

TAX: Sales/Corporate

ISSUE: Community Contribution Tax Credit, repeal expiration

BILL NUMBER(S): SB330/HB109

SPONSOR(S): Committee on Comprehensive Planning and Senator Saunders; Representative Goodlette

MONTH/YEAR COLLECTION IMPACT BEGINS: UBL

DATE OF ANALYSIS: JANUARY 28, 2004

SECTION 1: NARRATIVE

a. Current Law: The community contribution tax credit is equal to 50 percent of a community contribution. Each taxpayer is limited to a maximum of \$200,000 in annual tax credits. This tax credit expires and is void on June 30, 2005, except for the credit carryover provisions. Unused credits may be carried forward for a period of 3 years for sales tax. Unused credits may be carried forward for a period of 5 years for corporate income tax. Unused credits may be carried forward for a period of 5 years for insurance premium tax.

b. Proposed Change: Repeals the sunset/expiration provisions, effective upon this bill becoming law.

SECTION 2: DESCRIPTION OF DATA & SOURCES

CCTC Approvals from OTTED.

SECTION 3: ASSUMPTIONS & RATIONALE

Assume credits taken in year they are approved.

Tax credit cap of \$10 million continues to be reached every year.

SECTION 4: METHODOLOGY

(See Attached)

SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact—All Funds	FY 2004-05 Annualized	FY 2004-05 Cash	FY 2005-06 Cash
High			
Middle	(\$10) Million		(\$8.5) Million
Low			

Consensus Estimate: Adopted: 1/30/04	FY 2004-05 Annualized	FY 2004-05 Cash	FY 2005-06 Cash
General Revenue	(9.0)		(7.5)
State Trust	(Insignificant)		(Insignificant)
Total State Impact	(9.0)		(7.5)
Revenue Sharing	(.3)		(.3)
Local Half Cent	(.7)		(.7)
Total Local Impact	(1.0)		(1.0)
Total Impact	(10.0)	0	(8.5)

Year	Credits	Cap	% Increase in Credits Claimed
FY1995-96	\$1,937,796	\$2,000,000	
FY1996-97	\$2,062,203	\$2,000,000	
FY1997-98	\$2,000,000	\$2,000,000	
FY1998-99	\$4,999,999	\$5,000,000	
FY1999-00	\$5,066,460	\$10,000,000	1.33%
FY2000-01	\$6,065,255	\$10,000,000	19.71%
FY2001-02	\$9,999,953	\$10,000,000	64.87% Authorized against Sales and Use Taxes
FY2002-03	\$9,999,999	\$10,000,000	0.00%
FY2003-04	\$10,000,000	\$10,000,000	0.00% 84% of credits claimed against SUT

High	\$10,000,000
Middle	\$8,500,000
Low	\$7,000,000

The Credits claimed will apply to CIT, most of which will be claimed in FY2005-06