

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1889 PCB FC 05-03 Doc Stamp Bill

SPONSOR(S): Fiscal Council

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Fiscal Council	13 Y, 6 N	Diez-Arguelles	Kelly
1)			
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill provides that effective July 1, 2005, the amounts distributed from documentary stamp tax collections to various trust funds may not exceed amounts specified in the bill. Effective July 1, 2006, amounts distributed to two housing trust funds are also limited to specified amounts. Tax receipts in excess of the amounts specified in the bill are directed to the General Revenue Fund.

The bill provides that, if the payments required for bonds which were outstanding on July 1, 2005, exceed the specified limitations, distributions to the trust fund from which these bond payments are made will be increased to the amount needed to pay bond obligations.

The bill takes effect July 1, 2005, except as otherwise provided.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

The documentary stamp tax levied under Chapter 201, F.S., is actually two taxes imposed on different bases at different tax rates. The tax on deeds and other documents related to real property is imposed at the rate of 70 cents per \$100. Certificates of indebtedness, promissory notes, wage assignments and retail charge account agreements are taxed at 35 cents per \$100. Revenue from the documentary stamp tax is divided between the General Revenue Fund and various trust funds used mainly to acquire and manage public lands or support affordable housing.

Current Law Disposition of Documentary Stamp Tax Revenue

Seven percent of total collections are deducted as a General Revenue service charge. Distributions are then made as follows:

- 62.63 percent to the General Revenue Fund.
- Payments of debt service for Preservation 2000, Florida Forever, and Everglades. Restoration bonds; and distributions to the Ecosystem Management and Restoration Trust. Fund and the Marine Resources Conservation Trust Fund are made out of the G.R. distribution.
- 9.5 percent to the Land Acquisition Trust Fund.
- 4.2 percent to the Water Management Lands Trust Fund.
- 3.801 percent to the Conservation and Recreation Lands Trust Fund.
- 0.899 percent to the State Game Trust Fund.
- 2.28 percent to Invasive Plant Control Trust Fund.
- 0.25 percent to Water Quality Assurance Trust Fund.
- 0.25 percent to DACS General Inspection Trust Fund.
- 4.8475 percent to the State Housing Trust Fund.
- 11.3425 percent to the Local Government Housing Trust Fund.

Current estimates of the statutory distributions are as follows:

Documentary Stamp Tax
Forecast Distributions by Fund
(Millions of Dollars)

	<u>2005-06</u>	<u>2006-07</u>
Total Collections	2520.0	2532.6
Service Charge - GR	176.4	177.3
Distributions to GR & Debt Service	1467.8	1475.1
State Housing Trust Fund	112.4	113.1
Local Government Housing Trust Fund	263.1	264.6
Land Acquisition Trust Fund	220.4	221.6
CARL Trust Fund	88.2	88.7
Water Management Lands Trust Fund	97.4	98.0
Invasive Plant Control Trust Fund	52.9	53.2
State Game Trust Fund	20.9	21.0
DEP Water Quality Assurance Trust Fund	5.8	5.8
DACS General Inspection Trust Fund	5.8	5.8
Total Trust Funds	866.9	871.7

History of Documentary Stamp Tax Rates and Distributions

Florida first enacted a documentary stamp tax in 1931, at the rate of 10 cents per \$100 of consideration. In 1957, the tax on documents relating to realty (mainly deeds) was raised to 20 cents, and the tax has been assessed at two separate rates on deeds and notes ever since. Major rate increases occurred in 1957, 1963, 1979, 1981, 1985, 1987, 1990, 1991, and 1992. In 1983, the Legislature authorized Dade County to levy a discretionary surtax on deeds of up to 45 cents for each \$100 except for deeds on single family residences.

Until 1967 all proceeds from documentary stamps went to the General Revenue Fund. In that year a surtax was imposed on documents relating to realty with the proceeds going to the Land Acquisition Trust Fund. Since then, documentary stamp tax receipts have been directed to a number of trust funds, with a large amount of redirections occurring during the 1990s.

In the 2003 and 2004 General Appropriations Acts, appropriations for the various programs supported by statutory distributions of documentary stamp tax revenues were held below the amounts estimated to be available. Unappropriated distributions were redirected to the Working Capital Fund and became available for appropriation from the General Revenue Fund.

Proposed Changes

The bill amends s. 201.15, F.S., to provide that, effective July 1, 2005, the amounts distributed from documentary stamp tax collections to various trust funds may not exceed amounts specified in the bill. Revenues in excess of these amounts are directed to the General Revenue Fund.

The bill further provides that, effective July 1, 2006, the amounts distributed to the State Housing Trust Fund and the Local Government Housing Trust Fund may not exceed the amounts specified in the bill, with the excess being directed to the General Revenue Fund.

The bill also provides that, if the payment requirements in any year for bonds that were outstanding on July 1, 2005, exceed the distribution amounts provided by this bill, distributions to the trust fund from which the bond payments are made will be increased to the amount needed to pay bond obligations.

C. SECTION DIRECTORY:

Section 1. Amends s. 215.15, F.S., to limit the distributions to certain trust funds.

Section 2. Amends subsections (9) and (10) of s. 201.15, F.S., to limit the distributions to the housing trust funds, effective July 1, 2006.

Section 3. Provides an effective date of upon becoming law, except as otherwise provided.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

	Current Law FY 05-06	PCB 05-03 Cap	Change FY 05-06
Land Acquisition Trust Fund	220.4	110.9	-109.5
Water Mgmt. Lands Trust Fund	97.4	60.2	-37.2
CARL Trust Fund	88.2	61.0	-27.2
State Game Trust Fund	20.9	13.3	-7.6
Invasive Plant Control Trust Fund	52.9	29.4	-23.5
Water Quality Assurance TF	5.8	3.7	-2.1
General Inspection Trust Fund	5.8	3.7	-2.1
State Housing Trust Fund	112.4	112.4	0.0
Local Govt. Housing Trust Fund	263.1	263.1	0.0
Total Distributions (05-06) General Revenue Fund	866.9	657.7	-209.2 209.2

	Current Law FY 06-07	PCB 05-03 Cap	Change FY 06-07
State Housing Trust Fund	113.1	56.0	-57.1
Local Govt. Housing Trust Fund	264.6	137.0	-127.6
Additional Distributions (06-07) General Revenue Fund	377.7	193.0	-184.7 184.7

2. Expenditures:

Expenditures from the recipient trust funds will be capped at the Fiscal Year 2003-04 levels.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

The changes proposed in the bill have the effect of increasing recurring General Revenue funds by \$392.3m in FY 05-06 and by \$396.6m in 06-07.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not require cities or counties to spend funds, does not reduce cities and counties authority to raise revenues, and does not reduce the percentage of a state tax shared with cities and counties.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES