

By Senator Altman

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1 A bill to be entitled
2 An act relating to commercial launch zone tax
3 incentives; creating s. 220.194, F.S.; providing
4 intent; providing definitions; authorizing certain
5 commercial spaceflight businesses to take a credit
6 against the corporate income tax for certain
7 commercial spaceflight projects; specifying eligible
8 tax credits; specifying criteria, requirements, and
9 limitations for individual tax credits; establishing
10 eligibility requirements for the tax credits; allowing
11 for the carryforward of tax credits under certain
12 circumstances; providing application and certification
13 requirements; requiring the Office of Tourism, Trade,
14 and Economic Development to determine the eligibility
15 of taxpayers; providing for the expiration and renewal
16 of a taxpayer's eligibility for tax credits; providing
17 for administration and auditing of tax credits by the
18 Department of Revenue; requiring the return and
19 deposit of tax credits under certain circumstances;
20 requiring the office to consult with Space Florida and
21 adopt rules for tax credit applications and
22 certifications; authorizing the department to adopt
23 rules for tax administration, claims and transfers of
24 tax credits, auditing, and reporting; requiring an
25 annual report to the Governor and Legislature;
26 amending s. 14.2015, F.S.; revising the duties of the
27 office to include administration of the tax credits
28 created by the act; amending s. 213.053, F.S.;
29 providing for sharing of confidential information;

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30 amending s. 220.02, F.S.; revising legislative intent
31 relating to the order for applying tax credits;
32 amending s. 220.13, F.S.; specifying that net
33 operating losses taken or transferred as corporate
34 income tax credits may not also be deducted from
35 income; amending s. 220.16, F.S.; adding the financial
36 assistance obtained by the sale of tax credits
37 pursuant to s. 220.194, F.S., to the category of
38 nonbusiness income that must be reported; providing an
39 effective date.

40
41 Be It Enacted by the Legislature of the State of Florida:

42
43 Section 1. Section 220.194, Florida Statutes, is created to
44 read:

45 220.194 Corporate income tax credits for commercial
46 spaceflight projects in Florida's commercial launch zone.-

47 (1) INTENT.-The intent of this section is to create
48 incentives to attract commercial launch, payload, and other
49 commercial space business to this state.

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

51 (a) "Commercial launch zone" means an area within spaceport
52 territory, as defined in s. 331.303(18).

53 (b) "Certified commercial spaceflight business" means a
54 business that has been certified by the office; is registered
55 with the Secretary of State to do business in this state; and is
56 currently undertaking in this state, for nongovernmental
57 purposes only, the following activities that will eventually
58 result in a launch from a commercial launch zone: designing or

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59 manufacturing a launch vehicle, reentry vehicle, or components
60 thereof; providing a launch service or reentry service; or
61 providing the payload for a launch vehicle or reentry vehicle.

62 The business may participate in more than one commercial
63 spaceflight project at a time. For the purposes of applying for
64 the tax incentives created in this section, a certified
65 commercial spaceflight business also must have:

66 1. Created, filled, and retained at least 35 net new jobs
67 associated with an individual spaceflight project within the 3
68 calendar years prior to claiming the credit;

69 2. Invested a total of at least \$15 million in an
70 individual spaceflight project during the 3 calendar years prior
71 to claiming the credit; and

72 3. Participated in a commercial spaceflight project that
73 resulted in a successful launch from a commercial launch zone
74 within the previous 3 years.

75 (c) "Commercial spaceflight project" means an activity
76 performed by a certified commercial spaceflight business related
77 to the launch or reentry of a launch vehicle or reentry vehicle
78 for launches from a commercial launch zone. The term includes a
79 launch service or reentry service, and any process that
80 validates hardware or components to meet design and workmanship
81 criteria for space launch vehicles per United States Department
82 of Defense and National Aeronautics and Space Administration
83 guidelines.

84 (d) "Launch" means to place or attempt to place a launch
85 vehicle or reentry vehicle and any payload from Earth into a
86 suborbital trajectory, into Earth orbit in outer space, or
87 otherwise into outer space.

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88 (e) "Launch service" means an activity related to the
89 preparation of a launch vehicle and any payload for launch and
90 the conduct of a launch.

91 (f) "New job" means a full-time equivalent position that is
92 created by a certified commercial spaceflight business on or
93 after January 1, 2011, to work on a commercial spaceflight
94 project; is not held by an owner, partner, or majority
95 stockholder of the business; is not an administrative, clerical,
96 or janitorial position; and is filled by an employee. The same
97 job may not be counted more than once for the purposes of
98 claiming incentives created by this section.

99 (g) "Office" means the Governor's Office of Tourism, Trade,
100 and Economic Development.

101 (h) "Outer space" means an altitude of at least 50 miles
102 above the Earth's surface.

103 (i) "Payload" means an object that a certified commercial
104 spaceflight business undertakes to place in outer space by means
105 of a launch vehicle or reentry vehicle, including components of
106 the vehicle specifically designed or adapted for the object.

107 (j) "Reentry" means to return or attempt to return a
108 reentry vehicle and any payload from Earth orbit, or from outer
109 space, to Earth.

110 (k) "Reentry service" means an activity related to the
111 preparation of a reentry vehicle and any payload for reentry and
112 conduct of the reentry.

113 (l) "Spaceport territory" has the same meaning as defined
114 in s. 331.303(18).

115 (m) "Space vehicle" means any spacecraft, satellite, upper-
116 stage, or launch vehicle system.

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117 (n) "Successful launch" means a launch that successfully
118 places a launch vehicle or reentry vehicle and any payload from
119 Earth into a suborbital trajectory, into Earth orbit in outer
120 space, or otherwise into outer space.

121 (o) "Taxpayer" has the same meaning as defined in s.
122 220.03.

123 (3) TAX CREDITS.—For any tax year beginning on or after
124 January 1, 2014, a certified commercial spaceflight business
125 providing or conducting commercial spaceflight projects may
126 select one of the following tax credits for which it is
127 certified:

128 (a) Nontransferable corporate income tax credit.—A credit
129 equal to 50 percent of the net tax imposed by this chapter shall
130 be granted to a certified commercial spaceflight business. Under
131 no circumstances may the business claim this credit in any tax
132 year that exceeds its corporate income tax liability that same
133 tax year.

134 (b) Transferable net operating loss tax credit.—The
135 certified commercial spaceflight business may convert its net
136 operating loss that has not otherwise been deducted from income
137 for Florida tax purposes to a transferable tax credit as
138 provided below.

139 1. In addition to meeting the requirements in paragraph
140 (2)(b), the business must:

141 a. Have incurred net operating losses in any of the
142 previous 3 calendar years; and

143 b. Not be at least 50 percent owned or controlled, directly
144 or indirectly, by another corporation that has demonstrated
145 positive net income in any of the 3 previous years of ongoing

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146 operations, or not be part of a consolidated group of affiliated
147 corporations, as filed for federal income tax purposes, which in
148 the aggregate demonstrated positive net income in any of the 3
149 previous years of ongoing operations.

150 2. The amount of the transferable tax credit is equal to:

151 a. One hundred percent of the net operating losses incurred
152 by a certified commercial spaceflight business during its first
153 full year of operations.

154 b. One hundred percent of the net operating losses incurred
155 by a certified commercial spaceflight business during its second
156 full year of operations.

157 c. One hundred percent of the net operating losses incurred
158 by a certified commercial spaceflight business during its third
159 full year of operations.

160 3. A certified commercial spaceflight business allowed a
161 tax credit under this paragraph may transfer all or part of a
162 transferable tax credit to any taxpayer that is subject to the
163 tax imposed by this chapter. The certified commercial
164 spaceflight business has 5 years after the date of its original
165 certification to transfer a net operating loss tax credit. The
166 transfer must be by written agreement for consideration of no
167 less than 75 percent of the credit's face value. The transferee
168 is entitled to apply the credit to the taxes owed under this
169 chapter, and may carry forward an unused credit up to 5 years.
170 Under no circumstances may the transferee claim a credit in any
171 tax year that exceeds the corporate income taxes it owes that
172 same tax year.

