

By Representative Eggelletion

1                                   A bill to be entitled  
2           An act relating to tax credits for charitable  
3           contributions to state contract providers;  
4           amending s. 199.023, F.S.; defining the term  
5           "state contract provider contribution";  
6           creating s. 199.105, F.S.; providing a credit  
7           against the intangibles tax for charitable  
8           contributions to not-for-profit state contract  
9           provider organizations; providing for a  
10          reduction in state funding of recipient  
11          organizations; creating s. 220.185, F.S.;  
12          providing legislative policy and purpose;  
13          providing a credit against the corporate income  
14          tax for charitable contributions to  
15          not-for-profit state contract provider  
16          organizations; providing for a reduction in  
17          state funding of recipient organizations;  
18          amending s. 220.02, F.S.; providing for the  
19          order in which credits against the corporate  
20          income tax are to be taken; creating s.  
21          624.5104, F.S.; providing a credit against the  
22          insurance premium tax for charitable  
23          contributions to not-for-profit state contract  
24          provider organizations; providing for a  
25          reduction in state funding of recipient  
26          organizations; providing an effective date.

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

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30           Section 1. Subsection (13) is added to section  
31 199.023, Florida Statutes, to read:

1           199.023 Definitions.--As used in this chapter:

2           (13) "State contract provider contribution" means a  
3 contribution of cash or liquid assets to a corporation that  
4 qualifies for tax exempt status under s. 501(c)(3) of the  
5 Internal Revenue Code of 1986 as amended and that provides  
6 services to the residents of this state under contract to a  
7 state agency.

8           Section 2. Section 199.105, Florida Statutes, is  
9 created to read:

10           199.105 Contract service provider contribution  
11 credit.--

12           (1) AUTHORIZATION TO GRANT STATE CONTRACT PROVIDER  
13 CONTRIBUTION TAX CREDITS.--

14           (a) For each taxable year that begins on or after July  
15 1, 1997, there is allowed a credit against any tax due under  
16 this chapter for the taxable year in the amount of 25 percent  
17 of the difference between the taxpayer's state contract  
18 provider contributions for the current tax year and the  
19 taxpayer's state contract provider contributions for the  
20 previous tax year.

21           (b) Tax credits must be approved in advance by the  
22 Executive Director of the Department of Revenue and by the  
23 head of the agency that directly supervises the state-funded  
24 activities of the recipient not-for-profit organization.

25           (c) A taxpayer who is eligible to receive the credit  
26 provided for in s. 220.185 or in s. 624.5104 is ineligible to  
27 receive the credit provided for in this section.

28           (2) ELIGIBILITY REQUIREMENTS.--

29           (a) Each state contract provider contribution must be  
30 in the form of cash or liquid assets.

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1       (b) All state contract provider contributions must be  
2 used by the recipient organization exclusively for providing  
3 those types of services which are funded in the General  
4 Appropriations Act for the current year.

5       (c) All state contract provider contributions must be  
6 made to qualifying recipient organizations. As used in this  
7 section, the term "qualifying recipient organization" means an  
8 organization that:

9           1. Is a not-for-profit corporation that is exempt from  
10 taxation under s. 501(c)(3) of the Internal Revenue Code of  
11 1986 as amended and that is under contract to a state agency  
12 and receives funding through the General Appropriations Act in  
13 the current fiscal year;

14           2. Is fulfilling its state contract satisfactorily, as  
15 certified by the head of the agency that directly supervises  
16 its state-funded activities;

17           3. Has sufficient unspent appropriated funds in its  
18 contract to allow the state to withhold funds in an amount  
19 equal to 25 percent of the creditable contribution; and

20           4. Has demonstrated to the head of the supervising  
21 agency a need for funds in an amount greater than that  
22 appropriated by the state.

23       (3) APPLICATION REQUIREMENTS.--

24           (a) A taxpayer that wishes to participate in this  
25 program must submit to the Department of Revenue an  
26 application for tax credit which sets forth the name of the  
27 qualifying recipient organization, the amount of the proposed  
28 contribution and the amount of the contribution the taxpayer  
29 made to the organization in the previous tax year.

30           (b) The taxpayer must submit a separate application  
31 for tax credit for each individual contribution that the

1 taxpayer proposes to contribute to each qualifying recipient  
2 organization.

3 (4) ADMINISTRATION.--

4 (a) The Department of Revenue may adopt all rules  
5 necessary for the administration of this section, including  
6 rules for approving or disapproving proposals that are  
7 submitted by taxpayers.

