

1 A bill to be entitled
2 An act relating to scholarship funding tax
3 credits; amending s. 220.187, F.S.; increasing
4 the total amount of tax credit which may be
5 granted each state fiscal year; allowing tax
6 credits to be carried forward; providing for
7 the scholarship amounts awarded to be annually
8 adjusted based on the percentage change in the
9 Consumer Price Index; creating s. 220.1875,
10 F.S.; establishing a program for contributions
11 to nonprofit scholarship-funding organizations
12 to be used for dependent children of military
13 personnel; providing for tax credits that may
14 be granted each fiscal year for such
15 contributions; providing requirements and
16 limitations; amending s. 220.02, F.S.;
17 providing for the order of tax credits;
18 amending s. 220.13, F.S.; providing an add-back
19 to adjusted federal income; providing an
20 effective date.

21
22 Be It Enacted by the Legislature of the State of Florida:

23
24 Section 1. Paragraph (b) of subsection (3), paragraph
25 (c) of subsection (4), and paragraph (a) of subsection (6) of
26 section 220.187, Florida Statutes, are amended to read:

27 220.187 Credits for contributions to nonprofit
28 scholarship-funding organizations.--

29 (3) AUTHORIZATION TO GRANT SCHOLARSHIP FUNDING TAX
30 CREDITS; LIMITATIONS ON INDIVIDUAL AND TOTAL CREDITS.--

31

1 (b) The total amount of tax credit which may be
2 granted each state fiscal year under this section is \$70 ~~\$50~~
3 million.

4 (4) OBLIGATIONS OF ELIGIBLE NONPROFIT
5 SCHOLARSHIP-FUNDING ORGANIZATIONS.--

6 (c) The amount of a scholarship provided to any child
7 for any single school year by all eligible nonprofit
8 scholarship-funding organizations from eligible contributions
9 shall not exceed the following annual limits:

10 1. Beginning in the 2003-2004 school year, \$3,500
11 ~~Three thousand five hundred dollars~~ for a scholarship awarded
12 to a student enrolled in an eligible nonpublic school. The
13 amount of the scholarship shall be adjusted annually based on
14 the percentage change in the Consumer Price Index for the
15 prior year.

16 2. Beginning in the 2003-2004 school year, \$500 ~~Five~~
17 ~~hundred dollars~~ for a scholarship awarded to a student
18 enrolled in a Florida public school that is located outside
19 the district in which the student resides. The amount of the
20 scholarship shall be adjusted annually based on the percentage
21 change in the Consumer Price Index for the prior year.

22 (6) ADMINISTRATION; RULES.--

23 (a) If the credit granted pursuant to this section is
24 not fully used in any one year because of insufficient tax
25 liability on the part of the corporation, the unused amount
26 may ~~not~~ be carried forward for a period not to exceed 3 years.
27 A taxpayer may not convey, assign, or transfer the credit
28 authorized by this section to another entity unless all of the
29 assets of the taxpayer are conveyed, assigned, or transferred
30 in the same transaction. This carryforward applies to all
31 approved contributions made after January 1, 2002.

1 Section 2. Section 220.1875, Florida Statutes, is
2 created to read:

3 220.1875 Credits for contributions to nonprofit
4 scholarship-funding organizations; scholarships for dependent
5 children of active duty personnel in the United States
6 military and all reserve components, including National Guard
7 personnel who have been deployed in support of active duty
8 operations.--

9 (1) PURPOSE.--The purpose of this section is to:

10 (a) Encourage private, voluntary contributions to
11 nonprofit scholarship-funding organizations.

12 (b) Expand educational opportunities for dependent
13 children of active duty personnel in the United States
14 military and all reserve components, including National Guard
15 personnel who have been deployed in support of active duty
16 operations, and whose families have limited financial
17 resources.

18 (c) Enable children in this state to achieve a greater
19 level of excellence in their education.

20 (2) DEFINITIONS.--As used in this section, the term:

21 (a) "Department" means the Department of Revenue.

22 (b) "Eligible contribution" means a monetary
23 contribution from a taxpayer, subject to the restrictions
24 provided in this section, to an eligible nonprofit
25 scholarship-funding organization. The taxpayer making the
26 contribution may not designate a specific child as the
27 beneficiary of the contribution. The taxpayer may not
28 contribute more than \$1 million to any single eligible
29 nonprofit scholarship-funding organization.

