

TAX: Sales and Corporate Income Tax

ISSUES: Multiple Issues Dealing with Tax Incentives for Enterprise Zones, Satellites, and Rural Enterprise Zones

BILL NUMBER(S): CS FOR SB460

SPONSOR(S): SENATORS CLARY, SMITH AND MITCHELL

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1,2000

DATE OF ANALYSIS: March 10, 2001

SECTION 1: NARRATIVE

a. Current Law:

1. Section 212.08, F.S. does not extend the contribution tax credit provisions of the enterprise zone program to the state sales tax.
2. The total amount of tax credits which may be granted for all [enterprise zone] programs approved in this paragraph, s.220.183 and s.624.5105, F.S. is \$10m annually.
3. Community contribution credits are reserved for specific types of projects that are approved by the O.T.T.E.D.
4. Section 212.096 (1) (a), F.S. is the definition of a business that is eligible to take a sales tax jobs credit.
Section 14 does not exist.
5. Sections 220.181, F.S. sets the percentages of an employee's monthly wage that a company can take as a credit against its corporate income tax. It also limits the duration of the credit taken for each employee for a period not to exceed 12 months.
6. Section 290.004, F.S. pertains to definitions relating to Florida Enterprise zones.
7. Section 15 of SB460 does not exist.
8. Section 17 of SB460 does not exist.

Proposed Change:

1. Section 212.08, F.S. extends the contribution tax credit provisions of the enterprise zone program to the state sales tax.
2. The total amount of tax credits which may be granted for all [enterprise zone] programs approved in this paragraph, s.220.183 and s.624.5105, F.S. is \$20m annually.
3. SB460 expands the definition of a project to include 'the provision of museum educational programs and materials that are directly related to any project approved between January 1, 1996 and December 31, 1999.
4. Section 212.096 (1) (a), F.S. limits the definition of a business that is eligible to take a sales tax jobs credit. The business must show that the total number of full-time jobs has increased from the average of the previous 12 months. The term eligible business includes a business that added a minimum of 5 new full time jobs in an enterprise zone between July 1,2000 and December 31, 2001.
5. Sections 220.181, F.S. increases the percentages of an employee's monthly wage that a company can take as an enterprise zone 'jobs credit against its corporate income tax. It also expands the duration of the credit that can taken for each employee for a period not to exceed 12 months.
6. Section 290.004, F.S. is amended to include 'rural enterprise zones' in the definitions relating to Florida Enterprise zones.
7. Section 15 authorizes Sarasota County or Sarasota County and the City of Sarasota to apply for an enterprise zone designation by December 31, 2001.
8. Section 17 of SB460 authorizes the creation of satellite enterprise zones .

SECTION :DATA AND SOURCES

1. see attachment .

SECTION 3 ASSUMPTIONS

For details (see attachments).

SECTION 5: IMPACT SUMMARY - See attached

STATUTES AFFECTED	REVISIONS MADE BY SB-460	FISCAL IMPACT	TAX AFFECTED				
			YES/NO	SALES TAX	CORPORATE TAX	INSURANCE PREMIUM TAX	
Amends s. 212.08, F.S.							
Ref Page 6	Opens the exemption on sales tax paid on building materials and business equipment to several new sponsors.	Yes	(*)				
Ref Page 13	Excludes business property having a sales price less than \$500 per unit.	No					
Ref Page 13	Permits persons who are registered with the department under s. 212.18 to collect and remit sales tax, to take advantage of community contribution tax credits.	Yes	(1.9) - Sales Tax 2.322M			See HB-435 adopted by REC Mar. 13, 2001	
Ref Page 15	Adds language relative to "project," definition which allows for museum educational programs and materials that are directly related to such projects.	Yes	(*) .04M			See HB-435 adopted by REC Mar. 13, 2001 Est 10% of Educational Materials	
Ref Page 19	Rewrites the definition "eligible business."	Yes					
	Defines "new employee."	Yes					
		Yes					
		Yes					
Ref page 21	Amends the allowable credits under certain circumstances.	Yes					
		No					
Ref page 43	Revises the computation against the corporate income tax.	Yes					

Ref page 44	Amends s. application and administrative requirements of the credit program.	No						
Ref page 45	Increases the limitation on annual credits.	No						
Ref page 21	Creates a new beginning date of January 1, 2002, for credits against corporate tax when full-time jobs are added.	No			rewrite jobs credit			
					.9 Sales			
	Increases percentage credit amount from 10 percent to 20 percent in enterprise zones and 30 percent if in rural enterprise zone.	Yes			.6 Corporate			
	Increases percentage credit amount from 15 percent to 30 percent for businesses that hire residents of the zone, and 45 percent if hiring of residents is in rural enterprise zone.	Yes						
	Increases credit claim period from 12 month to 24 months.	Yes						
	Strikes language relative to amount of wages paid.	Yes						
	Provides for demonstration to the Department that the total number of full-time jobs has increased from the average of the previous 12 months.	Yes						
Amends s. 220.183, F.S.								
	Increases the cap for Community Contributions approved for Sales, Corporate, and Insurance Premium Tax from \$10 million to \$20 million	No			0 cash recurring - (6.0) sales, (4.0) corporate			
Amends s. 290.004, F.S.								
Page 59	Defines the term "rural enterprise zone."	Yes			(.2) (.1) Sales 3.3M (.1) corporate			See HB-1437 (2000) adopted by REC

<p>Page 60</p>	<p>Authorizes the Office of Tourism, Trade, and Economic Development to designate an enterprise zone in Sarasota County.</p>	<p>Yes</p>	<p>(*) 024M</p>	<p>See HB-145 (2001) Adopted by REC</p>	<p></p>
<p>Provides requirements with respect thereto.</p>	<p></p>	<p></p>	<p></p>	<p></p>	<p></p>