

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: SB 840

INTRODUCER: Senator Atwater

SUBJECT: Community Contribution Tax Credits

DATE: April 18, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	Favorable
2.			FT	
3.			GA	
4.				
5.				
6.				

I. Summary:

This bill increases from \$10.5 to \$15 million the total amount of tax credits which may be granted for the community contribution tax credit program.

This bill substantially amends sections 212.08, 220.183, and 624.5105 of the Florida Statutes.

II. Present Situation:

Community Contribution Tax Credit Program¹

Under the community contribution tax credit program, corporations, insurance companies, and persons who collect or remit sales or use taxes are eligible to receive tax credits for making donations to certain low-income housing and community development projects.

Credits Available – Available tax credits under the program may be taken against sales or use taxes, corporate income taxes, and insurance premium taxes. Tax credits are limited to 50 percent of the amount of a “community contribution” or donation to a maximum of \$200,000 annually per donor. The total amount of community contribution tax credits available per year under the program is \$10.5 million. Tax credits against sales or use taxes are granted as a refund against sales and use taxes reported on returns and remitted in the 12 months preceding the application to the Department of Revenue for a refund. Tax credits against corporate income taxes and insurance premiums are claimed against taxes due.

¹ Sections 212.08, 220.183 and 624.5105, F.S.

Form of Contributions – Community contributions or donations must take the following forms: (1) cash or other liquid assets; (2) real property; (3) goods or inventory; or (4) other physical resources. For purposes of credits against insurance premium taxes and corporate income taxes, the Department of Revenue is authorized to identify “other physical resources” that qualify as a community contribution. For purposes of credits against sales or use taxes, the Office of Tourism, Trade, and Economic Development is authorized to identify “other physical resources.”

Use of Contributions – Community contributions must be used for projects to provide low-income and very-low-income housing; commercial, industrial, or public resources and facilities; entrepreneurial and job development opportunities for low-income persons; access to high speed broadband capability for rural enterprise zones; and educational programs and materials for the Florida Holocaust Museum in St. Petersburg. The Office of Tourism, Trade, and Economic Development maintains a list of eligible project sponsors.

Tax Credit Application Process – Applications to receive community contribution tax credits must be submitted to the Office of Tourism, Trade and Economic Development and are processed on a first-come, first-serve basis. The application must contain the name of the sponsor, the description of the project, and the type, value and purpose of the contribution. For credits against corporate income taxes and sales and use taxes, the project sponsor must verify in the application that the community contribution has been received. For credits against insurance premium taxes, the project sponsor must state its willingness to receive the contribution. After an applicant receives approval, the credit must be claimed from the Department of Revenue. Unused credits against corporate income taxes and insurance premium taxes may be carried forward for 5 years. Unused credits against sales tax may be carried forward for 3 years.

III. Effect of Proposed Changes:

Section 1 amends paragraph (p) of subsection (5) of s. 212.08, F.S., to raise from \$10.5 million to \$15 million the total amount of annual community contribution tax credits against sales or use tax liabilities available to eligible persons who make donations to approved projects providing homeownership opportunities for low-income or very-low-income households under the income restrictions established in s. 420.9071, F.S.

Section 2 amends paragraph (c) of subsection (1) of s. 220.183, F.S., to raise from \$10.5 million to \$15 million the total amount of annual community contribution tax credits against corporate income tax liabilities available to eligible persons who contribute to approved projects providing homeownership opportunities for low-income or very-low-income households under the income restrictions established in s. 420.9071, F.S.

Section 3 amends paragraph (c) of subsection (1) of s. 624.5105, F.S., to raise from \$10.5 million to \$15 million the total amount of annual community contribution tax credits against taxes on certain insurance premiums and assessments for persons who contribute to approved projects providing homeownership opportunities for low-income or very-low-income households under the income restrictions established in s. 420.9071, F.S.

Section 4 provides that the act shall take effect July 1, 2007.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

This bill does reduce the percentage of a state tax shared with counties and municipalities as an aggregate on February 1, 1989. However, the fiscal impact is insignificant and the mandate provisions of s. 18, Art. VII, State Constitution are not applicable.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Tax credits under the community contribution tax credit program available to corporations, insurance companies, and persons who collect or remit sales or use taxes will be increased by \$4.5 million. Additional funding will be available to organizations who provide low-income housing and engage in community development activities.

C. Government Sector Impact:

The Legislature's Office of Economic and Demographic Research adopted the following consensus estimate at the Revenue Estimating Conference held January 19, 2007:

Local Government

	FY 2007-08	FY 2008-09	FY 2009-10
Revenue Sharing	\$ 100,000	\$ 100,000	\$ 100,000
Local Govt. Half Cent	\$ 300,000	\$ 300,000	\$ 300,000
Total	\$ 400,000	\$ 400,000	\$ 400,000

State Government

Sales Tax	\$ 3,500,000	\$ 3, 500,000	\$ 3,500,000
Corporate Income Tax	\$ 600,000	\$ 600,000	\$ 600,000
State Trust	Insignificant	Insignificant	Insignificant
Total	\$4,100,000	\$ 4,100,000	\$ 4,100,000

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

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