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 Commerce and Tourism Committee

BILL: SB 1236

INTRODUCER: Senator Richter

SUBJECT: State Revenues/Corporate Income Tax

DATE: April 22, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Pugh	Cooper	CM	**Pre-meeting**
2.	Fournier	Meyer, C.	BC	**Pre-meeting**
3.				
4.				
5.				
6.				

I. Summary:

The state of Florida levies a corporate income tax (CIT) rate of 5.5 percent on the earnings of eligible corporations. Florida banks and savings institutions, as defined in s. 220.62, F.S., pay what is called a "franchise tax" that is identical to the corporate income tax levy. Additionally, Florida levies an alternative minimum tax (AMT) of 3.3 percent against the net income of corporations who have elected to use that system for their federal tax computations. Florida offers 19 corporate income tax credits, including tax credits in exchange for business contributions to the Florida Tax Credit Scholarship Program, designed to assist low-income students who attend private schools. This program is capped at $140 million for FY 10-11.

Florida also collects various taxes and surcharges on tobacco-based products, with the revenues distributed among the Health Care Trust Fund, the General Revenue Fund, and other trust funds, for specified uses.

SB 1236 gradually repeals Florida's corporate income, franchise, and AMT taxes, over a period of 7 years. The repeal is effective December 31, 2018. The bill also:

- Transfers deposition of revenues from the surcharges on sales of cigarettes and other tobacco products from the Health Care Trust Fund to the General Revenue Fund;
- Allows any entity with any ch. 210, F.S., tax liability, related to tobacco-based products, to take a credit against its liabilities equal to 100 percent of its contribution to the Florida Tax Credit Scholarship Program, under certain conditions;
- Provides for exchange or transferability of unused corporate income or franchise tax credits for those taxpayers impacted by this legislation;

- Authorizes the Department of Revenue (DOR) to provide confidential taxpayer information to the Department of Education and the Division of Alcoholic Beverages and Tobacco related to the new tax credits for the scholarship program; and
- Authorizes DOR to adopt emergency rules to implement the various provisions of the legislation.

SB 1236 substantially amends ss. 220.11, 210.011, 210.276, 213.053, 220.63, and 1002.395, F.S., and creates three unnumbered sections of law.

II. Present Situation:

Florida's Corporate Income and Franchise Taxes

In response to a constitutional amendment that authorized the levy of a state corporate income tax, the 1971 Legislature adopted a 5-percent corporate income tax, which became effective on corporate incomes earned after January 1972. In 1984, the Legislature raised the state's corporate income tax rate to 5.5 percent.

Florida banks and savings institutions, as defined in s. 220.62, F.S., pay what is called a "franchise tax" that is identical to the corporate income tax.

Florida also levies an alternative minimum tax (AMT) of 3.3 percent against the net income of corporations who have elected to use that system for their federal tax computations.[1] The tax due is whichever amount is greater: the regular Florida corporate income tax or the Florida AMT.

Florida corporate income tax liability is computed using federal taxable income, modified by certain Florida adjustments, to determine adjusted federal income. A corporation doing business outside Florida may apportion its adjusted federal income for Florida tax purposes, using a three-factor formula. The formula is a weighted average, designating 25 percent each to factors for property and payroll, and 50 percent to sales.[2]

Entities Subject to the Tax

Chapter 220, F.S., is very specific about what types of businesses must file corporate income tax forms. Briefly:[3]

- Corporations and artificial entities that conduct business, or earn or receive income in Florida, including out-of-state corporations, must file a Florida corporate income tax return unless exempt. They must file a return, even if no tax is due.

[1] More information about the AMT for corporations is available from many sources, but one of the most concise yet understandable explanations was prepared by the nonpartisan Tax Policy Center, an affiliate of The Brookings Institute. The article is available at http://www.taxpolicycenter.org/publications/url.cfm?ID=1000515. Last visited April 20, 2010.

[2] Section 220.15, F.S., details the apportionment formulas for most corporations. Section 220.151, F.S., details the apportionment for entities that pay the premium insurance tax and for transportation entities. Finally, s. 220.152, F.S., sets out a process for how DOR would apportion the Florida corporate income tax liability for businesses that don't fit into the other categories; in such cases, the taxpayer is required to petition DOR to compute its apportionment and must agree to provide the agency additional documentation.

