

By the Committee on Commerce and Economic Opportunities and
 Senators Clary and Diaz-Balart

310-1694-98

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.

13
 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 may adopt rules
2 pursuant to the Administrative Procedure Act to implement
3 paragraphs (2)(c) and (4)(c) and subsection (8) of section
4 220.15, Florida Statutes, as created by this act. The Board of
5 Regents shall monitor the various sponsored research contracts
6 and make a report to the Legislature by February 1, 2000,
7 which shall provide any necessary information which indicates
8 if the provisions of this act have been successful in
9 attracting additional sponsored research contracts.

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

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12 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
13 COMMITTEE SUBSTITUTE FOR
14 SB 742

15 The committee substitute differs substantially from Senate
16 Bill 742 by giving the Department of Revenue authority to
17 develop implementing rules pursuant to the Administrative
18 Procedure Act, rather than directing the department to develop
19 rules. In addition, the committee substitute clarifies that
20 the department's rule-making authority extends to all of the
21 measure's new provisions in s. 220.15, F.S., relating to
22 sponsored research and development, rather than solely to
23 those contained in the new subsection (8).