

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax
ISSUE: AUTOMATED EXTERNAL DEFIBRILLATORS
BILL NUMBER(S): HB1123
SPONSOR(S): REP. SANDS
MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2005
DATE OF ANALYSIS: 3/15/05

SECTION 1: NARRATIVE

a. Current Law:

Automated external defibrillators (AEDs) are subject to sales and use tax.

b. Proposed Change:

Provides an exemption of AEDs purchased by a business entity, defined in s. 606.03, F.S., as “any form of corporation, partnership, association, cooperative, joint venture, business trust, or sole proprietorship that conducts business in this state”, from the sales and use tax.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

See attached

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

See attached

SECTION 4: PROPOSED FISCAL IMPACT

State Impact - All Funds	FY 2005-2006 Annualized	FY 2005-2006 Cash	FY 2006-2007 Cash
High	(\$2.3m)	(\$2.1m)	(\$2.3m)
Middle	(\$2.0m)	(\$1.8m)	(\$2.2m)
Low	(\$1.6m)	(\$1.5m)	(\$2.1m)

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 18 / 05) The conference adopted the middle estimate.

Consensus Estimate	FY 2005-2006 Annualized	FY 2005-2006 Cash	FY 2006-2007 Cash
General Revenue	(1.7)	(1.6)	(1.9)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(1.7)	(1.6)	(1.9)
Revenue Sharing	(.1)	(.1)	(.1)
Local Gov't Half Cent	(.2)	(.1)	(.2)
Local Option	(.2)	(.1)	(.2)
Total Local Tax Impact	(.5)	(.3)	(.5)
Total Impact	(2.2)	(1.9)	(2.4)

Automated External Defibrillators (AED)

Worldwide AED Sales			
in \$ millions			
1996	243		<i>Source:</i>
2001	489	15.0%	<i>Health Industry Today, March 2001</i>
2006	1,000	15.4%	<i>Frost & Sullivan - Market Research</i>

US AED Sales				
in \$ millions				
Year	US Sales	Growth	FL Share	FL Sales
2002	200.0		5.80%	11.6
2003	260.0	30%	5.80%	15.1
2004	338.0	30%	5.80%	19.6
2005	439.4	30%	5.80%	25.5
2006	571.2	30%	5.80%	33.1

Source:
Shock It To Me, Time, June 9,2003

AED Cost				
\$ 1,250 - \$ 1,500	5	Low		\$1,200
\$ 1,500 - \$ 1,750	5	High		\$2,900
\$ 1,750 - \$ 2,000	2			
\$ 2,000 - \$ 2,250	2			
\$ 2,250 - \$ 3,000	3	Median		\$1,600

Source:
AmericanMedSupply.com
AEDSuperstore.com

Florida Businesses by Employment Size						
Employees	Firms	Establishments	Employees	Estab/Firm	Emp/Estab	
0	51,955	52,023	0	1.0	0.0	
1 - 4	182,092	182,346	369,053	1.0	2.0	
5 - 9	57,705	58,316	376,407	1.0	6.5	
10 - 19	31,939	33,433	424,048	1.0	12.7	
20 - 99	24,844	30,257	941,175	1.2	31.1	
100 - 499	5,658	14,706	757,219	2.6	51.5	
500 - 999	1,132	5,243	257,901	4.6	49.2	
1,000 - 1,499	593	3,405	165,100	5.7	48.5	
1,500 - 2,499	604	3,858	210,860	6.4	54.7	
over 2,500	1,891	50,996	2,929,933	27.0	57.5	
	358,413	434,583	6,431,696			

Source:
US Census Bureau, Statistics of US Businesses, 2001

FL Business AED Usage				
Short-Term (by 2008)				Long Term
Size	per Firm	per Establishment	Total	
less than 20	0.00		0	every business with more than 20 employees per establishment
20 - 99	0.25		6,211	
100 - 999		0.50	9,975	
1,000 - 1,499		0.67	2,270	
1,500 - 2,499		0.75	2,894	
over 2,500		1.00	<u>50,996</u>	
			72,345	108,465

Sales Tax Impact											
based on Business Use:						based on FL Sales:					
	AED Usage		AED Purchases			CY	FL Sales		Growth	Business Sales	
	Total	Change	#	\$ million	Sales Tax		Total	Business (@90%)		Amount	Tax
SFY 2005/06	24,115	24,115	24,115	38.6	2.32	CY 2005	25.5	22.9		22.9	1.38
SFY 2006/07	48,230	24,115	24,115	38.6	2.32	CY 2006	33.1	29.8		29.8	1.79
SFY 2007/08	72,345	24,115	24,115	38.6	2.32	SFY2005/06	29.3	26.4		26.4	1.58
SFY 2008/09	90,405	18,060	18,060	28.9	1.73	SFY 2006/07			30%	34.3	2.06
SFY 2009/10	108,465	18,060	18,060	28.9	1.73	SFY 2007/08			30%	44.6	2.67