

By Representative Culp

1                                   A bill to be entitled  
2           An act relating to credits against taxes;  
3           amending s. 220.02, F.S.; providing the order  
4           of credits against the corporate income tax or  
5           franchise tax; amending s. 220.03, F.S.;  
6           revising the definition of "child care facility  
7           startup costs" and defining "operation of a  
8           child care facility"; amending s. 220.12, F.S.;  
9           revising the definition of a taxpayer's net  
10          income for corporate income tax purposes to  
11          delete the deduction of child care facility  
12          startup costs; creating s. 220.19, F.S.;  
13          authorizing a credit against the corporate  
14          income tax for child care facility startup  
15          costs and operation; providing limitations;  
16          requiring a recipient to refund a portion of  
17          tax credits received under certain conditions;  
18          providing eligibility and application  
19          requirements; providing for administration by  
20          the Department of Revenue; providing for future  
21          expiration; creating s. 624.5107, F.S.;  
22          authorizing a credit against insurance premium  
23          taxes for child care facility startup costs and  
24          operation; providing definitions; providing  
25          limitations; requiring a recipient to refund a  
26          portion of tax credits received under certain  
27          conditions; providing eligibility and  
28          application requirements; providing for  
29          administration by the Department of Revenue;  
30          providing for future expiration; providing an  
31          effective date.

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

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3 Section 1. Subsection (10) of section 220.02, Florida  
4 Statutes, is amended to read:

5 220.02 Legislative intent.--

6 (10) It is the intent of the Legislature that credits  
7 against either the corporate income tax or the franchise tax  
8 be applied in the following order: those enumerated in s.  
9 220.68, those enumerated in s. 631.719(1), those enumerated in  
10 s. 631.705, those enumerated in s. 220.18, those enumerated in  
11 s. 631.828, those enumerated in s. 220.181, those enumerated  
12 in s. 220.183, those enumerated in s. 220.182, those  
13 enumerated in s. 221.02, those enumerated in s. 220.184, those  
14 enumerated in s. 220.186, ~~and~~ those enumerated in s. 220.188,  
15 and those enumerated in s. 220.19.

16 Section 2. Paragraph (cc) of subsection (1) of section  
17 220.03, Florida Statutes, 1996 Supplement, is amended, and  
18 paragraph (gg) is added to said subsection, to read:

19 220.03 Definitions.--

20 (1) SPECIFIC TERMS.--When used in this code, and when  
21 not otherwise distinctly expressed or manifestly incompatible  
22 with the intent thereof, the following terms shall have the  
23 following meanings:

24 (cc) "Child care facility startup costs" means  
25 expenditures for equipment, including playground equipment and  
26 kitchen appliances and cooking equipment, and real property,  
27 including land and improvements, used to establish a child  
28 care facility as defined by s. 402.302(4) which is located in  
29 this the state on the taxpayer's premises ~~or within 5 miles of~~  
30 ~~the employees' workplace~~ and used exclusively by the employees  
31 of the taxpayer.

1           (gg) "Operation of a child care facility" means  
2 operation of a child care facility as defined by s. 402.302(4)  
3 which is located in this state on the taxpayer's premises and  
4 used exclusively by the employees of the taxpayer.

5           Section 3. Section 220.12, Florida Statutes, 1996  
6 Supplement, is amended to read:

7           220.12 "Net income" defined.--For purposes of this  
8 code, a taxpayer's net income for a taxable year shall be its  
9 adjusted federal income, or that share of its adjusted federal  
10 income for such year which is apportioned to this state under  
11 s. 220.15, plus nonbusiness income allocated to this state  
12 pursuant to s. 220.16, ~~less child care facility startup costs~~  
13 ~~as defined by s. 220.03(1)(dd)~~, less the exemption allowed by  
14 s. 220.14.

15           Section 4. Section 220.19, Florida Statutes, is  
16 created to read:

17           220.19 Child care tax credit.--

18           (1) AUTHORIZATION TO GRANT TAX CREDITS; LIMITATIONS.--

19           (a) A credit of 50 percent of the startup costs of  
20 child care facilities is allowed against any tax due for a  
21 taxable year under this chapter. A credit against such tax is  
22 also allowed for the operation of a child care facility, which  
23 credit is in the amount of \$50 per month for each child  
24 enrolled in the facility.

