

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Corporate Income Tax  
**ISSUE:** Cultural Contributions Tax Credit  
**BILL NUMBER(S):** SB 630  
**SPONSOR(S):** Senator Margolis  
**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 2005  
**DATE OF ANALYSIS:** February 9, 2005

**SECTION 1: NARRATIVE**

**a. Current Law:** Currently, there is no credit against corporate income tax for corporations that make donations to eligible cultural organizations. There is no credit against corporate income tax for corporations that make donations to the Division of Cultural Affairs of the Department of State. There is no provision directing the order in which the credits for contributions to nonprofit cultural organizations and the cultural contributions tax credit are to be claimed against corporate income tax, relative to other credits. There is no provision requiring amounts claimed as credits for contributions to nonprofit cultural organizations and as cultural contribution tax credits are to be added back in computing adjusted federal income.

**b. Proposed Change:** Provides for a credit against corporate income tax for corporations that make monetary contributions to eligible cultural organizations. The credit is 50 percent of an eligible contribution of \$60,000 or more. However, if a corporation's contributions to eligible cultural organizations exceed \$600,000, for the taxable year, the corporation is ineligible for the credit. The credit may be taken on a consolidated basis by corporations filing a consolidated Florida corporate income tax return, subject to the limitation above. Provides for a credit against corporate income tax to corporations that make monetary contributions to the Division of Cultural Affairs of the Department of State. The credit is 50 percent of the contribution made to the Division of Cultural Affairs for deposit into the Fine Arts Trust Fund. All proposals for the granting of the credit require the prior approval of the Division of Cultural Affairs. Provides that the credits for contributions to nonprofit cultural organizations and the cultural contributions tax credit are to be claimed against the corporate income tax after credits available under s. 220.187, F.S. Provides that the amounts claimed as credits for contributions to nonprofit cultural organizations and as cultural contributions tax credits are to be added back in computing adjusted federal income under s. 220.13, F.S. Provides a cap of \$5 million annually for the total amount of credits that may be granted for contributions to nonprofit cultural organizations and as cultural contribution tax credits. Provides that the act expires June 30, 2006.

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

IRS, SOI-2001, Corporation Income Tax Returns, September 2004.  
 IRS, Publication 542, Corporations.

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

Florida's share of U.S. Corporate Charitable contributions is 5.8%.  
 Credits will be taken 80% in the first year and 20% in the second year.

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact—All Funds	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
High			
Middle		(\$4 million)	(\$1 million)
Low			

**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 2 / 14/ 05 )** The conference adopted the proposed estimate.

	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
General Revenue		(4.0)	(1.0)
Total State Impact			
Total Local Impact			
Total Impact		(4.0)	(1.0)

**SB630**

**Cultural Contributions Tax Credit**

IRS Data-2001	Zero - \$1,000,000	\$1,000,000 - \$25,000,000	\$25,000,000 - \$250,000,000	\$250,000,000 or more
Size of Total Assets				
Number of returns	2,511,635	281,855	21,032	7,779
Charitable contributions	\$509,137,000	\$527,246,000	\$613,179,000	\$9,560,940,000
Net Income	\$133,308,080,000	\$117,073,393,000	\$93,288,995,000	\$768,810,082,000
Net Income plus Charitable contributions	\$133,817,217,000	\$117,600,639,000	\$93,902,174,000	\$778,371,022,000
Average charitable contributions per taxpayer	\$203	\$1,871	\$29,155	\$1,229,071
Average cultural contribution per taxpayer	\$41	\$374	\$5,831	\$245,814
Florida share				\$554,534,520
Cap				\$5,000,000
GR Impact				-\$5,000,000

	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
High			
Middle		-\$4,000,000	-\$1,000,000
Low			