



817598

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/03/2014	.	
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The Committee on Commerce and Tourism (Bean) recommended the following:

**Senate Amendment (with title amendment)**

Delete everything after the enacting clause  
and insert:

Section 1. Section 288.1046, Florida Statutes, is created  
to read:

288.1046 Defense Works in Florida Incentive.-

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

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



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11 (b) "Florida small business subcontractor" means a business  
12 entity that:

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

14 2. Has 250 or fewer employees at the time a qualified  
15 subcontract award is made;

16 3. Is awarded a subcontract from a Florida prime  
17 contractor; and

18 4. Has no subsidiary or affiliate business relationship to  
19 the prime contractor making the award.

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

22 (d) "Qualified defense work" means a prime contract awarded  
23 for manufacturing, engineering, construction, distribution,  
24 research, development, or other activities related to equipment,  
25 supplies, technology, or other goods or services that directly  
26 or indirectly support the United States Armed Forces or that can  
27 be reasonably determined to support national security, including  
28 space related activities. The term does not include contracts  
29 awarded before October 1, 2013.

30 (e) "Qualified subcontract award" means qualified defense  
31 work, in part or in whole, subcontracted from a Florida prime  
32 contractor to a Florida small business subcontractor, which is  
33 executed in the state and valued at more than \$250,000.

34 (2) A Florida prime contractor may apply to the department  
35 to certify that it may reduce its computation of adjusted  
36 federal income under s. 220.13 by an amount equal to 4 percent  
37 of the subcontract award if such prime contractor:

38 (a) Is subject to chapter 220;

39 (b) Is awarded qualified defense work; and



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- 40           (c) Awards a qualified subcontract award.
- 41           (3) A Florida prime contractor may claim the incentive  
42 under subsection (2) only for taxable years beginning on or  
43 after January 1, 2014, and must apply separately to the  
44 department for each qualified subcontract award and provide the  
45 department required documentation, including, but not limited  
46 to, the application for the award and copies of contracts, tax  
47 records, or employment records.
- 48           (4) The department may establish application, approval,  
49 appeal, and accountability processes as necessary. The  
50 department may consult with Enterprise Florida, Inc., and the  
51 Florida Defense Support Task Force as necessary to administer  
52 this section.
- 53           (a) Within 10 days after certifying a qualified subcontract  
54 award, the department shall provide:
- 55               1. A letter certifying the award to the applicant; and  
56               2. A copy of the letter certifying the award to the  
57 Department of Revenue.
- 58           (b) The department may certify, for each Florida prime  
59 contractor applicant per calendar year, up to \$250 million in  
60 aggregate qualified subcontract awards, equaling up to \$10  
61 million in reduced taxable income and up to \$550,000 in reduced  
62 taxes.
- 63           (c) The department may certify in total, per calendar year,  
64 up to \$2.5 billion in aggregate qualified subcontract awards,  
65 equaling up to \$100 million in reduced taxable income and up to  
66 \$5.5 million in reduced taxes.
- 67           (d) For a multiyear qualified subcontract award:
- 68               1. The department shall certify the full amount of the



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69 award under paragraphs (b) and (c) in the calendar year it was  
70 awarded; and

71 2. The Florida prime contractor may claim the incentive in  
72 the taxable year in which payment is made to the Florida small  
73 business subcontractor.

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

76 Section 2. Paragraph (b) of subsection (1) of 220.13,  
77 Florida Statutes, is amended to read:

78 220.13 "Adjusted federal income" defined.—

79 (1) The term "adjusted federal income" means an amount  
80 equal to the taxpayer's taxable income as defined in subsection  
81 (2), or such taxable income of more than one taxpayer as  
82 provided in s. 220.131, for the taxable year, adjusted as  
83 follows:

84 (b) *Subtractions.*—

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

86 a. The net operating loss deduction allowable for federal  
87 income tax purposes under s. 172 of the Internal Revenue Code  
88 for the taxable year, except that any net operating loss that is  
89 transferred pursuant to s. 220.194(6) may not be deducted by the  
90 seller;τ

91 b. The net capital loss allowable for federal income tax  
92 purposes under s. 1212 of the Internal Revenue Code for the  
93 taxable year;τ

94 c. The excess charitable contribution deduction allowable  
95 for federal income tax purposes under s. 170(d)(2) of the  
96 Internal Revenue Code for the taxable year;τ and

97 d. The excess contributions deductions allowable for



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98 federal income tax purposes under s. 404 of the Internal Revenue  
99 Code for the taxable year.

