

By Senator Rossin

35-694B-01

See HB

1 A bill to be entitled
2 An act relating to local taxing jurisdiction
3 property address databases; providing immunity
4 from liability for an insurer for certain
5 taxes, interest, and penalties due to the
6 assignment of an insured property to an
7 incorrect local taxing jurisdiction if the
8 insurer uses the electronic database developed
9 by the Department of Revenue; providing a
10 penalty against an insurer that does not use
11 such database and makes an improper assignment;
12 requiring the Department of Revenue to develop,
13 maintain, and update an electronic database for
14 certain property addresses for certain
15 purposes; providing requirements; providing
16 duties of the department; requiring
17 participating local taxing jurisdictions to
18 provide certain information to the department
19 for such purposes; requiring the department to
20 update such database and to post the data on a
21 website upon request; requiring the department
22 to provide magnetic or electronic copies of
23 such database to insurers upon request;
24 providing definition of the term "due
25 diligence"; authorizing the department to adopt
26 rules; providing for a minimum excise tax
27 distribution to certain participating local
28 taxing jurisdictions; providing conditions
29 under which a municipality or special fire
30 control district must expend any increase in
31 premium tax revenues to provide extra pension

1 benefits; providing a startup appropriation;
2 providing for a continuing appropriation to the
3 department to implement the act; providing an
4 effective date.

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

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8 Section 1. (1) Any insurer that is obligated to
9 report and remit the excise tax on property insurance premiums
10 imposed under sections 175.101 and 185.08, Florida Statutes,
11 shall be held harmless from any liability, including, but not
12 limited to, any tax, interest, or penalties, which would
13 otherwise be due solely as a result of an assignment of an
14 insured property to an incorrect local taxing jurisdiction, if
15 the insurance company exercises due diligence in applying an
16 electronic database developed by the Department of Revenue
17 under subsection (2). An insurance company that does not use
18 the electronic database provided by the Department of Revenue,
19 or which does not exercise due diligence in applying the
20 electronic database, is subject to a 0.5 percent penalty on
21 the premium for each policy that is improperly assigned,
22 whether assigned to an improper local taxing jurisdiction, not
23 assigned to a local taxing jurisdiction when it should be, or
24 assigned to a local taxing jurisdiction when it should not be.

25 (2)(a) The Department of Revenue shall, subject to
26 legislative appropriation, create as soon as practical and
27 feasible, and thereafter maintain, an electronic database that
28 gives due and proper regard to any format that is approved by
29 the American National Standards Institute's Accredited
30 Standards Committee X12 and that designates for each street
31 address and address range in the state, including any multiple

1 postal street addresses applicable to one street location, the
2 local taxing jurisdiction in which the street address and
3 address range is located and the appropriate code for each
4 such participating local taxing jurisdiction, identified by
5 one nationwide standard numeric code. The nationwide standard
6 numeric code must contain the same number of numeric digits,
7 and each digit, or combination of digits, must refer to the
8 same level of taxing jurisdiction throughout the United States
9 using a format similar to FIPS 55-3 or other appropriate
10 standard approved by the Federation of Tax Administrators and
11 the Multistate Tax Commission. Each address or address range
12 must be provided in standard postal format, including the
13 street number, street number range, street name, and zip code.
14 After the creation of the initial database, the Department of
15 Revenue shall annually create and maintain a database for the
16 current tax year. Each annual database must be calendar year
17 specific.

18 (b)1. Each participating local taxing jurisdiction
19 shall furnish to the Department of Revenue all information
20 needed to create the electronic database as soon as practical
21 and feasible. The information furnished to the Department of
22 Revenue must specify an effective date.

23 2. Each participating local taxing jurisdiction shall
24 furnish to the Department of Revenue all information needed to
25 create and update the current year's database, including
26 changes in annexations, incorporations, reorganizations, and
27 any other changes in jurisdictional boundaries, as well as
28 changes in eligibility to participate in the excise taxes
29 imposed under chapters 175 and 185, Florida Statutes. The
30 information furnished to the Department of Revenue must
31 specify an effective date, and such information must be

1 furnished to the Department of Revenue by July 1 of the
2 current year.

