

1 A bill to be entitled
2 An act relating to corporate tax credits and refunds;
3 amending s. 14.2015, F.S.; authorizing the Office of
4 Tourism, Trade, and Economic Development to administer
5 corporate income tax credits for spaceflight projects;
6 amending s. 213.053, F.S.; authorizing the Department of
7 Revenue to share information relating to corporate income
8 tax credits for spaceflight projects with the Office of
9 Tourism, Trade, and Economic Development; amending s.
10 220.02, F.S.; revising the order in which credits against
11 the corporate income tax or franchise tax may be taken to
12 include credits for spaceflight projects; amending s.
13 220.13, F.S.; requiring that the amount taken as a credit
14 for a spaceflight project be added to taxable income;
15 prohibiting a deduction from taxable income for any net
16 operating loss taken as a credit against corporate income
17 taxes or transferred; amending s. 220.16, F.S.; requiring
18 that the amount of payments received in exchange for
19 transferring a net operating loss for spaceflight projects
20 be allocated to the state; creating s. 220.194, F.S.;
21 providing a short title; providing legislative purpose;
22 defining terms; authorizing a certified spaceflight
23 business to take or transfer corporate income tax credits
24 related to spaceflight projects carried out in this state;
25 specifying tax credit amounts and business eligibility
26 criteria; providing limitations; requiring a business to
27 demonstrate to the satisfaction of the office and the
28 department its eligibility to claim a tax credit;

29 requiring a business to submit an application to the
30 office for approval to earn credits; specifying the
31 required contents of the application; requiring the office
32 to approve or deny an application within 60 days after
33 receipt; specifying the approval process; requiring a
34 spaceflight business to submit an application for
35 certification to the office; specifying the required
36 contents of an application for certification; specifying
37 the approval process; requiring the office to submit a
38 copy of an approved certification to the department;
39 providing procedures for transferring a tax credit to a
40 taxpayer; authorizing the department to perform audits and
41 investigations necessary to verify the accuracy of returns
42 relating to the tax credit; specifying circumstances under
43 which the office may revoke or modify a certification that
44 grants eligibility for tax credits; requiring a certified
45 spaceflight business to file an amended return and pay any
46 required tax within 60 days after receiving notice that
47 previously approved tax credits have been revoked or
48 modified; authorizing the department to assess additional
49 taxes, interest, or penalties; authorizing the office and
50 the department to adopt rules; requiring the office to
51 submit an annual report to the Governor and Legislature
52 regarding the Florida Space Business Incentives Act;
53 amending s. 288.1045, F.S.; increasing the maximum amount
54 of tax refund a defense or space flight contractor may
55 receive; amending s. 288.106, F.S.; increasing the maximum
56 amount of tax refund a qualified target industry business

57 | may receive; providing for application; providing an
58 | effective date.

59 |

60 | Be It Enacted by the Legislature of the State of Florida:

61 |

62 | Section 1. Paragraph (f) of subsection (2) of section
63 | 14.2015, Florida Statutes, is amended to read:

64 | 14.2015 Office of Tourism, Trade, and Economic
65 | Development; creation; powers and duties.—

66 | (2) The purpose of the Office of Tourism, Trade, and
67 | Economic Development is to assist the Governor in working with
68 | the Legislature, state agencies, business leaders, and economic
69 | development professionals to formulate and implement coherent
70 | and consistent policies and strategies designed to provide
71 | economic opportunities for all Floridians. To accomplish such
72 | purposes, the Office of Tourism, Trade, and Economic Development
73 | shall:

74 | (f) ~~1.~~ Administer the Florida Enterprise Zone Act under ss.
75 | 290.001-290.016, the community contribution tax credit program
76 | under ss. 220.183 and 624.5105, the tax refund program for
77 | qualified target industry businesses under s. 288.106, the tax-
78 | refund program for qualified defense contractors and space
79 | flight business contractors under s. 288.1045, contracts for
80 | transportation projects under s. 288.063, the sports franchise
81 | facility programs under ss. 288.1162 and 288.11621, the
82 | professional golf hall of fame facility program under s.
83 | 288.1168, the expedited permitting process under s. 403.973, the
84 | Rural Community Development Revolving Loan Fund under s.

85 288.065, the Regional Rural Development Grants Program under s.
 86 288.018, the Certified Capital Company Act under s. 288.99, the
 87 Florida State Rural Development Council, the Rural Economic
 88 Development Initiative, the corporate income tax credits for
 89 spaceflight projects under s. 220.194, and other programs that
 90 are specifically assigned to the office by law, by the
 91 appropriations process, or by the Governor.