8 (b) Each state agency that supervises one or more  
9 not-for-profit state contract provider organizations that meet  
10 the criteria for qualifying to be recipient organizations must  
11 provide to the department a list of all such organizations  
12 supervised by the agency.

13 (c) The department shall maintain a list of eligible  
14 recipients, shall mail copies of the list to all recipients of  
15 the tax form, and shall also post the list on the Internet.

16 (d) The department may approve a state contract  
17 provider contribution only if there are sufficient unspent  
18 appropriations in the recipient's state contract to allow the  
19 state to withhold funds in an amount equal to 25 percent of  
20 the creditable contribution. As used in this subsection, the  
21 term "creditable contribution" means the difference between  
22 the amounts that the recipient received from a taxpayer in the  
23 current taxable year and in the previous taxable year,  
24 respectively.

25 (e) Upon approval of a state contract provider  
26 contribution, the department shall direct the agency directly  
27 supervising the recipient organization to prepare a budget  
28 amendment that reduces the amount of the appropriation that  
29 the recipient organization is to receive by 25 percent of the  
30 amount of the creditable contribution. In addition, the agency  
31 shall prepare a budget amendment that transfers to the General

1 Revenue Fund unspent funds in an amount that offsets the cost  
2 of the state contract provider contribution tax credit.

3 Section 3. Section 220.185, Florida Statutes, is  
4 created to read:

5 220.185 Contract service provider contribution  
6 credit.--

7 (1) POLICY AND PURPOSE.--It is the policy of this  
8 state to encourage the participation of private corporations  
9 in supporting not-for-profit organizations that provide, under  
10 contract to various state agencies, services to residents of  
11 this state. The purpose of this section is to provide an  
12 incentive for such participation by granting partial state  
13 income tax credits to corporations that contribute to  
14 not-for-profit organizations that provide services to  
15 residents of this state and are funded through appropriations  
16 of state moneys. As these contributions increase the funds  
17 available to these not-for-profit organizations, state funding  
18 to these organizations will be reduced, offsetting any loss in  
19 state revenue which results from the income tax credit.

20 (2) AUTHORIZATION TO GRANT STATE CONTRACT PROVIDER  
21 CONTRIBUTION TAX CREDITS.--

22 (a) For each taxable year that begins on or after July  
23 1, 1997, there is allowed a credit against any tax due under  
24 this chapter for the taxable year in the amount of 25 percent  
25 of the difference between the taxpayer's state contract  
26 provider contributions for the current tax year and the  
27 taxpayer's state contract provider contributions for the  
28 pervious tax year.

29 (b) Tax credits must be approved in advance by the  
30 Executive Director of the Department of Revenue and by the

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1 head of the agency that directly supervises the state-funded  
2 activities of the recipient not-for-profit organization.

3 (c) If a credit that is granted under this section is  
4 not fully used in any one year because a taxpayer owes an  
5 insufficient amount of tax under this chapter, the unused  
6 portion of the credit may be carried forward for a period not  
7 to exceed 5 years. The carryover credit may be used in a  
8 subsequent year in which the tax imposed under this chapter  
9 exceeds the amount of the tax credit that is allowed under  
10 this section for that year after any other credits and unused  
11 credit carryovers have been applied in the order provided in  
12 s. 220.02(10).

13 (d) A taxpayer who files a Florida consolidated return  
14 as a member of an affiliated group pursuant to s. 220.13(1)  
15 may be allowed the credit on a consolidated return basis.

16 (e) A taxpayer who is eligible to receive the credit  
17 provided for in s. 624.5104 is ineligible to receive the  
18 credit provided for in this section.

19 (3) ELIGIBILITY REQUIREMENTS.--

20 (a) Each state contract provider contribution made by  
21 a business firm must be in the form of cash or liquid assets.

22 (b) All state contract provider contributions must be  
23 used by the recipient organization exclusively for providing  
24 those types of services which are funded in the General  
25 Appropriations Act for the current year.