[3] The source for this is a primer prepared by the Florida Department of Revenue. Available at http://dor.myflorida.com/dor/taxes/corporate.html. Last visited March 26, 2011.

- Corporations and other artificial entities, including those located in other states, that are partners in a partnership or members of a joint venture doing business in Florida must file.
- Limited liability companies (LLCs) may or may not have to file a Florida corporate income tax return, depending on certain factors:
  - An LLC classified as a corporation for Florida and federal income tax purposes, is subject to the Florida Income Tax Code and must file a Florida corporate income tax return.
  - An LLC classified as a partnership for Florida and federal income tax purposes, must file Form F-1065 if one or more of its owners is a corporation. In addition, the corporate owner of an LLC that is classified as a partnership for Florida and federal income tax purposes must file a Florida corporate income tax return.
  - A single-member LLC, disregarded for Florida and federal income tax purposes, does not have to file a separate Florida corporate income tax return. However, the income of the company is not exempt from tax if a corporation owns the company, whether directly or indirectly. In this case, the corporation must file Form F-1120 reporting its own income, and the income of the single member LLC.
- Sole proprietorships, individuals, estates of decedents, and testamentary trusts are exempted and do not have to file a return.
- "S" corporations and tax-exempt organizations usually do not have to file a Florida corporate income tax return if they do not have federal taxable income. If they have federal taxable income, however, they must then file a Florida corporate income tax return and pay any tax due.

Florida has adopted the federal definition of taxable income. A Florida corporate taxpayer's net income is its adjusted federal income, or the share of its adjusted federal income for the year that is apportioned to Florida, plus non-business income allocated to Florida, less the $5,000 exemption. Also, a Florida corporation that pays federal AMT must compute its Florida taxes under the AMT system that same tax year.[4]

<u>CIT Revenues Collected</u>

In FY 2009-2010, the state collected a net $1.79 billion in corporate and franchise taxes, which were deposited into the General Fund.[5] An estimated $1.9 billion is the latest estimated net collections for FY 2010-2011.[6]

Information provided by the Governor's Office indicated that in tax year 2008, nearly 31,000 Florida businesses paid the CIT, franchise tax, or AMT; the average tax payment for about 92 percent of taxpayers was $4,432.22. [7] More information is in the chart below.

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[4] Taxpayers that chose to use the AMT system are allowed, in later years, to take a credit equal to the amount of Florida AMT paid over the amount of Florida "regular" tax that would have otherwise been due.
[5] Information available from the Florida Office of Economic and Demographic Analysis website. Report available at: http://edr.state.fl.us/Content/conferences/generalrevenue/grchng.pdf. Last visited March 25, 2011.
[6] Ibid.
[7] Information prepared by the Executive Office of the Governor. On file with the Senate Commerce and Tourism Committee.

Composition of Chapter 220, F.S. Taxpayers, in 2008

Business Sector (Total)	Firms	Tax Due	Firms Pct	Tax Due Pct
(11) Agriculture, Forestry, Fishing, and Hunting	345	$29.0	1.1%	1.9%
(21) Mining, Quarrying, and Oil and Gas Extraction	44	$17.0	0.1%	1.1%
(22) Utilities	28	$12.6	0.1%	0.8%
(23) Construction	1,212	$39.4	3.9%	2.6%
(31-33) Manufacturing	1,528	$177.8	4.9%	11.6%
(42) Wholesale Trade	2,316	$122.3	7.5%	8.0%
(44-45) Retail Trade	2,794	$226.3	9.0%	14.7%
(48-49) Warehousing	438	$19.8	1.4%	1.3%
(51) Information	327	$125.2	1.1%	8.1%
(52) Finance	1,415	$351.9	4.6%	22.9%
(53) Real Estate and Rental and leasing	1,838	$63.3	5.9%	4.1%
(54) Professional, Scientific and Technical Services	1,387	$44.0	4.5%	2.9%
(55) Management of Companies and Enterprises	416	$143.5	1.3%	9.3%
(56) Administrative and Support and Waste Management and Remediation Services	716	$41.0	2.3%	2.7%
(61) Educational Services	118	$7.5	0.4%	0.5%
(62) Health Care and Social Assistant	671	$23.1	2.2%	1.5%
(71) Arts, Entertainment and Recreation	849	$20.3	2.7%	1.3%
(72) Accommodation and Food Services	244	$15.2	0.8%	1.0%
(81) Other Services (except Public Administration)	1,093	$17.6	3.5%	1.1%
Other	13,137	$40.9	42.5%	2.7%
Totals	30,916	$1,537.7	100.0%	100.0%

