

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1002  
 SPONSOR: Senator Campbell  
 SUBJECT: Corporate Income Tax  
 DATE: April 13, 2003      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
2.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>
3.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**I. Summary:**

Senate Bill 1002 updates references in Chapter 220, Florida Statutes (the Florida Income Tax Code) to reflect changes in the U.S. Internal Revenue Code for corporate income taxes.

This bill substantially amends s. 220.03, F.S.

**II. Present Situation:**

Florida’s Corporate Income Tax Code follows the federal Internal Revenue Code by using federal rules and starting with federal taxable income as the tax base for the Florida income tax. Section 220.03, F.S., defines specific terms as they apply to Florida’s Corporate Income Tax Code. The term “Internal Revenue Code” is defined to mean those provisions of the United States Internal Revenue Code of 1986, as amended, in effect on January 1, 2002. However, Ch. 2002-395, L.O.F., adopted the bonus depreciation provisions of the Federal Job Creation and Worker Assistance Act of 2002 (P.L.107-147) even though that law was enacted after January 1, 2002.

**III. Effect of Proposed Changes:**

This bill updates the Florida Income Tax Code to reflect changes in the U.S. Internal Revenue Code enacted by Congress since January 1, 2002. This definition provides for “piggybacking” each change made during 2002 in the Internal Revenue Code.

This bill shall take effect upon becoming a law and shall operate retroactively to January 1, 2003.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

## A. Tax/Fee Issues:

This bill ensures current administration of the corporate income tax.

## B. Private Sector Impact:

This bill ensures that corporations that are subject to Florida corporate income tax can base their tax calculations on current IRS rules. Failure to pass this bill would result in increased bookkeeping burdens for these entities.

## C. Government Sector Impact:

Since Florida's corporate income tax is based upon a taxpayer's income as calculated for federal tax purposes, Florida can rely on the efforts of the IRS to ensure the accuracy of the starting point for determining tax liability. Passage of this bill is necessary to maintain this relationship, which significantly decreases the cost of enforcing Florida's income tax law.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.