

REVENUE ESTIMATING CONFERENCE

TAX: Sales and Use Tax

ISSUE: Capital Investment

BILL NUMBER(S): CS/SB 1470, HB 1069

SPONSOR(S): Sen Altman, Rep Dorworth

MONTH/YEAR COLLECTION IMPACT BEGINS: July 1st, 2011

DATE OF ANALYSIS: 3/23/11

SECTION 1: NARRATIVE

a. Current Law: The Capital Investment Tax Credit Program allows eligible businesses to receive a tax credit against corporate income tax or insurance premium tax if the business creates at least 100 new jobs in Florida and makes a minimum cumulative contribution capital investment of \$25 million. Under the program, a qualifying project is defined as a new or expanding facility in Florida in a high-impact sector as identified by Enterprise Florida, Inc., and certified by OTTED. The program allows a business to receive tax credits against corporate income or premium tax liability arising out of the project as follows:

- 1) 100% for a project with a cumulative capital investment of \$100 million.
- 2) 75% for a project with a cumulative capital investment of \$50 million.
- 3) 50% for a project with a cumulative capital investment of \$25 million.

The credit operates on an annual basis in an amount equal to 5% of the eligible capital costs generated by the project for up to 20 years beginning with the commencement of the project. Credits cannot exceed 100% of the eligible capital costs and may not be carried forward or backward.

b. Proposed Change: For all amendments both the 2006 – 2008 window of reaching an agreement with the Department of Revenue and a requirement for basing the headquarters in FI have been removed. Other changes are illustrated in the matrix below:

	\$100 Million Threshold	\$3 Million Annual Cap per Company	\$10 million Overall Annual Cap
Amendment 1			
Amendment 2			
Amendment 3			

SECTION 2: DESCRIPTION OF DATA AND SOURCES

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

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SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4/8/11) The conference adopted the estimates shown below.

Amendment 1: remove 2006-08 window, remove Florida headquarters requirement, remove \$100m threshold, add \$3m annual cap per company

	FY 2011-12 Cash	FY 2011-12 Annualized	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash
General Revenue	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)
Revenue Sharing	(.3)	(.3)	(.3)	(.3)	(.3)
Local Gov't Half Cent	(.9)	(.9)	(.9)	(.9)	(.9)
Local Option	0	0	0	0	0
Total Local Impact	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Total Impact	(10.2)	(10.2)	(10.2)	(10.2)	(10.2)

Amendment 2: remove 2006-08 window, remove Florida headquarters requirement, remove \$100m threshold, add \$10m overall cap

	FY 2011-12 Cash	FY 2011-12 Annualized	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash
General Revenue	(8.9)	(8.9)	(8.9)	(8.9)	(8.9)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(8.9)	(8.9)	(8.9)	(8.9)	(8.9)
Revenue Sharing	(.3)	(.3)	(.3)	(.3)	(.3)
Local Gov't Half Cent	(.8)	(.8)	(.8)	(.8)	(.8)
Local Option	0	0	0	0	0
Total Local Impact	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Total Impact	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)

Amendment 3: remove 2006-08 widow, remove Florida headquarters requirement, add \$3m annual cap per company, add \$10m overall cap

	FY 2011-12 Cash	FY 2011-12 Annualized	FY 2012-13 Cash	FY 2013-14 Cash	FY 2014-15 Cash
General Revenue	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
State Trust	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
Revenue Sharing	(.3)	(.3)	(.3)	(.3)	(.3)
Local Gov't Half Cent	(.7)	(.7)	(.7)	(.7)	(.7)
Local Option	0	0	0	0	0
Total Local Impact	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total Impact	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)