

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: CS/SM 214

INTRODUCER: Senate Committee on Community Affairs and Senator Gaetz

SUBJECT: Deepwater Horizon Oil Spill/Tax Relief

DATE: January 4, 2011

REVISED: 1/11/11

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	Fav/CS
2.			BC	
3.				
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

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

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spilled from the well into the Gulf waters before it was capped on July 15, 2010.

CS/SM 214 urges Congress to support certain tax-relief provisions of H.R. 5699 and S. 3934, introduced in the 111th Congress, or similar legislation relating to the Deepwater Horizon Oil Spill of 2010.

II. Present Situation:

Initial Deepwater Horizon Explosion

At approximately 10:00 p.m. on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.¹ With the resulting leakage of crude oil and natural gas from the well site, the

¹ Wall Street Journal, Deepwater Horizon Rig Disaster – Timeline, available at <http://online.wsj.com/article/SB1000142405274870430230457521388355525958.html> (last visited 12/20/2010).

Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 110 million barrels of product.²

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.³ Estimates about the flow rate from the broken well were a subject of controversy, with various scientists calculating different rates from the official government estimates. The actual daily rate of leakage was somewhere between 35,000 and 60,000 barrels per day. “The emerging consensus is that roughly five million barrels of oil were released by the Macondo well, with roughly 4.2 million barrels pouring into the waters of the Gulf of Mexico.”⁴ As of August 26, 2010, 2,000 tons (500,000 gallons) of oil had been recovered from Florida’s shoreline.⁵

Florida Response

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.⁶ The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.⁷ Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.⁸

² National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6: Stopping the Spill: The Five-Month Effort to Kill the Macondo Well, available at <http://www.oilspillcommission.gov/sites/default/files/documents/Containment%20Working%20Paper%2011%2022%2010.pdf%20> (last visited 12/22/2010).

³ WSJ.com Deepwater Horizon Rig Disaster – Timeline.

⁴ National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3: The Amount and Fate of the Oil, available at <http://www.oilspillcommission.gov/sites/default/files/documents/Amount%20and%20Fate%20of%20the%20Oil%20Working%20Paper%2010%206%2010.pdf%20> (last visited 12/22/2010). “By initially underestimating the amount of oil flow and then, at the end of the summer, appearing to underestimate the amount of oil remaining in the Gulf, the federal government created the impression that it was either not fully competent to handle the spill or not fully candid with the American people about the scope of the problem.”

⁵ Situation Report #114 (Final), Deepwater Horizon Response, available at http://www.dep.state.fl.us/deepwaterhorizon/files/sit_reports/0810/situation_report114_082610.pdf (last visited 12/23/2010).

⁶ Office of the Governor, Executive Order Number 10-99, dated April 30, 2010.

⁷ Office of the Governor, Executive Order Number 10-100, dated May 3, 2010.

⁸ Office of the Governor, Executive Order Number 10-106, dated May 20, 2010.

Florida's emergency response system began immediate operations, which continued through the capping of the well.⁹ The cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decrease in property values, and restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

As reported by the Governor's Gulf Oil Spill Economic Recovery Task Force at their monthly meeting in October 2010, state and local government institutions in Florida have been granted \$130 million in funding from BP to support environmental response and economic recovery efforts.¹⁰

Award	Amount
1. Response and Recovery Costs	
a. Booming/Consultant Cost	\$40,000,000
b. State Response Cost	\$10,000,000
2. Tourism	\$32,000,000
3. Natural Resource Damage Assessment	\$8,000,000
4. Employment and Training Activities	\$7,000,000
5. Research Impact on Gulf of Mexico	\$10,000,000
6. Mental Health Care	\$3,000,000
7. Fish and Shell Fish Testing and Marketing	\$20,000,000

On December 29, 2010, BP reported that it had invested over \$1 billion in Florida:¹¹

BP Payments and Investments – Florida December 29, 2010	
Florida Government Payments	\$66,600,000
Payments to Individuals and Businesses	\$1,102,800,000
BP Claims Process -- \$81,600,000 ¹	
Gulf Coast Claims Facility -- \$1,021,200,000 ²	
Vessels of Opportunity Payments ³	\$73,200,000
Tourism Grants	\$32,000,000
NRDA Grants	\$8,000,000
Research Grant	\$10,000,000
Behavioral Health	\$3,000,000
Community Contributions	\$300,000
TOTAL	\$1,295,900,000

¹ Through 8-22-2010. ² Through 12-28-2010. ³ Through 12-25-2010.

⁹ The operations transitioned to a monitoring status on August 27, 2010.

