

**REVENUE ESTIMATING CONFERENCE**

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

**ISSUE:** CIT and IPT Credit for New Markets Development Program

**BILL NUMBER(S):** CS for SB 2280 / Amendment for HB 1487

**SPONSOR(S):** Senators Bennett, Oelrich / Representatives Schenck, Richter, Weatherford

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2007

**DATE OF ANALYSIS:** 3/29/07

**SECTION 1: NARRATIVE**

**a. Current Law:**

No such program and credit.

**b. Proposed Change:**

Provides taxpayers as subject to taxes imposed by ss. 220.11 and 624.509, F.S., a credit against corporate income taxes and insurance premium taxes on holdings of “qualified equity investments” in “Qualified Active Low-Income Community Business” and/or “Qualified Community Development Entity”. The credit amount is equal to the applicable percentage of the adjusted purchase price paid to the issuer of such qualified equity investment. The amount of the tax credit that may be redeemed in any tax year may not exceed the amount of the taxpayer’s state liability for such tax year.

A tax credit authorized under this section is not refundable or transferable. The credits shall be subject to an aggregate limit of \$15 million per State Fiscal Year and claimed on a first – come, first – serve basis. The credits are allowed at zero percent on the first credit allowance date and at 8.33 percent for each of the next six credit allowance dates. In any fiscal year, tax credits not awarded or tax credits that are forfeited due to withdrawal or recapture, shall be available for award in subsequent fiscal years.

In the Amendment for SB 2280, this section is repealed July 1, 2014, except that the tax credit carryforward provided in this section shall expire on December 31, 2028.

In the Amendment for HB 1487, this section is repealed July 1, 2014, except that the tax credit carryforward provided in this section shall continue to be valid for the period specified.

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

U.S. Treasury - [www.ustreas.gov](http://www.ustreas.gov)

U.S. Community Development Financial Institutions Fund - [www.cdfifund.gov](http://www.cdfifund.gov)

U.S. Government Accountability Office - Government Auditing Standard – January 2007 Revision - [www.gao.gov/govaud/d07162g.pdf](http://www.gao.gov/govaud/d07162g.pdf)

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

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
High	(\$ 15.0 m)	zero	(\$ 15.0 m)
Middle			
Low			

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
High	(\$ 15.0 m)	(\$ 15.0 m)
Middle		
Low		

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**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 3 / 30 / 07 )** The conference adopted the proposed estimate, assuming that the language is clarified to specify that no credits are taken in 2007-08.

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue	(15.0)	0	(15.0)
Total State Impact	(15.0)	0	(15.0)
Total Local Impact			
Total Impact	(15.0)	0	(15.0)

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue	(15.0)	(15.0)
Total State Impact	(15.0)	(15.0)
Total Local Impact		
Total Impact	(15.0)	(15.0)