

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 239                      Community contribution tax credits  
**SPONSOR(S):** Davis, D.  
**TIED BILLS:**                                      **IDEN./SIM. BILLS:** SB 116

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Workforce and Economic Development (Sub)</u>	<u>4 Y, 0 N</u>	<u>Winker</u>	<u>Whitfield</u>
2) <u>Commerce</u>	_____	_____	_____
3) <u>Local Government and Veterans' Affairs</u>	_____	_____	_____
4) <u>Finance and Tax</u>	_____	_____	_____
5) <u>Commerce and Local Affairs Appropriations</u>	_____	_____	_____
6) <u>Appropriations</u>	_____	_____	_____

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### SUMMARY ANALYSIS

House Bill 239 increases the total amount of Community Contribution Tax Credits that may be granted for all programs that are outlined in sections 220.183 and 624.5105, Florida Statutes. The bill increases allowable tax credits statewide from \$10 million to \$20 million. The tax credits are granted against the corporate income tax and insurance premium taxes to corporations and insurers that participate in public revitalization projects, such as those found in enterprise zones.

The bill could decrease state revenue collections by up to an additional \$10m annually.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h0239a.com.doc  
**DATE:** March 12, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |   |                              |
|--------------------------------------|---|------------------------------|
| 1. Reduce government?                | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. Empower families?                 | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a “no” above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

House Bill 239 increases the total amount of Community Contribution Tax Credits that may be granted for all programs that are outlined in sections 220.183 and 624.5105, Florida Statutes from \$10 million to \$20 million. The credits are granted against the corporate income tax and insurance premium taxes to corporations and insurers that participate in public revitalization and development projects, such as those found in enterprise zones.

Sections 220.183 and 624.5105, Florida Statutes, were created to encourage the participation of private corporations and insurers in revitalization projects undertaken by public redevelopment organizations by granting such corporations and insurers partial state income tax credits and partial state insurance premium tax credits.

A private corporation or insurer is allowed a credit of 50% of a community contribution against any annual tax due up to \$200,000 in tax credits.

In order for a private corporation or insurer to be eligible for the credits they must meet the following requirements:

1. Each community contribution by a private corporation or insurer must be:
  - Cash or other liquid assets;
  - Real property;
  - Goods or inventory; or
  - Other physical resources which are identified by the Department of Revenue.
2. Each community contribution must be reserved exclusively for use in a project designed to construct, improve, or rehabilitate housing affordable to low-income or very low-income households; provide commercial, industrial, or public resources and facilities; improve entrepreneurial and job-development opportunities for low-income persons; or increase access to high-speed broadband capability in rural communities with enterprise zones.
3. The project must be undertaken by an “eligible sponsor” that is defined as:
  - A community action program;
  - A nonprofit community development corporation;
  - A neighborhood housing services corporation;
  - A local housing authority created pursuant to chapter 421, F.S.;
  - A community redevelopment agency created pursuant to section 163.356, F.S.;
  - The Florida Industrial Development Corporation;
  - An historic preservation district agency organization;

- A regional workforce board;
- A direct-support organization as provided in section 290.0056, F.S.;
- An enterprise zone development agency created pursuant to section 290.0056, F.S.;
- A community-based organization incorporated and recognized as a s. 501(c)(3) (under the Internal Revenue Code) having a mission of providing affordable housing or doing economic or community development;
- Units of local or state government; or
- Such other agency as the OTTED may, from time to time, designate by rule.

The total amount of tax credit which may be granted for all programs statewide is currently \$10 million annually.

#### C. SECTION DIRECTORY:

SECTION 1: Amends section 220.183, Florida Statutes, increasing the total amount of tax credit which may be granted for all approved programs in this section and s. 624.5105, F.S., from \$10 million to \$20 million annually.

SECTION 2: Amends section 624.5105, Florida Statutes, increasing the total amount of tax credit which may be granted for all approved programs in this section and s. 220.183, F.S., from \$10 million to \$20 million annually.

SECTION 3: The bill takes effect July 1, 2003.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The net effect of the bill potentially reduces the amount that the State of Florida collects through corporate income taxes and state insurance premiums taxes by up to an additional \$10 million on an annual basis. This money would ordinarily be placed in the General Revenue Fund.

##### 2. Expenditures:

None.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

#### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

In lieu of paying a portion of corporate income taxes or state insurance premium taxes, private corporations and insurers may participate in local redevelopment projects.

#### D. FISCAL COMMENTS:

None.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

##### 2. Other:

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

The Florida Department of Revenue has identified a section of statutes [s. 212.08(5)(q), F.S.] which also references the \$10 million annual tax credit. This section needs to be added to the bill and amended to increase the \$10 million to \$20 million as do other sections of the bill.

##### a. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

At the subcommittee meeting on March 10, 2003, an amendment to HB 239 was adopted that changed in s. 212.08(5)(q), F.S., a reference to the maximum amount of the annual tax credits from \$10 million to \$20 million which conforms this section of the statutes with the bill.