Senate Committee on Ways and Means

SB 2454 — Distribution of Tax Revenue to Persons Entitled to an Homestead Exemption

by Ways & Means Committee and Senator Burt

The bill provides that each person who, as of June 30, 1998, was entitled to and received a homestead exemption, for tax year 1998, is entitled to a distribution of $50. Every property appraiser must provide to the Department of Revenue by July 15, 1998, a certified list of all homestead property in his or her county as of June 30, 1998. Distributions must be sent to qualified persons as soon as practicable, but no later than October 1, 1998.

Each recipient of the distribution may elect to return the distribution and designate the application of the $50 to the state for one of the following uses: education; childrens' health care; criminal justice; or transportation. A delinquent child-support obligor who is entitled to receive a distribution will have the amount of the delinquency withheld from the rebate.

The sum of $184 million is appropriated from the General Revenue Fund to the Department of Revenue for FY 1998-99 for distribution to eligible holders of homestead tax exemptions. If the $184 million is insufficient, the bill authorizes the Administration Commission to transfer sufficient funds from the Working Capital Fund.

Any action to challenge the validity or constitutionality of the rebate must be brought within 60 days after the effective date of the bill, or else the challenge is barred. If any such proceeding is initiated, distribution of the rebate shall be held in abeyance until a judicial determination has become final and the time limit for any further proceedings has expired.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 38-2; House 93-22

CS/CS/HB 4407 — Florida Residents' Tax Relief Act of 1998

by Finance & Taxation Committee, Governmental Operations Committee, Reps. Byrd, Fasano and others (CS/SB 1900 by Ways & Means Committee and Senator Cowin)

The bill establishes the "Florida Residents' Tax Relief Act of 1998," providing that no sales and use tax shall be collected on sales of clothing having a taxable value of $50 or less during the period of 12:01 a.m., August 15, 1998, through midnight, August 21, 1998. Clothing is defined to mean any article of wearing apparel, including footwear, intended to be worn on or about the human body and does not include watches, watchbands, jewelry, handbags, handkerchiefs, umbrellas, scarves, ties, headbands or belt buckles. The exemption does not apply to sales within a theme park or entertainment complex, or within a public lodging establishment.

The bill has an estimated non-recurring revenue impact of $18.1 million, of which, $16.3 million is expected to be General Revenue.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 36-3; House 114-1

CS/SB 1450 — Intangible Personal Property Taxes

by Ways & Means Committee and Senators Bankhead, Lee, Clary, Hargrett, Sullivan, McKay, Crist and Cowin

This bill amends ss. 199.023, 199.052, 199.175, 199.185, 199.104, 199.282, 199.292, 220.02, 220.68, and 624.509, F.S. It makes numerous changes to the intangible tax:

- The minimum amount of tax due before a return and payment are required is raised from $5 to $60 dollars.

- A definition is provided for “accounts receivable” and, beginning January 1, 1999, one-third of accounts receivable are exempted from the intangible tax. The bill expresses the intent of the Legislature to increase the exempt amount to two-thirds on January 1, 2000, and to completely exempt accounts receivable on January 1, 2001, pursuant to future legislative action.

- Banks, savings associations and insurance companies are exempted from intangible tax for taxes due on or after July 1, 1999. Additionally, the credits for intangible tax paid which are given to banks, savings associations, and insurers are repealed for tax years beginning on or after December 31, 1999.

- Penalties for late filing, and late payment are capped at a combined total of no more than 10 percent per month and no more than 50 percent of the total tax due. The penalty for under reporting and undervaluation is reduced from 30 percent to 10 percent.

- Tax exemptions are provided for credit card receivables, owned or controlled by Florida banks, which would not otherwise be taxable; stock options granted to an employee by an employer, if the employee cannot transfer, sell or mortgage the options; and interests in real estate securitizations which are ultimately secured solely by mortgages, deeds of trust, or other liens upon real property.

- The list of qualified individual retirement accounts exempt from tax is expanded to include recently created forms of these accounts, particularly Roth IRAs.

- The revenue sharing of funds between the counties and the state is modified to hold counties harmless on their distribution from intangibles tax revenues.

The final impact of these changes is to reduce General Revenue in 1998-99 by $57.7 million. The recurring loss is $65.2 million.

If approved by the Governor, these provisions take effect July 1, 1998, and apply to taxes due on or after January 1, 1999.
Vote: Senate 37-0; House 117-0