

1 A bill to be entitled
 2 An act relating to corporate income tax credit for public
 3 education partners; creating s. 220.1875, F.S.; providing
 4 a popular name; providing purpose to encourage
 5 contributions by corporations to public schools or public
 6 school programs for which tax credit shall be given;
 7 providing definitions; providing authorization to grant
 8 tax credits and limitations on credits; providing public
 9 school requirements for expenditure and accounting of
 10 funds; requiring eligible contributions to be supplemental
 11 funds; providing for administration and rulemaking;
 12 requiring a cooperative agreement; amending ss. 220.02 and
 13 220.13, F.S., to conform; providing an effective date.

14
 15 Be It Enacted by the Legislature of the State of Florida:

16
 17 Section 1. Section 220.1875, Florida Statutes, is created
 18 to read:

19 220.1875 Credits for contributions by public education
 20 partners.--

21 (1) POPULAR NAME.--This section may be cited as the "Karen
 22 Ardaman Act."

23 (2) PURPOSE.--The purpose of this section is to:

24 (a) Encourage private, voluntary contributions to public
 25 schools to enhance educational opportunities for students.

26 (b) Encourage the formation of partnerships between
 27 corporations and public schools.

28 (c) Enable public school students to achieve a greater
 29 level of excellence in their education through contributions by
 30 public education partners.

31 (3) DEFINITIONS.--As used in this section, the term:

32 (a) "Department" means the Department of Revenue.

33 (b) "Eligible contribution" means a monetary contribution
 34 from a taxpayer to a public school, subject to the restrictions
 35 provided in this section. The taxpayer making the contribution
 36 may designate a specific public school or a specific program in
 37 a public school as the beneficiary of the contribution. The
 38 taxpayer may not contribute more than \$5 million to any single
 39 public school.

40 (4) AUTHORIZATION TO GRANT TAX CREDITS; LIMITATIONS ON
 41 INDIVIDUAL AND TOTAL CREDITS.--

42 (a) There is allowed a credit of 100 percent of an
 43 eligible contribution against any tax due for a taxable year
 44 under this chapter. However, such a credit may not exceed 75
 45 percent of the tax due under this chapter for the taxable year,
 46 after the application of any other allowable credits by the
 47 taxpayer. The credit granted by this section shall be reduced by
 48 the difference between the amount of federal corporate income
 49 tax taking into account the credit granted by this section and
 50 the amount of federal corporate income tax without application
 51 of the credit granted by this section.

52 (b) The total amount of tax credits and carryforward of
 53 tax credits which may be granted each state fiscal year under
 54 this section is \$88 million. However, at least 5 percent of the
 55 total statewide amount authorized for the tax credit shall be

56 reserved for taxpayers who meet the definition of a small
57 business provided in s. 288.703(1) at the time of application.

58 (c) A taxpayer who files a Florida consolidated return as
59 a member of an affiliated group pursuant to s. 220.131(1) may be
60 allowed the credit on a consolidated return basis; however, the
61 total credit taken by the affiliated group is subject to the
62 limitation established under paragraph (a).

63 (5) REQUIREMENTS.--

64 (a) A public school that receives an eligible contribution
65 must spend 100 percent of the eligible contribution for the
66 purpose specified by the contributor. All interest accrued from
67 an eligible contribution must be used for the purpose specified
68 by the contributor.

69 (b) A public school that receives an eligible contribution
70 must maintain a separate account for the eligible contribution
71 and must annually provide to the district school board and the
72 Department of Education a financial accounting of the use of the
73 contribution. A public school shall budget wisely and use sound
74 financial practices in the use of an eligible contribution.

75 (c) Payment of an eligible contribution shall be made to a
76 public school through the district school board.

77 (d) An eligible contribution shall not replace, but shall
78 be supplemental to, funds provided by the state to public school
79 districts pursuant to chapter 1011.

80 (6) ADMINISTRATION; RULES.--

81 (a) If the credit granted pursuant to this section is not
82 fully used in any one year because of insufficient tax liability
83 on the part of the corporation, the unused amount may be carried

84 forward for a period not to exceed 3 years; however, any
 85 taxpayer that seeks to carry forward an unused amount of tax
 86 credit must submit an application for allocation of tax credits
 87 or carryforward credits as required in paragraph (b) in the year
 88 that the taxpayer intends to use the carryforward. A taxpayer
 89 may not convey, assign, or transfer the credit authorized by
 90 this section to another entity unless all of the assets of the
 91 taxpayer are conveyed, assigned, or transferred in the same
 92 transaction.