Information provided by EOG

Corporate Income Tax Credits

Florida offers 19 statutorily created CIT or franchise credits:

- Membership plan assessments against HMOs, pursuant to s. 631.828, F.S.;
- The Capital Investment Tax Credit, pursuant to s. 220.19, F.S.;
- The Enterprise Zone Jobs Tax Credit, pursuant to s. 220.181, F.S.;
- The Community Contribution Tax Credit, pursuant to s. 220.183, F.S.;
- The Enterprise Zone Property Tax Credit, pursuant to s. 220.182, F.S.;
- The Rural Job Tax Credit, pursuant to s. 220.1895, F.S.;
- The Urban High-Crime Area Job Tax Credit, also in s. 220.1895, F.S.;
- The Emergency Excise Tax Credit, pursuant to s. 221.02, F.S.;
- The Hazardous Waste Facility Tax Credit, pursuant to s. 220.184, F.S.;
- Credit for the Alternative Minimum Tax, as explained above, pursuant to s. 220.186, F.S.;
- The Contaminated Site Rehabilitation Tax Credit, pursuant to s. 220.1845, F.S.;
- Child Care Tax Credits, pursuant to s. 220.19, F.S.;
- The State Housing Tax Credit, pursuant to s. 220.185, F.S.;

- The credit for contributions to eligible nonprofit scholarship-funding organizations, pursuant to ss. 220.1875 and 1002.395, F.S.;
- The Renewable Energy Technology Tax Credit, pursuant to s. 220.192, F.S.;
- The Florida Renewable Energy Production Tax Credit, pursuant to s. 220.193, F.S.;
- The New Markets Tax Credit, pursuant to s. 288.9916, F.S.;
- The Entertainment Industry Tax Credit, pursuant to s. 220.1899, F.S.; and
- The Jobs for the Unemployed tax Credit, pursuant to s. 220.1896, F.S.

Each tax credit has different criteria; have carry-forward periods ranging from 1 to 5 years; and have limited transferability, if allowed at all.

The Corporate Income Tax Credit Scholarships for K-12 Students

The Legislature established the Corporate Income Tax Credit Scholarship Program in 2001[8] to expand educational opportunities for low-income students.[9] The program enables these students to attend private schools using scholarships financed with contributions from businesses, in exchange for those businesses receiving 100 percent of their contributions as a credit against their corporate income[10] or insurance premium tax[11] liabilities, as a credit against businesses eligible for direct payment of sales and use taxes,[12] the excise taxes owed on oil or natural gas production,[13] on malt beverages, and on other alcoholic beverages.[14]

Businesses participating in the scholarship program make contributions to non-profit scholarship funding organizations (SFOs), and receive tax credits equal to the amount of these contributions, not to exceed 75 percent of their corporate or premium insurance tax liabilities. The maximum amount of tax credits that may be granted annually under the program was capped originally at $50 million, but over the years that cap has increased so that for FY 10-11, the cap is $140 million.[15]

As of November 2010, there were 1,073 private schools in 60 counties serving 32,320 students who received scholarships under this program.[16] More information is available on the 2009-2010 school year; according to a report compiled by the Florida Department of Education's school choice website:[17]

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8 Originally s. 220.187, F.S. (ch. 2000-225, L.O.F.); however, this section was transferred in 2010 to s. 1002.395, F.S. (ch. 2010-24, L.O.F.)

9 Information in this section about the Corporate Income Tax Credit Scholarship Program was taken from Report No. 08-68 "The Corporate Income Tax Credit Scholarship Program Saves State Dollars," prepared by the Office of Program Policy Analysis & Government Accountability. Published in December 2008.

10 Section 220.1875, F.S.

11 Section 624.51055, F.S.

12 Section 212.1831, F.S. Eligible companies are those whose operations do not collect sales taxes nor lend themselves to immediate computation of sales taxes owed. The best example is an interstate trucking company that leases its vehicles. Because the trucks may drive through multiple states as they deliver goods, the lessee must wait until the end of each month to calculate, for Florida tax purposes, how many miles were driven in Florida to compute the state sales tax owed on the lease.

