

By Representative Andrews

1 A bill to be entitled
2 An act relating to a corporate income tax
3 credit to promote new product development;
4 providing a short title; creating s. 288.907,
5 F.S.; providing definitions; providing for
6 licensing of certain products or technologies
7 by donor companies to receiving companies for
8 production and marketing; providing duties of
9 such companies and of Enterprise Florida, Inc.;
10 providing requirements for product development
11 agreements; creating s. 220.115, F.S.;
12 requiring receiving companies to file a
13 corporate tax return and remit to the state
14 certain fees in addition to any corporate
15 income tax due; providing for application of
16 administrative and penalty provisions of ch.
17 220, F.S.; creating s. 220.1825, F.S.;
18 providing for a credit against the corporate
19 income tax for donor companies; providing for
20 determination of the amount of the credit by
21 Enterprise Florida, Inc., and notification to
22 the Department of Revenue; providing for
23 carryover of the credit; amending s. 220.02,
24 F.S.; providing order of credits against the
25 tax; providing an effective date.

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

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29 Section 1. This act may be cited as the "New Product
30 Transfer Enhancement Act."

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1 Section 2. Section 288.907, Florida Statutes, is
2 created to read:

3 288.907 Licensing of products or technologies by donor
4 companies to receiving companies; tax credits.--

5 (1) The purpose of this section is to promote economic
6 growth by providing an incentive for corporations which have
7 developed or patented products or technologies they do not
8 wish to develop further to license those items to companies
9 located in Florida for production and marketing.

10 (2) As used in this section:

11 (a) "Annual statement of corporate tax credit" means
12 the statement produced by Enterprise Florida, Inc., for each
13 donor company listing the total amount of credit available to
14 the donor company for all of the product development
15 agreements it has entered into. This statement shall also
16 include any additional information specified in the product
17 development agreement.

18 (b) "Annual statement of fees due" means the statement
19 submitted by the receiving company to Enterprise Florida,
20 Inc., and the Department of Revenue each year, which lists the
21 amount of fees and royalties owed by it under the product
22 development agreement to the donor company for the preceding
23 calendar year. This statement shall contain any additional
24 information specified in the product development agreement.

25 (c) "Donor company" means an entity subject to the tax
26 imposed by chapter 220 which has developed or holds the patent
27 for a product or technology that it does not wish to develop
28 itself and which has entered into a product development
29 agreement.

30 (d) "Product development agreement" means a contract
31 or series of contracts which provides the receiving company

1 with the right to produce and market a product or technology
2 which was developed or patented by the donor company.

3 (e) "Receiving company" means a business operating in
4 Florida which has entered into a product development agreement
5 for the purpose of obtaining the right to produce and market a
6 product or technology from a donor company.

7 (3) Enterprise Florida, Inc., shall actively seek out
8 corporations which may be interested in becoming donor
9 companies and Florida businesses which may be interested in
10 becoming receiving companies and attempt to facilitate the
11 formation of product development agreements.

12 (4) To qualify under this section, a product
13 development agreement shall specify that a minimum of 75
14 percent of the jobs created by the production of the new
15 product or technology shall be located in Florida. In
16 addition, the agreement shall specify the amount of
17 compensation to be remitted by the receiving company for the
18 license. The agreement shall further provide for submission by
19 the receiving company of an annual statement of fees due to
20 both Enterprise Florida, Inc., and the Department of Revenue
21 and specify the information to be included in the statement.

22 (5) Each receiving company shall submit an annual
23 statement of fees due to Enterprise Florida, Inc., and the
24 Department of Revenue by February 1 each year, in a format
25 approved by Enterprise Florida, Inc. Enterprise Florida, Inc.,
26 shall be responsible for producing an annual statement of
27 corporate tax credit for each donor companies using the
28 information contained in the statements. The corporate tax
29 credit for each donor company shall equal the total of the
30 amounts specified in the annual statements of fees due from
31 all receiving companies with which it has entered a product

1 development agreement. In any year the total amount of credits
2 granted under all annual statements of corporate tax credit
3 shall not exceed the amount due to the state under all annual
4 statements of fees due.

5 (6) Enterprise Florida, Inc., shall send the annual
6 statement of corporate tax credit to each donor company by
7 March 1 each year. These statements shall contain the
8 information specified by the product development agreement.
9 Enterprise Florida, Inc., shall also submit to the Department
10 of Revenue a statement, in a format approved by the
11 department, which specifies the amount of tax credit due to
12 each donor company and the identities of the receiving
13 companies from which those credits originated.

14 Section 3. Section 220.115, Florida Statutes, is
15 created to read:

16 220.115 Fees due from receiving companies pursuant to
17 s. 288.907.--In addition to the tax imposed by this chapter,
18 any company that has entered into a product development
19 agreement pursuant to s. 288.907 as a receiving company shall
20 remit to the state the funds listed as due on the annual
21 statement of fees due which the company has submitted to both
22 Enterprise Florida, Inc., and the Department of Revenue. Even
23 if no tax is due under this chapter and a return would not
24 normally be required, a Florida corporate income tax return
25 shall be filed by the receiving company, and the funds listed
26 on the annual statement of fees due shall be remitted to the
27 department, subject to all filing requirements, fines, and
28 penalties specified for returns and taxes due under this
29 chapter.

30 Section 4. Section 220.1825, Florida Statutes, is
31 created to read:

1 220.1825 Credit for donor companies pursuant to s.
2 288.907.--A credit against the tax imposed by this chapter
3 shall be allowed to a donor company that has entered into a
4 product development agreement pursuant to s. 288.907, which
5 credit shall be limited to the amount stated in the annual
6 statement of corporate tax credit provided to the company by
7 Enterprise Florida, Inc. If any credit granted under this
8 section is not fully used in the first year for which it
9 becomes available, the unused amount may be carried forward
10 for a period not to exceed 5 years.

11 Section 5. Subsection (8) of section 220.02, Florida
12 Statutes, is amended to read:

13 220.02 Legislative intent.--

14 (8) It is the intent of the Legislature that credits
15 against either the corporate income tax or the franchise tax
16 be applied in the following order: those enumerated in s.
17 631.828, those enumerated in s. 220.191, those enumerated in
18 s. 220.181, those enumerated in s. 220.183, those enumerated
19 in s. 220.182, those enumerated in s. 220.1895, those
20 enumerated in s. 221.02, those enumerated in s. 220.184, those
21 enumerated in s. 220.186, those enumerated in s. 220.1845,
22 those enumerated in s. 220.19, ~~and~~ those enumerated in s.
23 220.185, and those enumerated in s. 220.1825.

24 Section 6. This act shall take effect January 1, 2002.
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HOUSE SUMMARY

Creates the New Product Transfer Enhancement Act. Provides for licensing of certain products or technologies by donor companies to receiving companies for production and marketing. Provides duties of such companies and of Enterprise Florida, Inc. Provides requirements for product development agreements. Requires receiving companies to file a corporate tax return and remit to the state certain fees in addition to any corporate income tax due. Provides for application of administrative and penalty provisions of ch. 220, F.S. Provides for a credit against the corporate income tax for donor companies. Provides for determination of the amount of the credit by Enterprise Florida, Inc., and notification to the Department of Revenue. Provides for carryover of the credit.