

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1883 (PCB AP 04-33) Trust Funds (Repeal Intangible Tax Trust Fund)
SPONSOR(S): Appropriations; Kyle
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Appropriations	22 Y, 8 N	Belcher	Baker
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

HB 1883 terminates the Intangible Tax Trust Fund and provides for disposition of the trust fund balance. The bill directs intangible taxes collected under section 199.292, Florida Statutes, be deposited into the Administrative Trust Fund within the Department of Revenue. The bill eliminates the provision requiring annual appropriations from the trust fund for tax administration and enforcement.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1883.ap.doc
DATE: March 29, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

B. EFFECT OF PROPOSED CHANGES:

Present situation:

Taxes on intangibles collected pursuant to s. 199.292, Florida Statutes, are deposited into the Intangible Tax Trust Fund. The intangible tax revenues derived from leaseholds on real property (as described in s. 199.023(1)(d), Florida Statutes) are returned to the school board of the county in which the leasehold is situated. Out of the remainder in the trust fund, there is an annual appropriation for the administration and enforcement of chapters 192 through 199, Florida Statutes, dealing with taxation, and the remaining intangible personal property taxes collected are transferred to the General Revenue Fund.

Effect of proposed changes:

The bill terminates the Intangible Tax Trust Fund and directs the deposit of intangible taxes collected pursuant to s. 199.292, Florida Statutes, into the Administrative Trust Fund within the Department of Revenue. The intangible tax revenues derived from leaseholds in real property (as described in s. 199.023(1)(d)) are still returned to the school board of the county in which the leasehold is situated, then the remainder of the intangible personal property taxes collected are transferred to the General Revenue Fund. The annual appropriation for the administration and enforcement of chapters 192 through 199, Florida Statutes, is eliminated from the statute. The proposed General Appropriations Act budgets the cost of tax administration and enforcement from General Revenue Fund, rather than the Intangible Tax Trust Fund. This continues the funding source in place during the current fiscal year as authorized by the GAA.

The bill transfers the current balances of the Intangible Tax Trust Fund to the General Revenue Fund, and the Department of Revenue is directed to pay any outstanding debts and obligations of the terminated fund. The Chief Financial Officer is directed to close out and remove the terminated fund from the state accounting systems.

C. SECTION DIRECTORY:

Section 1. Amends s. 199.292, Florida Statutes, to change deposit of intangible personal property taxes from the Intangible Tax Trust Fund to the Administrative Trust Fund within the Department of Revenue, and eliminate annual appropriation for administration of chapters 192 through 199, Florida Statutes.

Section 2. Terminates the Intangible Tax Trust Fund within the Department of Revenue and provides for disposition of funds.

Section 3. Provides an effective date of July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

	<u>FY 2004-05</u> <u>In Millions</u>
Revenues:	
Recurring:	
Intangible Tax Trust Fund	
Intangible Tax	(\$ 689.1)
Administrative Trust Fund	
Intangible Tax	\$ 689.1
General Revenue Fund	
Transfer from Intangible Tax Trust Fund	(\$ 626.0)
Transfer from Administrative Trust Fund	<u>\$ 677.9</u>
Total – General Revenue Fund	<u>\$ 51.9</u>

1. Expenditures:

Recurring:	
Intangibles Tax Trust Fund	
Various operating appropriation categories	(\$ 51.9)
Non-operating refunds	(\$ 9.6)
Non-operating transfers to local school boards	(\$ 1.6)
Non-operating transfers to General Revenue Fund	<u>(\$ 626.0)</u>
Total Expenditures – Intangible Tax Trust Fund	<u>(\$ 689.1)</u>
Administrative Trust Fund	
Non-operating refunds	\$ 9.6
Non-operating transfers to local school boards	\$ 1.6
Non-operating transfers to General Revenue Fund	<u>\$ 677.9</u>
Total Expenditures – Administrative Trust Fund	<u>\$ 689.1</u>
General Revenue Fund	
Various operating appropriation categories	<u>\$ 51.9</u>
Total Expenditures - General Revenue Fund	<u>\$ 51.9</u>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

The bill conforms to the proposed General Appropriations Act which funds tax administration and enforcement from the General Revenue Fund. And the bill redirects tax revenues from the Intangible Tax Trust Fund to the Administrative Trust Fund. The balance of the funds collected, after mandated distribution to local school boards for taxes collected on governmental leaseholds, is transferred to the General Revenue Fund. There is no impact on total state revenues or expenditures.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

No impact of municipal or county governments.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES