

CHAMBER ACTION

1 The Committee on Commerce recommends the following:

2
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to tax administration; amending ss.
7 213.235 and 220.807, F.S.; providing an alternative to a
8 requirement that the interest rate on certain tax
9 deficiencies shall be the rounded adjusted prime rate
10 charged by banks plus 4 percentage points; providing
11 legislative intent relating to application of certain
12 adjustments to certain rates of interest; providing an
13 effective date.

14
15 Be It Enacted by the Legislature of the State of Florida:

16
17 Section 1. Section 213.235, Florida Statutes, is amended
18 to read:

19 213.235 Determination of interest on deficiencies.--

20 (1) For the period January 1, 2000, through June 30, 2004,
21 notwithstanding any other provision of law, the annual rate of
22 interest applicable to tax payment deficiencies that arise on ~~or~~
23 ~~after~~ January 1, 2000, through June 30, 2004, shall be the

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24 | adjusted rate established by the executive director of the
 25 | department under subsection (2), unless a lower rate for the
 26 | particular tax is specifically provided for in law, in which
 27 | case the lower rate applies. This annual rate of interest
 28 | applies to all taxes enumerated in s. 213.05.

29 | (2)(a) If the adjusted prime rate charged by banks,
 30 | rounded to the nearest full percent, plus 4 percentage points,
 31 | during ~~either~~:

32 | 1.(a) The 6-month period ending on September 30 of any
 33 | calendar year;~~7~~ or

34 | 2.(b) The 6-month period ending on March 31 of any
 35 | calendar year,

36 |
 37 | differs from the interest rate in effect on either such date,
 38 | the executive director of the department shall, within 20 days,
 39 | establish an adjusted rate of interest equal to such adjusted
 40 | prime rate plus 4 percentage points.

41 | (b)(3) An adjusted rate of interest established under this
 42 | section becomes effective:

43 | 1.(a) On January 1 of the succeeding year, if based upon
 44 | the adjusted prime rate plus 4 percentage points for the 6-month
 45 | period ending on September 30; or

46 | 2.(b) On July 1 of the same calendar year, if based upon
 47 | the adjusted prime rate plus 4 percentage points for the 6-month
 48 | period ending on March 31.

49 | (3) The annual rate of interest for periods on or after
 50 | July 1, 2004, applicable to tax payment deficiencies that arise
 51 | on or after July 1, 2004, and on tax payment deficiencies that

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52 arose on January 1, 2000, through June 30, 2004, but remain
 53 unpaid on or after July 1, 2004, shall be the adjusted rate
 54 established by the executive director of the department under
 55 subsection (4), unless a lower rate for the particular tax is
 56 specifically provided for in law, in which case the lower rate
 57 applies. This annual rate of interest applies to all taxes
 58 enumerated in s. 213.05.

59 (4)(a) If the adjusted prime rate charged by banks,
 60 rounded to the nearest full percent, during:

61 1. The 6-month period ending on September 30 of any
 62 calendar year; or

63 2. The 6-month period ending on March 31 of any calendar
 64 year,

65
 66 differs from the interest rate in effect on either such date,
 67 the executive director of the department shall, within 20 days,
 68 establish an adjusted rate of interest equal to such adjusted
 69 prime rate.

70 (b) An adjusted rate of interest established under this
 71 section becomes effective:

72 1. On January 1 of the succeeding year, if based upon the
 73 adjusted prime rate for the 6-month period ending on September
 74 30; or

75 2. On July 1 of the same calendar year, if based upon the
 76 adjusted prime rate for the 6-month period ending on March 31.

77 (5)(4) As used in this section, the term "adjusted prime
 78 rate charged by banks" means the average predominant prime rate

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79 | quoted by commercial banks to large businesses, as determined by
80 | the Board of Governors of the Federal Reserve System.

81 | (6)~~(5)~~ Once established, an adjusted rate of interest
82 | remains in effect until further adjusted under subsection (2) or
83 | subsection (4).

