**REVENUE ESTIMATING CONFERENCE**

**Tax**: various taxes
**Issue**: Children's promise tax credit
**Bill Number(s)**: PCB CFS 20-02 - Sections 4-9 & 13-14

☐ **Entire Bill**
☒ **Partial Bill**: Sections 4-9 & 13-14
**Sponsor(s)**:
**Month/Year Impact Begins**: July 1, 2020
**Date of Analysis**: 1/31/2020

**Section 1: Narrative**

a. **Current Law**: The Children's Promise Tax Credit does not currently exist.

b. **Proposed Change**: creates s. 402.60 "Children's Promise Tax Credit"

**Section 4** Creates s. 211.0252, F.S.; **Section 5** creates s. 212.1833, F.S. both titled "Credit for contributions to eligible charitable organizations". Both sections allow a credit of 100% of an eligible contribution made to an eligible charitable organization under s. 402.60 against any tax due for a taxable year under this chapter after the application of any other allowable credits by the taxpayer for their respective tax sources.

**Section 6** adds s. 220.1876, F.S. to the list of statutes listing enumerated taxes in section 220.02

**Section 7** also adds s. 220.1876, F.S. as additional reference to credits granted therein.

**Section 8** creates s.220.1876, F.S. which is a tax credit for contributions to eligible charitable organizations to be taken against taxes pursuant to Ch. 220

**Section 9** creates s. 402.60 "Children's Promise Tax Credit", also contains the definitions, administration, roles, etc. that will pertain to the Department of Children and Families (DCF) role in implementing the tax credit and how/what organizations are eligible. Section 402.60 (4) lists out DCF's obligations under the act. Section 402.60 (5) (a) creates a tax credit cap amount of $5 million in each state fiscal year.

**Section 13** Creates s. 561.1212, F.S.; **Section 14** Creates s. 624.51056, F.S.; both titled "Credit for contributions to eligible charitable organizations". Both sections allow a credit of 100% of an eligible contribution made to an eligible charitable organization under s. 402.60 against any tax due for a taxable year under this chapter after the application of any other allowable credits by the taxpayer for their respective tax sources. Credit allowed under **Section 13** may not exceed 90 percent of the tax due on the return the credit is taken.

**Section 2: Description of Data and Sources**

2016 form 990 data
12/2019 FL demographic estimating conference
12/2019 national economic estimating conference
03/22/2019 donations to 501(c)(3) organizations impact analysis
01/20 GR SFO credits

**Section 3: Methodology (Include Assumptions and Attach Details)**

Form 990 data was pulled to get the federal total contributions. Due to Form 990 including both individual and business contributions the totals were reduced by a percentage to represent business contributions and then apportioned using Florida's population rate. In the case of "All Other Contributions, Gift, etc.", the rate of 3.3% was obtained from the 501 (c)(3) impact analysis. There is a $5 million cap on tax credits which the Florida portion of contributions implies would be easily reachable within a fiscal year. This new credit is substantially similar to the existing SFO credit under section 1002.395 F.S. For this reason, the allocation of SFO credits underlying the 1/20 GR Conference have been used to calculate a similar allocation for the new credit.

The cash is equal to the recurring in the first year due to the timing and applicability of the new credit. The low estimate shows a one quarter lag in the cash values due to potential start up delays.

**Section 4: Proposed Fiscal Impact**

| | High | | Middle | | Low | |
|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2020-21 | | | $(5.0 M) | $(5.0 M) | $(3.8 M) | $(5.0 M) |
| 2021-22 | | | $(5.0 M) | $(5.0 M) | $(5.0 M) | $(5.0 M) |
| 2022-23 | | | $(5.0 M) | $(5.0 M) | $(5.0 M) | $(5.0 M) |
| 2023-24 | | | $(5.0 M) | $(5.0 M) | $(5.0 M) | $(5.0 M) |
| 2024-25 | | | $(5.0 M) | $(5.0 M) | $(5.0 M) | $(5.0 M) |

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**List of affected Trust Funds:** General Revenue

**Section 5: Consensus Estimate (Adopted: 01/31/20) The Conference adopted the middle estimate.**

| | GR | | Trust | | Local/Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Cash | Recurring | Cash | Recurring | Cash | Recurring | Cash | Recurring |
| 2020-21 | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 | (5.0) | (5.0) |
| 2021-22 | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 | (5.0) | (5.0) |
| 2022-23 | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 | (5.0) | (5.0) |
| 2023-24 | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 | (5.0) | (5.0) |
| 2024-25 | (5.0) | (5.0) | 0.0 | 0.0 | 0.0 | 0.0 | (5.0) | (5.0) |