30 (c) "Eligible nonpublic school" means a nonpublic
31 school located in Florida that offers an education to students

1 in any grades K-12 and that meets the requirements in
2 subsection (5).

3 (d) "Eligible nonprofit scholarship-funding
4 organization" means a charitable organization that is exempt
5 from federal income tax pursuant to s. 501(c)(3) of the
6 Internal Revenue Code and that complies with the provisions of
7 subsection (4).

8 (e) "Qualified student" means a dependent child of any
9 active duty personnel in the United States military and all
10 reserve components, including National Guard personnel who
11 have been deployed in support of active duty operations, who
12 qualifies for free or reduced-price school lunches under the
13 National School Lunch Act and who:

14 1. Was counted as a full-time equivalent student
15 during the previous state fiscal year for purposes of state
16 per-student funding;

17 2. Received a scholarship from an eligible nonprofit
18 scholarship-funding organization during the previous school
19 year; or

20 3. Is eligible to enter kindergarten or first grade.

21 (3) AUTHORIZATION TO GRANT SCHOLARSHIP FUNDING TAX
22 CREDITS; LIMITATIONS ON INDIVIDUAL AND TOTAL CREDITS.--

23 (a) There is allowed a credit of 100 percent of an
24 eligible contribution against any tax due for a taxable year
25 under this chapter. However, such a credit may not exceed 75
26 percent of the tax due under this chapter for the taxable
27 year, after the application of any other allowable credits by
28 the taxpayer. However, at least 5 percent of the total
29 statewide amount authorized for the tax credit shall be
30 reserved for taxpayers who meet the definition of a small
31 business provided in s. 288.703(1) at the time of application.

1 The credit granted by this section shall be reduced by the
2 difference between the amount of federal corporate income tax
3 taking into account the credit granted by this section and the
4 amount of federal corporate income tax without application of
5 the credit granted by this section.

6 (b) The total amount of tax credit which may be
7 granted each state fiscal year under this section is \$5
8 million.

9 (c) A taxpayer who files a Florida consolidated return
10 as a member of an affiliated group pursuant to s. 220.131(1)
11 may be allowed the credit on a consolidated return basis;
12 however, the total credit taken by the affiliated group is
13 subject to the limitation established under paragraph (a).

14 (4) OBLIGATIONS OF ELIGIBLE NONPROFIT
15 SCHOLARSHIP-FUNDING ORGANIZATIONS.--

16 (a) An eligible nonprofit scholarship-funding
17 organization shall provide scholarships, from eligible
18 contributions, to qualified students for:

19 1. Tuition or textbook expenses for, or transportation
20 to, an eligible nonpublic school. At least 75 percent of the
21 scholarship funding must be used to pay tuition expenses; or

22 2. Transportation expenses to a Florida public school
23 that is located outside the district in which the student
24 resides.

25 (b) An eligible nonprofit scholarship-funding
26 organization shall give priority to qualified students who
27 received a scholarship from an eligible nonprofit
28 scholarship-funding organization during the previous school
29 year.

30 (c) The amount of a scholarship provided to any child
31 for any single school year by all eligible nonprofit

1 scholarship-funding organizations from eligible contributions
2 shall not exceed the following annual limits:

3 1. Beginning in the 2003-2004 school year, \$3,500 for
4 a scholarship awarded to a student enrolled in an eligible
5 nonpublic school. The amount of the scholarship shall be
6 adjusted annually based on the percentage change in the
7 Consumer Price Index for the prior year.

8 2. Beginning in the 2003-2004 school year, \$500 for a
9 scholarship awarded to a student enrolled in a Florida public
10 school that is located outside the district in which the
11 student resides. The amount of the scholarship shall adjusted
12 annually based on the percentage change in the Consumer Price
13 Index for the prior year.

14 (d) The amount of an eligible contribution which may
15 be accepted by an eligible nonprofit scholarship-funding
16 organization is limited to the amount needed to provide
17 scholarships for qualified students which the organization has
18 identified and for which vacancies in eligible nonpublic
19 schools have been identified.