92 1. Notwithstanding any other provisions of law, the office
 93 may expend interest earned from the investment of program funds
 94 deposited in the Grants and Donations Trust Fund to contract for
 95 the administration of the programs, or portions of the programs,
 96 enumerated in this paragraph or assigned to the office by law,
 97 by the appropriations process, or by the Governor. Such
 98 expenditures are ~~shall be~~ subject to review under chapter 216.

99 2. The office may enter into contracts in connection with
 100 the fulfillment of its duties concerning the Florida First
 101 Business Bond Pool under chapter 159, tax incentives under
 102 chapters 212 and 220, tax incentives under the Certified Capital
 103 Company Act in chapter 288, foreign offices under chapter 288,
 104 the Enterprise Zone program under chapter 290, the Seaport
 105 Employment Training program under chapter 311, the Florida
 106 Professional Sports Team License Plates under chapter 320,
 107 Spaceport Florida under chapter 331, Expedited Permitting under
 108 chapter 403, and in carrying out other functions that are
 109 specifically assigned to the office by law, by the
 110 appropriations process, or by the Governor.

111 Section 2. Paragraph (cc) is added to subsection (8) of
 112 section 213.053, Florida Statutes, to read:

113 213.053 Confidentiality and information sharing.—
 114 (8) Notwithstanding any other provision of this section,
 115 the department may provide:
 116 (cc) Information relating to tax credits taken under s.
 117 220.194 to the Office of Tourism, Trade, and Economic
 118 Development or to Space Florida.

119
 120 Disclosure of information under this subsection shall be
 121 pursuant to a written agreement between the executive director
 122 and the agency. Such agencies, governmental or nongovernmental,
 123 shall be bound by the same requirements of confidentiality as
 124 the Department of Revenue. Breach of confidentiality is a
 125 misdemeanor of the first degree, punishable as provided by s.
 126 775.082 or s. 775.083.

127 Section 3. Subsection (8) of section 220.02, Florida
 128 Statutes, is amended to read:

129 220.02 Legislative intent.—

130 (8) It is the intent of the Legislature that credits
 131 against ~~either~~ the corporate income tax or the franchise tax be
 132 applied in the following order: those enumerated in s. 631.828,
 133 those enumerated in s. 220.191, those enumerated in s. 220.181,
 134 those enumerated in s. 220.183, those enumerated in s. 220.182,
 135 those enumerated in s. 220.1895, those enumerated in s. 221.02,
 136 those enumerated in s. 220.184, those enumerated in s. 220.186,
 137 those enumerated in s. 220.1845, those enumerated in s. 220.19,
 138 those enumerated in s. 220.185, those enumerated in s. 220.1875,
 139 those enumerated in s. 220.192, those enumerated in s. 220.193,
 140 those enumerated in s. 288.9916, those enumerated in s.

141 220.1899, ~~and~~ those enumerated in s. 220.1896, and those
 142 enumerated in s. 220.194.

143 Section 4. Paragraphs (a) and (b) of subsection (1) of
 144 section 220.13, Florida Statutes, are amended to read:

145 220.13 "Adjusted federal income" defined.—

146 (1) The term "adjusted federal income" means an amount
 147 equal to the taxpayer's taxable income as defined in subsection
 148 (2), or such taxable income of more than one taxpayer as
 149 provided in s. 220.131, for the taxable year, adjusted as
 150 follows:

151 (a) Additions.—~~The following~~ ~~There~~ shall be added to such
 152 taxable income:

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

158 2. The amount of interest which is excluded from taxable
 159 income under s. 103(a) of the Internal Revenue Code or any other
 160 federal law, less the associated expenses disallowed in the
 161 computation of taxable income under s. 265 of the Internal
 162 Revenue Code or any other law, excluding 60 percent of any
 163 amounts included in alternative minimum taxable income, as
 164 defined in s. 55(b)(2) of the Internal Revenue Code, if the
 165 taxpayer pays tax under s. 220.11(3).

166 3. In the case of a regulated investment company or real
 167 estate investment trust, an amount equal to the excess of the
 168 net long-term capital gain for the taxable year over the amount

169 of the capital gain dividends attributable to the taxable year.

