

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 737

Hurricane Preparedness

**SPONSOR(S):** Benson

**TIED BILLS:**

**IDEN./SIM. BILLS:** HB 337, SB 648, SB 1462

---

<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
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 any portable self-powered light source and power supply having a selling price of \$25 or less;
- (2) on any portable radio and power supply having a selling price of \$100 or less;
- (3) 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
- (4) on any portable generator selling for \$750 or less to provide light, communications, or food preservation.

The fiscal impact of the bill is a negative \$41.9 million in state revenues and a negative \$8.8 million in local revenues during FY 2005 – 2006.

The estimated reduction in Local Option Sales tax by this bill is \$3.7 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:

The 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 and power supply having a total selling price of \$25 or less; (2) on any portable radio and the power supply having a total selling price of \$100 or less; (3) on any other item of tangible personal property selling for \$100 or less related to advance preparations to secure a business or residential structure from possible damage due to a hurricane or used to provide light; and (4) any portable generator selling for \$750 or less to provide light, communications, or food preservation.

#### C. SECTION DIRECTORY:

Section 1. Provides a sales tax exemption for certain supplies purchased to prepare for hurricane season 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 \$41.9 million in state revenues and a negative \$8.8 million in local revenues during FY 2005 – 2006.

	<b><u>FY 2005 – 2006</u></b>
General Revenue	(\$41.8 m)
State Trust	(\$0.1 m)
Total State Impact	(\$41.9 m)

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

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

	<u>FY 2005 - 2006</u>
Revenue Sharing	(\$1.4 m)
Local Gov't Half Cent	(\$3.7 m)
Local Option	(\$3.7 m)
Total Local Impact	(\$8.8 m)

2. Expenditures:

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 \$3.7 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:

The Department of Revenue is authorized to adopt rules pursuant to ss. 120.536 (1) and 120.54, F.S. to implement the tax holiday.

C. DRAFTING ISSUES OR OTHER COMMENTS:

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