

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Sales/Corporate/Insurance Premium Tax

**ISSUE:** Community Contribution Tax Credit, increase cap to \$20 million, extend program to 2015.

**BILL NUMBER(S):** HB 503/SB 710

**SPONSOR(S):** Rep. Farkas/Sen. Fasano

**MONTH/YEAR COLLECTION IMPACT BEGINS:** UBL

**DATE OF ANALYSIS:** January 31, 2005

**SECTION 1: NARRATIVE**

**a. Current Law:** Provides for a total annual program cap of \$10 million in granting community contribution tax credits against sales and use tax, corporate income tax, and insurance premium tax. Provides that the community contribution tax credit program is to expire on June 30, 2005.

**b. Proposed Change:** Provides for a total annual program cap of \$20 million in granting community contribution tax credits against sales and use tax, corporate income tax, and insurance premium tax. Provides that the community contribution tax credit program is to expire on June 30, 2015.

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

Tax credits awarded OTTED

**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                   |                       |                  |                 |
| Middle                 | (\$20) Million        | (\$18.1) Million | (\$20) Million  |
| Low                    |                       |                  |                 |

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 2 / 4 / 05 )** The conference adopted the proposed estimate, after increasing the 2005-06 figure to take into account \$10.0 million in 2004-05 tax credits paid in 2005-06 (due to the effective date). The loss is assumed to be split 80% Sales Tax, 20% Corporate Tax.

|                            | FY 2005-06 Annualized | FY 2005-06 Cash | FY 2006-07 Cash |
|----------------------------|-----------------------|-----------------|-----------------|
| General Revenue—Sales      | (14.2)                | (20.0)          | (14.2)          |
| General Revenue--Corporate | (4.0)                 | (5.6)           | (4.0)           |
| State Trust                | (insignificant)       | (insignificant) | (insignificant) |
| Total State Impact         | (18.2)                | (25.6)          | (18.2)          |
| Revenue Sharing            | (.5)                  | (.7)            | (.5)            |
| Local Gov't Half Cent      | (1.3)                 | (1.8)           | (1.3)           |
| Total Local Impact         | (1.8)                 | (2.5)           | (1.8)           |
| Total Impact               | (20.0)                | (28.1)          | (20.0)          |