

Subsection (2) of Section 220.3, F.S. (1998. Supp.) defines “taxable income” for limited liability companies except for limited liability companies classified as partnerships for federal income tax purposes.

Section 608.471, F.S. (1998 Supp.) provides that a limited liability company classified as a partnership for federal income tax purposes is not subject to the tax imposed under chapter 220.

Paragraph (d) of subsection (1) of section 608.441, F.S., provides that a limited liability company shall be dissolved if it has fewer than two members.

Paragraph (a) of subsection (1) of section 199.023, F.S. (1998 Supp.) provides that intangible personal property includes all stocks, or shares of incorporated or unincorporated companies, business trusts, and mutual funds.

Paragraph (c) of subsection (1) of section 199.185, F.S. (1998, Supp.) provides an exemption from intangibles tax for any interest as a partner in a partnership unless the limited partnership is registered with the Securities and Exchange Commission pursuant to the Securities Act of 1993, as amended.

III. Effect of Proposed Changes:

This bill extends the current exemption from corporate income tax and intangibles tax enjoyed by a limited liability company classified as a partnership for federal income tax purposes to a single-member limited liability company that is disregarded as an entity separate from its owner for federal income tax purposes.

The act will take effect on July 1, 1999.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

While the bill will reduce the amount shared with municipalities and counties, it does not reduce the percentage of a state tax shared with municipalities and counties. Therefore, Article VII, Section 18(b), Florida Constitution does not apply.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The fiscal impact of this bill has not been determined

B. Private Sector Impact:

Taxes will be reduced for certain limited liability companies.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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