



## 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 any portable, self-powered light source selling for \$20 or less; (2) on any portable, self-powered radio, two-way radio, or weatherband radio selling for \$50 or less; (3) on any tarpaulin or other flexible waterproof sheeting selling for \$50 or less; (4) on any self-contained first-aid kit selling for \$30 or less; (5) on any ground anchor system or tie-down kit selling for \$50 or less; (6) on any gas or diesel fuel tank selling for \$25 or less; (7) on any package of AA-cell, C-cell, D-cell, 6 volt, or 9 volt batteries, excluding auto and boat batteries, selling for \$30 or less; (8) on any nonelectric food storage cooler selling for \$30 or less; and (9) 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 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. Appropriates \$421,400 to the Department of Revenue to administer the tax holiday.

Section 3. 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 estimated that the 12-day holiday in June, 2005 on the items covered would result in a negative \$7.6 million in state revenues and a negative \$1.6 million in local revenues during FY 2005 – 2006.

	<b><u>FY 2005 – 2006</u></b>
General Revenue	(\$7.6 m)
Total State Impact	(\$7.6 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 to implement the provision of this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

	<u>FY 2005 - 2006</u>
Revenue Sharing	(\$.2m)
Local Gov't Half Cent	(\$.7 m)
Local Option	(\$.7 m)
Total Local Impact	(\$1.6 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 Local Option Sales tax by this bill is \$.7 million. Although the bill reduces the authority of cities and counties to raise revenues in the aggregate, the impact is expected to be insignificant and the bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution.

2. Other:

None

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:

In the next committee of reference, the appropriation to the Department of Revenue should be reduced to \$221,400 from the present \$421,400.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On March 29, 2004 the Finance and Tax Committee took up HB 337, and the sponsor introduced a strike-all amendment. The amendment was adopted without objection; and then the Committee moved to introduce a House Combined Bill drawn from HB 337 and HB 737, with the substance of the bill being HB 337 as amended. The motion to introduce the HCB passed, and the combined bill was passed by the Committee.

HB 337 originally included up to 20 sheets of plywood, self-powered light sources and power supplies selling for \$100 or less; portable radios and power supplies selling for \$100 or less, portable generators selling for \$500 or less, and any other item of tangible personal property related to securing a business or residential structure from hurricane damage selling for \$100 or less.

HB 737 included portable light sources and a power supply selling for \$25 or less, portable radios and power supply selling for \$100 or less, and other item of tangible personal property related to securing a business or residential structure from hurricane damage or providing light and selling for \$100 or less, and portable generators selling for \$750 or less.