

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: Proposed Sales Tax Holiday on self-powered light sources \$20 or less, portable self-powered radios \$75 less, portable generators \$1,000 or less, tarpaulins \$50 or less, certain ground anchor systems \$50 or less, gas or diesel fuel tanks \$25 or less, certain batteries \$30 or less, cell phone batteries \$60 or less, cell phone chargers \$40 or less, non-electric food storage coolers \$30 or less, specified storm shutter devices for \$200 or less, carbon monoxide detectors for \$75 or less, reusable ice for \$10 or less, and any single product consisting of two or more of the items listed above for \$75 or less from June 1 through June 12, 2009.

BILL NUMBER(S): SB 214

SPONSOR(S): Senator Baker

MONTH/YEAR COLLECTION IMPACT BEGINS: June 2009

DATE OF ANALYSIS: February 27, 2009

SECTION 1: NARRATIVE

a. Current Law:

All purchases of items listed in SB 214 are subject to the 6% statewide sales and use tax under ch. 212, F.S

b. Proposed Change:

This bill has a current year impact.

Purchases shown below will be exempt from paying sales tax during the exemption period as long as these items sell for the price indicated. The exemption period runs from June 1, 2009 through June 12, 2009 (twelve days, first day on a Saturday).

Exempt Item at	Exempt purchase price
Portable self-powered light source	\$ 20 or less
Portable self-powered radio, two-way radio or weather band radio	\$ 75 or less
Tarpaulin or other flexible waterproof sheeting	\$ 50 or less
Ground anchor system or tie-down kit	\$ 50 or less
Gas or diesel fuel tank	\$ 25 or less
Packages of AAA-cell, AA-cell, C-cell, D-cell, 6-volt or 9-volt batteries, excluding automobile and boat batteries	\$ 30 or less
Cell phone batteries	\$ 60 or less
Cell phone chargers	\$ 40 or less
Non-electrical food storage cooler	\$ 30 or less
Portable generator	\$1,000 or less
Storm shutter device	\$ 200 or less
Carbon monoxide detector	\$ 75 or less
Reusable ice	\$ 10 or less
Any single product consisting of two or more of the items listed above	\$ 75 or less

The bill does not prohibit construction companies, building contractors, or commercial businesses or entities from purchasing any of the listed items. The bill does not exclude tax-exempt purchases made with business or company credit or debit cards or checks. Storm shutter devices are defined in the bills as “materials and products manufactured, rated, and marketed specifically for the purpose of preventing window damage from storms.” The bill does not limit the number of storm shutter devices that may be purchased.

The bill includes a limitation on the exemption. Under the limitation, sales within an airport, a public lodging establishment, theme park or entertainment complex are not eligible for the sales tax exemption.

The bill authorizes the Department of Revenue to adopt emergency rules relating to the provisions of the bill. For FY 2008-09, \$311,183 is appropriated from General Revenue to the Department.

The bill takes effect upon becoming law.

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: Proposed Sales Tax Holiday on self-powered light sources \$20 or less, portable self-powered radios \$75 less, portable generators \$1,000 or less, tarpaulins \$50 or less, certain ground anchor systems \$50 or less, gas or diesel fuel tanks \$25 or less, certain batteries \$30 or less, cell phone batteries \$60 or less, cell phone chargers \$40 or less, non-electric food storage coolers \$30 or less, specified storm shutter devices for \$200 or less, carbon monoxide detectors for \$75 or less, reusable ice for \$10 or less, and any single product consisting of two or more of the items listed above for \$75 or less from June 1 through June 12, 2009.

