HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 469 Documentary Stamp Tax
SPONSOR(S): Evers
TIED BILLS: **IDEN./SIM. BILLS:** SB 1386

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Finance & Tax	24 Y, 0 N	Overton	Diez-Arguelles
2) Agriculture & Environment Apps. (Sub)		Dixon	Dixon
3) Appropriations			
4)			
5)			

SUMMARY ANALYSIS

The bill creates an exemption from documentary stamp tax for notes or other written obligations to pay money executed by agriculture producers in this state to the Commodity Credit Corporation ("CCC"). The bill also exempts montages, liens, or other security instruments that arise from or are given as security for the notes or other obligations. The CCC is a federal government-owned organization created in 1933 to stabilize, support, and protect farm income and prices and to help maintain a balanced and adequate supply of agricultural commodities. The CCC aids producers of crops, such as cotton, peanuts, sugar, corn, honey, and wheat, who participate under the program through loans, purchases, and payment programs.

The Revenue Estimating Conference estimates that the fiscal impact to state funds will be a negative $0.4 million per year.

The bill takes effect upon becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

1. Reduce government?	Yes[]	No[]	N/A[x]
2. Lower taxes?	Yes[x]	No[]	N/A[]
3. Expand individual freedom?	Yes[]	No[]	N/A[x]
4. Increase personal responsibility?	Yes[]	No[]	N/A[x]
5. Empower families?	Yes[]	No[]	N/A[x]

For any principle that received a “no” above, please explain:

B. EFFECT OF PROPOSED CHANGES:

The Commodity Credit Corporation (“CCC”) is a federal government-owned organization created in 1933 to stabilize, support, and protect farm income and prices and to help maintain a balanced and adequate supply of agricultural commodities. The CCC aids producers of crops, such as cotton, peanuts, sugar, corn, honey, and wheat, who participate under the program through loans, purchases, and payment programs. If the producer does not redeem the commodity by loan repayment time, CCC takes title and possession, without recourse. This means that the producers have the option of either repaying the principal and interest or forfeiting the commodity to the CCC in full settlement of the loan.

Section 201.08, F.S., currently requires that documentary stamp tax be paid on debts or other debt obligations at the rate of 35 cents on each $100 or fraction thereof, with a maximum of $2,450. An identical tax is due on mortgages or other security instruments except that there is no maximum. If there is both a debt instrument and a security instrument, the tax must be paid on the security instrument with a notation being made on the debt instrument to that effect. The only exclusion is for debts on student loans. Accordingly, CCC loans are taxed in the same manner as all other loans.

The bill creates an exemption from documentary stamp tax for notes or other written obligations to pay money executed by agriculture producers in this state to the CCC. The bill also exempts mortgages, liens, or other security instruments that arise from or are given as security for the notes or other obligations.

C. SECTION DIRECTORY:

Section 1. Amends s. 201.08(3), F.S. to exempt agriculture producers in this state from paying documentary stamp tax on notes or debt obligations and related security instruments issued to the Commodity Credit Corporation.

Section 2. Provides that the act shall take effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimates that the fiscal impact will be a negative $0.3 million to General Revenue and negative $0.1 million to state trust in FY 04-05 with a recurring impact of a negative $0.4 million.

2. Expenditures: None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None.

2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Florida agriculture producers who secure loans from the CCC will no longer have to pay documentary stamp tax related to the loans.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require municipalities or counties to expend funds, does not reduce their authority to raise revenue, and does not reduce the percentage of a state tax shared with counties or municipalities.

2. Other: None.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES