

1 A bill to be entitled

2 An act relating to economic development; creating s.  
3 220.1945, F.S.; providing definitions; providing a  
4 corporate tax credit against the state corporate  
5 income tax in an amount equal to a specified  
6 percentage of the corporation's payments to a small  
7 business providing goods or services to the  
8 corporation pursuant to a contract; providing  
9 qualification criteria; requiring the corporation and  
10 business to submit an application to the Department of  
11 Economic Opportunity for approval to earn credits;  
12 providing application requirements; providing  
13 procedures and requirements for department approval;  
14 specifying the amount of the tax credit; prohibiting  
15 tax credits from being carried forward or backward or  
16 being transferred or sold; providing criminal and  
17 administrative penalties for fraudulently claiming tax  
18 credits; authorizing the Department of Economic  
19 Opportunity and the Department of Revenue to adopt  
20 rules; amending s. 220.02, F.S.; revising the order in  
21 which credits against the corporate income tax or  
22 franchise tax may be taken to include certain credits  
23 relating to a corporation's execution of a business  
24 contract with a small business; amending s. 220.13,  
25 F.S.; redefining the term "adjusted federal income" to  
26 include the amount of such tax credits; providing an

27 effective date.

28

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

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31 Section 1. Section 220.1945, Florida Statutes, is created  
32 to read:

33 220.1945 Corporate tax credit for corporations contracting  
34 with small businesses.-

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

36 (a) "Business contract" means a written agreement between  
37 a corporation and a small business.

38 (b) "Corporation" means a business that employs 300 or  
39 more full-time employees in this state, not including a  
40 financial organization as defined in s. 220.15(6) or a bank,  
41 savings association, international banking facility, or banking  
42 organization as defined in s. 220.62.

43 (c) "Department" means the Department of Economic  
44 Opportunity.

45 (d) "Job" means a full-time position consistent with terms  
46 used by the department and the United States Department of Labor  
47 for purposes of unemployment compensation tax administration and  
48 employment estimation resulting directly from a business  
49 operation in this state.

50 (e) "New employee" means a person who begins a full-time  
51 job in a small business but does not include any person who has  
52 been employed during the preceding 12 months in a full-time job

53 in the small business.

54 (f) "Small business" means a business that:

55 1. Employs 25 or fewer full-time employees in this state  
56 and 25 or fewer full-time employees outside of this state; or

57 2. Initially qualifies as a small business under  
58 subparagraph 1. but, as a result of the business's fulfillment  
59 of the requirements of subparagraph (3)(c)4., now employs more  
60 than 25 full-time employees in this state.

61 (2) Upon an affirmative showing by a corporation and a  
62 small business to the satisfaction of the department that the  
63 requirements of this section have been met, the corporation is  
64 eligible for a credit against its corporate income tax liability  
65 under s. 220.11.

66 (3) In order to qualify for the credits provided under  
67 this section:

68 (a) A corporation must execute a business contract for the  
69 purchase of goods or services with a small business. The terms  
70 of the contract must include, but are not limited to, a  
71 requirement that:

72 1. The corporation pay at least \$100,000 to the small  
73 business for goods or services within 1 year after the business  
74 contract is signed by both the corporation and the small  
75 business; and

76 2. The small business, within 60 days after the business  
77 contract is signed by both the corporation and the small  
78 business, hire at least two new employees for 1 year.

79        (b) The corporation and the small business must be  
80 unrelated parties that were not engaged in a contractual  
81 business relationship with each other before July 1, 2014.

82        (c) Within 90 days after the business contract is signed  
83 by both the corporation and the small business, the corporation  
84 and the small business files an application with the department  
85 that includes, but is not limited to, the following:

86            1. The business contract signed by both the corporation  
87 and the small business.

88            2. The names and addresses of, and salary or hourly wages  
89 paid to, all employees of the small business within the past  
90 year.

91            3. The names and addresses of, and salary or hourly wages  
92 paid to, any new employees of the small business after the  
93 signing of the business contract by both the corporation and the  
94 small business.

95            4. Evidence demonstrating to the department that the total  
96 number of jobs at the small business grew by at least two after  
97 the date the business contract was signed by both the  
98 corporation and the small business.

99        (4) The department shall review the initial application  
100 and, if necessary, notify the corporation and small business of  
101 any omissions and request additional information. An application  
102 is complete upon receipt of all requested information. The  
103 department shall provisionally certify all complete applications  
104 containing the information required under this section within 10

105 working days. A copy of the provisional certification shall be  
106 transmitted to the executive director of the Department of  
107 Revenue. The department shall also inform the corporation and  
108 the small business in writing within 10 working days after the  
109 date that the department provisionally certifies an application.

110 (5) Within 60 days after satisfying the terms of the  
111 business contract, the corporation and the small business must  
112 notify the department, in writing, that:

113 (a) All of the conditions required under this section have  
114 been met. It is the responsibility of the corporation and the  
115 small business to affirmatively demonstrate to the satisfaction  
116 of the department that the conditions of this section have been  
117 met.

118 (b) The corporation intends to claim the credit authorized  
119 under this section against its corporate income tax liability  
120 under s. 220.11 on the first return due after receipt of final  
121 approval from the department.

