

TAX: corporate income tax

ISSUE: corporate income tax credit for hiring individuals from qualified targeted groups having high unemployment rates or special employment needs

BILL NUMBER(S): SB 2382/HB 1173

SPONSOR(S): Senator Siplin

EFFECTIVE DATE: Upon becoming law

DATE OF ANALYSIS: March 28, 2003

SECTION 1: NARRATIVE

a. Current Law:

Currently, there is no credit against corporate income tax for corporations that hire individuals from qualified targeted groups having high unemployment rates or special employment needs..

b. Proposed Change:

Creates s.220.1893, F.S. Provides for a credit against corporate income tax for each year of paying wages to ex-felons who were released from prison or jail within the prior three years; individuals who are under community control, veterans, food stamp recipients, and recipients of assistance under the TANF; high-risk or summer youth who live in an empowerment zone; supplemental security income recipients, and individuals who are referred to a vocational rehabilitation program. The credit will be a maximum of \$2,400 for each new employee. However, the maximum credit for 16 or 17 year old summer youth hired from an empowerment zone is \$1,200.

SECTION 2: DESCRIPTION OF DATA & SOURCES

Florida Statistical Abstract
Statistical Abstract of the United States
Florida Department of Corrections, Bureau of Research and Data Analysis
REC 3/2003
Florida Department of Corrections Release Report FY 2001-2002
Florida Department of Community Affairs on Empowerment Zone
Florida population

SECTION 3: ASSUMPTIONS & RATIONALE

See the attached spreadsheet

SECTION 4: METHODOLOGY SEE THE ATTACHED SPREADSHEET

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SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact - All Funds	FY 2003-04 Annualized	FY 2003-04 Cash	FY 2004-05 Cash
High	-\$84.7m	-\$110.1m	-\$85.9m
Middle	-\$56.5m	-\$73.4m	-\$57.3m
Low	-\$28.2m	-\$36.7m	-\$28.6m

Consensus Estimate Adopted: 3/28/03	FY 2003-04 Annualized	FY 2003-04 Cash	FY 2004-05 Cash
General Revenue	(84.7)	(110.1)	(85.9)
Total State Impact			
Total Local Impact			
Total Impact	(84.7)	(110.1)	(85.9)

SB 2382/HB 1173: credit for employing qualified target groups

1. Ex-felons released from prison or jail within the last 3 years

	FI inmate population	release total	age 60+	%	total 3 yrs under age 60	assume % unemployed unemploye figure
FY2000	71,233	24,317	324	1.33%		50.00%
FY2001	72,007	26,805	369	1.38%		
FY2002	73,553	26,299	339	1.29%	76,389	38,195
FY2003		28,000				

2. Persons under community control

	all FI	age 18-60-	% 18-60	assume % unemployed	unemployed figure
FY2000	24,593	22,134	90.00%	30.00%	6,640

3. Veterans: table 505 SAUS, 2002

	Florida	U.S.	FI %	U.S. age 60+	U.S. under 60	Florida under 60	unemployed rate	unemployed figures
Sep-01	1,784,000	25,349,000	7.04%	11,816,000	13,533,000	952,419	4.75%	45,259

4. Recipients of food stamps

	all ages	age 16-64 %	16-64 pop	assume unempl. %	unempl pop
CY1999	424,804	62.50%	265,503	50.00%	132,751

5. Recipients of assistance under TANF

	Florida	U.S.2000	%	assume unempl. %	unempl pop
1999	151,000	1,615,000	9.35%	50.00%	75,500

6. High risk or summer youth who reside in an empowerment zone

	2001 pop	age 15-17	% need jobs
Miami/Miami-Dade County	2,276,664	89,109	30.00%
City of Jacksonville	245,090	9,593	
total		98,701	29,610

7. Recipients of supplemental security income

	FI 18-64	U.S 18-64	%	FI all ages	US all ages	%	assume unempl. %	unemployed pop
CY2000	180,013	3,479,000	5.17%	377,000	6,601,000	5.71%	50.00%	90,007

8. Persons referred to a vocational rehabilitation program

	U.S.	FI %	FI figure
Sep-99	1,015,000	5.17%	52,476

	total pop	overlapping factor	pop need jobs	max credit per person	total potential credit
sum of all groups except 6	440,827	50.00%	220,413	\$2,400	\$528,992,179
group 6	29,610		29,610	\$1,200	\$35,532,523
total impact			250,024		\$564,524,702

impact		FY2004	cash 2004	FY2005	pop #
low	5.00%	-\$28,226,235	-\$36,694,106	-\$28,649,629	12,501
middle	10.00%	-\$56,452,470	-\$73,388,211	-\$57,299,257	25,002
high	15.00%	-\$84,678,705	-\$110,082,317	-\$85,948,886	37,504

assume 1.5% growth rate from FY2004 to FY2005

source: Florida Statistical Abstract 2001
 Statistical Abstract of the United States: 2002
 REC 3/2003
 Florida Department of Corrections Release Report FY 2001-2002
 Florida Department of Community Affairs on Empowerment Zone
 Bureau of Research and Data Analysis, Florida Department of Corrections