BILL NUMBER(S): SB 214

SPONSOR(S): Senator Baker

MONTH/YEAR COLLECTION IMPACT BEGINS: June 2009

DATE OF ANALYSIS: February 27, 2009

SECTION 2: DESCRIPTION OF DATA AND SOURCES

1. Federal Emergency Management Agency website at www.fema.gov/hazards/hurricanes/whatshouldido.shtml for hurricane preparedness information and at www.fema.gov/fima/ (subheads for Protecting Your Property from Wind).
2. FINAL Report on Hurricane Claims from Florida Office of Insurance Regulation (August 2006) for reported claims and total loss claims from 2004 hurricanes and 2005 Hurricanes Dennis, Katrina, Rita and Wilma and October 20, 2008 Tropical Storm Fay Report at <http://www.floir.com/Hurricanes/Seasonsinfo.aspx>
3. Lowe’s website at www.lowes.com for price comparisons.
4. Florida State sales figures for leading home improvement retailer from 6/4/2004 – 7/2/2004.
5. Estimate of Florida Median Household Income based on October 2008 Florida Demographic Estimating Conference and 2007 American Community Survey.
6. US Bureau of Labor Statistics, Consumer Expenditure Survey, 2007: Shares of average annual expenditures and sources of income.
7. Clips from Florida press coverage of hurricane sales tax holiday purchases in 2005 and 2006 holidays.
8. Florida and National Economic Estimating Conference, October 2008.
9. University of Florida’s Bureau of Economic & Business Research, reports on Florida’s 2004 hurricane season (Florida Focus Vol. 1, No. 2 “The Demographic Impact of the 2004 Hurricane Season in Florida” and Vol. 1, No. 3 “Florida’s 2004 Hurricane Season: Local Effects”).
10. National Hurricane Center historical records at <http://www.nhc.noaa.gov/>
11. Department of Revenue Sales Tax data.

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

See attached METHODOLOGY sheet for details of assumptions and methodology.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact: All Funds	FY 2009-10 Annualized	FY 2008-09 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
High					
Exempt items pkg @ \$100		(\$ 3.2 M)			
CO detectors	-0-	(\$ 2.7 M)	-0-	-0-	-0-
Storm shutter devices		(\$ 81.8 M)			
Generators		(\$ 60.1 M)			
TOTAL		(\$147.8 M)			
Middle					
Exempt items not shown separately below		(\$ 2.8 M)			
CO detectors	-0-	(\$ 1.5 M)	-0-	-0-	-0-
Storm shutter devices		(\$ 47.5 M)			
Generators		(\$ 36.1 M)			
TOTAL		(\$ 87.8 M)			
Low					
\$75 of exempt items not shown separately below		(\$ 2.4 M)			
CO detectors	-0-	(\$ 0.2 M)	-0-	-0-	-0-
Storm shutter devices		(\$ 13.1 M)			
Generators		(\$ 12.0 M)			
TOTAL		(\$ 27.7 M)			

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: Proposed Sales Tax Holiday on self-powered light sources \$20 or less, portable self-powered radios \$75 less, portable generators \$1,000 or less, tarpaulins \$50 or less, certain ground anchor systems \$50 or less, gas or diesel fuel tanks \$25 or less, certain batteries \$30 or less, cell phone batteries \$60 or less, cell phone chargers \$40 or less, non-electric food storage coolers \$30 or less, specified storm shutter devices for \$200 or less, carbon monoxide detectors for \$75 or less, reusable ice for \$10 or less, and any single product consisting of two or more of the items listed above for \$75 or less from June 1 through June 12, 2009.

BILL NUMBER(S): SB 214

SPONSOR(S): Senator Baker

MONTH/YEAR COLLECTION IMPACT BEGINS: June 2009

DATE OF ANALYSIS: February 27, 2009

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3/14/09) The conference adopted the low estimate, with shutters and generators cut in half.