25           (b) A corporation may not receive more than \$50,000 in  
26 annual tax credits for all approved child care costs that the  
27 corporation incurs in any one year.

28           (c) The total amount of tax credits which may be  
29 granted for all programs approved under this section and s.  
30 624.5107 is \$2 million annually.

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1           (d) An application for tax credit under this section  
2 must be approved by the executive director of the department.

3           (e) If the credit granted under this section is not  
4 fully used in any one year because of insufficient tax  
5 liability on the part of the corporation, the unused amount  
6 may be carried forward for a period not to exceed 5 years.  
7 The carryover credit may be used in a subsequent year when the  
8 tax imposed by this chapter for that year exceeds the credit  
9 for which the corporation is eligible in that year under this  
10 section after applying the other credits and unused carryovers  
11 in the order provided by s. 220.02(10).

12           (f) If a corporation that receives a credit for child  
13 care facility startup costs fails to operate that facility for  
14 at least 5 years, a pro rata share of the credit must be  
15 repaid, in accordance with the formula:  $A = C \times (1 - (N/60))$ ,  
16 where:

17           1. "A" is the amount in dollars of the required  
18 repayment.

19           2. "C" is the total credits taken by the corporation  
20 for child care facility startup costs.

21           3. "N" is the number of months the facility was in  
22 operation.

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24 This repayment requirement is inapplicable if the corporation  
25 goes out of business or can demonstrate to the department that  
26 its employees no longer want to have a child care facility.

27           (g) A taxpayer that files a consolidated return in  
28 this state as a member of an affiliated group under s.  
29 220.131(1) may be allowed the credit on a consolidated return  
30 basis.

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1       (h) A taxpayer that is eligible to receive credit  
2 under s. 624.5107 is ineligible to receive credit under this  
3 section.

4       (2) ELIGIBILITY REQUIREMENTS.--

5       (a) A child care facility for which a corporation  
6 claims a child care tax credit must be a child care facility  
7 as defined by s. 402.302 and must be licensed in accordance  
8 with s. 402.305.

9       (b) The services of a child care facility for which a  
10 corporation claims a child care tax credit must be available  
11 to all employees of the corporation whose workplace is within  
12 5 miles of the child care facility, or must be allocated on a  
13 first-come, first-served basis, and must be used exclusively  
14 by employees of the taxpayer.

15       (c) Two or more corporations may join together to  
16 start and to operate a child care facility according to the  
17 provisions of this section. If two or more corporations  
18 choose to jointly operate a child care facility, the facility  
19 must be used exclusively by the employees of the cooperating  
20 corporations and the corporations must file a joint  
21 application with the department, pursuant to subsection (3),  
22 setting forth their proposal. The participating corporations  
23 may proportion the annual child care costs credits in any  
24 manner they choose as appropriate, but no jointly operated  
25 corporate child care facility established under this section  
26 may receive more than \$50,000 in annual tax credits for all  
27 approved child care costs that the participating corporations  
28 incur in any one year.

29       (3) APPLICATION REQUIREMENTS.--Any corporation that  
30 wishes to participate in this program must submit to the  
31 department an application for tax credit which sets forth the

1 proposal for establishing a child care facility for the  
2 exclusive use of its employees. This application must state  
3 the anticipated startup costs and the number of children to be  
4 enrolled.

5 (4) ADMINISTRATION.--

6 (a) The Department of Revenue may adopt all rules  
7 necessary to administer this section, including rules for the  
8 approval or disapproval of proposals submitted by  
9 corporations.

10 (b) The executive director's decision to approve or  
11 disapprove a proposal must be in writing, and, if the proposal  
12 is approved, the decision must state the maximum credit  
13 allowable to the corporation.

14 (5) EXPIRATION.--This section expires on June 30,  
15 2007, except that paragraph (1)(e), which relates to carryover  
16 credits, and paragraph (1)(f), which relates to repaying tax  
17 credits in specified circumstances, do not expire on that  
18 date.

19 Section 5. Section 624.5107, Florida Statutes, is  
20 created to read:

21 624.5107 Child care facility tax credit; definitions;  
22 authorization; limitations; eligibility and application  
23 requirements; administration; expiration.--

24 (1) DEFINITIONS.--As used in this section:

25 (a) "Child care facility startup costs" means  
26 expenditures for equipment, including playground equipment and  
27 kitchen appliances and cooking equipment, and for real  
28 property, including land and improvements, used to establish a  
29 child care facility as defined by s. 402.302 which is located  
30 in this state on the insurer's premises and used exclusively  
31 by the employees of the insurer.

