

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Finance and Tax

BILL: HB 7089

INTRODUCER: Finance & Tax Committee; Precourt

SUBJECT: Corporate Income Tax

DATE: February 28, 2012 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fournier	Diez-Arguelles	BFT	Favorable
2.	_____	_____	BC	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill updates the Florida Income Tax Code to reflect changes Congress has made to the U.S. Internal Revenue Code of 1986 by adopting the Internal Revenue Code as in effect on January 1, 2012. The change will apply retroactively to January 1, 2012.

This bill substantially amends s. 220.03, F.S.

II. Present Situation:

Section 220.11, F.S., imposes a 5.5 percent tax on the taxable income of corporations doing business in Florida. For simplicity’s sake, the determination of taxable income for Florida tax purposes begins with the taxable income used for Federal income tax purposes. This means that a corporation paying taxes in Florida receives the same benefits from deductions allowed in determining its federal taxable income. With federal taxable income as a starting point, Florida law then requires a variety of additions and subtractions to reflect Florida-specific policies. Florida maintains this relationship by each year adopting the Federal Internal Revenue Code as it exists on January 1 of the year. By doing this, Florida adopts any changes that were made in the previous year to the determination of federal taxable income. The bill adopting the federal code is referred to as the “piggyback bill.”

III. Effect of Proposed Changes:

The bill updates the Florida Income Tax Code to reflect changes Congress has made to the U.S. Internal Revenue Code of 1986 by adopting the Internal Revenue Code as in effect on January 1, 2012. The change will apply retroactively to January 1, 2012.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

This bill maintains the link between Florida's corporate income tax code and the current federal income tax code.

B. Private Sector Impact:

This bill allows taxpayers to use their federal tax returns as the starting point for their Florida returns and simplifies filing and recordkeeping requirements for Florida corporations.

C. Government Sector Impact:

This bill maintains the link between Florida's corporate income tax code and the current federal income tax code, which provides for greater efficiency in the administration and enforcement of Florida's corporate income tax.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
