

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 Committee on Community Affairs

BILL: SB 474

INTRODUCER: Senator Simpson

SUBJECT: Community Contribution Tax Credit Program

DATE: January 14, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	White	Yeatman	CA	Favorable
2.			AFT	
3.			AP	

I. Summary:

The bill provides a ten year extension of the expiration date of the Community Contribution Tax Credit Program, which may be taken against sales and use taxes, corporate income taxes, and insurance premium taxes.

II. Present Situation:

Community Contribution Tax Credit Program

In 1980, the Florida Legislature established the Community Contribution Tax Credit Program (Program) to encourage private sector participation in revitalization and housing projects.¹ The Program offers tax credits, in the form of a refund, to persons who donate to sponsors who have been approved to participate in the Program. Eligible project sponsors² under the Program include a wide variety of community organizations, housing organizations, historic preservation organizations, units of state and local government, and regional workforce boards. Eligible projects³ include the construction, improvement or rehabilitation of housing, commercial, industrial or public facilities, and projects that promote entrepreneurial or job development opportunities for low-income persons. A community contribution must be in the form of cash or other liquid assets; real property; goods or inventory; or other physical resources as identified by the Department of Economic Opportunity (DEO).⁴

¹ Chapter 80-249, L.O.F.

² See ss. 212.08(5)(p)2.c., F.S.; 220.183(2)(c), F.S.; and 624.5105(2), F.S.

³ See ss. 212.08(5)(p)2.b.; and 220.183(2)(d), F.S. See also s. 220.03(1)(t), F.S.

⁴ Sections 212.08(5)(p)2.a., F.S.; 220.183(2)(a), F.S.; and 624.5105(5)(a), F.S.

DEO is responsible for marketing the Program⁵ in consultation with the Florida Housing Finance Corporation and other statewide and regional housing and financial intermediaries.⁶ DEO is also responsible for administering the Program by reviewing sponsor project proposals and tax credit applications.⁷ There are 122 sponsors approved to participate in the Program for the 2013-2014 fiscal year.⁸ After the taxpayer receives approval for community contribution tax credits, it must claim the credit from the Department of Revenue (DOR).

The tax credits are equal to 50 percent of the amount donated up to \$200,000 annually.⁹ The tax credit may be applied toward the donor's sales and use, corporate, or insurance premium tax obligations.¹⁰ The taxpayer may only apply the credits toward one tax obligation. Unused credits against corporate income taxes and insurance premium taxes may be carried forward for five years.¹¹ Unused credits against sales taxes may be carried forward for three years.¹²

The total amount of tax credits, which may be granted for the Community Contribution Tax Credit Program, is \$10.5 million annually for projects that provide homeownership opportunities for low-income and very-low-income households and \$3.5 million for all other projects.¹³ During FY 2012-2013, 345 tax credit applications in 36 local governments were approved by DEO.¹⁴

The Florida Legislature has amended the dollar cap and the expiration date of the Program on numerous occasions. The Program began with an annual \$3 million cap, is currently \$14 million and has reached the cap every fiscal year. The Community Contribution Tax Credit Program expires June 30, 2015.

III. Effect of Proposed Changes:

Section 1 amends s. 212.08, F.S., to extend the expiration date of the application of the community contribution tax credit against the sales and use tax to June 30, 2025.

Section 2 amends s. 220.183, F.S., to extend the expiration date of the application of the community contribution tax credit against the corporate income tax to June 30, 2025.

Section 3 amends s. 624.5105, F.S., to extend the expiration date of the application of the community contribution tax credit against the insurance premium tax to June 30, 2025.

⁵ For information on becoming a sponsor or donor, see Florida Department of Economic Opportunity, *CCTCP Program Overview*, available at http://www.floridajobs.org/Community/CCTCP_ProgramOverview.pdf (last visited Jan. 9, 2014).

⁶ Section 220.183(4), F.S.

⁷ DEO approves projects for a fiscal year. Sponsors can apply for re-certification at the end of each state fiscal year.

⁸ E-mail from Florida Department of Economic Opportunity, Community Contribution Program Staff (Jan. 9, 2014).

⁹ Sections 220.183 (1)(a) and (b), F.S.; 212.08(5)(p).

¹⁰ See ss. 212.08(5)(p), F.S.; 220.183, F.S.; and 624.5105, F.S.

¹¹ Sections 220.183(1)(e), F.S.; and 624.5105, F.S.

¹² Section 212.08(5)(p)1.b., F.S.

¹³ Sections 212.08(5)(p)1.e., F.S.; 220.183(1)(c), F.S.; and 624.5105(1)(c), F.S.

¹⁴ Department of Economic Opportunity, *supra* note 8.

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:

Available tax credits under the Community Contribution Tax Credit Program may be taken against sales and use taxes, corporate income taxes, and insurance premium taxes. The bill may have a negative fiscal impact of up to \$14 million annually for ten years beginning in FY 2015-16, depending on the use of the tax credits.

B. Private Sector Impact:

Eligible project sponsors in the Community Contribution Tax Credit Program may continue to receive contributions through 2025. Likewise, taxpayers may continue to receive tax credits for their contributions. The current program cap is \$14 million.

C. Government Sector Impact:

Last year, the Revenue Estimating Conference (REC) met to review the impact of the Community Contribution Tax Credit Program.¹⁵ Extending tax credit program claims against sales and use tax, corporate income tax, or insurance premium tax is estimated to have a negative recurring impact of between \$12 million and \$14 million. The following table details the negative recurring fiscal impact numbers.

¹⁵Office of Economic and Demographic Research, The Florida Legislature, *Analysis of HB 437: Community Contributions Tax Credits Extension* (Feb. 11, 2013), available at <http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2013/pdf/page62-64.pdf> (last visited Jan. 9, 2014).

	High Cash	High Recurring	Low Cash	Low Recurring
2013-14				
2014-15				
2015-16	(\$14 million)	(\$14 million)	(\$12 million)	(\$12 million)
2016-17	(\$14 million)	(\$14 million)	(\$12 million)	(\$12 million)
2017-18	(\$14 million)	(\$14 million)	(\$12 million)	(\$12 million)

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 212.08, 220.183, 624.5105, F.S.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

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

None.

B. Amendments:

None.