

By Senator Smith

14-559-05

See HB

1 A bill to be entitled

2 An act relating to corporate income tax credit

3 for public education partners; creating s.

4 220.1875, F.S.; providing a popular name;

5 providing purpose to encourage contributions by

6 corporations to public schools or public school

7 programs for which tax credit shall be given;

8 providing definitions; providing authorization

9 to grant tax credits and limitations on

10 credits; providing public school requirements

11 for expenditure and accounting of funds;

12 requiring eligible contributions to be

13 supplemental funds; providing for

14 administration and rulemaking; requiring a

15 cooperative agreement; amending ss. 220.02 and

16 220.13, F.S., to conform; providing an

17 effective date.

18

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

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21 Section 1. Section 220.1875, Florida Statutes, is

22 created to read:

23 220.1875 Credits for contributions by public education

24 partners.--

25 (1) POPULAR NAME.--This section may be cited as the

26 "Karen Ardaman Act."

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

28 (a) Encourage private, voluntary contributions to

29 public schools to enhance educational opportunities for

30 students.

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1 (b) Encourage the formation of partnerships between
2 corporations and public schools.

3 (c) Enable public school students to achieve a greater
4 level of excellence in their education through contributions
5 by public education partners.

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

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

8 (b) "Eligible contribution" means a monetary
9 contribution from a taxpayer to a public school, subject to
10 the restrictions provided in this section. The taxpayer making
11 the contribution may designate a specific public school or a
12 specific program in a public school as the beneficiary of the
13 contribution. The taxpayer may not contribute more than \$5
14 million to any single public school.

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

17 (a) There is allowed a credit of 100 percent of an
18 eligible contribution against any tax due for a taxable year
19 under this chapter. However, such a credit may not exceed 75
20 percent of the tax due under this chapter for the taxable
21 year, after the application of any other allowable credits by
22 the taxpayer. The credit granted by this section shall be
23 reduced by the difference between the amount of federal
24 corporate income tax taking into account the credit granted by
25 this section and the amount of federal corporate income tax
26 without application of the credit granted by this section.

27 (b) The total amount of tax credits and carryforward
28 of tax credits which may be granted each state fiscal year
29 under this section is \$88 million. However, at least 5 percent
30 of the total statewide amount authorized for the tax credit
31 shall be reserved for taxpayers who meet the definition of a

1 small business provided in s. 288.703(1) at the time of
2 application.

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

8 (5) REQUIREMENTS.--

9 (a) A public school that receives an eligible
10 contribution must spend 100 percent of the eligible
11 contribution for the purpose specified by the contributor. All
12 interest accrued from an eligible contribution must be used
13 for the purpose specified by the contributor.

14 (b) A public school that receives an eligible
15 contribution must maintain a separate account for the eligible
16 contribution and must annually provide to the district school
17 board and the Department of Education a financial accounting
18 of the use of the contribution. A public school shall budget
19 wisely and use sound financial practices in the use of an
20 eligible contribution.

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

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

26 (6) ADMINISTRATION; RULES.--

27 (a) If the credit granted pursuant to this section is
28 not fully used in any one year because of insufficient tax
29 liability on the part of the corporation, the unused amount
30 may be carried forward for a period not to exceed 3 years;
31 however, any taxpayer that seeks to carry forward an unused

1 amount of tax credit must submit an application for allocation
2 of tax credits or carryforward credits as required in
3 paragraph (b) in the year that the taxpayer intends to use the
4 carryforward. A taxpayer may not convey, assign, or transfer
5 the credit authorized by this section to another entity unless
6 all of the assets of the taxpayer are conveyed, assigned, or
7 transferred in the same transaction.

8 (b) The department shall adopt rules pursuant to ss.
9 120.536(1) and 120.54 for the administration of this section,
10 including rules establishing application forms and procedures
11 and rules governing the allocation of tax credits and
12 carryforward credits under this section.

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

16 (d) The department and the Department of Education
17 shall develop a cooperative agreement to assist in the
18 administration of this section.

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

21 220.02 Legislative intent.--

22 (8) It is the intent of the Legislature that credits
23 against either the corporate income tax or the franchise tax
24 be applied in the following order: those enumerated in s.
25 631.828, those enumerated in s. 220.191, those enumerated in
26 s. 220.181, those enumerated in s. 220.183, those enumerated
27 in s. 220.182, those enumerated in s. 220.1895, those
28 enumerated in s. 221.02, those enumerated in s. 220.184, those
29 enumerated in s. 220.186, those enumerated in s. 220.1845,
30 those enumerated in s. 220.19, those enumerated in s. 220.185,
31

1 ~~and~~ those enumerated in s. 220.187, and those enumerated in s.
2 220.1875.

3 Section 3. Paragraph (a) of subsection (1) of section
4 220.13, Florida Statutes, is amended to read:

5 220.13 "Adjusted federal income" defined.--

6 (1) The term "adjusted federal income" means an amount
7 equal to the taxpayer's taxable income as defined in
8 subsection (2), or such taxable income of more than one
9 taxpayer as provided in s. 220.131, for the taxable year,
10 adjusted as follows:

11 (a) Additions.--There shall be added to such taxable
12 income:

13 1. The amount of any tax upon or measured by income,
14 excluding taxes based on gross receipts or revenues, paid or
15 accrued as a liability to the District of Columbia or any
16 state of the United States which is deductible from gross
17 income in the computation of taxable income for the taxable
18 year.

19 2. The amount of interest which is excluded from
20 taxable income under s. 103(a) of the Internal Revenue Code or
21 any other federal law, less the associated expenses disallowed
22 in the computation of taxable income under s. 265 of the
23 Internal Revenue Code or any other law, excluding 60 percent
24 of any amounts included in alternative minimum taxable income,
25 as defined in s. 55(b)(2) of the Internal Revenue Code, if the
26 taxpayer pays tax under s. 220.11(3).

27 3. In the case of a regulated investment company or
28 real estate investment trust, an amount equal to the excess of
29 the net long-term capital gain for the taxable year over the
30 amount of the capital gain dividends attributable to the
31 taxable year.

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

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

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

15 7. That portion of assessments to fund a guaranty
16 association incurred for the taxable year which is equal to
17 the amount of the credit allowable for the taxable year.

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

23 9. The amount taken as a credit for the taxable year
24 under s. 220.1895.

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

28 11. The amount taken as a credit for the taxable year
29 under s. 220.187.

30 12. The amount taken as a credit for the taxable year
31 under s. 220.1875.

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