

TAX: Sales and Use / Corporate Income Tax
 ISSUE: Tax Credit Vouchers for Newly Created Full-Time Positions by Small Businesses
 BILL NUMBER(S): HB0381
 SPONSOR(S): REP. WALLACE
 MONTH/YEAR COLLECTION IMPACT BEGINS: 07/01/2003
 DATE OF ANALYSIS: 1/28/02

SECTION 1: NARRATIVE

a. Current Law:

b. Proposed Change:

Establishes a tax credit voucher of \$1,000 for any new full-time position created by any small business (other than a franchise) after July 1, 2002. Allows credit voucher to be applied once the position has been continuously filled for at least 12 consecutive months by the same employee against either sales and use tax or corporate income tax. Specifies that credit be applied for consecutive periods of up to five years and that no more than \$500 be used in any single 12-month period. Limits total number of vouchers issued by the Department of Revenue through July 1, 2006 to 25,000.

SECTION 2: DESCRIPTION OF DATA & SOURCES

AWI - Office of Workforce Information: Total # of "small businesses" in Florida First Quarter 2001: about 380,000

SECTION 3: ASSUMPTIONS & RATIONALE

see attached

SECTION 4: METHODOLOGY

see attached

SECTION 5: IMPACT SUMMARY (DETAILS ATTACHED)

State Impact - All Funds	FY 2002-2003 Annualized	FY 2002-2003 Cash	FY 2003-2004 Cash
High	(\$6.25m)	(\$ 0)	(\$3.125m)
Middle	(\$ 0)	(\$ 0)	(\$12.500m)
Low	(\$ 0)	(\$ 0)	(\$6.250m)

Consensus Estimate Adopted: 2/1/02	FY 2002-2003 Annualized	FY 2002-2003 Cash	FY 2003-2004 Cash
General Revenue Solid Waste Management T.F.			(11.0) (insignificant)
Total State Impact			(11.0)
Local Tax Impact			(2.2)
Total Impact	0	0	(13.2)

Half Cent (1.1)
 Local Option (.7)
 Revenue Sharing (.4)

Note - the impact is estimated to be identical in 2004-05, and zero thereafter

SMALL BUSINESS EMPLOYMENT INCENTIVES

SCENARIO 1: HIGH

- eligible positions are created evenly during 4 years of bill
 - maximum amount of credit is taken at earliest time possible

	# of Eligible Positions Created	Number of Vouchers Issued	Maximum Value of Credits Applied
SFY02/03	6,250		
SFY03/04	6,250	6,250	3,125,000
SFY04/05	6,250	6,250	6,250,000
SFY05/06	6,250	6,250	6,250,000
SFY06/07	0	6,250	6,250,000
SFY07/08	0	0	3,125,000
SFY08/09	0	0	0
SFY09/10	0	0	0
TOTAL	25,000	5,000	25,000,000

SCENARIO 2: MEDIUM

- eligible positions are created evenly during initial 2 years
 - maximum amount of credit is taken at earliest time possible

	# of Eligible Positions Created	Number of Vouchers Issued	Maximum Value of Credits Applied
SFY02/03	12,500		
SFY03/04	12,500	12,500	6,250,000
SFY04/05	0	12,500	12,500,000
SFY05/06	0	0	6,250,000
SFY06/07	0	0	0
SFY07/08	0	0	0
SFY08/09	0	0	0
SFY09/10	0	0	0
TOTAL	25,000	25,000	25,000,000

SCENARIO 3: LOW

- all eligible positions are created during the first year
 - maximum amount of credit is taken at earliest time possible

	# of Eligible Positions Created	Number of Vouchers Issued	Maximum Value of Credits Applied
SFY02/03	25,000		
SFY03/04	0	25,000	12,500,000
SFY04/05	0	0	12,500,000
SFY05/06	0	0	0
SFY06/07	0	0	0
SFY07/08	0	0	0
SFY08/09	0	0	0
SFY09/10	0	0	0
TOTAL	25,000	25,000	25,000,000