	FY 2009-10 Annualized	FY 2009-10 Cash	FY 2010-11 Cash	FY 2011-12 Cash	FY 2012-13 Cash
General Revenue		(13.4)			
State Trust		(Insignificant)			
Total State Impact		(13.4)			
Revenue Sharing		(.4)			
Local Gov't Half Cent		(1.3)			
Local Option		(1.3)			
Total Local Impact		(3.0)			
Total Impact		(16.4)			

5. CARBON MONOXIDE DETECTOR ASSUMPTIONS: MAX = Assume same number of HHs purchase CO detectors as MAX purchase generators. Price = maximum allowed.
MIN = Assume same number of HHs purchase CO detectors as MAX purchase generators. Price = lowest price at Lowe's online.

6. STORM SHUTTER DEVICES ASSUMPTIONS:

The bill defines "storm shutter device" as "materials and products manufactured, rated, and marketed specifically for the purpose of preventing window damage from storms. The bill further limits the price of "storm shutter devices" to \$200 or less. Examples of sets of materials that fit this definition were provided by representatives of the Florida Retail Federation; the prices range from \$82.94 to \$184.63. Average price is assumed to be \$150.

MAX = Assume price of \$150 per window, 10 windows per house.

Assume all windows are equipped with "storm shutter device." See range of HHs.

MIN = Assume 10 devices at \$82.94 per house. See range of HHs.

7. PACKAGED PURCHASES ASSUMPTIONS (included in EXEMPT ITEMS column):

MAX = Assume that 10% of HHs purchase \$100 of exempt items

MIN = Assume that 10% of HHs purchase one package @ \$75

**SB 214 - Hurricane Sales Tax Holiday
FY 2008-09 Impact**

FY 2008-09 SALES TAX IMPACT:

	EXEMPT ITEMS not incl: GENERATOR, CO DETECTOR STORM SHUTTER Packages = minimum					
	USE REPORTED LOSS INDEX		Carbon Monoxide DETECTOR		GENERATORS ONLY	
	MAX	MIN	MAX	MIN	MAX	MIN
	\$ 100	\$ 75	\$ 75	\$ 5	\$ 700	\$ 700
TOTAL Fla Households	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799
TOTAL HHs Purchasing	358,350	358,350	238,000	238,000	238,000	47,600
TOTAL Expenditures (\$M)	\$ 35.84	\$ 26.88	\$ 17.85	\$ 1.19	\$ 166.60	\$ 33.32

Advantage Buying: CONSTRUCTION	Private Non-Residential Expenditures as % of Residential Expenditures, Florida From Oct 2008 Florida Economic Consensus Estimating Conference	
	Priv NR Exp, 2008-09	\$ 11.523
	Res Exp, 2008-09	\$ 12.361
		93%

Additional for advantage buying (1/2 of % above)	\$ 16.70	\$ 12.53	\$ 8.32	\$ 0.55	\$ 77.65	\$ 15.53
TOTAL	\$ 52.54	\$ 39.40	\$ 26.17	\$ 1.74	\$ 244.25	\$ 48.85
Behavioral Factor - (NY history had 1.73)	1	1	1.73	1.73	4.1	4.1
TOTAL Expenditures	\$ 52.54	\$ 39.40	\$ 45.27	\$ 3.02	\$ 1,001.44	\$ 200.29
Sales Tax Impact	\$ (3.2)	\$ (2.4)	\$ (2.7)	\$ (0.2)	\$ (60.1)	\$ (12.0)

STORM SHUTTER DEVICES - RANGE OF SELECTED ALTERNATIVE ASSUMPTIONS

 Range of estimates from higher to lower							LOWEST MIN GENERATOR R HHs
	HIGHEST							
	10% HHs	10% HHs	5% HHs	MAX GENERATOR HHs	5% HHs	1% HHs	1% HHs	10% HHs
	10 windows @ \$150	10 windows @ \$82.94	10 windows @ \$150	10 windows @ \$150	10 windows @ \$82.94	10 windows @ \$150	10 windows @ \$82.94	10 windows @ \$82.94
	\$ 1,500	\$ 829	\$ 1,500	\$ 1,500	\$ 829	\$ 1,500	\$ 829	\$ 829
TOTAL Fla Households	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799	7,499,799
TOTAL HHs Purchasing	358,350	749,980	374,990	238,000	374,990	74,998	74,998	47,600
TOTAL Expenditures (\$M)	\$ 537.50	\$ 622.00	\$ 562.50	\$ 357.00	\$ 311.02	\$ 112.50	\$ 62.20	\$ 39.48

