

# Florida & Alabama Annual Brownfields Conference 2021 **2X**

Virtual Conference Oct 26-27, 2021 - In-Person Conference April 24-27, 2022

## Recognizing Rehabilitation Resources: Four Steps to Renewed Interest in Your Real Estate **Certificate Transfers**

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Clocktower Tax Credits



# Florida VCTC Program Highlights

- ▶ Program inception: 1998
- ▶ Administered by the Florida Department of Environmental Protection
- ▶ Amounts:
  - ▶ Yearly Program Cap = initially set at \$2million → \$5million → NOW \$10million/year
    - ▶ 2021 funded backlog from 2019 in the amount of \$27.5 million
  - ▶ Awards capped at \$500,000 annually per site per year
    - ▶ Plus 25% of total cleanup costs up to \$500,000 in final year of cleanup (SRCO) & bonuses
- ▶ Credit can offset only corporate income tax liability
- ▶ TRAN\$FERABLE = Yes, you can \$ell them!
  - ▶ 5 year carryforward

# Tax Credit Universe

## Federal

## State

### Credits Based on Core Business: Tax Deductions

- Earned Income
- Child Care
- Research & Development

- Job Creation
- Payroll
- Research & Development

### Investment Based Credits: Available Through a Broker

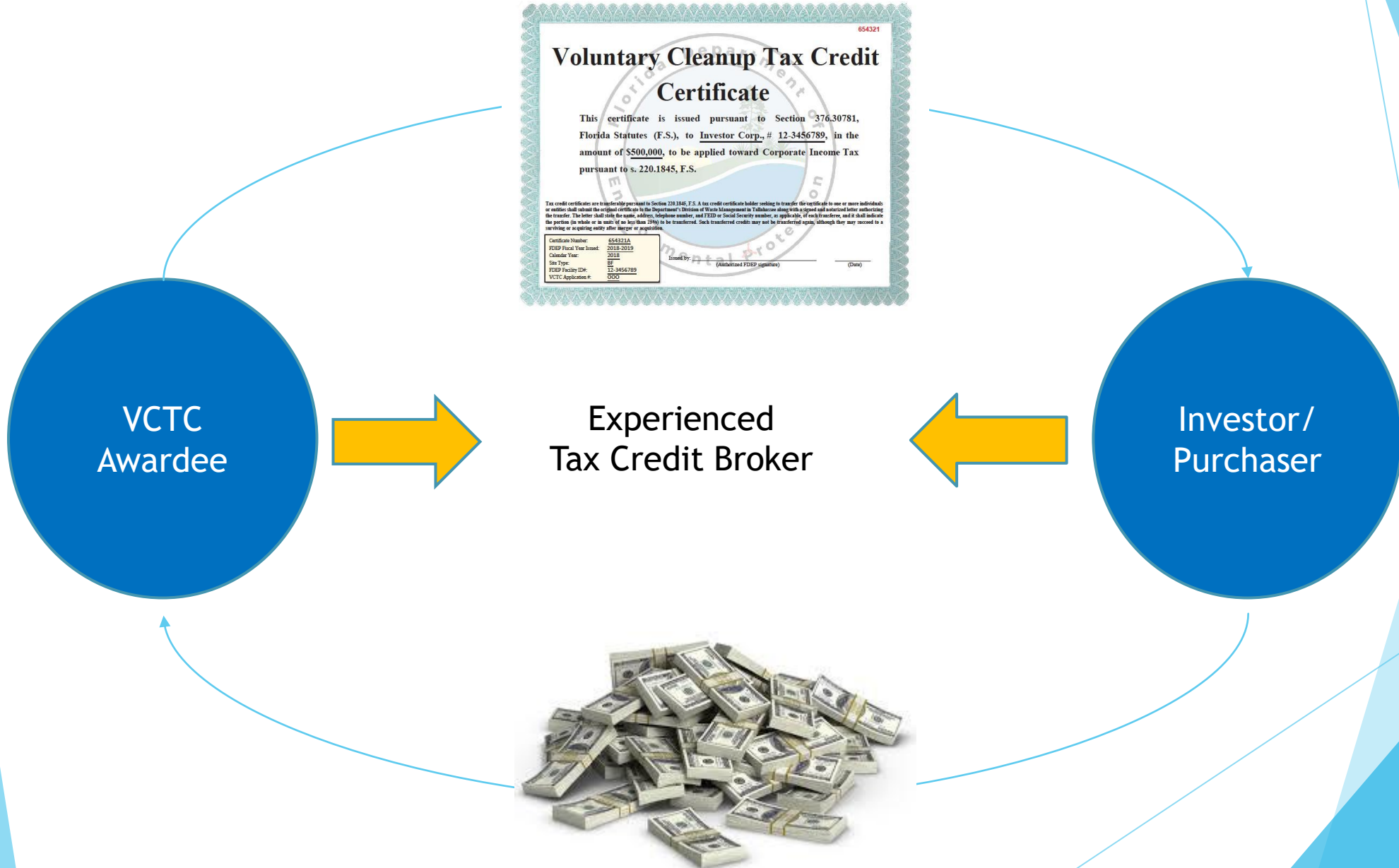
- Affordable Housing
- Historic Redevelopment
- Economic Development

- Affordable Housing
- Historic Redevelopment
  - Alabama \$20MM/year
  - Florida- proposed leg.
- Economic Development
- Film & Media Production
- **BROWNFIELDS-Florida**

# Why would you sell or buy a tax credit?

- ▶ Why sell?
  - ▶ Project owner cannot utilize the credit
  - ▶ Source of capital for project owner
- ▶ Who buys VCTC's and Why?
  - ▶ Corporations and demand is **HIGH!**
  - ▶ Save money on state tax liability
    - ▶ Manage effective tax rate
    - ▶ Improve cash flow
  - ▶ Socioeconomic benefit
    - ▶ Enhance corporate image
    - ▶ Support social initiatives

# Florida VCTC Sale Cycle



# Elements of Florida VCTC \$ale/Transfer

- ▶ When do you start the process?
  - ▶ It is up to you!
    - ▶ Prior to issuance vs. at issuance
    - ▶ Payment upon transfer
- ▶ The credit can be sold in full or in amounts no less than 25%
- ▶ Due Diligence
  - ▶ Approval Letter
  - ▶ Certificate
  - ▶ Application with Technical, CPA and Applicant Certifications
- ▶ Pricing Factors
  - ▶ Timing
  - ▶ Tax credit volume
  - ▶ Supply and Demand

# Suggestions for Enhancement to the VCTC program

- ▶ More funding
  - ▶ \$\$\$\$
- ▶ Transferee utilization
  - ▶ Offset premium tax liability and/or sales/use tax
    - ▶ Legislative
- ▶ Rolling release of credits by FDEP

# Questions

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