

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 "business enterprise," and "qualified research expenses";
 7 providing a tax credit for businesses having qualified
 8 research expenses; providing that the tax credit is 10
 9 percent of the excess over the base amount; providing that
 10 the credit taken in any one taxable year may not exceed a
 11 certain amount; providing that any unused credit may be
 12 carried forward for up to 10 years following the close of
 13 the tax year in which the qualified expenses were
 14 incurred; providing that any unused credit may be assigned
 15 or sold to another taxpayer under certain conditions;
 16 providing for a maximum credit amount; requiring the
 17 Department of Revenue to adopt rules and guidelines;
 18 providing an effective date.

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

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 22 Section 1. Section 220.194, Florida Statutes, is created
 23 to read:

24 220.194 Research and development tax credit.--
 25 (1) (a) The Legislature finds that research and development
 26 has become the underlying source of wealth in the 21st century
 27 by generating ideas and technologies that encourage productivity
 28 and economic growth. Furthermore, companies generate the main

29 body of growth-stimulating innovations, making current ideas and
30 technologies more market-sensitive than other sources of
31 research and development.

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

46 (c) Additionally, the Legislature finds that this state
47 needs a state research and development tax credit program to
48 ensure economic competition. Unlike Florida, more than half of
49 the states have a research and development tax credit program.
50 Without a state research and development tax credit program,
51 Florida lags behind the nation in important corporate research
52 and development.

53 (d) The Legislature therefore creates the research and
54 development tax credit program to encourage corporate research
55 and development activity within the state, sharpen the state's
56 competitive edge by leveling the playing field with the state's

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57 regional and national economic competitors, support the state's
58 vibrant innovation economy, and attract high-wage, professional
59 research jobs to the state.

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

61 (a) "Base amount" means the amount resulting from the
62 following calculations:

63 1. The division of a business enterprise's research and
64 development expenditures by its gross receipts for a
65 predetermined base period.

66 2. The multiplication of the ratio resulting from the
67 calculation in subparagraph 1. by the average of the business
68 enterprise's research and development expenses over the 4-year
69 period before the current tax year.

70 (b) "Business enterprise" means any business or the
71 headquarters of any business that is engaged in the
72 manufacturing, warehousing and distribution, processing,
73 telecommunications, tourism, or research and development
74 industries. The term does not exclude retail businesses.

75 (3) A tax credit is allowed for a business enterprise that
76 has qualified research expenses in this state in a taxable year
77 exceeding the base amount, if the business enterprise for the
78 same taxable year claims and is allowed a research credit under
79 s. 41 of the Internal Revenue Code of 1986, as amended.

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

82 (5) The credit taken in any one tax year may not exceed 50
83 percent of the business enterprise's remaining net income tax
84 liability under this chapter after all other credits have been

85 applied.

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

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

101 (8) The maximum credit amount that may be approved during
102 any calendar year is \$15 million.

103 (9) The Department of Revenue shall adopt rules governing
104 the manner and form of applications for credit and may establish
105 guidelines concerning the requisites for an affirmative showing
106 of qualification for the credit under this section.

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