

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

BILL: SB 890

INTRODUCER: Senator Boyd

SUBJECT: Taxation

DATE: January 12, 2024

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Renner</u>	<u>McKay</u>	<u>CM</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>FT</u>	_____
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 890 exempts from the sales and use tax the retail sale of impact-resistant windows, doors, and garage doors for two years between July 1, 2024 and June 30, 2026.

The Revenue Estimating Conference (REC) has not reviewed the bill; however, a two-year sales and use tax exemption on impact-resistant windows, doors, and garage doors was included in chapter 2022-97, Laws of Florida. The REC determined that those exemptions would reduce General Revenue Fund receipts by \$158 million and would reduce local revenues by \$46.7 million in Fiscal Year 2022-2023.

The bill takes effect upon becoming a law.

II. Present Situation:

Florida Sales and Use Tax

Florida levies a 6 percent sales and use tax on the sale or rental of most tangible personal property,¹ admissions,² transient rentals,³ and a limited number of services, and a 5.5 percent sales and use tax on the rental of commercial real estate.⁴ Chapter 212, F.S., contains provisions authorizing the levy and collection of Florida's sale and use tax, as well as the exemptions and credits applicable to certain items or uses under specified circumstances. Sales tax is added to the price of the taxable good or service and collected from the purchaser at the time of sale.⁵

¹ Section 212.05(1)(a)1.a., F.S.

² Section 212.04(1)(b), F.S.

³ Section 212.03(1)(a), F.S.

⁴ Section 212.031, F.S.

⁵ Section 212.07(2), F.S.

Counties are authorized to impose local discretionary sales surtaxes in addition to the state sales tax.⁶ A surtax applies to “all transactions occurring in the county which transactions are subject to the state tax imposed on sales, use, services, rentals, admissions, and other transactions by [ch. 212, F.S.], and communications services as defined in ch. 202.”⁷ The discretionary sales surtax is based on the tax rate imposed by the county where the taxable goods or services are sold or delivered. Discretionary sales surtax rates currently levied vary by county in a range of 0.0 to 1.5 percent.⁸

Impact-resistant windows, doors, and garage doors are subject to Florida sales tax. However, chapter 2022-97, Laws of Florida, exempted these items from the sales and use tax for a two-year period. The exemption expires on July 1, 2024.

Impact-Resistant Windows, Doors, and Garage Doors

All of Florida’s coastline has been impacted by at least one hurricane. The southeast coastline is extremely susceptible to a land-falling hurricane, followed by the panhandle. If a hurricane makes landfall elsewhere in the state, the impacts can be felt hundreds of miles away.⁹

The biggest impact from hurricanes is wind. The highest winds occur just outside of the center of the eye-wall and the strongest hurricanes can have winds in excess of 155 miles per hour. Roofs, trees and power lines are frequently damaged.¹⁰

Retrofitting buildings with impact-resistant doors can help reduce the damage caused by hurricanes. Windborne debris can easily break standard doors with unprotected glass.¹¹ This allows wind and water into the building, damaging its contents. In addition, the wind can break the building apart from the inside by blowing off the roof and water damage can lead to significant deterioration of the structural elements of the building.¹² Installing impact-resistant doors can help protect against windborne debris as they minimize the risk of breaking doors and door glass.¹³ Impact-resistant doors must be third-party tested/rated and commonly include reinforced frames, tighter weather stripping, and energy efficient glass.¹⁴

⁶ Section 212.055, F.S.

⁷ Section 212.054(2)(a), F.S.

⁸ Florida Department of Revenue, *Discretionary Sales Surtax Information for Calendar Year 2024*, https://floridarevenue.com/Forms_library/current/dr15dss_24.pdf (last visited Jan. 12, 2024).

⁹ Florida State University Florida Climate Center, *Hurricanes*, <https://climatecenter.fsu.edu/topics/hurricanes> (last visited Jan. 12, 2024).

¹⁰ *Id.*

¹¹ National Association of Home Builders, *Retrofit Improvements*, <https://www.nahb.org/-/media/NAHB/advocacy/docs/top-priorities/codes/retrofit-improvements/retrofit-improvements-impact-resistant-doors-2020.pdf> (last visited Jan. 12, 2024).

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

III. Effect of Proposed Changes:

The bill exempts from the sales and use tax the retail sale of impact-resistant windows, doors, and garage doors for two years between July 1, 2024 and June 30, 2026.

The Department of Revenue is authorized to adopt emergency rules.

The bill takes effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18 of the Florida Constitution governs laws that require counties and municipalities to spend funds, limit the ability of counties and municipalities to raise revenue, or reduce the percentage of state tax shared with counties and municipalities.

Subsection (b) of Art. VII, s. 18 of the Florida Constitution provides that except upon approval of each house of the Legislature by two-thirds vote of the membership, the legislature may not enact, amend, or repeal any general law if the anticipated effect of doing so would be to reduce the authority that municipalities or counties have to raise revenue in the aggregate, as such authority existed on February 1, 1989. However, the mandates requirements do not apply to laws having an insignificant impact,^{15,16} which is \$2.3 million or less for Fiscal Year 2024-2025.¹⁷

The REC has not reviewed the bill.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

Section 19 of Article VII, Florida Constitution requires increased taxes or fees to be passed in a separate bill and by two-thirds vote of the membership of each house of the Legislature. This bill does not increase any taxes or fees; therefore, the increased tax or fee requirements do not apply.

¹⁵ FLA. CONST. art. VII, s. 18(d).

¹⁶ An insignificant fiscal impact is the amount not greater than the average statewide population for the applicable fiscal year multiplied by \$0.10. *See* Florida Senate Committee on Community Affairs, *Interim Report 2012-115: Insignificant Impact*, (September 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (last visited Jan. 12, 2024).

¹⁷ Based on the Demographic Estimating Conference's estimated population adopted on July 11, 2023, <http://edr.state.fl.us/Content/conferences/population/archives/230711demographic.pdf> (last visited Jan. 12, 2024).

E. **Other Constitutional Issues:**

None identified.

V. Fiscal Impact Statement:

A. **Tax/Fee Issues:**

The REC has not reviewed the bill; however, a two-year sales and use tax exemption on impact-resistant windows, doors, and garage doors was included in chapter 2022-97, Laws of Florida. The REC determined that those exemptions would reduce General Revenue Fund receipts by \$158 million and would reduce local revenues by \$46.7 million in Fiscal Year 2022-2023.

B. **Private Sector Impact:**

The private sector will experience reduced costs associated with the purchase of impact-resistant windows, doors, and garage doors due to the sales and use tax exemption provided in this legislation.

C. **Government Sector Impact:**

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

None.

IX. Additional Information:

A. **Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

None.