Advantage Buying: CONSTRUCTION	Private Non-Residential Expenditures as % of Residential Expenditures, Florida From Oct 2008 Florida Economic Consensus Estimating Conference	
	Priv NR Exp, 2008-09	\$ 11.523
	Res Exp, 2008-09	\$ 12.361
		93%

Additional for advantage buying (1/2 of % above)	\$ 250.53	\$ 289.92	\$ 262.18	\$ 166.40	\$ 144.97	\$ 52.44	\$ 28.99	\$ 18.40
TOTAL	\$ 788.03	\$ 911.92	\$ 824.68	\$ 523.40	\$ 455.98	\$ 164.94	\$ 91.20	\$ 57.88
Behavioral Factor - (NY history had 1.73)	1.73	1.73	1.73	1.73	1.73	1.73	1.73	3.77
TOTAL Expenditures	\$ 1,363.29	\$ 1,577.61	\$ 1,426.70	\$ 905.48	\$ 788.85	\$ 285.34	\$ 157.77	\$ 218.21
Sales Tax Impact	\$ (81.8)	\$ (94.7)	\$ (85.6)	\$ (54.3)	\$ (47.3)	\$ (17.1)	\$ (9.5)	\$ (13.1)

**SB 214 - Hurricane Sales Tax Holiday
FY 2008-09 Impact**

Summary of Impacts:	FY 2008-09	
	Impact	HHs
HIGH		
Exempt items in package @ \$100	\$ (3.2)	358,350
CO detector	\$ (2.7)	238,000
Storm shutter devices	\$ (81.8)	358,350
Generators	\$ (60.1)	238,000
TOTAL	\$ (147.8)	\$ (328.45)
	Total purchase	per FLA HH
MID - average High/Low		
Exempt items except CO detector, storm shutter devices, and generators	\$ (2.8)	
CO detector	\$ (1.5)	
Storm shutter devices	\$ (47.5)	
Generators	\$ (36.1)	
TOTAL	\$ (87.8)	\$ (195.01)
	Total purchase	per FLA HH
LOW		
\$75 worth of exempt items	\$ (2.4)	358,350
CO detector	\$ (0.2)	238,000
Storm shutter devices	\$ (13.1)	47,600
Generators	\$ (12.0)	47,600
TOTAL	\$ (27.7)	\$ (61.56)
	Total purchase	per FLA HH

Florida Household Calculations

From Bureau of Economic & Business Research, University of Florida
 as of April 1, 2008
 For 2008