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | ***total contributions in thousands** | % Business | % FL | **FL Contributions *total contributions in thousands** | | |
| 4 | Total contributions, gifts and grants | 460,507,307 | 30.4% | 3.73% | 5,225,836 | | |
| 5 | Federated campaigns | 2,099,763 | 50% | 6.4% | 67,192 | | |
| 6 | Membership dues | 4,636,973 | 25% | 6.4% | 74,192 | | |
| 7 | Fundraising events | 9,823,092 | 50% | 6.4% | 314,339 | | |
| 8 | Related organizations | 24,920,874 | 50% | 6.4% | 797,468 | | |
| 9 | Government grants (contributions) | 178,260,251 | 0% | 6.4% | 0 | | |
| 10 | All other contributions, gifts, etc. | 240,766,353 | 50% | 3.3% | 3,972,645 | | |
| 11 | *Form 990 Returns of 501(c)(3) Organizations contributions total | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | Tax impact in Millions | $ (5.00) | | | | | |
| 15 | *tax credit cap at $5 million | | | | | | |
| 16 | | | | | | | |
| 17 | | **FY 2019-20** | **FY 2020-21** | **FY 2021-22** | **FY 2022-23** | **FY 2023-24** | **FY 2024-25** |
| 18 | Beverage | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 |
| 19 | Direct Sales | 12.8 | 16.9 | 16.9 | 16.9 | 16.9 | 16.9 |
| 20 | IPT | 78.3 | 79.9 | 79.9 | 79.9 | 79.9 | 79.9 |
| 21 | Severance | 0.4 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| 22 | CIT | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |
| 23 | **Totals** | 726.5 | 732.6 | 732.6 | 732.6 | 732.6 | 732.6 |
| 24 | *SFO credits 2019 | | | | | | |
| 25 | | | | | | | |
| 26 | % of Children's Promise Tax Credit applied to each eligible tax source | | | | | | |
| 27 | Beverage | 100% | | | | | |
| 28 | Direct Sales | 100% | | | | | |
| 29 | IPT | 100% | | | | | |
| 30 | Severance | 0% | | | | | |
| 31 | CIT | 100% | | | | | |



1/31/2019

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | **FY 2019-20** | **FY 2020-21** | **FY 2021-22** | **FY 2022-23** | **FY 2023-24** | **FY 2024-25** |
| 35 | Beverage | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 | 435.0 |
| 36 | Direct Sales | 12.8 | 16.9 | 16.9 | 16.9 | 16.9 | 16.9 |
| 37 | IPT | 78.3 | 79.9 | 79.9 | 79.9 | 79.9 | 79.9 |
| 38 | Severance | - | - | - | - | - | - |
| 39 | CIT | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |
| 40 | **Totals** | 726.1 | 731.8 | 731.8 | 731.8 | 731.8 | 731.8 |
| 41 | | | | | | | |
| 42 | | **FY 2019-20** | **FY 2020-21** | **FY 2021-22** | **FY 2022-23** | **FY 2023-24** | **FY 2024-25** |
| 43 | Beverage | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) |
| 44 | Direct Sales | (0.09) | (0.12) | (0.12) | (0.12) | (0.12) | (0.12) |
| 45 | IPT | (0.5) | (0.5) | (0.5) | (0.5) | (0.5) | (0.5) |
| 46 | Severance | - | - | - | - | - | - |
| 47 | CIT | (1.4) | (1.4) | (1.4) | (1.4) | (1.4) | (1.4) |
| 48 | **Totals** | (5.0) | (5.0) | (5.0) | (5.0) | (5.0) | (5.0) |
| 49 | | | | | | | |
| 50 | | | | | | | |
| 51 | | **Middle** | | **Low** | | | |
| 52 | FY | **Cash** | **Recurring** | **Cash** | **Recurring** | | |
| 53 | 2020-21 | $ (5.0 M) | $ (5.0 M) | $ (3.8 M) | $ (5.0 M) | | |
| 54 | 2021-22 | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | | |
| 55 | 2022-23 | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | | |
| 56 | 2023-24 | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | | |
| 57 | 2024-25 | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | $ (5.0 M) | | |