

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Appropriations Subcommittee on Finance and Tax

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**BILL:** CS/SB 730

**INTRODUCER:** Community Affairs Committee and Senator Perry

**SUBJECT:** Housing Finance Authorities

**DATE:** February 19, 2018      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Present</u>	<u>Yeatman</u>	<u>CA</u>	<b>Fav/CS</b>
2.	<u>Fournier</u>	<u>Diez-Arguelles</u>	<u>AFT</u>	<b>Recommend: Favorable</b>
3.	_____	_____	<u>AP</u>	_____

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 730 exempts from excise taxes any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority. In order to be eligible for the exemption, the housing finance authority must submit documentation that affirms that the loan was made by or on behalf of the housing finance authority at the time the note or mortgage is recorded.

The Revenue Estimating Conference has estimated this bill reduces revenues deposited into the General Revenue Fund by \$0.2 million and into state trust funds by \$0.3 million in Fiscal Year 2018-19 and thereafter.<sup>1</sup>

**II. Present Situation:**

**Housing Finance Authorities**

Each county in Florida may create a housing finance authority by ordinance.<sup>2</sup> A housing finance authority may not transact any business or exercise any powers until the governing body of the

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<sup>1</sup> Florida Legislature, Office of Economic and Demographic Research, Revenue Estimating Conference, *Housing Authority Obligations*, SB 730, [http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2018/\\_pdf/page470-474.pdf](http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2018/_pdf/page470-474.pdf) Feb. 14, 2018.

<sup>2</sup> Section 159.604(1), F.S.

county for which the housing finance authority is created passes a resolution declaring the need to alleviate a shortage of housing and capital for investment in housing in its area of operation.<sup>3</sup>

A housing finance authority is composed of no fewer than five uncompensated members appointed by the governing body of the county.<sup>4</sup> The powers of a housing finance authority are vested in the members and include the power to loan funds to persons purchasing homes and to developers engaged in qualifying housing developments.<sup>5</sup> Housing finance authorities may also issue revenue bonds and refunding bonds in order to finance activities allowed under statute.<sup>6</sup> Persons are eligible for loans if their annual income does not exceed 80 percent of the median income for the county.<sup>7</sup> The sale price on new or existing single-family homes must not exceed 90 percent of the median area purchase price in the area.<sup>8</sup>

Section 159.621, F.S., provides that the following are exempt from all taxation:

- Bonds issued by a housing finance authority pursuant to Part IV of Chapter 159, F.S.;
- All notes, mortgages, security agreements, letters of credit, or other instruments that arise out of, or are given to secure, the repayment of bonds issued in connection with the financing of any housing development under this part; and
- Interest thereon and the income therefrom.

However, the exemption is not applicable to any tax imposed by chapter 220 on interest, income, or profits on debt obligations owned by corporations.

There is currently no exemption for documentary stamp tax on notes and mortgages given in connection with a loan made by local housing authorities.

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

The bill provides that any note or mortgage given in connection with a loan made by or on behalf of a housing finance authority under s. 159.608(8), F.S., is exempt from excise taxes on documents under chapter 201, F.S., if:

- At the time the note or mortgage is recorded, the housing finance authority submits documentation that affirms that the loan was made by or on behalf of the housing finance authority.

The exemption does not apply to any tax imposed by chapter 220, F.S., on interest, income, or profits on debt obligations owned by corporations or to a deed for property financed by a housing finance authority.

The bill takes effect July 1, 2018.

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<sup>3</sup> *Id.*

<sup>4</sup> Section 159.605, F.S.

<sup>5</sup> *Id.*

<sup>6</sup> Section 159.612, F.S.

<sup>7</sup> Section 159.608, F.S.

<sup>8</sup> *Id.*

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

The Revenue Estimating Conference has estimated this bill reduces revenues deposited into the General Revenue Fund by \$0.2 million and into state trust funds by \$0.3 million in Fiscal Year 2018-19 and thereafter.<sup>9</sup>

## B. Private Sector Impact:

A reduction in the collection of excise taxes will reduce the cost of borrowing for housing authorities and should result in making these properties more available.

## C. Government Sector Impact:

If the bill passes, housing finance authorities will not have to pay excise taxes related to a note or mortgage given in connection with a loan made by or on behalf of the housing finance authority.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 159.621 of the Florida Statutes.

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<sup>9</sup> Florida Legislature, Office of Economic and Demographic Research, Revenue Estimating Conference, *Housing Authority Obligations*, SB 730, [http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2018/\\_pdf/page470-474.pdf](http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2018/_pdf/page470-474.pdf) Feb. 14, 2018.

**IX. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Community Affairs Committee on January 16, 2018:**

- Removes the exemption for the interest and income on a note or mortgage given in connection with a loan or made by or on behalf of a housing finance authority and provides that the exemption is for excise taxes on documents under chapter 201, F.S., rather than all taxes.

- B. **Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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