

1 A bill to be entitled
2 An act relating to commercial launch zone tax incentives;
3 creating s. 220.194, F.S.; providing intent; providing
4 definitions; authorizing certain commercial spaceflight
5 businesses to take a credit against the corporate income
6 tax for certain commercial spaceflight projects;
7 specifying eligible tax credits; specifying criteria,
8 requirements, and limitations for individual tax credits;
9 establishing eligibility requirements for the tax credits;
10 allowing for the carryforward of tax credits under certain
11 circumstances; providing application and certification
12 requirements; requiring the Office of Tourism, Trade, and
13 Economic Development to determine the eligibility of
14 taxpayers; providing for the expiration and renewal of a
15 taxpayer's eligibility for tax credits; providing for
16 administration and auditing of tax credits by the
17 Department of Revenue; requiring the return and deposit of
18 tax credits under certain circumstances; requiring the
19 office to consult with Space Florida and adopt rules for
20 tax credit applications and certifications; authorizing
21 the department to adopt rules for tax administration,
22 claims and transfers of tax credits, auditing, and
23 reporting; requiring an annual report to the Governor and
24 Legislature; amending s. 14.2015, F.S.; revising the
25 duties of the office to include administration of the tax
26 credits created by the act; amending s. 213.053, F.S.;
27 providing for sharing of confidential information;
28 amending s. 220.02, F.S.; revising legislative intent

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

37

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

39

40 Section 1. Section 220.194, Florida Statutes, is created
 41 to read:

42 220.194 Corporate income tax credits for commercial
 43 spaceflight projects in Florida's commercial launch zone.--

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

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

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

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

57 thereof; providing a launch service or reentry service; or
58 providing the payload for a launch vehicle or reentry vehicle.
59 The business may participate in more than one commercial
60 spaceflight project at a time. For the purposes of applying for
61 the tax incentives created in this section, a certified
62 commercial spaceflight business also must have:

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

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

69 3. Participated in a commercial spaceflight project that
70 resulted in a successful launch from a commercial launch zone
71 within the previous 3 years.

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

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

85 (e) "Launch service" means an activity related to the
86 preparation of a launch vehicle and any payload for launch and
87 the conduct of a launch.

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

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

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

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

104 (j) "Reentry" means to return or attempt to return a
105 reentry vehicle and any payload from Earth orbit, or from outer
106 space, to Earth.

107 (k) "Reentry service" means an activity related to the
108 preparation of a reentry vehicle and any payload for reentry and
109 conduct of the reentry.

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

112 (m) "Space vehicle" means any spacecraft, satellite,

113 upper-stage, or launch vehicle system.

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

118 (o) "Taxpayer" has the same meaning as defined in s.
 119 220.03.

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

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

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

136 1. In addition to meeting the requirements in paragraph

137 (2) (b), the business must:

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

140 b. Not be at least 50 percent owned or controlled,

141 directly or indirectly, by another corporation that has
142 demonstrated positive net income in any of the 3 previous years
143 of ongoing operations, or not be part of a consolidated group of
144 affiliated corporations, as filed for federal income tax
145 purposes, which in the aggregate demonstrated positive net
146 income in any of the 3 previous years of ongoing operations.

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

148 a. One hundred percent of the net operating losses
149 incurred by a certified commercial spaceflight business during
150 its first full year of operations.

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

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

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

169 same tax year.

170 4. The office may not approve a cumulative amount of
171 transferrable net operating loss tax credits that may result in
172 the claim of more than \$50 million in tax credits during a
173 single state fiscal year. However, the potential for a taxpayer
174 to carry forward an unused tax credit may not be considered in
175 calculating the annual limit.