¹⁰ Governor's Gulf Oil Spill Economic Recovery Task Force, created by Executive Order No. 10-101. See the October 28, 2010 Report for detailed information on funding from BP.

¹¹ BP Investments and Payments - Florida, Dec 29, 2010, available at <http://www.floridagulfresponse.com/go/doc/3059/979815/> (last visited on 1/5/11).

Ongoing Response Efforts

While oil leaked from the Deepwater Horizon rig site, efforts were focused both on stopping the leaking well and on recovering and cleaning up the oil that had leaked out.

The spill caused the closure of 88,522 square miles of federal waters to fishing, and affected hundreds of miles of shoreline, bayous, and bays. “At its peak, efforts to stem the spill and combat its effects included more than 47,000 personnel; 7,000 vessels; 120 aircraft; and the participation of scores of federal, state, and local agencies.”¹² BP hired local boats and crews for the Vessels of Opportunity program. Boats and crews participating in the program were paid for their services, which included a variety of activities, including oil recovery, transportation of supplies, wildlife rescue, and boom deployment and recovery. BP reports that about 3,500 vessels were put into service during the life of the program, with thousands of boats deployed on a daily basis, and that over \$500 million was paid across all the Gulf States.¹³ The program concluded in Florida in September 2010. Additionally BP hired locals as part of its cleanup crews on the beaches and shores in Florida; almost 15,000 oil spill related jobs were advertised and 46,486 referrals were made through the Agency for Workforce Innovation and regional workforce boards as of the last situation report by the Department of Environmental Protection on August 26, 2010.¹⁴

From April until July, several efforts were made to stop the flow of oil from the broken well. Most were unsuccessful. Finally, on July 15, 2010, (87 days after the blowout) the leaking well at the Deepwater Horizon site was capped and oil discharge into the ocean was stopped (the “top kill”). On September 19, 2010, 152 days after the April 20 blowout, Admiral Allen announced that the well was “effectively dead,” as the “static kill” was completed (drilling intersected the original well site nearly 18,000 feet below the surface and filled the well with mud and cement).¹⁵ On August 26, 2010, Governor Crist signed an executive order that continued the state of emergency for Escambia, Franklin, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties through October 27, 2010.¹⁶

Once the well was killed, there was further debate on the amount of oil remaining in the Gulf of Mexico. The federal government accounted for 100 percent of the oil through an “Oil Budget” that accounted for oil in 7 categories:¹⁷

- Direct Recovery from Wellhead (17%)
- Burned (5%)
- Skimmed (3%)
- Chemically Dispersed (8%)
- Naturally Dispersed (16%)

¹² America’s Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill, U.S. Secretary of the Navy, General Ray Mabus, available at http://www.oilspillcommission.gov/sites/default/files/documents/Mabus_Report.pdf%20 (last visited 12/23/2010).

¹³ BP, Florida News, Vessels of Opportunity Program to Close in Florida, available at <http://www.floridagulfresponse.com/go/doc/3059/899263/> (last visited 12/23/2010).

¹⁴ Situation Report #114 (Final).

¹⁵ National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.

¹⁶ Office of the Governor, Executive Order Number 10-191, dated August 26, 2010.

¹⁷ As of August 4, 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3.

- Evaporated or Dissolved (25%)
- Residual (or “remaining”) (26%)

Some scientific reports found that there was a large underwater plume of oil unaccounted for by the government Oil Budget; additionally, surrounding the well site, some scientists have found that the plume contains high concentrations of natural gas. Other reports found oil lying on or mixed into the sediments of the ocean floor.¹⁸ As recently as October 2010, underwater deposits of oil and tar were found in Pensacola Pass.¹⁹

Net Operating Loss Carryback Period

Legislation was introduced in Congress to allow any taxpayer who has a qualified oil-spill loss to use a federal 5-year net operating loss carryback for federal tax purposes.²⁰ Under current law, the net operating loss carryback period allows businesses to amend tax returns from the previous 2 years to account for losses and receive a refund for past taxes paid.

Legislation was also introduced in Congress seeking to enact law that would allow fishing- and tourism-related businesses to carry back their losses from the oil spill for an additional 3 taxable years (“Gulf Coast net operating loss carryback”).²¹ The Gulf Coast net operating loss carryback would allow Gulf Coast fishing- and tourism-related businesses with \$5 million or less in revenue to look back 5 years. Losses otherwise eligible for the carryback period would be reduced by any amounts the business receives from BP for lost profits and earning capacity.

Congress previously enacted a similar rule for businesses following Hurricane Katrina in 2005 and the Midwestern storms, tornadoes, and floods in 2009. Farming losses permanently qualify for a 5-year carryback period.

