

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB's 128 & 1598

SPONSOR: Senators Lee, King, Cowin and others

SUBJECT: Intangible Personal Property

DATE: May 1, 2001                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Maclure</u>	<u>Maclure</u>	<u>CM</u>	<u>Favorable</u>
2.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill increases the intangibles tax exemption for natural persons and married couples filing jointly, and provides an exemption for taxpayers that are not natural persons. The exemption for a natural person is increased from \$20,000 to \$250,000 and the married couple exemption is increased from \$40,000 to \$500,000. The new exemption for other taxpayers is \$250,000.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 199.185.

**II. Present Situation:**

Florida's tax on intangible personal property was enacted in 1931, and it is a tax on "all personal property which is not in itself intrinsically valuable, but which derives its chief value from that which it represents." (s. 199.023(1), F.S.) Taxable intangible personal property includes, among other things, stocks, bonds, notes, other obligations to pay money, and accounts receivable. (s. 199.023, F.S.) The tax rate is 1 mill, or \$1 per every \$1,000 taxable assets.

The intangible tax is paid annually and is based on the value of assets as of January 1. (s. 199.103, F.S.) The return is due by June 30, with discounts for early payment. (s. 199.042, F.S.) The tax is paid by all "persons" (natural and non-natural), which term includes any individual, firm, partnership, joint adventure, syndicate, or other group or combination acting as a unit, association, corporation, estate, trust, business trust, trustee, personal representative, receiver, or other fiduciary, unless such persons are exempted from the tax. (s. 199.023(3), F.S.) The tax must be paid by all corporations that own, control, or manage intangible personal property that has a taxable situs within the state. (s. 199.052(1), F.S.)

Section 199.185, F.S., provides that every natural person is entitled each year to an exemption of the first \$20,000 of the value of property otherwise subject to the annual tax. A husband and wife filing jointly have an exemption of \$40,000. Other taxpayers receive no exemption.

### **III. Effect of Proposed Changes:**

This bill amends s. 199.185, F.S., to increase the intangibles tax exemption for natural persons and married couples filing jointly, and provides an exemption for taxpayers that are not natural persons. The exemption for a natural person is increased from \$20,000 to \$250,000 and the married couple exemption is increased from \$40,000 to \$500,000. The new exemption for other taxpayers is \$250,000.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Economic Impact and Fiscal Note:**

#### **A. Tax/Fee Issues:**

This bill will reduce General Revenue by \$149.5 million in FY 2001-02 and \$171.8 million recurring.

#### **B. Private Sector Impact:**

This bill will result in approximately 700,000 fewer intangibles taxpayers and 485,000 fewer tax returns. This removes over 60 percent of all taxpayers from the tax roll.

#### **C. Government Sector Impact:**

### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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