170 4. That portion of the wages or salaries paid or incurred
 171 for the taxable year which is equal to ~~the amount of~~ the credit
 172 allowable for the taxable year under s. 220.181. This
 173 subparagraph expires ~~shall expire~~ on the date specified in s.
 174 290.016 for the expiration of the Florida Enterprise Zone Act.

175 5. That portion of the ad valorem school taxes paid or
 176 incurred for the taxable year which is equal to ~~the amount of~~
 177 the credit allowable for the taxable year under s. 220.182. This
 178 subparagraph expires ~~shall expire~~ on the date specified in s.
 179 290.016 for the expiration of the Florida Enterprise Zone Act.

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

184 7. That portion of assessments to fund a guaranty
 185 association incurred for the taxable year which is equal to ~~the~~
 186 ~~amount of~~ the credit allowable for the taxable year.

187 8. In the case of a nonprofit corporation that ~~which~~ holds
 188 a pari-mutuel permit and ~~which~~ is exempt from federal income tax
 189 as a farmers' cooperative, an amount equal to the excess of the
 190 gross income attributable to the pari-mutuel operations over the
 191 attributable expenses for the taxable year.

192 9. The amount taken as a credit for the taxable year under
 193 s. 220.1895.

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

197 11. The amount taken as a credit for the taxable year
 198 under s. 220.1875. The addition in this subparagraph is intended
 199 to ensure that the same amount is not allowed for the tax
 200 purposes of this state as both a deduction from income and a
 201 credit against the tax. This addition is not intended to result
 202 in adding the same expense back to income more than once.

203 12. The amount taken as a credit for the taxable year
 204 under s. 220.192.

205 13. The amount taken as a credit for the taxable year
 206 under s. 220.193.

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

210 15. The costs to acquire a tax credit pursuant to s.
 211 288.1254(5) which ~~that~~ are deducted from or otherwise reduce
 212 federal taxable income for the taxable year.

213 16. The amount taken as a credit for the taxable year
 214 pursuant to s. 220.194.

215 (b) *Subtractions.*—

216 1. The following ~~There~~ shall be subtracted from such
 217 taxable income:

218 a. The net operating loss deduction allowable for federal
 219 income tax purposes under s. 172 of the Internal Revenue Code
 220 for the taxable year, except that any net operating loss that is
 221 taken as a credit to corporate income taxes owed or that is
 222 transferred pursuant to s. 220.194(6) may not be deducted by the
 223 seller;

224 b. The net capital loss allowable for federal income tax

225 | purposes under s. 1212 of the Internal Revenue Code for the
 226 | taxable year;7

227 | c. The excess charitable contribution deduction allowable
 228 | for federal income tax purposes under s. 170(d)(2) of the
 229 | Internal Revenue Code for the taxable year;7 and

230 | d. The excess contributions deductions allowable for
 231 | federal income tax purposes under s. 404 of the Internal Revenue
 232 | Code for the taxable year.

233 |
 234 | However, a net operating loss and a capital loss may not ~~shall~~
 235 | ~~never~~ be carried back as a deduction to a prior taxable year,
 236 | but all deductions attributable to such losses shall be deemed
 237 | net operating loss carryovers and capital loss carryovers,
 238 | respectively, and treated in the same manner, to the same
 239 | extent, and for the same time periods as are prescribed for such
 240 | carryovers in ss. 172 and 1212, respectively, of the Internal
 241 | Revenue Code.

242 | 2. The following ~~There~~ shall be subtracted from such
 243 | taxable income ~~any amount~~ to the extent included therein ~~the~~
 244 | following:

245 | a. Dividends treated as received from sources without the
 246 | United States, as determined under s. 862 of the Internal
 247 | Revenue Code.

248 | b. All amounts included in taxable income under s. 78 or
 249 | s. 951 of the Internal Revenue Code.

250 |
 251 | However, as to any amount subtracted under this subparagraph,
 252 | there shall be added to such taxable income all expenses

253 deducted on the taxpayer's return for the taxable year which are
 254 attributable, directly or indirectly, to such subtracted amount.
 255 Further, no amount may ~~shall~~ be subtracted with respect to
 256 dividends paid or deemed paid by a Domestic International Sales
 257 Corporation.

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

265 4. ~~There shall be subtracted from such taxable income~~ Any
 266 amount of nonbusiness income included therein shall be
 267 subtracted from such taxable income.

