

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Community Affairs Committee

BILL: SB 2524

INTRODUCER: Senator Crist

SUBJECT: Community Contribution Corporate Income Tax Credit

DATE: March 30, 2008 REVISED: 04/17/08

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	Fav/1 amendment
2.			ED	
3.			FT	
4.			GA	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input checked="" type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill expands the types of projects which are eligible for the community contribution tax credit program to include certain public broadcasting programs and materials related to any project approved between January 1, 1996 and December 31, 2006, and located in a state-designated enterprise zone.

This bill substantially amends section 220.03, 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, or certain insurance premium taxes, are eligible to receive tax credits for projects that are undertaken by an eligible sponsor and that:

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

- Are designed to construct, improve, or substantially rehabilitate certain affordable housing projects;
- Are designed to provide commercial, industrial, or public resources or facilities;
- Are designed to improve entrepreneurial and job-development opportunities for low-income persons;
- Provide the investment necessary to increase access to high-speed broadband capability in rural communities with enterprise zones, including projects that result in improvements to communications assets owned by a business; and
- Include the provision of museum educational programs and materials directly related to any other project approved between January 1, 1996 and December 31, 1999, and located in an state designated enterprise zone.

Eligible Sponsors – Eligible sponsors of projects for which a community contribution tax credit may be granted include a community action program; a nonprofit community-based development organization that provides affordable housing or job-development opportunities for income-restricted persons; a neighborhood housing services corporation; a local housing authority; a community redevelopment agency; the Florida Industrial Development Corporation; an historic preservation district agency; a regional workforce board; a direct-support organization established by the Florida Prepaid College Board; an enterprise zone development agency created by a city or county; certain community-based organizations; units of local government; units of state government; and other entities which may be designed by the Office of Tourism, Trade, and Economic Development in the Executive Office of the Governor.

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 statutorily capped at \$10.5 million for projects that provide homeownership opportunities to income-restricted households and \$3.5 million for all other projects. 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.

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.”

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:

The bill amends s. 220.03, F.S., to expand the definition of "project" which may be considered as eligible for the community contribution tax credit program to include public broadcasting educational programs and materials related to other projects approved between January 1, 1996 and December 31, 2006 and located in a state-designated enterprise zone. Museum and public broadcasting educational programs and materials are no longer required to be directly related to the project being supported.

The bill expands eligibility for projects that provide museum educational programs and materials related to other projects by providing that projects approved between January 1, 1996 and December 31, 2006 and located in a state-designated enterprise zone are eligible to apply for the credits.²

If enacted into law, the bill will take effect July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The private sector may feel some small impact from the provisions of the bill due to an increase in applications for a limited amount of community contribution tax credits.

² Section 220.03, F.S., provides that these projects are eligible if they are related to any project approved between January 1, 1996 and December 31, 1999.

C. **Government Sector Impact:**

The Department of Revenue reported no fiscal impact to the agency from the provisions of the bill. The Office of Tourism, Trade & Economic Development may experience a small impact due to an increase in applications for the tax credit.

VI. **Technical Deficiencies:**

Section 212.08(5)(p), F.S., provides for the community contribution tax credit against sales and use taxes. Sub-subparagraph (p)2.b. defines "project" for purposes of the tax credit. The bill sponsor may want to consider an amendment to conform this definition to the definition being amended in the bill.³

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. **Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. **Amendments:**

Barcode #317588 by Community Affairs Committee on April 17, 2008:

The amendment conforms community contribution tax credit provisions in s. 212.08, F.S., with the provisions of the bill. (WITH TITLE AMENDMENT)

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

³ The same amendment is not necessary for credits against the insurance premium tax as s. 624.5105, F.S., provides that the contribution must be used for a project as defined in s. 220.183(1)(t), which is the subject of the bill.