law.

¹ Florida Office of Insurance Regulation, *Hurricane Reporting Summaries*, January 20, 2005.

² General Revenue Consensus Estimating Conference, *Final Results*, November 12, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

This bill falls under subsection (b) of s. 18 of Art. VII, Florida Constitution. Subsection (b) requires a two-thirds vote of the membership of each chamber in order to enact a general law reducing the authority that municipalities and counties had on February 1, 1989, to raise revenues in the aggregate. By adding an exemption to the state sales tax, the bill has the effect of adding an exemption to the local option county sales surtax. Since an annual local revenue loss is expected, this bill will not be exempt from the requirements of subsection (b).

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Revenue Estimating Impact Conference reviewed the original filed versions of Senate Bills 1462 and 648 and developed an estimated revenue impact range for the 2005-2006 fiscal year of between \$18.1 million and \$66.7 million. The Conference recommended for those versions a mid-point impact estimate totaling \$45.7 million.³

Mid-Point Impact Estimate for Fiscal Year 2005-2006

Issue	GR	TF	Local	Total
Hurricane Items Including Generators	(37.7)	(.1)	(7.9)	(45.7)

This committee substitute excludes plywood, which was considered in the Conference’s impact estimate. It is likely that the exclusion of plywood will reduce the impact by an amount that is unknown at this time.

B. Private Sector Impact:

During the specified period, hurricane preparedness items can be purchased for 6 percent to 7.5 percent less depending on the local option tax rate. The timing of the tax-free period will allow Floridians to save money and be encouraged to prepare themselves prior to the usual heightened tropical storm/hurricane threat period.

³ Revenue Estimating Conference, *Impact Conference Results*, Updated through March 18, 2005.

C. Government Sector Impact:

The Department of Revenue may adopt rules under sections 120.536(1) and 120.54. Florida Statutes to carry out the provisions of this committee substitute and is appropriated \$421,400 from the General Revenue Fund for administrative purposes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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