122 (6) After final certification by the department, the  
123 corporation may take a credit against its corporate income tax  
124 liability under s. 220.11 equal to 10 percent of the payments  
125 made to the small business during the taxable year under the  
126 terms of the business contract.

127 (a) A corporation may not claim a tax credit in excess of  
128 its corporate income tax liability under s. 220.11. If the  
129 credit granted under this section is not fully taken in any  
130 single year because of insufficient tax liability on the part of

131 the corporation, the unused amount may not be carried forward or  
 132 backward.

133 (b) The credits earned under this section may not be sold  
 134 or transferred.

135 (7) A corporation that fraudulently claims to be qualified  
 136 for tax credits under this section commits a misdemeanor of the  
 137 second degree, punishable as provided in s. 775.082 or s.  
 138 775.083. The corporation is also administratively liable for  
 139 repayment of any tax credits fraudulently taken plus a mandatory  
 140 penalty of 100 percent of the credit plus interest at the rate  
 141 provided under this chapter.

142 (8) The department and the Department of Revenue may adopt  
 143 rules to administer this section.

144 Section 2. Subsection (8) of section 220.02, Florida  
 145 Statutes, is amended to read:

146 220.02 Legislative intent.—

147 (8) It is the intent of the Legislature that credits  
 148 against ~~either~~ the corporate income tax or the franchise tax be  
 149 applied in the following order: those enumerated in s. 631.828,  
 150 those enumerated in s. 220.191, those enumerated in s. 220.181,  
 151 those enumerated in s. 220.183, those enumerated in s. 220.182,  
 152 those enumerated in s. 220.1895, those enumerated in s. 220.195,  
 153 those enumerated in s. 220.184, those enumerated in s. 220.186,  
 154 those enumerated in s. 220.1845, those enumerated in s. 220.19,  
 155 those enumerated in s. 220.185, those enumerated in s. 220.1875,  
 156 those enumerated in s. 220.192, those enumerated in s. 220.193,

157 those enumerated in s. 288.9916, those enumerated in s.  
158 220.1899, those enumerated in s. 220.194, those enumerated in s.  
159 220.1945, and those enumerated in s. 220.196.

160 Section 3. Paragraph (a) of subsection (1) of section  
161 220.13, Florida Statutes, is amended to read:

162 220.13 "Adjusted federal income" defined.—

163 (1) The term "adjusted federal income" means an amount  
164 equal to the taxpayer's taxable income as defined in subsection  
165 (2), or such taxable income of more than one taxpayer as  
166 provided in s. 220.131, for the taxable year, adjusted as  
167 follows:

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

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

175 2. The amount of interest which is excluded from taxable  
176 income under s. 103(a) of the Internal Revenue Code or any other  
177 federal law, less the associated expenses disallowed in the  
178 computation of taxable income under s. 265 of the Internal  
179 Revenue Code or any other law, excluding 60 percent of any  
180 amounts included in alternative minimum taxable income, as  
181 defined in s. 55(b)(2) of the Internal Revenue Code, if the  
182 taxpayer pays tax under s. 220.11(3).

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

187           4. That portion of the wages or salaries paid or incurred  
 188 for the taxable year which is equal to the amount of the credit  
 189 allowable for the taxable year under s. 220.181. This  
 190 subparagraph expires ~~shall expire~~ on the date specified in s.  
 191 290.016 for the expiration of the Florida Enterprise Zone Act.

192           5. That portion of the ad valorem school taxes paid or  
 193 incurred for the taxable year which is equal to the amount of  
 194 the credit allowable for the taxable year under s. 220.182. This  
 195 subparagraph expires ~~shall expire~~ on the date specified in s.  
 196 290.016 for the expiration of the Florida Enterprise Zone Act.

197           6. The amount taken as a credit under s. 220.195 which is  
 198 deductible from gross income in the computation of taxable  
 199 income for the taxable year.

200           7. That portion of assessments to fund a guaranty  
 201 association incurred for the taxable year which is equal to the  
 202 amount of the credit allowable for the taxable year.

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

208           9. The amount taken as a credit for the taxable year under



209 s. 220.1895.

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

213 11. The amount taken as a credit for the taxable year  
 214 under s. 220.1875. The addition in this subparagraph is intended  
 215 to ensure that the same amount is not allowed for the tax  
 216 purposes of this state as both a deduction from income and a  
 217 credit against the tax. This addition is not intended to result  
 218 in adding the same expense back to income more than once.

219 12. The amount taken as a credit for the taxable year  
 220 under s. 220.192.

221 13. The amount taken as a credit for the taxable year  
 222 under s. 220.193.

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

226 15. The costs to acquire a tax credit pursuant to s.  
 227 288.1254(5) which ~~that~~ are deducted from or otherwise reduce  
 228 federal taxable income for the taxable year.

229 16. The amount taken as a credit for the taxable year  
 230 under ~~pursuant to~~ s. 220.194.

231 17. The amount taken as a credit for the taxable year  
 232 under s. 220.196. The addition in this subparagraph is intended  
 233 to ensure that the same amount is not allowed for the tax  
 234 purposes of this state as both a deduction from income and a

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235 credit against the tax. The addition is not intended to result  
236 in adding the same expense back to income more than once.

237 18. The amount taken as a credit for the taxable year  
238 under s. 220.1945.

239 Section 4. This act shall take effect July 1, 2014.