

By Senator Evers

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1 A bill to be entitled
2 An act relating to defense contracting; creating s.
3 288.1046, F.S.; providing definitions; authorizing
4 certain prime contractors to apply to the Department
5 of Economic Opportunity to certify that such
6 contractors may reduce their computation of adjusted
7 federal income by a certain amount when awarded a
8 prime contract; providing requirements to apply for a
9 reduction in computation of income; requiring a prime
10 contractor to apply separately for each qualified
11 subcontract award and to provide documentation;
12 providing guidelines for the department to certify an
13 award; authorizing the department and the Department
14 of Revenue to adopt rules; providing an effective
15 date.

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17 Be It Enacted by the Legislature of the State of Florida:

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19 Section 1. Section 288.1046, Florida Statutes, is created
20 to read:

21 288.1046 Defense works in Florida incentive.-

22 (1) As used in this section, the term:

23 (a) "Florida prime contractor" means a business entity
24 operating in the state which is awarded a prime contract.

25 (b) "Florida small business subcontractor" means a business
26 entity that:

27 1. Maintains its primary place of business in this state;

28 2. Has 250 or fewer employees;

29 3. Is awarded a subcontract from a Florida prime

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30 contractor; and

31 4. Has no subsidiary or affiliate business relationship to
32 the Florida prime contractor making the award.

33 (c) "Prime contract" means a contract that is awarded
34 directly from the Federal Government.

35 (d) "Qualified defense work" means a prime contract awarded
36 for manufacturing, engineering, construction, distribution,
37 research, development, or other activities related to equipment,
38 supplies, technology, or other goods or services that directly
39 or indirectly support the United States Armed Forces or that can
40 be reasonably determined to support national security, including
41 space-related activities. The term does not include work that
42 only may be awarded locally by a military installation and does
43 not include contracts awarded before October 1, 2013.

44 (e) "Qualified subcontract award" means qualified defense
45 work, in part or in whole, subcontracted from a Florida prime
46 contractor to a Florida small business subcontractor which is
47 executed in this state and is approved by the department.

48 (2) A Florida prime contractor may apply to the department
49 to certify that the Florida prime contractor may reduce its
50 computation of adjusted federal income under s. 220.13 by an
51 amount equal to 4 percent of the subcontract award if the
52 Florida prime contractor:

53 (a) Is subject to chapter 220;

54 (b) Is awarded qualified defense work; and

55 (c) Awards a qualified subcontract award.

56 (3) A Florida prime contractor may claim the incentive
57 under subsection (2) for each qualified subcontract award. A
58 Florida prime contractor must apply separately to the department

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59 for each qualified subcontract award and provide the department
60 with required documentation, including, but not limited to, the
61 application for the award and copies of contracts, tax records,
62 or employment records.

63 (4) The department may establish application, approval,
64 appeal, and accountability processes as necessary. The
65 department may consult with Enterprise Florida, Inc., and the
66 Florida Defense Support Task Force as necessary to administer
67 this section.

68 (a) The department shall provide a letter certifying a
69 qualified subcontract award to a Florida prime contractor for
70 use when the business entity files its taxes. Certifications
71 apply beginning in the 2014 tax year.

72 (b) The department may certify, for each Florida prime
73 contractor applicant per tax year, up to \$250 million in
74 aggregate qualified subcontract awards, equaling \$10 million in
75 reduced taxable income and \$550,000 in reduced taxes.

76 (c) The department may certify in total, per tax year, up
77 to \$2.5 billion in aggregate qualified subcontract awards,
78 equaling \$100 million in reduced taxable income and \$5.5 million
79 in reduced taxes.

80 (d) For a multiyear qualified subcontract award:

81 1. The department shall certify the full amount of the
82 award under paragraphs (b) and (c) in the year it is awarded.

83 2. The Florida prime contractor may claim the incentive in
84 the tax year in which payment is made to the Florida small
85 business subcontractor.

86 (5) The department and the Department of Revenue may adopt
87 rules to administer this section.

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Section 2. This act shall take effect July 1, 2014.