173 4. The office may not approve a cumulative amount of
174 transferrable net operating loss tax credits that may result in

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175 the claim of more than \$50 million in tax credits during a
176 single state fiscal year. However, the potential for a taxpayer
177 to carry forward an unused tax credit may not be considered in
178 calculating the annual limit.

179 (c) *Jobs tax credit.*—A credit against the tax imposed by
180 this chapter shall be granted to a certified commercial
181 spaceflight business, in an amount equal to 10 percent of the
182 annual wages subject to unemployment tax paid by the commercial
183 spaceflight business to each employee in a new job, not to
184 exceed \$7,500 per employee. The credits may be applied up to the
185 amount of taxes owed under this chapter for the tax year in
186 which they are claimed. Unused credits may be carried forward
187 for up to 5 years. The office may not approve a cumulative
188 amount of jobs tax credits that may result in the claim of more
189 than \$15 million in tax credits in a single state fiscal year.
190 However, the potential for a taxpayer to carry forward an unused
191 tax credit may not be considered in calculating the annual
192 limit.

193 (d) *Machinery and equipment credit.*—A credit against the
194 tax imposed by this chapter shall be granted to a certified
195 commercial spaceflight business that invests a cumulative total
196 of at least \$500,000 in machinery and equipment that is used for
197 a commercial spaceflight project. An investment in machinery and
198 equipment may be claimed once. The amount of the credit is equal
199 to 7.5 percent of the investment of machinery and equipment. The
200 taxpayer may only claim a credit not exceeding 50 percent of the
201 taxpayer's tax liability in the year in which it is claimed. If
202 credit granted under this paragraph is not fully used in any one
203 tax year because of insufficient tax liability, the unused

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204 amount may be carried forward for up to 5 years.

205 (4) ADMINISTRATION.—

206 (a) Unless transferred as provided in paragraph (3) (b),
207 credits awarded under this section may be granted only against
208 the corporate income tax liability generated by or arising out
209 of a commercial spaceflight project, as documented in the
210 business's annual audit prepared by a certified public
211 accountant licensed to do business in this state and verified by
212 the office.

213 (b) Certified spaceflight businesses may not file
214 consolidated returns for the purposes of claiming the tax
215 incentives described in paragraphs (3) (a)-(d).

216 (c) It is the responsibility of the certified commercial
217 spaceflight business or transferee to demonstrate to the
218 office's and the department's satisfaction that it is eligible
219 for credit under this section.

220 (5) APPLICATION AND CERTIFICATION.—To claim tax credits
221 under this section, a commercial spaceflight business must
222 submit a certification application to Space Florida for review.
223 The application must include the following information, along
224 with a \$250 nonrefundable fee:

225 (a) The name and physical Florida address of the taxpayer.

226 (b) Documentation that the taxpayer is a commercial
227 spaceflight business.

228 (c) Documentation of the business's current commercial
229 spaceflight project and any other information it will need to
230 qualify for the tax credits, where applicable.

231 (d) The total amount and types of credits sought.

232 (e) The amount of transferable tax credits to be

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233 transferred, if any; when the business expects to transfer them;
234 and the name and address of the recipient taxpayer or taxpayers.

235 (f) A copy of an audit or audits of the pertinent tax years
236 prepared by a certified public accountant licensed to practice
237 in this state, that specifies, if applicable, that portion of
238 the business's activities related to commercial spaceflight
239 projects.

240 (g) An acknowledgement that it must file an annual report
241 on the project's progress with Space Florida and the office.

242 (h) Any other information necessary to demonstrate that the
243 applicant meets the job creation, investment, and other
244 requirements of this section.

245
246 Within 60 days after receipt of the application, the executive
247 staff of Space Florida shall evaluate the application and
248 recommend it for certification or denial of certification by the
249 office. The executive director of the office has 30 days
250 following receipt of Space Florida's recommendation to approve
251 or deny the application. The office shall provide a letter of
252 certification to the applicant, if approved. If the office
253 denies any part of the application, it shall inform the
254 applicant of the grounds for the denial. A copy of the
255 certification shall be submitted to the department within 10
256 days after the executive director's decision.

