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FISCAL IMPACT REPORT



SPONSOR: Campos DATE TYPED: 02/08/02 HB _____

SHORT TITLE: Small Business Disabled Access Tax Credit SB 177

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	*(\$500.0)		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill proposes a piggyback addition to the federal Disabled Access Credit. The federal credit is 50% of the eligible access expenditures over \$250 and less than \$10,250 for the year. The state credit amount is 25% of eligible access expenditures, limited to \$5,000 for the year. The state credit is contingent on the federal credit being claimed and allowed. The federal qualification as a small business is: (1) gross receipts for the previous year of less than \$1 million or (2) fewer than 30 full-time employees at any time during the preceding year. Expenditures for property claimed under the credit may not be deducted or depreciated as ordinary business expenses. Credit amounts in excess of liability for the year may be rolled forward for two years, but the amount of expenditures, which may be credited, including any expenditures rolled forward from a previous year, may not exceed \$5,000. This credit is available for sole proprietorships, partnerships, LLCs, LLPs, Sub-S corporations and regular corporations prorata to any ownership interest Senate Bill 177 enacts a new section of the Income Tax Act and Corporate Income and Franchise Tax Act to provide an income tax credit for individuals or small businesses equal to 25 percent of those eligible access expenditures made in any one-tax year. SB 177 places a ceiling of \$5.0 in any tax year.

FISCAL IMPLICATIONS

TRD notes that the fiscal impact is indeterminate, but unlikely to exceed 100 projects a year.

OTHER SUBSTANTIVE ISSUES

The state credit is limited to \$5,000, while the federal credit is limited to \$5,125 despite the fact that the state credit percentage is only half that of the federal credit. Traditionally, piggyback credits are expressed as a percentage of the federal credit. In this case, for expenditures in excess of \$20,000, the state and federal credit amounts are almost identical.

SS/ar