

REVENUE ESTIMATING CONFERENCE

TAX: CIT/IPT/SUT

ISSUE: Community Contribution Tax Credit Program

BILL NUMBER(S): HB 129

SPONSOR(S): Representative Precourt and Representative Baxley

MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2007

DATE OF ANALYSIS: 1/28/2007

SECTION 1: NARRATIVE

a. Current Law: The community contribution tax credit program authorizes businesses that make donations to approved organizations to claim a credit equal to 50% of the donation against the sales and use, corporate income, or insurance premium tax up to \$200,000 annually. The program is currently capped at \$10.5 million per year for homeownership project and \$3.5m for all other projects.

b. Proposed Change: The bill raises the cap for homeownership opportunity projects from \$10.5 million to \$15 million, an increase of \$4.5 million.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

OTTED credits awarded from FY 1996 to FY 2007

OTTED proportion split among CIT, IPT and SUT for FY 2007

SUT 84.95% CIT 13.62% IPT 1.43%

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Please see the attached spreadsheet.

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
SUT	-\$3.82m	-\$3.82m	-\$3.82m
CIT	-\$0.61m	-\$0.61m	-\$0.61m
IPT	-\$0.06m	-\$0.06m	-\$0.06m

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
SUT	-\$3.82m	-\$3.82m
CIT	-\$0.61m	-\$0.61m
IPT	-\$0.06m	-\$0.06m

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SECTION 5: CONSENSUS ESTIMATE (ADOPTED 1 / 19 / 07) The conference adopted the proposed estimate of -\$4.5 million, -\$3.9 million Sales Tax and -\$0.5 million Corporate Income Tax.

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue			
Sales Tax	(3.5)	(3.5)	(3.5)
Corporate Income Tax	(.6)	(.6)	(.6)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(4.1)	(4.1)	(4.1)
Revenue Sharing	(.1)	(.1)	(.1)
Local Gov't Half Cent	(.3)	(.3)	(.3)
Total Local Impact	(.4)	(.4)	(.4)
Total Impact	(4.5)	(4.5)	(4.5)

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue		
Sales Tax	(3.5)	(3.5)
Corporate Income Tax	(.6)	(.6)
State Trust	(Insignificant)	(Insignificant)
Total State Impact	(4.1)	(4.1)
	(.1)	(.1)
Total Local Impact	(.4)	(.4)
Total Impact	(4.5)	(4.5)

HB 129 Homeownership Assistance Contribution Tax Credit Program
CIT/IPT/SUT

	housing	comm. Devlp	allocation	% housing
FY 1996	\$465,542	\$1,472,255	\$2,000,000	24.02%
FY 1997	\$1,043,256	\$1,018,947	\$2,000,000	50.59%
FY 1998	\$1,348,500	\$651,500	\$2,000,000	67.43%
FY 1999	\$2,720,441	\$2,279,559	\$5,000,000	54.41%
FY 2000	\$3,764,283	\$1,302,178	\$10,000,000	74.30%
FY 2001	\$5,320,890	\$744,365	\$10,000,000	87.73%
FY 2002	\$9,484,489	\$515,464	\$10,000,000	94.85%
FY 2003	\$8,914,456	\$1,085,544	\$10,000,000	89.14%
FY 2004	\$8,622,769	\$1,377,231	\$10,000,000	86.23%
FY 2005	\$8,051,618	\$1,948,382	\$10,000,000	80.52%
FY 2006	\$9,558,883	\$2,441,117	\$12,000,000	79.66%
FY 2007	\$10,500,000	\$3,450,000	\$14,000,000	75.27%
FY 2008	\$15,000,000	\$3,500,000	\$18,500,000	81.08%

	CIT	IPT	SUT	total
FY 2004	14.00%	2.00%	84.00%	100.00%
FY 2005	18.84%	7.25%	73.91%	100.00%
FY 2006	14.05%	2.08%	83.87%	100.00%
FY 2007	13.62%	1.43%	84.95%	100.00%
total of \$4.5 million	\$612,903	\$64,516	\$3,822,581	\$4,500,000