257 (6) COMMERCIAL SPACEFLIGHT BUSINESS; EXPIRATION OF
258 ELIGIBILITY FOR TAX CREDITS; RENEWAL.—Eligibility of a certified
259 commercial spaceflight business for credits under this section
260 shall expire 10 years after the executive director of the office
261 certifies that the commercial spaceflight business is eligible

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262 for the credit program, or 10 years after the business' last
263 successful launch of its commercial spaceflight project,
264 whichever occurs later. A certified commercial spaceflight
265 business whose eligibility expires under this subsection may
266 renew its eligibility for another 10 years, upon a successful
267 launch that results from its commercial spaceflight project.

268 (7) ADMINISTRATION; AUDIT AUTHORITY; RECAPTURE OF CREDITS.-

269 (a) In addition to its existing audit and investigative
270 authority, the department may perform any additional financial
271 and technical audits and investigations, including examining the
272 accounts, books, and financial records of the tax credit
273 applicant, which are necessary to verify the eligible costs
274 included in the tax credit return and to ensure compliance with
275 this section. The office shall provide technical assistance when
276 requested by the department on any technical audits or
277 examinations performed under this subsection.

278 (b) It is grounds for forfeiture of previously claimed and
279 received tax credits if the department determines, as a result
280 of an audit or examination, or from information received from
281 the office, that a certified commercial spaceflight business, or
282 in the case of transferred tax credits a taxpayer, received tax
283 credits under this section to which the certified commercial
284 spaceflight business or taxpayer was not entitled. The certified
285 commercial spaceflight business or taxpayer is responsible for
286 returning forfeited tax credits to the department, and any
287 returned funds shall be deposited in the state's General Revenue
288 Fund.

289 (c) The certified commercial spaceflight business must
290 repay the credit amount claimed or transferred if its net

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291 operating loss is adjusted by amendment or as a result of any
292 other recomputation or redetermination of federal or Florida
293 taxable income or loss. The certified commercial spaceflight
294 business also is liable for a penalty equal to the amount of the
295 credit claimed or transferred, reduced in proportion to the
296 amount of the net operating loss certified for transfer over the
297 amount of the certified net operating loss disallowed. The
298 applicant and its successors shall maintain all records
299 necessary to support the reported net operating loss.

300 (d) The office may revoke or modify any written decision
301 granting eligibility for tax credits under this section if it is
302 discovered that the certified commercial spaceflight business
303 submitted any false statement, representation, or certification
304 in any application, record, report, plan, or other document
305 filed in an attempt to receive tax credits under this section.
306 The office shall immediately notify the department of any
307 revoked or modified orders affecting previously granted tax
308 credits. Additionally, the certified commercial spaceflight
309 business must notify the department of any change in its tax
310 credit claimed.

311 (e) The certified commercial spaceflight business shall
312 file with the department an amended return or other report as
313 the department prescribes by rule and shall pay any required tax
314 and interest within 60 days after the certified commercial
315 spaceflight business receives notification from the office that
316 previously approved tax credits have been revoked or modified.
317 If the revocation or modification order is contested, the
318 certified commercial spaceflight business shall file an amended
319 return or other report as provided in this paragraph within 60

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320 days after a final order is issued following proceedings.

321 (f) The department may assess additional tax, penalty, and
322 interest as permitted by s. 95.091.

323 (8) RULES.—

324 (a) The office, in consultation with Space Florida, shall
325 adopt rules under ss. 120.536(1) and 120.54 to administer this
326 section, including rules relating to the certification forms for
327 commercial spaceflight businesses to complete, and the
328 application and certification procedures, guidelines, and
329 requirements necessary to administer this section.

330 (b) The department may adopt rules under ss. 120.536(1) and
331 120.54 to administer this section, including rules relating to:

332 1. The forms required to claim a tax credit under this
333 section, the requirements and basis for establishing an
334 entitlement to a credit, and the examination and audit
335 procedures required to administer this section.

336 2. The implementation and administration of the provisions
337 allowing a transfer of a net operating loss as a tax credit,
338 including rules prescribing forms, reporting requirements, and
339 specific procedures, guidelines, and requirements necessary to
340 perform the transfer.

