



Issue Brief

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Even as It Cuts Education, Health Care and Other Services, Legislature Considers Additional Tax Breaks

Even as the Florida Senate and House of Representatives approve state budgets balanced “on the backs of the poor, sick and public employees,”¹ legislators are proposing special-interest tax breaks that lead to draconian budget cuts.

Dozens of tax-break bills have been introduced, ranging from the relatively small to highly expensive – such as the repeal of the corporate income tax, which would cost the state \$2 billion or more each year.² Many tax-cut bills will die without action by either the House or Senate, but some will move forward and have a good chance of becoming law.

Each of these bills provides tax breaks to selected beneficiaries and reduces the revenue available to pay for state services. This year’s successful tax-break bills will join the catalogue of tax exemptions, exclusions, and credits that cost the state billions of dollars each year: the more than 240 tax breaks in Florida’s sales tax laws, the exclusion of taxes on services, the elimination of the intangibles tax, and subsidies for corporations like professional sports franchises.³

Among the proposed special-interest breaks: House Bill 1069, which as originally written would benefit only one corporation, Darden Restaurants. The bill would provide \$4.5 million in sales tax credits for Darden, which negotiated state and local tax rates to construct its corporate headquarters building in Orlando. But the company says it owed too little corporate income tax to gain the full benefit of the tax breaks, so the new bill provides tax credits for sales taxes paid – not just corporate income tax.

After *Orlando Sentinel* newspaper stories called attention to the Darden break, consideration of the bill was postponed.⁴

Following are some of the tax-break bills being considered by the legislature:

| Bill Number | Title | Cost of Tax Break |
|-------------|-----------------------------------|-------------------|
| HB143/SB790 | Aerospace-Sector Jobs Tax Credits | \$2.0 million |

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|--------------------------|--|---|
| CS/HB641/SB842 | Brownfields, Contaminated Site Rehabilitation Tax Credit | \$2.0 million |
| CS/CS/SB248 | Capital Investment Tax Credit related to Deepwater Horizon oil spill | \$4.4 million |
| CS/HB1309 | Deepwater Horizon affected counties | \$10 million appropriation |
| HB447/SB1958 | Green Job Creation | \$1.5 million |
| HB671/SB942 | Research and Development Tax Credit | \$15.0 million |
| SB1224/HB873 | Corporate Tax Credits and Refunds, Spaceflight | \$35 million, beginning in 2015 |
| SB1506/HB1199 | Single Sales Factor Apportionment | \$7.5 million |
| HB397/SB774 | Tax Credit for Research Commercialization | \$3.0 million |
| SB976/HB943 | Tax credits, venture capital for infrastructure | Indeterminate; up to \$750 million liability after 2023 |
| SB1242 | Sales tax exemption for repair of certain aircraft | \$9.6 million |
| HB675/SB1080 | Sales tax exemption on gas turbines | \$0.7 million |
| CS/SB1388/HB965 | Allows scholarship funding organizations to obtain names of the top 100 corporate income tax payers | |
| HB461/SB1232 | Specifies a period when sales of firearms are exempt from the sales tax | Indeterminate |
| Proposed House amendment | Three-day sales tax holiday | \$40.4 million |
| HB733/SB508 | Permanent three-day sales tax holiday, without computers | \$20.4 million |
| HB759/SB1638 | Direct general revenue to counties to stimulate special event tourism and job creation | Indeterminate |
| HB775/SB1184 | Economic Gardening | Indeterminate |
| HB905/SB1436 | Tax Refund Program for Qualified Target Industry Business | Indeterminate |
| HB1069/SB1470 | Allowing a certain business (Darden Restaurants) to apply sales taxes paid in addition to Corporate Income Tax for | \$4.5 million |

| | Capital Investment Tax Credit | |
|---------------|---|--|
| SB1222/HB503 | Corporate Income Tax reduction and future repeal | Corporate Income Tax is estimated to total \$2 billion in 2011-12 and more in future years |
| HB1365/SB2020 | Specifies a period when sales of certain energy efficient products are exempt from the sales tax | Indeterminate |
| PCB FTC 11-03 | Entertainment Industry Financial Incentive Program, Enterprise Zones, Single Sales Factor Apportionment | Entertainment: \$11 million Single Sales Factor: \$7.5 million |

Endnotes

¹ "Senate schools budget has \$678 million less for teachers," *Orlando Sentinel*, March 24, 2011.

<http://www.orlandosentinel.com/news/politics/state/os-xgr-senate-education-debate-20110324.0.6649034.story>

² Senate Bill 1222/House Bill 503

³ "Paying More for Less: More Cuts Will Hurt Floridians Who Rely on State Services," Florida Center for Fiscal and Economic Policy, January 30, 2011. <http://www.fcfe.org/attachments/20110104--Paying%20More%20for%20Less.pdf>

⁴ "Citing 'revelations,' committee delays vote on Darden tax credit," *Orlando Sentinel*, March 30, 2011.

http://blogs.orlandosentinel.com/news_politics/2011/03/citing-revelations-house-committee-delays-vote-on-darden-tax-break.html