

By Senators Clary and Diaz-Balart

7-253B-98

1                                   A bill to be entitled  
2           An act relating to sponsored research and  
3           development; amending s. 220.15, F.S.;  
4           providing that certain property and payroll  
5           associated with sponsored research and  
6           development at a state university will be  
7           disregarded in calculating apportionment of  
8           adjusted federal income and that such research  
9           will not, alone, cause a corporation to incur  
10          state income tax liability; authorizing the  
11          Department of Revenue to adopt rules; requiring  
12          a report; providing an effective date.

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

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16           Section 1. Paragraph (c) is added to subsection (2) of  
17          section 220.15, Florida Statutes, paragraph (c) is added to  
18          subsection (4) of that section, and subsection (8) is added to  
19          that section, to read:

20           220.15 Apportionment of adjusted federal income.--

21           (2) The property factor is a fraction the numerator of  
22          which is the average value of the taxpayer's real and tangible  
23          personal property owned or rented and used in this state  
24          during the taxable year or period and the denominator of which  
25          is the average value of such property owned or rented and used  
26          everywhere.

27           (c) The property factor fraction shall not include any  
28          real or tangible personal property located in this state that  
29          is certified to the Department of Revenue by the Board of  
30          Regents that such property is dedicated exclusively to  
31          research and development activities performed pursuant to

1 sponsored research contracts conducted in conjunction with and  
2 through a state university.

3 (4) The payroll factor is a fraction the numerator of  
4 which is the total amount paid in this state during the  
5 taxable year or period by the taxpayer for compensation and  
6 the denominator of which is the total compensation paid  
7 everywhere during the taxable year or period.

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

15 (8) No research and development activities certified  
16 by the Board of Regents as being conducted in conjunction with  
17 and through a state university within this state shall cause  
18 any corporation to become subject to the taxes imposed by this  
19 chapter if the corporation would otherwise not be subject to  
20 the tax levied herein. The property and payroll eliminated  
21 from the apportionment formula pursuant to the provisions of  
22 paragraphs (2)(c) and (4)(c) shall be eliminated only for the  
23 duration of the contractual period specified in the contracts  
24 for the conduct of the sponsored research. The reduction in  
25 tax due as a result of the property and payroll eliminated  
26 from the apportionment formula pursuant to the provisions of  
27 paragraphs (2)(c) and (4)(c) may not exceed the amount paid to  
28 the state university for the conduct of the sponsored  
29 research. No sponsored research contracts in existence prior  
30 to July 1, 1997, shall be eligible to participate in the  
31 provisions of paragraphs (2)(c) and (4)(c).

1           Section 2. The Department of Revenue is directed to  
2 adopt any rules necessary to administer the provisions of  
3 section 220.15(8), Florida Statutes. The Board of Regents  
4 shall monitor the various sponsored research contracts and  
5 make a report to the Legislature by February 1, 2000, which  
6 shall provide any necessary information which indicates if the  
7 provisions of this act have been successful in attracting  
8 additional sponsored research contracts.

9           Section 3. This act shall take effect July 1, 1998.

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SENATE SUMMARY

Excludes from the property factor and the payroll factor  
used to apportion adjusted federal income for purposes of  
the corporate income tax property and payroll that are  
certified as being dedicated to research and development  
or sponsored research conducted in conjunction with or  
through a state university. Provides that research and  
development activities certified as being conducted with  
a state university will not cause a corporation to become  
liable for the corporate income tax if it is not  
otherwise liable.

**CODING:**Words ~~stricken~~ are deletions; words underlined are additions.