FLORIDA	HH2007	HH2008
	Households April 1 of 2007	Households 2008
	7,443,963	7,499,799
Alachua	101,073	103,328
Baker	8,191	8,310
Bay	68,334	69,207
Bradford	9,320	9,391
Brevard	232,821	234,944
Broward	702,139	700,315
Calhoun	5,039	4,968
Charlotte	75,572	76,018
Citrus	63,423	64,571
Clay	66,957	67,568
Collier	134,850	136,625
Columbia	23,875	24,206
Miami-Dade	11,265	11,448
De Soto	5,986	6,068
Dixie	350,908	354,715
Duval	119,168	120,295
Escambia	39,822	40,267
Flagler	4,604	4,668
Franklin	17,387	17,692
Gadsden	6,062	6,150
Gilchrist	4,095	4,110
Glades	5,575	5,698
Gulf	4,490	4,515
Hamilton	8,184	8,293
Hardee	11,990	12,685
Hendry	69,200	70,321
Hernando	42,685	43,288
Highlands	464,357	466,407
Hillsborough	7,260	7,361
Holmes	61,300	62,522
Indian River	17,854	18,032
Jackson	5,224	5,270
Jefferson	2,392	2,435
Lafayette	120,853	121,120
Lake	266,150	267,930
Lee	111,125	112,317
Leon	16,350	16,618
Levy	2,435	2,587
Liberty	7,070	7,187
Madison	136,650	136,834
Manatee	136,160	137,779
Marion	63,225	63,353
Martin	862,750	875,941
Monroe	35,610	34,296
Nassau	27,229	28,099
Okaloosa	76,950	77,516
Okeechobee	13,500	13,711
Orange	411,292	413,613
Osceola	94,319	96,075
Palm Beach	542,638	543,644
Pasco	186,219	186,919
Pinellas	428,525	425,783
Polk	226,825	227,811
Putnam	29,550	29,750
Santa Rosa	70,525	73,261
Sarasota	109,892	111,766
Seminole	52,500	53,424
St. Johns	178,303	179,447
St. Lucie	163,000	163,669
Sumter	36,435	38,415
Suwannee	15,463	15,994
Taylor	7,995	8,089
Union	3,855	3,921
Unspecified County*		
Volusia	215,719	216,613
Wakulla	10,613	11,165
Walton	23,904	24,406
Washington	8,932	9,055

INDICIES USED IN METHODOLOGY TABLE IN ROW 79 - DO NOT ERASE

FINAL REPORT AUG 06		FINAL REPORT AUG 06		OCT 20 08 RPT FAY
2004 HHs	2004 HHs	2005 HHs	2005 HHs	2008 HHs
Reported	Total Loss	Reported	Total Loss	Reported
Claims	Claims	Claims	Claims	Claims
553	343	39	97	713
2	1	-	-	15
264	154	79	99	48
5	1	-	-	10
14,342	13,841	1,179	1,001	42,290
11,943	5,592	219,290	156,387	21,990
-	1	-	-	1
3,799	12,325	83	104	91
196	98	6	6	245
159	88	12	18	885
436	187	4,321	3,049	1,735
29	36	2	-	68
7,963	2,791	268,109	162,386	334
97	432	2	1	4
2	2	-	-	142
3,092	1,809	235	471	17,768
7,161	10,432	1,444	951	24
101	27	3	7	30
-	-	4	24	5
3	3	2	2	26
2	2	-	-	1
3	2	5	14	18
1	1	1	4	-
-	-	-	-	5
47	135	1	1	3
16	7	69	171	415
222	179	13	19	48
645	680	44	32	2,192
6,603	4,431	532	577	13
3	1	1	-	13
2,082	2,886	198	175	274
9	14	3	2	7
1	3	-	1	4
-	-	-	-	24
1,547	710	44	77	6,698
11,350	7,641	4,915	2,375	1,303
96	96	88	197	645
14	12	-	-	3
-	-	-	-	1
1	1	-	-	151
452	276	65	26	55
1,467	618	38	50	931
1,745	1,978	766	509	7,533
11	25	831	11,612	93
17	7	3	8	315
1,435	906	473	281	23
113	253	57	57	119
37,695	11,598	787	708	41,113
3,077	1,779	50	41	682
54,859	32,853	94,875	63,853	18,266
1,552	885	70	52	224
6,165	3,529	555	597	511
14,324	13,874	294	147	1,207
95	69	3	-	98
1,588	3,146	1,090	678	264
451	370	105	95	1,006
1,673	410	41	36	4,830
624	312	34	68	3,086
8,448	13,128	2,916	1,718	5,581
52	26	3	6	73
9	6	1	-	24
2	1	1	4	15
3	1	-	-	1
-	-	-	-	-
10,975	6,274	185	268	16,484
1	1	6	67	19
58	35	20	15	7
3	1	1	2	1
219,683	157,325	603,994	409,143	200,803
3.2%	2.3%	8.5%	5.8%	2.7%