Housing Stipends

Individuals employed in the cleanup efforts of the Deepwater Horizon Oil Spill were eligible for housing stipends to cover lodging expenses acquired during the course of their employment. Under Federal law, housing allowances are generally treated as taxable income, unless specifically excluded under the IRS Code (i.e. clergy, military).²² Certain employers with a trade or business located in the Gulf Oil Spill Recovery Zone have paid housing stipends during the Deepwater Horizon Oil Spill cleanup process. Currently, there is no available data indicating how much has been paid in housing stipends.²³

¹⁸ As of September 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.

¹⁹ [Oil Spill: BP Targets Submerged Oil](http://www.pnj.com/article/20101115/NEWS01/11150309/Oil-Spill-BP-targets-submerged-oil), Pensacola News Journal, November 15, 2010, available at <http://www.pnj.com/article/20101115/NEWS01/11150309/Oil-Spill-BP-targets-submerged-oil> (last visited 12/23/2010).

²⁰ H.R.5699, introduced by Representative Jeff Miller in the 111th Congress.

²¹ Senator Nelson introduced an amendment to H.R. 4213 to achieve this purpose; see also, S. 3934, sponsored by Senators Wicker (MS), Cochran (MS), and Vitter (LA).

²² U.S. Department of Treasury, Internal Revenue Service, Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers, available at <http://www.irs.gov/faqs/faq/0..id=199753.00.html> See also Publication 3, Armed Forces Tax Guide, at 4, available at <http://www.irs.gov/pub/irs-pdf/p3.pdf> (last visited on 1/6/2011).

²³ Email from Michelle Dennard to Joyce Pugh, Florida Senate Committee on Commerce and Tourism (Jan. 6, 2011) (on file with the Senate Committee on Community Affairs).

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit program administered by the U.S. Department of Labor and the state workforce agencies (in Florida, the state workforce agency is the Agency for Workforce Innovation). “The main objective of this program is to enable the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while the participating employers are compensated by being able to reduce their federal income tax liability.”²⁴ The WOTC is intended to lower an employer’s cost of doing business.

Employers must request and receive certification from the state workforce agency before claiming a WOTC on federal income tax returns. The state workforce agency is responsible for certifying that the employee is a new hire that is a member of one of the WOTC target groups consisting of individuals who have consistently faced significant barriers to employment. There are several target groups for this tax credit:

- Qualified Temporary Assistance to Needy Families Recipients
- Qualified Veterans/Disabled Veterans
- Qualified Ex-felons
- Designated Community Residents residing in an Empowerment Zone (Hurricane Katrina victims)
- Vocational Rehabilitation Referrals
- Qualified Summer Youths
- Qualified Food Stamp Recipients
- Qualified Supplemental Security Income Recipients
- Long-Term Family Assistance Recipients
- Qualified Unemployed Veterans
- Qualified Disconnected Youth

For most target groups, the WOTC can be as much as \$2,400, which is based on qualified wages paid to the new employee for the first year of employment. Generally, qualified wages are capped at \$6,000. The credit is 25% of qualified first-year wages for those employed at least 120 hours and 40% for those employed 400 hours or more. To qualify employers for the WOTC, the new hire must begin work after December 31, 2005, and before September 1, 2011.²⁵ There is no limit to the number of qualified employees for which an employer can take the credit.

Congress has enacted a special WOTC for certain impacted groups in the past. After Hurricane Katrina, hired employees that were victims of Hurricane Katrina were eligible for the WOTC.

Tax Penalties on Early Withdrawals of Retirement Plans

Most retirement distributions that are paid from a qualified retirement plan or nonqualified (deferred) annuity contract to a participant before he/she reaches the age 59½, are subject to a

²⁴ For more information, see U.S. Department of Labor – Work Opportunity Tax Credit, available at <http://www.doleta.gov/business/incentives/opptax/> (last visited 1/4/2011); and Agency for Workforce Innovation, Office of Workforce Services – Work Opportunity Tax Credit Program Fact Sheet, available at http://floridajobs.org/wotc/WOTC_QuickFacts_March2009.pdf (last visited 1/4/2011).

²⁵ U.S. Department of Labor – Work Opportunity Tax Credit Brochure, available at http://www.doleta.gov/business/incentives/opptax/PDF/WOTC_Program_ARRA_Brochure.pdf (last visited 1/4/2011).

