

By the Committees on Finance & Taxation, Colleges &
Universities and Representatives Fasano and Murman

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 certain universities;
10 providing a definition; providing that the
11 payroll factor shall not include compensation
12 paid to employees certified as dedicated to
13 such activities; providing that no such
14 activities shall cause a corporation not
15 otherwise subject to corporate income tax to be
16 subject to said tax; providing limitations;
17 providing for rules; requiring a report;
18 providing an effective date.

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

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

26 220.15 Apportionment of adjusted federal income.--

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

31

1 is the average value of such property owned or rented and used
2 everywhere.

3 (c) The property factor fraction shall not include any
4 real or tangible personal property located in this state with
5 respect to which it is certified to the Department of Revenue
6 that such property is dedicated exclusively to research and
7 development activities performed pursuant to sponsored
8 research contracts conducted in conjunction with and through a
9 university that is a member of the State University System or
10 a nonpublic university that is chartered in Florida and
11 conducts graduate programs at the professional or doctoral
12 level. The Board of Regents must certify the contracts for
13 members of the State University System and the president of
14 the university must certify the contracts for a nonpublic
15 university. As used in this paragraph, "sponsored research
16 contract" means an agreement executed by parties that include
17 at least the university and the taxpayer. Funding for
18 sponsored research contracts may be provided from public or
19 private sources.

20 (4) The payroll factor is a fraction the numerator of
21 which is the total amount paid in this state during the
22 taxable year or period by the taxpayer for compensation and
23 the denominator of which is the total compensation paid
24 everywhere during the taxable year or period.

25 (c) The payroll factor fraction shall not include any
26 compensation paid to any employee located in this state when
27 it is certified to the Department of Revenue that such
28 compensation was paid to employees dedicated exclusively to
29 research and development activities performed pursuant to
30 sponsored research contracts conducted in conjunction with and
31 through a university that is a member of the State University

1 System or a nonpublic university that is chartered in Florida
2 and conducts graduate programs at the professional or doctoral
3 level. The Board of Regents must certify the contracts for
4 members of the State University System and the president of
5 the university must certify the contracts for a nonpublic
6 university. As used in this paragraph, "sponsored research
7 contract" means an agreement executed by parties that include
8 at least the university and the taxpayer. Funding for
9 sponsored research contracts may be provided from public or
10 private sources.

11 (8) No research and development activities certified
12 as being conducted within this state in conjunction with and
13 through a university that is a member of the State University
14 System or a nonpublic university that is chartered in Florida
15 and conducts graduate programs at the professional or doctoral
16 level shall cause any corporation to become subject to the
17 taxes imposed by this chapter if the corporation would
18 otherwise not be subject to the tax levied under this chapter.
19 The property and payroll eliminated from the apportionment
20 formula pursuant to the provisions of paragraphs (2)(c) and
21 (4)(c) shall be eliminated only for the duration of the
22 contractual period specified in the contracts for the conduct
23 of the sponsored research. The reduction in tax due as a
24 result of the property and payroll eliminated from the
25 apportionment formula pursuant to the provisions of paragraphs
26 (2)(c) and (4)(c) shall not exceed the amount paid to the
27 university for the conduct of the sponsored research. No
28 sponsored research contracts in existence prior to July 1,
29 1998, shall be eligible to participate in the provisions of
30 paragraphs (2)(c) and (4)(c).

31

1 Section 2. The Department of Revenue has authority to
2 adopt rules pursuant to the Administrative Procedure Act to
3 implement s. 220.15(2)(c), (4)(c), and (8), Florida Statutes,
4 as created by this act. The Board of Regents and the president
5 of each participating nonpublic university shall monitor the
6 various sponsored research contracts and make a report to the
7 Speaker of the House of Representatives and to the President
8 of the Senate by February 1, 2000, which shall provide any
9 necessary information which indicates if the provisions of
10 this act have been successful in attracting additional
11 sponsored research contracts.

12 Section 3. This act shall take effect July 1 of the
13 year in which enacted.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31