

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Lower Taxes – The bill will exempt from sales and use tax direct mail advertising literature distributed free of charge by mail or by common carrier.

B. EFFECT OF PROPOSED CHANGES:

Present Situation:

Section 212.08(7)(ddd), F.S., provides an exemption from the sales and use tax for advertising materials distributed free of charge in an envelope.

Effect of Proposed Changes:

The bill will create a new exemption from sales and use tax under chapter 212, F.S., for direct mail literature including catalogs, letters, postcards, circulars, brochures, pamphlets, and integral components of such items. The items are printed to the special order of the purchaser and distributed free of charge by United States.

C. SECTION DIRECTORY:

Section 1. Creates s. 212.08(7)(eee), F. S., relating to sales and use tax, providing a tax exemption.
Section 2. Provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimated the following impact of the bill:

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
General Revenue:	(\$14.0) million	(\$15.2) million
<u>State Trust:</u>	<u>(Insignificant)</u>	<u>(Insignificant)</u>
Total:	(\$14.0) million	(\$15.2) million

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference Estimated the following impact of the bill:

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue Sharing	(\$0.5) million	(\$0.5) million
Local Government Half Cent	(\$1.3) million	(\$1.5) million
<u>Local Option</u>	<u>(\$1.3) million</u>	<u>(\$1.4) million</u>
Total	(\$3.1) million	(\$3.4) million

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill will provide an exemption to any entity that provides direct mail advertising literature through the mail or by common carrier under certain circumstances.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill reduces the authority that municipalities or counties have to raise revenues in the aggregate through local option sales taxes. However, the reduction in authority is insignificant. Therefore, this bill does not constitute a mandate.

2. Other:

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

None.