



## 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 from the General Revenue Fund 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:

	<u>FY 2005 – 2006</u>
General Revenue	(\$7.9 m)
Total State Impact	(\$7.9 m)

##### 2. Expenditures:

The Department of Revenue estimates it will cost the agency \$221,400 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:

	<b><u>FY 2005 - 2006</u></b>
Revenue Sharing	(\$ .3m)
Local Gov't Half Cent	(\$ .7 m)
Local Option	<u>(\$ .7 m)</u>
Total Local Impact	(\$1.7 m)

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Although the bill reduces the authority of cities and counties to raise revenues in the aggregate, the impact is less than \$1.8 million and is insignificant. The bill is therefore exempt from the provisions of Article VII, Section 18(b), Florida Constitution. The estimated reduction in Local Option Sales Tax by this bill is \$.7 million.

2. Other:

None

B. RULE-MAKING AUTHORITY:

The 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

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.

This analysis reflects the changes contained in the amendment adopted by the committee.

On April 11, 2005 the Fiscal Council took up HCB 6001 and adopted 2 amendments. The first Amendment increased the selling price of a generator eligible for the tax holiday from \$500 to \$750. The second amendment corrected the amount of the appropriation needed by the Department of Revenue to administer the hurricane sales tax holiday.