341 3. The minimum portion of the credit that is available for
342 transfer.

343 (9) ANNUAL REPORT.—The office, in cooperation with Space
344 Florida and the department, shall submit an annual report of the
345 commercial launch zone incentive program's activities to the
346 Governor, the President of the Senate, and the Speaker of the
347 House of Representatives by November 30 of each year, beginning
348 in 2014.

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349 Section 2. Paragraph (f) of subsection (2) of section
350 14.2015, Florida Statutes, is amended to read:

351 14.2015 Office of Tourism, Trade, and Economic Development;
352 creation; powers and duties.—

353 (2) The purpose of the Office of Tourism, Trade, and
354 Economic Development is to assist the Governor in working with
355 the Legislature, state agencies, business leaders, and economic
356 development professionals to formulate and implement coherent
357 and consistent policies and strategies designed to provide
358 economic opportunities for all Floridians. To accomplish such
359 purposes, the Office of Tourism, Trade, and Economic Development
360 shall:

361 (f)1. Administer the Florida Enterprise Zone Act under ss.
362 290.001-290.016, the community contribution tax credit program
363 under ss. 220.183 and 624.5105, the tax refund program for
364 qualified target industry businesses under s. 288.106, the tax-
365 refund program for qualified defense contractors and space
366 flight business contractors under s. 288.1045, contracts for
367 transportation projects under s. 288.063, the sports franchise
368 facility program under s. 288.1162, the professional golf hall
369 of fame facility program under s. 288.1168, the expedited
370 permitting process under s. 403.973, the Rural Community
371 Development Revolving Loan Fund under s. 288.065, the Regional
372 Rural Development Grants Program under s. 288.018, the Certified
373 Capital Company Act under s. 288.99, the Florida State Rural
374 Development Council, the Rural Economic Development Initiative,
375 the corporate income tax credits for commercial spaceflight
376 projects under s. 220.194, and other programs that are
377 specifically assigned to the office by law, by the

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378 appropriations process, or by the Governor. Notwithstanding any
379 other provisions of law, the office may expend interest earned
380 from the investment of program funds deposited in the Grants and
381 Donations Trust Fund to contract for the administration of the
382 programs, or portions of the programs, enumerated in this
383 paragraph or assigned to the office by law, by the
384 appropriations process, or by the Governor. Such expenditures
385 shall be subject to review under chapter 216.

386 2. The office may enter into contracts in connection with
387 the fulfillment of its duties concerning the Florida First
388 Business Bond Pool under chapter 159, tax incentives under
389 chapters 212 and 220, tax incentives under the Certified Capital
390 Company Act in chapter 288, foreign offices under chapter 288,
391 the Enterprise Zone program under chapter 290, the Seaport
392 Employment Training program under chapter 311, the Florida
393 Professional Sports Team License Plates under chapter 320,
394 Spaceport Florida under chapter 331, Expedited Permitting under
395 chapter 403, and in carrying out other functions that are
396 specifically assigned to the office by law, by the
397 appropriations process, or by the Governor.

398 Section 3. Paragraph (z) is added to subsection (8) of
399 section 213.053, Florida Statutes, to read:

400 213.053 Confidentiality and information sharing.—

401 (8) Notwithstanding any other provision of this section,
402 the department may provide:

403 (z) Information relative to tax credits taken under s.
404 220.194 to the Office of Tourism, Trade, and Economic
405 Development or to Space Florida.
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407 Disclosure of information under this subsection shall be
408 pursuant to a written agreement between the executive director
409 and the agency. Such agencies, governmental or nongovernmental,
410 shall be bound by the same requirements of confidentiality as
411 the Department of Revenue. Breach of confidentiality is a
412 misdemeanor of the first degree, punishable as provided by s.
413 775.082 or s. 775.083.

