

REVENUE ESTIMATING CONFERENCE

Revenue Source: Corporate Income Tax
Issue: Railroad Credit Timing and Documentation
Bill Number(s): [Proposed Language](#)

Entire Bill
 Partial Bill:
Sponsor(s): N/A

Month/Year Impact Begins: July 1, 2024
Date(s) Conference Reviewed: March 1, 2024

Section 1: Narrative

- a. **Current Law:** Under current law, railroad tracks must be owned or leased as of the end of the taxable year in which the qualified expenditures were incurred in order to be eligible for the credit. Under current law a copy of IRS form 8900 or its equivalent is required as documentation for this credit.
- b. **Proposed Change:** Proposed changes would require qualified railroads to have owned or leased track as of the last day of the calendar year prior to the taxable year in which the credit is claimed. Language pertaining to required documentation was also changed to include that “The supporting documentation must include, but is not limited to:
 1. The number of track miles owned or leased in this state by the qualifying railroad on the last day of the prior calendar year. If this number is different than the number provided by the Department of Transportation under paragraph (2)(c), the department shall use the number of miles provided by the Department of Transportation to calculate the limitation for the credit under that paragraph.
 2. The total amount and description of each qualified expenditure.
 3. Financial receipts or other records necessary to verify the accuracy of the information submitted pursuant to this section.

Section 2: Description of Data and Sources

DOR Qualified Railroad credits
 220.1915 F.S.

Section 3: Methodology (Include Assumptions and Attach Details)

The proposed changes would require that track be owned on December 31st prior to the taxable year in which the credit is used opposed to old language which requires track be owned on the last day of the taxable year in which the expenditures incurred. More open transfer language previously seen as well as addback previously seen in different versions of this issue are not present. If more track miles were added it could influence the timing of credits in any given year but because railroad mileage statewide has been unchanged in recent years, it is assumed that all the track that is eligible for this credit has already been owned since December 31st resulting in a zero impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25			\$0	\$0		
2025-26			\$0	\$0		
2026-27			\$0	\$0		
2027-28			\$0	\$0		
2028-29			\$0	\$0		

Revenue Distribution: Corporate Income Tax

Section 5: Consensus Estimate (Adopted: 03/01/2024): The Conference adopted zero/negative indeterminate for cash and zero for recurring.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0/(**)	0.0	0.0	0.0	0.0	0.0	0/(**)	0.0
2025-26	0/(**)	0.0	0.0	0.0	0.0	0.0	0/(**)	0.0
2026-27	0/(**)	0.0	0.0	0.0	0.0	0.0	0/(**)	0.0
2027-28	0/(**)	0.0	0.0	0.0	0.0	0.0	0/(**)	0.0
2028-29	0/(**)	0.0	0.0	0.0	0.0	0.0	0/(**)	0.0

REVENUE ESTIMATING CONFERENCE

Revenue Source: Severance Tax
 Sales and Use Tax
 Corporate Income Tax
 ABT Excise Tax
 Insurance Premium Tax

Issue: Child Care Tax Credits

Bill Number(s): CS/SB 7074

Entire Bill

Partial Bill: Sections 30, 31, 44, 48, 52, 56, 57

Sponsor(s):

Month/Year Impact Begins: January 2025

Date(s) Conference Reviewed: December 8th, 2023 | February 2nd, 2024 | March 1st, 2024

Section 1: Narrative

a. Current Law: NA - Relevant sections of language create new sections in statute.

b. Proposed Change: \$5 Million dollars in childcare tax credits are created for taxpayers for FY2024-2025 to claim against their liabilities providing they meet the following requirements:

Severance Taxes: Must be claimed against liability incurred on production of Oil or Gas (sections 211.02 or 211.025). Total credits claimed (including those in sections 211.0251, 211.0252, 211.0253) cannot exceed more than 50% of liability. If total credits available exceed 50% of liability, all other credits must be exhausted before applying this one. Credit is available beginning January 1st, 2025.

Sales and Use Tax: Credit can be claimed by any tax imposed by the state and incurred by a direct pay permit holder as a result of the direct pay permit. Credit is available beginning January 1st, 2025.

Corporate Income Tax: The credit must be earned on or before the date the taxpayer is required to file the return on which they claim it. Consolidated filers are subject to the individual cap at the consolidated level. Credit is available for taxable years starting on or after January 1st, 2025.

ABT Excise Tax: Credit must be claimed against excise tax on malt beverages, liquor, or wine not both produced and grown in this state. Credit may not exceed 90% of tax liability on the return in which it is taken. Credit is available beginning January 1st, 2025.

Insurance Premium Tax: Credit must be taken after section 440.51 deductions, sections 175.101 and 185.08 credits, chapter 220 income tax credits, and subsection 624.509(5) credits. Credit is available for taxable years starting on or after January 1st, 2025.

Additionally, the sections on Severance Tax, Sales and Use Tax, and ABT Excise Tax contain provisions stating that any reduction in tax collections as a result of this credit only results in a reduction in distributions to the general revenue fund.

The credit is available via 3 possible pathways: Build a Child Care Facility, Operate a Child Care Facility, or Contract with a Child Care Facility. All 3 set up different individual caps based on the number of employees, described in the tables below.

Builds a Child Care Facility		
50% of startup costs		
<i>Employee Range</i>		<i>Up To</i>
1	19	\$1,000,000
20	250	\$500,000
251	+	\$250,000

Operates a Child Care Facility		
\$300 per child per month		
<i>Employee Range</i>		<i>Up To</i>
1	19	\$50,000
20	250	\$500,000
251	+	\$1,000,000

Contracts With a Child Care Facility		
\$3,600 per child per year		
<i>Employee Range</i>		<i>Up To</i>
1	19	\$50,000
20	250	\$500,000
251	+	\$1,000,000

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Section 2: Description of Data and Sources

Department of Revenue Credit Reports

Section 3: Methodology (Include Assumptions and Attach Details)

A child care tax credit did exist historically under 220.19, and granted 50,000 annual tax credits per business per year and was capped at 2 million annually. No corporate taxpayer took the childcare tax credit against their corporate income tax liabilities. A zero impact is presented as the low for the new child tax credit to account for the possibility of no participation by taxpayers.

Given the broad applicability of the new child care tax credit, we expect the \$5 Million cap will be reached. In the event the cap is not reached, there is no reliable way to estimate how much will be claimed, this is presented as the middle.

The credit becomes available for Severance, Sales, and ABT Excise taxes beginning January 2025, allowing the potential for an impact in FY2024-2025. However, we expect the largest claims to be against Corporate Income and Insurance Premium Tax liabilities for which the credit is available for taxable years starting on or after January 2025, pushing the brunt of the impact to begin FY2025-2026, this is presented as the high. Regardless, the maximum impact is \$5 million as the new language only authorizes the Department to provide credit in FY2024-2025. Although the language allows the credit to be carried forward for five years, we expect most of it to be claimed by FY2025-2026.

In 2023, a CIT only Child Care Tax Credit was presented before the conference with a \$2.5M cap. The conference adopted an estimate which assumed all the credit would be claimed. That impact can be found here:

<http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2023/pdf/page410-411.pdf>

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0		(**)		0	
2025-26	(5.0)		(**)		0	
2026-27						
2027-28						
2028-29						

Revenue Distribution: Various Taxes, General Revenue

Section 5: Consensus Estimate (Adopted: 03/01/2024): The Conference adopted \$1m in the first year’s cash and \$4m for the second year, zero recurring.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(1.0)	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0
2025-26	(4.0)	0.0	0.0	0.0	0.0	0.0	(4.0)	0.0
2026-27	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2027-28	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2028-29	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0