26 (c) All state provider contributions must be made to  
27 qualifying recipient organizations. As used in this section,  
28 the term "qualifying recipient organization" means an  
29 organization that:

30 1. Is a not-for-profit corporation that is exempt from  
31 taxation under s. 501(c)(3) of the Internal Revenue Code of

1 1986 as amended and that is under contract to a state agency  
2 and receives funding through the General Appropriations Act in  
3 the current fiscal year;  
4 2. Is fulfilling its state contract satisfactorily, as  
5 certified by the head of the agency that directly supervises  
6 its state-funded activities;  
7 3. Has sufficient unspent appropriated funds in its  
8 contract to allow the state to withhold funds in an amount  
9 equal to 25 percent of the creditable contribution; and  
10 4. Has demonstrated to the head of the supervising  
11 agency a need for funds in an amount greater than that  
12 appropriated by the state.  
13 (4) APPLICATION REQUIREMENTS.--  
14 (a) A business that wishes to participate in this  
15 program must submit to the Department of Revenue an  
16 application for tax credit which sets forth the name of the  
17 qualifying recipient organization, the amount of the proposed  
18 contribution, and the amount of the contribution the taxpayer  
19 made to the organization in the previous tax year.  
20 (b) The business firm must submit a separate  
21 application for tax credit for each individual contribution  
22 that it proposes to contribute to each qualifying recipient  
23 organization.  
24 (5) ADMINISTRATION.--  
25 (a) The Department of Revenue may adopt all rules  
26 necessary for the administration of this section, including  
27 rules for approving or disapproving proposals that are  
28 submitted by business firms.  
29 (b) Each state agency that supervises one or more  
30 not-for-profit state contract provider organizations that meet  
31 the criteria for qualifying to be recipient organizations must

1 provide to the department a list of all such organizations  
2 supervised by the agency.

3 (c) The department shall maintain a list of eligible  
4 recipients, shall mail copies of the list to all corporations  
5 that are subject to tax under this code, and shall also post  
6 the list on the Internet.

7 (d) The department may approve a state contract  
8 provider contribution only if there are sufficient unspent  
9 appropriations in the recipient's state contract to allow the  
10 state to withhold funds in an amount equal to 25 percent of  
11 the creditable contribution. As used in this subsection, the  
12 term "creditable contribution" means the difference between  
13 the amounts that the recipient received from a taxpayer in the  
14 current taxable year and in the previous taxable year,  
15 respectively.

16 (e) Upon approval of a state contract provider  
17 contribution, the department shall direct the agency directly  
18 supervising the recipient organization to prepare a budget  
19 amendment that reduces the amount of the appropriation that  
20 the recipient organization is to receive by 25 percent of the  
21 amount of the creditable contribution. In addition, the agency  
22 shall prepare a budget amendment that transfers to the General  
23 Revenue Fund unspent funds in an amount that offsets the cost  
24 of the state contract provider contribution tax credit.

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

27 220.02 Legislative intent.--

28 (10) It is the intent of the Legislature that credits  
29 against either the corporate income tax or the franchise tax  
30 be applied in the following order: those enumerated in s.  
31 220.68, those enumerated in s. 631.719(1), those enumerated in



1 s. 631.705, those enumerated in s. 220.18, those enumerated in  
2 s. 631.828, those enumerated in s. 220.181, those enumerated  
3 in s. 220.183, those enumerated in s. 220.185, those  
4 enumerated in s. 220.182, those enumerated in s. 221.02, those  
5 enumerated in s. 220.184, those enumerated in s. 220.186, and  
6 those enumerated in s. 220.188.

7 Section 5. Section 624.5104, Florida Statutes, is  
8 created to read:

9 624.5104 Contract service provider contribution tax  
10 credit.--

11 (1) POLICY AND PURPOSE.--It is the policy of this  
12 state to encourage the participation of insurers in supporting  
13 not-for-profit organizations that provide, under contract to  
14 various state agencies, services to residents of this state.  
15 The purpose of this section is to provide an incentive for  
16 such participation by granting partial state insurance premium  
17 tax credits to insurers that contribute to not-for-profit  
18 organizations that provide services to residents of this state  
19 and are funded through appropriations of state moneys. As  
20 these contributions increase the funds available to these  
21 not-for-profit organizations, state funding to these  
22 organizations will be reduced, offsetting any loss in state  
23 revenue which results from the insurance premium tax credit.

24 (2) AUTHORIZATION TO GRANT STATE CONTRACT PROVIDER  
25 CONTRIBUTION TAX CREDITS.--

26 (a) For each taxable year that begins on or after July  
27 1, 1997, there is allowed a credit against any tax due under  
28 s. 624.509 or s. 624.510 for the taxable year in the amount of  
29 25 percent of the difference between the taxpayer's state  
30 contract provider contributions for the current tax year and  
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1 the taxpayer's state contract provider contributions for the  
2 previous tax year.

