HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 129 Community Contribution Tax Credits
SPONSOR(S): Precourt and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 840

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Economic Expansion & Infrastructure Council	13 Y, 0 N	Peterson	Tinker
2) Policy & Budget Council	34 Y, 0 N	Voyles	Hansen
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill increases the amount of tax credits authorized for the Community Contribution Tax Credit Program from $10.5 million to $15 million for donations made to eligible sponsors for projects that provide homeownership opportunities for low-income and very-low-income households.

The Revenue Estimating Conference estimates that the bill will result in a loss of $4.1 million in state revenues and a loss of $0.4 million in local revenues in FY 2007-08.

The effective date of this bill is July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure lower taxes: The bill will provide an increased amount of tax credits for persons who donate to eligible sponsors for projects that provide homeownership opportunities for low-income and very-low income households under the Community Contribution Tax Credit Program.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

In 1980, the Florida Legislature established the Community Contribution Tax Credit Program to encourage private sector participation in revitalization and housing projects. The program offers tax credits, in the form of a refund, to persons who donate to sponsors who have been approved to participate in the program. Eligible project sponsors under the program include a wide variety of community organizations, housing organizations, historic preservation organizations, units of state and local government, and regional workforce boards. Eligible projects include the construction, improvement or rehabilitation of housing, commercial, industrial or public facilities, and projects that promote entrepreneurial or job development opportunities for low-income persons.

The Office of Tourism, Trade, and Economic Development (OTTED) is responsible for marketing the program in consultation with the Department of Community Affairs and other housing and financial intermediaries. OTTED is also responsible for administering the program by reviewing sponsor project proposals and tax credit applications. After the taxpayer receives approval for community contribution tax credits, it must claim the credit from the Department of Revenue (DOR).

The tax credits are equal to 50 percent of the amount donated up to $200,000 annually. The tax credit may be applied toward the donor's sales and use, corporate, or insurance premium tax obligations. The taxpayer may only apply the credits toward one tax obligation. Unused credits against corporate income taxes and insurance premium taxes may be carried forward for five years. Unused credits against sales taxes may be carried forward for three years.

The Florida Legislature has amended the dollar cap and the expiration date of the program on numerous occasions. The expiration of the program has been extended from 2005 to June 30, 2015. The program began with an annual $3 million cap and it is currently $14 million. Legislation passed during the 2006 Legislative Session revised the allocations granted under the Community Contribution Tax Credit Program by:

1) Removing the requirement that OTTED reserve specific amounts during the first six months of the fiscal year for particular project donations. In its place, requiring that $10.5 million of the tax credits be reserved for donations made to projects that provide homeownership opportunities for low-income or very-low-income households as defined in s. 420.9071(19) and (28),F.S., and $3.5 million be reserved for all other projects.

2) Eliminating the requirement that OTTED work in consultation with the Florida Housing Finance Corporation to market the Community Contribution Tax Credit Program.

Effect of Proposed Changes

The bill increases the total amount of credits allocated under the Community Contribution Tax Credit Program from $10.5 million to $15 million annually for projects that provide homeownership opportunities for low-income or very-low income households.

It amends ss. 212.08, 220.183 and 624.5105, F.S., respectively, in a substantially identical fashion, to increase the total amount of tax credit which may be granted for projects that provide homeownership opportunities for low-income or very-low income households.

C. SECTION DIRECTORY:

Section 1: Amends s. 212.08, F.S., relating to tax on sales, use and other transactions, to increase the amount of available tax credits which may be granted under the Community Contribution Tax Credit Program for projects that provide homeownership opportunities for low-income or very-low-income households.

Section 2: Amends s. 220.183, F.S., relating to income tax code, to increase the amount of available tax credits which may be granted under the Community Contribution Tax Credit Program for projects that provide homeownership opportunities for low-income or very-low-income households; corrects a cross reference.

Section 3: Amends s. 624.5105, F.S., relating to insurance code, to increase the amount of available tax credits which may be granted under the Community Contribution Tax Credit Program for projects that provide homeownership opportunities for low-income or very-low-income households; corrects a cross reference.

Section 4: Provides that the bill take effect July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

	FY 2007-08
General Revenue	
Sales Tax	($3.5)m
Corporate Income Tax	($0.6)m
State Trust	(Insignificant)
Total State Impact	($4.1)m

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

	FY 2007-08
Local Revenues	
Revenue Sharing	($0.1)m
Local Gov't Half Cent	($0.3)m
Total Local Impact	(0.4)m

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may have a positive impact on the number of projects that are conducted and low-income homes that are built each year.

D. FISCAL COMMENTS:

The table below shows the tax credits granted for housing projects and for other community development projects since 1996. There were significant tax credits unused for the first two years after the cap was increased to $10 million. Subsequently, the entire allocation has been used.

Community Contribution Tax Credit Program
Tax Credit Summary FY 1996 – FY 2008

Fiscal Year	Housing	Community Development	Allocation	% Housing
FY 1996	$465,542	$1,472,255	$2,000,000	24.02%
FY 1997	$1,043,256	$1,018,947	$2,000,000	50.59%
FY 1998	$1,348,500	$651,500	$2,000,000	67.43%
FY 1999	$2,720,441	$2,279,559	$5,000,000	54.41%
FY 2000	$3,764,283	$1,302,178	$10,000,000	74.30%
FY 2001	$5,320,890	$744,365	$10,000,000	87.73%
FY 2002	$9,484,489	$515,464	$10,000,000	94.85%
FY 2003	$8,914,456	$1,085,544	$10,000,000	89.14%
FY 2004	$8,622,769	$1,377,231	$10,000,000	86.23%
FY 2005	$8,051,618	$1,948,382	$10,000,000	80.52%
FY 2006	$9,558,883	$2,441,117	$12,000,000	79.66%
FY 2007	$10,500,000	$3,450,000	$14,000,000	75.27%
FY 2008	$15,000,000	$3,500,000	$18,500,000	81.08%

Source: Revenue Estimating Impact Conference, January 19,2007

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES