

**TAX:** Corporate Income Tax  
**ISSUE:** TAX CREDIT FOR CONTRIBUTIONS TO SCHOLARSHIP FUNDING ORGANIZATIONS  
**BILL NUMBER(S):** HB271  
**SPONSOR(S):** REPRESENTATIVES NEGRON, MELVIN, DIAZ DE LA PORTILLA  
**MONTH/YEAR COLLECTION IMPACT BEGINS:** January 1, 2002  
**DATE OF ANALYSIS:** February 8, 2001

**SECTION 1: NARRATIVE**

**a. Current Law:**

The Florida Statutes do not authorize a credit against corporate income tax for contributions to scholarship funding organizations

**b. Proposed Change:**

Provides a tax credit for contributions made by Florida corporations to nonprofit scholarship funding organizations in an amount equal to 100% of all contributions made during a taxable year. However, credit may not exceed 75% of the total corporate income tax liability remaining after the application of any other allowable credits by the taxpayer.

**SECTION 2: DESCRIPTION OF DATA & SOURCES**

Federal and Florida Corporate Income Tax codes

**SECTION 3: ASSUMPTIONS & RATIONALE**

See attached

**SECTION 4: METHODOLOGY**

See attached

**SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)**

State Impact - All Funds	FY 2001-02 Annualized	FY 20001-02 Cash	FY 20002-03 Cash
High			
Middle	indeterminate	indeterminate	indeterminate
Low			

Consensus Estimate Adopted: 2/9/01	FY 2001-02 Annualized	FY 2001-02 Cash	FY 2002-03 Cash
General Revenue	(indeterminate)	(indeterminate)	(indeterminate)
Total State Impact			
Total Local Impact			
Total Impact	(indeterminate)	(indeterminate)	(indeterminate)

The actual amount of the credit will be determined annually by the General Appropriations Act.

**HB271****CREDITS FOR CONTRIBUTIONS TO SCHOLARSHIP FUNDING ORGANIZATIONS****A. Impact on Florida Tax Liability**

As per Section 2, the amount of the credit taken under this bill is to be added to the "Adjusted Federal Income" reported on the Florida Corporate Income Tax Return

Consequently, the change in the Florida corporate income tax liability resulting from this bill can be calculated as follows:

	<b>Impact</b>	<b>Now</b>	<b>Later</b>
<i>Adjusted Federal Income</i>	decrease by amount of contribution	\$100,000	\$99,000
Change to Adjusted Federal Income	increase by amount of contribution		\$1,000
<i>Adjusted Federal Income Change</i>	unchanged	\$100,000	\$100,000
Florida Portion of Adjusted Federal Income	unchanged	\$100,000	\$100,000
Tax Due	unchanged	\$5,500	\$5,500
Tax Credit	increase by amount of contribution		(\$1,000)
<i>Tax Liability</i>	decrease by amount of contribution	\$5,500	\$4,500
<b>Net Impact on Florida Tax Liability</b>	<b>decrease by amount of contribution</b>		<b>(\$1,000)</b>
<i>independent of either corporate income tax rate or Florida Apportionment Factor</i>			

**B. Impact on Federal Tax Liability**

Both charitable contributions and state income taxes paid are deductions on the federal corporate income tax return

consequently, the change in the Federal corporate income tax liability resulting from this bill can be calculated as follows:

<i>Adjusted Federal Income</i>		\$100,000	\$100,000
Increase in Charitable Contributions Deductions	increase by amount of contribution		(\$1,000)
Decrease in State Tax Deductions	decrease by amount of contribution		\$1,000
<i>Tax Liability</i>	unchanged	\$34,000	\$34,000
<b>Net Impact on Federal Tax Liability</b>	unchanged		<b>\$0.</b>
<i>independent of federal income tax rate</i>			

**C. Impact on Firm's Overall Tax Liability**

<b>Net Impact on Combined Tax Liability</b>	decrease by amount of contribution		<b>(\$1,000)</b>
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