268 5. ~~There shall be subtracted~~ Any amount of taxes of
 269 foreign countries allowable as credits for taxable years
 270 beginning on or after September 1, 1985, under s. 901 of the
 271 Internal Revenue Code to any corporation that ~~which~~ derived less
 272 than 20 percent of its gross income or loss for its taxable year
 273 ended in 1984 shall be subtracted from sources within the United
 274 States, as described in s. 861(a)(2)(A) of the Internal Revenue
 275 Code, not including credits allowed under ss. 902 and 960 of the
 276 Internal Revenue Code, withholding taxes on dividends within the
 277 meaning of sub-subparagraph 2.a., and withholding taxes on
 278 royalties, interest, technical service fees, and capital gains.

279 6. Notwithstanding any other provision of this code,
 280 except with respect to amounts subtracted pursuant to

281 | subparagraphs 1. and 3., any increment of any apportionment
 282 | factor which is directly related to an increment of gross
 283 | receipts or income which is deducted, subtracted, or otherwise
 284 | excluded in determining adjusted federal income shall be
 285 | excluded from both the numerator and denominator of such
 286 | apportionment factor. Further, all valuations made for
 287 | apportionment factor purposes shall be made on a basis
 288 | consistent with the taxpayer's method of accounting for federal
 289 | income tax purposes.

290 | Section 5. Subsection (5) is added to section 220.16,
 291 | Florida Statutes, to read:

292 | 220.16 Allocation of nonbusiness income.—Nonbusiness
 293 | income shall be allocated as follows:

294 | (5) The amount of payments received in exchange for
 295 | transferring a net operating loss authorized by s. 220.194 is
 296 | allocable to the state.

297 | Section 6. Section 220.194, Florida Statutes, is created
 298 | to read:

299 | 220.194 Corporate income tax credits for spaceflight
 300 | projects.—

301 | (1) SHORT TITLE.—This section may be cited as the "Florida
 302 | Space Business Incentives Act."

303 | (2) PURPOSE.—The purpose of this section is to create
 304 | incentives to attract launch, payload, research and development,
 305 | and other space business to this state.

306 | (3) DEFINITIONS.—As used in this section, the term:

307 | (a) "Administrative support" means that 51 percent or more
 308 | of an activity supports a certified spaceflight business.

309 (b) "Certified" means that a spaceflight business has been
310 certified by the office as meeting all of the requirements
311 necessary to obtain at least one of the approved tax credits
312 available under this section, including approval to transfer a
313 credit.

314 (c) "Department" means the Department of Revenue.

315 (d) "New employee" means a state resident who begins or
316 maintains full-time employment in this state with a spaceflight
317 business on or after October 1, 2011. The term does not include
318 a person who is a partner, majority stockholder, or owner of the
319 business or a person who is employed in a temporary construction
320 job or primarily involved with the construction of real
321 property.

322 (e) "New job" means the full-time employment of an
323 employee in a manner that is consistent with terms used by the
324 Agency for Workforce Innovation and the United States Department
325 of Labor for purposes of unemployment compensation tax
326 administration and employment estimation. In order to meet the
327 requirement for certification specified in paragraph (5) (b), a
328 new job must:

329 1. Pay new employees at least 115 percent of the statewide
330 or countywide average annual private-sector wage for the 3
331 taxable years immediately preceding filing an application for
332 certification;

333 2. Require a new employee to perform duties on a regular
334 full-time basis in this state for an average of at least 36
335 hours per week each month for the 3 taxable years immediately
336 preceding filing an application for certification; and

337 3. Not be held by a person who has previously been
338 included as a new employee on an application for any credit
339 authorized under this section.

340 (f) "Office" means the Office of Tourism, Trade, and
341 Economic Development.

342 (g) "Payload" means an object built or assembled in this
343 state to be placed into earth's upper atmospheres or space.

344 (h) "Reentry" means to return or attempt to return an
345 object from earth's upper atmospheres or space.

346 (i) "Reentry service" means an activity conducted in this
347 state related to preparing a reentry vehicle and any payload for
348 reentry and the reentry.

349 (j) "Space vehicle" means any spacecraft, satellite, space
350 station, upper-stage, launch vehicle, reentry vehicle, and
351 related ground-support systems and equipment.

352 (k) "Spaceflight business" means a business that:

353 1. Is registered with the Secretary of State to do
354 business in this state; and

355 2. Is currently engaged in a spaceflight project. A
356 spaceflight business may participate in more than one
357 spaceflight project at a time and may conduct work on a
358 commercial, governmental, or United States defense-related
359 spaceflight project.