414 Section 4. Subsection (8) of section 220.02, Florida
415 Statutes, is amended to read:

416 220.02 Legislative intent.—

417 (8) It is the intent of the Legislature that credits
418 against either the corporate income tax or the franchise tax be
419 applied in the following order: those enumerated in s. 631.828,
420 those enumerated in s. 220.191, those enumerated in s. 220.181,
421 those enumerated in s. 220.183, those enumerated in s. 220.182,
422 those enumerated in s. 220.1895, those enumerated in s. 221.02,
423 those enumerated in s. 220.184, those enumerated in s. 220.186,
424 those enumerated in s. 220.1845, those enumerated in s. 220.19,
425 those enumerated in s. 220.185, those enumerated in s. 220.187,
426 those enumerated in s. 220.192, those enumerated in s. 220.193,
427 ~~and~~ those enumerated in s. 288.9916, and those enumerated in s.
428 220.194.

429 Section 5. Paragraphs (a) and (b) of subsection (1) of
430 section 220.13, Florida Statutes, are amended to read:

431 220.13 "Adjusted federal income" defined.—

432 (1) The term "adjusted federal income" means an amount
433 equal to the taxpayer's taxable income as defined in subsection
434 (2), or such taxable income of more than one taxpayer as
435 provided in s. 220.131, for the taxable year, adjusted as

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436 follows:

437 (a) *Additions*.—There shall be added to such taxable income:

438 1. The amount of any tax upon or measured by income,
439 excluding taxes based on gross receipts or revenues, paid or
440 accrued as a liability to the District of Columbia or any state
441 of the United States which is deductible from gross income in
442 the computation of taxable income for the taxable year.

443 2. The amount of interest which is excluded from taxable
444 income under s. 103(a) of the Internal Revenue Code or any other
445 federal law, less the associated expenses disallowed in the
446 computation of taxable income under s. 265 of the Internal
447 Revenue Code or any other law, excluding 60 percent of any
448 amounts included in alternative minimum taxable income, as
449 defined in s. 55(b)(2) of the Internal Revenue Code, if the
450 taxpayer pays tax under s. 220.11(3).

451 3. In the case of a regulated investment company or real
452 estate investment trust, an amount equal to the excess of the
453 net long-term capital gain for the taxable year over the amount
454 of the capital gain dividends attributable to the taxable year.

455 4. That portion of the wages or salaries paid or incurred
456 for the taxable year which is equal to the amount of the credit
457 allowable for the taxable year under s. 220.181. This
458 subparagraph shall expire on the date specified in s. 290.016
459 for the expiration of the Florida Enterprise Zone Act.

460 5. That portion of the ad valorem school taxes paid or
461 incurred for the taxable year which is equal to the amount of
462 the credit allowable for the taxable year under s. 220.182. This
463 subparagraph shall expire on the date specified in s. 290.016
464 for the expiration of the Florida Enterprise Zone Act.

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465 6. The amount of emergency excise tax paid or accrued as a
466 liability to this state under chapter 221 which tax is
467 deductible from gross income in the computation of taxable
468 income for the taxable year.

469 7. That portion of assessments to fund a guaranty
470 association incurred for the taxable year which is equal to the
471 amount of the credit allowable for the taxable year.

472 8. In the case of a nonprofit corporation which holds a
473 pari-mutuel permit and which is exempt from federal income tax
474 as a farmers' cooperative, an amount equal to the excess of the
475 gross income attributable to the pari-mutuel operations over the
476 attributable expenses for the taxable year.

477 9. The amount taken as a credit for the taxable year under
478 s. 220.1895.

479 10. Up to nine percent of the eligible basis of any
480 designated project which is equal to the credit allowable for
481 the taxable year under s. 220.185.

482 11. The amount taken as a credit for the taxable year under
483 s. 220.187.

484 12. The amount taken as a credit for the taxable year under
485 s. 220.192.

486 13. The amount taken as a credit for the taxable year under
487 s. 220.193.

488 14. Any portion of a qualified investment, as defined in s.
489 288.9913, which is claimed as a deduction by the taxpayer and
490 taken as a credit against income tax pursuant to s. 288.9916.

491 15. The amount taken as a credit for the taxable year under
492 s. 220.194.