10% additional tax penalty for early withdrawal.²⁶ This additional tax only applies to the portion of the distribution that the participant must include in his/her gross income, and does not apply to any portions of a distribution that are tax free, or for “corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions.”²⁷

According to the Internal Revenue Service (IRS), a qualified retirement plan includes:

- A qualified employee plan
 - Including a qualified cash or deferred arrangement (CDA) under the Internal Revenue Code section 401(k),
- A qualified employee annuity plan,
- A tax-sheltered annuity plan (403(b) plan), or
- An eligible state or local government section 457 deferred compensation plan
 - To the extent that any distribution is attributable to amounts the plan received in a direct transfer or rollover from one of the other plans listed here or an IRA.²⁸

Deferred annuity contracts that are otherwise subject to the additional 10% tax penalty for early distributions may receive a 5% tax rate instead. “This 5% tax rate applies to distributions under a written election providing a specific schedule for the distribution of [the participant’s] interest in the contract if, as of March 1, 1986, [the participant] had begun receiving payments under the election.”²⁹

Exceptions to the Early Withdrawal Tax Penalty

There are certain exceptions to the early distribution tax penalty, depending upon the type of retirement plan. Beginning with general exceptions, the 10% additional tax penalty does not apply to early distributions that are:

- Part of a series of substantially equal periodic payments that are made at least annually, for the participant’s life or life expectancy, or joint lives or joint life expectancies of the participant and his/her designated beneficiary,³⁰
- Made because the participant is totally and permanently disabled, or
- Made on or after the death of the plan participant or contract holder.³¹

The IRS also outlines additional exceptions that specifically apply to distributions from qualified retirement plans; these include early distributions that are:

- From a qualified retirement plan after the plan participant’s separation from service in or after the year he/she reaches age 55 (or age 50 for qualified public safety employees),
- From a qualified retirement plan to an alternate payee under a qualified domestic relations order,

²⁶U.S. Department of Treasury, Internal Revenue Service, Publication 575, Pension and Annuity Income: Special Additional Taxes, Taxes on Early Distributions, at 30 available at <http://www.irs.gov/pub/irs-pdf/p575.pdf> (last visited 1/5/2011).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.* (alteration in original).

³⁰ The IRS publication notes that if the distribution is “from a qualified retirement plan, the payments must begin after separation from service”.

³¹ Information obtained from the U.S. Department of Treasury, *See supra* note 23, at 31 (alteration in original) (citation omitted).

- From a qualified retirement plan that are equal to, or less than the participant's deductible medical expenses (the amount of your medical expenses that is more than 7.5% of your adjusted gross income), whether or not the participant itemizes his/her deductions,
- From an employer plan under a written election that provides a specific schedule for distributions of the participant's interest if, as of March 1, 1986, the participant had separated from service and begun receiving payments under the election,
- From an employee stock ownership plan, for dividends on employer securities held by the plan,
- From a qualified retirement plan due to an IRS levy of the plan,
- From elective deferral accounts under 401(k) or 403(b) plans, or similar arrangements, that are qualified reservist distributions,
- From a governmental defined benefit pension plan to a public safety employee, and
- Provided to qualified reservists.³²

Additional exceptions that apply specifically to nonqualified annuity contracts include early distributions from a(n):

- Deferred annuity contract to the extent allocable to investment in the contract prior to August 14, 1982,
- Deferred annuity contract under a qualified personal injury settlement,
- Deferred annuity contract purchased by the participant's employer upon termination of a qualified employee plan or qualified employee annuity plan and held by the employer until the participant's separation from service, and
- Immediate annuity contract.³³

Federal Cap on Deductions for Charitable Contributions

Taxpayers are permitted to deduct the value of charitable contributions that are made to qualified organizations from their income taxes. The IRS outlines five types of organizations that can constitute as a qualified organization:

- Community chests, corporations, trusts, funds, or foundations that are organized under the laws of the United States, any state, or the District of Columbia that is organized and operated for the following purposes:
 - Religion, charity, education, science, literary, and for the prevention of cruelty to children or animals.
- War veterans' organizations.
- Domestic fraternal societies, orders and associations operating under the lodge system.
- Certain nonprofit cemetery companies/corporations.
- The United States, any state, the District of Columbia, a U.S. possession or a political subdivision therein, or an Indian tribal government or subdivision performing governmental functions.³⁴

The Federal Government limits the amount of charitable contributions certain taxpayers can deduct from their income taxes, depending upon the taxpayer and the type of charity or

³² Information obtained from the U.S. Department of Treasury, *See supra* note 23 (alteration in original) (citation omitted).