360 (l) "Spaceflight project" means any of the following
361 activities performed in this state:

362 1. Designing, manufacturing, testing, or assembling a
363 space vehicle or components thereof;

364 2. Providing a launch service, payload processing service,

365 or reentry service; or

366 3. Providing the payload for a launch vehicle or reentry
 367 space vehicle, administrative support, and tourism activities
 368 related to these activities.

369 (m) "Taxpayer" has the same meaning as provided in s.
 370 220.03.

371 (4) TAX CREDITS.—

372 (a) If approved and certified pursuant to subsection (5),
 373 the following tax credits may be taken on a return for a taxable
 374 year beginning on or after October 1, 2015:

375 1. A certified spaceflight business may take a
 376 nontransferable corporate income tax credit for up to 50 percent
 377 of the business's tax liability under this chapter for the
 378 taxable year in which the credit is taken. The maximum
 379 nontransferable tax credit amount that may be approved per
 380 taxpayer for a taxable year is \$1 million, and the total tax
 381 credits that may be approved pursuant to this subparagraph may
 382 not exceed \$5 million. No credit may be approved after October
 383 1, 2017.

384 2. A certified spaceflight business may transfer, in whole
 385 or in part, its Florida net operating loss that would otherwise
 386 be available to be taken on a return filed under this chapter.
 387 The maximum transferable tax credit amount that may be approved
 388 per taxpayer for a taxable year is \$2.5 million; the total tax
 389 credits that may be approved pursuant to this subparagraph may
 390 not exceed \$15 million. No credit may be approved after October
 391 1, 2017.

392 a. In order to transfer the credit, the business must:

393 (I) Have been approved to transfer the tax credit for the
 394 taxable year in which it is transferred;

395 (II) Have incurred a qualifying net operating loss on
 396 activity in this state directly associated with one or more
 397 space flight projects in any of its 3 previous taxable years;

398 (III) Not be 50 percent or more owned or controlled,
 399 directly or indirectly, by another corporation that has
 400 demonstrated positive net income in any of the 3 previous
 401 taxable years of ongoing operations; and

402 (IV) Not be part of a consolidated group of affiliated
 403 corporations, as filed for federal income tax purposes, which in
 404 the aggregate demonstrated positive net income in any of the 3
 405 previous taxable years.

406 b. The amount that may be claimed and transferred by a
 407 business is equal to:

408 (I) One hundred percent of the net operating loss that
 409 could otherwise be claimed on a return filed under this chapter
 410 during its first full year of operations in this state.

411 (II) One hundred percent of the net operating loss that
 412 could otherwise be claimed on a return filed under this chapter
 413 during its second full year of operations in this state.

414 (III) One hundred percent of the net operating loss that
 415 could otherwise be claimed on a return filed under this chapter
 416 during its third full year of operations in this state.

417 (b) Each business may be approved for only one credit per
 418 state fiscal year and may not claim any credit more than once.

419 (c) Unless transferred pursuant to this section, credits
 420 may be granted only against the corporate income tax liability

421 generated by or arising out of a spaceflight project in this
 422 state, as documented in the certified spaceflight business's
 423 annual audit prepared by a certified public accountant licensed
 424 to do business in this state and as verified by the office.

425 (d) A certified spaceflight business may not file a
 426 consolidated return in order to claim the tax incentives
 427 described in this subsection.

428 (e) The certified spaceflight business or transferee must
 429 demonstrate to the satisfaction of the office and the department
 430 that it is eligible to take the credits approved under this
 431 section.

432 (5) APPLICATION AND CERTIFICATION.—

433 (a) In order to claim a tax credit under this section, a
 434 spaceflight business must first submit an application to the
 435 office for approval to earn credits. The application must be
 436 filed by the date established by the office. In addition to any
 437 information that the office may require, the applicant must
 438 provide a complete description of the activity in this state
 439 which demonstrates to the office the applicant's likelihood to
 440 be certified to take or transfer a credit. The applicant must
 441 also provide a description of the total amount and type of
 442 credits for which approval is sought. The office may consult
 443 with Space Florida regarding the qualifications of an applicant.
 444 The applicant shall provide an affidavit certifying that all
 445 information contained in the application is true and correct.

