

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

1 Committee/Subcommittee hearing bill: Economic Development &
 2 Tourism Subcommittee
 3 Representative Smith offered the following:
 4

Amendment (with title amendment)

6 Remove everything after the enacting clause and insert:

7 Section 1. Paragraph (b) of Subsection (1) of 220.13,
 8 Florida Statutes, is amended to read:

9 220.13 "Adjusted federal income" defined.—

10 (1) The term "adjusted federal income" means an amount
 11 equal to the taxpayer's taxable income as defined in subsection
 12 (2), or such taxable income of more than one taxpayer as
 13 provided in s. 220.131, for the taxable year, adjusted as
 14 follows:

15 (b) Subtractions.—

16 1. There shall be subtracted from such taxable income:

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17 a. The net operating loss deduction allowable for federal
18 income tax purposes under s. 172 of the Internal Revenue Code
19 for the taxable year, except that any net operating loss that is
20 transferred pursuant to s. 220.194(6) may not be deducted by the
21 seller,

22 b. The net capital loss allowable for federal income tax
23 purposes under s. 1212 of the Internal Revenue Code for the
24 taxable year,

25 c. The excess charitable contribution deduction allowable
26 for federal income tax purposes under s. 170(d)(2) of the
27 Internal Revenue Code for the taxable year, and

28 d. The excess contributions deductions allowable for
29 federal income tax purposes under s. 404 of the Internal Revenue
30 Code for the taxable year.

31
32 However, a net operating loss and a capital loss shall never be
33 carried back as a deduction to a prior taxable year, but all
34 deductions attributable to such losses shall be deemed net
35 operating loss carryovers and capital loss carryovers,
36 respectively, and treated in the same manner, to the same
37 extent, and for the same time periods as are prescribed for such
38 carryovers in ss. 172 and 1212, respectively, of the Internal
39 Revenue Code.

40 2. There shall be subtracted from such taxable income any
41 amount to the extent included therein the following:

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42 a. Dividends treated as received from sources without the
43 United States, as determined under s. 862 of the Internal
44 Revenue Code.

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

47
48 However, as to any amount subtracted under this subparagraph,
49 there shall be added to such taxable income all expenses
50 deducted on the taxpayer's return for the taxable year which are
51 attributable, directly or indirectly, to such subtracted amount.
52 Further, no amount shall be subtracted with respect to dividends
53 paid or deemed paid by a Domestic International Sales
54 Corporation.

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

61 4. There shall be subtracted from such taxable income any
62 amount of nonbusiness income included therein.

63 5. There shall be subtracted any amount of taxes of
64 foreign countries allowable as credits for taxable years
65 beginning on or after September 1, 1985, under s. 901 of the
66 Internal Revenue Code to any corporation which derived less than
67 20 percent of its gross income or loss for its taxable year

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68 ended in 1984 from sources within the United States, as
69 described in s. 861(a)(2)(A) of the Internal Revenue Code, not
70 including credits allowed under ss. 902 and 960 of the Internal
71 Revenue Code, withholding taxes on dividends within the meaning
72 of sub-subparagraph 2.a., and withholding taxes on royalties,
73 interest, technical service fees, and capital gains.

74 6. There shall be subtracted from such taxable income 4
75 percent of the amount of the subcontract award certified by the
76 Department of Economic Opportunity pursuant to s. 288.1046.

77 76. Notwithstanding any other provision of this code,
78 except with respect to amounts subtracted pursuant to
79 subparagraphs 1. and 3., any increment of any apportionment
80 factor which is directly related to an increment of gross
81 receipts or income which is deducted, subtracted, or otherwise
82 excluded in determining adjusted federal income shall be
83 excluded from both the numerator and denominator of such
84 apportionment factor. Further, all valuations made for
85 apportionment factor purposes shall be made on a basis
86 consistent with the taxpayer's method of accounting for federal
87 income tax purposes.

