

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited Government:

The bill permits Florida corporations to rely upon one set of fiscal books, rather than upon separate books for federal and state income taxes.

B. EFFECT OF PROPOSED CHANGES:

Florida's Corporate Income Tax follows the Federal Internal Revenue Code (IRC) by using federal rules and starting with federal taxable income as the tax base for Florida income tax. Section 220.03, Florida Statutes, 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, 2004.

Florida's Constitution forbids the Legislature from delegating its legislative authority to another body, such as Congress. While the Legislature may adopt by reference a federal law, the Legislature may only adopt a law that is in existence when the legislation is passed. Since the IRC usually changes every year, it is necessary for Florida to adopt the most recent version of the IRC each year.

This bill updates the Florida Income Tax Code to reflect the changes Congress has made to the IRC. This definition provides for "piggybacking" each change made during 2004 in the IRC.

This bill insures that corporations which are subject to Florida corporate income tax can base their calculations on current IRS rules. Failure to pass this bill would mean these corporations would need to keep two sets of accounts: one for Florida and one for IRS purposes.

The bill takes effect upon becoming a law and operates retroactively to January 1, 2005.

C. SECTION DIRECTORY:

Section 1: Amends s. 220.03(1)(n), F.S., to update references to the Internal Revenue Code.

Section 2: Provides that the bill shall take effect upon becoming law and shall operate retroactively to January 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues: This bill is estimated to have an indeterminate fiscal impact to General Revenue.

2. Expenditures: None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues: None

2. Expenditures:: None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill ensures that corporations which are subject to Florida corporate income tax can base their calculations on current IRS rules. Failure to pass this bill would mean these corporations would need to keep two sets of accounts: one for Florida and one for IRS purposes.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES