

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: CS/SB 1390

INTRODUCER: Banking and Insurance Committee and Senator Brandes

SUBJECT: Bail Bond Premiums

DATE: March 20, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Knudson	Knudson	BI	Fav/CS
2.			AFT	
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Technical Changes

I. Summary:

CS/SB 1390 exempts the portion of bail bond premium retained by bail bond agents from the premium tax in s. 624.509, F.S., the retaliatory premium tax in s. 624.5091, F.S., and the administration of the premium tax and retaliatory premium tax by the Department of Revenue under s. 624.5092, F.S.

II. Present Situation:

Bail Bonds

The state requires that a bond for which fees or premiums are charged must be executed by a licensed bail bond agent in connection with the pretrial or appellate release of a criminal defendant. An agent issuing such a bond is obligated to ensure that the defendant appears at all subsequent criminal proceedings.

Bail Bond Premiums

Significant portions of bail bond premiums are retained by licensed bail bond agents or licensed, managing general agents. Under s. 624.4094(1), F.S., the direct written premium retained by a bail bond insurer may not be less than 6.5 percent of the total payment for the bail bond. The reporting and payment of insurance premium taxes and related excise taxes under ss. 624.509, 624.5091, and 624.5092, F.S., however, is calculated using gross bail bond premiums.

Premium Tax

Section 624.509, F.S., requires insurers to pay a premium tax on premiums received during the preceding calendar year. The tax is 1.75 percent of the gross amount of premium.¹

Sections 624.509(4)-(7), F.S., provide various credits and deductions to reduce the premium tax.

III. Effect of Proposed Changes:

The bill exempts the portion of bail bond premium retained by bail bond agents from the premium tax in s. 624.509, F.S., the retaliatory premium tax in s. 624.5091, F.S., and the administration of the premium tax and retaliatory premium tax by the Department of Revenue under s. 624.5092, F.S.

Effective Date:

This act shall take effect upon becoming law.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The Revenue Estimating Conference has analyzed a proposed amendment to the House companion bill that mirrors CS/SB 1390. The estimated fiscal impact is a recurring \$0.7 million reduction in General Revenue.

B. Private Sector Impact:

Bail bond insurers should see a substantial reduction in their premium tax payable to the state. Additionally, in Florida, many domiciled bail bond insurers will pay lower taxes under the retaliatory premium taxes levied by other states.

¹ See s. 624.509(1)(a), F.S.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Department of Revenue analysis of the bill noted that because insurance premium tax is reported and paid on a calendar year basis, difficulties for taxpayers and the department may be created by the mid-tax-year change in the taxability of bail bond premiums.

VIII. Statutes Affected:

This bill substantially amends section 624.4094 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Banking and Insurance on March 19, 2014:

CS/SB 1390 provides technical, clarifying changes.

B. Amendments:

None.