

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HB 423	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Agriculture & Natural Resources Subcommittee; Adkins and others	114 Y's	0 N's
COMPANION BILLS:	(CS/CS/SB 960)	GOVERNOR'S ACTION:	Approved

SUMMARY ANALYSIS

CS/HB 423 passed the House on April 12, 2013, and subsequently passed the Senate on April 30, 2013. Under current law, a six percent sales and use tax is levied pursuant to Ch. 212, F.S., on the sales price of dyed diesel fuel purchased for use in a vessel.

Dyed diesel fuel is used in equipment for construction and agriculture that are not intended for use on roads and highways. The fuel is dyed red so the U.S. Department of Transportation can easily tell the difference to ensure that vehicles on the highway are not using the dyed fuel. Dyed diesel is exempt from sales tax if used for certain purposes, such as in equipment used for construction and agriculture.

The bill provides an exemption from the sales and use tax on dyed diesel fuel that is used for commercial fishing and aquacultural purposes.

The Revenue Estimating Conference estimates that the provisions of this legislation will result in a negative revenue impact of \$.4 million to state government in FY 2013-2014. That impact will exclusively affect the State Transportation Trust Fund.

The bill was approved by the Governor on May 30, 2013, ch. 2013-82, L.O.F., and takes effect July 1, 2013.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Section 212.05(1)(k), F.S., provides that the sales and use tax rate of 6 percent is to be levied on the sales price of dyed diesel fuel that is purchased for use in a vessel.

Dyed diesel fuel is generally used in equipment for construction and agriculture that are not intended for use on roads and highways. The fuel is typically dyed red so the U.S. Department of Transportation can easily tell the difference to ensure that vehicles on the highway are not using the dyed fuel. Diesel fuel that is not dyed is subject to the fuel tax imposed under Ch. 206, F.S., however as discussed above dyed diesel is still subject to the sales and use tax unless specifically exempted.

Section 206.41(4)(c)3, F.S., provides that “commercial fishing and aquacultural purposes” means motor fuel used in the operation of boats, vessels, or equipment used exclusively for the taking of fish, crayfish, oysters, shrimp, or sponges from salt or fresh waters under the jurisdiction of the state for resale to the public, and no part of which fuel is used in any vehicle or equipment driven or operated upon the highways of this state; however, the term may in no way be construed to include fuel used for sport or pleasure fishing.

Effect of Proposed Changes

The bill amends ss. 212.05, 212.0501, and 212.08, F.S., to provide a sales tax exemption for dyed diesel fuel used for commercial fishing and aquacultural purposes as defined in s. 206.41(4)(c)3., F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimates that the provisions of this legislation will result in a negative revenue impact of \$.4 million to state government in FY 2013-2014. That impact will exclusively affect the State Transportation Trust Fund.

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Commercial fishermen and aquaculturists will benefit from the sales tax exemption on dyed diesel fuel used to operate their commercial fishing vessels.

D. FISCAL COMMENTS:

The negative fiscal impact to the state will exclusively affect the State Transportation Trust Fund.