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

190 (d) Machinery and equipment credit.--A credit against the
191 tax imposed by this chapter shall be granted to a certified
192 commercial spaceflight business that invests a cumulative total
193 of at least \$500,000 in machinery and equipment that is used for
194 a commercial spaceflight project. An investment in machinery and
195 equipment may be claimed once. The amount of the credit is equal
196 to 7.5 percent of the investment of machinery and equipment. The

197 taxpayer may only claim a credit not exceeding 50 percent of the
 198 taxpayer's tax liability in the year in which it is claimed. If
 199 credit granted under this paragraph is not fully used in any one
 200 tax year because of insufficient tax liability, the unused
 201 amount may be carried forward for up to 5 years.

202 (4) ADMINISTRATION.--

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

210 (b) Certified spaceflight businesses may not file
 211 consolidated returns for the purposes of claiming the tax
 212 incentives described paragraphs (3) (a)-(d).

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

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

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

223 (b) Documentation that the taxpayer is a commercial
 224 spaceflight business.

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

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

229 (e) The amount of transferable tax credits to be
230 transferred, if any; when the business expects to transfer them;
231 and the name and address of the recipient taxpayer or taxpayers.

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

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

239 (h) Any other information necessary to demonstrate that
240 the applicant meets the job creation, investment, and other
241 requirements of this section.

242
243 Within 60 days after receipt of the application, the executive
244 staff of Space Florida shall evaluate the application and
245 recommend it for certification or denial of certification by the
246 office. The executive director of the office has 30 days
247 following receipt of Space Florida's recommendation to approve
248 or deny the application. The office shall provide a letter of
249 certification to the applicant, if approved. If the office
250 denies any part of the application, it shall inform the
251 applicant of the grounds for the denial. A copy of the
252 certification shall be submitted to the department within 10

253 days after the executive director's decision.

254 (6) COMMERCIAL SPACEFLIGHT BUSINESS; EXPIRATION OF
255 ELIGIBILITY FOR TAX CREDITS; RENEWAL.--Eligibility of a
256 certified commercial spaceflight business for credits under this
257 section shall expire 10 years after the executive director of
258 the office certifies that the commercial spaceflight business is
259 eligible for the credit program, or 10 years after the business'
260 last successful launch of its commercial spaceflight project,
261 whichever occurs later. A certified commercial spaceflight
262 business whose eligibility expires under this subsection may
263 renew its eligibility for another 10 years, upon a successful
264 launch that results from its commercial spaceflight project.

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

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

276 (b) It is grounds for forfeiture of previously claimed and
277 received tax credits if the department determines, as a result
278 of an audit or examination, or from information received from
279 the office, that a certified commercial spaceflight business, or
280 in the case of transferred tax credits a taxpayer, received tax

281 credits under this section to which the certified commercial
282 spaceflight business or taxpayer was not entitled. The certified
283 commercial spaceflight business or taxpayer is responsible for
284 returning forfeited tax credits to the department, and any
285 returned funds shall be deposited in the state's General Revenue
286 Fund.

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

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

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

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

321 (8) RULES.--

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

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

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

335 2. The implementation and administration of the provisions
336 allowing a transfer of a net operating loss as a tax credit,

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337 including rules prescribing forms, reporting requirements, and
338 specific procedures, guidelines, and requirements necessary to
339 perform the transfer.

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

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

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

350 14.2015 Office of Tourism, Trade, and Economic
351 Development; creation; powers and duties.--

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

360 (f)1. Administer the Florida Enterprise Zone Act under ss.
361 290.001-290.016, the community contribution tax credit program
362 under ss. 220.183 and 624.5105, the tax refund program for
363 qualified target industry businesses under s. 288.106, the tax-
364 refund program for qualified defense contractors and space

365 flight business contractors under s. 288.1045, contracts for
 366 transportation projects under s. 288.063, the sports franchise
 367 facility program under s. 288.1162, the professional golf hall
 368 of fame facility program under s. 288.1168, the expedited
 369 permitting process under s. 403.973, the Rural Community
 370 Development Revolving Loan Fund under s. 288.065, the Regional
 371 Rural Development Grants Program under s. 288.018, the Certified
 372 Capital Company Act under s. 288.99, the Florida State Rural
 373 Development Council, the Rural Economic Development Initiative,
 374 the corporate income tax credits for commercial spaceflight
 375 projects under s. 220.194, and other programs that are
 376 specifically assigned to the office by law, by the
 377 appropriations process, or by the Governor. Notwithstanding any
 378 other provisions of law, the office may expend interest earned
 379 from the investment of program funds deposited in the Grants and
 380 Donations Trust Fund to contract for the administration of the
 381 programs, or portions of the programs, enumerated in this
 382 paragraph or assigned to the office by law, by the
 383 appropriations process, or by the Governor. Such expenditures
 384 shall be subject to review under chapter 216.

