

By Senator Ostalkiewicz

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A bill to be entitled
An act relating to taxation of intangible
personal property; amending s. 199.023, F.S.;
excluding accounts receivable from the
definition of "intangible personal property";
amending ss. 199.103, 199.185, F.S., to delete
references to accounts receivable; providing an
effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (1) of section 199.023, Florida
Statutes is amended to read:

199.023 Definitions.--As used in this chapter:

(1) "Intangible personal property" means all personal
property which is not in itself intrinsically valuable, but
which derives its chief value from that which it represents,
including, but not limited to, the following:

(a) All stocks or shares of incorporated or
unincorporated companies, business trusts, and mutual funds.

(b) All notes, bonds, and other obligations for the
payment of money.

(c) All condominium and cooperative apartment leases
of recreation facilities, land leases, and leases of other
commonly used facilities.

(d) Except for any leasehold or other possessory
interest described in s. 4(a), Art. VII of the State
Constitution or s. 196.199(7), all leasehold or other
possessory interests in real property owned by the United
States, the state, any political subdivision of the state, any
municipality of the state, or any agency, authority, and other

1 public body corporate of the state, which are undeveloped or
2 predominantly used for residential or commercial purposes and
3 upon which rental payments are due.

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5 "Intangible personal property" does not include accounts
6 receivable.

7 Section 2. Section 199.103, Florida Statutes, is
8 amended to read:

9 199.103 Basis of assessment; valuation.--All
10 intangible personal property shall be subject to the annual
11 tax at its just valuation as of January 1 of each year. Such
12 property shall be valued in the following manner:

13 (1) Shares of stock of corporations, or any interest
14 of a limited partner in any limited partnership, regularly
15 listed on any public stock exchange or regularly traded
16 over-the-counter shall be valued at their closing prices on
17 the last business day of the previous calendar year.

18 (2) Shares or units of companies or trusts registered
19 under the Investment Company Act of 1940, as amended,
20 including mutual funds, money market funds, and unit
21 investment trusts where such shares or units are not exempt
22 under s. 199.185, shall be valued at the net asset value of
23 such shares or units on the last business day of the previous
24 calendar year.

25 (3) Bonds regularly listed on any public stock
26 exchange or regularly traded over-the-counter shall be valued
27 at their closing bid prices on the last business day of the
28 previous calendar year.

29 (4) Shares of stocks, bonds, or similar instruments of
30 corporations not listed on any public stock exchange or not
31 regularly traded over-the-counter shall be valued as of

1 January 1 of each year on the basis of those factors
2 customarily considered in determining fair market value.

3 ~~(5) Accounts receivable shall be valued at their face~~
4 ~~value as of January 1 of each year, less a reasonable~~
5 ~~allowance for uncollectible accounts.~~

6 (5)~~(6)~~ All notes and other obligations shall have a
7 value equal to their unpaid balance as of January 1 of each
8 year, unless the taxpayer can establish a lesser value upon
9 proof satisfactory to the department.

10 (6)~~(7)~~ All other forms of intangible personal property
11 shall be valued on the basis of those factors customarily
12 considered in determining fair market value.

13 (7)~~(8)~~ Stocks or shares of a savings association or
14 middle tier stock holding company, held by a parent mutual
15 holding company, whose depositors are members of the mutual
16 holding company, which converted from a mutual savings
17 association to a mutual holding company pursuant to 12 U.S.C.
18 s. 1467a.(o), shall be valued as of January 1 each year on the
19 same basis as ownership in the mutual savings association was
20 valued for intangible tax purposes prior to the conversion.
21 Stocks or shares of such a converted association which are
22 held by individuals or entities other than the parent mutual
23 holding company shall be valued pursuant to subsection (1) or
24 subsection (4).

25 Section 3. Section 199.185, Florida Statutes, is
26 amended to read:

27 199.185 Property exempted from annual and nonrecurring
28 taxes.--

29 (1) The following intangible personal property shall
30 be exempt from the annual and nonrecurring taxes imposed by
31 this chapter:

1 (a) Money.

2 (b) Franchises.

3 (c) Any interest as a partner in a partnership, either
4 general or limited, other than any interest as a limited
5 partner in a limited partnership registered with the
6 Securities and Exchange Commission pursuant to the Securities
7 Act of 1933, as amended.

8 (d) Notes, bonds, and other obligations issued by the
9 State of Florida or its municipalities, counties, and other
10 taxing districts, or by the United States Government and its
11 agencies.