13 Section 211.0251, F.S.

14 Section 561.1211, F.S.

15 Section 1002.395(5)(a)1., F.S. Subsequent subparagraphs describe how the cap is calculated in subsequent fiscal years.

16 See http://www.floridaschoolchoice.org/Information/CTC/quarterly_reports/ftc_report_nov2010.pdf.

17 See http://www.floridaschoolchoice.org/Information/CTC/files/ctc_fast_facts.pdf.

- 28,927 students received scholarships;
- 1,033 private schools – of which 79 percent were described as "religious" and 21 percent as "non-religious – participated in the program;
- Each scholarship was valued at $3,950;
- A total of $106 million in contributions were made by businesses, who later received tax credits; and
- Four SFOs participated in the 2009-2010 school year – Step Up For Students, based in Jacksonville; The Carrie Meek Foundation, based in Tampa; Lightbearers, Inc., based in Daytona Beach; and Educate Today, based in Tampa.

Scholarship Tax Credit Information

Because the amount of tax credits is capped, corporations must apply, and DOR must approve, the tax credits prior to the companies, which made eligible contributions, claiming the credits on their tax returns.

According to information provided by DOR, for the state's 2010-11 fiscal year, where the credit allocation process for this scholarship program began on January 1, 2010, the following credit allocations were made to 104 different taxpayers:

- $70.79 million for corporate income tax liability;
- $21.90 million for insurance premium tax liability;
- $38.9 million for the malt beverage excise tax liability; and
- $8.14 million for the liquor and other alcoholic beverage excise tax liability.

DOR says most of the taxpayers have not yet filed their tax returns, because of the difference in tax year and fiscal year for corporations and because of the longer filing period for corporations.

Tobacco-related Tax Revenues

Chapter 210, F.S., governs the assessment of taxes and surcharges on cigarettes and other tobacco products produced or imported in Florida. These taxes and surcharges are paid by the wholesale dealer at the time of the first sale in this state.[18] Currently, a basic pack of cigarettes is taxed in Florida at a rate of $1.339 cents per pack of 20 standard cigarettes; the rate varies proportionately for non-standard cigarettes or packs.[19] All other tobacco products, except cigars, are taxed at 85 percent of their wholesale cost.[20]

Included in the abovementioned tax rates are surcharges, enacted by the Legislature in 2009; for example, the $1.339 total tax on a basic pack of cigarettes includes a $1 surcharge.[21] The revenues from the surcharges on cigarettes and other tobacco products are distributed the following way:

- 8 percent to the General Revenue Fund, to cover the cost of the GR Service Charge, and
- 92 percent to the Health Care Trust Fund within the Agency for Health Care Administration (AHCA).

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[18] Section 210.30, F.S.

[19] 2011 Florida tax Handbook, page 50. Handbook available at http://edr.state.fl.us/Content/revenues/reports/tax-handbook/taxhandbook2011.pdf.

[20] Ibid.

[21] Section 210.011, F.S., which specifies the surcharges, was enacted by passage of CS/CS/SB 1840 (ch. 2009-79, L.O.F.).

In FY 2009-2010, the cigarette surcharge generated nearly $935.4 million, and the other tobacco products' surcharged generated $63 million.[22] Similar amounts were projected to be collected in FYs 2010-2011 and 2011-2012.

Pursuant to s. 408.16, F.S., the funds deposited in the Health Care Trust Fund must be used to support HCA's operations as authorized by the Legislature.

III. Effect of Proposed Changes:

SB 1236 gradually repeals the state CIT, franchise tax, and AMT tax rates over a period of 7 years, beginning with the corporate tax year that begins January 1, 2012. It also redistributes the all revenues generated by the cigarette and other tobacco products' surcharges to the General Revenue Fund; provides for exchange or transferability of unused CIT or franchise tax credits; and allows taxpayers with tobacco-related surcharge tax liabilities to obtain tax credits to defray those liabilities by contributing to the Corporate Income Tax Credit Scholarship Program, in s. 1002.395, F.S.

<u>Section 1</u> amends s. 220.11, F.S., to establish the timeline by which the state's CIT and AMT tax rates on net income are gradually repealed.