20 (e) An eligible nonprofit scholarship-funding
21 organization that receives an eligible contribution must spend
22 100 percent of the eligible contribution to provide
23 scholarships in the same state fiscal year in which the
24 contribution was received. An eligible nonprofit
25 scholarshp-funding organization may use eligible contributions
26 to provide scholarships to qualified students, pursuant to s.
27 220.187, after it has served qualified dependent children of
28 active duty personnel in the United States military and all
29 reserve components, including National Guard personnel who
30 have been deployed in support of active duty operations. No
31 portion of eligible contributions may be used for

1 administrative expenses. All interest accrued from
2 contributions must be used for scholarships.

3 (f) An eligible nonprofit scholarship-funding
4 organization that receives eligible contributions must provide
5 to the Auditor General an annual financial and compliance
6 audit of its accounts and records conducted by an independent
7 certified public accountant and in accordance with rules
8 adopted by the Auditor General.

9 (g) Payment of the scholarship by the eligible
10 nonprofit scholarship-funding organization shall be by
11 individual warrant or check made payable to the student's
12 parent. If the parent chooses for his or her child to attend
13 an eligible nonpublic school, the warrant or check must be
14 mailed by the eligible nonprofit scholarship-funding
15 organization to the nonpublic school of the parent's choice,
16 and the parent shall restrictively endorse the warrant or
17 check to the nonpublic school. An eligible nonprofit
18 scholarship-funding organization shall ensure that, upon
19 receipt of a scholarship warrant or check, the parent to whom
20 the warrant or check is made restrictively endorses the
21 warrant or check to the nonpublic school of the parent's
22 choice for deposit into the account of the nonpublic school.

23 (5) ELIGIBLE NONPUBLIC SCHOOL OBLIGATIONS.--An
24 eligible nonpublic school must:

25 (a) Demonstrate fiscal soundness by being in operation
26 for one school year or provide the Department of Education
27 with a statement by a certified public accountant confirming
28 that the nonpublic school desiring to participate is insured
29 and the owner or owners have sufficient capital or credit to
30 operate the school for the upcoming year serving the number of
31 students anticipated with expected revenues from tuition and

1 other sources that may be reasonably expected. In lieu of such
2 a statement, a surety bond or letter of credit for the amount
3 equal to the scholarship funds for any quarter may be filed
4 with the department.

5 (b) Comply with the antidiscrimination provisions of
6 42 U.S.C. s. 2000d.

7 (c) Meet state and local health and safety laws and
8 codes.

9 (d) Comply with all state laws relating to general
10 regulation of nonpublic schools.

11 (6) ADMINISTRATION; RULES.--

12 (a) If the credit granted pursuant to this section is
13 not fully used in any one year because of insufficient tax
14 liability on the part of the corporation, the unused amount
15 may be carried forward for a period not to exceed 3 years. A
16 taxpayer may not convey, assign, or transfer the credit
17 authorized by this section to another entity unless all of the
18 assets of the taxpayer are conveyed, assigned, or transferred
19 in the same transaction.

20 (b) An application for a tax credit pursuant to this
21 section shall be submitted to the department on forms
22 established by rule of the department.

23 (c) The department and the Department of Education
24 shall develop a cooperative agreement to assist in the
25 administration of this section. The Department of Education
26 shall be responsible for annually submitting, by March 15, to
27 the department a list of eligible nonprofit
28 scholarship-funding organizations that meet the requirements
29 of paragraph (2)(d) and for monitoring eligibility of
30 nonprofit scholarship-funding organizations that meet the
31 requirements of paragraph (2)(d), eligibility of nonpublic

1 schools that meet the requirements of paragraph (2)(c), and
2 eligibility of expenditures under this section as provided in
3 subsection (4).

4 (d) The department shall adopt rules necessary to
5 administer this section, including rules establishing
6 application forms and procedures and governing the allocation
7 of tax credits under this section on a first-come,
8 first-served basis.

9 (e) The Department of Education shall adopt rules
10 necessary to determine eligibility of nonprofit
11 scholarship-funding organizations as defined in paragraph
12 (2)(d) and according to the provisions of subsection (4) and
13 identify qualified students as defined in paragraph (2)(e).

14 (7) DEPOSITS OF ELIGIBLE CONTRIBUTIONS.--All eligible
15 contributions received by an eligible nonprofit
16 scholarship-funding organization shall be deposited in a
17 manner consistent with s. 18.10(2).

18 (8) This section shall apply to tax years beginning on
19 or after January 1, 2003.

