

REVENUE ESTIMATING CONFERENCE

TAX: Corporate Income Tax/Intangibles Tax
ISSUE: Brownfield Cleanup
BILL NUMBER(S): SB 1448
SPONSOR(S): Senator Constantine
MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2005
DATE OF ANALYSIS: March 23, 2005

SECTION 1: NARRATIVE

a. Current Law: Taxpayers may apply to the Department of Environmental Protection for a contaminated site rehabilitation credit that may be claimed against the corporate income tax or intangible tax. Taxpayers may receive a credit for 35% of the costs of voluntary cleanup activity that is integral to site rehabilitation, to a maximum of \$250,000 in credit annually. The total amount of contaminated site rehabilitation tax credits that may be granted under ss. 199.1055 and 220.1845, F.S. is \$2 million annually. In order to encourage completion of site rehabilitation at contaminated sites being voluntarily cleaned up, the tax credit applicant may claim an additional 10 percent of the total cleanup costs, not to exceed \$50,000, in the final year of the cleanup.

b. Proposed Change: The percentage of the costs of voluntary cleanup activities that may generate a contaminated site rehabilitation credit is increased from 35% to 40%. The additional 10 percent of the cleanup costs that may be claimed in the final year of cleanup may not exceed \$250,000, instead of \$50,000.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

Florida Department of Environmental Protection Certificates issued

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

See attached.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
High	\$0	-\$0.4m	\$0
Middle	-\$0.2m	-\$0.2m	\$0
Low	\$0	\$0	\$0

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 25 / 05) The conference adopted the middle estimate.

	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
General Revenue	(.2)	(.2)	(.2)
Total State Impact			
Total Local Impact			
Total Impact	(.2)	(.2)	(.2)

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Brownfield Cleanup**

History

Fiscal Year	Certifications Issued	Total \$ Issued
FY 98-99	1	\$30,228
FY 99-00	3	\$118,438
FY 00-01	6	\$213,852
FY 01-02	9	\$494,194
FY 02-03	13	\$1,068,049
FY 03-04	16	\$1,014,834
2 year Annualized Growth Rate		43.3%

5 year project *Illustration*

\$10,000,000 initial value of property

\$20,000,000 final value of property

Discount rate 5%

	Annual Investment	Annual Tax Credit	Final Year Incentive Payment	Net Present Value
Current Law	\$1,000,000	\$350,000	\$50,000	\$2,623,649.34
Proposed Change	\$1,000,000	\$400,000	\$250,000	\$2,989,366.26
Percent increase in NPV				13.9%

Credits Taken *Possible scenarios*

	FY 05-06	FY 06-07	
High	\$1,826,701	\$2,000,000	Assumes 80% Growth
Middle	\$1,623,734	\$2,000,000	Assumes 60% Growth
Low	\$1,420,768	\$1,989,075	Assumes 40% Growth

Impact

	FY 05-06 Annualized	FY 05-06 Cash	FY 06-07 Cash
High	-\$0.4	-\$0.4	\$0.0 million
Middle	-\$0.2	-\$0.2	\$0.0 million
Low	\$0.0	\$0.0	\$0.0 million