1           (b) "Operation of a child care facility" means  
2 operation of a child care facility as defined by s. 402.302  
3 which is located in this state on the insurer's premises and  
4 used exclusively by the employees of the insurer.

5           (c) "Department" means the Department of Revenue.

6           (d) "Executive director" means the executive director  
7 of the Department of Revenue.

8           (2) AUTHORIZATION TO GRANT TAX CREDITS; LIMITATIONS.--

9           (a) A credit of 50 percent of child care facility  
10 startup costs is allowed against any tax due for a taxable  
11 year under s. 624.509 or s. 624.510. A credit against such  
12 tax is also allowed for the operation of a child care  
13 facility, which credit is in the amount of \$50 per month for  
14 each child enrolled in the facility.

15           (b) An insurer may not receive more than \$50,000 in  
16 annual tax credits for all approved child care costs that the  
17 insurer incurs in any one year.

18           (c) The total amount of tax credits which may be  
19 granted for all programs approved under this section and s.  
20 220.19 is \$2 million annually.

21           (d) An application for tax credit under this section  
22 must be approved by the executive director.

23           (e) If the credit granted under this section is not  
24 fully used in any one year because of insufficient tax  
25 liability on the part of the insurer, the unused amount may be  
26 carried forward for a period not to exceed 5 years. The  
27 carryover credit may be used in a subsequent year when the tax  
28 imposed by s. 624.509 or s. 624.510 for that year exceeds the  
29 credit for which the insurer is eligible in that year under  
30 this section.

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1           (f) If an insurer that receives a credit for child  
2 care facility startup costs fails to operate that facility for  
3 at least 5 years, a pro rata share of the credit must be  
4 repaid, in accordance with the formula:  $A = C \times (1 - (N/60))$ ,  
5 where:

6           1. "A" is the amount in dollars of the required  
7 repayment.

8           2. "C" is the total credits taken by the insurer for  
9 child care facility startup costs.

10           3. "N" is the number of months the facility was in  
11 operation.

12  
13 This repayment requirement is inapplicable if the insurer goes  
14 out of business or can demonstrate to the department that its  
15 employees no longer want to have a child care facility.

16           (3) ELIGIBILITY REQUIREMENTS.--

17           (a) A child care facility for which an insurer claims  
18 a child care tax credit must be a child care facility as  
19 defined by s. 402.302 and must be licensed in accordance with  
20 s. 402.305.

21           (b) The services of a child care facility for which an  
22 insurer claims a child care tax credit must be available to  
23 all employees of the insurer whose workplace is within 5 miles  
24 of the child care facility, or must be allocated on a  
25 first-come, first-served basis, and must be used exclusively  
26 by employees of the insurer.

27           (4) APPLICATION REQUIREMENTS.--Any insurer that wishes  
28 to participate in this program must submit to the department  
29 an application for tax credit which sets forth the proposal  
30 for establishing a child care facility for the exclusive use  
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1 of its employees. This application must state the anticipated  
2 startup costs and the number of children to be enrolled.

3 (5) ADMINISTRATION.--

4 (a) The Department of Revenue may adopt all rules  
5 necessary to administer this section, including rules for the  
6 approval or disapproval of proposals submitted by insurers.

7 (b) The executive director's decision to approve or  
8 disapprove a proposal must be in writing, and, if the proposal  
9 is approved, the decision must state the maximum credit  
10 allowable to the insurer.

11 (6) EXPIRATION.--This section expires on June 30,  
12 2007, except that paragraph (2)(e), which relates to carryover  
13 credits, and paragraph (2)(f), which relates to repaying tax  
14 credits in specified circumstances, do not expire on that  
15 date.

16 Section 6. This act shall take effect June 30, 1997.

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19 HOUSE SUMMARY

20 Provides a credit against the corporate income tax or  
21 insurance premium taxes for 50 percent of child care  
22 facility startup costs, and for operation of the facility  
23 in the amount of \$50 per month per child enrolled in the  
24 facility. Provides limitations and requires refund of a  
25 pro rata portion of the startup credit if the facility is  
26 not operated for 5 years. Provides for administration by  
27 the Department of Revenue and for expiration of the  
28 credits in 10 years.

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