

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 337 Hurricane Preparedness
SPONSOR(S): Greenstein and others
TIED BILLS: **IDEN./SIM. BILLS:** HB 737, SB 648, SB 1462

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Finance & Tax Committee	_____	Levin	Diez-Arguelles
2) Governmental Operations Committee	_____	_____	_____
3) Fiscal Council	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

This bill provides that no sales tax will be collected between June 1, 2005 and June 12, 2005:

- (1) on up to 20 sheets of plywood per day and any hardware used to attach the plywood to a structure;
- (2) on any portable self-powered light source and power supply having a selling price of \$100 or less;
- (3) on any portable radio and power supply having a selling price of \$100 or less;
- (4) on any other item of tangible personal property selling for \$100 or less related to advance preparations to secure business or residential structures from hurricane damage or provide light
- (5) on any portable generator selling for \$500 or less to provide light, communications, or food preservation.

The fiscal impact of the bill is a negative \$37.8 million in state revenues and a negative \$7.9 million in local revenues during FY 2005 – 2006.

The estimated reduction in Local Option Sales tax by this bill is \$3.3 million. The bill therefore reduces the authority of cities and counties to raise revenues in the aggregate and is a mandate to local governments. The Florida Constitution therefore requires a 2/3 vote of the membership of each house of the Legislature.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes:

The bill creates a 12 day sales tax holiday on certain supplies purchased to prepare for hurricane season.

B. EFFECT OF PROPOSED CHANGES:

This bill provides that no sales tax will be collected between June 1, 2005 and June 12, 2005: (1) on up to 20 sheets of plywood per day and any hardware used to attach the plywood to a structure; (2) on any portable self-powered light source and power supply having a selling price of \$100 or less; (3) on any portable radio and power supply having a selling price of \$100 or less; (4) on any other item of tangible personal property selling for \$100 or less related to advance preparations to secure business or residential structures from hurricane damage or provide light; (5) on any portable generator selling for \$500 or less to provide light, communications, or food preservation

C. SECTION DIRECTORY:

Section 1. Provides a sales tax exemption for certain hurricane supplies purchased between June 1 and June 12, 2005 and provides rule making authority to the Department for implementation of the tax holiday.

Section 2. Provides that the act will become effective upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference determined that the 12 day holiday in June, 2005 on the items covered would result in a negative \$37.8 million in state revenues and a negative \$7.9 million in local revenues during FY 2005 – 2006.

	<u>FY 2005 – 2006</u>
General Revenue	(\$37.7 m)
State Trust	(\$0.1 m)
Total State Impact	(\$37.8 m)

2. Expenditures: The Department of Revenue estimates it will cost the agency \$421,000 in printing costs, poster printing, collation and first class postage.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

	<u>FY 2005 - 2006</u>
Revenue Sharing	(\$1.3 m)
Local Gov't Half Cent	(\$3.3 m)
Local Option	(\$3.3 m)
Total Local Impact	(\$7.9 m)

2. Expenditures: none

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The estimated reduction in the Local Option Sales tax by this bill is \$3.3 million. The bill therefore reduces the authority of cities and counties to raise revenues in the aggregate and is a mandate to local governments. The Florida Constitution therefore requires a 2/3 vote of the membership of each house of the Legislature.

2. Other:

B. RULE-MAKING AUTHORITY:

This bill gives the Department of Revenue authority to adopt rules concerning this tax holiday.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES