

By Representative Fasano

1 A bill to be entitled
2 An act relating to corporate income tax;
3 amending s. 220.15, F.S., which provides for
4 apportionment of adjusted federal income for
5 corporate income tax purposes; providing that
6 the property factor fraction shall not include
7 property certified as dedicated to research and
8 development pursuant to sponsored research
9 conducted through a state university; providing
10 that the payroll factor shall not include
11 compensation paid to employees certified as
12 dedicated to such activities; providing that no
13 such activities shall cause a corporation not
14 otherwise subject to corporate income tax to be
15 subject to said tax; providing limitations;
16 providing for rules; requiring a report;
17 providing an effective date.

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

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21 Section 1. Paragraph (c) is added to subsection (2)
22 and paragraph (c) is added to subsection (4) of section
23 220.15, Florida Statutes, and subsection (8) is added to said
24 section, to read:

25 220.15 Apportionment of adjusted federal income.--

26 (2) The property factor is a fraction the numerator of
27 which is the average value of the taxpayer's real and tangible
28 personal property owned or rented and used in this state
29 during the taxable year or period and the denominator of which
30 is the average value of such property owned or rented and used
31 everywhere.

1 (c) The property factor fraction shall not include any
2 real or tangible personal property located in this state with
3 respect to which it is certified to the Department of Revenue
4 by the Board of Regents that such property is dedicated
5 exclusively to research and development activities performed
6 pursuant to sponsored research contracts conducted in
7 conjunction with and through a state university.

8 (4) The payroll factor is a fraction the numerator of
9 which is the total amount paid in this state during the
10 taxable year or period by the taxpayer for compensation and
11 the denominator of which is the total compensation paid
12 everywhere during the taxable year or period.

13 (c) The payroll factor fraction shall not include any
14 compensation paid to any employee located in this state when
15 it is certified to the Department of Revenue by the Board of
16 Regents that such compensation was paid to employees dedicated
17 exclusively to research and development activities performed
18 pursuant to sponsored research contracts conducted in
19 conjunction with and through a state university.

20 (8) No research and development activities certified
21 by the Board of Regents as being conducted in conjunction with
22 and through a state university within this state shall cause
23 any corporation to become subject to the taxes imposed by this
24 chapter if the corporation would otherwise not be subject to
25 the tax levied under this chapter. The property and payroll
26 eliminated from the apportionment formula pursuant to the
27 provisions of paragraphs (2)(c) and (4)(c) shall be eliminated
28 only for the duration of the contractual period specified in
29 the contracts for the conduct of the sponsored research. The
30 reduction in tax due as a result of the property and payroll
31 eliminated from the apportionment formula pursuant to the

1 provisions of paragraphs (2)(c) and (4)(c) shall not exceed
2 the amount paid to the state university for the conduct of the
3 sponsored research. No sponsored research contracts in
4 existence prior to July 1, 1998, shall be eligible to
5 participate in the provisions of paragraphs (2)(c) and (4)(c).

6 Section 2. The Department of Revenue is directed to
7 adopt any rules necessary to administer the provisions of s.
8 220.15(8), Florida Statutes, as created by this act. The Board
9 of Regents shall monitor the various sponsored research
10 contracts and make a report to the Speaker of the House of
11 Representatives and to the President of the Senate by February
12 1, 2000, which shall provide any necessary information which
13 indicates if the provisions of this act have been successful
14 in attracting additional sponsored research contracts.

15 Section 3. This act shall take effect July 1 of the
16 year in which enacted.

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19 HOUSE SUMMARY

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21 Revises provisions which provide for apportionment of
22 adjusted federal income for corporate income tax
23 purposes, to provide that the property factor fraction
24 shall not include property certified as dedicated to
25 research and development pursuant to sponsored research
26 conducted through a state university, that the payroll
27 factor shall not include compensation paid to employees
28 certified as dedicated to such activities, and that no
29 such activities shall cause a corporation not otherwise
30 subject to corporate income tax to be subject to said
31 tax. Provides limitations and requires a report.