



1 encourage productivity and economic growth. Furthermore,  
2 companies generate the main body of growth-stimulating  
3 innovations, making current ideas and technologies more  
4 market-sensitive than other sources of research and  
5 development.

6 (b) The Legislature further finds that research and  
7 development tax credits are proven to provide incentives for  
8 corporate research and development beyond expected levels.  
9 Research shows that, not only is the federal research and  
10 development tax credit an effective tool for stimulating  
11 additional research and development, which in turn leads to  
12 faster economic growth, but that state research and  
13 development tax credit programs are nearly as important to  
14 corporate research and development as the federal research and  
15 development tax credit program, and that the typical state  
16 research and development tax credit program has been shown to  
17 increase general, company-funded research and development  
18 within a state, often enhancing the state's competitiveness by  
19 enabling it to draw research and development activity away  
20 from other states.

21 (c) Additionally, the Legislature finds that this  
22 state needs a state research and development tax credit  
23 program to ensure economic competition. Unlike Florida, more  
24 than half of the states have a research and development tax  
25 credit program. Without a state research and development tax  
26 credit, Florida lags behind the nation in important corporate  
27 research and development.

28 (d) The Legislature therefore creates the research and  
29 development tax credit to encourage corporate research and  
30 development activity within the state, sharpen the state's  
31 competitive edge by leveling the playing field with the

1 state's regional and national economic competitors, support  
2 the state's vibrant innovation economy, and attract high-wage,  
3 professional research jobs to the state.

4 (2) As used in this section, the term:

5 (a) "Base amount" means the amount resulting from the  
6 following calculations:

7 1. The division of a business enterprise's research  
8 and development expenditures by its gross receipts for a  
9 predetermined base period.

10 2. The multiplication of the ratio resulting from the  
11 calculation in subparagraph 1. by the average of the business  
12 enterprise's research and development expenses over the 4-year  
13 period before the current tax year.

14 (b) "Business enterprise" means any business or the  
15 headquarters of any business that is engaged in the  
16 manufacturing, warehousing and distribution, processing,  
17 telecommunications, tourism, or research and development  
18 industries. The term does not exclude retail businesses.

19 (3) A tax credit is allowed for a business enterprise  
20 that has qualified research expenses in this state in a  
21 taxable year exceeding the base amount, if the business  
22 enterprise for the same taxable year claims and is allowed a  
23 research credit under s. 41 of the Internal Revenue Code of  
24 1986, as amended.

25 (4) The tax credit provided in subsection (3) shall be  
26 10 percent of the excess over the base amount.

27 (5) The credit taken in any one tax year may not  
28 exceed 50 percent of the business enterprise's remaining net  
29 income tax liability under this chapter after all other  
30 credits have been applied.

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1           (6) Any unused credit claimed under this section may  
2 be carried forward for up to 10 years following the close of  
3 the taxable year in which the qualified research expenses were  
4 incurred.

5           (7) Any unused credit claimed under this section may  
6 be assigned or sold to another taxpayer in the state if there  
7 has been no claim for allowance filed within 1 year following  
8 the date that the Department of Revenue approved the credit.  
9 The purchaser or assignee must use the newly obtained research  
10 and development tax credit in the taxable year in which the  
11 purchase or assignment of the credit is made. The purchased or  
12 assigned research and development credit may not be used to  
13 offset more than 75 percent of a tax liability for a taxable  
14 year. The purchased or assigned credit may not be carried  
15 over, carried back, resold, or refunded.

16           (8) The maximum credit amount that may be approved  
17 during any calendar year is \$ million.

18           (9) The Department of Revenue shall adopt rules  
19 governing the manner and form of applications for credit and  
20 may establish guidelines concerning the requisites for an  
21 affirmative showing of qualification for the credit under this  
22 section.

23           Section 2. This act shall take effect July 1, 2007.  
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SENATE SUMMARY

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Provides legislative intent regarding a state research and development tax credit. Defines "base amount," "business enterprise," and "qualified research expenses." Allows businesses with qualified research expenses to have a tax credit. Provides that the tax credit is 10 percent of the excess over the base amount. Provides that the credit taken in any one taxable year may not exceed a certain amount. Provides that any unused credit may be carried forward for up to 10 years after the close of the tax year in which the qualified expenses were incurred. Provides that any unused credit may be assigned or sold to another taxpayer under certain conditions. Provides for a maximum credit amount. Requires the Department of Revenue to adopt rules and guidelines.