For the CIT, the rate reduction will occur as follows:

- For a taxable year beginning on or after January 1, 2012, the rate shall be 3 percent;
- For a taxable year beginning on or after January 1, 2013, the rate shall be 2.5 percent;
- For a taxable year beginning on or after January 1, 2014, the rate shall be 2 percent;
- For a taxable year beginning on or after January 1, 2015, the rate shall be 1.5 percent;
- For a taxable year beginning on or after January 1, 2016, the rate shall be 1 percent; and
- For a taxable year beginning on or after January 1, 2017, the rate shall be 0.5 percent.

For AMT filers, the rate reduction will occur as follows:

- For a taxable year beginning on or after January 1, 2012, the rate shall be 1.8 percent;
- For a taxable year beginning on or after January 1, 2013, the rate shall be 1.5 percent;
- For a taxable year beginning on or after January 1, 2014, the rate shall be 1.2 percent;
- For a taxable year beginning on or after January 1, 2015, the rate shall be 0.9 percent;
- For a taxable year beginning on or after January 1, 2016, the rate shall be 0.6 percent; and
- For a taxable year beginning on or after January 1, 2017, the rate shall be 0.3 percent.

The CIT and AMT are repealed effective for the tax year that begins on or after January 1, 2018. Also, s. 220.11, F.S., is repealed effective December 31, 2018.

<u>Section 2</u> amends s. 210.011, F.S., to authorize the deposit of the cigarette surcharge revenues into the General Revenue Fund, rather than in AHCA's Health Care Trust Fund.

<u>Section 3</u> amends s. 210.276, F.S., to authorize the deposit of the surcharge revenues on other tobacco products into the General Revenue Fund, rather than in AHCA's Health Care Trust Fund.

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[22] FN 18, page 49.

Section 4 amends 213.053, F.S., as previously amended by s. 3 of ch. 2010-280, L.O.F., authorizes DOR to make available certain confidential taxpayer information to the Department of Education and to the state Division of Alcoholic Beverages and Tobacco related to Section 7 of this act, which creates a credit against tobacco-related surcharge tax liability for those businesses that contribute funds to the Corporate Income Tax Credit Scholarship Program.

Section 5 amends s. 220.63, F.S., to establish the timeline by which the state's franchise tax on financial institutions' net income is gradually repealed. The rate reduction will occur as follows:

- For a taxable year beginning on or after January 1, 2012, the rate shall be 3 percent;
- For a taxable year beginning on or after January 1, 2013, the rate shall be 2.5 percent;
- For a taxable year beginning on or after January 1, 2014, the rate shall be 2 percent;
- For a taxable year beginning on or after January 1, 2015, the rate shall be 1.5 percent;
- For a taxable year beginning on or after January 1, 2016, the rate shall be 1 percent; and
- For a taxable year beginning on or after January 1, 2017, the rate shall be 0.5 percent.

As with the CIT and AMT, the franchise tax is zero, effective for the tax year that begins on or after January 1, 2018, and s. 220.63, F.S., is repealed effective December 31, 2018.

Section 6 amends s. 1002.395, F.S., to broaden the eligibility for businesses with tobacco surcharge-related tax liability to earn tax credits for making contributions to the Corporate Income Tax Credit Scholarship Program. All of carry-forward and other tax credit provisions in this program apply to the new category of tax credits created in this legislation.

Section 7 creates an unnumbered section of law allowing a tax credit equal to 100 percent of an eligible contribution to an eligible nonprofit scholarship-funding organization, pursuant to s. 1002.395, F.S., against any tax or surcharge due under ch. 210, F.S., related to tobacco taxes.

However, any such tax credit taken against ch. 210, F.S., liabilities may not exceed 90 percent of the taxes due on the return on which the credits are claimed.

Also, only the stream of tobacco-related tax and surcharge revenues that are to be distributed to the General Revenue Fund will be reduced by the tax credits allowed under this section.

The tax credits allowed under this section must comply with all provisions of s. 1002.395, F.S., the Corporate Income Tax Credit Scholarship Program.

Section 8 creates an unnumbered section of law that provides for the exchange or transferability of tax credits that likely will not be available for use by the companies that hold them, as a result of the provisions of SB 1236.

