

1 A bill to be entitled
 2 An act relating to research and development corporate
 3 income tax credit; creating s. 220.194, F.S.; providing
 4 legislative findings and intent; creating the Florida
 5 Research and Development Tax Credit for certain purposes;
 6 providing definitions; providing a corporate income tax
 7 credit for research and development expenses; providing
 8 requirements, criteria, procedures, and limitations for
 9 the credit; providing for carrying forward, assignment, or
 10 sale of unused credits; providing restrictions; specifying
 11 a maximum credit amount each state fiscal year; requiring
 12 the Department of Revenue to adopt rules; providing an
 13 effective date.

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

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 17 Section 1. Section 220.194, Florida Statutes, is created
 18 to read:

19 220.194 Research and development tax credit.--

20 (1) LEGISLATIVE FINDINGS AND INTENT; CREATION OF FLORIDA
 21 RESEARCH AND DEVELOPMENT TAX CREDIT.--

22 (a) The Legislature finds that research and development
 23 has become an underlying source of wealth in this century by
 24 generating ideas and technologies that spur productivity and
 25 economic growth. Further, more market sensitive than other
 26 sources of research and development, companies generate the main
 27 body of growth-stimulating innovations.

28 (b) The Legislature further finds that research and

29 development tax credits are proven to provide incentives for
30 corporate research and development beyond expected levels.
31 Research shows convincingly that, not only is the federal
32 research and development tax credit an effective tool for
33 stimulating additional research and development that in turn
34 leads to faster economic growth, but also that state research
35 and development tax credit programs are nearly as important to
36 corporate research and development as the federal research and
37 development tax credit program and that the typical state
38 research and development tax credit program has been shown to
39 increase general, company-funded research and development within
40 a state, often enhancing the state's competitiveness by enabling
41 the state to draw research and development activity away from
42 other states.

43 (c) Additionally, the Legislature finds that this state
44 needs a state research and development tax credit program to
45 ensure economic competitiveness. Unlike this state, more than
46 half of the other states have research and development tax
47 credit programs. Without a state research and development tax
48 credit, this state lags behind the nation in all-important
49 corporate research and development.

50 (d) The Legislature therefore hereby creates the Florida
51 Research and Development Tax Credit to incentivize corporate
52 research and development activity within the state, sharpen the
53 state's competitive edge by leveling the playing field with the
54 state's regional and national competitors, and spur the state's
55 vibrant innovation economy and attract high-wage, professional
56 research jobs to the state.

57 (2) DEFINITIONS.--As used in this section:
 58 (a) "Base amount" means the same as that term is defined
 59 in s. 41 of the Internal Revenue Code of 1986, as amended.
 60 (b) "Business enterprise" means any business or the
 61 headquarters of any such business that is engaged in
 62 manufacturing, warehousing and distributing, processing,
 63 telecommunications, tourism, or research and development
 64 industries. Such term does not include retail businesses.
 65 (c) "Qualified research expenses" means qualified research
 66 expenses for any business enterprise as that term is defined in
 67 s. 41 of the Internal Revenue Code of 1986, as amended, except
 68 that all wages paid and all purchases of services and supplies
 69 must be for research conducted within this state.
 70 (3) TAX CREDIT; AMOUNT; LIMITS; CARRYFORWARD, ASSIGNMENT,
 71 AND SALE.--
 72 (a) A credit against the tax imposed by this chapter is
 73 authorized for a business enterprise that has qualified research
 74 expenses in this state in a taxable year exceeding a base
 75 amount, provided the business enterprise for the same taxable
 76 year claims and is allowed a research credit under s. 41 of the
 77 Internal Revenue Code of 1986, as amended.
 78 (b) The tax credit provided in paragraph (a) shall be 10
 79 percent of the expenses exceeding the base amount.
 80 (c) The credit taken in any one taxable year shall not
 81 exceed 50 percent of the business enterprise's remaining net
 82 income tax liability in this state after all other credits have
 83 been applied.
 84 (d) Any unused credit claimed under this section may be

85 carried forward 10 years from the close of the taxable year in
86 which the qualified research expenses were made.

87 (e) Any unused credit claimed under this section may be
88 assigned or sold to another taxpayer in the state if there has
89 been no claim for allowance filed within 1 year after the date
90 the Department of Revenue approved the credit. The purchaser or
91 assignee must use the newly obtained research and development
92 tax credit in the taxable year in which the purchase or
93 assignment of the credit is made. The purchased or assigned
94 research and development credit cannot be used to offset more
95 than 75 percent of a tax liability for a taxable year. The
96 purchased or assigned credit cannot be carried over, carried
97 back, resold, or refunded.

98 (f) The maximum credit amount that may be approved during
99 any state fiscal year is \$20 million.

100 (4) RULES.--The Department of Revenue shall adopt rules
101 governing the manner and form of applications for credit and may
102 establish guidelines concerning the requisites for an
103 affirmative showing of qualification for the credit under this
104 section.

105 Section 2. This act shall take effect July 1, 2007.