

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes:

This bill creates two 12-day sales tax holidays in 2006 and 2007 on certain supplies purchased in Florida to prepare for hurricane season.

B. EFFECT OF PROPOSED CHANGES:

Ch. 212, F.S., imposes a state sales tax on the sale of tangible personal property and authorizes local option taxes on such sales. This bill provides that no sales tax will be collected on certain items from May 21, 2006 through June 1, 2006. The first seven days of this period coincide with National Hurricane Preparedness Week (May 21-27, 2006). In addition, the bill provides that no sales tax will be collected on the same list of items from May 20, 2007 through May 31, 2007.

The list of exempt items includes: (a) any portable self-powered light source selling for \$20 or less; (b) any portable self-powered radio, two-way radio, or weatherband radio selling for \$50 or less; (c) any tarpaulin or other flexible waterproof sheeting selling for \$50 or less; (d) any ground anchor system or tie-down kit selling for \$50 or less; (e) any gas or diesel fuel tank selling for \$25 or less; (f) any package of AAA-cell, AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, selling for \$30 or less; (g) any cell phone battery selling for \$60 or less and any cell phone charger selling for \$40 or less; (h) any nonelectric food storage cooler selling for \$30 or less; (i) any portable generator used to provide light or communications or preserve food in the event of a power outage selling for \$1,000 or less; (j) any storm shutter device selling for \$300 or less; (k) any carbon monoxide detector selling for \$75 or less; and (l) any single product consisting of two or more of the items listed in (a)-(k) selling for \$200 or less.

The provisions of this bill do not apply to sales within an airport as defined in s. 330.27(2), F.S., within a public lodging establishment as defined in s. 509.013(4), F.S., or within a theme park or entertainment complex as defined in s. 509.013(9), F.S.

C. SECTION DIRECTORY:

Section 1. Provides a sales tax exemption for certain supplies purchased from May 21, 2006 through June 1, 2006, and from May 20, 2007 through May 31, 2007; provides exceptions to this exemption; provides rule-making authority to the Department of Revenue.

Section 2. Appropriates \$221,400 from the General Revenue Fund to the Department of Revenue to administer this sales 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 bill is estimated to have the following negative fiscal impact on state government:

	<u>2005-06</u>	<u>2006-07</u>
General Revenue	(33.8m)	(34.3m)
State Trust	(0.1m)	(0.1m)
Total	<u>(33.9m)</u>	<u>(34.4m)</u>

2. Expenditures:

The bill contains an appropriation of \$221,400 from the General Revenue Fund to implement the provisions of this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill is estimated to have the following negative fiscal impact on local governments:

	<u>2005-06</u>	<u>2006-07</u>
Revenue Sharing	(1.1m)	(1.1m)
Local Gov't. Half Cent	(3.2m)	(3.3m)
Local Option	(3.2m)	(3.3m)
Total Local Impact	<u>(7.5m)</u>	<u>(7.7m)</u>

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons that purchase the items covered by this bill during the two 12-day periods may save money by not having to pay a sales tax. In addition, the availability of the sales tax exemption may prompt some consumers to purchase more of the items eligible for the exemption, thereby causing an increase in the number of sales by Florida retailers.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill will reduce the authority of counties to raise revenues in the aggregate through local option sales taxes. No exemption applies. Therefore, the bill may be a mandate requiring a two-thirds vote of the membership of each house.

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:

The bill appropriates \$221,400 from the General Revenue Fund to the Department of Revenue for purposes of administering the provisions of the law. However, the Department estimates that the costs of printing and mailing a Taxpayer Identification Publication by first class postage to the parties affected by the provisions of the bill is \$277,540 for fiscal year 2005-2006. The bill does not include an appropriation to administer the provisions of the law for fiscal year 2006-2007, and the Department estimates this cost to be \$218,028.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 10, 2006, the Finance and Tax Committee adopted two amendments to the bill. One amendment conformed the bill to the Senate bill, which changed the effective dates of this holiday from May 21, 2006 through June 1, 2006, and provided dates for this same holiday next year, from May 20, 2007 through May 31, 2007. In addition, the amendment removed all references to first-aid kits (already exempt), plywood, hardware, construction companies, contractors, and commercial businesses. The amendment added storm shutters selling for less than \$300, carbon monoxide detectors selling for less than \$75, and a provision to allow combinations of exempt items to be sold in a package not exceeding \$200, to the list of exempt items.

The other amendment provided that the provisions of this bill do not apply to sales within an airport as defined in s. 330.27(2), F.S., within a public lodging establishment as defined in s. 509.013(4), F.S., or within a theme park or entertainment complex as defined in s. 509.013(9), F.S.

This analysis reflects the changes contained in the amendments adopted by the Finance and Tax Committee.