446 1. Approval of the credits shall be provided on a first-
 447 come, first-served basis, based on the date the completed
 448 applications are received by the office. A taxpayer may not

449 submit more than one completed application per state fiscal
 450 year. The office may not accept an incomplete placeholder
 451 application, and the submission of such an application will not
 452 secure a place in the first-come, first-served application line.

453 2. The office has 60 days after the receipt of a completed
 454 application within which to issue a notice of intent to deny or
 455 approve an application for credits. The office must ensure that
 456 the corporate income tax credits approved for all applicants
 457 does not exceed the limits provided in this section.

458 (b) In order to take, and thereafter, if applicable, to
 459 transfer an approved credit, a spaceflight business must submit
 460 an application for certification to the office along with a
 461 nonrefundable \$250 fee.

462 1. The application must include:

463 a. The name and physical in-state address of the taxpayer.

464 b. Documentation demonstrating to the satisfaction of the
 465 office that:

466 (I) The taxpayer is a spaceflight business.

467 (II) The business has engaged in a qualifying spaceflight
 468 project before taking a credit under this section.

469 c. In addition to any requirement specific to a credit,
 470 documentation that the business has:

471 (I) Created 35 new jobs in this state directly associated
 472 with spaceflight projects during its immediately preceding 3
 473 taxable years. The business shall be deemed to have created new
 474 jobs if the number of jobs on the application for certification
 475 is greater than the total number of full-time jobs located in
 476 this state as stated on an application for approval to earn

477 credits;
 478 (II) Invested a total of at least \$15 million in this
 479 state on a spaceflight project during its immediately preceding
 480 3 taxable years; and
 481 d. The total amount and types of credits sought.
 482 e. An acknowledgment that a transfer of a tax credit is to
 483 be accomplished pursuant to subsection (5).
 484 f. A copy of an audit or audits of the preceding 3 taxable
 485 years, prepared by a certified public accountant licensed to
 486 practice in this state, which identifies that portion of the
 487 business's activities in this state related to spaceflight
 488 projects in this state.
 489 g. An acknowledgement that the business must file an
 490 annual report on the spaceflight project's progress with the
 491 office.
 492 h. Any other information necessary to demonstrate that the
 493 applicant meets the job creation, investment, and other
 494 requirements of this section.
 495 2. Within 60 days after receipt of the application for
 496 certification, the office shall evaluate the application and
 497 recommend the business for certification or denial. The
 498 executive director of the office must approve or deny the
 499 application within 30 days after receiving the recommendation.
 500 If approved, the office must provide a letter of certification
 501 to the applicant consistent with any restrictions imposed. If
 502 the office denies any part of the requested credit, the office
 503 must inform the applicant of the grounds for the denial. A copy
 504 of the certification shall be submitted to the department within

505 10 days after the executive director's approval.

506 (6) TRANSFERABILITY OF CREDIT.—

507 (a) A certified spaceflight business allowed to transfer
508 an approved credit, in whole or in part, to a taxpayer by
509 written agreement may do so without transferring any ownership
510 interest in the property generating the credit or any interest
511 in the entity owning such property. The transferee may apply the
512 credits against the tax with the same effect as if the
513 transferee had incurred the eligible costs.

514 (b) In order to perfect the transfer, the transferor shall
515 provide the department with a written transfer statement that
516 has been approved by the office notifying the department of the
517 transferor's intent to transfer the tax credits to the
518 transferee; the date that the transfer is effective; the
519 transferee's name, address, and federal taxpayer identification
520 number; the tax period; and the amount of tax credits to be
521 transferred. Upon receipt of the approved transfer statement,
522 the department shall provide the transferee and the office with
523 a certificate reflecting the tax credit amounts transferred. A
524 copy of the certificate must be attached to each tax return for
525 which the transferee seeks to apply the credits.

526 (7) AUDIT AUTHORITY; RECAPTURE OF CREDITS.—

527 (a) In addition to its existing audit and investigative
528 authority, the department may perform any additional financial
529 and technical audits and investigations, including examining the
530 accounts, books, and financial records of the tax credit
531 applicant, which are necessary for verifying the accuracy of the
532 return and to ensure compliance with this section. If requested

533 by the department, the office and Space Florida must provide
534 technical assistance for any technical audits or examinations
535 performed under this subsection.

536 (b) Grounds for forfeiture of previously claimed tax
537 credits approved under this section exist if the department
538 determines, as a result of an audit or examination, or from
539 information received from the office, that a certified
540 spaceflight business, or in the case of transferred tax credits,
541 a taxpayer received tax credits for which the certified
542 spaceflight business or taxpayer was not entitled. The
543 spaceflight business or transferee must file an amended return
544 reflecting the disallowed credits and paying any tax due as a
545 result of the amendment.