88 Section 2. Section 288.1046, Florida Statutes, is created
89 to read:

90 288.1046 Defense Works in Florida Incentive.-

91 (1) As used in this section, the term:

92 (a) "Florida prime contractor" means a business entity
93 operating in the state that is awarded a prime contract.

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94 (b) "Florida small business subcontractor" means a
95 business entity that:

96 1. Maintains its primary place of business in the state;

97 2. Has 250 or fewer employees;

98 3. Is awarded a subcontract from a Florida prime
99 contractor; and

100 4. Has no subsidiary or affiliate business relationship to
101 the prime contractor making the award.

102 (c) "Prime contract" means a contract that is awarded
103 directly from the Federal Government.

104 (d) "Qualified defense work" means a prime contract
105 awarded for manufacturing, engineering, construction,
106 distribution, research, development, or other activities related
107 to equipment, supplies, technology, or other goods or services
108 that directly or indirectly support the United States Armed
109 Forces or that can be reasonably determined to support national
110 security, including space related activities. The term also does
111 not include contracts awarded before October 1, 2013.

112 (e) "Qualified subcontract award" means qualified defense
113 work, in part or in whole, subcontracted from a Florida prime
114 contractor to a Florida small business subcontractor, which is
115 executed in the state and is determined by the department to
116 meet the criteria in paragraphs (a) through (d).

117 (2) A Florida prime contractor may apply to the department
118 to certify that it may reduce its computation of adjusted

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119 federal income under s. 220.13 by an amount equal to 4 percent
120 of the subcontract award if such prime contractor:

121 (a) Is subject to chapter 220;

122 (b) Is awarded qualified defense work; and

123 (c) Awards a qualified subcontract award of at least
124 \$250,000.

125 (3) A Florida prime contractor may claim the incentive
126 under subsection (2) only for taxable years beginning on or
127 after January 1, 2014, and must apply separately to the
128 department, for each qualified subcontract award and provide the
129 department required documentation including, but not limited to,
130 the application for the award and copies of contracts, tax
131 records, or employment records.

132 (4) The department may establish application, approval,
133 appeal, and accountability processes as necessary. The
134 department may consult with Enterprise Florida, Inc., and the
135 Florida Defense Support Task Force as necessary to administer
136 this section.

137 (a) Within ten (10) days after certifying a qualified
138 subcontract award, the department shall provide:

139 1. A letter certifying the award to the applicant; and

140 2. A copy of the letter certifying the award to the
141 Department of Revenue.

142 (b) The department may certify, per each Florida prime
143 contractor applicant per calendar year, up to \$250 million in

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144 aggregate qualified subcontract awards, up to \$10 million in
145 reduced taxable income, and up to \$550,000 in reduced taxes.

146 (c) The department may certify in total, per calendar
147 year, up to \$2.5 billion in aggregate qualified subcontract
148 awards, up to \$100 million in reduced taxable income, and up to
149 \$5.5 million in reduced taxes.

150 (d) For a multiyear qualified subcontract award:

151 1. The department shall certify the full amount of the
152 award under paragraphs (b) and (c) in the calendar year it was
153 awarded; and

154 2. The Florida prime contractor may claim the incentive in
155 the taxable year in which payment is made to the Florida small
156 business subcontractor.

157 (5) The department and the Department of Revenue may adopt
158 rules to administer this section.

159 Section 3. This act shall take effect July 1, 2014.

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T I T L E A M E N D M E N T

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Remove everything before the enacting clause and insert:

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An act relating to defense contracting; amending subsection

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(1) (b) of s. 220.13, F.S.; providing a subtraction from taxable

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income; creating s. 288.1046, F.S.; providing that certain prime

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contractors may apply to the Department of Economic Opportunity

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to certify that such contractors may reduce their computation of

COMMITTEE/SUBCOMMITTEE AMENDMENT

Bill No. HB 155 (2014)

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170 adjusted federal income by a certain amount when awarded a prime
171 contract; providing requirements to apply for a reduction in
172 computation of income; providing that a prime contractor must
173 apply separately for required documentation; providing
174 guidelines for the department to certify an award; providing
175 rulemaking authority; providing an effective date.