

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Documentary Stamp Tax/ Intangibles Tax

**ISSUE:** Florida Housing Finance Corporation Loans

**BILL NUMBER(S):** CS SB 780 /HB 1375 amendment

**CO-SPONSOR(S):** Committee on Community Affairs, Senator Garcia and Representatives Davis, M.; Aubuchon; Bullard; Coley; Cretul; Fields; Gibbons; Glorioso; Grant; Kravitz; Kreegel; Nehr; Saunders; Thompson, N.; and Vana

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2007

**DATE OF ANALYSIS:** April 20, 2007

**SECTION 1: NARRATIVE**

**a. Current Law:**

S. 420.513(1), F.S., Property of the Florida Housing Finance Corporation, as well as its transactions and operations, income, and bonds, together with all notes, mortgages, security agreements, letters of credit, or other instruments that arise out of or are given to secure the repayment of bonds issued in connection with the financing of any housing development are exempt from taxation by the state and its political subdivisions.

**b. Proposed Change:**

Amends S.420.513(1), F.S., to exempt all notes, mortgages, security agreements, letters of credit, or other instruments that arise out of or are given to secure the repayment of loans issued in connection with financing any housing under S.420, F.S., regardless of the status of any party thereto as a private party.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

Florida Housing Year in Review 2004

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

In the attached spreadsheet, Part I displays the impact arising from notes, mortgages, and other instruments originated through the Florida Housing Finance Corporation that arise out of or are given to secure repayment of loans issued in connection with any housing financed under S. 420, F.S.

The language in the proposed bill can be interpreted to extend the exemption to notes, mortgages, and other instruments originated by lenders not associated with the Florida Housing Finance Corporations to refinance mortgages originated through the Florida Housing Finance Corporations. This impact is displayed in Part II.

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
High	(\$ 2.8 million)	(\$ 2.8 million)	(\$ 2.8 million)
Middle	(\$ 2.0 million)	(\$ 2.0 million)	(\$ 2.0 million)
Low	(\$ 1.2 million)	(\$ 1.2 million)	(\$ 1.2 million)

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
High	(\$ 2.8 million)	(\$ 2.8 million)
Middle	(\$ 2.0 million)	(\$ 2.0 million)
Low	(\$ 1.2 million)	(\$ 1.2 million)

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**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4 / 21 / 07 )** The conference adopted the middle estimate.

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue	(1.5)	(1.5)	(1.5)
State Trust	(.5)	(.5)	(.5)
Total State Impact	(2.0)	(2.0)	(2.0)
Total Local Impact			
Total Impact	(2.0)	(2.0)	(2.0)

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue	(1.5)	(1.5)
State Trust	(.5)	(.5)
Total State Impact	(2.0)	(2.0)
Total Local Impact		
Total Impact	(2.0)	(2.0)

	A	B	C	D	E	F
1	<b>Bond Programs</b>					
2	Source: 2004 Florida Housing Year in Review		Current Law		Proposed	
3			Exempt	Taxable	Exempt	Taxable
4	Single Family Programs		\$121,037,260		\$121,037,260	
5	Single Family Home Ownership Program	Private placements to FannieMae and Ginnie Mae (GMNA) programs. Bond proceeds purchase GNMA certificates to represent undivided interests in mortgage loans	X		X	
6	Single Family Homeowner Mortgage Revenue Bond Program	Issues bonds to finance origination of home mortgages.	X		X	
7	Multifamily Housing Revenue Bond Programs		\$123,950,000		\$123,950,000	
8	Certificate of Deposit Program	Issues revenue bonds to make deposits with lending institutions. Lending institutions are required to use proceeds to finance multifamily housing developments. Through remarketing, the bonds are secured by a mortgage loan.	X		X	
9	Multifamily Floating Rate Monthly Program	Issues bonds to finance construction or acquisition of housing developments. Principal and interest on the bonds are payable from mortgage loan payments and other sources of funds including letters of credit.	X		X	
10	Multifamily GNMA-Collateralized Program	Issues bonds to make GNMA-collateralized mortgage loans for multifamily housing developments. The mortgages are guaranteed by GNMA.	X		X	
11	<b>Federal and State Funded</b>					
12	Source: 2004 Florida Housing Year in Review					
13			Current Law		Proposed	
14			Exempt	Taxable	Exempt	Taxable
15	<b>State Housing Trust Fund Programs -Funded through Doc Stamps. Used to fund homeownership</b>					
16	Florida Homeownership Assistance Program (HAP)	Down Payment Assistance Loan Program - deferred, 0% interest rate second mortgage loans - used in conjunction with Single Family Mortgage Revenue Bond Program.				
17	Down Payment Assistance Loan Programs (HAP, HOME, and HAMI)	Deferred, 0% interest rate second mortgage loans - used in conjunction with Single Family Mortgage Revenue Bond Program.		\$14,949,612	\$14,949,612	
18	HAP Construction Loan Programs	Provides financing to nonprofit developers and sponsors for construction of single family homes. Up to 33% of total development cost may be requested. Loan can be converted to a permanent loan to an eligible homebuyer for downpayment and closing cost as				
19	State Apartment Incentive Loan Program (SAIL)	Provides low-interest loans to developers of affordable rental housing. Provides gap financing that allows developers to obtain full financing for multifamily housing units.		\$60,698,299	\$60,698,299	
20	Predevelopment Loan Program (PLP)	Provides loans to develop land to construct or rehabilitate housing for low income Florida residents. Available to local government, community based organizations, and nonprofit corporations.		\$5,391,426	\$5,391,426	
21	HOME Investment Partnership Program (HOME)	Provides non-amortizing, low interest (0% for nonprofit applicants and 3% for profit applicants) loans to developers for affordable housing who acquire, rehabilitate, or construct housing for low income families.		\$26,238,878	\$26,238,878	
22	Demonstration Loans	Provides loans for developers of special needs housing to access funding that is not available through other Florida Housing programs.		\$3,234,000	\$3,234,000	
23	Total		\$244,987,260	\$110,512,215	\$355,499,475	
24	Documentary Stamp Tax Exemption	\$0.35 per \$100	\$857,455		\$1,244,248	
25	Impact, Part I			<b>\$386,793</b>		
26						
27	Impact, Part II		Refinanced Loans			
28			Fiscal Year	Low	Medium	High
29	Calendar Year	Loans Receivable	Loans Receivable	5%	10%	15%
30	2002	\$2,927,143,520				
31	2003	\$3,043,106,089	\$2,985,124,805	\$149,256,240	\$298,512,480	\$447,768,721
32	2004	\$3,108,546,191	\$3,075,826,140	\$153,791,307	\$307,582,614	\$461,373,921
33	2005	\$2,850,619,044	\$2,979,582,618	\$148,979,131	\$297,958,262	\$446,937,393
34	Average	\$2,982,353,711	\$3,013,511,187	\$150,675,559	\$301,351,119	\$452,026,678
35						
36						
37				Low	Medium	High
38		Refinanced Loans		5%	10%	15%
39		Documentary Stamp Tax (\$0.35 per \$100)		\$527,364	\$1,054,729	\$1,582,093
40		Intangibles Tax (\$0.20 per \$100)		\$301,351	\$602,702	\$904,053
41		Impact Part II		<b>\$828,716</b>	<b>\$1,657,431</b>	<b>\$2,486,147</b>
42						
43		Impact Part I		<b>\$386,793</b>	<b>\$386,793</b>	<b>\$386,793</b>
44						
45		Total Impact		<b>\$1,215,508</b>	<b>\$2,044,224</b>	<b>\$2,872,939</b>