546 (c) If an amendment to, recomputation of, or
547 redetermination of a certified spaceflight business's Florida
548 corporate income tax return changes an item entered into the
549 computation of a claimed credit, the taxpayer must notify the
550 department by filing an amended return. The amount of any credit
551 award not supported by the amended return shall be deemed a
552 deficiency that must be remitted with the amended return and is
553 subject to s. 220.23. The spaceflight business is also liable
554 for a penalty equal to the credit claimed or transferred,
555 reduced in proportion to the amount of the net operating loss
556 certified for transfer which is disallowed over the amount of
557 the net operating loss certified for the credit. The certified
558 business and its successors must maintain all records necessary
559 to support the reported net operating loss.

560 (d) The office may revoke or modify a certification

561 granting eligibility for tax credits if it finds that the
562 certified spaceflight business made a false statement or
563 representation in any application, record, report, plan, or
564 other document filed in an attempt to receive tax credits under
565 this section. The office shall immediately notify the department
566 of any revoked or modified orders affecting previously granted
567 tax credits. The certified spaceflight business must also notify
568 the department of any change in its claimed tax credit.

569 (e) The certified spaceflight business must file with the
570 department an amended return or other report required by the
571 department by rule and pay any required tax and interest within
572 60 days after the certified business receives notification from
573 the office that previously approved tax credits have been
574 revoked or modified. If the revocation or modification order is
575 contested, the spaceflight business must file the amended return
576 or other report within 60 days after a final order is issued.

577 (f) The department may assess an additional tax, penalty,
578 or interest pursuant to s. 95.091.

579 (8) RULES.—

580 (a) The office, in consultation with Space Florida, shall
581 adopt rules to administer this section, including rules relating
582 to application forms for credit approval and certification, and
583 the application and certification procedures, guidelines, and
584 requirements necessary to administer this section.

585 (b) The department may adopt rules to administer this
586 section, including rules relating to:

587 1. The forms required to claim a tax credit under this
588 section, the requirements and basis for establishing an

589 entitlement to a credit, and the examination and audit
 590 procedures required to administer this section.

591 2. The implementation and administration of provisions
 592 allowing the transfer of a net operating loss as a tax credit,
 593 including rules that prescribe forms, reporting requirements,
 594 and specific procedures, guidelines, and requirements necessary
 595 to perform the transfer.

596 3. The minimum portion of the credit which is available
 597 for transfer.

598 (9) ANNUAL REPORT.—Beginning in 2014, the office, in
 599 cooperation with Space Florida and the department, shall submit
 600 an annual report summarizing activities relating to the Florida
 601 Space Business Incentives Act established under this section to
 602 the Governor, the President of the Senate, and the Speaker of
 603 the House of Representatives by each November 30.

604 Section 7. Paragraph (c) of subsection (2) of section
 605 288.1045, Florida Statutes, is amended to read:

606 288.1045 Qualified defense contractor and space flight
 607 business tax refund program.—

608 (2) GRANTING OF A TAX REFUND; ELIGIBLE AMOUNTS.—

609 (c) A qualified applicant may not receive more than \$7 ~~5~~
 610 million in tax refunds pursuant to this section in all fiscal
 611 years.

612 Section 8. Paragraph (c) of subsection (3) of section
 613 288.106, Florida Statutes, is amended to read:

614 288.106 Tax refund program for qualified target industry
 615 businesses.—

616 (3) TAX REFUND; ELIGIBLE AMOUNTS.—

617 (c) A qualified target industry business may not receive
618 refund payments of more than 25 percent of the total tax refunds
619 specified in the tax refund agreement under subparagraph
620 (5)(a)1. in any fiscal year. Further, a qualified target
621 industry business may not receive more than \$1.5 million in
622 refunds under this section in any single fiscal year, or more
623 than \$2.5 million in any single fiscal year if the project is
624 located in an enterprise zone. A qualified target industry
625 business may not receive more than \$7 ~~\$5~~ million in refund
626 payments under this section in all fiscal years, or more than
627 \$7.5 million if the project is located in an enterprise zone.

628 Section 9. This act shall take effect upon becoming a law,
629 except that the tax credits authorized by this act may not be
630 applied to returns filed for any tax period before October 1,
631 2015.