

TAX: Corporate Income Tax / Sales and Use Tax  
 ISSUE: Community Contribution Tax Credit  
 BILL NUMBER(S): SB116  
 SPONSOR(S):  
 MONTH/YEAR COLLECTION IMPACT BEGINS: 07/01/2003  
 DATE OF ANALYSIS: 2/10/03

**SECTION 1: NARRATIVE**

**a. Current Law:**

The community contribution tax credit that can be granted against corporate income taxes, insurance premium taxes, or sales and use tax is capped at \$200,000 per taxpayer and \$10 million overall.

**b. Proposed Change:**

Increase in the overall cap by \$10 million to \$20 million in 220.183.

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

DOR database

- restricted to corporate income and insurance tax, the annual credit taken ranged in between \$1.8m and \$2.5m in the 90s
- expansion of the credit to sales and use tax effective 7/1/2001 resulted in the following credits taken against SUT
  - 2001/02 - \$7.9m
  - 2002/03 - \$6.3m thru 1/31/2003
- total amount of credit approved for 2002/03 equals \$10m

**SECTION 3: ASSUMPTIONS & RATIONALE**

1. The rapid increase in the credit's use resulting from its expansion to SUT suggests further untapped demand
2. The credits taken against CIT and Insurance Premium taxes remain at their present levels
3. The increase in the cap results in the entire incremental amount to be taken against SUT beginning in the first year
4. The bill is amended to also increase the cap provided for in 212.08(5)(q).

**SECTION 4: METHODOLOGY**

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

State Impact - All Funds	FY 2003-2004 Annualized	FY 2003-2004 Cash	FY 2004-2005 Cash
High			
Middle	(\$ 10.0m)	(\$10.0m)	(\$10.0m)
Low			

Consensus Estimate Adopted: 2/14/03	FY 2003-2004 Annualized	FY 2003-2004 Cash	FY 2004-2005 Cash
General Revenue	(8.8)	(8.8)	(8.8)
Solid Waste Management T.F.	(insignificant)	(insignificant)	(insignificant)
Total State Impact	(8.8)	(8.8)	(8.8)
Local Tax Impact	(1.2)	(1.2)	(1.2)
Total Impact	(10.0)	(10.0)	(10.0)

Revenue Sharing (3) (3) (3)  
 Local Half Cent (9) (9) (9)