

THE FLORIDA SENATE
2016 SUMMARY OF LEGISLATION PASSED
Committee on Community Affairs

CS/HB 627 — Community Contribution Tax Credits

by Economic Development and Tourism Subcommittee; and Rep. Moraitis and others
(CS/CS/SB 868 by Appropriations Committee; Finance and Tax Committee; and Senator Smith)

In 1980, the Legislature established the Community Contribution Tax Credit Program (CCTCP) to encourage private sector participation in community revitalization and housing projects. The CCTCP offers tax credits to businesses or persons (donors) that make certain contributions to eligible projects undertaken by approved CCTCP sponsors.

Eligible sponsors under the CCTCP include a wide variety of organizations and entities, including community development agencies, housing organizations, historic preservation organizations, units of state and local government, regional workforce boards, and any other agency that the Department of Economic Opportunity (DEO) designates by rule. There are currently 122 approved sponsors in Florida.

Eligible projects include activities undertaken by an eligible sponsor that are designed to accomplish one of the following purposes:

- To construct, improve, or substantially rehabilitate housing that is affordable to low-income or very-low-income households as defined in s. 420.9071(19) and (28), F.S.;
- To provide housing opportunities for persons with special needs as defined in s. 420.0004, F.S.;
- To provide commercial, industrial, or public resources and facilities; or
- To improve entrepreneurial and job-development opportunities for low-income persons.

Contributions to eligible projects may only be in the form of cash or other liquid assets, real property, goods or inventory, or other physical resources as identified by DEO. If the donation is of real property, it must be made directly from the donor to the eligible sponsor via a deed.

Donors wishing to participate in the program must submit an application for a tax credit to DEO. Once DEO approves a taxpayer's application for a community contribution tax credit under the program, the donor must claim the credit from the Department of Revenue. The credit is calculated as 50 percent of the donor's annual contribution, but a taxpayer may not receive more than \$200,000 in credits in any one year. The donor may use the credit against corporate income tax, insurance premium tax, or as a refund against sales tax. Unused credits against corporate income taxes and insurance premium taxes may be carried forward for 5 years. Unused credits against sales taxes may be carried forward for 3 years.

The bill provides that a donation of real property under the Community Contribution Tax Credit Program includes the transfer of a 100-percent ownership interest of a real property holding company. The bill defines "real property holding company" to mean a Florida entity, such as a Florida limited liability company, which:

- Is wholly owned by the person making the contribution;
- Is the sole owner of real property located in this state;

- Is disregarded as an entity separate from its owner for federal income tax purposes; and
- At the time of the contribution to an eligible sponsor, has no material assets other than the real property and any other property that qualifies as a community contribution.

If approved by the Governor, these provisions take effect July 1, 2016.

Vote: Senate 40-0; House 108-0