

TAX: CORPORATE INCOME TAX

ISSUE: Corporate income tax credit up to \$1,000 for small business with fewer than 50 employees for health care insurance

BILL NUMBER(S): HB 1221

SPONSOR(S): Representative Vana

MONTH/YEAR COLLECTION IMPACT BEGINS: UBL; Retroactive to January 1, 2004

DATE OF ANALYSIS: March 16, 2004

SECTION 1: NARRATIVE

a. Current Law: Currently, there is no such credit against corporate income tax for small businesses that provide employee health care insurance.

b. Proposed Change: Creates s. 220.192, F.S. Provides for a credit of up to \$1,000 against corporate income tax to small businesses with fewer than 50 employees for providing the health care insurance coverage provided in Chapter 627, F.S. to their employees.

SECTION 2: DESCRIPTION OF DATA & SOURCES

Florida corporate income tax returns.

Florida quarterly unemployment insurance file, 2001, AWI.

IRS BRTF File 2000.

SECTION 3: ASSUMPTIONS & RATIONALE

Assume 5% are left out due to return inaccuracy.

Assume 1% growth rate annually.

Among 840 companies, 500 companies have tax liability under \$1,000, with average of \$360.

SECTION 4: METHODOLOGY

Method 1: matching DOR corporate income tax returns with IRS F120S (small business) and IRS F941 (employer's quarterly tax returns) revealed 840 companies meet the criteria for the credit.

Method 2: matching DOR corporate income tax returns with IRS F120S (small business) and Florida quarterly unemployment insurance file revealed 820 companies meet the criteria for the credit.

LOW: $340 * 1.05 * \$1,000 + 500 * 1.05 * \$360 = \$546,000$

HIGH: $840 * 1.05 * \$1,000 = \$882,000$

SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact—All Funds	FY 2004-05 Annualized	FY 2004-05 Cash	FY 2005-06 Cash
High	(\$0.89) Million	(\$1.16) Million	(\$0.90) Million
Middle	(\$0.72) Million	(\$0.94) Million	(\$0.73) Million
Low	(\$0.55) Million	(\$0.72) Million	(\$0.56) Million

Consensus Estimate: Adopted: 3/19/04	FY 2004-05 Annualized	FY 2004-05 Cash	FY 2005-06 Cash
General Revenue	(.7)	(.9)	(.7)
Total State Impact			
Total Local Impact			
Total Impact	(.7)	(.9)	(.7)