100

101 However, a net operating loss and a capital loss shall never be  
102 carried back as a deduction to a prior taxable year, but all  
103 deductions attributable to such losses shall be deemed net  
104 operating loss carryovers and capital loss carryovers,  
105 respectively, and treated in the same manner, to the same  
106 extent, and for the same time periods as are prescribed for such  
107 carryovers in ss. 172 and 1212, respectively, of the Internal  
108 Revenue Code.

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

111 a. Dividends treated as received from sources without the  
112 United States, as determined under s. 862 of the Internal  
113 Revenue Code.

114 b. All amounts included in taxable income under s. 78 or s.  
115 951 of the Internal Revenue Code.

116

117 However, as to any amount subtracted under this subparagraph,  
118 there shall be added to such taxable income all expenses  
119 deducted on the taxpayer's return for the taxable year which are  
120 attributable, directly or indirectly, to such subtracted amount.  
121 Further, no amount shall be subtracted with respect to dividends  
122 paid or deemed paid by a Domestic International Sales  
123 Corporation.

124 3. In computing "adjusted federal income" for taxable years  
125 beginning after December 31, 1976, there shall be allowed as a  
126 deduction the amount of wages and salaries paid or incurred



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127 within this state for the taxable year for which no deduction is  
128 allowed pursuant to s. 280C(a) of the Internal Revenue Code  
129 (relating to credit for employment of certain new employees).

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

132 5. There shall be subtracted any amount of taxes of foreign  
133 countries allowable as credits for taxable years beginning on or  
134 after September 1, 1985, under s. 901 of the Internal Revenue  
135 Code to any corporation which derived less than 20 percent of  
136 its gross income or loss for its taxable year ended in 1984 from  
137 sources within the United States, as described in s.

138 861(a)(2)(A) of the Internal Revenue Code, not including credits  
139 allowed under ss. 902 and 960 of the Internal Revenue Code,  
140 withholding taxes on dividends within the meaning of sub-  
141 subparagraph 2.a., and withholding taxes on royalties, interest,  
142 technical service fees, and capital gains.

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

146 7. Notwithstanding any other provision of this code, except  
147 with respect to amounts subtracted pursuant to subparagraphs 1.  
148 and 3., any increment of any apportionment factor which is  
149 directly related to an increment of gross receipts or income  
150 which is deducted, subtracted, or otherwise excluded in  
151 determining adjusted federal income shall be excluded from both  
152 the numerator and denominator of such apportionment factor.  
153 Further, all valuations made for apportionment factor purposes  
154 shall be made on a basis consistent with the taxpayer's method  
155 of accounting for federal income tax purposes.



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

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

159 And the title is amended as follows:

160 Delete everything before the enacting clause

161 and insert:

162 A bill to be entitled

163 An act relating to defense contracting; creating s.

164 288.1046, F.S.; defining terms; authorizing certain

165 prime contractors to apply to the Department of

166 Economic Opportunity to certify that such contractors

167 may reduce their computation of adjusted federal

168 income by a certain amount when awarded a prime

169 contract; providing requirements to apply for a

170 reduction in computation of income; requiring a prime

171 contractor to apply separately for each qualified

172 subcontract award and to provide documentation;

173 providing guidelines for the department to certify an

174 award; authorizing the department and the Department

175 of Revenue to adopt rules; amending s. 220.13, F.S.;

176 revising the definition of the term "adjusted federal

177 income" for corporate income tax purposes; providing

178 for certain reduction in computation of income, to

179 conform; providing an effective date.