

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 664

INTRODUCER: Senator Bean

SUBJECT: Disaster Preparedness Tax Exemption

DATE: March 3, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Askey	McKay	CM	Pre-meeting
2.			AFT	
3.			AP	

I. Summary:

SB 664 provides for a 7-day sales tax exemption period for the purchase of specified items associated with disaster preparedness and protection, from May 30, 2017, through June 5, 2017.

The Revenue Estimating Conference (REC) estimates that SB 664 reduces General Revenue receipts by \$5.3 million and reduces local revenue by \$1.4 million, in Fiscal Year 2017-18. Due to the timing of the tax-exempt period the REC also estimates that there will be a reduction in General Revenue receipts by \$0.3 million and local revenues by an insignificant amount, in Fiscal Year 2016-17. The Department of Revenue estimates additional costs of \$290,580 to administer this bill.

The bill takes effect upon becoming law.

II. Present Situation:

Chapter 212, F.S., levies a six percent sales and use tax on most sales of tangible personal property and a limited number of services. Section 212.08, F.S., provides for specific exemptions from the sales and use tax imposed by the chapter.

Local governments are authorized to levy several types of local discretionary sales surtaxes pursuant to s. 212.055, F.S. The rate of the discretionary sales surtax depends on the county, while some counties do not have a surtax.¹ Rates currently range from one-half percent to one

¹ Florida Department of Revenue, *Florida's Discretionary Sales Surtax*, http://floridarevenue.com/Forms_library/current/gt800019.pdf (Last visited March 1, 2017).

and one-half percent.² The surtax does not apply to any sales amount above \$5,000 on any item of tangible personal property.³

The Legislature has approved similar sales tax exemption periods in the past. Most recently, in 2005, 2006, 2007, and 2014, the state established time periods where items below certain thresholds were exempt from tax. The type and value of exempt items has varied. In 2005 and 2007, the tax-exempt period ran from June 1 through June 12;⁴ in 2006, the tax-exempt period was from May 21 through June 1;⁵ and in 2014, the tax-exempt period was from May 31 through June 8.⁶ This time period coincides with the start of the Atlantic hurricane season.⁷

The Florida Division of Emergency Management recommends having a plan and preparing property to prevent damage. Additionally, the Division of Emergency Management recommends having a disaster supply kit with items such as a battery operated radio, flashlight, batteries, and first-aid kit.⁸

III. Effect of Proposed Changes:

SB 664 establishes a sales tax exemption period for the purchase of specified items associated with disaster preparedness and protection. The period specified for sales tax exemption on these items will be from 12:01 a.m. on May 30, 2017, through 11:59 p.m. on June 5, 2017.

The items exempted from sales tax are:

- A portable self-powered light source selling for \$20 or less;
- A portable self-powered radio, two-way radio, or weather band radio selling for \$75 or less;
- A tarpaulin or other flexible waterproof sheeting selling for \$50 or less;
- An item typically sold or advertised as a ground anchor system or tie-down kit selling for \$50 or less;
- A gas or diesel fuel tank selling for \$25 or less;
- A 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;
- A cellular telephone battery selling for \$60 or less;
- A cellular telephone charger selling for \$40 or less;
- A non-electric food storage cooler selling for \$30 or less;
- A portable generator that is used to provide light, support communications, or preserve food during a power outage selling for \$1,000 or less;

² Florida Department of Revenue, *Discretionary Sales Surtax Information*, http://floridarevenue.com/Forms_library/current/dr15dssyear2017.pdf (Last visited March 1, 2017).

³ Section 212.054(2)(b)1., F.S.

⁴ Chapter 2005-40 and Chapter 2007-25, Laws of Fla.

⁵ Chapter 2006-7, Laws of Fla.

⁶ Chapter 2014-38, section 23, Laws of Fla.

⁷ National Oceanic and Atmospheric Administration, *Frequently Asked Questions*, <http://www.aoml.noaa.gov/hrd/tcfaq/G1.html> (Last visited March 2, 2017).

⁸ Florida Division of Emergency Management, *Emergency Kit, Make a Plan, Be Informed*, <http://www.floridadisaster.org/documents/EmergencyKit-FDEM.pdf> (Last visited March 1, 2017).

- A storm shutter device selling for \$200 or less;⁹
- A carbon monoxide detector selling for \$75 or less;
- Reusable ice selling for \$10 or less;
- A single product consisting of two or more of the previously listed items selling for \$75 or less;
- A personal locator beacon selling for \$600 or less;
- An emergency position-indicating radio beacon selling for \$1,500 or less;
- An external portable computer drive for data backup and recovery selling for \$200 or less; and
- An inverter, inverter/charger, or uninterruptible power supply system selling for \$200 or less.

The bill prohibits the sales tax exemption from applying to sales in public lodging establishments¹⁰, theme park or entertainment complexes¹¹, or airports.¹²

The bill provides that the Department of Revenue (department) may adopt emergency rules to implement the sales tax exemption period.

Section 1 of the bill, which includes the sales tax exemption period, the list of exempted items, the prohibition of tax-exempt sales at certain locations, and authorizing the department to make emergency rules, expires September 30, 2017.

The bill provides a yet-to-be determined appropriation to the department of nonrecurring funds from the General Revenue Fund to administer the sales tax exemption under this act.

The bill takes effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, section 18 of the Florida Constitution governs laws that require counties and municipalities to spend funds or that limit their ability to raise revenue or to receive state tax revenue.

Subsection (b) provides that, except upon approval by each house of the Legislature by two-thirds vote of its 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.¹³ These requirements do

⁹ The bill defines the term “storm shutter device” to mean a material or product manufactured, rated, and marketed specifically for preventing window damage from storms.

¹⁰ Section 509.013(4), F.S.

¹¹ Section 509.013(9), F.S.

¹² Section 330.27(2), F.S.

¹³ See FLA. CONST. art. VII, s. 18(d).

not apply to laws that have an insignificant fiscal impact on local governments, which for Fiscal Year 2017-2018, is approximately \$2 million.¹⁴

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The Revenue Estimating Conference (REC) estimates that SB 664 reduces General Revenue receipts by \$5.3 million and reduces local revenue by \$1.4 million, in Fiscal Year 2017-18. Due to the timing of the tax-exempt period the REC also estimates that there will be a reduction in General Revenue receipts by \$0.3 million and local revenues by an insignificant amount, in Fiscal Year 2016-17.¹⁵

B. Private Sector Impact:

Indeterminate, but positive. Consumers will see a reduction in cost for some products related to disaster preparation and protection.

C. Government Sector Impact:

The bill appropriates a yet-to-be determined amount from General Revenue to the Department of Revenue to administer this act.

The department estimates that it will require \$290,580 to administer this act.¹⁶

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

¹⁴ An insignificant fiscal impact is an amount not greater than the average statewide population for the applicable fiscal year times ten cents. See Florida Senate Committee on Community Affairs, Interim Report 2012-115: Insignificant Impact, (Sept. 2011), <http://www.flsenate.gov/PublishedContent/Session/2012/InterimReports/2012-115ca.pdf> (Last visited March 1, 2017).

¹⁵ Office of Economic and Demographic Research, *Revenue Estimating Conference*, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2017/_pdf/Impact0217.pdf (Last visited March 1, 2017.)

¹⁶ Florida Department of Revenue, *2017 Agency Legislative Bill Analysis: SB 644*, <http://abar.laspbs.state.fl.us/ABAR/Attachment.aspx?ID=10217> (Last visited March 1, 2017).

VIII. Statutes Affected:

The bill creates general law not contained in a designated section of the Florida Statutes.

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.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