20 Section 3. Subsection (8) of section 220.02, Florida
21 Statutes, is amended to read:

22 220.02 Legislative intent.--

23 (8) It is the intent of the Legislature that credits
24 against either the corporate income tax or the franchise tax
25 be applied in the following order: those enumerated in s.
26 631.828, those enumerated in s. 220.191, those enumerated in
27 s. 220.181, those enumerated in s. 220.183, those enumerated
28 in s. 220.182, those enumerated in s. 220.1895, those
29 enumerated in s. 221.02, those enumerated in s. 220.184, those
30 enumerated in s. 220.186, those enumerated in s. 220.1845,
31 those enumerated in s. 220.19, those enumerated in s. 220.185,

1 ~~and~~ those enumerated in s. 220.187 and those enumerated in s.
2 220.1875.

3 Section 4. Subparagraph (12) is added to paragraph
4 (1)(a) of section 220.13, Florida Statutes, to read:

5 220.13 "Adjusted federal income" defined.--

6 (1) The term "adjusted federal income" means an amount
7 equal to the taxpayer's taxable income as defined in
8 subsection (2), or such taxable income of more than one
9 taxpayer as provided in s. 220.131, for the taxable year,
10 adjusted as follows:

11 (a) Additions.--There shall be added to such taxable
12 income:

13 1. The amount of any tax upon or measured by income,
14 excluding taxes based on gross receipts or revenues, paid or
15 accrued as a liability to the District of Columbia or any
16 state of the United States which is deductible from gross
17 income in the computation of taxable income for the taxable
18 year.

19 2. The amount of interest which is excluded from
20 taxable income under s. 103(a) of the Internal Revenue Code or
21 any other federal law, less the associated expenses disallowed
22 in the computation of taxable income under s. 265 of the
23 Internal Revenue Code or any other law, excluding 60 percent
24 of any amounts included in alternative minimum taxable income,
25 as defined in s. 55(b)(2) of the Internal Revenue Code, if the
26 taxpayer pays tax under s. 220.11(3).

27 3. In the case of a regulated investment company or
28 real estate investment trust, an amount equal to the excess of
29 the net long-term capital gain for the taxable year over the
30 amount of the capital gain dividends attributable to the
31 taxable year.

1 4. That portion of the wages or salaries paid or
2 incurred for the taxable year which is equal to the amount of
3 the credit allowable for the taxable year under s. 220.181.
4 The provisions of this subparagraph shall expire and be void
5 on June 30, 2005.

6 5. That portion of the ad valorem school taxes paid or
7 incurred for the taxable year which is equal to the amount of
8 the credit allowable for the taxable year under s. 220.182.
9 The provisions of this subparagraph shall expire and be void
10 on June 30, 2005.

11 6. The amount of emergency excise tax paid or accrued
12 as a liability to this state under chapter 221 which tax is
13 deductible from gross income in the computation of taxable
14 income for the taxable year.

15 7. That portion of assessments to fund a guaranty
16 association incurred for the taxable year which is equal to
17 the amount of the credit allowable for the taxable year.

18 8. In the case of a nonprofit corporation which holds
19 a pari-mutuel permit and which is exempt from federal income
20 tax as a farmers' cooperative, an amount equal to the excess
21 of the gross income attributable to the pari-mutuel operations
22 over the attributable expenses for the taxable year.

23 9. The amount taken as a credit for the taxable year
24 under s. 220.1895.

25 10. Up to nine percent of the eligible basis of any
26 designated project which is equal to the credit allowable for
27 the taxable year under s. 220.185.

28 11. The amount taken as a credit for the taxable year
29 under s. 220.187.

30 12. The amount taken as a credit for the taxable year
31 under s. 220.1875.

1 (b) Subtractions.--

2 1. There shall be subtracted from such taxable income:

3 a. The net operating loss deduction allowable for
4 federal income tax purposes under s. 172 of the Internal
5 Revenue Code for the taxable year,

6 b. The net capital loss allowable for federal income
7 tax purposes under s. 1212 of the Internal Revenue Code for
8 the taxable year,

9 c. The excess charitable contribution deduction
10 allowable for federal income tax purposes under s. 170(d)(2)
11 of the Internal Revenue Code for the taxable year, and

12 d. The excess contributions deductions allowable for
13 federal income tax purposes under s. 404 of the Internal
14 Revenue Code for the taxable year.