Notwithstanding the limitations in s. 1002.395(5)(d), F.S.,[23] which limits the transferability of tax credits earned under the Corporate Income Tax Credit Scholarship Program, a taxpayer who has CIT or franchise tax credits which will not be used as a result of this act may either:

[23] Section 1002.395(5)(d), F.S., says: "A taxpayer may not convey, assign, or transfer an approved tax credit or a carryforward tax credit to another entity unless all of the assets of the taxpayer are conveyed, assigned, or transferred in the same transaction."

- Exchange the unused amount of CIT or franchise tax credits for credits against other taxes that were allowed by the same statute; or
- Sell or transfer the unused amount of CIT or franchise tax credits to one or more taxpayers who may then use or exchange the credits.

This provision does not alter the tax credit cap amount that would otherwise apply in a state fiscal year, presumably referring to the cap in tax credits allowed to be earned for business contributions to the Corporate Income Tax Credit Scholarship Program, in s. 1002.395(5), F.S. As mentioned above, for FY 2010-2011, the cap is $140 million.

DOR is authorized to adopt emergency rules, pursuant to ss. 120.536(1) and 120.54(4), F.S., to administer this section. The emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt rules addressing the subject of the emergency rules. Such rules may include, but are not limited to, rules establishing the process for exchanging, selling, or transferring unused credit amounts, including notice and tracking requirements.

Section 9 creates an unnumbered section of law that authorizes DOR to adopt emergency rules, pursuant to ss. 120.536(1) and 120.54(4), F.S., to administer this act. The emergency rules shall remain in effect for 6 months after adoption and may be renewed during the pendency of procedures to adopt rules addressing the subject of the emergency rules.

Section 10 provides an effective date of July 1, 2011.

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:

At two separate meetings this spring, the Revenue Estimating Conference (REC) evaluated the fiscal impacts of SB 1236.

At its March 25, 2011, meeting, the REC reviewed the bill's provisions related to the redistribution of tobacco credit and the Corporate Income Tax Credit Scholarship Program. The REC adopted an FY 2011-2012 cash impact of about $1 billion to the General Revenue Fund, and a corresponding loss of about $920 million in revenue to the Health Care Trust Fund and an $80 million reduction in the no-longer necessary General Revenue surcharge.

Further, the REC concluded that the impact to the scholarship program could not be determined.

At its April 8, 2011, meeting, the REC estimated by consensus that the fiscal impact of the bill's CIT, AMT, and franchise tax phase-out would be $333.6 million in cash in FY 2011-2012; $859.3 million in cash in FY 2012-2013; $1.066 billion in FY 2012-2014; and $1.3 billion in cash in FY 2014-2015.

B. Private Sector Impact:

Private-sector businesses that currently pay CIT, AMT, or the franchise tax will have reduced tax liabilities beginning with the January 1, 2012, tax year.

C. Government Sector Impact:

It is unclear what impact the redistribution of the tobacco-related surcharge revenues will have on AHCA, because it is unknown whether the Legislature would continue to fund AHCA's operations at the same level from the surcharge revenues in the General Revenue Fund, as it would if such revenues were still in the Health Care Trust Fund.

It also is unclear what appropriations decisions the Legislature would make to manage the reduction in CIT, AMT, and franchise tax revenues.

VI. Technical Deficiencies:

DOR in its analysis of SB 1236 identified a number of technical deficiencies in the language related to implementation of the bill's provisions. A sampling of the key deficiencies noted by DOR includes:

- There is no stated timeframe in Section 8 of the bill for the use of CIT credits that can be exchanged, sold, or transferred.
- It is unclear if the provisions in Section 8 of the bill apply only to CIT and franchise tax credits applicable to the Corporate Income Tax Credit Scholarship Program, or to all 19 CIT and franchise tax credit programs.
- Also, Section 8 does not address how DOR should handle situations where a previously earned CIT tax credit is redeemable in the future, at a lower tax rate.
- Parts of the bill relate only to the surcharges on cigarettes and other tobacco products, but Section 7 allows businesses with any ch. 210, F.S., tax liabilities to participate in the Corporate Income Tax Credit Scholarship Program and earn tax credits – which may create confusion.

- Although the bill eventually repeals the CIT, AMT, and franchise taxes, it does not address the emergency excise tax in ch. 221, F.S., which is collected on corporate income tax returns. Nor does the bill repeal the statutory requirements, effective in 2018, for corporations to file income tax returns.

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:

None.