493 (b) *Subtractions.*—

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- 494 1. There shall be subtracted from such taxable income:
- 495 a. The net operating loss deduction allowable for federal
- 496 income tax purposes under s. 172 of the Internal Revenue Code
- 497 for the taxable year,
- 498 b. The net capital loss allowable for federal income tax
- 499 purposes under s. 1212 of the Internal Revenue Code for the
- 500 taxable year, except that any net operating loss taken as a
- 501 credit to corporate income taxes owed or that is transferred,
- 502 pursuant to s. 220.194(3)(b), may not be deducted by the seller,
- 503 c. The excess charitable contribution deduction allowable
- 504 for federal income tax purposes under s. 170(d)(2) of the
- 505 Internal Revenue Code for the taxable year, and
- 506 d. The excess contributions deductions allowable for
- 507 federal income tax purposes under s. 404 of the Internal Revenue
- 508 Code for the taxable year.
- 509
- 510 However, a net operating loss and a capital loss shall never be
- 511 carried back as a deduction to a prior taxable year, but all
- 512 deductions attributable to such losses shall be deemed net
- 513 operating loss carryovers and capital loss carryovers,
- 514 respectively, and treated in the same manner, to the same
- 515 extent, and for the same time periods as are prescribed for such
- 516 carryovers in ss. 172 and 1212, respectively, of the Internal
- 517 Revenue Code.
- 518 2. There shall be subtracted from such taxable income any
- 519 amount to the extent included therein the following:
- 520 a. Dividends treated as received from sources without the
- 521 United States, as determined under s. 862 of the Internal
- 522 Revenue Code.

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523 b. All amounts included in taxable income under s. 78 or s.
524 951 of the Internal Revenue Code.

525

526 However, as to any amount subtracted under this subparagraph,
527 there shall be added to such taxable income all expenses
528 deducted on the taxpayer's return for the taxable year which are
529 attributable, directly or indirectly, to such subtracted amount.
530 Further, no amount shall be subtracted with respect to dividends
531 paid or deemed paid by a Domestic International Sales
532 Corporation.

533 3. In computing "adjusted federal income" for taxable years
534 beginning after December 31, 1976, there shall be allowed as a
535 deduction the amount of wages and salaries paid or incurred
536 within this state for the taxable year for which no deduction is
537 allowed pursuant to s. 280C(a) of the Internal Revenue Code
538 (relating to credit for employment of certain new employees).

539 4. There shall be subtracted from such taxable income any
540 amount of nonbusiness income included therein, including
541 payments received for a tax credit pursuant to s. 220.194(3)(b).

542 5. There shall be subtracted any amount of taxes of foreign
543 countries allowable as credits for taxable years beginning on or
544 after September 1, 1985, under s. 901 of the Internal Revenue
545 Code to any corporation which derived less than 20 percent of
546 its gross income or loss for its taxable year ended in 1984 from
547 sources within the United States, as described in s.
548 861(a)(2)(A) of the Internal Revenue Code, not including credits
549 allowed under ss. 902 and 960 of the Internal Revenue Code,
550 withholding taxes on dividends within the meaning of sub-
551 subparagraph 2.a., and withholding taxes on royalties, interest,

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552 technical service fees, and capital gains.

553 6. Notwithstanding any other provision of this code, except
554 with respect to amounts subtracted pursuant to subparagraphs 1.
555 and 3., any increment of any apportionment factor which is
556 directly related to an increment of gross receipts or income
557 which is deducted, subtracted, or otherwise excluded in
558 determining adjusted federal income shall be excluded from both
559 the numerator and denominator of such apportionment factor.
560 Further, all valuations made for apportionment factor purposes
561 shall be made on a basis consistent with the taxpayer's method
562 of accounting for federal income tax purposes.

563 Section 6. Subsection (5) is added to section 220.16,
564 Florida Statutes, to read:

565 220.16 Allocation of nonbusiness income.—Nonbusiness income
566 shall be allocated as follows:

567 (5) The amount of payments received in exchange for
568 transferring a net operating loss as authorized by s. 220.194 is
569 allocable to this state.

570 Section 7. This act shall take effect January 1, 2011, and
571 credits created herein may be claimed in the tax year beginning
572 on or after January 1, 2014.