STORAGE NAME: h3113.ft
DATE: February 11, 1998

HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FINANCE AND TAXATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 3113

RELATING TO: Community Contribution Tax Credits

SPONSOR(S): Representative Fuller

COMPANION BILL(S): SB 0192

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) COMMUNITY AFFAIRS
(2) FINANCE AND TAXATION
(3) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS
(4)
(5)

I. SUMMARY:

House Bill 3113 increases the total amount of Community Contribution Tax Credits that may be granted for all programs that are outlined in sections 220.183 and 624.5105, Florida Statutes. The annual increase of allowable credits is from $2 million to $10 million. The credits are granted against the corporate income tax and insurance premium taxes to corporations and insurers that participate in public revitalization projects, such as enterprise zones.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Sections 220.183 and 624.5105, Florida Statutes were created to encourage the participation of private corporations and insurers in revitalization projects undertaken by public redevelopment organizations. The underlying intent of the sections is to provide an incentive for such participation by granting partial state income tax credits and partial state insurance premium tax credits.

The private entities must contribute resources to public redevelopment organizations for the revitalization of enterprise zones for the benefit of low-income and moderate-income persons or work to preserve historically significant properties within an enterprise zone.

In order for the private corporation or insurer to be eligible for the credits they must meet the following criteria requirements:

1. Each community contribution by a private corporation or insurer must be:

    - Cash or other liquid assets
    - Real Property
    - Goods or inventory
    - Other physical resources which are identified by the Office of Tourism, Trade and Economic Development (OTTED)

2. Each community contribution must be reserved exclusively for use in a project.

3. The project must be undertaken by an "eligible sponsor" which term is defined as:

    - A community action program
    - A community development corporation
    - A neighborhood housing services corporation
    - A local housing authority created pursuant to chapter 421, F.S.
    - A community redevelopment agency created pursuant to section 163.356, F.S.
    - A Florida Industrial Development Corporation
    - A historic preservation agency
    - A private industry council
    - An enterprise zone development agency created pursuant to Section 290.0057, F.S.
    - Such other agency as the OTTED may, from time to time, designate by rule

In addition, the total amount of tax credit which may be granted for all programs under the two aforementioned sections is currently $2 million annually.

B. EFFECT OF PROPOSED CHANGES:

House Bill 3113 increases the total amount of Community Contribution Tax Credits that may be granted for all programs that are outlined in sections 220.183 and 624.5105, Florida Statutes. The annual increase of allowable credits is from $2 million to $10 million. The credits are granted against the corporate income tax and insurance premium taxes to corporations and insurers that participate in public revitalization projects, such as enterprise zones.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

Yes, the bill allows private corporations and private insurers to receive corporate income tax credits or state insurance premium tax credits in exchange for participation in community redevelopment projects.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes, the bill increases the amount of allowable annual Community Contribution Tax Credits available for corporations and insurers that participate in local redevelopment projects. This provides the private corporation a tax credit for contributing to local programs within their community in lieu of paying a portion of their corporate income tax or state insurance premium tax.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

House Bill 3113 amends sections 220.183 and 624.5105, Florida Statutes.

E. SECTION-BY-SECTION RESEARCH:

SECTION 1: Amends section 220.183, Florida Statutes increasing the total amount of tax credit which may be granted for all approved programs in this section and s. 624.5105, F.S. from $2 million to $10 annually.

SECTION 2: Amends section 624.5105, Florida Statutes increasing the total amount of tax credit which may be granted for all approved programs in this section and s. 220.183, F.S. from $2 million to $10 annually.

SECTION 3: The bill takes effect July 1 of the year in which it is enacted.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   The net effect of the bill reduces the amount that the State of Florida collects through corporate income taxes and state insurance premiums taxes by $8 million on an annual basis. This money would ordinarily be placed in the General Revenue Fund.

3. Long Run Effects Other Than Normal Growth:

   None.

4. Total Revenues and Expenditures:

   The General Revenue Fund will receive $8 million less annually.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None.

2. Direct Private Sector Benefits:

   In lieu of paying some corporate income taxes or state insurance premium taxes private corporations and insurers may participate in local redevelopment projects.

3. Effects on Competition, Private Enterprise and Employment Markets:

   None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that local governments have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of state tax shared with local governments.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:	Legislative Research Director:
Lisa C. Cervenka	Joan Highsmith-Smith

AS REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

Prepared by:	Legislative Research Director:
Carol L. Dickson-Carr	Keith G. Baker, Ph.D.