3 (b) Tax credits must be approved in advance by the  
4 Executive Director of the Department of Revenue and by the  
5 head of the agency that directly supervises the state-funded  
6 activities of the recipient not-for-profit organization.

7 (c) If a credit that is granted under this section is  
8 not fully used in any one year because a taxpayer owes an  
9 insufficient amount of tax under this chapter, the unused  
10 portion of the credit may be carried forward for a period not  
11 to exceed 5 years. The carryover credit may be used in a  
12 subsequent year in which the tax imposed under s. 624.509 or  
13 s. 624.510 exceeds the amount of the tax credit that is  
14 allowed under this section for that year.

15 (d) A taxpayer who is eligible to receive the credit  
16 provided for in s. 220.185 is ineligible to receive the credit  
17 provided for in this section.

18 (3) ELIGIBILITY REQUIREMENTS.--

19 (a) Each state contract provider contribution made by  
20 an insurer must be in the form of cash or liquid assets.

21 (b) All state contract provider contributions must be  
22 used by the recipient organization exclusively for providing  
23 those types of services which are funded in the General  
24 Appropriations Act for the current year.

25 (c) All state provider contributions must be made to  
26 qualifying recipient organizations. As used in this section,  
27 the term "qualifying recipient organization" means an  
28 organization that:

29 1. Is a not-for-profit corporation that is exempt from  
30 taxation under s. 501(c)(3) of the Internal Revenue Code of  
31 1986 as amended and that is under contract to a state agency

1 and receives funding through the General Appropriations Act in  
2 the current fiscal year;  
3 2. Is fulfilling its state contract satisfactorily, as  
4 certified by the head of the agency that directly supervises  
5 its state-funded activities;  
6 3. Has sufficient unspent appropriated funds in its  
7 contract to allow the state to withhold funds in an amount  
8 equal to 25 percent of the creditable contribution; and  
9 4. Has demonstrated to the head of the supervising  
10 agency a need for funds in an amount greater than that  
11 appropriated by the state.  
12 (4) APPLICATION REQUIREMENTS.--  
13 (a) An insurer that wishes to participate in this  
14 program must submit to the Department of Revenue an  
15 application for tax credit which sets forth the name of the  
16 qualifying recipient organization, the amount of the proposed  
17 contribution, and the amount of the contribution the taxpayer  
18 made to the organization in the previous tax year.  
19 (b) The insurer must submit a separate application for  
20 tax credit for each individual contribution that it proposes  
21 to contribute to each qualifying recipient organization.  
22 (5) ADMINISTRATION.--  
23 (a) The Department of Revenue may adopt all rules  
24 necessary for the administration of this section, including  
25 rules for approving or disapproving proposals that are  
26 submitted by insurers.  
27 (b) Each state agency that supervises one or more  
28 not-for-profit state contract provider organizations that meet  
29 the criteria for qualifying to be recipient organizations must  
30 provide to the Department of Revenue a list of all such  
31 organizations supervised by the agency.

1       (c) The Department of Revenue shall maintain a list of  
2 eligible recipients, shall mail copies of the list to all  
3 insurers that are subject to tax under this code, and shall  
4 also post the list on the Internet.

5       (d) The Department of Revenue may approve a state  
6 contract provider contribution only if there are sufficient  
7 unspent appropriations in the recipient's state contract to  
8 allow the state to withhold funds equal to 25 percent of the  
9 creditable contribution. As used in this subsection, the term  
10 "creditable contribution" means the difference between the  
11 amounts that the recipient received from a taxpayer in the  
12 current taxable year and in the previous taxable year,  
13 respectively.

14       (e) Upon approval of a state contract provider  
15 contribution, the Department of Revenue shall direct the  
16 agency directly supervising the recipient organization to  
17 prepare a budget amendment that reduces the amount of the  
18 appropriation that the recipient organization is to receive by  
19 25 percent of the amount of the creditable contribution. In  
20 addition, the agency shall prepare a budget amendment that  
21 transfers to the General Revenue Fund unspent funds in an  
22 amount that offsets the cost of the insurance premium tax  
23 credit.

24       Section 6. This act shall take effect July 1, 1997.

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27                   SENATE SUMMARY

28       Provides tax credits against either the intangibles tax,  
29       the corporate income tax, or the insurance premium tax,  
30       as appropriate, for charitable contributions to state  
31       contract providers. Provides for a reduction in state  
      funding of recipient organizations.