

By Senator Oelrich

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1 A bill to be entitled

2 An act relating to a tax credit for research and
3 development expenses; creating s. 220.194, F.S.; providing
4 legislative intent regarding a state research and
5 development tax credit; defining the terms "base amount"
6 and "business enterprise"; providing a tax credit for
7 businesses having qualified research expenses; providing
8 the amount of the tax credit; providing that the credit
9 taken in any one taxable year may not exceed a certain
10 amount; providing that any unused credit may be carried
11 forward for up to 10 years; providing that any unused
12 credit may be assigned or sold to another taxpayer under
13 certain conditions; providing for a maximum credit amount;
14 requiring the Department of Revenue to adopt rules and
15 guidelines; providing an effective date.

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

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19 Section 1. Section 220.194, Florida Statutes, is created to
20 read:

21 220.194 Research and development tax credit.--

22 (1) INTENT.--

23 (a) The Legislature finds that research and development has
24 become an underlying source of wealth in the 21st century by
25 generating ideas and technologies that encourage productivity and
26 economic growth. Furthermore, private enterprise generates the
27 main body of growth-stimulating innovations by making current
28 ideas and technologies more market-sensitive than other sources
29 of research and development.

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30 (b) The Legislature finds that research and development tax
31 credits can provide incentives for corporate research and
32 development beyond expected levels. Research shows that the
33 federal research and development tax credit is an effective tool
34 for stimulating additional research and development, which in
35 turn leads to faster economic growth. Further, typical state
36 research and development tax credit programs have been shown to
37 increase general, company-funded research and development within
38 a state, often enhancing the state's competitiveness by enabling
39 it to draw research and development activity away from other
40 states.

41 (c) The Legislature finds that this state lags behind the
42 nation in important corporate research and development. Currently
43 more than half of the states have a research and development tax
44 credit program. Adopting a state research and development tax
45 credit program will help increase this state's economic
46 competitiveness.

47 (d) The Legislature therefore adopts a research and
48 development tax credit to encourage corporate research and
49 development activity within this state, improve the state's
50 competitive edge by offering support and benefits consistent with
51 those provided by its regional and national economic competitors,
52 support the state's vibrant innovation economy, and attract high-
53 wage, professional research jobs to the state.

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

55 (a) "Base amount" means the amount resulting from the
56 following calculations:

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57 1. The division of a business enterprise's research and
58 development expenditures by its gross receipts for a
59 predetermined base period.

60 2. The multiplication of the ratio resulting from the
61 enterprise's research and development expenses over the 4-year
62 period before the current tax year.

63 (b) "Business enterprise" means any business or the
64 headquarters of any business that is engaged in the
65 manufacturing, warehousing and distribution, processing,
66 telecommunications, tourism, or research and development
67 industries. The term does not exclude retail businesses.

68 (3) TAX CREDIT.--A research and development tax credit is
69 allowed for a business enterprise that has qualified research
70 expenses in this state in a taxable year exceeding the base
71 amount, if the business enterprise for the same taxable year
72 claims and is allowed a research credit under s. 41 of the
73 Internal Revenue Code.

74 (a) The tax credit is 10 percent of the excess over the
75 base amount.

76 (b) The credit taken in any one tax year may not exceed 50
77 percent of the business enterprise's remaining net income tax
78 liability under this chapter after all other credits have been
79 applied.

80 (c) Any unused credit claimed may be carried forward for up
81 to 10 years following the close of the taxable year in which the
82 qualified research expenses are incurred.

83 (d) Any unused credit claimed may be assigned or sold to
84 another taxpayer in this state if a claim for the allowance has
85 not been filed within 1 year following the date the department

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86 approved the credit. The purchaser or assignee must use the tax
87 credit in the taxable year in which the purchase or assignment of
88 the credit is made. The purchased or assigned credit may not be
89 used to offset more than 75 percent of the tax liability for a
90 taxable year and may not be carried over, carried back, resold,
91 or refunded.

92 (e) The maximum credit amount that may be approved during
93 any calendar year is \$ million.

94 (4) RULES.--The department shall adopt rules governing the
95 manner and form of applications for the research and development
96 tax credit and may establish guidelines for making an affirmative
97 showing of qualification for the credit under this section.

98 Section 2. This act shall take effect July 1, 2008.