

TAX: SALES, CORPORATE, INSURANCE PREMIUM

ISSUE: Amend s.212.08, s. 212.097, s. 220.1895, s.220.191, s. 288.99, F.S.

BILL NUMBER (S): HB449/HB305/SB624

SPONSOR (S): DETERT, ETAL

MONTH/YEAR COLLECTION IMPACT BEGINS: JULY 1, 2006

DATE OF ANALYSIS: FEBRUARY 9, 2006

SECTION 1: NARRATIVE

Current Law: Excludes targeted industries from definition of “Eligible business” for tax refund under s. 212.097 (1)
Provides a “Tier” ranking schedule for three levels of distress related to activities of crime and criminal behavior.
Provides credits of \$1,500, \$1,000 or \$500 of eligible credit per employee, based on the “tier” assignment of the business location.

Provides for no more than 13 designated Urban Jobs areas.

Proposed Change: Includes targeted industries eligible for the qualified target industry business tax refund under s. 288.106.

Provides for the creation of 17 new designated Urban Jobs areas.

Replaces the “Tier” ranking schedule with a single identification of “**designated urban job tax credit area**”.

Provide credit of \$1,000 per employee for all eligible businesses.

SECTION 2: DESCRIPTION OF DATA & SOURCES

Urban Job Tax Credit Program Summary 1999-2005 (Office of Tourism Trade and Economic Development)

Discussions with Mr. Burt Von Hoff, Office of Tourism Trade and Economic Development.

Review of sample of income estimates .

Review of DOR 2003 corporate and sales tax data.

Section 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Assuming no change in the law, 57% of the available credits for the Urban jobs tax credit will continue to be claimed, as consistent with the average of the prior 7 years.

Allowing the targeted industry group to apply for credits will increase the credits by an additional 15%. (see previous DOR analysis 2003 and 2004. The filers will not affect cash receipts for 6 to 8 months from becoming law.

Creation of a single rate of \$1,000 per job, will increase the credits by 8%. (see previous DOR analysis 2003 and 2004).

Cash receipts will not be affected for 6 to 8 months from becoming law.

No significant growth is expected for FY 07-08.

Review reports from prior years; prepare worksheet detailing each impact estimate.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact - All Funds	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
High	(\$3.0m)	(\$.4m)	(\$3.0m)
Middle	(2.5m)	(.3)	(\$2.5m)
Low	(\$2.1m)	(\$.3m)	(\$2.1m)

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 2/10/06) The conference adopted the middle estimate.

	FY 2006-07 Annualized	FY 2006-07 Cash	FY 2007-08 Cash
General Revenue	(2.2)	(.3)	(2.2)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(2.2)	(.3)	(2.2)
Revenue Sharing	(.1)	(Insignificant)	(.1)
Local Gov’t Half Cent	(.2)	(Insignificant)	(.2)
Local Option	(.2)	(Insignificant)	(.2)
Local Tax Impact	(.5)	(Insignificant)	(.5)
Total Impact	(2.7)	(.3)	(2.7)

House Bill 449 (2006)- Designated Urban Jobs Tax Credit Area Program.

House Bill 305 (2006) and SB-624 (2006)

Section 2 (1) (a) and (2)

(a) Expand Eligible Business to include Qualified Target Industries.	\$429,075
(b) Expand Designated Area to include 17 additional areas.	\$3,740,915
(c) Provide for a single rate of \$1,000 per job.	\$228,840
Adjust for Limits of Program	-\$2,259,330

Total Impact of CS/HB-449/HB305/SB624 **-\$2,139,500**

URBAN JOB TAX CREDIT PROGRAM						
Consisting of 13 Rural Areas						
Year	Approved Applications	New	Existing	Jobs	Credits Approved	Credits Remaining
1999	5	2	3	221	\$260,500	\$4,739,500
2000	9	6	3	4,109	\$4,999,500	\$500
2001	22	14	8	2,214	\$2,486,500	\$2,513,500
2002	19	10	9	2,848	\$2,673,500	\$2,326,500
2003	14	5	9	1,184	\$1,069,000	\$3,931,000
2004	18	10	8	938	\$1,053,500	\$2,702,200
2005	11	4	7	2,044	\$1,761,000	
Five Year Totals (99-03)	98	51	47	13,558	\$14,303,500	\$16,213,200
Average 00-05	19.6	10.2	9.4	2711.6	\$2,860,700	\$3,242,640
Average 01-05	17	9	8	1846	\$1,808,700	
					\$139,131	
Estimate per Area	2	1	1	209	\$220,054	

Total available Credit per year	\$5,000,000	
Assuming no change in the law, an estimated 57% will be claimed in Fy 06-07	\$1,808,700	\$2,860,500
(a) Estimated increase (15%) due to inclusion of QTI see HB-809 '03	\$429,075	\$429,075
(b) Estimated increase due to addition of 17 new designated areas (\$220,054 X 17)	\$2,365,223	\$3,740,915
(c) Estimated increase due to single rate of \$1,000 per job. see HB-809 '03	\$228,840	\$228,840
Total Estimated Additional Credits under CS/HB449	\$3,023,138	\$4,398,830
Total all estimated credits under CS/449	\$4,831,838	\$7,259,330
Adjust for limits of the program		-\$2,259,330