

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: This CS creates a 12-day sales tax holiday, beginning June 1, 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 CS provides that no sales tax will be collected on certain items from June 1, 2007 through June 12, 2007. This coincides with the first day of hurricane season (June 1) and follows National Hurricane Preparedness Week (May 20-26, 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 \$75 or less; (c) any tarpaulin or other flexible waterproof sheeting selling for \$50 or less; (d) any item sold as, or generally advertised as, a 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 \$200 or less; (k) any carbon monoxide detector selling for \$75 or less; (l) any re-usable ice selling for \$10 or less; and (m) any single product consisting of two or more of the items listed in (a)-(l) selling for \$75 or less.

The CS defines "storm shutter device" as any materials and products manufactured, rated, and marketed specifically for the purpose of preventing window damage from storms.

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

The CS provides an appropriation to the Department of Revenue (DOR) to administer the exemption, in the amount of \$289,100, for the current fiscal year (2006-07). These funds will be used to print and mail 670,000 Tax Information Publications (TIPs) to sales and use tax dealers prior to the start of the holiday. Given the short turnaround, rapid notification by first class delivery will be necessary. DOR will print an additional 10,000 TIPs for distribution to retail associations, taxpayer education seminars and for distribution to others upon request.

Chapter 2006-7, Laws of Florida, authorized a sales tax exemption for hurricane preparedness items from May 21, 2006 through June 1, 2006.

C. SECTION DIRECTORY:

Section 1. Provides a sales tax exemption for certain supplies from June 1, 2007, through June 12, 2007; provides exceptions to this exemption; provides rule-making authority to the Department of Revenue.

Section 2. Appropriates \$289,100 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 Revenue Estimating Conference has estimated that this bill will have a negative fiscal impact of \$19.8 million to state government.

2. Expenditures:

The CS provides an appropriation of \$289,100 to administer the sales tax holiday in the current fiscal year 2006-07.

Tax Information Publication (TIP) Printing Costs:	\$68,000
1 st Class Postage:	\$221,000
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Total	\$289,100

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has estimated that this bill will have the following negative fiscal impact on local governments:

	2006-07
Revenue Sharing	(0.7m)
Local Gov't. Half Cent	(1.9m)
<u>Local Option</u>	<u>(1.9m)</u>
Total Local Impact	(4.5m)

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Persons that purchase the items covered by this CS during the specified periods will save money by not having to pay a sales tax on the items covered by this CS. 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:

While the Revenue Estimating Conference has estimated that this bill (as originally filed) will have a negative fiscal impact of \$19.8 million to state government and \$4.5 million in local government revenues, it has since been estimated that an additional negative impact of up to \$0.1 million may be realized due to the increase from \$50 to \$75 maximum amount for any portable self-powered radio, two-way radio, or weatherband radio.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This CS gives the Department of Revenue authority to adopt rules concerning this tax holiday.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The applicable time period for the sales tax exemption during 2007 is May 20 through May 31. Depending upon when the CS potentially becomes a law (after passage by the Legislature and approval of the Governor), the CS may not be effective during some portion, or all, of that time period. This may reduce the fiscal impact of the CS for FY 2006-07.

D. STATEMENT OF THE SPONSOR

Not statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

Economic Expansion and Infrastructure Council – March 15, 2007

Strike all amendment to:

- Make the sales tax holiday nonrecurring, ensuring that it will be brought before the Legislature every year for approval;
- Change the start date from May 20, 2007 to June 1, 2007 (as amended by the Senate Committee on Military Affairs and Domestic Security);
- Change the wording of “Blue Ice” to “Re-usable Ice;”
- Increase the dollar value of radios from \$50 to \$75 to allow for weather radios with “Specific Area Message Encoding” as this would allow for tornado warnings;
- Clarifying language related to ground anchor systems or tie-down kits; and
- Appropriate \$289,100 in the current fiscal year for DOR to administer the CS’s provisions.