³³ *Id.*

³⁴ Information obtained from the U.S. Department of Treasury, Internal Revenue Service, Publication 526, Charitable Contributions, available at <http://www.irs.gov/pub/irs-pdf/p526.pdf> (last visited on 1/5/2011).

organization. As of 2009, this charitable contribution limit applies to taxpayers who have an adjusted gross income that is more than \$166,800 or \$83,400 for married taxpayers who file separately.³⁵

Generally the federal cap on deductions for charitable contributions is 50%, meaning that the taxpayer's charitable contributions cannot exceed more than 50% of his or her gross income for that year.³⁶ According to the IRS, the following organizations are classified as 50% limit organizations, of which the 50% cap applies:

1. Churches, and conventions or associations of churches.
2. Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body that attends classes on site.
3. Hospitals and certain medical research organizations associated with hospitals.
4. Organizations that operate only to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, state and municipal colleges and universities that normally receive substantial support from the U.S., any state, or political subdivisions therein, or from the general public.
5. The U.S. or any state, the District of Columbia, a U.S. possession or a political subdivision thereof, or an Indian tribal government or any of its subdivisions performing substantial governmental functions.
6. "Publicly supported"³⁷ corporations, trusts, or community chests, funds, or foundations organized and operated only for charitable, religious, educational, scientific, or literary purposes, or to prevent cruelty to children or animals, or to foster certain national or international amateur sports competition.
7. Organizations that may not qualify as "publicly supported", but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons.
8. Most organizations operated or controlled by, and operated for the benefit of, those organizations described herein.
9. Private operating foundation.
10. Private non-operating foundations that make qualifying distributions of 100% of contributions within 2½ months following the year they receive the contribution.
11. A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) above but for the right of substantial contributors to name the public charities that receive contributions from the fund.³⁸

Charitable gifts to organizations that are not amongst the list of 50% limit organizations, such as "veterans' organizations, fraternal societies, nonprofit cemeteries and certain private non-operating foundations" have a lower deduction limit of 30%.³⁹

³⁵ *Id.* at 13.

³⁶ *Id.*

³⁷ The IRS defines "publicly supported" organization to mean that the organization "normally must receive a substantial part of their support, other than income from their exempt activities, from direct or indirect contributions from the general public or from governmental units". *See supra* note 31, at 13.

³⁸ Information obtained from the U.S. Department of Treasury, *supra* note 31, at 13-14 (alteration in original) (citation omitted).

³⁹ *Id.* at 14.

Gifts of property that would otherwise be subject to capital gains taxes are treated differently by the IRS. Gifts of capital gains property that are provided to a 50% limit organization have a 30% cap, whereas gifts to non-50% limit organizations, have a 20% cap.⁴⁰

Taxpayers that have provided charitable contributions that exceed the adjusted gross income limit for the year are permitted to “carryover” any excess contributions over the next 5 years until the excess amount is used up.⁴¹

III. Effect of Proposed Changes:

CS/SM 214 urges Congress to support certain tax-relief provisions of H.R. 5699 and S. 3934, introduced in the 111th Congress, or similar legislation relating to the Deepwater Horizon Oil Spill of 2010. Specifically, the memorial urges Congress to adopt the following provisions:

- Exempt from federal taxation as income, any insurance payouts arising from the oil spill, and payments for damages attributable to the oil spill under s. 1002 of the Oil Pollution Act of 1990, 33 U.S.C. 2702, which were reinvested in the Oil Spill Recovery Zone;
- Recognize any taxpayer who has a qualified oil-spill loss as eligible to use the federal 5-year net operating loss carryback for federal tax purposes;
- Exempt from federal taxation, the housing stipends paid to persons who are employed in the cleanup efforts, and award a tax credit to employers who paid the stipends;
- Award an Employee Retention Tax Credit to qualified employers in the affected Gulf Coast area;
- Waive the tax penalty on early withdrawals of certain retirement plans if the proceeds are used as specified;
- Relax the cap on federal deductions for charitable contributions dedicated to the cleanup efforts; and
- Award a Work Opportunity Tax Credit for the hiring of qualified recovery zone employees.

Copies of the memorial are to be distributed to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

⁴⁰ *Id.*

⁴¹ *Id.* at 17.

C. Trust Funds Restrictions:

None.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If Congress were to enact legislation supported by the memorial, individuals and businesses in Florida would receive certain federal tax reliefs provided therein.

C. Government Sector Impact:

None.

VI. **Technical Deficiencies:**

None.

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.)

CS by Senate Committee on Community Affairs on January 11, 2011:

Specifies that the memorial is addressing H.R. 5699 and S. 3934, which were initiated in the 111th Congress, or similar legislation (WITH TITLE AMENDMENT).

B. Amendments:

None.