



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any House Principles.

#### B. EFFECT OF PROPOSED CHANGES:

HB 1703 creates the Florida Aerospace Infrastructure Investment Trust Fund (trust fund) within the Office of Tourism, Trade and Economic Development (OTTED) in the Office of the Governor. The bill is tied to the passage and enactment of HB 1701 or similar legislation creating the Florida Aerospace Infrastructure program. HB 1703 requires a legislative review pursuant to s. 215.3206(1) and (2), F.S., prior to its scheduled constitutionally required termination of July 1, 2009. Finally, the trust fund, to be administered by OTTED, is a repository and distribution point for funds from sales tax on tangible personal property, admissions, and leasing or licensing of real property generated by dealers conducting business at the Kennedy Space Center and the Cape Canaveral Air Force Station or other sources to fund the program created in the substantive legislation.

The bill requires that dealers conducting business at the Kennedy Space Center and the Cape Canaveral Air Force Station file a tax return with the Department of Revenue with segregated tax information regarding taxes collected. It also requires that a copy of the return be filed with the Florida Aerospace Finance Corporation, Enterprise Florida, Inc., and OTTED.

In addition, the bill provides that the trust fund be terminated July 1, 2009, unless terminated sooner, and requires that the trust fund be reviewed, as provided in Section 215.3206(1) and (2), F.S., before the trust fund scheduled termination.

The effective date of the bill is July 1, 2005, if enacted by a three-fifths vote of the membership of the Legislature and if House Bill 1701 or similar legislation is enacted.

#### C. SECTION DIRECTORY:

Section 1: Creates s. 331.508, F.S., - *The Florida Aerospace Infrastructure Investment Trust Fund*. Identifies the sources and uses of funds to be deposited in the trust fund.

Requires copies of tax returns for taxes collected on sales, admissions, tours, leases, and licenses of dealers conducting business at Kennedy Space Center or Cape Canaveral Air Force Station to be filed with the Florida Aerospace Finance Corporation, Enterprise Florida, Inc. and the Office of Tourism, Trade and Economic Development.

Section 2: Provides contingencies for effective date of the trust fund legislation.

### II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The Revenue Estimating Conference has determined that this bill will have a negative fiscal impact of \$3.3 million to the state General Revenue Fund in FY 2005-06 and \$3.6 million in FY 2006-07. The bill will have a positive fiscal impact to the Florida Aerospace Investment Trust Fund of \$4.0 million in FY 2005-06 and \$4.3 million in FY 2006-07.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference has determined that this bill will have a negative fiscal impact of \$0.7 million to local government in FY 2005-06 and \$0.7 million in FY 2006-07.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill establishes the trust fund as a repository and distribution point for funds from sale taxes on tangible personal property, admissions, tours, and leases or licenses of real property generated by dealers conducting business at the Kennedy Space Center and the Cape Canaveral Air Force Station pursuant to ss. 212.04(1)(a), 212.05, and 212.031(1)(a), F.S. Currently, pursuant to s. 212.20, F.S., these proceeds are paid into the General Revenue Fund.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The legislation does not require expenditures of funds by local governments, or reduce the authority to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Department of Revenue has indicated the bill presents difficulty in implementation, administration and enforcement. The bill requires that the dealer segregate the sales tax collected on sales, admissions, tours, leases, and licenses on a monthly return. Currently, the Department of Revenue's Sales and Tax Use Return does not require that the dealer separate the tax collected under these categories. Therefore, the department would require the affected dealer to file a separate information return that captures the information required by this bill and notify the dealers affected by this bill of the new provision.

Additionally, if the dealer has locations not affected by this bill, the dealer would be required to file two returns. One return would be necessary to capture the information required by this bill and another return would be necessary to capture the dealer's "Offsite" location information. This action would require database programming changes to accommodate the two returns submitted for the same period and to accommodate the unique distribution of the sales taxes.

The bill also requires that the dealer file a copy of the return with the Florida Aerospace Finance Corporation, Enterprise, Florida, Inc., and OTTED. The Department of Revenue is not authorized to share information with these agencies, pursuant to Section 213.053, F.S. and would not be able to verify any submitted return information.

In addition, the crediting of funds as indicated in the bill presents difficulty in administration as the bill does not indicate if the Department of Revenue will transfer funds into the trust fund or transfer them to another account before being credited to the trust fund.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**