

TAX: CIT or Intangible tax credit
ISSUE: Contaminated site clean-up/rehabilitation
BILL NUMBER(S): SB 1092
SPONSOR(S): Senator Constantine
MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2006

SECTION 1: NARRATIVE

a. Current Law:

Currently, taxpayers may apply to DEP for a contaminated site rehabilitation credit that may be claimed against the corporate income tax or intangible tax. Taxpayers may receive credit for 35% of the costs of voluntary cleanup activity that is integral to site rehabilitation, to a maximum of \$250,000 in credit. The total amount of contaminated site rehabilitation tax credits that may be granted under s. 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% of the total cleanup costs, not to exceed \$50,000, in the final year of cleanup.

b. Proposed Change:

The percentage is increased from 35% to 50%; the maximum of \$250,000 to \$500,000 and the total amount is increased from **\$2 million annually to \$5 million**. The additional percentage of the cleanup is raised from 10% to 25% , not to exceed \$500,000, instead of \$50,000.

SECTION 2: DESCRIPTION OF DATA & SOURCES DEP BETH WALKER 245-8934

DEP voluntary cleanup tax credit		credit \$	average \$	
FY 1998-1999	1	\$30,228.13		
FY 1999-2000	3	\$118,438.25		
FY 2000-2001	6	\$213,851.71		
FY 2001-2002	9	\$494,193.72	\$54,910.41	
FY 2002-2003	13	\$1,068,049.29	\$82,157.64	two were capped
FY 2003-2004	16	\$1,090,869.12	\$68,179.32	one was capped
FY 2004-2005	11	\$856,252.51	\$86,932.05	two were capped

From FY 2003 to FY 2005 18 applications were filed with DEP each year.

Based on DOR CIT data, 61% are CY filers, 8% file in June and 31% file in other months

Once credit is issued from DEP, it can be claimed against CIT or INT within 5 year period. It could also be transferred to other companies.

SECTION 3: ASSUMPTIONS & RATIONALE

Assuming 20 applications granted for FY 2006 and 20 for FY 2007

SECTION 4: METHODOLOGY

FY 2006 20 * (500000-250000) = \$5,000,000

FY 2007 20 * (500000-250000) = \$5,000,000

SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact—All Funds	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
High	-\$3.0m	-\$3.0m	-\$3.0m
Middle			
Low	0	0	0

The conference adopted the high estimate.

Consensus Estimate: Adopted: 2 / 3 / 06	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
General Revenue	(3.0)	(3.0)	(3.0)
Total State Impact	(3.0)	(3.0)	(3.0)
Total Local Impact			
Total Impact	(3.0)	(3.0)	(3.0)