15

16 However, a net operating loss and a capital loss shall never
17 be carried back as a deduction to a prior taxable year, but
18 all deductions attributable to such losses shall be deemed net
19 operating loss carryovers and capital loss carryovers,
20 respectively, and treated in the same manner, to the same
21 extent, and for the same time periods as are prescribed for
22 such carryovers in ss. 172 and 1212, respectively, of the
23 Internal Revenue Code.

24 2. There shall be subtracted from such taxable income
25 any amount to the extent included therein the following:

26 a. Dividends treated as received from sources without
27 the United States, as determined under s. 862 of the Internal
28 Revenue Code.

29 b. All amounts included in taxable income under s. 78
30 or s. 951 of the Internal Revenue Code.

31

1 However, as to any amount subtracted under this subparagraph,
2 there shall be added to such taxable income all expenses
3 deducted on the taxpayer's return for the taxable year which
4 are attributable, directly or indirectly, to such subtracted
5 amount. Further, no amount shall be subtracted with respect to
6 dividends paid or deemed paid by a Domestic International
7 Sales Corporation.

8 3. In computing "adjusted federal income" for taxable
9 years beginning after December 31, 1976, there shall be
10 allowed as a deduction the amount of wages and salaries paid
11 or incurred within this state for the taxable year for which
12 no deduction is allowed pursuant to s. 280C(a) of the Internal
13 Revenue Code (relating to credit for employment of certain new
14 employees).

15 4. There shall be subtracted from such taxable income
16 any amount of nonbusiness income included therein.

17 5. There shall be subtracted any amount of taxes of
18 foreign countries allowable as credits for taxable years
19 beginning on or after September 1, 1985, under s. 901 of the
20 Internal Revenue Code to any corporation which derived less
21 than 20 percent of its gross income or loss for its taxable
22 year ended in 1984 from sources within the United States, as
23 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
24 including credits allowed under ss. 902 and 960 of the
25 Internal Revenue Code, withholding taxes on dividends within
26 the meaning of sub-subparagraph 2.a., and withholding taxes on
27 royalties, interest, technical service fees, and capital
28 gains.

29 6. Notwithstanding any other provision of this code,
30 except with respect to amounts subtracted pursuant to
31 subparagraphs 1. and 3., any increment of any apportionment

1 factor which is directly related to an increment of gross
2 receipts or income which is deducted, subtracted, or otherwise
3 excluded in determining adjusted federal income shall be
4 excluded from both the numerator and denominator of such
5 apportionment factor. Further, all valuations made for
6 apportionment factor purposes shall be made on a basis
7 consistent with the taxpayer's method of accounting for
8 federal income tax purposes.

9 (c) Installment sales occurring after October 19,
10 1980.--

11 1. In the case of any disposition made after October
12 19, 1980, the income from an installment sale shall be taken
13 into account for the purposes of this code in the same manner
14 that such income is taken into account for federal income tax
15 purposes.

16 2. Any taxpayer who regularly sells or otherwise
17 disposes of personal property on the installment plan and
18 reports the income therefrom on the installment method for
19 federal income tax purposes under s. 453(a) of the Internal
20 Revenue Code shall report such income in the same manner under
21 this code.

22 (d) Nonallowable deductions.--A deduction for net
23 operating losses, net capital losses, or excess contributions
24 deductions under ss. 170(d)(2), 172, 1212, and 404 of the
25 Internal Revenue Code which has been allowed in a prior
26 taxable year for Florida tax purposes shall not be allowed for
27 Florida tax purposes, notwithstanding the fact that such
28 deduction has not been fully utilized for federal tax
29 purposes.

30 (2) For purposes of this section, a taxpayer's taxable
31 income for the taxable year means taxable income as defined in

1 s. 63 of the Internal Revenue Code and properly reportable for
2 federal income tax purposes for the taxable year, but subject
3 to the limitations set forth in paragraph (1)(b) with respect
4 to the deductions provided by ss. 172 (relating to net
5 operating losses), 170(d)(2) (relating to excess charitable
6 contributions), 404(a)(1)(D) (relating to excess pension trust
7 contributions), 404(a)(3)(A) and (B) (to the extent relating
8 to excess stock bonus and profit-sharing trust contributions),
9 and 1212 (relating to capital losses) of the Internal Revenue
10 Code, except that, subject to the same limitations, the term:

11 (a) "Taxable income," in the case of a life insurance
12 company subject to the tax imposed by s. 801 of the Internal
13 Revenue Code, means life insurance company taxable income;
14 however, for purposes of this code, the total of any amounts
15 subject to tax under s. 815(a)(2) of the Internal Revenue Code
16 pursuant to s. 801(c) of the Internal Revenue Code shall not
17 exceed, cumulatively, the total of any amounts determined
18 under s. 815(c)(2) of the Internal Revenue Code of 1954, as
19 amended, from January 1, 1972, to December 31, 1983;

20 (b) "Taxable income," in the case of an insurance
21 company subject to the tax imposed by s. 831(b) of the
22 Internal Revenue Code, means taxable investment income;

23 (c) "Taxable income," in the case of an insurance
24 company subject to the tax imposed by s. 831(a) of the
25 Internal Revenue Code, means insurance company taxable income;

26 (d) "Taxable income," in the case of a regulated
27 investment company subject to the tax imposed by s. 852 of the
28 Internal Revenue Code, means investment company taxable
29 income;

30 (e) "Taxable income," in the case of a real estate
31 investment trust subject to the tax imposed by s. 857 of the

1 Internal Revenue Code, means the income subject to tax,
2 computed as provided in s. 857 of the Internal Revenue Code;
3 (f) "Taxable income," in the case of a corporation
4 which is a member of an affiliated group of corporations
5 filing a consolidated income tax return for the taxable year
6 for federal income tax purposes, means taxable income of such
7 corporation for federal income tax purposes as if such
8 corporation had filed a separate federal income tax return for
9 the taxable year and each preceding taxable year for which it
10 was a member of an affiliated group, unless a consolidated
11 return for the taxpayer and others is required or elected
12 under s. 220.131;
13 (g) "Taxable income," in the case of a cooperative
14 corporation or association, means the taxable income of such
15 organization determined in accordance with the provisions of
16 ss. 1381-1388 of the Internal Revenue Code;
17 (h) "Taxable income," in the case of an organization
18 which is exempt from the federal income tax by reason of s.
19 501(a) of the Internal Revenue Code, means its unrelated
20 business taxable income as determined under s. 512 of the
21 Internal Revenue Code;
22 (i) "Taxable income," in the case of a corporation for
23 which there is in effect for the taxable year an election
24 under s. 1362(a) of the Internal Revenue Code, means the
25 amounts subject to tax under s. 1374 or s. 1375 of the
26 Internal Revenue Code for each taxable year;
27 (j) "Taxable income," in the case of a limited
28 liability company, other than a limited liability company
29 classified as a partnership for federal income tax purposes,
30 as defined in and organized pursuant to chapter 608 or
31 qualified to do business in this state as a foreign limited

1 liability company or other than a similar limited liability
2 company classified as a partnership for federal income tax
3 purposes and created as an artificial entity pursuant to the
4 statutes of the United States or any other state, territory,
5 possession, or jurisdiction, if such limited liability company
6 or similar entity is taxable as a corporation for federal
7 income tax purposes, means taxable income determined as if
8 such limited liability company were required to file or had
9 filed a federal corporate income tax return under the Internal
10 Revenue Code;

11 (k) "Taxable income," in the case of a taxpayer liable
12 for the alternative minimum tax as defined in s. 55 of the
13 Internal Revenue Code, means the alternative minimum taxable
14 income as defined in s. 55(b)(2) of the Internal Revenue Code,
15 less the exemption amount computed under s. 55(d) of the
16 Internal Revenue Code. A taxpayer is not liable for the
17 alternative minimum tax unless the taxpayer's federal tax
18 return, or related federal consolidated tax return, if
19 included in a consolidated return for federal tax purposes,
20 reflect a liability on the return filed for the alternative
21 minimum tax as defined in s. 55(b)(2) of the Internal Revenue
22 Code;

23 (l) "Taxable income," in the case of a taxpayer whose
24 taxable income is not otherwise defined in this subsection,
25 means the sum of amounts to which a tax rate specified in s.
26 11 of the Internal Revenue Code plus the amount to which a tax
27 rate specified in s. 1201(a)(2) of the Internal Revenue Code
28 are applied for federal income tax purposes.

29 Section 5. This act shall take effect July 1, 2003.
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31