84 | Section 2. Section 220.807, Florida Statutes, is amended
85 | to read:

86 | 220.807 Determination of rate of interest.--

87 | (1) The annual rate of interest applicable under ~~to~~ this
88 | chapter for the period January 1, 2000, through June 30, 2004,
89 | shall be the adjusted rate established by the executive director
90 | of the Department of Revenue under subsection (2), except that
91 | the annual rate of interest shall never be greater than 12
92 | percent.

93 | (2)(a) If the adjusted prime rate charged by banks,
94 | rounded to the nearest full percent, plus 4 percentage points,
95 | during ~~either~~:

96 | 1.~~(a)~~ The 6-month period ending on September 30 of any
97 | calendar year; or

98 | 2.~~(b)~~ The 6-month period ending on March 31 of any
99 | calendar year,

100 |
101 | differs from the interest rate in effect on either such date,
102 | the executive director of the Department of Revenue shall,
103 | within 20 days, establish an adjusted rate of interest equal to
104 | such adjusted prime rate plus 4 percentage points.

105 | (b)~~(3)~~ An adjusted rate of interest established under this
106 | section shall become effective:

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107 1.~~(a)~~ On January 1 of the succeeding year, if based upon
 108 the adjusted prime rate plus 4 percentage points for the 6-month
 109 period ending on September 30; or

110 2.~~(b)~~ On July 1 of the same calendar year, if based upon
 111 the adjusted prime rate plus 4 percentage points for the 6-month
 112 period ending on March 31.

113 (3) The annual rate of interest applicable under this
 114 chapter on or after July 1, 2004, shall be the adjusted rate
 115 established by the Department of Revenue under subsection (4)
 116 except that the annual rate of interest shall never be greater
 117 than 12 percent.

118 (4)(a) If the adjusted prime rate charged by banks,
 119 rounded to the nearest full percent during:

120 1. The 6-month period ending on September 30 of any
 121 calendar year; or

122 2. The 6-month period ending on March 31 of any calendar
 123 year,

124
 125 differs from the interest rate in effect on either such date,
 126 the executive director of the Department of Revenue shall,
 127 within 20 days, establish an adjusted rate of interest equal to
 128 such adjusted prime rate.

129 (b) An adjusted rate of interest established under this
 130 subsection shall become effective:

131 1. On January 1 of the succeeding year, if based upon the
 132 adjusted prime rate of the 6-month period ending on September
 133 30; or

134 2. On July 1 of the same calendar year, if based upon the
 135 adjusted prime rate for the 6-month period ending March 31.

136 ~~(5)~~(4) For the purposes of this section, "adjusted prime
 137 rate charged by banks" means the average predominant prime rate
 138 quoted by commercial banks to large business, as determined by
 139 the Board of Governors of the Federal Reserve System.

140 ~~(6)~~(5) Once established, an adjusted rate of interest
 141 shall remain in effect until an adjustment is made under
 142 subsection (2) or subsection (4).

143 Section 3. It is the intent of the Legislature that the
 144 provisions of s. 213.235(1) and (2), Florida Statutes, and s.
 145 220.807(1) and (2), Florida Statutes, as amended by this act,
 146 apply to interest due on tax payment deficiencies that arise on
 147 or after January 1, 2000, but before July 1, 2004. It is also
 148 the intent of this act that the rate of interest that continues
 149 to accrue in any period after June 2004, for any tax payment
 150 deficiency that arose on or after January 1, 2000, or refund
 151 claim filed on or after January 1, 2000, shall be at prime as
 152 provided for in ss. 213.235(4) and 220.807(4), Florida Statutes.
 153 The allowance and payments of interest on overpayments of tax
 154 continue to be subject to the provisions of ss. 213.255(12) and
 155 220.723(1), Florida Statutes.

156 Section 4. This act shall take effect July 1, 2004.