385 2. The office may enter into contracts in connection with
 386 the fulfillment of its duties concerning the Florida First
 387 Business Bond Pool under chapter 159, tax incentives under
 388 chapters 212 and 220, tax incentives under the Certified Capital
 389 Company Act in chapter 288, foreign offices under chapter 288,
 390 the Enterprise Zone program under chapter 290, the Seaport
 391 Employment Training program under chapter 311, the Florida
 392 Professional Sports Team License Plates under chapter 320,

393 Spaceport Florida under chapter 331, Expedited Permitting under
 394 chapter 403, and in carrying out other functions that are
 395 specifically assigned to the office by law, by the
 396 appropriations process, or by the Governor.

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

399 213.053 Confidentiality and information sharing.--

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

402 (z) Information relative to tax credits taken under s.
 403 220.194 to the Office of Tourism, Trade, and Economic
 404 Development or to Space Florida.

405
 406 Disclosure of information under this subsection shall be
 407 pursuant to a written agreement between the executive director
 408 and the agency. Such agencies, governmental or nongovernmental,
 409 shall be bound by the same requirements of confidentiality as
 410 the Department of Revenue. Breach of confidentiality is a
 411 misdemeanor of the first degree, punishable as provided by s.
 412 775.082 or s. 775.083.

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

415 220.02 Legislative intent.--

416 (8) It is the intent of the Legislature that credits
 417 against either the corporate income tax or the franchise tax be
 418 applied in the following order: those enumerated in s. 631.828,
 419 those enumerated in s. 220.191, those enumerated in s. 220.181,
 420 those enumerated in s. 220.183, those enumerated in s. 220.182,

421 those enumerated in s. 220.1895, those enumerated in s. 221.02,
 422 those enumerated in s. 220.184, those enumerated in s. 220.186,
 423 those enumerated in s. 220.1845, those enumerated in s. 220.19,
 424 those enumerated in s. 220.185, those enumerated in s. 220.187,
 425 those enumerated in s. 220.192, those enumerated in s. 220.193,
 426 ~~and~~ those enumerated in s. 288.9916, and those enumerated in s.
 427 220.194.

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

430 220.13 "Adjusted federal income" defined.--

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

436 (a) Additions.--There shall be added to such taxable
 437 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.

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
483 under s. 220.187.

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

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

488 14. Any portion of a qualified investment, as defined in
489 s. 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
492 under s. 220.194.

493 (b) Subtractions.--

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.

523 b. All amounts included in taxable income under s. 78 or
 524 s. 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
534 years beginning after December 31, 1976, there shall be allowed
535 as a 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
543 foreign countries allowable as credits for taxable years
544 beginning on or after September 1, 1985, under s. 901 of the
545 Internal Revenue Code to any corporation which derived less than
546 20 percent of its gross income or loss for its taxable year
547 ended in 1984 from sources within the United States, as
548 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
549 including credits allowed under ss. 902 and 960 of the Internal
550 Revenue Code, withholding taxes on dividends within the meaning
551 of sub-subparagraph 2.a., and withholding taxes on royalties,
552 interest, technical service fees, and capital gains.

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

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561 | appportionment factor purposes shall be made on a basis
562 | consistent with the taxpayer's method of accounting for federal
563 | income tax purposes.

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

566 | 220.16 Allocation of nonbusiness income.--Nonbusiness
567 | income shall be allocated as follows:

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

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