12 (e) Intangible personal property held in trust
13 pursuant to any stock bonus, pension, or profit-sharing plan
14 or any individual retirement account which is qualified under
15 s. 401 or s. 408 of the United States Internal Revenue Code,
16 26 U.S.C. ss. 401 and 408, as amended.

17 (f) Intangible personal property held under a
18 retirement plan of a Florida-based corporation exempt from
19 federal income tax under s. 501(c)(6) of the United States
20 Internal Revenue Code, 26 U.S.C., if the primary purpose of
21 the corporation is to support the promotion of professional
22 sports and the retirement plan is either a qualified plan
23 under s. 457 of the United States Internal Revenue Code or the
24 contributions to the plan, pursuant to a ruling by the United
25 States Internal Revenue Service, are not taxable to plan
26 participants until actual receipt or withdrawal by the
27 participant.

28 (g) Notes and other obligations, except bonds, to the
29 extent that such notes and obligations are secured by
30 mortgage, deed of trust, or other lien upon real property
31 situated outside the state.

1 (h) The assets of a corporation registered under the
2 Investment Company Act of 1940, 15 U.S.C. s. 80a-1-52, as
3 amended.

4 (i) All intangible personal property issued in or
5 arising out of any international banking transaction and owned
6 by a banking organization.

7 (j) Units of a unit investment trust organized under
8 an agreement or declaration of trust and registered under the
9 Investment Company Act of 1940, as amended, whose portfolio of
10 assets consists solely of assets exempt under this section.

11 (k) Real estate mortgage investment conduits (REMIC)
12 that are directly or indirectly secured by or payable from
13 notes and obligations that are in turn secured by a mortgage,
14 deed of trust, or other lien upon real property situated in or
15 outside of the state, including but not limited to mortgage
16 pools, participations, and derivatives and are held as
17 investments by banks or savings associations in compliance
18 with regulatory agency guidelines.

19 (2)(a) With respect to the first mill of the annual
20 tax, every natural person is entitled each year to an
21 exemption of the first \$20,000 of the value of property
22 otherwise subject to said tax. A husband and wife filing
23 jointly shall have an exemption of \$40,000.

24 (b) With respect to the last mill of the annual tax,
25 every natural person is entitled each year to an exemption of
26 the first \$100,000 of the value of property otherwise subject
27 to said tax. A husband and wife filing jointly shall have an
28 exemption of \$200,000.

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30 Agents and fiduciaries, other than guardians and custodians
31 under a gifts-to-minors act, filing as such may not claim this

1 exemption on behalf of their principals or beneficiaries;
2 however, if the principal or beneficiary returns the property
3 held by the agent or fiduciary and is a natural person, the
4 principal or beneficiary may claim the exemption. No taxpayer
5 shall be entitled to more than one exemption under paragraph
6 (a) and one exemption under paragraph (b). This exemption
7 shall not apply to that intangible personal property described
8 in s. 199.023(1)(d).

9 (3) Every natural person who is a widow or widower, or
10 who is blind, or who is totally and permanently disabled, is
11 entitled each year to an additional exemption of \$500 of
12 property otherwise subject to the annual or nonrecurring tax.
13 This exemption is afforded by s. 3, Art. VII of the State
14 Constitution and is available only to the extent not used
15 against real property or tangible personal property taxes.

16 (4) Charitable trusts, 95 percent of the income of
17 which is paid to organizations exempt from federal income tax
18 pursuant to s. 501(c)3 of the Internal Revenue Code, shall be
19 exempt from 1 mill of the tax imposed in s. 199.032.

20 (5) Every bank and savings association, as defined in
21 s. 220.62, is exempt from .5 mill of the tax imposed by s.
22 199.032.

23 ~~(6) Every liquor distributor that is domiciled in this~~
24 ~~state, that is authorized to do business under the Beverage~~
25 ~~Law, and that has paid the license taxes required by s.~~
26 ~~565.03(2) is exempt from paying tax on accounts receivable~~
27 ~~owned by the taxpayer which are derived from, arise out of, or~~
28 ~~are issued in connection with a sale of alcoholic beverages~~
29 ~~transacted in another state with a customer in another state.~~

30 (6)(7) A national bank that has its principal place of
31 business in another state, processes credit card credit

1 applications in this state or performs customer service or
2 collection operations in this state, and is not a bank under
3 12 U.S.C. s. 1941(c)(2)(F), is exempt from paying tax on
4 credit card receivables owed to the bank by a credit card
5 holder domiciled outside this state.

6 Section 4. This act shall take effect January 1, 1999.

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SENATE SUMMARY

10 Excludes accounts receivable from the definition of
11 "intangible personal property" for purposes of the tax on
such property.

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