

TAX: Intangibles Tax

ISSUES: Repeals Intangibles Tax.

BILL NUMBER(S): HB425

SPONSOR(S): REPRESENTATIVES MELVIN, DOCKERY, MORRONI, HARRINGTON, ALEXANDER, CANTENS, PATTERSON, BENSE, LEVINE, LITTLEFIELD, BULLARD, BUSH, FARKAS, STANSEL, SORENSEN AND KELLY.

MONTH/YEAR COLLECTION IMPACT BEGINS: January 1, 2001

DATE OF ANALYSIS: 2-21-2000

SECTION 1: NARRATIVE

a. Current Law:

Chapter 199, F.S. provides for taxes on intangible personal property.

b. Proposed Change:

Repeals Chapter 199, F.S. effective January 1, 2001.

SECTION : DATA AND SOURCES

Current REC forecasts of the annual and nonrecurring intangibles tax for FY2000-01.

SECTION 3 ASSUMPTIONS

A 3% growth rate for FY2001-02 is assumed.

A high-middle-low range of estimates is provided that represents 110% and 90% of the current REC (middle) estimate for FY2000-10.

SECTION 5: IMPACT SUMMARY

State Impact-All Funds Sales Tax	FY2000-01 Annualized (\$millions)	FY2000-01 Cash (\$millions)	FY2001-02 Annualized (\$millions)
High	-\$1,008	-\$792.05	-\$1,042
Middle *	-\$972	-\$760.58	-\$1,005
Low	-\$936	-\$729.10	-\$967

* The REC's current forecast for FY2000-01 is ⁹³⁶~~972~~ million.

Adopted 2/25

GR	(557.6)	(454.2)	(576.9)
Trust	(41.0)	0	(41.0)
Local	(337.4)	(274.9)	(349.1)
Total	(936.0)	(729.1)	(967.0)

Attachment: Estimated Impact of HB425 on Intangibles Taxes for FY2000-01 and FY2001-02

Total Collections Intangibles Tax

	Current Law Annual (\$millions)	Current Law Non-Recurring (\$millions)	Current Law (1)		HB425 (2)	
			Total (\$millions)	high (\$millions)	middle (\$millions)	low (\$millions)
FY2000-01	\$724.40	\$211.30	\$935.70	(\$1,008.14)	(\$971.92)	(\$935.70)
FY2000-01(C)(3)	\$629.50	\$99.60	\$729.10	(\$792.05)	(\$760.58)	(\$729.10)
FY2001-02	\$755.55	\$211.30	\$966.85	(\$1,042.40)	(\$1,004.63)	(\$966.85)

(1) REC forecasts for FY2000-01, with applied growth rates of 4.3% and 0% for the annual and nonrecurring tax in FY2001-02.

(2) The previous 11-99 REC forecast for the annual tax may be revised in March, 2000. The current FY2000-01 REC forecast for the annual tax is used as the low estimate. The middle and high estimates are 5% and 10% higher than the low estimates. formula: FY2000-01 high estimate = (\$724.4m*1.1)+\$211.3m=\$796.84m +\$211.3m=\$1,008.14m.

(3) Cash impacts for annual tax are based on a review of monthly collections. Between July1 '99 and January 30, 2000, late filings totaled \$94.9m. The nonrecurring tax would be unaffected by HB425 for roughly half of FY2000-01 based on an assumption of an evenly distributed collection pattern throughout the year. Collections between July 1, 1999 and December 31, 1999 totaled \$111.7m. formula: FY2000-01 low cash estimate=(\$724.4m-\$94.9m)-(\$211.3m-\$111.7m)=\$729.10 million

Distribution of Intangibles to Local Governments and General Revenue

County Revenue Sharing Fund

HB425			
share =	high	middle	low
0.377			
	(\$millions) (2)	(\$millions)	(\$millions)
FY2000-01	(\$380.07)	(\$366.41)	(\$352.76)
FY2000-01(C)	(\$298.60)	(\$286.74)	(\$274.87)
FY2001-02	(\$392.99)	(\$378.74)	(\$364.50)

(1) The Revenue Sharing Trust Fund for Counties obtains 37.7% of the Intangibles Tax Revenues
 (2) Formula: FY2000-01 Annual (high estimate) = -\$1,008m*.377= -\$380.07 million.

General Revenue Fund

HB425			
share =	high	middle	low
0.623	(\$millions)	(\$millions)	(\$millions)
FY2000-01	(\$628.07)	(\$605.51)	(\$582.94)
FY2000-01(C)	(\$493.45)	(\$473.84)	(\$454.23)
FY2001-02	(\$649.42)	(\$625.88)	(\$602.35)