3 3. The Department of Revenue shall create and update
4 the current year's database in accordance with the information
5 furnished by participating local taxing jurisdictions under
6 subparagraph 1. or subparagraph 2. To the extent practicable,
7 each new annual database must be posted by the Department of
8 Revenue on a website by October 1 of each year. Each
9 participating local taxing jurisdiction shall have access to
10 this website and within 30 days thereafter, shall provide any
11 corrections to the Department of Revenue. The Department of
12 Revenue shall finalize the current year database and post it
13 on a website by December 15 of the tax year. Any disputes in
14 jurisdictional boundaries which are unable to be resolved and
15 included, as appropriate, in the database by the December 15
16 deadline will not affect the current year database and cannot
17 be retroactively included in that database. The finalized
18 database will be used in assigning policies and premiums to
19 the proper local taxing jurisdiction for the insurance premium
20 tax return due on the following March 1. The Department of
21 Revenue shall furnish the annual database on magnetic or
22 electronic media to any insurance company or vendor who
23 requests the database for the sole purpose of assigning
24 insurance premiums to the proper local taxing jurisdiction for
25 the excise taxes imposed under chapters 175 and 185, Florida
26 Statutes.

27 4. Each update shall identify the additions,
28 deletions, or other changes to the preceding version of the
29 database.

30 (3)(a) As used in this subsection, the term "due
31 diligence" means the care and attention that is expected from,

1 and ordinarily exercised by, a reasonable and prudent person
2 under the circumstances.

3 (b) Notwithstanding any law to the contrary, an
4 insurance company is exercising due diligence if the insurance
5 company assigns an insured's premium to local taxing
6 jurisdictions in accordance with the Department of Revenue
7 annual database, and:

8 1. Expend reasonable resources to accurately and
9 reliably implement such method.

10 2. Maintains adequate internal controls to correctly
11 include in their database of policyholders the location of the
12 property insured, in the proper address format so that
13 matching with the Department's database is accurate.

14 (4) The Department of Revenue shall adopt rules
15 necessary to administer this section.

16 Section 2. (1)(a) Notwithstanding any other provision
17 of law, no methodology, formula, or database that is adopted
18 by rule or policy in any year subsequent to the effective date
19 of this act may result in a distribution to a participating
20 municipality or special fire control district of an amount of
21 the insurance premium tax which is less than the amount which
22 is distributed to such municipality or special fire control
23 district in 2001.

24 (b) A municipality or special fire control district
25 that receives an insurance premium tax distribution in excess
26 of 200 percent of the tax distribution which such municipality
27 or special fire control district received for the calendar
28 year 1998 is not required to expend for extra pension benefits
29 such portion of its insurance premium tax distribution which
30 exceeds 200 percent of the calendar year 1998 distribution,
31 provided such municipality or special fire control district

1 has met all the minimum pension benefit requirements of
2 Chapter 99-1, Laws of Florida. This paragraph is effective
3 only for calendar year 2003 and stands repealed on January 1,
4 2004.

5 (c) Beginning January 1, 2004, and each calendar year
6 thereafter, any municipality or special fire control district
7 that received an increase in insurance premium tax revenues in
8 the 2003 calendar year which exceeded 200 percent of the
9 revenues it received in the 1998 calendar year must expend any
10 annual increase in premium tax revenues to provide extra
11 pension benefits. This paragraph shall only apply to a
12 municipality or special fire control district that met the
13 provisions set forth in paragraph (b) and does not otherwise
14 apply to other relevant sections of the Florida Statutes.

15 (2) The requirements of paragraphs (1)(b) and (c) do
16 not apply to a municipality or special fire control district
17 that uses its insurance premium tax distribution for
18 supplemental benefits. Furthermore, the Municipal Police and
19 Firefighters Trust Fund Office shall determine the
20 calculations for paragraphs (1)(b) and (c) and shall notify
21 the appropriate municipality or special fire control district.

22 Section 3. The sum of \$300,000 is appropriated from
23 the General Revenue Fund to the Department of Revenue for the
24 one-time expense of creating the original database and to
25 begin the implementation process for use of the database. The
26 sum of \$100,000 shall be annually appropriated by the
27 Legislature to maintain the database.

28 Section 4. This act shall take effect January 1, 2002.
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SENATE SUMMARY

Provides for development by the Department of Revenue of an electronic database of local taxing jurisdiction property addresses for purposes of accurately assessing a tax on property insurance premiums on property in such jurisdictions. Provides immunity from liability for taxes, interest, and penalties otherwise due solely as a result of assignment of an insured property to an incorrect local taxing jurisdiction through use of such database. Provides a penalty for not using such database. Provides appropriations. (See bill for details.)