93 (b) The department shall adopt rules pursuant to ss.
 94 120.536(1) and 120.54 for the administration of this section,
 95 including rules establishing application forms and procedures
 96 and rules governing the allocation of tax credits and
 97 carryforward credits under this section.

98 (c) The State Board of Education shall adopt rules
 99 pursuant to ss. 120.536(1) and 120.54 for the distribution and
 100 use of contributions.

101 (d) The department and the Department of Education shall
 102 develop a cooperative agreement to assist in the administration
 103 of this section.

104 Section 2. Subsection (8) of section 220.02, Florida
 105 Statutes, is amended to read:

106 220.02 Legislative intent.--

107 (8) It is the intent of the Legislature that credits
 108 against either the corporate income tax or the franchise tax be
 109 applied in the following order: those enumerated in s. 631.828,
 110 those enumerated in s. 220.191, those enumerated in s. 220.181,
 111 those enumerated in s. 220.183, those enumerated in s. 220.182,

112 those enumerated in s. 220.1895, those enumerated in s. 221.02,
 113 those enumerated in s. 220.184, those enumerated in s. 220.186,
 114 those enumerated in s. 220.1845, those enumerated in s. 220.19,
 115 those enumerated in s. 220.185, ~~and~~ those enumerated in s.
 116 220.187, and those enumerated in s. 220.1875.

117 Section 3. Paragraph (a) of subsection (1) of section
 118 220.13, Florida Statutes, is amended to read:

119 220.13 "Adjusted federal income" defined.--

120 (1) The term "adjusted federal income" means an amount
 121 equal to the taxpayer's taxable income as defined in subsection
 122 (2), or such taxable income of more than one taxpayer as
 123 provided in s. 220.131, for the taxable year, adjusted as
 124 follows:

125 (a) *Additions*.--There shall be added to such taxable
 126 income:

127 1. The amount of any tax upon or measured by income,
 128 excluding taxes based on gross receipts or revenues, paid or
 129 accrued as a liability to the District of Columbia or any state
 130 of the United States which is deductible from gross income in
 131 the computation of taxable income for the taxable year.

132 2. The amount of interest which is excluded from taxable
 133 income under s. 103(a) of the Internal Revenue Code or any other
 134 federal law, less the associated expenses disallowed in the
 135 computation of taxable income under s. 265 of the Internal
 136 Revenue Code or any other law, excluding 60 percent of any
 137 amounts included in alternative minimum taxable income, as
 138 defined in s. 55(b)(2) of the Internal Revenue Code, if the
 139 taxpayer pays tax under s. 220.11(3).

140 3. In the case of a regulated investment company or real
141 estate investment trust, an amount equal to the excess of the
142 net long-term capital gain for the taxable year over the amount
143 of the capital gain dividends attributable to the taxable year.

144 4. That portion of the wages or salaries paid or incurred
145 for the taxable year which is equal to the amount of the credit
146 allowable for the taxable year under s. 220.181. The provisions
147 of this subparagraph shall expire and be void on June 30, 2005.

148 5. That portion of the ad valorem school taxes paid or
149 incurred for the taxable year which is equal to the amount of
150 the credit allowable for the taxable year under s. 220.182. The
151 provisions of this subparagraph shall expire and be void on June
152 30, 2005.

153 6. The amount of emergency excise tax paid or accrued as a
154 liability to this state under chapter 221 which tax is
155 deductible from gross income in the computation of taxable
156 income for the taxable year.

157 7. That portion of assessments to fund a guaranty
158 association incurred for the taxable year which is equal to the
159 amount of the credit allowable for the taxable year.

160 8. In the case of a nonprofit corporation which holds a
161 pari-mutuel permit and which is exempt from federal income tax
162 as a farmers' cooperative, an amount equal to the excess of the
163 gross income attributable to the pari-mutuel operations over the
164 attributable expenses for the taxable year.

165 9. The amount taken as a credit for the taxable year under
166 s. 220.1895.

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167 10. Up to nine percent of the eligible basis of any
168 designated project which is equal to the credit allowable for
169 the taxable year under s. 220.185.

170 11. The amount taken as a credit for the taxable year
171 under s. 220.187.

172 12. The amount taken as a credit for the taxable year
173 under s. 220.1875.

174 Section 4. This act shall take effect July 1, 2005.